



An **ATCO** Company

CU INC.

INTERIM CONSOLIDATED FINANCIAL  
STATEMENTS

(UNAUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017

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# CONSOLIDATED STATEMENT OF EARNINGS

<i>(millions of Canadian Dollars)</i>	Three Months Ended September 30		Nine Months Ended September 30	
	2017	2016	2017	2016
<b>Revenues</b>	<b>567</b>	578	<b>1,930</b>	1,835
<b>Costs and expenses</b>				
Salaries, wages and benefits	(53)	(58)	(169)	(183)
Energy transmission and transportation	(52)	(49)	(159)	(148)
Plant and equipment maintenance	(39)	(41)	(96)	(105)
Fuel costs	(3)	(2)	(10)	(8)
Purchased power	(16)	(15)	(53)	(49)
Depreciation and amortization	(116)	(118)	(353)	(344)
Franchise fees	(39)	(37)	(174)	(145)
Property and other taxes	(17)	(17)	(54)	(48)
Other	(45)	(46)	(150)	(137)
	<b>(380)</b>	(383)	<b>(1,218)</b>	(1,167)
<b>Operating profit</b>	<b>187</b>	195	<b>712</b>	668
Interest income	4	3	12	11
Interest expense	(87)	(85)	(262)	(255)
<b>Net finance costs</b>	<b>(83)</b>	(82)	<b>(250)</b>	(244)
<b>Earnings before income taxes</b>	<b>104</b>	113	<b>462</b>	424
<b>Income taxes</b>	<b>(28)</b>	(31)	<b>(125)</b>	(115)
<b>Earnings for the period</b>	<b>76</b>	82	<b>337</b>	309

See accompanying Notes to Unaudited Interim Consolidated Financial Statements.

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>(millions of Canadian Dollars)</i>	Three Months Ended September 30		Nine Months Ended September 30	
	2017	2016	2017	2016
<b>Earnings for the period</b>	<b>76</b>	82	<b>337</b>	309
<b>Other comprehensive income (loss), net of income taxes</b>				
Items that will not be reclassified to earnings:				
Re-measurement of retirement benefits <sup>(1)</sup>	<b>6</b>	(4)	<b>1</b>	(6)
<b>Comprehensive income for the period</b>	<b>82</b>	78	<b>338</b>	303

(1) Net of income taxes of \$(2) million and nil for the three and nine months ended September 30, 2017 (2016 - \$1 million and \$2 million).

See accompanying Notes to Unaudited Interim Consolidated Financial Statements.

# CONSOLIDATED BALANCE SHEET

		September 30	December 31
<i>(millions of Canadian Dollars)</i>	Note	2017	2016
<b>ASSETS</b>			
<b>Current assets</b>			
Cash		17	25
Accounts receivable		251	331
Accounts receivable from parent and affiliate companies		22	28
Inventories		27	24
Prepaid expenses and other current assets		24	17
		<b>341</b>	425
<b>Non-current assets</b>			
Property, plant and equipment	4	14,390	14,040
Intangibles		504	485
Long-term advances to affiliate company		130	130
Other assets		28	13
<b>Total assets</b>		<b>15,393</b>	15,093
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Bank indebtedness		8	1
Short-term advances from parent company		55	–
Accounts payable and accrued liabilities		356	427
Accounts payable to parent and affiliate companies		16	10
Other current liabilities		13	7
Short-term debt	5	25	–
Long-term debt		150	150
		<b>623</b>	595
<b>Non-current liabilities</b>			
Deferred income tax liabilities		1,166	1,076
Retirement benefit obligations		146	142
Deferred revenues		1,679	1,652
Other liabilities		4	4
Long-term debt		7,140	7,139
<b>Total liabilities</b>		<b>10,758</b>	10,608
<b>EQUITY</b>			
Equity preferred shares		187	187
Equity preferred shares to parent company		79	79
<b>Class A and Class B share owner's equity</b>			
Class A and Class B shares		1,056	1,056
Retained earnings		3,313	3,163
		<b>4,369</b>	4,219
<b>Total equity</b>		<b>4,635</b>	4,485
<b>Total liabilities and equity</b>		<b>15,393</b>	15,093

See accompanying Notes to Unaudited Interim Consolidated Financial Statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

<i>(millions of Canadian Dollars)</i>	Note	Class A and Class B Shares	Equity Preferred Shares	Retained Earnings	Accumulated Other Comprehensive Income	Total Equity
December 31, 2015		1,056	266	2,944	–	4,266
Earnings for the period		–	–	309	–	309
Other comprehensive loss		–	–	–	(6)	(6)
Losses on retirement benefits transferred to retained earnings		–	–	(6)	6	–
Dividends	6	–	–	(8)	–	(8)
September 30, 2016		1,056	266	3,239	–	4,561
December 31, 2016		1,056	266	3,163	–	4,485
Earnings for the period		–	–	<b>337</b>	–	<b>337</b>
Other comprehensive income		–	–	–	<b>1</b>	<b>1</b>
Gains on retirement benefits transferred to retained earnings		–	–	<b>1</b>	<b>(1)</b>	–
Dividends	6,7	–	–	<b>(188)</b>	–	<b>(188)</b>
September 30, 2017		<b>1,056</b>	<b>266</b>	<b>3,313</b>	–	<b>4,635</b>

See accompanying Notes to Unaudited Interim Consolidated Financial Statements.

# CONSOLIDATED STATEMENT OF CASH FLOW

<i>(millions of Canadian Dollars)</i>	Note	Three Months Ended September 30		Nine Months Ended September 30	
		2017	2016	2017	2016
<b>Operating activities</b>					
Earnings for the period		76	82	337	309
Adjustments to reconcile earnings to cash flows from operating activities	8	227	229	736	714
Changes in non-cash working capital		(21)	(37)	29	(20)
<b>Cash flows from operating activities</b>		<b>282</b>	274	<b>1,102</b>	1,003
<b>Investing activities</b>					
Additions to property, plant and equipment		(275)	(234)	(672)	(667)
Proceeds on disposal of property, plant and equipment		-	-	-	3
Additions to intangibles		(16)	(23)	(51)	(45)
Changes in non-cash working capital		11	(17)	(31)	(90)
Other		-	-	-	(1)
<b>Cash flows used in investing activities</b>		<b>(280)</b>	(274)	<b>(754)</b>	(800)
<b>Financing activities</b>					
Issue of short-term debt	5	25	-	25	-
Dividends paid on equity preferred shares	6	(3)	(2)	(8)	(8)
Dividends paid to Class A and Class B share owner	7	(60)	-	(180)	-
Interest paid		(81)	(82)	(263)	(256)
Interest received from affiliate company		2	2	8	8
<b>Cash flows used in financing activities</b>		<b>(117)</b>	(82)	<b>(418)</b>	(256)
<b>Decrease in cash position</b>		<b>(115)</b>	(82)	<b>(70)</b>	(53)
Beginning of period		69	20	24	(9)
<b>End of period</b>	8	<b>(46)</b>	(62)	<b>(46)</b>	(62)

See accompanying Notes to Unaudited Interim Consolidated Financial Statements.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**(UNAUDITED)**

**SEPTEMBER 30, 2017**

*(Tabular amounts in millions of Canadian Dollars, except as otherwise noted)*

## **1. THE COMPANY AND ITS OPERATIONS**

CU Inc. was incorporated under the laws of Canada and its debt and equity preferred shares are listed on the Toronto Stock Exchange. Its head office and registered office is at 700, 909 - 11th Avenue SW, Calgary, Alberta, T2R 1N6. The Company is controlled by Canadian Utilities Limited, which in turn is principally controlled by ATCO Ltd. and its controlling share owner, the Southern family.

CU Inc. is engaged in the following business activities:

- Electricity (electricity distribution, transmission and infrastructure development); and
- Pipelines & Liquids (natural gas transmission, distribution and infrastructure development).

The unaudited interim consolidated financial statements include the accounts of CU Inc. and its subsidiaries (the Company).

## **2. BASIS OF PRESENTATION**

### **STATEMENT OF COMPLIANCE**

The unaudited interim consolidated financial statements are prepared according to International Accounting Standard (IAS) 34 Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board. They do not include all the disclosures required in annual consolidated financial statements and should be read in conjunction with the Company's consolidated financial statements for the year ended December 31, 2016, prepared according to IFRS.

The unaudited interim consolidated financial statements are prepared following the same accounting policies used in the Company's most recent annual financial statements, except for income taxes. In interim periods, income taxes are accrued using an estimate of the annualized effective tax rate applied to year-to-date earnings.

The unaudited interim consolidated financial statements were authorized for issue by the Audit Committee, on behalf of the Board of Directors, on October 25, 2017.

### **BASIS OF MEASUREMENT**

The unaudited interim consolidated financial statements are prepared on a historic cost basis, except for retirement benefit obligations and cash-settled share-based compensation liabilities which are carried at remeasured amounts or fair value.

Revenues, earnings and adjusted earnings for any quarter are not necessarily indicative of operations on an annual basis. Quarterly financial results may be affected by the seasonal nature of the Company's operations and the timing of utility rate decisions.

Certain comparative figures have been reclassified to conform to the current presentation.



### 3. SEGMENTED INFORMATION

#### SEGMENTED RESULTS

Results by operating segment for the three months ended September 30 are shown below.

2017					
2016	Electricity	Pipelines & Liquids	Corporate & Other	Intersegment Eliminations	Consolidated
Revenues - external	<b>312</b>	<b>255</b>	-	-	<b>567</b>
	335	243	-	-	578
Revenues - intersegment	<b>1</b>	-	-	<b>(1)</b>	-
	-	-	-	-	-
Revenues	<b>313</b>	<b>255</b>	-	<b>(1)</b>	<b>567</b>
	335	243	-	-	578
Operating expenses <sup>(1)</sup>	<b>(108)</b>	<b>(157)</b>	-	<b>1</b>	<b>(264)</b>
	(102)	(163)	-	-	(265)
Depreciation and amortization	<b>(74)</b>	<b>(42)</b>	-	-	<b>(116)</b>
	(74)	(44)	-	-	(118)
Net finance costs	<b>(55)</b>	<b>(28)</b>	-	-	<b>(83)</b>
	(55)	(27)	-	-	(82)
Earnings before income taxes	<b>76</b>	<b>28</b>	-	-	<b>104</b>
	104	9	-	-	113
Income taxes	<b>(20)</b>	<b>(8)</b>	-	-	<b>(28)</b>
	(28)	(3)	-	-	(31)
Earnings for the period	<b>56</b>	<b>20</b>	-	-	<b>76</b>
	76	6	-	-	82
Adjusted earnings	<b>74</b>	<b>10</b>	-	-	<b>84</b>
	66	3	-	-	69
Capital expenditures <sup>(3)</sup>	<b>101</b>	<b>194</b>	-	-	<b>295</b>
	113	149	-	-	262

Results by operating segment for the nine months ended September 30 are shown below.

2017					
2016	Electricity	Pipelines & Liquids	Corporate & Other	Intersegment Eliminations	Consolidated
Revenues - external	<b>951</b>	<b>979</b>	-	-	<b>1,930</b>
	1,004	831	-	-	1,835
Revenues - intersegment	<b>1</b>	-	-	<b>(1)</b>	-
	-	-	-	-	-
Revenues	<b>952</b>	<b>979</b>	-	<b>(1)</b>	<b>1,930</b>
	1,004	831	-	-	1,835
Operating expenses <sup>(1)</sup>	<b>(326)</b>	<b>(540)</b>	-	<b>1</b>	<b>(865)</b>
	(308)	(515)	-	-	(823)
Depreciation and amortization	<b>(222)</b>	<b>(131)</b>	-	-	<b>(353)</b>
	(216)	(128)	-	-	(344)
Net finance costs	<b>(166)</b>	<b>(84)</b>	-	-	<b>(250)</b>
	(164)	(80)	-	-	(244)
Earnings before income taxes	<b>238</b>	<b>224</b>	-	-	<b>462</b>
	316	108	-	-	424
Income taxes	<b>(64)</b>	<b>(61)</b>	-	-	<b>(125)</b>
	(85)	(30)	-	-	(115)
Earnings for the period	<b>174</b>	<b>163</b>	-	-	<b>337</b>
	231	78	-	-	309
Adjusted earnings	<b>250</b>	<b>135</b>	-	-	<b>385</b>
	240	119	-	-	359
Total assets <sup>(2)</sup>	<b>9,971</b>	<b>5,411</b>	<b>137</b>	<b>(126)</b>	<b>15,393</b>
	9,883	5,157	134	(81)	15,093
Capital expenditures <sup>(3)</sup>	<b>289</b>	<b>447</b>	-	-	<b>736</b>
	344	381	-	-	725

(1) Includes total costs and expenses, excluding depreciation and amortization expense.

(2) 2016 comparatives are at December 31, 2016.

(3) Includes additions to property, plant and equipment and intangibles and \$4 million and \$13 million of interest capitalized during construction for the three and nine months ended September 30, 2017 (2016 - \$5 million and \$13 million).

## ADJUSTED EARNINGS

Adjusted earnings are earnings for the period after adjusting for:

- the timing of revenues and expenses for rate-regulated activities,
- dividends on equity preferred shares of the Company,
- one-time gains and losses,
- significant impairments, and
- items that are not in the normal course of business or a result of day-to-day operations.

Adjusted earnings are a key measure of segment earnings used by the Chief Operating Decision Maker (CODM) to assess segment performance and allocate resources. Other accounts in the consolidated financial statements have not been adjusted as they are not used by the CODM for those purposes.

The reconciliation of adjusted earnings and earnings for the three months ended September 30 is shown below.

2017					
2016	Electricity	Pipelines & Liquids	Corporate & Other	Intersegment Eliminations	Consolidated
Adjusted earnings	74	10	-	-	84
	66	3	-	-	69
Rate-regulated activities	(19)	8	-	-	(11)
	9	2	-	-	11
Dividends on equity preferred shares of the Company	1	2	-	-	3
	1	1	-	-	2
Earnings for the period	56	20	-	-	76
	76	6	-	-	82

The reconciliation of adjusted earnings and earnings for the nine months ended September 30 is shown below.

2017					
2016	Electricity	Pipelines & Liquids	Corporate & Other	Intersegment Eliminations	Consolidated
Adjusted earnings	250	135	-	-	385
	240	119	-	-	359
Rate-regulated activities	(80)	24	-	-	(56)
	(13)	(45)	-	-	(58)
Dividends on equity preferred shares of the Company	4	4	-	-	8
	4	4	-	-	8
Earnings for the period	174	163	-	-	337
	231	78	-	-	309

### **Rate-regulated activities**

ATCO Electric and its subsidiaries, ATCO Electric Yukon, Northland Utilities (NWT) and Northland Utilities (Yellowknife), as well as ATCO Gas and ATCO Pipelines are collectively referred to in the consolidated financial statements as utilities.

There is currently no specific guidance under IFRS for rate-regulated entities that the Company is eligible to adopt. In the absence of this guidance, the utilities do not recognize assets and liabilities from rate-regulated activities as may be directed by regulatory decisions. Instead, the utilities recognize revenues in earnings when amounts are billed to customers, consistent with the regulator-approved rate design. Operating costs and expenses are recorded when incurred. Costs incurred in constructing an asset that meet the asset recognition criteria are included in the related property, plant and equipment or intangible asset.

The Company uses standards issued by the Financial Accounting Standards Board (FASB) in the United States as another source of generally accepted accounting principles to account for rate-regulated activities in its internal reporting provided to the CODM. The CODM believes that earnings presented in accordance with the FASB standards are a better representation of the operating results of the Company's rate-regulated activities. Therefore, the Company presents adjusted earnings as part of its segmented disclosures on this basis. Rate-regulated accounting (RRA) standards impact the timing of how certain revenues and expenses are recognized when compared to non-rate regulated activities, to appropriately reflect the economic impact of a regulators' decisions on revenues.

Rate-regulated accounting differs from IFRS in the following ways:

Timing Adjustment	Items	RRA Treatment	IFRS Treatment
1. Additional revenues billed in current period	Future removal and site restoration costs.	The Company defers the recognition of cash received in advance of future expenditures.	The Company recognizes revenues when amounts are billed to customers and costs when they are incurred.
2. Revenues to be billed in future periods	Deferred income taxes and impact of warmer temperatures.	The Company recognizes revenues associated with recoverable costs in advance of future billings to customers.	The Company recognizes costs when they are incurred, but does not recognize their recovery until customer rates are changed and amounts are collected through future billings.
3. Regulatory decisions received	Regulatory decisions received which relate to current and prior periods.	The Company recognizes the earnings from a regulatory decision pertaining to current and prior periods when the decision is received.	The Company does not recognize earnings from a regulatory decision when it is received as regulatory assets and liabilities are not recorded under IFRS.
4. Settlement of regulatory decisions and other items	Settlement of amounts receivable or payable to customers and other items.	The Company recognizes the amount receivable or payable to customers as a reduction in its regulatory assets and liabilities when collected or refunded through future billings.	The Company recognizes earnings when customer rates are changed and amounts are recovered or refunded to customers through future billings.

The significant timing adjustments as a result of the differences between rate-regulated accounting and IFRS are as follows:

	Three Months Ended September 30		Nine Months Ended September 30	
	2017	2016	2017	2016
<i>Additional revenues billed in current period</i>				
Future removal and site restoration costs <sup>(1)</sup>	16	16	54	51
<i>Revenues to be billed in future periods</i>				
Deferred income taxes <sup>(2)</sup>	(19)	(17)	(73)	(68)
Impact of warmer temperatures <sup>(3)</sup>	(1)	(1)	(4)	(28)
<i>Regulatory decisions received</i>	9	14	16	14
<i>Settlement of regulatory decisions and other items</i>	(16)	(1)	(49)	(27)
	(11)	11	(56)	(58)

(1) Removal and site restoration costs are billed to customers over the estimated useful life of the related assets based on forecast costs to be incurred in future periods.

(2) Income taxes are billed to customers when paid by the Company.

(3) ATCO Gas' customer rates are based on a forecast of normal temperatures. Fluctuations in temperatures may result in more or less revenue being recovered from customers than forecast. Revenues above or below the normal in the current period are refunded to or recovered from customers in future periods.

## Regulatory decisions received

Under rate-regulated accounting, the Company recognizes earnings from a regulatory decision pertaining to current and prior periods when the decision is received. A description of the significant regulatory decisions recognized in adjusted earnings in 2017 and 2016 are provided below.

Decision	Timing	Amount	Description
1. 2013-2014 Deferral Accounts Application	September 2017	(7)	The Alberta Utilities Commission (AUC) issued a decision on ATCO Electric Transmission's 2013 to 2014 Deferral Accounts Application. The Application included \$824 million of capital expenditures for the 35 direct-assigned AESO projects that went into service in 2013 and 2014. While the decision approved the inclusion of the vast majority of the capital expenditures into rate base, it resulted in a decrease to adjusted earnings, which relates to years prior to 2017.
2. ATCO Electric General Tariff Application (GTA) Compliance Filing	June 2017	(9)	The AUC issued a decision on ATCO Electric's Compliance Filing relating to its 2015 to 2017 General Tariff Application. The decision adjusted ATCO Electric's 2016 and 2017 forecast allocation of labour costs between operating and maintenance expense and capital.
3. ATCO Electric GTA	August 2016	(15)	The GTA decision covers the operations of ATCO Electric Transmission for 2015 to 2017 and resulted in final rates that were lower than the approved interim rates from 2015, mainly due to lower approved operating costs.
4. 2016-2017 Generic Cost of Capital Decision (GCOC)	August 2016	1	The GCOC decision established the return on equity (ROE) and deemed common equity ratios for the Alberta utilities for 2016 and 2017. For ATCO Electric Distribution and ATCO Gas, the 2016 GCOC decision only applies to the K factor mechanism and does not apply to the base performance based regulation formula.

## 4. PROPERTY, PLANT AND EQUIPMENT

A reconciliation of the changes in the carrying amount of property, plant and equipment is as follows:

	Utility Transmission & Distribution	Land and Buildings	Construction Work-in- Progress	Other	Total
<b>Cost</b>					
December 31, 2016	16,290	580	476	624	17,970
Additions	169	2	522	1	694
Transfers	334	3	(352)	15	-
Retirements and disposals	(61)	(8)	(15)	(6)	(90)
September 30, 2017	16,732	577	631	634	18,574
<b>Accumulated depreciation</b>					
December 31, 2016	3,567	130	-	233	3,930
Depreciation	295	15	-	19	329
Retirements and disposals	(61)	(8)	-	(6)	(75)
September 30, 2017	3,801	137	-	246	4,184
<b>Net book value</b>					
December 31, 2016	12,723	450	476	391	14,040
September 30, 2017	12,931	440	631	388	14,390

The additions to property, plant and equipment included \$13 million of interest capitalized during construction for the nine months ended September 30, 2017 (2016 - \$13 million).

## 5. SHORT-TERM DEBT

At September 30, 2017, the Company had \$25 million of commercial paper outstanding at an interest rate of 1.35 per cent, maturing on November 15, 2017 (December 31, 2016 - nil). The commercial paper is supported by the Company's long-term committed credit facilities.

## 6. EQUITY PREFERRED SHARES AND EQUITY PREFERRED SHARES TO PARENT COMPANY

Cash dividends declared and paid per share are as follows:

<i>(dollars per share)</i>	Three Months Ended September 30		Nine Months Ended September 30	
	2017	2016	2017	2016
<b>Equity preferred shares</b>				
Cumulative Redeemable Preferred Shares				
4.60% Series 1	<b>0.2875</b>	0.2875	<b>0.8625</b>	0.8625
2.243% Series 4 <sup>(1)</sup>	<b>0.1402</b>	0.1402	<b>0.4206</b>	0.6152
<b>Equity preferred shares to parent company</b>				
Perpetual Cumulative Second Preferred Shares				
4.00% Series V <sup>(2)</sup>	<b>0.2500</b>	0.2500	<b>0.7500</b>	0.7500

(1) Effective June 1, 2016, the annual dividend rate for the Series 4 Preferred Shares was reset to 2.243 per cent for the next five years. Prior to June 1, 2016, the annual dividend rate was 3.80 per cent.

(2) Effective October 3, 2017, the annual dividend rate for the Series V Preferred Shares was reset to 4.60 per cent for the next five years.

The payment of dividends is at the discretion of the Board and depends on the financial condition of the Company and other factors.

## 7. CLASS A AND CLASS B SHARES

### DIVIDENDS

The Company declared and paid cash dividends of \$10.42 and \$31.26 per Class A non-voting share and Class B common share during the three and nine months ended September 30, 2017 (2016 - nil). The payment of dividends is at the discretion of the Board and depends on the financial condition of the Company and other factors.

## 8. CASH FLOW INFORMATION

### ADJUSTMENTS TO RECONCILE EARNINGS TO CASH FLOWS FROM OPERATING ACTIVITIES

Adjustments to reconcile earnings to cash flows from operating activities are summarized below.

	Three Months Ended September 30		Nine Months Ended September 30	
	2017	2016	2017	2016
Depreciation and amortization	<b>116</b>	118	<b>353</b>	344
Income taxes	<b>28</b>	31	<b>125</b>	115
Contributions by utility customers for extensions to plant	<b>13</b>	16	<b>47</b>	64
Amortization of customer contributions	<b>(12)</b>	(11)	<b>(36)</b>	(35)
Net finance costs	<b>83</b>	82	<b>250</b>	244
Income taxes paid	<b>(3)</b>	(6)	<b>(24)</b>	(20)
Other	<b>2</b>	(1)	<b>21</b>	2
	<b>227</b>	229	<b>736</b>	714

## CASH POSITION

Cash position in the consolidated statement of cash flow at September 30 is comprised of:

	2017	2016
Cash	17	63
Bank indebtedness	(8)	-
Short-term advances from parent company	(55)	(125)
	(46)	(62)

## 9. FINANCIAL INSTRUMENTS

### FAIR VALUE MEASUREMENT

Financial instruments are measured at amortized cost or fair value. Fair value represents the estimated amounts at which financial instruments could be exchanged between knowledgeable and willing parties in an arm's length transaction. Determining fair value requires management judgment. The valuation methods used to determine the fair value of each financial instrument and its associated level in the fair value hierarchy is described below.

Financial Instruments	Fair Value Method
<b>Measured at Amortized Cost</b>	
Cash, accounts receivable, accounts receivable from parent and affiliate companies, bank indebtedness, short-term advances from parent company, accounts payable and accrued liabilities, accounts payable to parent and affiliate companies and short-term debt	Assumed to approximate carrying value due to their short-term nature.
Long-term advances to affiliate company and long-term debt	Determined using quoted market prices for the same or similar issues. Where the market prices are not available, fair values are estimated using discounted cash flow analysis based on the Company's current borrowing rate for similar borrowing arrangements (Level 2).

The fair values of the Company's financial instruments measured at amortized cost are as follows:

Recurring Measurements	September 30, 2017		December 31, 2016	
	Carrying Value	Fair Value	Carrying Value	Fair Value
<b>Financial Assets</b>				
Long-term advances to affiliate company	130	158	130	166
<b>Financial Liabilities</b>				
Long-term debt	7,290	8,094	7,289	8,193