UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF

BROOKFIELD BUSINESS PARTNERS L.P.

As at March 31, 2019 and December 31, 2018 and for the

three months ended March 31, 2019 and 2018

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BROOKFIELD BUSINESS PARTNERS L.P.

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(US$ MILLIONS)	Notes	March 31, 2019	December 31, 2018
Current Assets			
Cash and cash equivalents	4	**$ 1,540**	$ 1,949
Financial assets	5	**587**	886
Accounts and other receivable, net	6	**4,168**	4,307
Inventory, net	7	**1,595**	1,562
Assets held for sale	8	**1,005**	63
Other assets	9	**1,178**	1,014
		10,073	9,781
Financial assets	5	**670**	483
Accounts and other receivable, net	6	**844**	853
Other assets	9	**473**	499
Property, plant and equipment	10	**7,789**	6,947
Deferred income tax assets		**253**	280
Intangible assets	3, 11	**5,169**	5,523
Equity accounted investments	13	**537**	541
Goodwill	3, 12	**2,164**	2,411
		$ 27,972	$ 27,318
Liabilities and equity			
Current Liabilities			
Accounts payable and other	14	**$ 6,799**	$ 7,188
Liabilities associated with assets held for sale	8	**781**	9
Corporate borrowings	16	**—**	—
Non-recourse subsidiary borrowings	16	**1,227**	1,819
		8,807	9,016
Accounts payable and other	14	**2,720**	1,894
Non-recourse subsidiary borrowings	16	**9,128**	9,047
Deferred income tax liabilities		**868**	867
		$ 21,523	$ 20,824
Equity			
Limited partners	19	**$ 1,583**	$ 1,548
Non-controlling interests attributable to:			
Redemption-Exchange Units, Preferred Shares and Special Limited Partnership Units held by Brookfield Asset Management Inc.	19	**1,450**	1,415
Interest of others in operating subsidiaries		**3,416**	3,531
		6,449	6,494
		$ 27,972	$ 27,318

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

		Three Months Ended March 31,	
(US$ MILLIONS, except per unit amounts)	**Notes**	**2019**	**2018**
Revenues	22	**$ 9,201**	$ 8,194
Direct operating costs	21	**(8,193)**	(7,649)
General and administrative expenses	22	**(178)**	(118)
Depreciation and amortization expense	22	**(311)**	(106)
Interest income (expense), net	22	**(184)**	(86)
Equity accounted income, net	13	**7**	17
Gain (loss) on acquisitions/dispositions, net	8	**(2)**	16
Other income (expenses), net		**(90)**	(14)
Income (loss) before income tax		**250**	254
Income tax (expense) recovery			
Current		**(30)**	(28)
Deferred		**(19)**	(10)
Net income (loss)		**$ 201**	$ 216
Attributable to:			
Limited partners		**$ 32**	$ (35)
Non-controlling interests attributable to:			
Redemption-Exchange Units held by Brookfield Asset Management Inc.		**30**	(34)
Special Limited Partners	19	**—**	143
Interest of others in operating subsidiaries		**139**	142
		$ 201	$ 216
Basic and diluted earnings per limited partner unit	19	**$ 0.48**	**$ (0.53)**

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 March 31, 2019	Three Months Ended March 31, 2018
Net income (loss)		**$ 201**	$ 216
Other comprehensive income (loss):			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation		**$ 16**	$ (43)
Net investment and cash flow hedges	4	**24**	23
Equity accounted investment	13	**—**	(2)
Taxes on the above items		**(7)**	(5)
		33	(27)
Items that will not be reclassified subsequently to profit or loss:			
Revaluation of pension obligations		**4**	—
Fair value through OCI		**37**	24
Taxes on the above item		**—**	(1)
Total other comprehensive income (loss)		**74**	(4)
Comprehensive income (loss)		**$ 275**	$ 212
Attributable to:			
Limited partners		**$ 42**	$ (43)
Non-controlling interests attributable to:			
Redemption-Exchange Units held by Brookfield Asset Management Inc.		**39**	(41)
Special Limited Partners		**—**	143
Interest of others in operating subsidiaries		**194**	153
		$ 275	$ 212

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

	Non-Controlling Interests													
	Limited Partners					**Redemption-Exchange Units held by Brookfield Asset Management Inc.**					**Special Limited Partners**	**Preferred Shares**		
(US$ MILLIONS)	Capital	Retained earnings	Ownership change	Accumulated other comprehensive income (loss) (1)	Limited partners	Capital	Retained earnings	Ownership change	Accumulated other comprehensive income (loss) (1)	Redemption-exchange units	Retained earnings	Capital	Interest of others in operating subsidiaries	Total equity
Balance as at January 1, 2019	**$ 1,766**	**$ (237)**	**$ 205**	**$ (186)**	**$ 1,548**	**$ 1,674**	**$ (234)**	**$ 195**	**$ (235)**	**$ 1,400**	**$ —**	**$ 15**	**$ 3,531**	**$ 6,494**
Net income (loss)	—	32	—	—	**32**	—	30	—	—	**30**	**—**	**—**	**139**	**201**
Other comprehensive income (loss)	—	—	—	10	**10**	—	—	—	9	**9**	**—**	**—**	**55**	**74**
Total comprehensive income (loss)	—	32	—	10	**42**	—	30	—	9	**39**	**—**	**—**	**194**	**275**
Contributions	—	—	—	—	**—**	—	—	—	—	**—**	**—**	**—**	**24**	**24**
Distributions (2)	—	(4)	—	—	**(4)**	—	(4)	—	—	**(4)**	**—**	**—**	**(333)**	**(341)**
Unit repurchases (2)	(3)	—	—	—	**(3)**	—	—	—	—	**—**	**—**	**—**	**—**	**(3)**
Balance as at March 31, 2019	**$ 1,763**	**$ (209)**	**$ 205**	**$ (176)**	**$ 1,583**	**$ 1,674**	**$ (208)**	**$ 195**	**$ (226)**	**$ 1,435**	**$ —**	**$ 15**	**$ 3,416**	**$ 6,449**
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	—	(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)	—	(35)	—	—	(35)	—	(34)	—	—	(34)	143	—	142	216
Other comprehensive income (loss)	—	—	—	(8)	(8)	—	—	—	(7)	(7)	—	—	11	(4)
Total comprehensive income (loss)	—	(35)	—	(8)	(43)	—	(34)	—	(7)	(41)	143	—	153	212
Contributions	—	—	—	—	—	—	—	—	—	—	—	—	6	6
Distributions (2)	—	(4)	—	—	(4)	—	(4)	—	—	(4)	(143)	—	(741)	(892)
Balance as at March 31, 2018	$ 1,766	$ (240)	$ —	$ (120)	$ 1,406	$ 1,674	$ (237)	$ —	$ (172)	$ 1,265	$ —	$ 15	$ 2,439	$ 5,125

(1) See Note 20 for additional information.

(2) See Note 19 for additional information on distributions as it relates to the Special Limited Partners.

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	Three Months Ended March 31, 2019	2018
Operating Activities			
Net income (loss)		**$ 201**	$ 216
Adjusted for the following items:			
Equity accounted earnings, net of distributions		**1**	4
Depreciation and amortization expense		**311**	106
Gain on acquisitions/dispositions, net		**2**	(16)
Provisions and other items		**91**	38
Deferred income tax expense (recovery)		**19**	10
Changes in non-cash working capital, net	23	**(471)**	(405)
Cash from operating activities		**154**	(47)
Financing Activities			
Proceeds from non-recourse subsidiary borrowings		**174**	1,724
Repayment of non-recourse subsidiary borrowings		**(485)**	(607)
Lease liability repayment		**(38)**	—
Proceeds from other credit facilities, net		**302**	177
Capital provided by others who have interests in operating subsidiaries		**24**	6
Partnership units repurchased		**(3)**	—
Distributions to limited partners and Redemption-Exchange Unitholders		**(8)**	(8)
Distributions to Special Limited Partners Unitholders		**—**	(48)
Distributions to others who have interests in operating subsidiaries	19	**(333)**	(741)
Cash from (used in) financing activities		**(367)**	503
Investing Activities			
Acquisitions			
Subsidiaries, net of cash acquired	3	**(103)**	(12)
Property, plant and equipment and intangible assets		**(198)**	(68)
Equity accounted investments		**—**	(8)
Financial assets		**—**	(2)
Dispositions			
Property, plant and equipment		**6**	31
Net settlement of hedges		**46**	—
Restricted cash and deposits		**98**	(62)
Cash from (used in) investing activities		**(151)**	(121)
Cash			
Change during the period		**(364)**	335
Impact of foreign exchange on cash		**(1)**	(2)
Net change in cash classified within assets held for sale		**(44)**	—
Balance, beginning of year		**1,949**	1,106
Balance, end of period		**$ 1,540**	$ 1,439

Supplemental cash flow information is presented in Note 23

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, 2018, 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, 2018 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, 2018. There have been no significant changes to the method of determining significant estimates and judgments since December 31, 2018, 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 May 10, 2019.

Revision of Comparatives

The comparative cash flow figures for the three month period ended March 31, 2018, have been revised for the correction of an immaterial error identified by management in the unaudited interim condensed consolidated statements of cash flows related to the reclassification of cash flows from bank overdrafts resulting from an acquisition completed in May 2017 in our business services segment. As a result, for the 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 2018 comparative figures in the supplemental cash flow information within Note 23 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.

(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, 2019.

(i) *Leases*

The partnership has applied IFRS 16, *Leases* ("IFRS 16") as of its effective date of January 1, 2019. The new standard brings most leases on the statement of financial position, 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 transition impact is outlined in Note 2(c).

The partnership assesses whether a contract is, or contains, a lease at inception of the contract and recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is a lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the partnership recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the future lease payments, discounted using the interest rate implicit in the lease, if that rate can be determined, or otherwise the incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise i) fixed lease payments, including in-substance fixed payments, less any lease incentives; ii) variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date; iii) the amount expected to be payable by the lessee under residual value guarantees; iv) the exercise price of purchase options, if it is reasonably certain that the option will be exercised; and v) payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The partnership remeasures lease liabilities and makes a corresponding adjustment to the related right-of-use asset when i) the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate; ii) the lease payments have changed due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); or iii) a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The right-of-use asset comprises the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date and any initial direct costs. The right-of-use asset is subsequently measured at cost less accumulated depreciation and impairment losses. It is depreciated over the shorter period of the lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the partnership expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts on the commencement date of the lease. The partnership applies IAS 36, *Impairment of Assets,* to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the PP&E policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognized as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "direct operating costs" in the Consolidated Statement of Operations.

The partnership has applied critical judgments in the application of IFRS 16, including: i) identifying whether a contract (or part of a contract) includes a lease; and ii) determining whether it is reasonably certain that lease extension or termination options will be exercised in determining lease terms. The partnership also uses critical estimates in the application of IFRS 16, including the estimation of lease term and determination of the appropriate rate to discount the lease payments.

The partnership has elected to apply the following practical expedients in its application of the standard:

- To recognize the payments associated with short-term and low value leases on a straight-line basis as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed; and
- To not allocate contract consideration between lease and non-lease components, but rather account for each lease and non-lease component as a single lease component, on a lease-by-lease basis.

(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. On January 1, 2019, the partnership adopted IFRIC 23 on a modified retrospective basis. The adoption did not have a significant impact on the partnership's financial results.

(iii) *Business Combinations*

In October 2018, the IASB issued an amendment to IFRS 3, *Business Combinations* ("IFRS 3"), effective for annual periods beginning on or after January 1, 2020, with the option to early adopt beginning January 1, 2019. The amendment clarifies the definition of a business and assists entities in determining whether an acquisition is a business combination or an acquisition of a group of assets. The amendment emphasizes that the output of a business is to provide goods and services to customers and also provides supplementary guidance. The partnership adopted the IFRS 3 amendment on January 1, 2019 on a prospective basis and the adoption did not have an impact on the partnership's consolidated financial statements.

(c) Impact on adoption of new IFRS standards

The partnership has adopted IFRS 16 using the modified retrospective method, whereby any transitional impact is recorded in equity as at January 1, 2019, and comparative periods are not restated. In applying IFRS 16 for the first time, the partnership has applied the following practical expedients permitted by the standard on a lease-by-lease basis. These practical expedients are only available upon adoption and cannot be applied for any new lease executed after adoption:

- The accounting for operating leases with a remaining lease term of less than 12 months as of January 1, 2019 as short-term leases;
- The application of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- The application of the policy choice option on adoption to measure the right-of-use assets at an amount equal to the lease liabilities, adjusted for any prepaid or accrued lease payments;
- The reliance on our assessments of whether leases are onerous applied IAS 37, *Provisions, Contingent Liabilities and Contingent Assets,* immediately before January 1, 2019, instead of performing an impairment review; and
- The use of hindsight in determining the lease term if the contract contains options to extend or terminate the lease.

In addition, the partnership has applied the practical expedient available on transition to not reassess whether a contract meets the definition of a lease under IFRS 16 if the contract was, or was not, previously classified as a lease under IAS 17 *Leases* and IFRIC 4 *Determining whether an Arrangement Contains a Lease* prior to the adoption of IFRS 16.

The adoption of IFRS 16 resulted in the recognition of lease liabilities that are recorded in accounts payable and other of $987 million and right-of-use assets that are classified as property, plant, and equipment of $978 million, adjusted for any prepaid or accrued lease payments (including any lease incentives). The adoption of IFRS 16 did not have any impact on equity. The weighted average incremental borrowing rate used in determining the lease liabilities on January 1, 2019 was approximately 4.3%. The difference between the operating lease commitments disclosed applying IAS 17 as at December 31, 2018 and the lease liabilities recognized as at January 1, 2019 is due to discounting using the incremental borrowing rate on January 1, 2019, and short-term and low value leases recognized on a straight-line basis as expense. When comparing results to prior periods, the adoption of IFRS 16 resulted in a reduction of direct operating costs by $53 million and an increase to interest and depreciation expense of $12 million and $41 million, respectively, for the three month period ended March 31, 2019. In addition, under IFRS 16, lease payments are split between cash payments for the interest portion of the lease liability, which are classified as cash flows used in operating activities, and repayments of principal, which are classified as cash flows used in financing activities. Whereas under IAS 17, payments under operating leases were presented as part of cash flows used in operating activities.

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 three months ended March 31, 2019

There were no significant acquisitions for the three months ended March 31, 2019.

(b) Acquisitions completed in 2018

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

(US$ MILLIONS)	Business Services [6]	Infrastructure Services [5]	Industrials	Total [1]
Cash	$ 25	$ 1,764	$ 45	$ 1,834
Non-cash consideration	—	275	—	275
Total Consideration [2]	$ 25	$ 2,039	$ 45	$ 2,109

(US$ MILLIONS)	Business Services	Infrastructure Services	Industrials	Total
Cash and cash equivalents	$ 36	$ 592	$ 30	$ 658
Accounts and other receivable, net	11	836	75	922
Inventory, net	2	626	58	686
Equity accounted investments	—	328	1	329
Property, plant and equipment	56	4,631	187	4,874
Intangible assets	28	2,544	231	2,803
Goodwill	36	712	180	928
Deferred income tax assets	—	11	27	38
Financial assets	—	364	2	366
Other assets	—	1,234	—	1,234
Accounts payable and other	(28)	(3,284)	(199)	(3,511)
Borrowings	(50)	(3,352)	(266)	(3,668)
Deferred income tax liabilities	(2)	(83)	(72)	(157)
Net assets acquired before non-controlling interest	89	5,159	254	5,502
Non-controlling interest [3] [4]	(64)	(3,120)	(209)	(3,393)
Net Assets Acquired	$ 25	$ 2,039	$ 45	$ 2,109

(1) The initial fair values of acquired assets, liabilities and goodwill for the 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 industrials.

(5) Adjustments to a purchase price allocation within our infrastructure services segment resulted in a decrease in property, plant and equipment of $38 million, a decrease in intangible assets of $139 million, a decrease in goodwill of $48 million, an increase in financial assets of $47 million, an increase in other assets of $208 million and a decrease in accounts payable and other of $147 million.

(6) Adjustments to a purchase price allocation within our business services segment resulted in a $5 million increase to goodwill.

Business Services

In 2018, the partnership, together with institutional investors, acquired Imagine Communications Group Limited and completed tuck-in acquisitions through its investments in its facilities management business and fuel marketing business for total consideration of $25 million attributable to the partnership. On acquisition, the partnership's voting interest in each of these acquisitions was greater than 50% and gave the partnership control over the business. Accordingly, the partnership consolidates these businesses for financial reporting purposes.

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. As a result of the on-going negotiations a purchase price adjustment of $78 million was recorded during the first quarter of 2019. 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 approximately $55 million were expensed at the acquisition date and recorded as other expenses on the consolidated statements of operating results. Goodwill of $165 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 $2,544 million were acquired, primarily comprised of developed technology and the Westinghouse trade name.

The partnership's results from operations for the period ended December 31, 2018 includes $743 million of revenue and $37 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 $1,715 million for the period ended December 31, 2018 and net loss of $105 million attributable to the partnership for the period ended December 31, 2018.

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 for one million of warrants and began consolidating the business. On acquisition, the partnership, together with institutional investors, 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 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 December 31, 2018 includes revenues of $181 million and approximately $46 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 $334 million for the period ended December 31, 2018 and net income of $54 million attributable to the partnership for the period ended December 31, 2018.

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

(US$ MILLIONS)	December 31, 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).

Industrials

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 leading 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 approximately $9 million were expensed at the acquisition date and recorded as other expenses on the 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 December 31, 2018 includes $56 million of revenue and $3 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 $86 million for the period ended December 31, 2018 and net loss of $4 million attributable to the partnership for the period ended December 31, 2018.

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 in 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 March 31, 2019:

(US$ MILLIONS)

MEASUREMENT BASIS	FVTPL	FVOCI	Amortized Cost	Total
Financial assets				
Cash and cash equivalents	$ —	$ —	$ 1,540	$ 1,540
Accounts receivable, net (current and non-current) [1]	58	—	4,954	5,012
Other assets (current and non-current) [2]	—	—	530	530
Financial assets (current and non-current) [3]	342	420	495	1,257
Total	$ 400	$ 420	$ 7,519	$ 8,339
Financial liabilities				
Accounts payable and other [4]	$ 276	$ 64	$ 5,449	$ 5,789
Borrowings (current and non-current)	—	—	10,355	10,355
Total	$ 276	$ 64	$ 15,804	$ 16,144

(1) Accounts receivable recognized at fair value relates to our mining business.
(2) Excludes prepayments and other assets of $1,121 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 $3,730 million.

Included in cash and cash equivalents as at March 31, 2019 is $912 million of cash (December 31, 2018: $1,597 million) and $628 million of cash equivalents (December 31, 2018: $352 million) which includes $518 million on deposit with Brookfield (December 31, 2018: $244 million), as described in Note 17.

The fair value of all financial assets and liabilities as at March 31, 2019 were consistent with carrying value, with the exception of the borrowings at Teekay Offshore, where fair value determined using Level 1 and Level 2 inputs resulted in a fair value of $2,578 million (December 31, 2018: $2,611 million) versus a carrying value of $2,581 million (December 31, 2018: $2,638 million).

Included in financial assets as at March 31, 2019 is $316 million of equity instruments designated as measured at fair value through OCI (December 31, 2018: $283 million).

The following table provides the allocation of financial instruments and their associated financial instrument classifications as at December 31, 2018:

(US$ MILLIONS)

MEASUREMENT BASIS	FVTPL	FVOCI	Amortized Cost	Total
Financial assets				
Cash and cash equivalents	$ —	$ —	$ 1,949	$ 1,949
Accounts receivable, net (current and non-current) (1)	67	—	5,093	5,160
Other assets (current and non-current) (2)	—	—	563	563
Financial assets (current and non-current) (3)	413	376	580	1,369
Total	$ 480	$ 376	$ 8,185	$ 9,041
Financial liabilities				
Accounts payable and other (4)	$ 311	$ 48	$ 4,679	$ 5,038
Borrowings (current and non-current)	—	—	10,866	10,866
Total	$ 311	$ 48	$ 15,545	$ 15,904

(1) Accounts receivable recognized at fair value relates to our mining business.
(2) Excludes prepayments and other assets of $950 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 $4,044 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 months ended March 31, 2019, pre-tax net losses of $14 million (March 31, 2018: net gains of $34 million) were recorded in other comprehensive income for the effective portion of hedges of net investments in foreign operations. As at March 31, 2019, there was a derivative asset balance of $23 million (December 31, 2018: $76 million) and derivative liability balance of $1 million (December 31, 2018: $nil) relating to derivative contracts designated as net investment hedges.

The partnership uses commodity swap contracts to hedge the sale price of its gas contracts as well as the purchase price of decant oil. Foreign exchange contracts and option contracts may be used to hedge highly probable future transactions. The partnership also uses interest rate swaps to hedge the cash flows on its floating rate borrowings. A number of these contracts are designated as cash flow hedges. For the three months ended March 31, 2019, pre-tax net gains of $38 million (March 31, 2018: net loss of $9 million) were recorded in other comprehensive income for the effective portion of cash flow hedges. As at March 31, 2019, there was a derivative asset balance of $81 million (December 31, 2018: $17 million) and derivative liability balance of $63 million (December 31, 2018: $48 million) 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 $278 million (December 31, 2018: $280 million) of financial assets and $51 million (December 31, 2018: $50 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 month period ended March 31, 2019. The following table categorizes financial assets and liabilities, which are carried at fair value, based upon the level of input as at March 31, 2019 and December 31, 2018:

(US$ MILLIONS)	March 31, 2019			December 31, 2018		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets						
Common shares	$ 302	$ —	$ —	$ 266	$ —	$ —
Accounts receivable	—	58	—	—	67	—
Loans and notes receivable	—	—	—	—	—	—
Derivative assets	7	175	—	41	202	—
Other financial assets	—	—	278	—	—	280
Total	$ 309	$ 233	$ 278	$ 307	$ 269	$ 280
Financial liabilities						
Derivative liabilities	$ 5	$ 284	$ 15	$ 13	$ 296	$ 13
Other financial liabilities	—	—	36	—	—	37
Total	$ 5	$ 284	$ 51	$ 13	$ 296	$ 50

The following table presents the change in the balance of financial assets classified as Level 3 as at March 31, 2019:

(US$ MILLIONS)	March 31, 2019
Balance at beginning of year	$ 280
Fair value change recorded in net income	(3)
Fair value change recorded in other comprehensive income	1
Balance at end of period	$ 278

(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 March 31, 2019, $7 million gross, of financial assets (December 31, 2018: $nil) and $3 million gross, of financial liabilities (December 31, 2018: $nil) were offset in the unaudited interim condensed consolidated statements of financial position related to derivative financial instruments.

NOTE 5. FINANCIAL ASSETS

(US$ MILLIONS)	March 31, 2019	December 31, 2018
Current		
Marketable securities [1]	**$ 302**	$ 265
Restricted cash	**128**	376
Derivative contracts	**144**	223
Loans and notes receivable	**13**	22
Total current	**$ 587**	$ 886
Non-current		
Marketable securities [1]	**$ —**	$ 1
Restricted cash	**204**	32
Derivative contracts	**38**	20
Loans and notes receivable	**150**	150
Other financial assets [2]	**278**	280
Total non-current	**$ 670**	$ 483

(1) During the three month period ended March 31, 2019, the partnership recognized $nil (March 31, 2018: $nil) of net gains on disposition of marketable securities.

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

The decrease in financial assets, net from December 31, 2018, is primarily due to a decrease in fair value of derivatives at Greenergy, combined with lower restricted cash at Westinghouse.

NOTE 6. ACCOUNTS AND OTHER RECEIVABLE, NET

(US$ MILLIONS)	March 31, 2019	December 31, 2018
Current, net	**$ 4,168**	$ 4,307
Non-current, net		
Accounts receivable	**38**	37
Retainer on customer contract	**99**	103
Billing rights	**707**	713
Total Non-current, net	**$ 844**	$ 853
Total	**$ 5,012**	$ 5,160

The decrease in accounts and other receivable, net from December 31, 2018 is primarily due to a decrease in trade receivables at Westinghouse and classification of our facilities management business as held for sale during the quarter. The decrease is partially offset by an increase in trade receivables at Greenergy due to an increase in fuel prices at the end of the quarter.

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)	March 31, 2019	December 31, 2018
Current		
Raw materials and consumables	**$ 581**	$ 605
Fuel products [(1)]	**502**	490
Work in progress	**261**	258
RTFO certificates [(2)]	**119**	95
Finished goods and other [(3)]	**132**	114
Carrying amount of inventories	**$ 1,595**	$ 1,562

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

(2) RTFO certificates held for trading as at March 31, 2019 have a fair value of $nil (December 31, 2018: $nil). 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 segment.

NOTE 8. ASSETS HELD FOR SALE

(US$ MILLIONS)	March 31, 2019	December 31, 2018
Cash and cash equivalents	**$ 44**	$ —
Accounts receivable, net	**450**	28
Financial assets	**26**	—
Inventory	**6**	6
Deferred income tax asset	**3**	—
Property, plant and equipment	**88**	29
Intangible assets	**176**	—
Goodwill	**212**	—
Assets held for sale	**$ 1,005**	$ 63
Accounts payable and other	**$ 555**	$ 9
Deferred income tax liabilities	**1**	—
Borrowings	**225**	—
Liabilities associated with assets held for sale	**$ 781**	$ 9

Business Services - Facilities management business

On March 11, 2019, the partnership announced an agreement to sell its facilities management business to CCMP Capital Advisors, LP for approximately $1 billion. Closing of the transaction remains subject to customary closing conditions and is expected to occur in the second quarter of 2019. As at March 31, 2019 the partnership has classified its facilities management business as held for sale.

Industrials - Infrastructure support products manufacturing

During the three month period ended March 31, 2019, our infrastructure support products manufacturing operation sold inventory and certain machinery and equipment for proceeds of $4 million. An associated net loss on this disposition resulted in a loss of $2 million being recorded for the three months ended March 31, 2019. At March 31, 2019, our infrastructure support products manufacturing operation has certain asset and liabilities related to plants within the precast operations classified as held for sale.

NOTE 9. OTHER ASSETS

(US$ MILLIONS)	March 31, 2019	December 31, 2018
Current		
Work in progress [(1)]	$ **468**	$ 506
Prepayments and other assets	**710**	508
Total current	$ **1,178**	$ 1,014
Non-current		
Work in progress [(1)]	$ **62**	$ 57
Prepayments and other assets	**411**	442
Total non-current	$ **473**	$ 499

(1) See Note 15 for additional information.

NOTE 10. PROPERTY, PLANT AND EQUIPMENT

(US$ MILLIONS)	March 31, 2019	December 31, 2018
Gross Carrying Amount:		
Beginning Balance	$ **8,415**	$ 3,425
Additions	**183**	500
Disposals	**(30)**	(131)
Acquisitions through business combinations [(1)]	**(39)**	4,913
Transfers and assets reclassified as held for sale [(2)]	**(70)**	(38)
Changes in accounting policy	**978**	—
Net foreign currency exchange differences	**43**	(254)
Ending Balance	$ **9,480**	$ 8,415
Accumulated Depreciation and Impairment		
Beginning Balance	**(1,468)**	(895)
Depreciation/depletion/impairment expense	**(228)**	(720)
Disposals	**10**	62
Transfers and assets reclassified as held for sale [(2)]	**13**	2
Net foreign currency exchange differences	**(18)**	83
Ending Balance	$ **(1,691)**	$ (1,468)
Net Book Value [(3)]	$ **7,789**	$ 6,947

(1) See Note 3 for additional information.
(2) See Note 8 for additional information.
(3) Includes right-of-use assets of $981 million as at March 31, 2019.

NOTE 11. INTANGIBLE ASSETS

(US$ MILLIONS)	March 31, 2019	December 31, 2018
Gross Carrying Amount:		
Beginning Balance	**$ 6,001**	$ 3,360
Additions, net	**45**	153
Disposals	**—**	(8)
Acquisitions through business combinations [1]	**(136)**	2,911
Assets reclassified as held for sale	**(260)**	—
Net foreign currency exchange differences	**(14)**	(415)
Ending Balance	**$ 5,636**	$ 6,001
Accumulated Amortization and Impairment		
Beginning Balance	**(478)**	(266)
Amortization expense	**(79)**	(249)
Disposals	**—**	4
Assets reclassified as held for sale	**82**	—
Net foreign currency exchange differences	**8**	33
Ending Balance	**$ (467)**	$ (478)
Net Book Value	**$ 5,169**	$ 5,523

(1) See Note 3 for additional information.

NOTE 12. GOODWILL

(US$ MILLIONS)	March 31, 2019	December 31, 2018
Balance at beginning of period	**$ 2,411**	$ 1,554
Acquisitions through business combinations [1]	**(43)**	957
Assets reclassified as held for sale	**(212)**	—
Foreign currency translation	**8**	(100)
Balance at end of period	**$ 2,164**	$ 2,411

(1) See Note 3 for additional information.

NOTE 13. EQUITY ACCOUNTED INVESTMENTS

(US$ MILLIONS)	March 31, 2019	December 31, 2018
Balance at beginning of year	**$ 541**	$ 609
Adoption of new accounting standard	—	(7)
Acquisitions through business combinations (1)	—	310
Additions (2)	—	267
Dispositions (2)	—	(599)
Share of net income	**7**	10
Share of other comprehensive income/(loss)	—	(1)
Distributions received	**(8)**	(29)
Foreign currency translation	**(3)**	(19)
Balance at end of period	**$ 537**	$ 541

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

NOTE 14. ACCOUNTS PAYABLE AND OTHER

(US$ MILLIONS)	March 31, 2019	December 31, 2018
Current		
Accounts payable	**$ 1,750**	$ 1,819
Accrued and other liabilities (1) (2) (4)	**3,413**	3,498
Work in progress (3)	**1,421**	1,637
Provisions and decommissioning liabilities	**215**	234
Total current	**$ 6,799**	$ 7,188
Non-current		
Accounts payable	**$ 93**	$ 97
Accrued and other liabilities (2) (4)	**2,051**	1,206
Work in progress (3)	**40**	71
Provisions and decommissioning liabilities	**536**	520
Total non-current	**$ 2,720**	$ 1,894

(1) Includes bank overdrafts of $883 million as at March 31, 2019 (December 31, 2018: $581 million).
(2) Includes a defined benefit pension obligation of $502 million ($14 million current and $488 million non-current) and a post-retirement benefit obligation of $68 million ($5 million current and $63 million non-current) as at March 31, 2019.
(3) See Note 15 for additional information.
(4) Includes lease liabilities of $1,002 million ($151 million current and $851 million non-current) as at March 31, 2019.

The increase in accounts payable and other from December 31, 2018 is primarily attributable to the recognition of lease liabilities recorded on the adoption of IFRS 16, combined with an increase in short-term borrowings at Greenergy, partially offset by the classification of our facilities management business as held for sale during the quarter.

NOTE 15. CONTRACTS IN PROGRESS

(US$ MILLIONS)	March 31, 2019	December 31, 2018
Contract costs incurred to date	**$ 19,927**	$ 20,455
Profit recognized to date (less recognized losses)	**2,160**	1,946
	22,087	22,401
Less: progress billings	**(23,018)**	(23,546)
Contract work in progress (liability)	**$ (931)**	$ (1,145)
Comprising:		
Amounts due from customers — work in progress	**$ 530**	$ 563
Amounts due to customers — creditors	**(1,461)**	(1,708)
Net work in progress	**$ (931)**	$ (1,145)

NOTE 16. BORROWINGS

(a) Corporate borrowings

As at March 31, 2019, the partnership has a revolving credit facility with Brookfield that permits borrowings of up to $500 million for the purpose of funding acquisitions and investments. The credit facility is available in U.S. or Canadian dollars, and advances are made by way of LIBOR, base rate, bankers' acceptance rate or prime rate loans. The credit facility bears interest at the specified LIBOR or bankers' acceptance rate plus 3.75%, or the specified base rate or prime rate plus 2.75%. As at March 31, 2019, the credit facility remains undrawn.

The partnership also has bilateral credit facilities with a diverse group of banks with aggregate borrowing capacity of $825 million. Advances under the facilities are available in Euros, Sterling, Australian, U.S. or Canadian dollars, and advances 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 facilities are used for general corporate purposes and to fund acquisitions and investments. As at March 31, 2019, the credit facility remains undrawn.

(b) Non-recourse subsidiary borrowings

Total current and non-current borrowings as at March 31, 2019 were $10,355 million (December 31, 2018: $10,866 million). The decrease of $511 million compared to December 31, 2018 is primarily due to the classification of our facilities management business as held for sale during the quarter, combined with debt repayments at GrafTech and 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.

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.

Our operations are currently in compliance with or have obtained waivers related to all material covenant requirements of their term loans and credit facilities.

NOTE 17. 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 March 31, 2019, $nil (December 31, 2018: $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 March 31, 2019, the amount of the deposit was $518 million (December 31, 2018: $244 million) and was included in cash and cash equivalents. For the three months ended March 31, 2019, the partnership earned interest income of $3 million (March 31, 2018: $3 million) 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 month period ended March 31, 2019 was $12 million and (March 31, 2018: $13 million).

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 months ended March 31, 2019 was $nil (March 31, 2018: $143 million).

In addition, at the time of spin-off, the partnership entered into indemnity agreements with Brookfield related to certain contracts 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 contracts.

(b) Other

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

	Three Months Ended	
(US$ MILLIONS)	March 31, 2019	March 31, 2018
Transactions during the period [1]		
Business services revenues	**$ 91**	$ 102

(1) Within our business services segment, the partnership provides construction services and real estate financial advisory services to affiliates of Brookfield.

(US$ MILLIONS)	March 31, 2019	December 31, 2018
Balances at end of period		
Accounts receivable	**$ 47**	$ 63
Accounts payable and other [1]	**$ 112**	$ 63
Property, plant and equipment [2]	**$ 32**	$ —

(1) March 31, 2019 includes $36 million of lease liabilities.
(2) March 31, 2019 is comprised of right-of-use assets.

NOTE 18. 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 is as follows:

(US$ MILLIONS)	March 31, 2019		December 31, 2018	
	Financial Asset	Financial Liability	Financial Asset	Financial Liability
Foreign currency forward contracts	$ 62	$ 62	$ 100	$ 47
Warrants	—	16	—	13
Interest rate swaps	9	189	3	144
Commodities contracts	74	37	131	114
Cross currency swaps	—	—	—	4
Options Contracts	37	—	9	—
Total	$ 182	$ 304	$ 243	$ 322
Total Current	$ 144	$ 96	$ 223	$ 157
Total Non-current	$ 38	$ 208	$ 20	$ 165

NOTE 19. EQUITY

For the three month period ended March 31, 2019, the partnership distributed dividends to limited partner, general partner and redemption-exchange unitholders of $8 million or approximately $0.0625 per partnership unit (March 31, 2018: $8 million). For the three month period ended March 31, 2019, the partnership distributed to others who have interests in the operating subsidiaries $333 million primarily resulting from the distributions of proceeds on the sale of our Australian energy operation and distributions from Westinghouse (March 31, 2018: $741 million).

During the three month period ended March 31, 2019, the partnership repurchased and cancelled 89,027 limited partnership units for $3 million (March 31, 2018: $nil) and incurred less than $1 million in commission costs (March 31, 2018: $nil).

(a) Earnings per limited partner unit

Net income attributable to limited partnership unitholders was $32 million for the three month period ended March 31, 2019. The weighted average number of limited partnership units was 66 million for the three month period ended March 31, 2019 (March 31, 2018: 66 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. During the three months ended March 31, 2019, the volume weighted average price per unit was $34.09, which was below the previous incentive distribution threshold of $41.96/unit, resulting in an incentive distribution of $nil for the quarter (March 31, 2018: $143 million).

NOTE 20. 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, 2019	$ (182)	$ 9	$ (13)	$ (186)
Other comprehensive income (loss)	4	5	1	10
Balance as at March 31, 2019	$ (178)	$ 14	$ (12)	$ (176)

(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, 2018	$ (111)	$ 6	$ (7)	$ (112)
Other comprehensive income (loss)	(13)	3	2	(8)
Balance as at March 31, 2018	$ (124)	$ 9	$ (5)	$ (120)

(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, 2019	**$ (232)**	**$ 7**	**$ (10)**	**$ (235)**
Other comprehensive income (loss)	**3**	**4**	**2**	**9**
Ownership changes	**—**	**—**	**—**	**—**
Balance as at March 31, 2019	**$ (229)**	**$ 11**	**$ (8)**	**$ (226)**

(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, 2018	$ (165)	$ 4	$ (4)	$ (165)
Other comprehensive income (loss)	(11)	2	2	(7)
Balance as at March 31, 2018	$ (176)	$ 6	$ (2)	$ (172)

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

NOTE 21. 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 months ended March 31, 2019, and March 31, 2018 by nature:

	Three Months Ended	
(US$ MILLIONS)	March 31, 2019	March 31, 2018
Cost of sales	**$ 7,316**	$ 7,176
Compensation	**856**	454
Property taxes, sales taxes and other	**21**	19
Total	**$ 8,193**	$ 7,649

Inventories recognized as expenses during the three month period ended March 31, 2019 amounted to $4,605 million (March 31, 2018: $4,641 million).

NOTE 22. SEGMENT INFORMATION

Our operations are organized into four 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 gains or losses as appropriate, 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.

	Three Months Ended March 31, 2019				
	Total attributable to the partnership				
(US$ MILLIONS)	Business Services	Infrastructure Services	Industrials	Corporate and Other	Total
Revenues	$ 6,935	$ 1,289	$ 977	$ —	$ 9,201
Direct operating costs	(6,778)	(892)	(521)	(2)	(8,193)
General and administrative expenses	(67)	(34)	(58)	(19)	(178)
Equity accounted Company EBITDA [3]	8	21	4	—	33
Company EBITDA attributable to others [4]	(53)	(249)	(295)	—	(597)
Company EBITDA [1]	45	135	107	(21)	266
Realized disposition gain (loss)	—	—	(2)	—	(2)
Other income (expenses), net [5]	—	(4)	2	—	(2)
Interest income (expense), net	(20)	(101)	(69)	6	(184)
Realized disposition gain, current income taxes and interest expenses related to equity accounted investment [3]	(1)	(3)	(1)	—	(5)
Current income taxes	(10)	9	(34)	5	(30)
Company FFO attributable to others (net of Company EBITDA attributable to others) [4]	18	66	78	—	162
Company FFO [1]	32	102	81	(10)	205
Depreciation and amortization expense [2]					(311)
Other income (expense), net [5]					(88)
Deferred income taxes					(19)
Non-cash items attributable to equity accounted investments [3]					(21)
Non-cash items attributable to others [4]					296
Net income (loss) attributable to unitholders [1]					$ 62

(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 March 31, 2019, depreciation and amortization by segment is as follows: business services $57 million, infrastructure services $169 million, industrials $85 million, and corporate and other $nil.

(3) The sum of these amounts equates to equity accounted income of $7 million.

(4) Total cash and non-cash items attributable to the interest of others equals net income of $139 million as per the unaudited interim condensed consolidated statements of operating results.

(5) The sum of these amounts equates to other expenses of $90 million as per the unaudited interim condensed consolidated statements of operating results.

	Three Months Ended March 31, 2018				
	Total attributable to the partnership				
(US$ MILLIONS)	Business Services	Infrastructure Services	Industrials	Corporate and Other	Total
Revenues	$ 7,347	$ 2	$ 842	$ 3	$ 8,194
Direct operating costs	(7,234)	—	(413)	(2)	(7,649)
General and administrative expenses	(67)	—	(35)	(16)	(118)
Equity accounted Company EBITDA [3]	8	35	16	—	59
Company EBITDA attributable to others [4]	(25)	—	(270)	—	(295)
Company EBITDA [1]	29	37	140	(15)	191
Realized disposition gain (loss), net	—	—	16	—	16
Interest income (expense), net	(19)	—	(67)	—	(86)
Realized disposition gain, current income taxes and interest expenses related to equity accounted investment [3]	—	(15)	(4)	—	(19)
Current income taxes	(8)	—	(20)	—	(28)
Company FFO attributable to others (net of Company EBITDA attributable to others) [4]	15	—	49	—	64
Company FFO [1]	17	22	114	(15)	138
Depreciation and amortization expense [2]					(106)
Other income (expense), net					(14)
Deferred income taxes					(10)
Non-cash items attributable to equity accounted investments [3]					(23)
Non-cash items attributable to others [4]					89
Net income (loss) attributable to unitholders [1]					$ 74

(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 March 31, 2018, depreciation and amortization by segment is as follows: business services $33 million, infrastructure services $nil, industrials $73 million, and corporate and other $nil.

(3) The sum of these amounts equates to equity accounted income of $17 million.

(4) Total cash and non-cash items attributable to the interest of others equals net income of $142 million as per the unaudited interim condensed consolidated statements of operating results.

Segment Assets

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 March 31, 2019 and December 31, 2018:

	As at March 31, 2019				
(US$ MILLIONS)	Business Services	Infrastructure Services	Industrials	Corporate and Other	Total
Total assets	**$ 8,570**	**$ 11,286**	**$ 7,494**	**$ 622**	**$ 27,972**

	As at December 31, 2018				
(US$ MILLIONS)	Business Services	Infrastructure Services	Industrials	Corporate and Other	Total
Total assets	$ 7,613	$ 11,640	$ 7,650	$ 415	$ 27,318

Revenues from Contracts with Customers

The table below summarizes our segment revenue by geography for IFRS 15 revenue for the three months ended March 31, 2019:

	Three Months Ended March 31, 2019				
(US$ MILLIONS)	Business Services	Infrastructure Services	Industrials	Corporate and Other	Total
United Kingdom	$ 4,846	$ 77	$ 21	$ —	$ 4,944
Canada	890	13	191	—	1,094
Australia	720	3	—	—	723
Brazil	51	27	231	—	309
United States of America	118	538	100	—	756
Middle East [(1)]	134	3	3	—	140
Europe	158	311	362	—	831
Other	4	159	66	—	229
Total IFRS 15 revenue	**$ 6,921**	**$ 1,131**	**$ 974**	**$ —**	**$ 9,026**
Other non IFRS 15 revenue	$ 14	$ 158	$ 3	$ —	$ 175
Total revenue	**$ 6,935**	**$ 1,289**	**$ 977**	**$ —**	**$ 9,201**

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

The table below summarizes our segment revenue by timing of revenue recognition for IFRS 15 revenue for the three months ended March 31, 2019:

	Three Months Ended March 31, 2019				
(US$ MILLIONS)	**Business Services**	**Infrastructure Services**	**Industrials**	**Corporate and Other**	**Total**
Goods / services provided at a point in time	$ 5,300	$ 425	$ 924	$ —	$ 6,649
Services transferred over time	1,621	706	50	—	2,377
Total IFRS 15 revenue	**$ 6,921**	**$ 1,131**	**$ 974**	**$ —**	**$ 9,026**
Other non IFRS 15 revenue	14	158	3	—	175
Total revenues	**$ 6,935**	**$ 1,289**	**$ 977**	**$ —**	**$ 9,201**

NOTE 23. SUPPLEMENTAL CASH FLOW INFORMATION

	Three Months Ended	
(US$ MILLIONS)	**March 31, 2019**	**March 31, 2018**
Interest paid	**$ 186**	$ 42
Income taxes paid	**$ 73**	$ 10

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:

	Three Months Ended	
(US$ MILLIONS)	**March 31, 2019**	**March 31, 2018**
Accounts receivable	**$ (15)**	$ (290)
Inventory	**22**	(110)
Prepayments and other	**(26)**	(26)
Accounts payable and other	**(452)**	21
Changes in non-cash working capital, net	**$ (471)**	$ (405)

NOTE 24. SUBSEQUENT EVENTS

(a) Distribution

On April 30, 2019, the Board of Directors declared a quarterly distribution in the amount of $0.0625 per unit, payable on June 28, 2019 to unitholders of record as at the close of business on May 31, 2019.

(b) Cardone Industries

In April 2019, together with institutional partners, the partnership recapitalized Cardone Industries ("Cardone") for $195 million, which is being used to support near term liquidity requirements in the business. The partnership acquired an 85% controlling interest in Cardone, the partnership's share of which is 35% for approximately $80 million (inclusive of the prior investment value of $33 million).

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) Clarios Power Solutions

On April 30, 2019, together with institutional partners, the partnership acquired a 100% interest in Clarios Power Solutions ("Clarios", formerly known as the "Power Solutions Business of Johnson Controls International plc"). The partnership's economic interest is expected to be 25% which will be determined once institutional partner participation is finalized, and the partnership will consolidate this business for financial reporting purposes.

Due to the proximity of the completion of the acquisition to the date of issuance of the partnership's condensed consolidated financial statements, the total consideration transferred by the partnership to complete the acquisition of Clarios is allocated to identifiable assets acquired, liabilities assumed, and goodwill acquired, based upon their estimated fair values as of the date of completion of the acquisition. The purchase price adjustments are preliminary, subject to further adjustments as additional information becomes available and as additional analyses are performed. Final valuations are yet to be confirmed and increases or decreases in the fair value of relevant balance sheet amounts will result in adjustments to the following preliminary purchase price allocation:

(US$ MILLIONS)		
Total consideration [1]	$	3,180

(US$ MILLIONS)		
Working capital	$	1,502
Property, plant and equipment		2,762
Intangible assets		7,155
Goodwill		2,362
Other long-term assets		790
Borrowings and other liabilities		(147)
Deferred income tax liabilities		(1,728)
Net assets acquired before non-controlling interest		12,696
Non-controlling interest		(9,516)
Net Assets Acquired	$	3,180

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

(d) Agreement to sell BGRS

In April 2019, the partnership signed an agreement to sell our executive relocation services business, BGRS, which will generate net proceeds of approximately $230 million for the partnership. The sale is expected to close in the second quarter of 2019.

(e) Teekay Offshore

On May 8, 2019, together with institutional partners, the partnership acquired all of Teekay Corporation's remaining interests in Teekay Offshore, including the 49% GP interest, LP units, warrants and a loan commitment for a total of $100 million. With the transaction, the ownership interest of the partnership, together with institutional partners, in Teekay Offshore is 73%. The partnership's share is approximately $45 million and the partnership's ownership will be approximately 30%, a portion of which may be syndicated to other institutional investors.