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Consolidated Statement of Financial Position

(amounts in millions of Canadian dollars)	**September 30 2018**	March 31 2018 Restated (Note 2)	April 1 2017 Restated (Note 2)
Assets			
Cash and cash equivalents	**$ 504.3**	$ 611.5	$ 504.7
Accounts receivable	**480.8**	452.0	450.1
Contract assets	**466.7**	439.7	348.5
Inventories	**574.5**	516.1	549.0
Prepayments	**56.0**	50.0	63.8
Income taxes recoverable	**54.4**	40.7	25.6
Derivative financial assets	**12.8**	13.3	23.4
Total current assets	**$ 2,149.5**	$ 2,123.3	$ 1,965.1
Property, plant and equipment	**1,782.8**	1,803.9	1,582.6
Intangible assets	**1,104.3**	1,055.6	944.0
Investment in equity accounted investees	**252.7**	242.7	375.8
Deferred tax assets	**53.7**	61.2	42.9
Derivative financial assets	**11.0**	11.5	16.0
Other assets	**475.7**	482.0	471.3
Total assets	**$ 5,829.7**	$ 5,780.2	$ 5,397.7
Liabilities and equity			
Accounts payable and accrued liabilities	**$ 732.3**	$ 666.9	$ 686.1
Provisions	**28.9**	32.1	43.2
Income taxes payable	**15.5**	15.3	9.6
Deferred revenue	**9.6**	10.0	11.4
Contract liabilities	**667.2**	679.5	593.4
Current portion of long-term debt	**129.8**	52.2	51.9
Derivative financial liabilities	**9.1**	18.1	15.5
Total current liabilities	**$ 1,592.4**	$ 1,474.1	$ 1,411.1
Provisions	**37.3**	39.5	39.1
Long-term debt	**1,169.6**	1,208.7	1,203.5
Royalty obligations	**136.3**	140.8	138.5
Employee benefits obligations	**175.8**	200.6	157.7
Deferred gains and other liabilities	**247.3**	229.9	217.8
Deferred tax liabilities	**186.5**	184.7	213.0
Derivative financial liabilities	**1.9**	4.4	4.7
Total liabilities	**$ 3,547.1**	$ 3,482.7	$ 3,385.4
Equity			
Share capital	**$ 639.3**	$ 633.2	$ 615.4
Contributed surplus	**25.2**	21.3	19.4
Accumulated other comprehensive income	**165.2**	260.3	191.1
Retained earnings	**1,378.2**	1,314.3	1,126.2
Equity attributable to equity holders of the Company	**$ 2,207.9**	$ 2,229.1	$ 1,952.1
Non-controlling interests	**74.7**	68.4	60.2
Total equity	**$ 2,282.6**	$ 2,297.5	$ 2,012.3
Total liabilities and equity	**$ 5,829.7**	$ 5,780.2	$ 5,397.7

The accompanying notes form an integral part of these Consolidated Financial Statements.

Consolidated Income Statement

		Three months ended September 30		Six months ended September 30	
(amounts in millions of Canadian dollars, except per share amounts)	Notes	**2018**	2017	**2018**	2017
			Restated (Note 2)		Restated (Note 2)
Revenue	4	**$ 743.8**	$ 618.2	**$ 1,465.8**	$ 1,274.4
Cost of sales		**542.3**	436.7	**1,045.6**	889.2
Gross profit		**$ 201.5**	$ 181.5	**$ 420.2**	$ 385.2
Research and development expenses		**29.1**	30.0	**60.4**	62.3
Selling, general and administrative expenses		**87.9**	75.1	**190.6**	169.9
Other gains – net	5	**(9.4)**	(18.3)	**(14.6)**	(18.0)
After tax share in profit of equity accounted investees	4	**(4.8)**	(8.1)	**(13.4)**	(23.1)
Operating profit		**$ 98.7**	$ 102.8	**$ 197.2**	$ 194.1
Finance expense – net	6	**19.9**	17.6	**35.9**	35.8
Earnings before income taxes		**$ 78.8**	$ 85.2	**$ 161.3**	$ 158.3
Income tax expense		**15.2**	23.1	**26.1**	35.0
Net income		**$ 63.6**	$ 62.1	**$ 135.2**	$ 123.3
Attributable to:					
Equity holders of the Company		**$ 60.7**	$ 60.3	**$ 130.1**	$ 119.9
Non-controlling interests		**2.9**	1.8	**5.1**	3.4
Earnings per share attributable to equity holders of the Company					
Basic	8	**$ 0.23**	$ 0.22	**$ 0.49**	$ 0.45
Diluted	8	**$ 0.23**	$ 0.22	**$ 0.48**	$ 0.44

The accompanying notes form an integral part of these Consolidated Financial Statements.

Consolidated Statement of Comprehensive Income

	Three months ended September 30		Six months ended September 30	
(amounts in millions of Canadian dollars)	**2018**	2017	**2018**	2017
		Restated		Restated
Net income	**$ 63.6**	$ 62.1	**$ 135.2**	$ 123.3
Items that may be reclassified to net income				
Foreign currency differences on translation of foreign operations	**$ (65.3)**	$ (64.6)	**$ (86.1)**	$ (73.4)
Reclassification to income of foreign currency differences	**(12.6)**	(19.3)	**(15.9)**	(20.0)
Net gain on cash flow hedges	**12.7**	16.8	**4.3**	24.5
Reclassification to income of gains on cash flow hedges	**(1.8)**	(11.3)	**0.6**	(10.1)
Net gain (loss) on hedges of net investment in foreign operations	**8.3**	19.2	**(1.4)**	31.4
Income taxes	**0.8**	1.0	**4.7**	(0.1)
	$ (57.9)	$ (58.2)	**$ (93.8)**	$ (47.7)
Items that will never be reclassified to net income				
Remeasurement of defined benefit pension plan obligations	**$ 28.9**	$ 27.5	**$ 33.1**	$ 0.3
Net loss on financial assets carried at fair value through OCI	**(0.1)**	—	**(0.1)**	—
Income taxes	**(7.7)**	(7.3)	**(8.8)**	(0.1)
	$ 21.1	$ 20.2	**$ 24.2**	$ 0.2
Other comprehensive loss	**$ (36.8)**	$ (38.0)	**$ (69.6)**	$ (47.5)
Total comprehensive income	**$ 26.8**	$ 24.1	**$ 65.6**	$ 75.8
Attributable to:				
Equity holders of the Company	**$ 25.1**	$ 23.4	**$ 59.3**	$ 74.6
Non-controlling interests	**1.7**	0.7	**6.3**	1.2

The accompanying notes form an integral part of these Consolidated Financial Statements.

Consolidated Statement of Changes in Equity

Six months ended September 30, 2018 (amounts in millions of Canadian dollars, except number of shares)	Notes	Common shares: Number of shares	Common shares: Stated value	Contributed surplus	Accumulated other comprehensive income	Retained earnings	Total (Attributable to equity holders of the Company)	Non-controlling interest	**Total equity**
Balances, beginning of period (Restated Note 2)		267,738,530	$ 633.2	$ 21.3	$ 260.3	$ 1,314.3	$ 2,229.1	$ 68.4	**$ 2,297.5**
Net income		—	$ —	$ —	$ —	$ 130.1	$ 130.1	$ 5.1	**$ 135.2**
Other comprehensive (loss) income		—	—	—	(95.1)	24.3	(70.8)	1.2	**(69.6)**
Total comprehensive (loss) income		—	$ —	$ —	$ (95.1)	$ 154.4	$ 59.3	$ 6.3	**$ 65.6**
Stock options exercised		447,050	8.1	(1.1)	—	—	7.0	—	**7.0**
Optional cash purchase of shares		1,326	—	—	—	—	—	—	**—**
Common shares repurchased and cancelled	8	(1,686,700)	(4.0)	—	—	(39.7)	(43.7)	—	**(43.7)**
Share-based compensation expense		—	—	5.0	—	—	5.0	—	**5.0**
Stock dividends	8	74,783	2.0	—	—	(2.0)	—	—	**—**
Cash dividends	8	—	—	—	—	(48.8)	(48.8)	—	**(48.8)**
Balances, end of period		**266,574,989**	**$ 639.3**	**$ 25.2**	**$ 165.2**	**$ 1,378.2**	**$ 2,207.9**	**$ 74.7**	**$ 2,282.6**

Six months ended September 30, 2017 (amounts in millions of Canadian dollars, except number of shares)	Notes	Common shares: Number of shares	Common shares: Stated value	Contributed surplus	Accumulated other comprehensive income	Retained earnings	Total (Attributable to equity holders of the Company)	Non-controlling interest	Total equity
Balances, beginning of period (Restated Note 2)		268,397,224	$ 615.4	$ 19.4	$ 191.1	$ 1,126.2	$ 1,952.1	$ 60.2	$ 2,012.3
Net income		—	$ —	$ —	$ —	$ 119.9	$ 119.9	$ 3.4	$ 123.3
Other comprehensive (loss) income		—	—	—	(45.5)	0.2	(45.3)	(2.2)	(47.5)
Total comprehensive (loss) income		—	$ —	$ —	$ (45.5)	$ 120.1	$ 74.6	$ 1.2	$ 75.8
Stock options exercised		902,400	13.5	(2.1)	—	—	11.4	—	11.4
Optional cash purchase of shares		1,082	—	—	—	—	—	—	—
Common shares repurchased and cancelled	8	(1,077,400)	(2.5)	—	—	(20.1)	(22.6)	—	(22.6)
Share-based compensation expense		—	—	3.7	—	—	3.7	—	3.7
Stock dividends	8	69,245	1.5	—	—	(1.5)	—	—	—
Cash dividends	8	—	—	—	—	(44.2)	(44.2)	—	(44.2)
Balances, end of period (Restated)		268,292,551	$ 627.9	$ 21.0	$ 145.6	$ 1,180.5	$ 1,975.0	$ 61.4	$ 2,036.4

The accompanying notes form an integral part of these Consolidated Financial Statements.

Consolidated Statement of Cash Flows

Six months ended September 30 *(amounts in millions of Canadian dollars)*	Notes	2018	2017
			Restated
Operating activities			
Net income		**$ 135.2**	$ 123.3
Adjustments for:			
Depreciation of property, plant and equipment	4	**63.6**	59.8
Amortization of intangible and other assets	4	**37.2**	42.7
After tax share in profit of equity accounted investees		**(13.4)**	(23.1)
Deferred income taxes		**15.4**	2.0
Investment tax credits		**(1.9)**	(5.5)
Share-based compensation		**3.0**	2.0
Defined benefit pension plans		**9.4**	4.7
Amortization of other non-current liabilities		**(12.6)**	(20.0)
Derivative financial assets and liabilities – net		**(6.7)**	1.9
Other		**11.0**	(3.5)
Changes in non-cash working capital	9	**(93.7)**	(106.4)
Net cash provided by operating activities		**$ 146.5**	$ 77.9
Investing activities			
Business combinations, net of cash and cash equivalents acquired	3	**$ (33.5)**	$ (24.7)
Net proceeds from disposal of interest in investment		**—**	114.0
Capital expenditures for property, plant and equipment	4	**(94.0)**	(73.5)
Proceeds from disposal of property, plant and equipment		**2.3**	15.9
Additions to intangibles	4	**(37.6)**	(20.5)
Net payments to equity accounted investees		**(9.7)**	(4.0)
Dividends received from equity accounted investees		**7.1**	17.1
Other		**4.0**	—
Net cash (used in) provided by investing activities		**$ (161.4)**	$ 24.3
Financing activities			
Proceeds from borrowing under revolving unsecured credit facilities		**$ 125.0**	$ 96.0
Repayment of borrowing under revolving unsecured credit facilities		**(125.0)**	(96.0)
Proceeds from long-term debt		**75.1**	17.9
Repayment of long-term debt		**(61.2)**	(15.1)
Repayment of finance lease		**(5.6)**	(7.0)
Dividends paid		**(48.8)**	(44.2)
Issuance of common shares		**7.0**	11.4
Repurchase of common shares	8	**(43.7)**	(22.6)
Other		**(0.3)**	(1.9)
Net cash used in financing activities		**$ (77.5)**	$ (61.5)
Effect of foreign exchange rate changes on cash and cash equivalents		**$ (14.8)**	$ (4.4)
Net (decrease) increase in cash and cash equivalents		**$ (107.2)**	$ 36.3
Cash and cash equivalents, beginning of period		**611.5**	504.7
Cash and cash equivalents, end of period		**$ 504.3**	$ 541.0
Supplemental information:			
Interest paid		**$ 30.2**	$ 32.5
Interest received		**7.9**	5.8
Income taxes paid		**17.2**	22.2

The accompanying notes form an integral part of these Consolidated Financial Statements.

Notes to the Consolidated Interim Financial Statements

(Unless otherwise stated, all tabular amounts are in millions of Canadian dollars)

The consolidated interim financial statements were authorized for issue by the board of directors on November 13, 2018.

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of operations

CAE Inc. and its subsidiaries (or the Company) design, manufacture and supply simulation equipment, provide training, and develop integrated training solutions for defence and security markets, commercial airlines, business aircraft operators, helicopter operators, aircraft manufacturers and for healthcare education and service providers. CAE's flight simulators replicate aircraft performance in normal and abnormal operations as well as a comprehensive set of environmental conditions utilizing visual systems that contain a database of airports, other landing areas, flying environments, mission-specific environments, and motion and sound cues. The Company offers a range of flight training devices based on the same software used on its simulators. The Company also operates a global network of training centres with locations around the world.

The Company's operations are managed through three segments:

(i) Civil Aviation Training Solutions – Provides comprehensive training solutions for flight, cabin, maintenance and ground personnel in commercial, business and helicopter aviation, a range of flight simulation training devices, as well as ab initio pilot training and crew sourcing services;

(ii) Defence and Security – Is a training systems integrator for defence forces across the air, land and naval domains, and for government organizations responsible for public safety;

(iii) Healthcare – Designs and manufactures simulators, audiovisual and simulation centre management solutions, develops courseware and offers services for training of medical, nursing and allied healthcare students as well as medical practitioners worldwide.

CAE is a limited liability company incorporated and domiciled in Canada. The address of the main office is 8585 Côte-de-Liesse, Saint-Laurent, Québec, Canada, H4T 1G6. CAE shares are traded on the Toronto Stock Exchange and on the New York Stock Exchange.

Seasonality and cyclicality of the business

The Company's business operating segments are affected in varying degrees by market cyclicality and/or seasonality. As such, operating performance over a given interim period should not necessarily be considered indicative of full fiscal year performance.

The Civil Aviation Training Solutions segment sells equipment directly to airlines and to the extent that the entire commercial airline industry is affected by cycles of expansion and contraction, the Company's performance will also be affected. The segment activities are also affected by the seasonality of its industry – in times of peak travel (such as holidays), airline and business jet pilots are generally occupied flying aircraft rather than attending training sessions. The opposite also holds true – slower travel periods tend to be more active training periods for pilots. Therefore, the Company has historically experienced lower demand during the second quarter.

Basis of preparation

The key accounting policies applied in the preparation of these consolidated interim financial statements are consistent with those disclosed in Note 1 of the Company's consolidated financial statements for the year ended March 31, 2018, except for the changes in accounting policies described in Note 2. These policies have been consistently applied to all periods presented. These condensed consolidated interim financial statements should be read in conjunction with the Company's most recent annual consolidated financial statements for the year ended March 31, 2018.

The consolidated interim financial statements have been prepared in accordance with Part I of the CPA Canada Handbook – Accounting, International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB) applicable to the preparation of interim financial statements, IAS 34, *Interim Financial Reporting*.

The functional and presentation currency of CAE Inc. is the Canadian dollar.

Use of judgements, estimates and assumptions

The preparation of consolidated interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing these consolidated interim financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements of the year ended March 31, 2018, except for the changes presented in Note 2.

NOTE 2 – CHANGES IN ACCOUNTING POLICIES

New and amended standards adopted by the Company

IFRS 15 - Revenue from contracts with customers

In May 2014, the IASB released IFRS 15 - *Revenue from Contracts with Customers*, which supersedes IAS 11 - *Construction Contracts* and IAS 18 - *Revenue* and related interpretations. The core principle of the new standard is to recognize revenue to depict fulfillment of performance obligations to customers in amounts that reflect the consideration to which the Company expects to be entitled in exchange for those goods or services. Revenue is recognized when, or as, the customer obtains control of the goods or services. The new standard also provides guidance for transactions that were not previously addressed comprehensively, improves guidance for multiple-element arrangements and enhances revenue related disclosures.

IFRS 15 was adopted effective April 1, 2018. The Company elected to implement the standard using the full retrospective method, which requires the restatement of the Company's 2018 results and an opening adjustment to equity as at April 1, 2017. The Company has also elected to use the following practical expedients:

- No restatement for contracts that were completed as at, or prior to April 1, 2017;
- Reflecting the aggregate effect of modifications to contracts that occurred prior to April 1, 2017 when identifying the satisfied and unsatisfied performance obligations and when determining the transaction prices to be allocated thereto; and
- For all periods presented prior to April 1, 2018, the amount of the transaction price allocated to the remaining performance obligations or expected depletion of that amount will not be disclosed.

The Company has reviewed its revenue contracts to evaluate the effect of the new standard on CAE's revenue recognition practices. The adoption of the new standard had the following impacts:

- Revenue recognition for certain performance obligations previously accounted for using the percentage-of-completion method no longer meet the requirements for revenue recognition over time. Revenue for these performance obligations are recognized upon completion. As the performance obligations for these devices are met and manufacturing advances, the costs to build are recognized as inventory;
- Contracts in which the Company receives significant payment in advance now require a portion of the contract consideration to be allocated to a significant financing component, when certain criteria are met;
- Identification of performance obligations for certain multiple-element arrangements is changed;
- The Company previously presented contract assets and liabilities related to construction contracts in the contracts in progress accounts, while balances related to the sale of goods and services were presented in accrued receivables and deferred revenue. All contract balances, on a contract-by-contract basis, are now presented in contract assets or contract liabilities.

The cumulative effect of the impacts of adopting IFRS 15 are presented in the tables below:

Reconciliation of financial position

	April 1, 2017			March 31, 2018		
(amounts in millions)	As previously reported	IFRS 15 Adjustments	**As restated**	As previously reported	IFRS 15 Adjustments	**As restated**
Assets						
Cash and cash equivalents	$ 504.7	$ —	**$ 504.7**	$ 611.5	$ —	**$ 611.5**
Accounts receivable	548.4	(98.3)	**450.1**	568.4	(116.4)	**452.0**
Contracts in progress: assets	337.5	(337.5)	**—**	401.6	(401.6)	**—**
Contract assets	—	348.5	**348.5**	—	439.7	**439.7**
Inventories	416.3	132.7	**549.0**	375.3	140.8	**516.1**
Prepayments	63.8	—	**63.8**	50.0	—	**50.0**
Income taxes recoverable	25.6	—	**25.6**	40.7	—	**40.7**
Derivative financial assets	23.4	—	**23.4**	13.3	—	**13.3**
Total current assets	$ 1,919.7	$ 45.4	**$ 1,965.1**	$ 2,060.8	$ 62.5	**$ 2,123.3**
Property, plant and equipment	1,582.6	—	**1,582.6**	1,803.9	—	**1,803.9**
Intangible assets	944.0	—	**944.0**	1,055.6	—	**1,055.6**
Investment in equity accounted investees	378.4	(2.6)	**375.8**	244.5	(1.8)	**242.7**
Deferred tax assets	42.8	0.1	**42.9**	60.9	0.3	**61.2**
Derivative financial assets	16.0	—	**16.0**	11.5	—	**11.5**
Other assets	471.3	—	**471.3**	482.0	—	**482.0**
Total assets	$ 5,354.8	$ 42.9	**$ 5,397.7**	$ 5,719.2	$ 61.0	**$ 5,780.2**
Liabilities and equity						
Accounts payable and accrued liabilities	$ 695.2	$ (9.1)	**$ 686.1**	$ 669.6	$ (2.7)	**$ 666.9**
Provisions	43.2	—	**43.2**	32.1	—	**32.1**
Income taxes payable	9.6	—	**9.6**	15.3	—	**15.3**
Deferred revenue	266.6	(255.2)	**11.4**	371.5	(361.5)	**10.0**
Contracts in progress: liabilities	191.9	(191.9)	**—**	161.8	(161.8)	**—**
Contract liabilities	—	593.4	**593.4**	—	679.5	**679.5**
Current portion of long-term debt	51.9	—	**51.9**	52.2	—	**52.2**
Derivative financial liabilities	15.5	—	**15.5**	18.1	—	**18.1**
Total current liabilities	$ 1,273.9	$ 137.2	**$ 1,411.1**	$ 1,320.6	$ 153.5	**$ 1,474.1**
Provisions	39.1	—	**39.1**	39.5	—	**39.5**
Long-term debt	1,203.5	—	**1,203.5**	1,208.7	—	**1,208.7**
Royalty obligations	138.5	—	**138.5**	140.8	—	**140.8**
Employee benefits obligations	157.7	—	**157.7**	200.6	—	**200.6**
Deferred gains and other liabilities	217.8	—	**217.8**	229.9	—	**229.9**
Deferred tax liabilities	238.6	(25.6)	**213.0**	208.1	(23.4)	**184.7**
Derivative financial liabilities	4.7	—	**4.7**	4.4	—	**4.4**
Total liabilities	$ 3,273.8	$ 111.6	**$ 3,385.4**	$ 3,352.6	$ 130.1	**$ 3,482.7**
Equity						
Share capital	$ 615.4	$ —	**$ 615.4**	$ 633.2	$ —	**$ 633.2**
Contributed surplus	19.4	—	**19.4**	21.3	—	**21.3**
Accumulated other comprehensive income	193.7	(2.6)	**191.1**	262.3	(2.0)	**260.3**
Retained earnings	1,192.3	(66.1)	**1,126.2**	1,381.4	(67.1)	**1,314.3**
Equity attributable to equity holders of the Company	$ 2,020.8	$ (68.7)	**$ 1,952.1**	$ 2,298.2	$ (69.1)	**$ 2,229.1**
Non-controlling interests	60.2	—	**60.2**	68.4	—	**68.4**
Total equity	$ 2,081.0	$ (68.7)	**$ 2,012.3**	$ 2,366.6	$ (69.1)	**$ 2,297.5**
Total liabilities and equity	$ 5,354.8	$ 42.9	**$ 5,397.7**	$ 5,719.2	$ 61.0	**$ 5,780.2**

Reconciliation of net income

	Three months ended September 30, 2017			Six months ended September 30, 2017		
	As previously reported	IFRS 15 Adjustments	**As restated**	As previously reported	IFRS 15 Adjustments	**As restated**
Revenue	$ 646.0	$ (27.8)	**$ 618.2**	$ 1,344.9	$ (70.5)	**$ 1,274.4**
Cost of sales	458.0	(21.3)	**436.7**	944.2	(55.0)	**889.2**
Gross profit	$ 188.0	$ (6.5)	**$ 181.5**	$ 400.7	$ (15.5)	**$ 385.2**
Research and development expenses	30.0	—	**30.0**	62.3	—	**62.3**
Selling, general and administrative expenses	75.1	—	**75.1**	169.9	—	**169.9**
Other gains – net	(18.3)	—	**(18.3)**	(18.0)	—	**(18.0)**
After tax share in profit of equity accounted investees	(8.1)	—	**(8.1)**	(20.6)	(2.5)	**(23.1)**
Operating profit	$ 109.3	$ (6.5)	**$ 102.8**	$ 207.1	$ (13.0)	**$ 194.1**
Finance expense – net	17.5	0.1	**17.6**	35.3	0.5	**35.8**
Earnings before income taxes	$ 91.8	$ (6.6)	**$ 85.2**	$ 171.8	$ (13.5)	**$ 158.3**
Income tax expense	24.8	(1.7)	**23.1**	39.4	(4.4)	**35.0**
Net income	$ 67.0	$ (4.9)	**$ 62.1**	$ 132.4	$ (9.1)	**$ 123.3**
Attributable to:						
Equity holders of the Company	$ 65.2	$ (4.9)	**$ 60.3**	$ 129.0	$ (9.1)	**$ 119.9**
Non-controlling interests	1.8	—	**1.8**	3.4	—	**3.4**
Earnings per share attributable to equity holders of the Company						
Basic	$ 0.24	$ (0.02)	**$ 0.22**	$ 0.48	$ (0.03)	**$ 0.45**
Diluted	$ 0.24	$ (0.02)	**$ 0.22**	$ 0.48	$ (0.04)	**$ 0.44**

	Year ended March 31, 2018		
	As previously reported	IFRS 15 Adjustments	**As restated**
Revenue	$ 2,830.0	$ (6.5)	**$ 2,823.5**
Cost of sales	1,953.1	(7.5)	**1,945.6**
Gross profit	$ 876.9	$ 1.0	**$ 877.9**
Research and development expenses	114.9	—	**114.9**
Selling, general and administrative expenses	380.8	—	**380.8**
Other gains – net	(37.4)	—	**(37.4)**
After tax share in profit of equity accounted investees	(42.4)	(0.8)	**(43.2)**
Operating profit	$ 461.0	$ 1.8	**$ 462.8**
Finance expense – net	76.2	1.0	**77.2**
Earnings before income taxes	$ 384.8	$ 0.8	**$ 385.6**
Income tax expense	29.1	1.8	**30.9**
Net income	$ 355.7	$ (1.0)	**$ 354.7**
Attributable to:			
Equity holders of the Company	$ 347.0	$ (1.0)	**$ 346.0**
Non-controlling interests	8.7	—	**8.7**
Earnings per share attributable to equity holders of the Company			
Basic	$ 1.29	$ —	**$ 1.29**
Diluted	$ 1.29	$ (0.01)	**$ 1.28**

While the timing of contract revenue and profit recognition is impacted, there is no change to cash flows.

The key changes to the Company's accounting policies are summarized below:

Revenue Recognition

Performance Obligations

A performance obligation is a contractual promise with a customer to transfer a distinct good or service and is the unit of account for revenue recognition.

A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. The transaction price includes, among other things and when applicable, an estimate of variable consideration only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not subsequently occur. Variable consideration is usually derived from sales incentives, in the form of discounts or volume rebates, and penalties. The Company also accounts for a significant financing component on contracts where timing of cash receipts and revenue recognition differ substantially.

For contracts with multiple performance obligations, the contract's transaction price is allocated based on the estimated relative stand-alone selling prices of the promised goods or services underlying each performance obligation. If a stand-alone selling price is not directly observable from stand-alone sales of goods or services to similar customers, the Company estimates the stand-alone selling price using the expected cost plus a margin approach.

The Company's performance obligations are satisfied over time or at a point in time.

Revenues from contracts with customers for the design, engineering, and manufacturing of training devices is recognized over time using the cost input method, if the Company determines that these devices have no alternative use and the Company has enforceable rights to payment for work completed to date. When the Company determines that there is an alternative use for these devices, revenue is recognized when the customer obtains control upon completion.

Revenues from the sale of training hours or training courses are recognized at a point in time, at completion.

Revenues from the sale of product maintenance services and post-delivery customer support are recognized over time, using the time elapsed output method. Revenues from update services are recognized over time, using the cost input method.

Contract balances

Account receivables include amounts billed and currently due from customers. A contract asset is recognized when revenue is recognized in excess of billings or when the Company has a right to consideration and that right is conditional to something other than the passage of time. A contract liability is recognized for payments received in excess of revenue recognized. Contract assets and contract liabilities are reported in a net position on a contract-by-contract basis at the end of each reporting period.

Use of judgements, estimates and provisions

The application of IFRS 15 requires the Company to make judgements and estimates that affect the timing and amount of revenue from contracts with customers, including judgements and estimates regarding:

- The combination of contracts;
- The transaction price and the amounts allocated to performance obligations;
- The timing of satisfaction of performance obligations.

IFRS 9 - Financial instruments

In July 2014, the IASB released the final version of IFRS 9 - *Financial Instruments* replacing IAS 39 - *Financial Instruments: Recognition and Measurement.* IFRS 9 incorporates all three aspects of the accounting for financial instruments: classification and measurement, impairment and hedge accounting.

IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. The new standard largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities.

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model. Specifically, the new standard requires entities to account for expected credit losses when financial instruments are first recognized and requires the recognition of expected credit losses on a timelier basis.

The new hedge accounting model is more principles-based and aligns hedge accounting more closely with risk management.

IFRS 9 was adopted retrospectively, with the initial application date as of April 1, 2018. The adoption of this standard had no impact on the consolidated financial statements of CAE.

The key changes to the Company's accounting policies are summarized below:

Financial instruments

Classification and measurement

Financial assets are initially recognized at fair value and are subsequently classified either as measured at amortized cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL).

A financial asset for which the contractual terms give rise to cash flows that are solely payments of principal and interest is classified as being subsequently measured at amortized cost if the asset is held within a business model whose objective is to collect contractual cash flows and at FVOCI if it is held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

All other financial assets are classified as being subsequently measured at FVTPL, except if at initial recognition of an equity investment that is not held for trading, the Company elects to present in OCI subsequent changes in its fair value. For equity investments for which subsequent changes in fair value are presented in OCI, the amounts recognized in OCI are never reclassified to income.

The existing IAS 39 categories of held-to-maturity, loans and receivable and available-for-sale are eliminated. The Company's financial assets classified as loans and receivables and available-for-sale at March 31, 2018 have been reclassified respectively to financial assets at amortized cost and FVOCI.

Impairment

The expected credit loss' model applies to financial assets carried at amortized cost. The model uses a dual measurement approach, under which the loss allowance is measured as either: the 12-month expected credit losses or at the lifetime expected credit losses. The Company has applied the simplified approach and record lifetime expected losses on accounts receivable and contract assets.

Hedge accounting

All existing hedge relationships that are currently designated as effective hedging relationships continue to qualify for hedge accounting under IFRS 9. IFRS 9 does not change the general principles of how the Company accounts for effective hedges but introduces a new hedge accounting model that require the Company to ensure that its hedge accounting is more closely aligned with its risk management objectives and strategy. The new model also requires the Company to apply a more qualitative and forward-looking approach to assessing hedge effectiveness.

New and amended standards not yet adopted by the Company

IFRS 16 - Leases

In January 2016, the IASB released IFRS 16 - *Leases,* which will replace IAS 17 - *Leases* and related interpretations. The new standard introduces a single lessee accounting model and eliminates the classification of leases as either operating or finance leases. It requires the lessee to recognize a right-of-use asset and a lease obligation for substantially all leases. Lessors will continue to classify leases as operating leases or finance leases as IFRS 16 substantially carries forward the current lessor accounting requirements.

For the Company, IFRS 16 will be effective for the fiscal period beginning on April 1, 2019. The Company is currently evaluating the impact of the new standard on its consolidated financial statements. Where the Company is the lessee for leases that are considered operating leases under IAS 17, the adoption of IFRS 16 is expected to result in the recognition of assets and liabilities on the consolidated statement of financial position. The change to the recognition, measurement and presentation requirements from the adoption of this standard is expected to result in a decrease of the Company's operating lease expense and an increase of its finance and depreciation expenses.

NOTE 3 - BUSINESS COMBINATIONS

Alpha-Omega Change Engineering

On July 31, 2018, the Company acquired the shares of Alpha-Omega Change Engineering Inc. (AOCE) for cash consideration (net of cash acquired) of $33.5 million, subject to purchase price adjustments. AOCE is a provider of aircrew training services, operational test and evaluation, and engineering support services to the U.S. Department of Defense and U.S. intelligence service.

The purchase price is mainly allocated to goodwill and intangible assets. The acquisition will enhance the Company core capabilities as a training systems integrator, grow its position on enduring platforms such as fighter aircraft, and expand the ability to pursue higher-level security programs in the United States.

The net assets acquired, including intangibles, are included in the Defence and Security segment.

The purchase price allocation is expected to be completed as soon as management has gathered all the significant information available and considered necessary to finalize the allocation.

NOTE 4 – OPERATING SEGMENTS AND GEOGRAPHIC INFORMATION

The Company elected to organize its operating segments principally on the basis of its customer markets. The Company manages its operations through its three segments. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker.

The Company has decided to disaggregate revenue from contracts with customers by segment, by products and services and by geographic location as the Company believe it best depicts how the nature, amount, timing and uncertainty of its revenue and cash flows are affected by economic factors.

Results by segment

The profitability measure employed by the Company for making decisions about allocating resources to segments and assessing segment performance is operating profit (hereinafter referred to as segment operating income). The accounting principles used to prepare the information by operating segments are the same as those used to prepare the Company's consolidated financial statements. The method used for the allocation of assets jointly used by operating segments and costs and liabilities jointly incurred (mostly corporate costs) between operating segments is based on the level of utilization when determinable and measurable, otherwise the allocation is based on a proportion of each segment's cost of sales.

	Civil Aviation Training Solutions		**Defence and Security**		**Healthcare**		**Total**	
Three months ended September 30	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017
		Restated		Restated		Restated		Restated
External revenue	**$ 393.1**	$ 317.9	**$ 320.3**	$ 272.0	**$ 30.4**	$ 28.3	**$ 743.8**	$ 618.2
Depreciation and amortization								
Property, plant and equipment	**27.4**	22.9	**4.9**	5.1	**0.6**	0.6	**32.9**	28.6
Intangible and other assets	**9.7**	8.9	**6.6**	8.9	**2.8**	2.5	**19.1**	20.3
Write-downs of inventories - net	**0.2**	0.3	**0.2**	0.2	**—**	—	**0.4**	0.5
Write-downs of accounts receivable – net	**0.1**	0.2	**0.4**	—	**—**	—	**0.5**	0.2
After tax share in profit of equity accounted investees	**1.9**	6.4	**2.9**	1.7	**—**	—	**4.8**	8.1
Segment operating income	**63.3**	67.3	**34.1**	33.3	**1.3**	2.2	**98.7**	102.8

	Civil Aviation Training Solutions		**Defence and Security**		**Healthcare**		**Total**	
Six months ended September 30	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017
		Restated		Restated		Restated		Restated
External revenue	**$ 824.0**	$ 689.5	**$ 588.6**	$ 532.7	**$ 53.2**	$ 52.2	**$ 1,465.8**	$ 1,274.4
Depreciation and amortization								
Property, plant and equipment	**52.9**	48.2	**9.4**	10.3	**1.3**	1.3	**63.6**	59.8
Intangible and other assets	**19.1**	18.8	**12.9**	18.5	**5.2**	5.4	**37.2**	42.7
Write-downs of inventories - net	**0.2**	1.9	**0.3**	0.4	**0.1**	—	**0.6**	2.3
Write-downs (reversals of write-downs) of accounts receivable – net	**0.3**	0.1	**0.4**	—	**—**	(0.1)	**0.7**	—
After tax share in profit of equity accounted investees	**7.6**	17.7	**5.8**	5.4	**—**	—	**13.4**	23.1
Segment operating income	**141.6**	136.2	**55.6**	57.3	**—**	0.6	**197.2**	194.1

Capital expenditures which consist of additions to non-current assets (other than financial instruments and deferred tax assets), by segment are as follows:

	Three months ended September 30		Six months ended September 30	
	2018	2017	**2018**	2017
Civil Aviation Training Solutions	**$ 44.5**	$ 23.8	**$ 99.4**	$ 62.5
Defence and Security	**13.8**	7.5	**27.6**	26.2
Healthcare	**2.2**	2.5	**4.6**	5.3
Total capital expenditures	**$ 60.5**	$ 33.8	**$ 131.6**	$ 94.0

Assets and liabilities employed by segment

The Company uses assets employed and liabilities employed to assess resources allocated to each segment. Assets employed include accounts receivable, contract assets, inventories, prepayments, property, plant and equipment, intangible assets, investment in equity accounted investees, derivative financial assets and other assets. Liabilities employed include accounts payable and accrued liabilities, provisions, contract liabilities, deferred gains and other liabilities and derivative financial liabilities.

Assets and liabilities employed by segment are reconciled to total assets and liabilities as follows:

	September 30 2018	March 31 2018
		Restated
Assets employed		
Civil Aviation Training Solutions	**$ 3,078.7**	$ 3,072.8
Defence and Security	**1,565.3**	1,414.0
Healthcare	**250.5**	253.5
Assets not included in assets employed	**935.2**	1,039.9
Total assets	**$ 5,829.7**	$ 5,780.2
Liabilities employed		
Civil Aviation Training Solutions	**$ 1,024.5**	$ 1,031.0
Defence and Security	**539.1**	469.8
Healthcare	**41.1**	42.0
Liabilities not included in liabilities employed	**1,942.4**	1,939.9
Total liabilities	**$ 3,547.1**	$ 3,482.7

Products and services information

The Company's revenue from external customers for its products and services are as follows:

	Three months ended September 30		Six months ended September 30	
	2018	2017	**2018**	2017
		Restated		Restated
Revenue				
Simulation products	**$ 302.5**	$ 262.4	**$ 614.5**	$ 524.0
Training and services	**441.3**	355.8	**851.3**	750.4
	$ 743.8	$ 618.2	**$ 1,465.8**	$ 1,274.4

Geographic information

The Company markets its products and services globally. Revenues are attributed to countries based on the location of customers. Non-current assets other than financial instruments and deferred tax assets are attributed to countries based on the location of the assets.

	Three months ended September 30		Six months ended September 30	
	2018	2017	**2018**	2017
		Restated		Restated
Revenue from external customers				
Canada	**$ 60.4**	$ 62.0	**$ 124.5**	$ 137.8
United States	**282.5**	225.0	**525.1**	473.7
United Kingdom	**49.7**	61.9	**105.0**	129.2
Germany	**26.8**	21.3	**52.6**	40.7
Netherlands	**17.6**	19.2	**25.4**	42.3
Other European countries	**124.1**	74.2	**227.6**	146.5
United Arab Emirates	**34.5**	31.6	**61.5**	61.2
China	**24.5**	47.5	**104.8**	69.2
Other Asian countries	**73.8**	42.0	**148.6**	110.1
Australia	**11.3**	13.4	**28.0**	25.9
Other countries	**38.6**	20.1	**62.7**	37.8
	$ 743.8	$ 618.2	**$ 1,465.8**	$ 1,274.4

	September 30	March 31
	2018	2018
		Restated
Non-current assets other than financial instruments and deferred tax assets		
Canada	**$ 948.9**	$ 903.2
United States	**1,018.0**	945.7
Brazil	**115.8**	118.1
United Kingdom	**234.9**	250.3
Luxembourg	**182.9**	194.1
Netherlands	**200.0**	223.6
Other European countries	**317.3**	324.8
Malaysia	**171.4**	197.1
Other Asian countries	**156.7**	149.2
Other countries	**84.7**	82.1
	$ 3,430.6	$ 3,388.2

NOTE 5 – OTHER GAINS – NET

	Three months ended September 30		Six months ended September 30	
	2018	2017	**2018**	2017
Disposal of property, plant and equipment	**$ 0.1**	$ 4.3	**$ 1.1**	$ 5.2
Net foreign exchange gains (losses)	**11.7**	(0.8)	**15.4**	(2.4)
Disposal of interest in investment	**—**	14.3	**—**	14.3
Other	**(2.4)**	0.5	**(1.9)**	0.9
Other gains - net	**$ 9.4**	$ 18.3	**$ 14.6**	$ 18.0

NOTE 6 – FINANCE EXPENSE – NET

	Three months ended September 30		Six months ended September 30	
	2018	2017 Restated	**2018**	2017 Restated
Finance expense:				
Long-term debt (other than finance leases)	**$ 14.9**	$ 13.1	**$ 29.6**	$ 26.3
Finance leases	**2.1**	2.3	**3.7**	4.8
Royalty obligations	**3.0**	2.7	**6.0**	5.4
Employee benefits obligations	**1.5**	1.2	**2.7**	2.4
Financing cost amortization	**0.3**	0.4	**0.6**	0.7
Other	**2.7**	1.9	**5.3**	4.4
Borrowing costs capitalized	**(1.1)**	(0.7)	**(2.1)**	(1.7)
Finance expense	**$ 23.4**	$ 20.9	**$ 45.8**	$ 42.3
Finance income:				
Loans and finance lease contracts	**$ (2.4)**	$ (2.5)	**$ (4.7)**	$ (4.9)
Other	**(1.1)**	(0.8)	**(5.2)**	(1.6)
Finance income	**$ (3.5)**	$ (3.3)	**$ (9.9)**	$ (6.5)
Finance expense – net	**$ 19.9**	$ 17.6	**$ 35.9**	$ 35.8

NOTE 7 – GOVERNMENT PARTICIPATION

Project Digital Intelligence
During the quarter, the Company announced a plan to invest in R&D innovations over the next 5 years, including Project Digital Intelligence (PDI). The aim is to develop the next generation training solutions for aviation, defence and security and healthcare to leverage digital technologies.

The Government of Canada, through the Strategic Innovation Fund (SIF), and the Government of Québec, through Investissement Québec (IQ), agreed to participate in the project through partially repayable interest free loans of up to $150.0 million and $47.5 million, respectively, in relation to eligible costs incurred from fiscal 2019 to fiscal 2023.

The following table provides aggregate information regarding net contributions recognized and amounts not yet received for the projects New Core Markets, Innovate, SimÉco 4.0 and PDI:

	Three months ended September 30		Six months ended September 30	
	2018	2017	**2018**	2017
Net outstanding contribution receivable, beginning of period	**$ 8.3**	$ 6.4	**$ 6.2**	$ 6.3
Contributions	**11.5**	6.7	**19.0**	13.9
Payments received	**(3.5)**	(6.5)	**(8.9)**	(13.6)
Net outstanding contribution receivable, end of period	**$ 16.3**	$ 6.6	**$ 16.3**	$ 6.6

NOTE 8 – SHARE CAPITAL, EARNINGS PER SHARE AND DIVIDENDS

Share capital

Repurchase and cancellation of common shares
On February 9, 2018, the Company announced the renewal of the normal course issuer bid (NCIB) to purchase up to 5,349,804 of its common shares. The NCIB began on February 23, 2018 and will end on February 22, 2019 or on such earlier date when the Company completes its purchases or elects to terminate the NCIB. These purchases will be made on the open market plus brokerage fees through the facilities of the TSX and/or alternative trading systems at the prevailing market price at the time of the transaction, in accordance with the TSX's applicable policies. All common shares purchased pursuant to the NCIB will be cancelled.

During the six months ended September 30, 2018, the Company repurchased and cancelled a total of 1,686,700 common shares (2017 – 1,077,400) under the NCIB, at a weighted average price of $25.89 per common share (2017 - $20.97), for a total consideration of $43.7 million (2017 – $22.6 million). An excess of $39.7 million (2017 – $20.1 million) of the shares' repurchase value over their carrying amount was charged to retained earnings as share repurchase premiums.

Earnings per share computation

The denominators for the basic and diluted earnings per share computations are as follows:

	Three months ended September 30		Six months ended September 30	
	2018	2017	**2018**	2017
Weighted average number of common shares outstanding	**267,438,819**	268,706,139	**267,541,485**	268,640,173
Effect of dilutive stock options	**1,773,139**	1,178,035	**1,691,672**	1,198,510
Weighted average number of common shares outstanding for diluted earnings per share calculation	**269,211,958**	269,884,174	**269,233,157**	269,838,683

For the three and six months ended September 30, 2018, options to acquire 1,722,800 common shares (2017 – 1,950,100) have been excluded from the above calculation since their inclusion would have had an anti-dilutive effect.

Dividends

The dividends declared for the three months ended September 30, 2018 were $26.7 million or $0.10 per share (2017 – $24.2 million or $0.09 per share). For the six months ended September 30, 2018, dividends declared were $50.8 million or $0.19 per share (2017 – $45.7 million or $0.17 per share).

NOTE 9 – SUPPLEMENTARY CASH FLOWS INFORMATION

Changes in non-cash working capital are as follows:

Six months ended September 30	**2018**	2017
		Restated
Cash (used in) provided by non-cash working capital:		
Accounts receivable	**$ (0.7)**	$ 51.6
Contract assets	**(24.3)**	(55.4)
Inventories	**(53.8)**	(55.5)
Prepayments	**(6.2)**	(8.4)
Income taxes recoverable	**(19.2)**	9.8
Accounts payable and accrued liabilities	**37.1**	(122.6)
Provisions	**(5.4)**	(13.9)
Income taxes payable	**1.2**	(10.1)
Deferred revenue	**(1.6)**	(1.0)
Contract liabilities	**(20.8)**	99.1
Changes in non-cash working capital	**$ (93.7)**	$ (106.4)

NOTE 10 – FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of a financial instrument is determined by reference to the available market information at the reporting date. When no active market exists for a financial instrument, the Company determines the fair value of that instrument based on valuation methodologies as discussed below. In determining assumptions required under a valuation model, the Company primarily uses external, readily observable market data inputs. Assumptions or inputs that are not based on observable market data incorporate the Company's best estimates of market participant assumptions. Counterparty credit risk and the Company's own credit risk are taken into account in estimating the fair value of financial assets and financial liabilities.

The following assumptions and valuation methodologies have been used to measure the fair value of financial instruments:

(i) The fair value of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities approximate their carrying values due to their short-term maturities;

(ii) The fair value of derivative instruments, which include forward contracts, swap agreements and embedded derivatives accounted for separately and is calculated as the present value of the estimated future cash flows using an appropriate interest rate yield curve and forward foreign exchange rate. Assumptions are based on market conditions prevailing at each reporting date. The fair value of derivative instruments reflect the estimated amounts that the Company would receive or pay to settle the contracts at the reporting date;

(iii) The fair value of the portfolio investment, which does not have a readily available market value, is estimated using a discounted cash flow model, which includes some assumptions that are not based on observable market prices or rates;

(iv) The fair value of non-current receivables is estimated based on discounted cash flows using current interest rates for instruments with similar risks and remaining maturities;

(v) The fair value of long-term debts and non-current liabilities, including finance lease obligations and royalty obligations, are estimated based on discounted cash flows using current interest rates for instruments with similar risks and remaining maturities;

(vi) The fair value of the contingent considerations arising on business combinations are based on the estimated amount and timing of projected cash flows, the probability of the achievement of the criteria on which the contingency is based and the risk-adjusted discount rate used to present value the probability-weighted cash flows.

Fair value hierarchy

The fair value hierarchy reflects the significance of the inputs used in making the measurements and has the following levels:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices in markets that are not active) or indirectly (i.e. quoted prices for similar assets or liabilities);

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Each type of fair value is categorized based on the lowest level input that is significant to the fair value measurement in its entirety. The carrying values and fair values of financial instruments, by class, are as follows:

			September 30 2018		March 31 2018
	Level	Carrying Value	Fair value	Carrying Value	Fair value
				Restated	Restated
		Total	**Total**	Total	Total
Financial assets (liabilities) carried at FVTPL[(1)]					
Cash and cash equivalents	Level 1	**$ 504.3**	**$ 504.3**	$ 611.5	$ 611.5
Restricted cash	Level 1	**31.3**	**31.3**	31.8	31.8
Embedded foreign currency derivatives	Level 2	**0.7**	**0.7**	0.9	0.9
Equity swap agreements	Level 2	**(2.2)**	**(2.2)**	1.5	1.5
Forward foreign currency contracts	Level 2	**(0.3)**	**(0.3)**	(2.1)	(2.1)
Contingent consideration arising on business combinations	Level 3	**(11.3)**	**(11.3)**	(11.0)	(11.0)
Derivatives assets (liabilities) designated in a hedge relationship					
Foreign currency swap agreements	Level 2	**9.7**	**9.7**	10.6	10.6
Forward foreign currency contracts	Level 2	**4.9**	**4.9**	(8.7)	(8.7)
Interest rate swap agreements	Level 2	**—**	**—**	0.1	0.1
Financial assets (liabitlies) classified as amortized cost					
Accounts receivable[(2)]	Level 2	**445.9**	**445.9**	416.0	416.0
Investment in finance leases	Level 2	**92.2**	**97.2**	93.8	101.4
Advances to a portfolio investment	Level 2	**31.6**	**31.6**	38.1	38.4
Other assets[(3)]	Level 2	**28.4**	**28.5**	30.8	30.8
Accounts payable and accrued liabilities[(4)]	Level 2	**(645.7)**	**(645.7)**	(588.2)	(588.2)
Total long-term debt[(5)]	Level 2	**(1,301.3)**	**(1,342.5)**	(1,262.9)	(1,322.8)
Other non-current liabilities[(6)]	Level 2	**(157.1)**	**(173.7)**	(156.5)	(177.4)
Financial assets carried at FVTOCI[(7)]					
Portfolio investment	Level 3	**1.4**	**1.4**	1.5	1.5
		$ (967.5)	**$ (1,020.2)**	$ (792.8)	$ (865.7)

(1) FVTPL: Fair value through profit and loss.
(2) Includes trade receivables, accrued receivables and certain other receivables.
(3) Includes non-current receivables and certain other non-current assets.
(4) Includes trade accounts payable, accrued liabilities, interest payable, certain payroll-related liabilities and current royalty obligations.
(5) The carrying value excludes transaction costs.
(6) Includes non-current royalty obligations and other non-current liabilities.
(7) FVTOCI : Fair value through other comprehensive income.

The Company did not elect to voluntarily designate any financial instruments at FVTPL; moreover, there have not been any changes to the measurement of the financial instruments since inception.

Change in level 3 financial instruments are as follows:

Six months ended September 30	**2018**
Balance, beginning of period	**$ (9.5)**
Total realized and unrealized losses:	
Included in income	**(0.3)**
Included in other comprehensive income	**(0.1)**
Balance, end of period	**$ (9.9)**

NOTE 11 – RELATED PARTY TRANSACTIONS

The following table presents the Company's outstanding balances with its joint ventures:

	September 30 2018	March 31 2018
		Restated
Accounts receivable	**$ 40.8**	$ 38.0
Contract assets	**15.7**	15.9
Other assets	**20.6**	25.4
Accounts payable and accrued liabilities	**5.0**	7.2
Contract liabilities	**20.6**	6.4

The following table presents the Company's transactions with its joint ventures:

	Three months ended September 30		**Six months ended September 30**	
	2018	2017	**2018**	2017
		Restated		Restated
Revenue	**$ 16.6**	$ 10.5	**$ 22.7**	$ 28.9
Purchases	**0.4**	1.2	**1.2**	2.3
Other income	**0.3**	0.5	**0.7**	0.8

NOTE 12 – EVENT AFTER THE REPORTING PERIOD

On November 8, 2018, the Company announced that it has agreed to acquire Bombardier's Business Aircraft Training (BAT) business for a consideration of US $645 million, before liabilities assumed. The acquisition will provide the Company with a specialized workforce, a portfolio of customers, and 12 business jet full-flight simulators and training devices to add to its training network. The closing of the transaction is subject to regulatory approvals and is expected to occur by the second half of calendar year 2019.

In addition to the agreement to acquire Bombardier's BAT business, the Company has agreed to pay US $155 million to Bombardier to monetize its future royalty obligations under the current Authorized Training Provider (ATP) agreement. This also involves the extension of CAE's ATP agreement with Bombardier to 2038. This transaction is expected to close by the end of CAE's current fiscal year.

The transactions will be financed through a combination of cash on hand, drawing on the existing bank facility and new committed term loans.