UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF

BROOKFIELD BUSINESS PARTNERS L.P.

As at September 30, 2018 and December 31, 2017 and for the

three and nine months ended September 30, 2018 and 2017

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BROOKFIELD BUSINESS PARTNERS L.P.

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(US$ MILLIONS)	Notes	September 30, 2018	December 31, 2017
Assets			
Cash and cash equivalents	4	**$ 1,770**	$ 1,106
Financial assets	5	**795**	361
Accounts and other receivable, net	6	**4,646**	3,454
Inventory, net	7	**1,769**	1,068
Assets held for sale	8	**145**	14
Other assets	9	**1,075**	430
Current assets		**10,200**	6,433
Financial assets	5	**457**	423
Accounts and other receivable, net	6	**784**	908
Other assets	9	**518**	79
Property, plant and equipment	10	**7,067**	2,530
Deferred income tax assets		**217**	174
Intangible assets	3	**5,427**	3,094
Equity accounted investments	11	**536**	609
Goodwill	3	**2,420**	1,554
Total assets		**$ 27,626**	$ 15,804
Liabilities and equity			
Liabilities			
Accounts payable and other	12	**$ 7,683**	$ 4,865
Liabilities associated with assets held for sale	8	**12**	—
Borrowings	14	**1,172**	825
Current liabilities		**8,867**	5,690
Accounts payable and other	12	**1,703**	773
Borrowings	14	**9,693**	2,440
Deferred income tax liabilities		**887**	837
Total liabilities		**$ 21,150**	$ 9,740
Equity			
Limited partners	17	**$ 1,519**	$ 1,585
Non-controlling interests attributable to:			
Redemption-Exchange Units, Preferred Shares and Special Limited Partnership Units held by Brookfield Asset Management Inc.	17	**1,386**	1,453
Interest of others in operating subsidiaries		**3,571**	3,026
Total equity		**6,476**	6,064
Total liabilities and equity		**$ 27,626**	$ 15,804

The accompanying notes are an integral part of the unaudited interim condensed consolidated financial statements.

BROOKFIELD BUSINESS PARTNERS L.P.

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF OPERATING RESULTS

(US$ MILLIONS, except per unit amounts)	Notes	Three Months Ended September 30, 2018	Three Months Ended September 30, 2017	Nine Months Ended September 30, 2018	Nine Months Ended September 30, 2017
Revenues	20	**$ 9,990**	$ 7,640	**$ 26,959**	$ 14,444
Direct operating costs	19	**(9,080)**	(7,295)	**(24,929)**	(13,842)
General and administrative expenses	20	**(174)**	(95)	**(434)**	(233)
Depreciation and amortization expense	20	**(251)**	(109)	**(462)**	(262)
Interest income (expense), net	20	**(148)**	(66)	**(317)**	(135)
Equity accounted income (loss), net	11	**(9)**	37	**1**	61
Impairment expense, net	10	**(180)**	—	**(180)**	(30)
Gain (loss) on acquisitions/dispositions, net	3,8	**247**	(14)	**353**	267
Other income (expenses), net		**(42)**	(41)	**(63)**	(36)
Income (loss) before income tax		**353**	57	**928**	234
Income tax (expense) recovery					
Current		**(43)**	(19)	**(123)**	(19)
Deferred		**(25)**	6	**4**	6
Net income (loss)		**$ 285**	$ 44	**$ 809**	$ 221
Attributable to:					
Limited partners		**$ (1)**	$ (8)	**$ 4**	$ 21
Non-controlling interests attributable to:					
Redemption-Exchange Units held by Brookfield Asset Management Inc.		**—**	(8)	**4**	23
Special Limited Partners	17	**94**	25	**278**	25
Interest of others in operating subsidiaries		**192**	35	**523**	152
		$ 285	$ 44	**$ 809**	$ 221
Basic and diluted earnings per limited partner unit	17	**$ —**	**$ (0.15)**	**$ 0.06**	**$ 0.40**

The accompanying notes are an integral part of the unaudited interim condensed consolidated financial statements.

BROOKFIELD BUSINESS PARTNERS L.P.

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(US$ MILLIONS)	Notes	Three Months Ended September 30, 2018	Three Months Ended September 30, 2017	Nine Months Ended September 30, 2018	Nine Months Ended September 30, 2017
Net income (loss)		**$ 285**	$ 44	**$ 809**	$ 221
Other comprehensive income (loss):					
Items that may be reclassified subsequently to profit or loss:					
Foreign currency translation		**$ (38)**	$ 179	**$ (361)**	$ 206
Available-for-sale securities		**—**	12	**—**	7
Net investment and cash flow hedges	4	**(1)**	(25)	**79**	(52)
Equity accounted investment	11	**3**	(2)	**—**	(3)
Taxes on the above items		**(8)**	2	**(12)**	4
		(44)	166	**(294)**	162
Items that will not be reclassified subsequently to profit or loss:					
Fair value through OCI		**6**	—	**62**	—
Taxes on the above item		**—**	—	**(1)**	—
Total other comprehensive income (loss)		**(38)**	—	**(233)**	—
Comprehensive income (loss)		**$ 247**	$ 210	**$ 576**	$ 383
Attributable to:					
Limited partners		**$ (7)**	$ 17	**$ (33)**	$ 54
Non-controlling interests attributable to:					
Redemption-Exchange Units held by Brookfield Asset Management Inc.		**(6)**	18	**(32)**	58
Special Limited Partners		**94**	25	**278**	25
Interest of others in operating subsidiaries		**166**	150	**363**	246
		$ 247	$ 210	**$ 576**	$ 383

The accompanying notes are an integral part of the unaudited interim condensed consolidated financial statements.

BROOKFIELD BUSINESS PARTNERS L.P.

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Limited Partners					Non-controlling interests: Redemption-Exchange Units held by Brookfield Asset Management Inc.					Non-controlling interests: Special Limited Partners	Non-controlling interests: Preferred Shares		
(US$ MILLIONS)	Capital	Retained earnings	Ownership change [1]	Accumulated other comprehensive income (loss) [2]	Limited Partners	Capital	Retained earnings	Ownership change [1]	Accumulated other comprehensive income (loss) [2]	Redemption-Exchange Units	Retained earnings	Capital	Interest of others in operating subsidiaries	Total Equity
Balance as at January 1, 2018	**$ 1,766**	**$ (69)**	**$ —**	**$ (112)**	**$ 1,585**	**$ 1,674**	**$ (71)**	**$ —**	**$ (165)**	**$ 1,438**	**$ —**	**$ 15**	**$ 3,026**	**$ 6,064**
Adoption of new accounting standards [3]	—	(132)	—	—	**(132)**	—	(128)	—	—	**(128)**	—	—	**(5)**	**(265)**
Revised opening balance January 1, 2018	1,766	(201)	—	(112)	**1,453**	1,674	(199)	—	(165)	**1,310**	—	**15**	**3,021**	**5,799**
Net income (loss)	—	4	—	—	**4**	—	4	—	—	**4**	**278**	—	**523**	**809**
Other comprehensive income (loss)	—	—	—	(37)	**(37)**	—	—	—	(36)	**(36)**	—	—	**(160)**	**(233)**
Total comprehensive income (loss)	—	4	—	(37)	**(33)**	—	4	—	(36)	**(32)**	**278**	—	**363**	**576**
Contributions	—	—	—	—	—	—	—	—	—	—	—	—	**80**	**80**
Distributions [4]	—	(12)	—	—	**(12)**	—	(12)	—	—	**(12)**	**(278)**	—	**(2,153)**	**(2,455)**
Ownership change [1]	—	(93)	205	(1)	**111**	—	(89)	195	(1)	**105**	—	—	**1,564**	**1,780**
Acquisition of interest [5]	—	—	—	—	—	—	—	—	—	—	—	—	**696**	**696**
Balance as at September 30, 2018	**$ 1,766**	**$ (302)**	**$ 205**	**$ (150)**	**$ 1,519**	**$ 1,674**	**$ (296)**	**$ 195**	**$ (202)**	**$ 1,371**	**$ —**	**$ 15**	**$ 3,571**	**$ 6,476**
Balance as at January 1, 2017	$ 1,345	$ 2	$ —	$ (141)	$ 1,206	$ 1,474	$ 3	$ —	$ (197)	$ 1,280	$ —	$ 15	$ 1,537	$ 4,038
Net income (loss)	—	21	—	—	21	—	23	—	—	23	25	—	152	221
Other comprehensive income (loss)	—	—	—	33	33	—	—	—	35	35	—	—	94	162
Total comprehensive income (loss)	—	21	—	33	54	—	23	—	35	58	25	—	246	383
Contributions	—	—	—	—	—	—	—	—	—	—	—	—	4	4
Distributions	—	(11)	—	—	(11)	—	(10)	—	—	(10)	(25)	—	(381)	(427)
Ownership change	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Acquisition of interest	—	—	—	—	—	—	—	—	—	—	—	—	1,444	1,444
Unit Issuance [3]	392	—	—	—	392	200	—	—	—	200	—	—	—	592
Other	$ —	$ —	$ —	$ —	$ —	$ —	$ (3)	$ —	$ —	$ (3)	$ —	$ —	$ —	$ (3)
Balance as at September 30, 2017	$ 1,737	$ 12	$ —	$ (108)	$ 1,641	$ 1,674	$ 13	$ —	$ (162)	$ 1,525	$ —	$ 15	$ 2,850	$ 6,031

(1) Includes gains or losses on changes in ownership interests of consolidated subsidiaries.

(2) See Note 17 for additional information.

(3) See Note 2(c) for additional information on adoption of new accounting standards.

(4) See Note 17 for additional information on distributions as it relates to the Special Limited Partners.

(5) See Note 3 Acquisition of businesses for additional information.

The accompanying notes are an integral part of the unaudited interim condensed consolidated financial statements.

BROOKFIELD BUSINESS PARTNERS L.P.

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW

(US$ MILLIONS)	Notes	Nine Months Ended September 30, 2018	2017
Operating Activities			
Net income (loss)		**$ 809**	$ 221
Adjusted for the following items:			
Share of undistributed equity accounted earnings		**23**	(61)
Impairment expense, net		**180**	30
Depreciation and amortization expense		**462**	262
Gain on acquisitions/dispositions, net		**(353)**	(267)
Provisions and other items		**14**	27
Deferred income tax expense (recovery)		**(4)**	(6)
Changes in non-cash working capital, net	21	**(775)**	(165)
Cash from operating activities		**356**	41
Financing Activities			
Proceeds from borrowings		**6,539**	1,423
Repayment of borrowings		**(1,973)**	(768)
Proceeds from other credit facilities, net		**416**	339
Capital provided by limited partners and Redemption-Exchange Unitholders		**—**	592
Capital provided by others who have interests in operating subsidiaries		**1,386**	699
Distributions to limited partners and Redemption-Exchange Unitholders		**(24)**	(21)
Distributions to Special Limited Partners Unitholders		**(232)**	(25)
Distributions to others who have interests in operating subsidiaries	17	**(1,792)**	(381)
Cash from (used in) financing activities		**4,320**	1,858
Investing Activities			
Acquisitions			
Subsidiaries, net of cash acquired	3	**(3,354)**	(1,575)
Property, plant and equipment and intangible assets		**(345)**	(168)
Equity accounted investments		**(8)**	(208)
Financial assets		**(417)**	(198)
Dispositions			
Subsidiaries, net of cash disposed		**—**	382
Property, plant and equipment		**66**	16
Equity accounted investments		**143**	21
Financial assets		**9**	259
Net settlement of foreign exchange hedges		**4**	(6)
Restricted cash and deposits		**(59)**	84
Cash from (used in) investing activities		**(3,961)**	(1,393)
Cash			
Change during the period		**715**	506
Impact of foreign exchange on cash		**(51)**	17
Balance, beginning of year		**1,106**	1,050
Balance, end of period		**$ 1,770**	$ 1,573

Supplemental cash flow information is presented in Note 21

The accompanying notes are an integral part of the unaudited interim condensed consolidated financial statements.

NOTE 1. NATURE AND DESCRIPTION OF THE PARTNERSHIP

Brookfield Business Partners L.P. and its subsidiaries, (collectively, "the partnership") own and operate business services and industrial operations ("the Business") on a global basis. Brookfield Business Partners L.P. was registered as a limited partnership established under the laws of Bermuda, and organized pursuant to a limited partnership agreement as amended on May 31, 2016, and as further amended on June 17, 2016. Brookfield Business Partners L.P. is a subsidiary of Brookfield Asset Management Inc. ("Brookfield Asset Management" or "Brookfield" or the "parent company"). Brookfield Business Partners L.P.'s limited partnership units are listed on the New York Stock Exchange and the Toronto Stock Exchange under the symbols "BBU" and "BBU.UN", respectively. The registered head office of Brookfield Business Partners L.P. is 73 Front Street, 5th Floor, Hamilton HM 12, Bermuda.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of presentation

These unaudited interim condensed consolidated financial statements of the partnership have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting*, or IAS 34, as issued by the International Accounting Standards Board, or the IASB, and using the accounting policies the partnership applied in its annual consolidated financial statements as at and for the year ended December 31, 2017, except for the impact of the adoption of the accounting standards described below. The accounting policies the partnership applied in its annual consolidated financial statements as at and for the year ended December 31, 2017 are disclosed in Note 2 of such consolidated financial statements, with which reference should be made in reading these unaudited interim condensed consolidated financial statements. All defined terms are also described in the annual consolidated financial statements. The unaudited interim condensed consolidated financial statements are prepared on a going concern basis and have been presented in U.S. dollars rounded to the nearest million unless otherwise indicated.

The preparation of financial statements in accordance with IAS 34 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the accounting policies. The critical accounting estimates and judgments have been set out in Note 2 to the partnership's consolidated financial statements as at and for the year ended December 31, 2017. There have been no significant changes to the method of determining significant estimates and judgments since December 31, 2017, other than changes required as a result of adopting new standards as discussed below.

These unaudited interim condensed consolidated financial statements were approved by the partnership's Board of Directors and authorized for issue on November 1, 2018.

Revision of Comparatives

The comparative cash flow figures for the nine month period ended September 30, 2017, have been revised for the correction of an immaterial error identified by management related to the reclassification of cash flows from bank overdrafts, from an acquisition completed in May 2017 in our business services segment, within the unaudited interim condensed consolidated statements of cash flow. As a result, for the nine month period ended September 30, 2017, $339 million (year ended December 31, 2017: $360 million; and three month period ended March 31, 2018: $177 million), which was previously reported in accounts payable and other within the operating activities line item entitled changes in non-cash working capital, net, is now being reported within the financing activities line item entitled proceeds from credit facilities, net. The 2017 comparative figures in the supplemental cash flow information within Note 21 have also been updated to remove the bank overdraft which was previously recorded within accounts payable and other. The correction of the classification in the statement of cash flow is immaterial and had no impact on the partnership’s historical unaudited interim condensed statements of financial position, statements of operating results, statements of comprehensive income, and statements of changes in equity.

Segment Change

In connection with the acquisition of Westinghouse Electric Company ("Westinghouse"), we have realigned the organizational and governance structure of our businesses and have changed how the partnership presents information for financial reporting and management decision making which has resulted in a change in the construction services and business services segments presentation and the creation of a new infrastructure services segment.

Accordingly, effective for the third quarter of fiscal 2018, our construction services and business services segment are presented as a single operating segment called business services. Infrastructure services is a new operating segment, which includes our investment in Westinghouse. The infrastructure services segment had no operations prior to the acquisition of Westinghouse in the third quarter of fiscal 2018. The partnership has retrospectively applied these segment changes for all periods presented.

(b) New accounting policies adopted

The partnership has applied new and revised standards issued by the IASB that are effective for the period beginning on or after January 1, 2018.

(i) Revenue from Contracts with Customers

IFRS 15, *Revenue from Contracts with Customers* ("IFRS 15") specifies how and when revenue should be recognized as well as requiring additional disclosures. IFRS 15 requires disclosure regarding the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts. IFRS 15 supersedes IAS 18, *Revenue*, IAS 11, *Construction Contracts* and a number of revenue-related interpretations. IFRS 15 applies to nearly all contracts with customers: the main exceptions are leases, financial instruments and insurance contracts.

The partnership adopted the standard using the modified retrospective approach, in which a cumulative catch-up adjustment is recorded through opening retained earnings on January 1, 2018 as if the standard had always been in effect and whereby comparative periods are not restated. The partnership elected to use the practical expedient for contract modifications. On adoption, the partnership recorded a reduction in opening retained earnings of approximatively $260 million, attributable to the partnership net of taxes, mainly from our construction services business. Under IFRS 15, revenue from the partnership's construction services contracts will continue to be recognized over time; however, a higher threshold of probability must be achieved prior to recognizing revenue from variable consideration such as incentives and claims and variations resulting from contract modifications. Under IAS 18 and IAS 11, revenue was recognized when it is probable that work performed will result in revenue whereas under IFRS 15, revenue is recognized when it is highly probable that a significant reversal of revenue will not occur for these modifications. Refer to Note 2(c) for impact on adoption of IFRS 15.

(ii) Financial Instruments

In July 2014, the IASB issued the final publication of IFRS 9, *Financial Instruments* ("IFRS 9") superseding the current IAS 39, *Financial Instruments: Recognition and Measurement*. IFRS 9 establishes principles for the financial reporting of financial assets and financial liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. This new standard also includes a new general hedge accounting standard which will align hedge accounting more closely with an entity's risk management activities. It does not fully change the types of hedging relationships or the requirement to measure and recognize ineffectiveness, however, it will provide more hedging strategies that are used for risk management to qualify for hedge accounting and introduce greater judgment to assess the effectiveness of a hedging relationship. The partnership adopted the standard using the retrospective approach without restatement, in which a cumulative catch-up adjustment is recorded through opening retained earnings on January 1, 2018 as if the standard had always been in effect and whereby comparative periods are not restated. On adoption, the partnership recorded an adjustment in opening retained earnings of $nil attributable to the partnership net of taxes. Refer to Note 2(e) for impact on adoption of IFRS 9.

(iii) Foreign Currency Transactions and Advance Consideration

In December 2016, the IASB issued IFRIC 22, *Foreign Currency Transactions and Advance Consideration* ("IFRIC 22"), effective for annual reporting periods beginning on or after January 1, 2018. The interpretation clarifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which an entity initially recognizes the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. The interpretation may be applied either retrospectively or prospectively. The adoption of IFRIC 22 did not have a significant impact on the unaudited interim condensed consolidated financial statements.

(c) Impact on adoption of new IFRS standards

On adoption of IFRS 15, we recorded a total reduction in opening retained earnings of $260 million, attributable to the partnership net of taxes, mainly associated with our construction services business. The partnership also recorded the associated reduction of $125 million in accounts and other receivable, net, and an increase of $121 million in accounts payable and other.

(US$ MILLIONS)	Opening balance January 1, 2018	Adoption of new accounting standards	Revised opening balance January 1, 2018
Assets			
Cash and cash equivalents	$ 1,106	$ —	$ 1,106
Financial assets	361	—	361
Accounts and other receivable, net	3,454	(98)	3,356
Inventory, net	1,068	4	1,072
Assets held for sale	14	—	14
Other assets	430	(60)	370
Current assets	6,433	(154)	6,279
Financial assets	423	—	423
Accounts and other receivable, net	908	(27)	881
Other assets	79	1	80
Property, plant and equipment	2,530	—	2,530
Deferred income tax assets	174	42	216
Intangible assets	3,094	—	3,094
Equity accounted investments	609	(6)	603
Goodwill	1,554	—	1,554
Total assets	**$ 15,804**	**$ (144)**	**$ 15,660**
Liabilities and equity			
Liabilities			
Accounts payable and other	$ 4,865	$ 126	$ 4,991
Liabilities associated with assets held for sale	—	—	—
Borrowings	825	—	825
Current liabilities	5,690	126	5,816
Accounts payable and other	773	(5)	768
Borrowings	2,440	—	2,440
Deferred income tax liabilities	837	—	837
Total liabilities	$ 9,740	$ 121	$ 9,861
Equity			
Limited partners	$ 1,585	$ (132)	$ 1,453
Non-controlling interests attributable to:			
Redemption-Exchange Units, Preferred Shares and Special Limited Partnership Units held by Brookfield Asset Management Inc.	1,453	(128)	1,325
Interest of others in operating subsidiaries	3,026	(5)	3,021
Total equity	6,064	(265)	5,799
Total liabilities and equity	**$ 15,804**	**$ (144)**	**$ 15,660**

(d) Revenue from contracts with customers

Business Services

Construction Services

Our construction services business provides end-to-end design and development solutions for our customers. The work performed on these contracts creates or enhances an asset that our customer controls and accordingly we recognize revenue on these contracts over a period of time. The partnership uses an input method, the cost-to-cost method, to measure progress towards complete satisfaction of the performance obligations under IFRS 15.

As work is performed, a contract asset in the form of work-in-progress is recognized, which is reclassified to accounts receivable when invoiced to the customer. If payment is received in advance of work being completed, a contract liability is recognized. There is not considered to be a significant financing component in construction contracts as the period between the recognition of revenue under the cost-to-cost method and when payment is received is typically less than one year.

IFRS 15 requires a highly probable criterion with regards to recognizing revenue arising from variable consideration and contract modification and claims. For variable consideration, revenue is only to be recognized to the extent that it is highly probable that a significant reversal in the amount of revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

Fuel Distribution & Marketing

The fees and related costs for providing road fuel distribution and marketing are recognized at a point in time when the services are provided.

Revenue from the sale of goods in our UK road fuel service operation represents net invoiced sales of fuel products and Renewable Transport Fuel Obligation ("RTFO") certificates, excluding value added taxes but including excise duty, which has been assessed to be a production tax and recorded as part of consideration received. Revenue is recognized at the point that title passes to the customer.

Facilities Management

The fees and related costs for providing facilities management services are recognized over the time in which the services are provided.

Real Estate Services

The fees and related costs for providing real estate and logistics services are recognized over the time in which the services are provided.

Associated with the delivery of certain service contracts, our partnership also earns revenue from home sale transactions and referral fees from suppliers utilized in servicing these contracts. These revenue transactions are recognized as follows:

- Home Sale: The partnership earns home sale revenue from two types of contracts: cost-plus home sale and fixed fee home sale contracts. Under a cost-plus home sale contract, the partnership earns a performance fee and bears no risk of loss with respect to costs incurred. Revenues and related costs associated with the purchase and resale of residences under cost-plus contracts are recognized on a net basis over the period in which services are provided as control over the home does not pass onto the partnership. Under a fixed fee home sale contract, the partnership earns a fixed fee based upon a percentage of the acquisition cost of the residential property. This fee revenue is recognized when the home is acquired by the customer as the partnership's performance obligation is complete at this time. The revenues and expenses related to the home sale itself are recorded on a gross basis.

- Referral fees: The partnership earns referral fees from various suppliers who provide services to customers through our service offerings. A significant portion of the referral fee revenue is generated from the closing of a home sale or purchase transaction, under which the partnership earns a percentage of the commissions received by the real estate agent on the purchase or sale of a home by the customer. Referral fees from home purchases or sales are recognized upon the closing date of the real estate transaction. The partnership recognizes referral fees from other suppliers upon completion of the services.

Infrastructure Services

Products and Services

Sales of products are recognized at a point in time when the product is shipped and control passes to the customer. Revenue from contracts to provide engineering, design or other services are recognized and reported over-time based on an appropriate measure of progress. The partnership uses an input method, the cost-to-cost method, to measure progress towards complete satisfaction of the performance obligations under IFRS 15.

IFRS 15 requires a highly probable criterion with regards to recognizing revenue arising from variable consideration and contract modification and claims. For variable consideration, revenue is only to be recognized to the extent that it is highly probable that a significant reversal in the amount of revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

Industrial Operations

Manufacturing

Sales of goods are recognized at a point in time when the product is shipped and control passes to the customer. Services revenues are recognized over time when the services are provided.

Mining

Revenue from our mining business is made under provisional pricing arrangements. Revenue from the sale of palladium and by-product metals is provisionally recognized based on quoted market prices upon the delivery of concentrate to the smelter or designated shipping point, which is when significant rights and obligations of ownership pass and title and control is transferred. The business' smelter contract provides for final prices to be determined by quoted market prices in a period subsequent to the date of concentrate delivery. The period between provisional invoicing and final pricing, or settlement period, is typically between 30 and 150 days. The fair value of the final sales price adjustment is re-estimated by reference to forward market prices at each period end and changes in fair value are recognized as an adjustment to revenue. As a result, the accounts receivable amounts related to this business are recorded at fair value.

Energy

Energy Commodities and Services

Revenue from the sale of oil and gas is recognized at a point in time when title and control of the product passes to an external party, based on volumes delivered and contractual delivery points and prices. Revenue for the production in which the partnership has an interest with other producers is recognized based on the partnership's working interest. Revenue is measured net of royalties to reflect the deduction for other parties' proportionate share of the revenue. Revenue from the rendering of services is recognized at a point in time when significant rights and obligations of ownership pass and title and control is transferred.

Marine Energy Services

The partnership primary source of revenues is chartering its vessels and offshore units to its customers. The partnership's primary forms of contracts, consists of floating production storage and offloading (or "FPSO") contracts and contracts of affreightment (or "CoA").

- FPSO contracts: Pursuant to an FPSO contract, the partnership charters an FPSO unit to a customer for a fixed period of time, generally more than one year. The performance obligations within an FPSO contract, which will include the use of the FPSO unit to the charterer as well as the operation of the FPSO unit, are satisfied as services are rendered over the duration of such contract, as measured using the time that has elapsed from commencement of performance.

  Some FPSO contacts include variable consideration components in the form of expense adjustments or reimbursements, incentive compensation and penalties. Variable consideration under the partnership's contracts is typically recognized as incurred as either such revenues are allocated and accounted for under lease accounting requirements or alternatively such consideration is allocated to the distinct period in which such variable consideration was earned.

- Contracts of Affreightment: Voyages performed pursuant to a CoA for the partnership's shuttle tankers are priced based on the pre-agreed terms in the CoA. The performance obligations within a voyage performed pursuant to a CoA, which typically include the use of the vessel to the charterer as well as the operation of the vessel, are satisfied as services are rendered over the duration of the voyage, as measured using the time that has elapsed from commencement of performance. The duration of a single voyage will typically be less than two weeks.

Remaining Performance Obligations

Business Services

In our construction services business, backlog is defined as revenue yet to be delivered (i.e. remaining performance obligations) on construction projects that have been secured via an executed contract, work order, or letter of intent. The total backlog for our construction services operations equates to approximately two years of activity.

Industrial Operations

Our Brazilian water treatment and distribution operation is party to certain remaining performance obligations which have a duration of more than one year. The most significant remaining performance obligations at January 1, 2018 relate to the service concession arrangements with various municipalities which have an average term of 25 years.

The tables below summarize our segment revenue by geography, and timing of revenue recognition for IFRS 15 revenue for the three months ending September 30, 2018:

(US$ MILLIONS)

Timing of Revenue Recognition	**Business Services**	**Infrastructure Services**	**Industrial Operations**	**Energy**	**Corporate and Other**	**Total**
Goods/services provided at a point in time	$ 6,223	$ 245	$ 856	$ 66	$ —	$ 7,390
Services transferred over a period of time	1,696	495	81	309	—	2,581
Total IFRS 15 revenue	**$ 7,919**	**$ 740**	**$ 937**	**$ 375**	**$ —**	**$ 9,971**
Other non IFRS 15 revenue	4	—	—	15	—	19
Total revenue	**$ 7,923**	**$ 740**	**$ 937**	**$ 390**	**$ —**	**$ 9,990**

(US$ MILLIONS)

Geography	Business Services	Infrastructure Services	Industrial Operations	Energy	Corporate and Other	Total [(1)]
United Kingdom	$ 5,640	$ 35	$ 35	$ 25	$ —	$ 5,735
Canada	937	6	139	91	—	1,173
Australia	790	—	—	4	—	794
Brazil	102	1	232	71	—	406
USA	154	348	133	—	—	635
Middle East [(2)]	104	1	2	—	—	107
Other	192	349	396	184	—	1,121
Total IFRS 15 revenue	**$ 7,919**	**$ 740**	**$ 937**	**$ 375**	**$ —**	**$ 9,971**

(1) Geography of the other non IFRS 15 revenue is as follows: United Kingdom $1 million, Canada $3 million, Australia $15 million, Brazil $nil, United States $nil, Middle East $nil and Other $nil.

(2) Middle East primarily consists of United Arab Emirates.

(US$ MILLIONS)

Transition	Business Services	Infrastructure Services	Industrial Operations	Energy	Corporate and Other	Total
Revenue as if it were under former revenue standards	$ 7,920	$ 740	$ 937	$ 361	$ —	$ 9,958
IFRS 15 Impact	(1)	—	—	14	—	13
Total IFRS 15 Revenue	**$ 7,919**	**$ 740**	**$ 937**	**$ 375**	**$ —**	**$ 9,971**

The tables below summarize our segment revenue by geography, and timing of revenue recognition for IFRS 15 revenue for the nine months ending September 30, 2018:

(US$ MILLIONS)

Timing of Revenue Recognition	Business Services	Infrastructure Services	Industrial Operations	Energy	Corporate and Other	Total
Goods/services provided at a point in time	$ 18,281	$ 245	$ 2,329	$ 213	$ —	$ 21,068
Services transferred over a period of time	4,820	495	198	309	—	5,822
Total IFRS 15 revenue	**$ 23,101**	**$ 740**	**$ 2,527**	**$ 522**	**$ —**	**$ 26,890**
Other non IFRS 15 revenue	28	—	12	22	7	69
Total revenue	**$ 23,129**	**$ 740**	**$ 2,539**	**$ 544**	**$ 7**	**$ 26,959**

(US$ MILLIONS)

Geography	Business Services	Infrastructure Services	Industrial Operations	Energy	Corporate and Other	Total [1]
United Kingdom	$ 16,311	$ 35	$ 65	$ 25	$ —	$ 16,436
Canada	2,855	6	394	238	—	3,493
Australia	2,176	—	—	4	—	2,180
Brazil	567	1	661	71	—	1,300
USA	328	347	350	—	—	1,025
Middle East [2]	317	1	3	—	—	321
Other	547	350	1,054	184	—	2,135
Total IFRS 15 revenue	**$ 23,101**	**$ 740**	**$ 2,527**	**$ 522**	**$ —**	**$ 26,890**

(1) Geography of the other non IFRS 15 revenue is as follows: United Kingdom $7 million, Canada $14 million, Australia $17 million, Brazil $12 million, United States $4 million, Middle East $nil and Other $15 million.

(2) Middle East primarily consists of United Arab Emirates.

(US$ MILLIONS)

Transition	Business Services	Infrastructure Services	Industrial Operations	Energy	Corporate and Other	Total
Revenue as if it were under former revenue standards	$ 23,102	$ 740	$ 2,527	$ 508	$ —	$ 26,877
IFRS 15 Impact	(1)	—	—	14	—	13
Total IFRS 15 Revenue	**$ 23,101**	**$ 740**	**$ 2,527**	**$ 522**	**$ —**	**$ 26,890**

(e) Financial instruments and hedge accounting

Classification and measurement

The table below summarizes the partnership's classification and measurement of financial assets and liabilities, on adoption of IFRS 9:

	Classification	Measurement	Statement of Financial Position Account
Financial assets			
Cash and cash equivalents	Debt	Amortized cost	Cash and cash equivalents
Accounts receivable	Debt	Amortized cost / FVTPL	Accounts and other receivable, net
Restricted cash	Debt	Amortized cost	Financial assets
Equity securities	Equity	FVTPL / FVOCI	Financial assets
Debt securities	Debt	FVTPL / FVOCI / Amortized cost	Financial assets
Derivative assets	Derivatives	FVTPL[1]	Financial assets
Other financial assets	Debt / Equity	Amortized cost / FVTPL/ FVOCI	Financial assets
Financial liabilities			
Borrowings	Debt	Amortized cost	Borrowings
Accounts payable and other	Debt	Amortized cost	Accounts payable and other
Derivative liabilities	Derivatives	FVTPL[1]	Accounts payable and other

1) Derivatives are classified and measured at FVTPL except those designated in hedging relationships.

The classification depends on the specific business model for managing the financial instruments and the contractual terms of the cash flows. The partnership maintains a portfolio of marketable securities comprised of equity and debt securities. The marketable securities are recognized on their trade date. They are subsequently measured at fair value at each reporting date with the change in fair value recorded in either profit or loss ("FVTPL") or other comprehensive income ("FVOCI"). For investments in debt instruments, this will depend on the business model in which the investment is held.

At initial recognition, the partnership measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets are classified as amortized cost based on their nature and use within the partnership's business. Financial assets classified as amortized cost are recorded initially at fair value, then subsequently measured at amortized cost using the effective interest method, less any impairment.

Impairment

The partnership assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortized cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Impairment charges are recognized in profit or loss based on the expected credit loss model.

Derivatives and hedging activities

The partnership selectively utilizes derivative financial instruments primarily to manage financial risks, including commodity price risk and foreign exchange risks. Derivative financial instruments are recorded at fair value. Hedge accounting is applied when the derivative is designated as a hedge of a specific exposure and there is assurance that it will continue to be highly effective as a hedge based on an expectation of offsetting cash flows or fair value. Hedge accounting is discontinued prospectively when the derivative no longer qualifies as a hedge or the hedging relationship is terminated. Once discontinued, the cumulative change in fair value of a derivative that was previously recorded in other comprehensive income by the application of hedge accounting is recognized in profit or loss over the remaining term of the original hedging relationship as amounts related to the hedged item are recognized in profit or loss. The assets or liabilities relating to unrealized mark-to-market gains and losses on derivative financial instruments are recorded in financial assets and financial liabilities, respectively.

(i) Items classified as hedges

Realized and unrealized gains and losses on foreign exchange contracts and foreign currency debt that are designated as hedges of currency risks relating to a net investment in a subsidiary with a functional currency other than the U.S. dollar are included in equity and are included in net income in the period in which the subsidiary is disposed of or to the extent partially disposed and control is not retained. Derivative financial instruments that are designated as hedges to offset corresponding changes in the fair value of assets and liabilities and cash flows are measured at estimated fair value with changes in fair value recorded in profit or loss or as a component of equity, as applicable.

Unrealized gains and losses on interest rate contracts designated as hedges of future variable interest payments are included in equity as a cash flow hedge when the interest rate risk relates to an anticipated variable interest payment. The periodic exchanges of payments on interest rate swap contracts designated as hedges of debt are recorded on an accrual basis as an adjustment to interest expense. The periodic exchanges of payments on interest rate contracts designated as hedges of future interest payments are amortized into profit or loss over the term of the corresponding interest payments.

(ii) Items not classified as hedges

Derivative financial instruments that are not designated as hedges are recorded at estimated fair value, and gains and losses arising from changes in fair value are recognized in net income in the period the changes occur. Realized and unrealized gains on other derivatives not designated as hedges are recorded in other income (expenses), net.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the partnership takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Fair value measurement is disaggregated into three hierarchical levels: Level 1, 2 or 3. Fair value hierarchical levels are directly based on the degree to which the inputs to the fair value measurement are observable. The levels are as follows:

Level 1 - Inputs are unadjusted, quoted prices in active markets for identical assets or liabilities at the measurement date.

Level 2 - Inputs (other than quoted prices included in Level 1) are either directly or indirectly observable for the asset or liability through correlation with market data at the measurement date and for the duration of the asset's or liability's anticipated life.

Level 3 - Inputs are unobservable and reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date. Consideration is given to the risk inherent in the valuation technique and the risk inherent in the inputs in determining the estimate.

Summary of impact upon adoption of IFRS 9 - Classification and measurement

The table below illustrates the classification and measurement of financial assets under IFRS 9 and IAS 39 at the date of initial application. A similar table for financial liabilities has not been prepared because there have not been any reclassifications and remeasurements within financial liabilities.

The following table is as at January 1, 2018:

(US$ MILLIONS)	FVTPL	FVOCI	Amortized Cost	Total
Opening balance (IAS 39)	$ 166	$ 429	$ 5,852	$ 6,447
Reclassifications	211	(211)	—	—
Revised opening balance (IFRS 9)	**$ 377**	**$ 218**	**$ 5,852**	**$ 6,447**

The following paragraphs explain how applying the new classification requirements of IFRS 9 led to changes in classification of certain financial assets held by the partnership as shown in the table above.

Instruments reclassified from Available for Sale (IAS 39) to FVTPL (IFRS 9):

Debt Instruments previously classified as available for sale but which fail the Solely for Payment, Principal and Interest ("SPPI") test

The partnership held secured debentures and contractual rights which were reclassified from available for sale to FVTPL for $187 million. Under IFRS 9, the debentures and contractual rights do not meet the criteria to be classified as at amortized cost or FVOCI because their cash flows do not represent solely payments of principal and interest. Related fair value gains of $3 million attributable to the partnership net of taxes were transferred from the available for sale reserve to retained earnings on January 1, 2018.

Equity instruments previously classified as available for sale and for which FVOCI election is not made

The partnership held an equity instrument which was reclassified from available for sale to FVTPL for $24 million. Related fair value losses of $3 million attributable to the partnership net of taxes were transferred from the available for sale reserve to retained earnings on January 1, 2018.

Summary of impact upon adoption of IFRS 9 - Impairment

The partnership's opening loss allowances in accordance with IAS 39 do not differ materially from the partnership's opening expected credit losses ("ECL") determined in accordance with IFRS 9, as at January 1, 2018.

Summary of impact upon adoption of IFRS 9 - Derivatives and hedging activities

In accordance with IFRS 9's transition provisions for hedge accounting, the partnership has applied the IFRS 9 hedge accounting requirements prospectively from the date of initial application on January 1, 2018. The partnership's qualifying hedging relationships in place as at January 1, 2018 also qualified for hedge accounting in accordance with IFRS 9 and were therefore regarded as continuing hedging relationships.

(f) Future changes in accounting policies

(i) *Leases*

In January 2016, the IASB published a new standard, IFRS 16 *Leases* ("IFRS 16"). The new standard brings most leases on the balance sheet, eliminating the distinction between operating and finance leases. Lessor accounting, however, remains largely unchanged and the distinction between operating and finance leases is retained. IFRS 16 supersedes IAS 17 *Leases* and related interpretations and is effective for periods beginning on or after January 1, 2019.

The partnership has participated in strategic planning sessions with its subsidiaries and associates in order to provide guidance regarding the key considerations and to develop an adoption project plan. Using the population of existing contractual arrangements, the partnership has substantially completed its identification of leases that are required to be capitalized under the new standard. The partnership is currently quantifying the present value of the identified lease contracts to determine the impact on the January 1, 2019 balance sheet and is assessing the expected impact to our statements of operations once the standard has been adopted. The partnership is progressing as planned in our adoption project plan. Next steps involve the finalization of the documented analysis, including assessing the impact to IT system requirements and internal controls, drafting the disclosures required by the new standard and rolling-forward the analysis to include all active leases as at year-end.

IFRS 16 can either be adopted on a full retrospective method or on a modified retrospective method whereby any transitional impact is recorded in equity as at January 1, 2019 and comparative periods are not restated. The partnership currently anticipates that the modified retrospective approach will be adopted and is currently in the process of evaluating a number of practical expedients available under the new standard.

The partnership continues to evaluate the overall impact of IFRS 16 on its consolidated financial statements.

(ii) *Uncertainty over Income Tax Treatments*

In June 2017, the IASB published IFRIC 23, *Uncertainty over Income Tax Treatments* ("IFRIC 23") effective for annual periods beginning on or after January 1, 2019. The interpretation requires an entity to assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings and to exercise judgment in determining whether each tax treatment should be considered independently or whether some tax treatments should be considered together. The decision should be based on which approach provides better predictions of the resolution of the uncertainty. An entity also has to consider whether it is probable that the relevant authority will accept each tax treatment, or group of tax treatments, assuming that the taxation authority with the right to examine any amounts reported to it will examine those amounts and will have full knowledge of all relevant information when doing so. The interpretation may be applied on either a fully retrospective basis or a modified retrospective basis without restatement of comparative information. The partnership is currently evaluating the impact of IFRIC 23 on its unaudited interim condensed consolidated financial statements.

NOTE 3. ACQUISITION OF BUSINESSES

When determining the basis of accounting for the partnership's investees, the partnership evaluates the degree of influence that the partnership exerts directly or through an arrangement over the investees' relevant activities. Control is obtained when the partnership has power over the acquired entities and an ability to use its power to affect the returns of these entities.

The partnership accounts for business combinations using the acquisition method of accounting, pursuant to which the cost of acquiring a business is allocated to its identifiable tangible and intangible assets and liabilities on the basis of the estimated fair values at the date of acquisition.

(a) Acquisitions completed in the nine months ended September 30, 2018

The following summarizes the consideration transferred, assets acquired and liabilities assumed at the applicable acquisition dates:

(US$ MILLIONS)	Business Services [1]	Infrastructure Services [1]	Industrial Operations [1]	Energy [1]	Total
Cash	$ 6	$ 1,686	$ 45	$ —	$ 1,737
Non-cash consideration	—	—	—	275	275
Total Consideration [2]	$ 6	$ 1,686	$ 45	$ 275	$ 2,012
(US$ MILLIONS)					
Cash and cash equivalents	$ 2	$ 286	$ 30	$ 342	$ 660
Accounts and other receivable, net	7	635	75	235	952
Inventory, net	—	617	58	—	675
Equity accounted investments	—	7	1	321	329
Property, plant and equipment	7	933	187	3,738	4,865
Intangible assets	5	2,613	231	—	2,849
Goodwill	13	205	180	547	945
Deferred income tax assets	—	—	27	5	32
Financial assets	—	295	2	20	317
Other assets	—	1,076	—	69	1,145
Accounts payable and other	(7)	(2,725)	(199)	(786)	(3,717)
Borrowings	—	(3)	(266)	(3,349)	(3,618)
Deferred income tax liabilities	—	(97)	(72)	(2)	(171)
Net assets acquired before non-controlling interest	27	3,842	254	1,140	5,263
Non-controlling interest [3] [4]	(21)	(2,156)	(209)	(865)	(3,251)
Net Assets Acquired	$ 6	$ 1,686	$ 45	$ 275	$ 2,012

(1) The initial fair values of all acquired assets, liabilities and goodwill for these acquisitions have been determined on a preliminary basis at the end of the reporting period.
(2) Excludes consideration attributable to non-controlling interest, which represents the interest of others in operating subsidiaries.
(3) Non-controlling interest recognized on business combination, were measured at fair value for Business Services and Infrastructure Services.
(4) Non-controlling interest recognized on business combination, were measured at the proportionate share of fair value of the assets acquired and liabilities assumed for Energy and Industrial Operations.

Business Services

Facilities management business ("BGIS")

On February 1, 2018, the partnership, through BGIS, completed a tuck-in acquisition, acquiring an 85% interest in Critical Solutions Group and Critical Power Testing and Maintenance ("CSG"), a US specialist provider of services for the data center market, for $4 million attributable to the partnership. On acquisition, the partnership had a 22% economic interest and an 85% voting interest in the business, which provides the partnership with control over the business. Accordingly, the partnership consolidates the business for financial reporting purposes.

Acquisition costs of less than $1 million were expensed at the acquisition date and recorded as other expenses on the unaudited interim condensed consolidated statements of operating results. Goodwill of $8 million was acquired, which represents the expected growth and synergies the partnership expects to receive from the integration of the operations. Goodwill recognized is deductible for income tax purposes.

The partnership’s results from operations for the period ended September 30, 2018 includes $1 million of revenue and less than $1 million of net loss attributable to the partnership from the acquisition. If this acquisition had been effective January 1, 2018, the partnership would have recorded revenue of $1 million for the period ended September 30, 2018 and net loss of less than $1 million attributable to the partnership for the period ended September 30, 2018.

Infrastructure Services

Westinghouse Electric Company (“Westinghouse”)

On August 1, 2018, the partnership, together with institutional investors, acquired a 100% interest in Westinghouse, a leading global provider of infrastructure services to the power generation industry. The partnership's economic interest of 44% was acquired for consideration of $1,686 million. The partnership has a 100% voting interest in this business, which provides us with control. Accordingly, the partnership consolidates this business for financial reporting purposes.

Acquisition costs of approximatively $51 million were expensed at the acquisition date and recorded as other expenses on the unaudited interim condensed consolidated statements of operating results. Goodwill of $205 million was acquired, which represents the expected growth the partnership expects to receive from the integration of the operations. Goodwill recognized is not deductible for income tax purposes. Intangible assets of $2,613 million were acquired, primarily comprised of developed technology and the Westinghouse trade name.

The partnership’s results from operations for the period ended September 30, 2018 includes $325 million of revenue and $4 million of net loss attributable to the partnership from the acquisition. If this acquisition had been effective January 1, 2018, the partnership would have recorded revenue of $1,297 million for the period ended September 30, 2018 and net loss of $95 million attributable to the partnership for the period ended September 30, 2018.

Industrial Operations

Schoeller Allibert Group B.V. ("Schoeller Allibert")

On May 15, 2018, the partnership, together with institutional investors, acquired a 70% interest in Schoeller Allibert, one of Europe's largest manufacturers of returnable plastic packaging systems. The partnership's economic interest of 14% was acquired for consideration of $45 million. The partnership has a 52% voting interest in this business, which provides us with control. Accordingly, the partnership consolidates this business for financial reporting purposes.

Acquisition costs of approximatively $9 million were expensed at the acquisition date and recorded as other expenses on the unaudited interim condensed consolidated statements of operating results. Goodwill of $180 million was acquired, which represents the expected growth the partnership expects to receive from the integration of the operations. Goodwill recognized is not deductible for income tax purposes. Intangible assets of $231 million were acquired, primarily comprised of patented technology and customer relationships.

The partnership's results from operations for the period ended September 30, 2018 includes $33 million of revenue and $2 million of net loss attributable to the partnership from the acquisition. If this acquisition had been effective January 1, 2018, the partnership would have recorded revenue of $63 million for the period ended September 30, 2018 and net loss of $3 million attributable to the partnership for the period ended September 30, 2018.

Energy

Teekay Offshore Partners L.P. ("Teekay Offshore")

Prior to July 3, 2018, the partnership, together with institutional investors, had a 60% economic interest in Teekay Offshore and a 49% voting interest in Teekay Offshore's General Partner ("Teekay Offshore GP"). The 60% economic interest in Teekay Offshore was accounted for using the equity method. On July 3, 2018, the partnership, together with institutional investors, exercised its general partner option to acquire an additional 2% voting interest in Teekay Offshore GP, in exchange of one million of warrants and began consolidating the business. On acquisition, the partnership had a 60% economic interest in Teekay Offshore and a 51% voting interest in Teekay Offshore GP, which provided the partnership with control over the business. Accordingly, the partnership has consolidated this business for financial statement purposes. Total consideration for the acquisition was $275 million attributable to the partnership and acquisition costs of $nil were expensed at the acquisition date and recorded as other expenses on the unaudited interim condensed consolidated statements of operating results.

Goodwill of $547 million was acquired, which represents benefits we expect to receive from the integration of the operations. Goodwill recognized is not deductible for income tax purposes.

The partnership's results from operations for the period ended September 30, 2018 includes revenues of $77 million and approximately $9 million of net income attributable to the partnership from the acquisition. If this acquisition had been effective January 1, 2018, the partnership would have recorded revenue of $230 million for the period ended September 30, 2018 and net income of $17 million attributable to the partnership for the period ended September 30, 2018.

The following table provides details of the business combinations achieved in stages on a gross basis:

(US$ MILLIONS)		September 30, 2018
Fair value of investment immediately before acquiring control	$	651
Less: Carrying value of investment immediately before acquisition		447
Add: Amounts recognized in OCI [1]		2
Remeasurement gain	**$**	**206**
Gain on extinguishment [2]		44
Gain (loss) on acquisitions/dispositions, net	**$**	**250**
Total gain on acquisition attributable to Non-controlling interest	**$**	**135**
Total gain on acquisition attributable to the partnership	**$**	**115**

(1) Included in carrying value of the investment immediately before acquisition.
(2) The partnership recognized a total gain on extinguishment of $44 million at the subsidiary level ($18 million on debt and $26 million on warrants).

(b) Acquisitions completed in 2017

The following summarizes the consideration transferred, assets acquired and liabilities assumed at the applicable acquisition dates:

(US$ MILLIONS)	Business Services [1]	Industrial Operations	Energy [1]	Total
Cash	$ 198	$ 383	$ 12	$ 593
Contingent consideration	13	—	—	13
Total Consideration [2]	$ 211	$ 383	$ 12	$ 606
(US$ MILLIONS)				
Cash and cash equivalents	$ 39	$ 296	$ —	$ 335
Accounts receivable and other	1,248	978	—	2,226
Inventory	690	10	—	700
Equity accounted investments	122	90	—	212
Property, plant and equipment	264	200	39	503
Intangible assets	403	2,436	—	2,839
Goodwill	325	3	—	328
Deferred income tax assets	9	50	—	59
Financial assets	106	—	—	106
Other assets	—	65	—	65
Acquisition gain	—	—	(7)	(7)
Accounts payable and other	(1,885)	(227)	—	(2,112)
Borrowings	(210)	(1,468)	—	(1,678)
Deferred income tax liabilities	(58)	(729)	(2)	(789)
Net assets acquired before non-controlling interest	1,053	1,704	30	2,787
Non-controlling interest [3] [4]	(842)	(1,321)	(18)	(2,181)
Net Assets Acquired	$ 211	$ 383	$ 12	$ 606

(1) The initial fair values of all acquired assets, liabilities and goodwill for this acquisition have been determined on a preliminary basis at the end of the reporting period.

(2) Excludes consideration attributable to non-controlling interest, which represents the interest of others in operating subsidiaries.

(3) Non-controlling interest recognized on business combinations, were measured at fair value for Business Services and Energy.

(4) Non-controlling interest recognized on business combinations, were measured at the proportionate share of fair value of the assets acquired and liabilities assumed for Industrial Operations.

Business Services

Fuel Holdings Limited ("Greenergy")

On May 10, 2017, the partnership acquired, together with institutional investors, an 85% interest in Greenergy, a U.K. road fuel business. The partnership's economic interest of 14% was acquired for consideration of $79 million attributable to the partnership. The partnership has an 85% voting interest in this business, which provides us with control over the business. Accordingly, the partnership consolidates this business for financial reporting purposes.

The contingent consideration contemplates potential earn outs based on reaching specific EBITDA targets over five years following closing, as well as achieving certain cash distribution and investment targets. Possible undiscounted earn outs payable ranges from $6 to $12 million. As of the acquisition date, the partnership has recorded contingent consideration of $11 million.

Prior to closing the acquisition, the partnership had entered into a cash flow hedge, which generated a gain of $12 million, on closing. The partnership had elected to recognize and accordingly, reclassify the associated gains from other comprehensive income to include them in the initial fair value of net asset acquired.

Acquisition costs of $7 million were expensed at the acquisition date and recorded as other expenses on the consolidated statement of operating results. Goodwill of $93 million was acquired, which represents the expected growth the partnership expects to receive from the integration of the operations. Goodwill recognized is not deductible for income tax purposes.

The partnership's results from operations for the year ended December 31, 2017 includes $1,917 million of revenue and $2 million of net income attributable to the partnership from the acquisition. If the acquisition had been effective January 1, 2017, the partnership would have recorded revenue of approximately $2,865 million and net income of approximately $4 million attributable to the partnership for the year ended December 31, 2017.

On October 31, 2017, the partnership, through Greenergy, completed two separate tuck-in acquisitions, acquiring an 85% interest in Inver Energy, an Irish road fuel business, and an 85% interest in Canadian Operators Petroleum, for combined consideration of $10 million attributable to the partnership. On acquisition, the partnership, through Greenergy, had a 14% economic interest and an 85% voting interest each of these businesses, which provides the partnership with control over the businesses. Accordingly, the partnership, through Greenergy, consolidates these businesses for financial reporting purposes.

Acquisition costs of less than a million were expensed at the acquisition date and recorded as other expenses on the consolidated statement of operating results. Goodwill of $9 million was acquired, which represents the expected growth and synergies the partnership expects to receive from the integration of the operations. Goodwill recognized is not deductible for income tax purposes.

The partnership's results from operations for the year ended December 31, 2017 includes $17 million of revenue and less than a million of net income attributable to the partnership from the two tuck-in acquisitions. If these acquisitions had been effective January 1, 2017, the partnership would have recorded revenue of approximately $92 million for the year ended December 31, 2017 and net income of less than a million attributable to the partnership for the year ended December 31, 2017.

Fuel Marketing

On July 17, 2017, together with institutional partners, the partnership acquired 213 retail gas stations and associated convenience kiosks ("fuel marketing business") across Canada for consideration of $110 million attributable to the partnership. On acquisition, the partnership had a 26% economic interest and a 100% voting interest in this business, which gives the partnership control over the business. Accordingly, the partnership consolidates this business for financial reporting purposes.

The gas stations will be rebranded as Mobil as part of an agreement with Imperial Oil, marking the introduction of the Mobil fuel brand into Canada. The gas stations will continue to allow customers to collect points through an existing loyalty program. An intangible asset was recognized on acquisition for the loyalty program.

Prior to the closing of the acquisition, the partnership had entered into a cash flow hedge, which generated a gain of $3 million on closing. The partnership elected to recognize and accordingly, reclassify the associated gains from other comprehensive income to include them in the initial fair value of net assets acquired.

Acquisition costs of $4 million were expensed at the acquisition date and recorded as other expenses in the consolidated statement of operating results. Goodwill of $211 million was acquired, which represents the expected growth and synergies the partnership expects to receive from the integration of the operations. Goodwill recognized is deductible for income tax purposes.

The partnership's results from operations for the year ended December 31, 2017 includes $161 million of revenue and less than $2 million of net income attributable to the partnership from the acquisition. If the acquisition had been effective January 1, 2017, the partnership would have recorded revenue of approximately $353 million and net income of approximately $4 million attributable to the partnership for the year ended December 31, 2017.

Other

On June 19, 2017, one of the partnership's subsidiaries acquired a real estate brokerage operation in Quebec, Canada for total consideration of approximately $9 million attributable to the partnership. On acquisition, the partnership had a 100% economic interest and a 100% voting interest in this business, which gives us control over the business. Accordingly, the partnership consolidates this business for financial reporting purposes. Acquisition costs of less than $1 million were expensed at the acquisition date and recorded as other expenses on the consolidated statement of operating results.

Goodwill of $9 million was acquired, which represents the synergies the partnership expects to receive from the integration of the operations. Goodwill recognized is not deductible for income tax purposes.

The partnership’s results from operations for the year ended December 31, 2017 includes $2 million of revenue and less than $1 million of net income attributable to the partnership from the acquisition. If the acquisition had been effective January 1, 2017, the partnership would have recorded revenue of approximately $7 million and net income of approximately $1 million attributable to the partnership for the year ended December 31, 2017.

Industrial Operations

BRK Ambiental

On April 25, 2017, the partnership acquired, together with institutional investors, a 70% interest in BRK Ambiental, a wastewater and industrial water treatment business in Brazil, which had a 12.5% voting interest in BRK Ambiental - Ativos Maduros S.A. (“OAMA”), an industrial water treatment business. OAMA is accounted for by BRK Ambiental using the equity method. Subsequently, on May 30, 2017, the partnership acquired, together with institutional investors, the remaining 87.5% voting interest in OAMA and began consolidating the businesses. On acquisition of BRK Ambiental, its 12.5% voting interest in OAMA was re-measured at fair value as part of the purchase price allocation. Given the brief duration of time between the two closing dates, no remeasurement gain or loss was recognized.

On acquisition of the businesses, the partnership had approximately a 27% economic interest, which combined with our voting interest, provides us with control over both BRK Ambiental and OAMA. Accordingly, the partnership consolidates the businesses for financial statement purposes. As at December 31, 2017, the partnership holds $35 million of the consideration in escrow, which will be released to the seller over the next five years on each anniversary date of closing. Acquisition costs of $11 million were expensed at the acquisition dates and recorded as other expenses on the consolidated statement of operating results. Goodwill of approximately $3 million was acquired, which represents the expected growth that the partnership expects to receive from the integration of the operations. Goodwill recognized is not deductible for income tax purposes.

The partnership’s results from the combined operations for the year ended December 31, 2017, includes $132 million of revenue and $5 million of net income attributable to the partnership from the acquisition. If the acquisition had been effective January 1, 2017, the partnership would have recorded revenue of approximately $199 million for the year ended December 31, 2017 and net income of approximately $17 million attributable to the partnership for the year ended December 31, 2017.

Energy

On November 5, 2017, one of the partnership's subsidiaries acquired a bundle of service and swabbing rig assets in Alberta, Canada for total consideration of approximately $12 million attributable to the partnership. On acquisition, the partnership had a 40% economic interest and a 73% voting interest in this business, which give us control over the business. Accordingly, the partnership consolidates this business for financial reporting purposes. Acquisition costs of a million were expensed at the acquisition date and recorded as other expenses on the consolidated statement of operating results. A bargain purchase gain of $7 million was recognized as the seller was motivated to exit the Canadian market.

The partnership’s results from operations for the year ended December 31, 2017 includes $3 million of revenue and $1 million of net income attributable to the partnership from the acquisition. If the acquisition had been effective January 1, 2017, the partnership would have recorded revenue of approximately $13 million for the year ended December 31, 2017 and net income of approximately $2 million attributable to the partnership for the year ended December 31, 2017.

NOTE 4. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair values are determined by reference to quoted bid or ask prices, as appropriate. Where bid and ask prices are unavailable, the closing price of the most recent transaction of that instrument is used. In the absence of an active market, fair values are determined based on prevailing market rates such as bid and ask prices, as appropriate for instruments with similar characteristics and risk profiles or internal or external valuation models, such as option pricing models and discounted cash flow analysis, using observable market inputs.

Fair values determined using valuation models require the use of assumptions concerning the amount and timing of estimated future cash flows and discount rates. In determining those assumptions, the partnership looks primarily to external readily observable market inputs such as interest rate yield curves, currency rates, and price and rate volatilities as applicable. Financial instruments classified as fair value through profit or loss are carried at fair value on the unaudited interim condensed consolidated statements of financial position and changes in fair values are recognized in profit or loss.

The following table provides the details of financial instruments and their associated financial instrument classifications as at September 30, 2018:

(US$ MILLIONS)

MEASUREMENT BASIS	FVTPL	FVOCI	Amortized Cost	Total
Financial assets				
Cash and cash equivalents	$ —	$ —	$ 1,770	$ 1,770
Accounts receivable, net (current and non-current) (1)	50	—	5,380	5,430
Other assets (current and non-current) (2)	—	—	526	526
Financial assets (current and non-current) (3)	319	390	543	1,252
Total	**$ 369**	**$ 390**	**$ 8,219**	**$ 8,978**
Financial liabilities				
Accounts payable and other (4)	$ 241	11	$ 5,086	$ 5,338
Borrowings (current and non-current)	—	—	10,865	10,865
Total	**$ 241**	**$ 11**	**$ 15,951**	**$ 16,203**

(1) Accounts receivable recognized at fair value relates to our mining business.
(2) Excludes prepayments and other assets of $1,067 million.
(3) Refer to Hedging Activities in Note 4(a) below.
(4) Excludes provisions, decommissioning liabilities, deferred revenue, work in progress, post-employment benefits and various taxes and duties of $4,048 million.

Included in cash and cash equivalents as at September 30, 2018 is $1,100 million of cash (December 31, 2017: $556 million) and $670 million of cash equivalents (December 31, 2017: $550 million) which includes $385 million on deposit with Brookfield (December 31, 2017: $384 million), as described in Note 14.

The fair value of all financial assets and accounts payable and other as at September 30, 2018 were consistent with carrying values. The fair value of borrowings is $10,870 million compared to a carrying value of $10,865 million as at September 30, 2018. As at December 31, 2017, the promissory note receivable from Teekay Offshore, had a fair value of $88 million compared to a book value of $70 million, and the Teekay Offshore warrants had a fair value of $43 million compared to a book value of $32 million. As at September 30, 2018, the promissory note and warrants are eliminated on consolidation of Teekay Offshore.

The following table provides the allocation of financial instruments and their associated financial instrument classifications as at December 31, 2017:

(US$ MILLIONS)	FVTPL	Available for Sale Securities	Loans and Receivables/ Other Liabilities	Total
MEASUREMENT BASIS	(Fair Value)	(Fair Value through OCI)	(Amortized Cost)	
Financial assets				
Cash and cash equivalents	$ —	$ —	$ 1,106	$ 1,106
Accounts receivable, net (current and non-current) (1)	50	—	4,312	4,362
Other assets (current and non-current) (2)	—	—	195	195
Financial assets (current and non-current) (3)	116	429	239	784
Total	$ 166	$ 429	$ 5,852	$ 6,447
Financial liabilities				
Accounts payable and other (4)	$ 159	—	$ 3,766	$ 3,925
Borrowings (current and non-current)	—	—	3,265	3,265
Total	$ 159	$ —	$ 7,031	$ 7,190

(1) Accounts receivable recognized at fair value relates to our mining business.

(2) Excludes prepayments and other assets of $314 million.

(3) Refer to Hedging Activities in Note 4(a) below.

(4) Excludes provisions, decommissioning liabilities, deferred revenue, work in progress, post-employment benefits and various taxes and duties of $1,713 million.

(a) Hedging activities

The partnership uses foreign exchange contracts and foreign currency denominated debt instruments to manage foreign currency exposures arising from net investments in foreign operations. For the three and nine months ended September 30, 2018, unrealized pre-tax net losses of $10 million and unrealized pre-tax net gains of $57 million (September 30, 2017: $31 million and $77 million unrealized pre-tax net losses, respectively) were recorded in other comprehensive income for the effective portion of hedges of net investments in foreign operations. As at September 30, 2018, there was an unrealized derivative asset balance of $31 million (December 31, 2017: $5 million) and derivative liability balance of $11 million (December 31, 2017: $27 million) relating to derivative contracts designated as net investment hedges.

The partnership uses commodity swap contracts to hedge the sale price of its gas contracts and foreign exchange contracts to hedge highly probable future transactions. A number of these contracts are designated as cash flow hedges. For the three and nine months ended September 30, 2018, unrealized pre-tax net gains of $9 million and $22 million (September 30, 2017: net gains of $6 million and $26 million) were recorded in other comprehensive income for the effective portion of cash flow hedges. As at September 30, 2018, there was an unrealized derivative asset balance of $50 million (December 31, 2017: $29 million) and derivative liability balance of $nil (December 31, 2017: $nil) relating to the derivative contracts designated as cash flow hedges.

Other derivative instruments are measured at fair value, with changes in fair value recognized in the consolidated statements of operating results.

(b) Fair value hierarchical levels — financial instruments

Level 3 assets and liabilities measured at fair value on a recurring basis include $252 million (December 31, 2017: $257 million) of financial assets and $73 million (December 31, 2017: $64 million) of financial liabilities, which are measured at fair value using valuation inputs based on management's best estimates.

There were no transfers between levels during the three and nine month period ended September 30, 2018. The following table categorizes financial assets and liabilities, which are carried at fair value, based upon the level of input as at September 30, 2018 and December 31, 2017:

	September 30, 2018			December 31, 2017		
(US$ MILLIONS)	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets						
Common shares	$ 293	$ —	$ —	$ 207	$ —	$ —
Accounts receivable	—	50	—	—	50	—
Loans and notes receivable	—	—	2	—	—	1
Derivative assets	2	162	—	15	66	34
Other financial assets	—	—	250	—	—	222
Total	$ 295	$ 212	$ 252	$ 222	$ 116	$ 257
Financial liabilities						
Derivative liabilities	$ 16	$ 163	$ 36	$ 30	$ 65	$ —
Other financial liabilities	—	—	37	—	—	64
Total	$ 16	$ 163	$ 73	$ 30	$ 65	$ 64

The following table presents the change in the balance of financial assets classified as Level 3 as at September 30, 2018:

(US$ MILLIONS)	September 30, 2018
Balance at beginning of year	$ 257
Fair value change recorded in net income	(7)
Fair value change recorded in other comprehensive income	(1)
Additions	42
Disposals	(39)
Balance at end of period	$ 252

(c) Offsetting of financial assets and liabilities

Financial assets and liabilities are offset with the net amount reported in the unaudited interim condensed consolidated statements of financial position where the partnership currently has a legally enforceable right to offset and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. As at September 30, 2018, $4 million gross, of financial assets (December 31, 2017: $21 million) and $3 million gross, of financial liabilities (December 31, 2017: $21 million) were offset in the unaudited interim condensed consolidated statements of financial position related to derivative financial instruments.

NOTE 5. FINANCIAL ASSETS

(US$ MILLIONS)	September 30, 2018	December 31, 2017
Current		
Marketable securities (1)	$ 292	$ 207
Restricted cash	366	68
Derivative contracts	106	75
Loans and notes receivable	31	11
Total current	$ 795	$ 361
Non-current		
Marketable securities (1)	$ 1	$ 1
Restricted cash	27	11
Derivative contracts	58	7
Loans and notes receivable	121	150
Other financial assets (2)	250	254
Total non-current	$ 457	$ 423

(1) During the three and nine month period ended September 30, 2018, the partnership recognized $nil and $nil (September 30, 2017: $10 million and $49 million) of net gains on disposition of marketable securities.

(2) Other financial assets include secured debentures to homebuilding companies in our business services segment.

The increase in financial assets, net from December 31, 2017, is primarily due to the acquisition of Westinghouse during the third quarter of 2018, as well as fair value adjustments on marketable securities and derivative contracts within our energy and industrial operations segments. This increase was partially offset by the elimination of Teekay Offshore's warrants on exercise of our general partner option to acquire control of Teekay Offshore's General Partner.

NOTE 6. ACCOUNTS AND OTHER RECEIVABLE, NET

(US$ MILLIONS)	September 30, 2018	December 31, 2017
Current, net	$ 4,646	$ 3,454
Non-current, net		
Retainer on customer contract	94	197
Billing rights	677	711
Accounts receivable	13	—
Total Non-current, net	$ 784	$ 908
Total	$ 5,430	$ 4,362

The increase in accounts and other receivable, net from December 31, 2017 is primarily attributable to the acquisition of Westinghouse and the consolidation of Teekay Offshore during the third quarter of 2018, as well as higher receivables in our graphite electrode manufacturing business during the nine months ended September 30, 2018.

Billing rights represent unbilled rights arising at BRK Ambiental from revenue earned from the construction on public concessions contracts classified as financial assets, which are recognized when there is an unconditional right to receive cash or other financial assets from the concession authority for the construction services.

NOTE 7. INVENTORY, NET

(US$ MILLIONS)	September 30, 2018	December 31, 2017
Current		
Raw materials and consumables	**$ 290**	$ 138
Fuel products [1]	**563**	612
Work in progress	**233**	94
RTFO certificates [2]	**268**	193
Finished goods and other [3]	**415**	31
Carrying amount of inventories	**$ 1,769**	$ 1,068

(1) Fuel products are traded in active markets and are purchased with a view to resale in the near future. As a result, stocks of fuel products are recorded at fair value based on quoted market prices.

(2) $nil of RTFO certificates (December 31, 2017: $60 million) are held for trading and recorded at fair value. There is no externally quoted marketplace for the valuation of RTFO certificates. In order to value these contracts, the partnership has adopted a pricing methodology combining both observable inputs based on market data and assumptions developed internally based on observable market activity.

(3) Finished goods and other is mainly composed of finished goods inventory in our infrastructure services and industrial operations segments.

The increase in inventory from December 31, 2017 is primarily attributable to the acquisition of Westinghouse and Schoeller Allibert an increase in finished goods at our graphite electrode manufacturing business.

NOTE 8. ASSETS HELD FOR SALE

(US$ MILLIONS)	September 30, 2018	December 31, 2017
Accounts receivable, net	**$ 41**	$ —
Inventory	**10**	—
Property, plant and equipment	**21**	14
Equity accounted investments	**73**	—
Assets held for sale	**$ 145**	$ 14
Accounts payable and other	**$ 12**	$ —
Liabilities associated with assets held for sale	**$ 12**	$ —

Industrial Operations - Infrastructure support products manufacturing

During the nine month period ended September 30, 2018 our infrastructure support products manufacturing operation sold its steel drainage assets and certain land and buildings for proceeds of $82 million. An associated loss on disposition of $3 million and gain on disposition of $48 million was recorded for the three and nine month period ended September 30, 2018. As at September 30, 2018, our infrastructure support products manufacturing operation has certain assets and liabilities related to plants within the precast and drainage operations classified as held for sale. Management is actively seeking and negotiating with potential buyers and expects to complete the sale during the year ending December 31, 2018.

Business Services - Real estate brokerage services

In April 2018, Berkshire Hathaway exercised their call option to acquire the partnership's 33% interest in the joint venture of the real estate brokerage services business, resulting in a $55 million pre-tax gain recognized by the partnership during the second quarter of 2018. As at March 31, 2018, the partnership had classified the interest in the joint venture as held for sale.

Energy - Australian energy operations

In August 2018, an agreement was reached to sell our Australian energy operation, which is equity accounted, by way of a full sale of the associated entity, to an Australian energy company. At September 30, 2018, the equity accounted investment was classified as held for sale. The sale is expected to close in the fourth quarter of 2018, however, it is subject to certain consents and approvals including from the Australian Competition and Consumer Commission.

NOTE 9. OTHER ASSETS

(US$ MILLIONS)	September 30, 2018		December 31, 2017	
Current				
Work in progress [(1)]	**$**	**526**	$	195
Prepayments and other assets		**549**		235
Total current	**$**	**1,075**	$	430
Non-current				
Prepayments and other assets	**$**	**518**	$	79
Total non-current	**$**	**518**	$	79

(1) See Note 13 for additional information.

The increase in other assets, net from December 31, 2017, is primarily due to the acquisition of Westinghouse and the consolidation of Teekay Offshore during the third quarter of 2018.

NOTE 10. PROPERTY, PLANT AND EQUIPMENT

(US$ MILLIONS)	September 30, 2018		December 31, 2017	
Gross Carrying Amount:				
Beginning Balance	**$**	**3,425**	$	2,849
Additions		**289**		195
Disposals		**(32)**		(275)
Acquisitions through business combinations [(1)]		**4,865**		503
Transfers and assets reclassified as held for sale [(2)]		**(27)**		(16)
Net foreign currency exchange differences		**(119)**		169
Ending Balance	**$**	**8,401**	$	3,425
Accumulated Depreciation and Impairment				
Beginning Balance		**(895)**		(753)
Depreciation/depletion/impairment expense		**(477)**		(151)
Disposals		**14**		52
Transfers and assets reclassified as held for sale [(2)]		**2**		1
Net foreign currency exchange differences		**22**		(44)
Ending Balance	**$**	**(1,334)**	$	(895)
Net Book Value	**$**	**7,067**	$	2,530

(1) See Note 3 for additional information.
(2) See Note 8 for additional information.

During the three and nine month period ended September 30, 2018, the partnership recorded an impairment expense of $180 million in our Canadian energy operation as a result of the continued decline in natural gas prices.

NOTE 11. EQUITY ACCOUNTED INVESTMENTS

(US$ MILLIONS)	September 30, 2018	December 31, 2017
Balance at beginning of year	**$ 609**	$ 166
Adoption of new accounting standard	**(7)**	—
Acquisitions through business combinations [1]	**310**	231
Additions [3]	**267**	208
Dispositions [3]	**(447)**	—
Share of net income	**1**	69
Share of other comprehensive income/(loss)	**—**	(5)
Distributions received	**(24)**	(59)
Foreign currency translation	**(25)**	(1)
Reclassification to assets held for sale and subsequently disposed [2]	**(148)**	—
Balance at end of period	**$ 536**	$ 609

(1) See Note 3 for additional information.
(2) See Note 8 for additional information.
(3) Includes non-cash additions/ dispositions related to the consolidation of our equity accounted investment in Teekay Offshore.

On January 23, 2018, together with institutional partners, we closed our transaction with Ontario Lottery and Gaming Corporation, in partnership with our gaming partner, to operate and manage three gaming facilities in the Greater Toronto Area for a minimum period of 22 years. The acquisition of our gaming operations resulted in an addition of $8 million to equity accounted investments from December 31, 2017.

The equity accounted investment balance decreased as a result of the finalization of the provisional amounts related to the initial accounting for the acquisition of BRK Ambiental.

Prior to July 3, 2018, the partnership, together with institutional investors, had a 60% economic interest in Teekay Offshore and a 49% voting interest in Teekay Offshore's General Partner. The 60% economic interest in Teekay Offshore was accounted for using the equity method. On July 3, 2018, the partnership, together with institutional investors, exercised its general partner option to acquire an additional 2% voting interest in Teekay Offshore GP, in exchange of one million of warrants and began consolidating the business. As a result, the partnership recorded a disposition of the equity accounted investment of Teekay Offshore and began consolidating the equity accounted investments held by Teekay Offshore.

For the nine month period ended September 30, 2018, the partnership received total distributions from equity accounted investments of $24 million.

NOTE 12. ACCOUNTS PAYABLE AND OTHER

(US$ MILLIONS)	September 30, 2018	December 31, 2017
Current		
Accounts payable	**$ 1,802**	$ 1,451
Accrued and other liabilities [(1)][(2)]	**3,960**	2,992
Work in progress [(3)]	**1,633**	341
Provisions and decommissioning liabilities	**288**	81
Total current	**$ 7,683**	$ 4,865
Non-current		
Accounts payable	**$ 90**	$ 113
Accrued and other liabilities [(2)]	**1,075**	435
Work in progress [(3)]	**58**	86
Provisions and decommissioning liabilities	**480**	139
Total non-current	**$ 1,703**	$ 773

(1) Includes bank overdrafts of $1,003 million as at September 30, 2018 (December 31, 2017: $581 million).

(2) Includes a defined benefit pension obligation of $400 million ($14 million current and $386 million non-current) and a post-retirement benefit obligation of $67 million ($2 million current and $65 million non-current) as at September 30, 2018.

(3) See Note 13 for additional information.

The increase in accounts payable and other from December 31, 2017 is primarily attributable to the acquisition of Westinghouse and the consolidation of Teekay Offshore.

NOTE 13. CONTRACTS IN PROGRESS

(US$ MILLIONS)	September 30, 2018	December 31, 2017
Contract costs incurred to date	**$ 20,595**	$ 12,129
Profit recognized to date (less recognized losses)	**2,180**	558
	22,775	12,687
Less: progress billings	**(23,940)**	(12,919)
Contract work in progress (liability)	**$ (1,165)**	$ (232)
Comprising:		
Amounts due from customers — work in progress (current)	**$ 526**	$ 195
Amounts due to customers — creditors (current / non-current)	**(1,691)**	(427)
Net work in progress	**$ (1,165)**	$ (232)

NOTE 14. BORROWINGS

Total current and non-current borrowings as at September 30, 2018 were $10,865 million (December 31, 2017: $3,265 million). The increase of $7,600 million compared to December 31, 2017 is primarily attributable to a $2,250 million senior secured term loan put in place within our graphite electrode manufacturing business, of which $358 million was used to repay existing debt, $2,950 million of term loan financing put in place within Westinghouse, and the consolidation of Teekay Offshore.

Some of the partnership's businesses have credit facilities in which they borrow and repay on a monthly basis. This movement has been shown on a net basis in the partnership's unaudited interim condensed consolidated statements of cash flow.

As described in Note 15, the partnership has in place, as at September 30, 2018, a credit agreement with Brookfield ("Brookfield Credit Agreement") for a three-year revolving credit facility, with variable interest rates, that permits borrowings of up to $500 million for purposes of funding acquisitions and investments. As at September 30, 2018, the credit facility under the Brookfield Credit Agreement remains undrawn.

In the second quarter of 2018, the partnership amended and restated our bilateral credit facility, increasing it by $575 million to $825 million across an expanded group of banks. In addition to U.S. or Canadian dollars, this amended credit facility is available in Euros, Sterling or Australian dollars. Advances under this amended credit facility bear interest at the specified LIBOR, EURIBOR, CDOR, BBSY or bankers' acceptance rate plus 2.50%, or the specified base rate or prime rate plus 1.50%. The credit facility's maturity date was extended by two years to August 2021. As at September 30, 2018, the facility remains undrawn.

The partnership has credit facilities within its operating businesses with major financial institutions. The credit facilities are primarily composed of revolving term credit facilities and revolving operating facilities with variable interest rates. In certain cases, the facilities may have financial covenants which are generally in the form of interest coverage ratios and leverage ratios. One of the partnership's real estate services businesses within our business services segment has a securitization program under which it transfers an undivided co-ownership interest in eligible receivables on a fully serviced basis, for cash proceeds, at their fair value under the terms of the agreement. While the sale of the co-ownership interest is considered a legal sale, the partnership has determined that the asset derecognition criteria has not been met as substantially all risk and rewards of ownership are not transferred.

The partnership was in compliance or have obtained waivers relating to all covenants.

NOTE 15. RELATED PARTY TRANSACTIONS

In the normal course of operations, the partnership entered into the transactions below with related parties on exchange value. These transactions have been measured at fair value and are recognized in the unaudited interim condensed consolidated financial statements.

(a) Transactions with the parent company

As at September 30, 2018, $nil (December 31, 2017: $nil) was drawn on the credit facilities under the Brookfield Credit Agreements.

The partnership has in place a Deposit Agreement with Brookfield whereby it may place funds on deposit with Brookfield, as approved by the Board of Directors. Any deposit balance is due on demand and earns an agreed upon rate of interest based on market terms. As at September 30, 2018, the amount of the deposit was $385 million (December 31, 2017: $384 million) and was included in cash and cash equivalents. For the three and nine months ended September 30, 2018, the partnership earned interest income of $3 million and $10 million, respectively (September 30, 2017: $1 million and $4 million, respectively) on these deposits.

The partnership pays Brookfield a quarterly base management fee. For purposes of calculating the base management fee, the total capitalization of Brookfield Business Partners L.P. is equal to the quarterly volume-weighted average trading price of a unit on the principal stock exchange for the partnership units (based on trading volumes) multiplied by the number of units outstanding at the end of the quarter (assuming full conversion of the redemption-exchange units into units of Brookfield Business Partners L.P.), plus the value of securities of the other Service Recipients that are not held by the partnership, plus all outstanding third party debt with recourse to a Service Recipient, less all cash held by such entities. The base management fee for the three and nine month period ended September 30, 2018 was $15 million and $41 million, respectively (September 30, 2017: $9 million and $22 million, respectively).

In its capacity as the holder of the special limited partner (“Special LP”) units of Holding LP, Brookfield is entitled to incentive distribution rights. The incentive distribution for the three and nine months ended September 30, 2018 was $94 million and $278 million (September 30, 2017: $25 million and $25 million).

The partnership previously entered into a number of hedges of net investments in foreign operations with Brookfield, all of which were settled as at December 31, 2017. For the three and nine month period ended September 30, 2018, unrealized losses of $nil (September 30, 2017: $1 million and $10 million) and realized losses of $nil (September 30, 2017: $1 million gain and $5 million loss), respectively, were recorded.

In addition, at the time of spin-off, the partnership entered into indemnity agreements with Brookfield that relate to certain projects in certain regions that were in place prior to the spin-off. Under these indemnity agreements, Brookfield has agreed to indemnify us for the receipt of payments relating to such projects.

(b) Other

The following table summarizes other transactions the partnership has entered into with related parties:

(US$ MILLIONS)	Three Months Ended September 30, 2018	Three Months Ended September 30, 2017	Nine Months Ended September 30, 2018	Nine Months Ended September 30, 2017
Transactions during the period				
Construction revenues	**$ 119**	$ 94	**$ 343**	$ 255

(US$ MILLIONS)	September 30, 2018	December 31, 2017
Balances at end of period		
Accounts receivable	**$ 57**	$ 64
Accounts payable and other	**$ 153**	$ 106

NOTE 16. DERIVATIVE FINANCIAL INSTRUMENTS

The partnership's activities expose it to a variety of financial risks, including market risk (currency risk, interest rate risk, commodity risk and other price risks), credit risk and liquidity risk. The partnership and its subsidiaries selectively use derivative financial instruments principally to manage these risks.

The aggregate amount of the partnership derivatives financial instrument position are as follows:

(US$ MILLIONS)	September 30, 2018		December 31, 2017	
	Financial Asset	Financial Liability	Financial Asset	Financial Liability
Foreign currency forward contracts	**$ 72**	**$ 41**	$ 9	$ 40
Warrants	**—**	**36**	32	—
Interest rate swaps	**10**	**84**	—	—
Commodities contracts	**82**	**50**	74	55
Others	**—**	**4**	—	—
Total	**$ 164**	**$ 215**	$ 115	$ 95
Total Current	**$ 106**	**$ 90**	$ 75	$ 95
Total Non-current	**$ 58**	**$ 125**	$ 40	$ —

NOTE 17. EQUITY

For the three and nine month period ended September 30, 2018, the partnership distributed dividends to limited partner, general partner and redemption-exchange unitholders of $8 million and $24 million, respectively, or approximately $0.0625 per partnership unit (September 30, 2017: $7 million and $21 million, respectively). For the three and nine month period ended September 30, 2018, the partnership distributed to others who have interests in the operating subsidiaries $495 million and $2,153 million, respectively, primarily resulting from the dividends received from our graphite electrode manufacturing business (September 30, 2017: $74 million and $381 million, respectively).

There was no change in the number of units issued and outstanding during the nine month period ended September 30, 2018.

(a) Earnings per limited partner unit

Net (loss) income attributable to limited partnership unitholders was $1 million loss and $4 million income for the three and nine month period ended September 30, 2018. The weighted average number of limited partnership units was 66 million for the three and nine month period ended September 30, 2018 (September 30, 2017: 52 million).

(b) Incentive distribution to Special Limited Partnership Units

In its capacity as the holder of the special limited partnership units of Holding LP, Brookfield is entitled to incentive distribution rights which are based on a 20% increase in the unit price of the partnership over an initial threshold based on the volume-weighted average price of the units, subject to a high water mark. A distribution of $94 million and $278 million (September 30, 2017: $25 million and $25 million, respectively) was declared during the three and nine month period ended September 30, 2018. The threshold was reset to $41.96/unit.

NOTE 18. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

(a) Attributable to Limited Partners

(US$ MILLIONS)	Foreign currency translation	FVOCI	Other [1]	Accumulated other comprehensive income (loss)
Balance as at January 1, 2018	**$ (111)**	**$ 6**	**$ (7)**	**$ (112)**
Other comprehensive income (loss)	**(55)**	**7**	**11**	**(37)**
Ownership changes	**$ —**	**$ —**	**$ (1)**	**$ (1)**
Balance as at September 30, 2018	**$ (166)**	**$ 13**	**$ 3**	**$ (150)**

(1) Represents net investment hedges, cash flow hedges and other reserves.

(US$ MILLIONS)	Foreign currency translation	Available for sale	Other [1]	Accumulated other comprehensive income (loss)
Balance as at January 1, 2017	$ (148)	$ 4	$ 3	$ (141)
Other comprehensive income (loss)	47	2	(16)	33
Balance as at September 30, 2017	$ (101)	$ 6	$ (13)	$ (108)

(1) Represents net investment hedges, cash flow hedges and other reserves.

(b) Attributable to Non-controlling interest — Redemption-Exchange Units held by Brookfield Asset Management Inc.

(US$ MILLIONS)	Foreign currency translation	FVOCI	Other [1]	Accumulated other comprehensive income (loss)
Balance as at January 1, 2018	**$ (165)**	**$ 4**	**$ (4)**	**$ (165)**
Other comprehensive income (loss)	**(54)**	**7**	**11**	**(36)**
Ownership changes	**$ —**	**$ —**	**$ (1)**	**$ (1)**
Balance as at September 30, 2018	**$ (219)**	**$ 11**	**$ 6**	**$ (202)**

(1) Represents net investment hedges, cash flow hedges and other reserves.

(US$ MILLIONS)	Foreign currency translation	Available for sale	Other [1]	Accumulated other comprehensive income (loss)
Balance as at January 1, 2017	$ (205)	$ 2	$ 6	$ (197)
Other comprehensive income (loss)	51	1	(17)	35
Balance as at September 30, 2017	$ (154)	$ 3	$ (11)	$ (162)

(1) Represents net investment hedges, cash flow hedges and other reserves.

NOTE 19. DIRECT OPERATING COSTS

The partnership has no key employees or directors and does not remunerate key management personnel. Key decision makers of the partnership are all employees of the ultimate parent company or its subsidiaries, which provides management services under the master services agreement with Brookfield.

Direct operating costs include all attributable expenses except interest, depreciation and amortization, impairment expense, other expenses, and taxes and primarily relate to cost of sales and compensation. The following table lists direct operating costs for the three and nine months ended September 30, 2018, and September 30, 2017 by nature:

	Three Months Ended		Nine Months Ended	
(US$ MILLIONS)	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
Cost of sales	**$ 8,296**	$ 6,937	**$ 23,211**	$ 12,723
Compensation	**770**	353	**1,673**	1,082
Property taxes, sales taxes and other	**14**	5	**45**	37
Total	**$ 9,080**	$ 7,295	**$ 24,929**	$ 13,842

Inventories recognized as expenses during the three and nine month period ended September 30, 2018 amounted to $5,902 million and $15,703 million, respectively (September 30, 2017: $4,435 million and $7,092 million).

NOTE 20. SEGMENT INFORMATION

Our operations are organized into five operating segments which are regularly reviewed by our Chief Operating Decision Maker (the "CODM") for the purpose of allocating resources to the segment and to assess its performance. The key measures used by the CODM in assessing performance and in making resource allocation decisions are company funds from operations, or Company FFO and Company EBITDA.

Company FFO is calculated as net income excluding the impact of depreciation and amortization, deferred income taxes, breakage and transaction costs, non-cash valuation gains or losses and other items. When determining Company FFO, we include our proportionate share of Company FFO of equity accounted investment.

Company FFO is further adjusted as Company EBITDA to exclude the impact of realized disposition gains (losses), interest expenses, current income taxes, and realized disposition gains, current income taxes and interest expenses related to equity accounted investments.

On June 20, 2016 we formed a listed issuer called Brookfield Business Partners L.P. (“BBU”) by way of a special dividend to shareholders. BBU is the primary vehicle through which we own and operate businesses within our private equity business group.

In connection with the acquisition of Westinghouse, we have realigned the organizational and governance structure of our businesses and have changed how the partnership presents information for financial reporting and management decision making which has resulted in a change in the construction services and business services segments presentation and the creation of a new infrastructure services segment.

Accordingly, effective for the third quarter of fiscal 2018, our construction services and business services segment are presented as a single operating segment, business services. Infrastructure services is a new operating segment, which includes our investment in Westinghouse. The infrastructure services segment had no operations prior to the acquisition of Westinghouse in the third quarter of fiscal 2018. The partnership has retrospectively applied these segment changes for all periods presented.

	Three Months Ended September 30, 2018					
	Total attributable to the partnership					
(US$ MILLIONS)	Business Services	Infrastructure Services	Industrial Operations	Energy	Corporate and Other	Total
Revenues	$ 7,923	$ 740	$ 937	$ 390	$ —	$ 9,990
Direct operating costs	(7,784)	(574)	(504)	(216)	(2)	(9,080)
General and administrative expenses	(64)	(16)	(65)	(11)	(18)	(174)
Equity accounted Company EBITDA (3)	8	—	3	23	—	34
Company EBITDA attributable to others (4)	(51)	(84)	(272)	(132)	—	(539)
Company EBITDA (1)	32	66	99	54	(20)	231
Realized disposition gain (loss), net (6)	—	—	(3)	—	—	(3)
Other income (expenses), net (5)	—	—	—	(11)	—	(11)
Interest income (expense), net	(9)	(35)	(60)	(48)	4	(148)
Realized disposition gain, current income taxes and interest expenses related to equity accounted investment (3)	(1)	—	(1)	(6)	—	(8)
Current income taxes	(8)	(4)	(26)	(5)	—	(43)
Company FFO attributable to others (net of Company EBITDA attributable to others) (4)	12	22	67	51	—	152
Company FFO (1)	26	49	76	35	(16)	170
Depreciation and amortization expense (2)						(251)
Impairment expense, net						(180)
Gain on acquisition and disposition (6)						250
Other income (expense), net (5)						(31)
Deferred income taxes						(25)
Non-cash items attributable to equity accounted investments (3)						(35)
Non-cash items attributable to others (4)						195
Net income (loss) attributable to unitholders (1)						$ 93

(1) Company EBITDA, Company FFO and net income attributable to unitholders include Company EBITDA, Company FFO, and net income attributable to limited partnership unitholders, general partnership unitholders, redemption-exchange unitholders and special limited partnership unitholders.

(2) For the three month period ended September 30, 2018, depreciation and amortization by segment is as follows: Business Services $33 million, Infrastructure Services $52 million, Industrial Operations $59 million, Energy $107 million, and Corporate and Other $nil.

(3) The sum of these amounts equates to equity accounted loss of $9 million.

(4) Total cash and non-cash items attributable to the interest of others equals net gain of $192 million as per the unaudited interim condensed consolidated statements of operating results.

(5) The sum of these amounts equates to other expenses of $42 million.

(6) The sum of these amounts equates to gains on acquisitions/dispositions of $247 million.

	Nine Months Ended September 30, 2018					
	Total attributable to the partnership					
(US$ MILLIONS)	Business Services	Infrastructure Services	Industrial Operations	Energy	Corporate and Other	Total
Revenues	$ 23,129	$ 740	$ 2,539	$ 544	$ 7	$ 26,959
Direct operating costs	(22,729)	(574)	(1,295)	(325)	(6)	(24,929)
General and administrative expenses	(203)	(16)	(144)	(21)	(50)	(434)
Equity accounted Company EBITDA [3]	23	—	12	121	—	156
Company EBITDA attributable to others [4]	(122)	(84)	(786)	(156)	—	(1,148)
Company EBITDA [1]	98	66	326	163	(49)	604
Realized disposition gain (loss), net [6]	55	—	48	—	—	103
Other income (expenses), net [5]	—	—	—	(11)	—	(11)
Interest income (expense), net	(50)	(35)	(174)	(62)	4	(317)
Realized disposition gain, current income taxes and interest expenses related to equity accounted investments [3]	(2)	—	(3)	(42)	—	(47)
Current income taxes	(38)	(4)	(75)	(6)	—	(123)
Company FFO attributable to others (net of Company EBITDA attributable to others) [4]	46	22	146	62	—	276
Company FFO [1]	109	49	268	104	(45)	485
Depreciation and amortization expense [2]						(462)
Impairment expense, net						(180)
Gain on acquisitions and disposition [6]						250
Other income (expense), net [5]						(52)
Deferred income taxes						4
Non-cash items attributable to equity accounted investments [3]						(108)
Non-cash items attributable to others [4]						349
Net income (loss) attributable to unitholders [1]						$ 286

(1) Company EBITDA, Company FFO and net income attributable to unitholders include Company EBITDA, Company FFO, and net income attributable to limited partnership unitholders, general partnership unitholders, redemption-exchange unitholders and special limited partnership unitholders.

(2) For the nine month period ended September 30, 2018, depreciation and amortization by segment is as follows; Business Services $100 million, Infrastructure Services $52 million, Industrial Operations $165 million, Energy $145 million, and Corporate and Other $nil.

(3) The sum of these amounts equates to equity accounted income of $1 million.

(4) Total cash and non-cash items attributable to the interest of others equals net gain of $523 million as per the unaudited interim condensed consolidated statements of operating results.

(5) The sum of these amounts equates to other expenses of $63 million.

(6) The sum of these amounts equates to gains on acquisitions/dispositions of $353 million.

	Three Months Ended September 30, 2017					
	Total attributable to the partnership					
(US$ MILLIONS)	**Business Services**	**Infrastructure Services**	**Industrial Operations**	**Energy**	**Corporate and Other**	**Total**
Revenues	$ 7,070	$ —	$ 503	$ 66	$ 1	$ 7,640
Direct operating costs	(6,909)	—	(335)	(50)	(1)	(7,295)
General and administrative expenses	(50)	—	(29)	(4)	(12)	(95)
Equity accounted Company EBITDA [3]	8	—	—	14	—	22
Company EBITDA attributable to others [4]	(72)	—	(103)	(12)	—	(187)
Company EBITDA [1]	47	—	36	14	(12)	85
Realized disposition gain (loss), net [5]	11	—	—	(48)	—	(37)
Interest income (expense), net	(15)	—	(44)	(7)	—	(66)
Realized disposition gain, current income taxes and interest expenses related to equity accounted investment [3]	—	—	—	(2)	—	(2)
Current income taxes	(15)	—	(7)	2	1	(19)
Company FFO attributable to others (net of Company EBITDA attributable to others) [4]	12	—	37	36	—	85
Company FFO [1]	40	—	22	(5)	(11)	46
Depreciation and amortization expense [2]						(109)
Realized disposition gain (loss) recorded in prior periods [5]						23
Impairment expense, net						—
Other income (expense), net						(41)
Deferred income taxes						6
Non-cash items attributable to equity accounted investments [3]						17
Non-cash items attributable to others [4]						67
Net income (loss) attributable to unitholders [1]						$ 9

(1) Company EBITDA, Company FFO and net income attributable to unitholders include Company EBITDA, Company FFO, and net income attributable to limited partnership unitholders, general partnership unitholders, redemption-exchange unitholders and special limited partnership unitholders.

(2) For the three month period ended September 30, 2017, depreciation and amortization by segment is as follows: Business Services $30 million, Infrastructure Services $nil, Industrial Operations $53 million, Energy $26 million, and Corporate and Other $nil.

(3) The sum of these amounts equates to equity accounted income of $37 million.

(4) Total cash and non-cash items attributable to the interest of others equals net loss of $35 million as per the unaudited interim condensed consolidated statements of operating results.

(5) The sum of these amounts equates to losses on acquisitions/dispositions of $14 million.

	Nine Months Ended September 30, 2017					
	Total attributable to the partnership					
(US$ MILLIONS)	**Business Services**	**Infrastructure Services**	**Industrial Operations**	**Energy**	**Corporate and Other**	**Total**
Revenues	$ 13,100	$ —	$ 1,140	$ 199	$ 5	$ 14,444
Direct operating costs	(12,823)	—	(870)	(146)	(3)	(13,842)
General and administrative expenses	(125)	—	(66)	(12)	(30)	(233)
Equity accounted Company EBITDA [3]	23	—	1	40	—	64
Company EBITDA attributable to others [4]	(111)	—	(154)	(36)	—	(301)
Company EBITDA [1]	64	—	51	45	(28)	132
Realized disposition gain (loss), net [5]	19	—	237	(12)	—	244
Interest income (expense), net	(28)	—	(87)	(20)	—	(135)
Realized disposition gain, current income taxes and interest expenses related to equity accounted investment [3]	—	—	—	(4)	—	(4)
Current income taxes	(7)	—	(20)	1	7	(19)
Company FFO attributable to others (net of Company EBITDA attributable to others) [4]	22	—	(72)	16	—	(34)
Company FFO [1]	70	—	109	26	(21)	184
Depreciation and amortization expense [2]						(262)
Realized disposition gain (loss) recorded in prior periods [5]						23
Impairment expense, net						(30)
Other income (expense), net						(36)
Deferred income taxes						6
Non-cash items attributable to equity accounted investments [3]						1
Non-cash items attributable to others [4]						183
Net income (loss) attributable to unitholders [1]						$ 69

(1) Company EBITDA, Company FFO and net income attributable to unitholders include Company EBITDA, Company FFO, and net income attributable to limited partnership unitholders, general partnership unitholders, redemption-exchange unitholders and special limited partnership unitholders.

(2) For the nine month period ended September 30, 2017, depreciation and amortization by segment is as follows: Business Services $64 million, Infrastructure Services $nil, Industrial Operations $122 million, Energy $76 million, and Corporate and Other $nil.

(3) The sum of these amounts equates to equity accounted income of $61 million.

(4) Total cash and non-cash items attributable to the interest of others equals net gain of $152 million as per the unaudited interim condensed consolidated statements of operating results.

(5) The sum of these amounts equates to gains on acquisitions/dispositions of $267 million.

For the purpose of monitoring segment performance and allocating resources between segments, the CODM monitors the assets, including investments accounted for using the equity method, attributable to each segment.

The following is an analysis of the partnership's assets by reportable operating segment as at September 30, 2018 and December 31, 2017:

	As at September 30, 2018					
	Total attributable to the partnership					
(US$ MILLIONS)	Business Services	Infrastructure Services	Industrial Operations	Energy	Corporate and Other	Total
Total assets	**$ 8,130**	**$ 6,475**	**$ 6,241**	**$ 6,301**	**$ 479**	**$ 27,626**

	As at December 31, 2017					
	Total attributable to the partnership					
(US$ MILLIONS)	Business Services	Infrastructure Services	Industrial Operations	Energy	Corporate and Other	Total
Total assets	$ 7,899	$ —	$ 5,839	$ 1,671	$ 395	$ 15,804

NOTE 21. SUPPLEMENTAL CASH FLOW INFORMATION

	Nine Months Ended	
(US$ MILLIONS)	September 30, 2018	September 30, 2017
Interest paid	**$ 204**	$ 61
Income taxes paid	**$ 71**	$ 28

Amounts paid and received for interest were reflected as operating cash flows in the unaudited interim condensed consolidated statements of cash flow.

Details of "Changes in non-cash working capital, net" on the unaudited interim condensed consolidated statements of cash flow are as follows:

	Nine Months Ended	
(US$ MILLIONS)	September 30, 2018	September 30, 2017
Accounts receivable	**$ (369)**	$ (173)
Inventory	**59**	10
Prepayments and other	**(42)**	145
Accounts payable and other	**(423)**	(147)
Changes in non-cash working capital, net	**$ (775)**	$ (165)

NOTE 22. SUBSEQUENT EVENTS

(a) Distribution

On November 1, 2018, the Board of Directors declared a quarterly distribution in the amount of $0.0625 per unit, payable on December 31, 2018 to unitholders of record as at the close of business on November 30, 2018.

(b) Acquisition of Imagine

On October 1, 2018, the partnership, together with institutional partners, completed the acquisition of a 50.1% controlling interest in Imagine Communication Group Ltd. ("Imagine"). The partnership will have 30% ownership interest.

Due to the recent closing of the acquisition, the complete valuation and initial purchase price accounting for the business combination is not available as at the date of release of these unaudited interim condensed consolidated financial statements. As a result, the partnership has not provided amounts recognized as at the acquisition date for certain major classes of assets acquired and liabilities assumed.

(c) Cardone Loan

In October 2018, we finalized a $240 million senior secured term loan to Cardone Industries ("Cardone"). The partnership funded approximately $50 million.