Condensed Interim Consolidated Financial Statements

As at and for the nine months ending September 30, 2018 and 2017 | Unaudited

2018

PARK LAWN CORPORATION

NOTICE TO READER

Park Lawn Corporation's independent auditor has not performed a review of these unaudited condensed interim consolidated financial statements.

(signed) "*Andrew Clark*"	(signed) "*Joseph Leeder*"
Andrew Clark	Joseph Leeder
Chief Executive Officer	Chief Financial Officer

PARK LAWN CORPORATION
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2018 AND DECEMBER 31, 2017
(UNAUDITED)

	September 30, 2018	December 31, 2017
Assets		
Current assets		
Cash	$ 13,551,729	$ 12,736,498
Accounts receivable	7,139,476	4,932,227
Pre-need receivables, current portion (Note 4)	22,113,407	13,480,868
Inventories, current portion (Note 5)	9,124,194	4,810,926
Prepaid expenses and other current assets	3,573,780	1,155,131
	55,502,586	37,115,650
Non-current assets		
Pre-need receivables, net of current portion (Note 4)	50,328,567	36,027,923
Inventories, net of current portion (Note 5)	59,695,981	35,701,660
Land held for development (Note 7)	27,676,133	7,433,352
Property and equipment (Note 8)	101,273,652	42,749,947
Investment properties (Note 9)	202,412	209,285
Care and maintenance trust fund investments (Note 10)	179,953,358	110,007,638
Pre-need merchandise and service trust fund investments (Note 11)	147,676,738	96,018,172
Deferred tax assets	5,906,598	2,982,205
Employee share plan loan	3,095,887	3,169,899
Goodwill and intangibles (Note 6 and 13)	230,092,426	85,962,618
Deferred financing costs (Note 14)	-	724,260
Deferred commissions (Note 2)	18,845,494	-
Other assets	2,446,445	978,643
	827,193,691	421,965,602
TOTAL ASSETS	$ 882,696,277	$ 459,081,252
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	$ 18,172,792	$ 10,177,423
Dividends payable	878,491	583,176
Current portion of long term debt (Note 14)	240,305	553,807
Current portion of notes payable (Note 15)	393,565	832,382
	19,685,153	12,146,788
Non-current liabilities		
Long-term debt, net of current portion (Note 14)	58,205,722	2,674,940
Notes payable, net of current portion (Note 15)	3,582,087	334,679
Deferred revenue (Note 16)	89,801,074	54,786,871
Deferred tax liabilities (Note 2)	4,149,239	-
Contingent payments (Note 17)	1,197,944	1,061,949
Care and maintenance trusts' corpus (Note 10)	179,953,358	110,007,638
Deferred pre-need receipts held in trust (Note 11)	147,676,738	96,018,172
	484,566,162	264,884,249
Shareholders' Equity		
Share capital (Note 19)	363,622,643	179,775,963
Contributed surplus	1,722,791	1,133,771
Accumulated other comprehensive income (loss)	471,643	(1,654,092)
Retained earnings	11,253,925	1,691,930
	377,071,002	180,947,572
Non-controlling interest	1,373,960	1,102,643
	378,444,962	182,050,215
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 882,696,277	$ 459,081,252

Commitments and Contingencies (Note 22)

Approved by the Board of Directors

"Andrew Clark"
Andrew Clark - CEO, Director

"Joseph Leeder"
Joseph Leeder - CFO, Director

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

PARK LAWN CORPORATION
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF EARNINGS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017
(UNAUDITED)

	Three Months Ended September 30, 2018	Three Months Ended September 30, 2017	Nine Months Ended September 30, 2018	Nine Months Ended September 30, 2017
Revenue				
Sales	$ 40,017,617	$ 19,943,354	$ 101,516,073	$ 55,303,161
Income from care and maintenance funds (Note 10)	2,087,494	2,011,766	6,158,792	4,622,699
Interest and other income	1,134,852	463,605	3,120,778	1,434,142
	43,239,963	22,418,725	110,795,643	61,360,002
Costs	8,880,544	4,990,058	23,352,135	13,984,623
Gross profit	34,359,419	17,428,667	87,443,508	47,375,379
Operating expenses				
General and administrative	15,325,897	6,571,872	36,899,454	17,529,445
Maintenance	6,854,958	4,775,867	18,663,825	13,034,096
Advertising and selling	5,746,001	3,520,760	16,473,525	9,645,996
Interest expense	624,497	92,476	1,427,491	283,255
Share based incentive compensation	99,631	179,681	595,982	555,876
	28,650,984	15,140,656	74,060,277	41,048,668
Earnings from operations	5,708,435	2,288,011	13,383,231	6,326,711
Acquisition and integration costs (Note 6)	(1,430,744)	(2,181,266)	(7,795,981)	(3,301,341)
Foreign exchange gain (loss) (Note 21)	-	(1,007,500)	-	(1,007,500)
Change in fair value of contingent payments (Note 17)	(39,075)	398,927	(110,710)	305,898
Other income (expenses)	(65,881)	-	(65,881)	(151,082)
Earnings (loss) before income taxes	4,172,735	(501,828)	5,410,659	2,172,686
Income tax expense	800,189	(334,581)	629,443	5,948
Net earnings (loss) for the period	$ 3,372,546	$ (167,247)	$ 4,781,216	$ 2,166,738
Net earnings (loss) attributable to:				
Equity holders of PLC	$ 3,272,770	$ (171,116)	$ 4,509,899	$ 1,938,857
Non-controlling interest	99,776	3,869	271,317	227,881
	$ 3,372,546	$ (167,247)	$ 4,781,216	$ 2,166,738
Net earnings (loss) per share - basic				
Attributable to equity holders of PLC	$ 0.141	$ (0.011)	$ 0.229	$ 0.154
Net earnings (loss) per share - diluted				
Attributable to equity holders of PLC	$ 0.141	$ (0.011)	$ 0.229	$ 0.153
Weighted average number of common shares:				
- basic	23,224,365	15,353,048	19,691,995	12,591,167
- diluted	23,253,603	15,424,087	19,723,473	12,652,721

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

PARK LAWN CORPORATION
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017
(UNAUDITED)

	Three Months Ended September 30, 2018	Three Months Ended September 30, 2017	Nine Months Ended September 30, 2018	Nine Months Ended September 30, 2017
Net earnings (loss) for the period	$ 3,372,546	$ (167,247)	$ 4,781,216	$ 2,166,738
Item of other comprehensive income to be subsequently reclassified to net income				
Foreign currency translation of foreign operations	(5,596,628)	(2,178,414)	2,125,735	(3,120,873)
Comprehensive income	$ (2,224,082)	$ (2,345,661)	$ 6,906,951	$ (954,135)

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

PARK LAWN CORPORATION
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017
(UNAUDITED)

	# of Common Shares Issued and Outstanding	Share Capital	Contributed Surplus	Retained Earnings	Accumulated Other Comprehensive Income	Non Controlling Interest	Shareholders' Equity
Balance at January 1, 2017	11,095,770	$ 92,709,116	$ 292,881	$ 3,632,754	$ (46,725)	$ 778,887	$ 97,366,913
Dividends declared (Note 18)	-	-	-	(4,440,449)	-	-	(4,440,449)
Shares issued:							
Dividend reinvestment plan (Note 19)	9,035	152,527	-	-	-	-	152,527
Equity incentive plan	-	-	527,584	-	-	-	527,584
Prospectus financing, net of costs (Note 19)	4,237,750	76,976,730	-	-	-	-	76,976,730
Contingent equity consideration (Note 19)	-	10,312,320	-	-	-	-	10,312,320
Acquisition of non-controlling interest	-	-	-	52,179	-	-	52,179
Other comprehensive loss	-	-	-	-	(3,120,873)	-	(3,120,873)
Net earnings for the period	-	-	-	1,938,857	-	227,881	2,166,738
Balance at September 30, 2017	15,342,555	$ 180,150,693	$ 820,465	$ 1,183,341	$ (3,167,598)	$ 1,006,768	$ 179,993,669
Balance at January 1, 2018	15,346,732	$ 179,775,963	$ 1,133,771	$ 1,691,930	$ (1,654,092)	$ 1,102,643	$ 182,050,215
Dividends declared (Note 18)	-	-	-	(6,724,584)	-	-	(6,724,584)
Shares issued:							
Dividend reinvestment plan (Note 19)	26,212	621,068	-	-	-	-	621,068
Equity incentive plan	-	-	589,020	-	-	-	589,020
Prospectus financing, net of costs (Note 19)	7,745,250	183,225,612	-	-	-	-	183,225,612
Adaption of IFRS15 (Note 2)	-	-	-	11,776,680	-	-	11,776,680
Other comprehensive income	-	-	-	-	2,125,735	-	2,125,735
Net earnings for the period	-	-	-	4,509,899	-	271,317	4,781,216
Balance at September 30, 2018	23,118,194	$ 363,622,643	$ 1,722,791	$ 11,253,925	$ 471,643	$ 1,373,960	$ 378,444,962

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

PARK LAWN CORPORATION
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017
(UNAUDITED)

	Three Months Ended September 30, 2018	Three Months Ended September 30, 2017	Nine Months Ended September 30, 2018	Nine Months Ended September 30, 2017
Cash provided by (used in):				
Operating activities				
Net earnings (loss) for the period	$ 3,372,546	$ (167,247)	$ 4,781,216	$ 2,166,738
Adjustments to reconcile net income to cash provided by (used in) operating activities:				
Acquisition and integration costs	1,430,744	2,181,266	7,795,981	3,301,341
Foreign exchange gain/loss relating to acquisitions and other strategic transactions	-	1,007,500	-	1,007,500
Depreciation of property and equipment, investment properties and amortization of intangibles	1,625,566	755,788	3,830,153	1,837,414
Amortization of cemetery property	1,416,176	802,968	4,653,044	2,548,457
Amortization of deferred commissions	536,895	-	2,161,533	-
Amortization of deferred financing fees	42,285	24,279	119,297	72,837
Dividend reinvestment plan	293,689	72,100	621,068	152,527
Share based incentive compensation	94,530	179,194	589,020	527,584
Loss on change in fair value of contingent payments	39,075	(398,927)	110,710	(305,898)
Termination of lease contract	-	-	-	149,125
Changes in working capital that provided (required) cash:				
Accounts receivable	795,210	(459,102)	(81,933)	(311,750)
Pre-need receivables, current portion	(545,608)	273,508	(983,401)	(66,485)
Merchandise inventories	(269,548)	49,404	(895,620)	541
Prepaid expenses and other current assets	(1,026,609)	19,672	(1,314,566)	(400,187)
Accounts payable and accrued liabilities	(166,351)	2,315,644	1,543,607	761,983
Cash provided by (used in) operating activities	7,638,600	6,656,047	22,930,109	11,441,727
Investing activities				
Acquisition and integration costs	(1,430,744)	(2,181,266)	(7,795,981)	(3,301,341)
Foreign exchange gain/loss relating to acquisitions and other strategic transactions	-	(1,007,500)	-	(1,007,500)
Net cash on acquisitions and other strategic transactions	(6,982,706)	(72,700,411)	(230,395,781)	(84,919,310)
Pre-need receivables, net of current portion	884,468	1,240,600	1,550,681	630,192
Additions to cemetery property	(1,068,053)	(372,201)	(3,246,644)	(2,453,982)
Acquisition of property and equipment	(1,697,432)	(339,117)	(3,866,739)	(2,383,532)
Proceeds on disposal of property and equipment	51,313	-	51,313	-
Acquisition of land held for development	(1,628,220)	(2,415,350)	(1,628,220)	(3,464,596)
Deferred tax asset/expense	1,660,149	(90,318)	(2,430,939)	(1,272,765)
Employee loan	(22,854)	(425)	74,012	129,428
Deferred commissions	(968,311)	-	(2,852,090)	-
Decrease (increase) in other assets	(111,486)	(82,756)	(187,202)	(282,310)
Cash provided by (used in) investing activities	(11,313,876)	(77,948,744)	(250,727,590)	(98,325,716)
Financing activities				
Proceeds (repayment) from loan receivable	-	124,800	-	123,600
Proceeds from issuance of long-term debt	14,033,526	-	72,587,995	54,427
Repayment of long-term debt	(19,200)	(92,179)	(16,893,918)	(408,565)
Proceeds (repayment) of note payable	608,914	(39,491)	592,925	(301,920)
Deferred revenue	(630,656)	(1,330,665)	(2,885,487)	(1,512,451)
Proceeds from financing, net of costs	(44,711)	(250,503)	183,225,612	76,976,730
Contingent equity consideration	-	10,312,320	-	10,312,320
Dividends and distributions paid	(2,634,981)	(1,748,892)	(6,724,584)	(4,440,449)
Deferred financing fee	(23,708)	(5,237)	(118,834)	(109,118)
Cash paid for acquisition of non-controlling interest	-	-	-	52,179
Cash provided by (used in) financing activities	11,289,184	6,970,153	229,783,709	80,746,753
Translation adjustment on cash	(3,124,224)	375,338	(1,170,997)	752,734
Net increase (decrease) in cash	4,489,684	(63,947,206)	815,231	(5,384,502)
Cash, beginning of period	9,062,045	82,454,376	12,736,498	23,891,672
Cash, end of period	$ 13,551,729	$ 18,507,170	$ 13,551,729	$ 18,507,170
Supplemental disclosures:				
Income taxes paid	$ 249,545	$ 263,477	$ 490,810	$ 470,431
Interest expenses paid	$ 581,891	$ 68,085	$ 1,308,801	$ 210,306

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

1. NATURE OF OPERATIONS

Park Lawn Corporation (the "Company" or "PLC"), located at 2 St. Clair Ave. West, Suite 1300, Toronto, Ontario, M4V 1L5, is an Ontario corporation which owns and operates cemeteries, crematoriums and funeral homes in Canada and the USA. The Company is publicly traded on the TSX with the stock symbol of PLC.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The accompanying unaudited condensed interim consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards ("IFRS"), including International Accounting Standards 34, Interim Financial Reporting ("IAS 34"), on a basis consistent with policies disclosed in the Company's annual audited consolidated financial statements for the fiscal year ended December 31, 2017 which were prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC").

Certain information and footnote disclosure normally included in the annual financial statements prepared in accordance with IFRS have been omitted or are condensed. These unaudited condensed interim consolidated financial statements should be read in conjunction with the annual audited consolidated financial statements of the Company for the year ended December 31, 2017.

These financial statements are based on the accounting policies consistent with those disclosed in Note 2 to its consolidated annual financial statements for the year ended December 31, 2017, except as described below under IFRS 15 and IFRS 9.

The financial information included herein reflects all adjustments that, in the opinion of management, are necessary for a fair presentation of the results for the interim periods presented. The results of operations for the periods ended September 30, 2018 and 2017 are not necessarily indicative of the results to be expected for the full year.

These unaudited condensed interim consolidated financial statements were approved by the Company's Board of Directors on November 13, 2018.

b. Functional currency

The unaudited condensed interim consolidated financial statements are presented in Canadian dollars, which is also the parent company's functional currency. Each entity within the consolidated group determines its own functional currency and items included in the consolidated financial statements of each entity are remeasured using the functional currency.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

b. Functional currency - continued

Within each entity, transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on dates of transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at that date. Foreign exchange differences arising on translation are recognized in the consolidated statements of operations. Non-monetary assets and liabilities that are measured at historical cost are translated using the exchange rate at the date of the transaction.

The consolidated accounts of the Company are presented in Canadian dollars. The financial statements of foreign subsidiaries for which the functional currency is not the Canadian dollar are translated into Canadian dollars using the exchange rate in effect at the end of the reporting period for assets and liabilities and the average exchange rates for the period for revenue, expenses and cash flows. Foreign exchange differences arising on translation are recognized in other comprehensive income and in accumulated other comprehensive income in shareholders' equity.

c. Earnings per share

Basic earnings per share are computed by dividing net earnings by the weighted average number of common shares outstanding for the period. Diluted earnings per share are calculated using the same method as basic earnings per share adjusted for the weighted average number of common shares outstanding for the period to reflect the dilutive impact, if any, of convertible instruments and equivalents, assuming they were exercised for the number of common shares calculated by applying the treasury stock method.

d. Business combinations

The Company has applied the acquisition method in accounting for business combinations.

The Company measures goodwill as the difference between the fair value of the consideration transferred, including the recognized amount of any non-controlling interest in the acquiree, and the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date.

Consideration transferred includes the fair value of the assets transferred (including cash), liabilities incurred by the Company on behalf of the acquiree, and equity interests issued by the Company. Consideration transferred also includes the fair value of any contingent consideration.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

d. Business combinations - continued

The contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as a liability is remeasured at subsequent reporting dates in accordance with IAS 39, with the corresponding gain or loss being recognized in profit or loss.

Transaction costs that the Company incurs in connection with a business combination, such as finders' fees, legal fees, due diligence fees, and other professional and consulting fees, are expensed in the period as incurred.

e. IFRS 9 – Financial Instruments, Classification and Measurement

Effective January 1, 2018, the Company adopted IFRS 9. IFRS 9 introduces new requirements for the classification and measurement of financial assets. IFRS 9 requires all recognized financial assets to be measured at amortized cost or fair value in subsequent accounting periods following initial recognition. IFRS 9 also amends the requirements around hedge accounting, and introduces a single, forward-looking expected loss impairment model.

The Company has elected to apply the limited exemption in IFRS 9 paragraph 7.2.15 relating to transition for classification and measurement and impairment, and accordingly has not restated comparative periods in the year of initial application. The adoption of IFRS 9 had no impact on the Company's consolidated financial statements on the date of initial application. There was no change in the carrying amounts on the basis of allocation from original measurement categories under IAS 39 Financial Instruments: Recognition and Measurement to the new measurement categories under IFRS 9.

Classification

The Company classifies its financial assets and financial liabilities in the following measurement categories i) those to be measured subsequently at fair value through profit or loss (FVTPL); ii) those to be measured subsequently at fair value through other comprehensive income (FVOCI); and iii) those to be measured at amortized cost. The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at FVTPL (irrevocable election at the time of recognition). For assets and liabilities measured at fair value, gains and losses are either recorded in profit or loss or other comprehensive income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

e. IFRS 9 - Financial Instruments, Classification and Measurement - continued

Classification - continued

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

Financial assets at fair value through comprehensive income

Equity instruments that are not held-for-trading can be irrevocably designated to have their change in fair value recognized through comprehensive income instead of through profit or loss. This election can be made on individual instruments and is not required to be made for the entire class of instruments. Attributable transaction costs are included in the carrying value of the instruments. Financial assets at fair value through other comprehensive income are initially measured at fair value and changes therein are recognized in other comprehensive income.

Measurement

All financial instruments are required to be measured at fair value on initial recognition, plus, in the case of a financial asset or a financial liability not measured at FVTPL, transaction costs that are directly attributable to the acquisition or issuance of the financial asset or financial liability. Transaction costs of financial assets and financial liabilities carried at FVTPL are expensed in profit or loss. Financial assets and financial liabilities with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of the subsequent accounting periods. All other financial assets including equity investments are measured at their fair values at the end of subsequent accounting periods, with any changes recognized through profit and loss or other comprehensive income (irrevocable election at the time of recognition). For financial liabilities measured subsequently at FVTPL, changes in fair value due to credit risk are recorded in other comprehensive income.

Impairment

The Company assesses all information available, including on a forward-looking basis the expected credit losses associated with its assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition based on all information available, and reasonable and supportive forward-looking information. For trade receivables only, the

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

e. IFRS 9 - Financial Instruments, Classification and Measurement - continued

Impairment – continued

Company applies the simplified approach as permitted by IFRS 9. The simplified approach to the recognition of expected losses does not require the Company to track the changes in credit risk; rather, the Company recognizes a loss allowance based on lifetime expected credit losses at each reporting date from the date of the trade receivable.

Evidence of impairment may include indications that the counterparty debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. Receivables are reviewed qualitatively on a case-by-case basis to determine whether they need to be written off.

Expected credit losses are measured as the difference in the present value of the contractual cash flows that are due to the Company under the contract, and the cash flows that the Company expects to receive. The Company assesses all information available, including past due status, credit ratings, the existence of third-party insurance, and forward looking macro-economic factors in the measurement of the expected credit losses associated with its assets carried at amortized cost.

The Company measures expected credit loss by considering the risk of default over the contract period and incorporates forward-looking information into its measurement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

e. IFRS 9 - Financial Instruments, Classification and Measurement - continued

Summary of the Company's classification and measurements of financial assets and liabilities

	IFRS 9		IAS 39	
	Classification	**Measurement**	**Classification**	**Measurement**
Cash and cash equivalents	FVTPL	Fair value	Loans and receivables	Fair Value
Accounts receivables	Amortized cost	Amortized cost	Loans and receivables	Amortized cost
Pre-need receivables	Amortized cost	Amortized cost	Loans and receivables	Amortized cost
Insurance proceeds recoverable	Amortized cost	Amortized cost	Loans and receivables	Amortized cost
Pre-need trust fund investments	FVTPL	Fair value	Available-for-sale	Fair Value
Care and maintenance trust investment	FVTPL	Fair value	Available-for-sale	Fair Value
Debenture Receivable	Amortized cost	Amortized cost	Loans and receivables	Amortized cost
Loan receivable	Amortized cost	Amortized cost	Amortized cost	Amortized cost
Trade payables and accrued liabilities	Amortized cost	Amortized cost	Other liabilities	Amortized cost
Dividends payable	Amortized cost	Amortized cost	Other liabilities	Amortized cost
Long-term debt	Amortized cost	Amortized cost	Other liabilities	Amortized cost
Notes payable	Amortized cost	Amortized cost	Other liabilities	Amortized cost
Pre-need trust liabilities	FVTPL	Fair value	Other liabilities	Fair value
Care and maintenance trust liabilities	FVTPL	Fair value	Other liabilities	Fair value
Contingent payment	FVTPL	Fair value	FVTPL	Fair value

f. IFRS 15 – Revenue from Contracts with Customers

The Company elected to adopt IFRS15 using the modified retrospective method, with recognition of transitional adjustments in opening retained earnings on the date of initial application (January 1, 2018), without restatement of comparative figures.

The treatment of costs incurred in acquiring customer contracts is affected as IFRS 15 requires certain contract acquisition costs (such as sales commissions) to be recognized as an asset and amortized into advertising and selling expenses over time. Previously, such costs were expensed as incurred. In addition, a new asset has been recognized in the consolidated statements of financial position, specifically, a deferred commission asset.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

f. IFRS 15 – Revenue from Contracts with Customers – continued

The impact on the consolidated statement of financial position as at January 1, 2018 is an increase to deferred commission asset of $15,925,918, an increase in deferred tax liability of $4,149,238, and an increase of $11,776,680 to opening retained earnings.

The adoption of IFRS 15 did not result in any changes in the timing of revenue recognition for the Company's goods and services.

Accounting Policy for Deferred Commission Asset

Under IFRS 15, the Company defers incremental commission costs paid as a result of obtaining contracts with customers as deferred commission assets and amortizes these costs to selling and advertising expenses as the related deferred revenues are recognized.

Accounting Policy for Revenue Recognition

IFRS 15 introduced a single model for recognizing revenue from contracts with customers. This standard applies to all contracts with customers, with only some exceptions, including certain contracts accounted for under other IFRSs. The standard requires revenue to be recognized in a manner that depicts the transfer of promised goods or services to a customer and at an amount that reflects the consideration expected to be received in exchange for transferring those goods or services. This is achieved by applying the following five steps: i) identify the contract with a customer; ii) identify the performance obligations in the contract; iii) determine the transaction price; iv) allocate the transaction price to the performance obligations in the contract; and v) recognize revenue when (or as) the entity satisfies a performance obligation.

g. Future Accounting Policy Changes

The IASB has issued the following standards, amendments and interpretations which have not been early adopted in these consolidated financial statements. The Company is assessing the impact on its consolidated financial statements as a result of adopting the following new standards:

IFRS 16 – "Leases", effective for annual periods beginning on or after January 1, 2019. The most significant change introduced by IFRS 16 is a single lessee accounting model, bringing leases on-balance sheet for lessees. The Company is currently assessing the impact of IFRS 16 and the standard will be adopted in the Company's consolidated financial statements for the year beginning January 1, 2019. The Company is assessing the impact on its newly acquired entities, but does not expect a significant impact to the Company's existing consolidated financial statements on adoption of this IFRS.

3. CRITICAL ESTIMATES AND JUDGMENTS

Use of estimates

The preparation of these unaudited condensed interim consolidated financial statements requires management to make certain estimates, judgements and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported expenses during the period. Actual results could differ from these estimates. Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets, liabilities, and equity in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

i) The carrying value of goodwill and intangibles acquired from acquisitions and estimates on any applicable impairment. The Company's impairment tests for goodwill and intangible assets are based on the greater of value in use calculations that use a discounted cash flow model over a five-year period and estimated fair value less cost to sell.

   The value-in-use calculations employ the following key assumptions: future cash flows, growth projections including economic risk assumptions and estimates of achieving key operating metrics. The cash flows are derived from the Company's budget for the future and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset base of the CGU being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. The estimated fair value less cost to sell is based on assessment of comparable company multiples and precedent transactions.

ii) In a business combination, substantially all identifiable assets, liabilities and contingent liabilities acquired are recorded at the date of acquisition at their respective fair values. One of the most significant areas of judgment and estimation relates to the determination of the fair value of these assets and liabilities, including the fair value of contingent consideration, if applicable. If any intangible assets are identified, depending on the type of intangible asset and the complexity of determining its fair value, an independent external valuation expert may develop the fair value, using appropriate valuation techniques, which are generally based on a forecast of the total expected future net cash flows. These valuations are linked closely to the assumptions made by management regarding the future performance of the assets concerned and any changes in the discount rate applied. In certain circumstances where estimates have been made, the Company may obtain third-party valuations of certain assets, which could result in further refinement of the fair-value allocation of certain purchase prices and accounting adjustments.

iii) In determining an allowance for sales returns the Company provides various allowances and/or cancellation reserves for cemetery receivables. These allowances are based on the analysis of historical trends and include, where applicable collection and cancellation activity.

4. PRE-NEED RECEIVABLES

	September 30, 2018	December 31, 2017
Pre-need receivables, current portion	$ 22,113,407	$ 13,480,868
Pre-need receivables, net of current portion	50,328,567	36,027,923
Total	$ 72,441,974	$ 49,508,791

The above is net of an allowance for sales returns of $6,610,811 (at December 31, 2017 - $5,684,949). The increase in the pre-need receivables is primarily a result of the acquisition of CMS during the first quarter of 2018 and Signature during the second quarter of 2018.

Based on the review of the status of the individual pre-need receivables at the end of each reporting period, the Company's management believes that an allowance for doubtful accounts receivable is not required.

5. INVENTORIES

	September 30, 2018	December 31, 2017
Merchandise inventories	$ 2,254,537	$ 1,007,286
Cemetery lots	27,271,880	9,638,965
Crypts and niches	39,226,736	29,822,159
Construction in progress	67,022	44,176
Total	68,820,175	40,512,586
Current portion	9,124,194	4,810,926
Non-current portion	$ 59,695,981	$ 35,701,660

The increase in inventories is primarily a result of the acquisition of CMS during the first quarter of 2018 and Signature during the second quarter of 2018.

There were no inventory write-downs in either periods.

6. BUSINESS COMBINATION

Saber

On August 4, 2017, the Company completed the acquisition of 21 of 23 properties owned by Saber Management, LLC. ("Saber") and effective September 30, 2017, the Company has completed the acquisition of the remaining 2 properties. The aggregate purchase price for the 23 acquired properties was $61,677,761 (US$49,044,021), subject to customary working capital adjustments, plus additional contingent consideration of up to 660,000 PLC common shares. The contingent consideration has been classified as equity and will be issued over a period of three years if certain financial hurdles are met to the extent that earnings before interest expense, taxes, depreciation and amortization, and excluding extraordinary and unusual or non-recurring income and expense, or gains or losses ("Normalized EBITDA") and amount of cash not included in the calculation of working capital at the end of measurement period ("Distributable Cash Test") equals or exceeds pre-established targets.

Management assessed the probability of the targets being met as virtually certain and discounted the share value to present value in order to derive a fair value $9,858,326 (US$7,839,000) of the contingent consideration.

In connection with this transaction, the Company has incurred transaction and integration costs to date of $2,469,067 ($143,383 for the nine month period ended September 30, 2018).

The table below summarizes the final allocation of the purchase price of the assets acquired and the liabilities assumed at the acquisition date. The allocation was finalized in the second quarter of 2018 to reflect the final determination of the fair value of assets and liabilities acquired.

6. BUSINESS COMBINATION - continued

Saber – continued

Assets acquired:		
Cash	$	125,326
Accounts receivable		240,041
Pre-need receivables		27,989,962
Inventories		3,469,403
Prepaid expenses		103,702
Property and equipment		15,703,152
Care and maintenance trust fund investments		16,680,824
Pre-need trust fund investments		26,087,659
Goodwill		58,372,304
Total assets	$	148,772,373
Liabilities assumed:		
Accounts payable and accrued liabilities		2,169,018
Care and maintenance trusts' corpus		16,680,824
Deferred pre-need receipts held in trust		26,087,659
Deferred revenue		32,298,785
	$	77,236,286
Fair value of consideration transferred:		
Cash consideration		61,677,761
Contingent equity consideration		9,858,326
	$	71,536,087

CMS

On March 7, 2018, the Company announced that it completed the acquisition of 100% ownership interest in the common shares of CMS Mid-Atlantic, Inc. ("CMS") for a purchase price of approximately $65 million (US$50 million). The purchase price is subject to customary working capital adjustments. The purchase price was funded from PLC's credit facility.

CMS currently operates, manages and provides financial services for 6 cemeteries in New Jersey and 1 in New York. During the third quarter, CMS completed the purchase of 78 acres of land in Lafayette, New Jersey for US$3 million. This property will be used to expand an existing cemetery. The acquisition of CMS increases the scale and expanded the geographic diversification in the U.S. market.

In connection with this transaction, the Company has incurred transaction and integration costs to date of $1,151,348 ($1,141,800 for the nine month period ended September 30, 2018).

6. BUSINESS COMBINATION - continued

CMS - continued

The table below summarizes the preliminary estimated fair value of the assets acquired and the liabilities assumed at the acquisition date. A further assessment will need to be completed by management to assess if the goodwill needs to be allocated to other tangible or intangible assets.

	Preliminary
Assets acquired:	
Cash	$ 1,683,557
Accounts receivable	542,310
Pre-need receivables	12,504,552
Inventories	21,380,951
Prepaid expenses	480,466
Property and equipment	7,764,123
Care and maintenance trust fund investments	58,233,463
Pre-need trust fund investments	5,005,440
Deferred commission	1,443,295
Deferred tax assets, net	219,898
Other assets	1,281,639
Goodwill	36,066,519
Total assets	$ 146,606,213
Liabilities assumed:	
Accounts payable and accrued liabilities	2,910,615
Long-term debt	247,000
Note payable	631,350
Care and maintenance trusts' corpus	58,233,463
Deferred pre-need receipts held in trust	5,005,440
Deferred revenue	14,310,734
	$ 81,338,602
Fair value of consideration transferred:	
Cash consideration	65,267,611
	$ 65,267,611

Since the date of acquisition in 2018, CMS has contributed $15,061,120 in revenue and $3,677,074 in net earnings in 2018. The Company has used a significant amount of judgment and simplifying assumptions in estimating the revenue and net earnings of CMS as if the business occurred at the beginning of the year. If acquired at the beginning of the year, the Company has estimated that CMS would have contributed approximately $19,000,000 in revenue and $4,100,000 in net earnings.

6. BUSINESS COMBINATION - continued

Signature

On May 7, 2018, the Company announced that it completed the acquisition of a 100% ownership interest in the common shares of Signature Funeral and Cemetery Investments, LLC. ("Signature") for a purchase price of approximately $158 million (US$123 million), plus a preliminary working capital adjustment of approximately $3.5 million (US$2.7 million). The purchase price was funded using the proceeds from the Company's bought deal offering of subscription receipts which closed on May 4, 2018.

Signature's acquisition adds four new states, Kansas, Missouri, New Mexico and Mississippi into PLC's portfolio, while expanding its footprint in the Texas market. The acquisition adds 9 cemeteries, 21 funeral homes (including 7 located on cemetery sites) and 5 crematoria to PLC's portfolio. During the third quarter, Signature completed the purchases of Wayne Boze Funeral Home and Gateway Memorial Park, both located in Texas for US$3.4 million. These locations fit well with the portfolio of properties in the Texsas area. The acquisition of Signature increases the scale and geographic diversification in the U.S. market

In connection with this transaction, the Company has incurred transaction and integration costs to date of $4,365,917 ($4,365,917 for the nine month period ended September 30, 2018).

The table below summarizes the preliminary estimated fair value of the assets acquired and the liabilities assumed at the acquisition date. A further assessment will need to be completed by management to assess if the goodwill needs to be allocated to other tangible or intangible assets.

6. BUSINESS COMBINATION - continued

Signature - continued

	Preliminary
Assets acquired:	
Cash	$ 5,203,463
Accounts receivable	1,583,006
Pre-need receivables	10,034,153
Inventories	6,996,106
Prepaid expenses	623,617
Land held for development	18,930,407
Property and equipment	47,490,386
Care and maintenance trust fund investments	13,878,211
Pre-need trust fund investments	39,677,089
Deferred commission	540,040
Deferred tax assets, net	273,556
Goodwill	96,359,504
Other intangibles	2,274,305
Total assets	$ 243,863,843
Liabilities assumed:	
Accounts payable and accrued liabilities	3,836,462
Note payable	2,273,202
Care and maintenance trusts' corpus	13,878,211
Deferred pre-need receipts held in trust	39,677,089
Deferred revenue	22,406,616
	$ 82,071,580
Fair value of consideration transferred:	
Cash consideration	161,792,263
	$ 161,792,263

Since the date of acquisition in 2018, Signature has contributed $17,206,924 in revenue and $1,881,519 in net earnings in 2018. The Company has used a significant amount of judgment and simplifying assumptions in estimating the revenue and net earnings of Signature as if the business occurred at the beginning of the year. If acquired at the beginning of the year, the Company has estimated that Signature would have contributed approximately $31,000,000 in revenue and $3,900,000 in net earnings.

7. LAND HELD FOR DEVELOPMENT

	September 30, 2018	December 31, 2017
Land at Westminster Cemetery	$ 2,902,281	$ 2,902,281
Land held by Amety	330,815	330,815
Land at Pine Valley	-	800,000
Land at Royal York	1,049,246	1,049,246
Land held by Saber	2,437,659	2,351,010
Land held by Signature	19,358,584	-
Land held by CMS	1,597,548	-
Total	$ 27,676,133	$ 7,433,352

Land held for development represents land held for future cemetery, funeral and other development opportunities. The increase in land held for development is primarily a result of the acquisition of Signature during the second quarter of 2018.

Land at Pine Valley

On November 10, 2016, the Company purchased vacant land held for development. In consideration for the purchase the Company had issued an unsecured, non-interest bearing note, with no fixed terms of repayment.

During the three month period ended September 30, 2018 the Company exchanged the note for the land.

8. PROPERTY AND EQUIPMENT

	January 1, 2018	Acquired in business combinations	Additions	Disposals	Foreign currency translation	September 30, 2018
Cost:						
Land	$ 11,394,808	14,190,057	-	-	165,830	$ 25,750,695
Buildings, cemetery and funeral	25,369,947	37,689,286	1,535,761	-	289,900	64,884,894
Machinery, equipment and automotive	6,586,092	3,627,088	1,381,095	(134,549)	49,822	11,509,548
Cemetery improvements	5,501,706	2,307,093	949,883	-	20,250	8,778,932
Total	48,852,553	57,813,524	3,866,739	(134,549)	525,802	110,924,069
Accumulated depreciation:						
Buildings, cemetery and funeral	2,329,811	-	1,506,932	-	-	3,836,743
Machinery, equipment and automotive	2,377,230	-	1,443,599	(83,236)	-	3,737,593
Cemetery improvements	1,395,565	-	680,516	-	-	2,076,081
Total	6,102,606	-	3,631,047	(83,236)	-	9,650,417
Net Book Value	$ 42,749,947					$ 101,273,652

	January 1, 2017	Acquired in business combinations	Additions	Disposals	Foreign currency translation	December 31, 2017
Cost:						
Land	$ 2,163,682	9,214,886	5,239	-	11,001	$ 11,394,808
Buildings, cemetery and funeral	14,049,431	9,759,506	1,810,088	(71,634)	(177,444)	25,369,947
Machinery, equipment and automotive	4,280,163	1,451,134	908,555	-	(53,760)	6,586,092
Cemetery improvements	4,726,761	804,394	98,650	(77,491)	(50,608)	5,501,706
Total	25,220,037	21,229,920	2,822,532	(149,125)	(270,811)	48,852,553
Accumulated depreciation:						
Buildings, cemetery and funeral	1,464,795	-	865,016	-	-	2,329,811
Machinery, equipment and automotive	1,416,408	-	960,822	-	-	2,377,230
Cemetery improvements	722,690	-	672,875	-	-	1,395,565
Total	3,603,893	-	2,498,713	-	-	6,102,606
Net Book Value	$ 21,616,144					$ 42,749,947

8. PROPERTY AND EQUIPMENT – continued

Property and equipment depreciation expense charged to operations amounted to $3,631,047 and $1,785,881 for the nine month periods ended September 30, 2018 and 2017, respectively, and to $1,518,461 and $733,281 for the three month periods ended September 30, 2018 and 2017, respectively. Increase in expense is primarily due to the acquisition of CMS in the first quarter of 2018 and Signature during the second quarter of 2018.

Included in additions at September 30, 2018 are $1,107,070 of additions at Canadian cemeteries and funeral sites (at December 31, 2017 - $2,008,821) and $2,759,669 of additions at U.S. cemeteries (at December 31, 2017 - $813,711).

9. INVESTMENT PROPERTIES

Investment property amounted to $202,412 as at September 30, 2018 (at December 31, 2017 - $209,285). Investment property depreciation expense charged to operations amounted to $7,912 and $8,151 for the nine month periods ended September 30, 2018 and 2017, respectively, and to $2,689 and $2,792 for the three month periods ended September 30, 2018 and 2017, respectively.

10. CARE AND MAINTENANCE TRUST FUND INVESTMENTS

The Company's care and maintenance trust funds were established, as required by provincial and state regulations, to receive principal contributions from the Company upon the sale of cemetery lots, mausoleum crypts and niches.

Pursuant to the requirements of provincial and state regulations, the Company is required to deposit a portion of the proceeds received in respect of pre-need contracts into trust. Such amounts are treated as a cost of sale at the time of the sale.

The principal of these trusts is recorded in the consolidated statements of financial position and represents these contributions to the trusts and capital gains and losses and must be held in perpetuity in these trusts.

Only the income, not the capital gains, may be paid to the Company to be used exclusively for eligible care and maintenance of the cemeteries and crematoriums as defined by provincial and state regulations.

Investment income recognized in operations amounted to $6,158,792 and $4,622,699 for the nine month periods ended September 30, 2018 and 2017, respectively, and to $2,087,494 and $2,011,766 for the three month periods ended September 30, 2018 and 2017, respectively. If the income earned by the trusts should exceed eligible care and maintenance expenses incurred by the Company, the excess would be added to the capital of the trusts and would not be eligible for pay out to the Company in the future.

10. CARE AND MAINTENANCE TRUST FUND INVESTMENTS - continued

Care and maintenance trust fund investments consist of the following:

	Fair Value		Cost	
	September 30, 2018	December 31, 2017	September 30, 2018	December 31, 2017
Cash and cash equivalents	$ 6,816,202	$ 4,175,229	$ 6,816,202	$ 4,175,229
Equities	90,466,387	72,135,402	85,006,347	65,341,806
Fixed income	71,239,024	27,430,236	72,034,751	26,709,048
Preferred stocks	11,431,745	6,266,771	11,145,791	5,742,057
	$ 179,953,358	$ 110,007,638	$ 175,003,091	$ 101,968,140

The fixed income component of these care and maintenance trust funds is invested in limited partnership units, mortgage loans, and medium-term government and corporate bonds which are held to maturity and earn income at fixed rates of return.

The increase in care and maintenance trust funds is primarily a result of the acquisition of CMS during the first quarter of 2018 and Signature during the second quarter of 2018.

11. PRE-NEED MERCHANDISE AND SERVICE TRUST FUND INVESTMENTS

Pre-need merchandise and service trust funds were established as required by provincial and state regulations to hold funds paid in advance of need, to purchase when required at-need supplies and services such as funeral services, merchandise, grave and crypt openings.

When the services are performed, the Company withdraws the money held in the trust funds to pay for the supplies and services. In certain jurisdictions, any surplus income earned is refunded to the customers and any deficiency of funds is absorbed by the Company by recording less revenue for supplies and services.

Pre-need merchandise and service trust fund investments consist of the following:

	Fair value		Cost	
	September 30, 2018	December 31, 2017	September 30, 2018	December 31, 2017
Cash and cash equivalents	$ 14,041,107	$ 5,413,120	$ 14,041,107	$ 5,413,120
GIC's	31,922,587	30,720,956	31,922,587	30,720,956
Equities	47,704,122	20,935,148	42,696,586	20,133,526
Fixed income	54,008,922	38,948,948	54,790,008	38,942,122
	$ 147,676,738	$ 96,018,172	$ 143,450,288	$ 95,209,724

The fixed income component of these pre-need merchandise and service trust funds is generally invested in medium-term government, corporate bonds and deposit investment certificates which are held-to-maturity and earn income at fixed rates of return.

11. PRE-NEED MERCHANDISE AND SERVICE TRUST FUND INVESTMENTS - continued

The increase in pre-need merchandise and service trust funds is primarily a result of the acquisition of CMS during the first quarter of 2018 and Signature during the second quarter of 2018.

12. PREARRANGED FUNERAL INSURANCE CONTRACTS

In addition to Trust funded prearranged funeral services contracts, the Company also has prearranged funeral services contracts which are funded by insurance. As of September 30, 2018, the current face amount of pre-funded policies was approximately $146 million (at December 31, 2017 – approximately $53 million). The increase in prearranged funeral insurance contracts is primarily a result of the acquisition of Signature during the second quarter of 2018. Families who have prearranged with the Company will receive a refund to the extent that the face amount of the policy exceeds the current retail value of the merchandise and services to be provided. The insurance funded contracts are not included in the accompanying financial statements as the Company is not the beneficiary of the policy. Amounts funded through insurance are available to the Company when the funeral services are performed.

13. GOODWILL AND INTANGIBLES

	Total
Goodwill	
Balance January 1, 2017	$ 19,128,958
Additions:	
Reynolds-TFFH	3,095,885
Jennett-Innisfil	1,840,840
TCS	2,142,487
Saber	58,608,732
Vita	70,000
Christie's	1,438,206
Other	94,082
Foreign currency translation	(689,905)
Balance December 31, 2017	$ 85,729,285
Intangibles	
Balance January 1, 2017	$ 44,000
Additions:	
Reynolds-TFFH	20,000
Jennett-Innisfil	20,000
PFHC-CCSL	200,000
Amortization	(50,667)
Balance December 31, 2017	$ 233,333
Goodwill and Intangibles	
Balance December 31, 2017	$ 85,962,618

13. GOODWILL AND INTANGIBLES – continued

	Total
Goodwill	
Balance January 1, 2018	$ 85,729,285
Additions:	
Signature	96,359,504
CMS	36,066,519
Other	7,933,768
Saber	(246,280)
Foreign currency translation	1,813,186
Balance September 30, 2018	$ 227,655,982
Intangibles	
Balance January 1, 2018	$ 233,333
Additions:	
Signature	2,274,305
Other	120,000
Amortization	(191,194)
Balance September 30, 2018	$ 2,436,444
Goodwill and Intangibles	
Balance September 30, 2018	$ 230,092,426

The increase in goodwill is primarily a result of the acquisition of CMS during the first quarter of 2018 and Signature during the second quarter of 2018. The additional increase in goodwill is a result of funeral homes' acquisitions during the nine month period ended September 30, 2018.

14. LONG-TERM DEBT

	September 30, 2018	December 31, 2017
Bank loan		
Revolving loan facility	$ 57,552,296	$ -
Mortgages on:		
Swan Valley Funeral Services Ltd.	-	123,734
Sneath and Strilchuk Funeral Services, Ltd.	-	1,560,788
Korban Funeral Chapel Inc.	1,202,537	1,259,982
Finance lease obligations	414,991	284,243
Deferred financing costs	(723,797)	-
Total	58,446,027	3,228,747
Current portion	240,305	553,807
Non-current portion	$ 58,205,722	$ 2,674,940

14. LONG-TERM DEBT - continued

Revolving loan facility

On December 15, 2017, the Company replaced its existing $25 million revolving loan facility and $7.5 million accordion facility with a new syndicated bank financing arrangement provided by three major Canadian banks. The financing arrangement increased the Company's borrowing capacity to $125 million ($75 million committed credit facility and additional $50 million accordion facility). On July 5, 2018, the Company amended its existing syndicated bank financing arrangement to increase its borrowing capacity to $150 million ($100 million committed credit facility and additional $50 million accordion facility). The financing arrangement has a term of five years. The additional credit will provide the Company with further flexibility as it continues to pursue its growth strategy. In particular, the revolving credit facility is expected to support the Company's ability to capitalize on organic projects and acquisition opportunities as they arise while maintaining a prudent approach to leverage.

At September 30, 2018 there was $57,552,296 outstanding under the credit facility (at December 31, 2017 - $nil). Deferred financing costs have been capitalized and are being amortized over the term of 5 years using the effective interest rate method. Deferred financing costs are offset against the debt when the Company is utilizing the credit facility, otherwise the costs are reclassified to non-current assets. At September 30, 2018, deferred financing costs of $723,797 have been reclassified to offset debt and at December 31, 2017 deferred financing costs of $724,260 have been classified as non-current asset.

Swan Valley Funeral Services Ltd.

Parkland had secured the mortgage by a promissory note for $600,000, corporate guarantees and general security agreements. The loan bore interest at prime plus 2% and was being amortized over 10 years. The loan mature date was September 30, 2022. This mortgage was repayable in monthly blended installments of $6,400. During the three month period ended March 31, 2017, as part of the purchase of the remaining shares of Swan Valley, a subsidiary of Parkland, the Company assumed an additional mortgage loan of $54,427. During the three month period ended March 31, 2018 the Company repaid the loan in full by utilizing the new credit facility.

Sneath and Strilchuk Funeral Services Ltd.

Parkland had secured the mortgage by a promissory note for $2,854,000, corporate guarantees and general security agreements. The loan bore interest at 6.2% and was being amortized over 10 years. The loan mature date was September 30, 2022. This mortgage was repayable in monthly blended installments of $33,045. During the three month period ended March 31, 2018 the Company repaid the loan in full by utilizing the new credit facility.

14. LONG-TERM DEBT - continued

Korban Funeral Chapel

Parkland has secured the mortgage by a promissory note for $1,400,000, corporate guarantees and general security agreements. The loan bears interest at 3.75% and is being amortized over 15 years. The loan matures on January 31, 2021. This mortgage is repayable in monthly blended installments of $10,200.

Finance lease and car loan obligations

Finance leases relate to automotive equipment and are secured by the vehicles. These leases have interest rates ranging from 3.0% to 12.0% and remaining terms of 2 to 5 years.

15. NOTES PAYABLE

	September 30, 2018	December 31, 2017
DeMarco Funeral Home note	$ -	$ 800,000
Deferred cash consideration PFHC-CCSL	309,726	367,061
CMS note	1,281,610	-
Signature note	2,384,316	-
Total	3,975,652	1,167,061
Current portion	393,565	832,382
Non current portion	$ 3,582,087	$ 334,679

DeMarco Funeral Home note

On November 10, 2016, the Company purchased vacant land held for development. In consideration for the purchase the Company had issued an unsecured, non-interest bearing note, with no fixed terms of repayment.
During the three month period ended September 30, 2018 the Company exchanged the note for the land.

Deferred cash consideration PFHC-CCSL

As part of the purchase of PFHC-CCSL, the Company will be making additional payments of $500,000 to be paid over ten years. The deferred cash payment is repayable in monthly installments of $4,167. The estimated present value of the deferred cash consideration was calculated at $392,839 at February 1, 2017.

CMS note

CMS has an outstanding note payable to the former owner of Princeton Abbey and Cemetery property. The note calls for yearly payments of $50,000 at 0% interest until the note matures in 2113. Payments of principal and interest are allowed to be deferred until the cemetery achieves positive cash flow. The note was discounted to reflect an imputed interest rate of 5%. The note is nonrecourse and can be cancelled by either party. The discounted fair value of the note is reflected at September 30, 2018.

15. NOTES PAYABLE - continued

Signature note

Signature has outstanding notes payables to third parties. These notes payables have interest rates ranging from 4.7% to 6.0% and remaining terms of 4 to 9 years.

16. DEFERRED REVENUE

Deferred revenue represents the amount of unperformed pre-arranged cemetery contracts. The components of deferred revenue consist of the following:

	September 30, 2018	December 31, 2017
Cemetery merchandise	$ 53,337,434	$ 40,811,330
Cemetery lots, crypts and niches	5,253,662	-
Cemetery services	31,209,978	13,975,541
Total	$ 89,801,074	$ 54,786,871

The increase in deferred revenue is primarily a result of the acquisition of CMS during the first quarter of 2018 and Signature during the second quarter of 2018.

17. CONTINGENT PAYMENTS

MMG

Effective March 1, 2016, the Company completed the acquisition of 100% ownership interest in the common shares of Midwest Memorial Group, LLC ("MMG"). On closing, the Company paid $22,537,598 (US$16,657,500) for 100% of the common shares.

The Company will be making additional payments to the extent that earnings before interest, taxes, depreciation and amortization ("EBITDA") during calendar years 2016, 2017, and 2018 ("the Earn-out Periods") equals or exceeds pre-established targets. Using a discounted cash flow approach the estimated present value of the contingent payments was calculated to be $1,197,944 (US$928,639) (at December 31, 2017 - $1,061,949). The minimum estimated amount of contingent payments to be made in the second quarter following the applicable Earn-out Periods are 10%, 33% and 57%. There were no contingent payments made for the first and second earn-out period in 2016 and 2017. The key assumptions used in the calculation is a three year EBITDA projection which management believes the discount rate reasonably reflects the risks associated with projections for the business.

17. CONTINGENT PAYMENTS - continued

MMG - continued

The fair value of the liability in connection with the contingent consideration is revalued at each reporting date and any changes in fair value of the estimated liability in future periods will be recorded in the consolidated statement of earnings. For the nine month periods ended September 30, 2018 and 2017, the Company recognized an adjustment to the fair value of the contingent consideration of $(110,710) and $305,898, respectively.

18. DIVIDENDS

The Company declares and pays cash dividends on a monthly basis to shareholders. The total amount of dividends declared by the Company for the nine month periods ended September 30, 2018 and 2017 was $6,724,584 or $0.342 per share and $4,440,449 or $0.342 per share, respectively. The total amount of dividends declared by the Company for the three month periods ended September 30, 2018 and 2017 was $2,634,981 or $0.114 per share and $1,748,892 or $0.114 per share, respectively. The monthly dividend was $0.038 per share in all periods.

19. SHARE CAPITAL

Authorized

Common shares

The Company is authorized to issue an unlimited number of common shares. All common shares issued are fully paid. The holders of common shares are entitled to share equally in dividends, returns of capital and to vote at shareholders' meetings.

Shares issued and outstanding

	Number of Common Shares	Amount
Balance December 31, 2016	11,095,770	$ 92,709,116
Shares issued pursuant to:		
Dividend Reinvestment Plan *(i)*	13,212	231,791
Prospectus financing, net of costs *(ii)*	4,237,750	76,976,730
Contingent equity consideration *(iii)*	-	9,858,326
Balance December 31, 2017	15,346,732	179,775,963
Shares issued pursuant to:		
Dividend Reinvestment Plan *(i)*	26,212	621,068
Prospectus financing, net of costs *(ii)*	7,745,250	183,225,612
Balance September 30, 2018	23,118,194	$ 363,622,643

19. SHARE CAPITAL - continued

(i) Dividend Reinvestment Plan

On October 13, 2015, the Company announced the implementation of a dividend reinvestment plan ("DRIP"). The DRIP allows eligible shareholders of PLC to reinvest their cash dividends into additional common shares of PLC, which will be issued from treasury or purchased on the open market on the applicable dividend payment date. If common shares are issued from treasury, the price at which such common shares are issued will be the volume weighted trading price of the Company's common shares over the five business days immediately preceding such dividend payment date less a discount, if any, of up to 5%, at the Company's election. The Company has determined to set the initial discount for purchases under the DRIP at 3%. The Company may, subject to the terms of the DRIP, alter or eliminate any discount at any time. For the nine month period ended September 30, 2018, 26,212 common shares were issued under the DRIP (for the year ended December 31, 2017 – 13,212).

(ii) Prospectus Financings

On June 27, 2017, the Company completed a bought deal short form prospectus offering of 4,237,750 common shares at a price of $19.00 per common share for a total of gross proceeds of $80,517,250, including the exercise in full of the over-allotment option. The net proceeds from the sale of common shares were used partially to fund the cash portion of the purchase price for the acquisition of Saber and for strategic growth initiatives including acquisitions and for general corporate purposes. The issuance included transaction costs of $3,540,520 inclusive of $183,750 after tax in management compensation.

On May 4, 2018, the Company completed a subscription receipts offering of 7,745,250 subscription receipts at a price of $24.50 per subscription receipt for a total of gross proceeds of $189,758,625, including the exercise in full of the over-allotment option. The net proceeds from the sale of common shares were used partially to fund the cash portion of the purchase price for the acquisition of Signature and for strategic growth initiatives including acquisitions and for general corporate purposes. The issuance included transaction costs of $6,533,013 inclusive of $338,100 after tax in management compensation.

(iii) Contingent Equity Consideration

In connection with the Saber acquisition the Company will be making additional contingent consideration of up to 660,000 PLC common shares. The contingent consideration has been classified as equity.

The 660,000 PLC common shares which are allotted but not issued at September 30, 2018 will be issued over a period of three years if certain financial hurdles are met. The contingent consideration has been valued at $9,858,326 (US$7,839,000).

20. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Fair value of financial instruments

Cash, accounts receivable, pre-need receivables, employee share loan, contingent payments, debenture receivable, receivable on sale of discontinued operations, trade payables and accrued liabilities, dividends payable, long-term debt and notes payable are financial instruments whose fair values approximate their carrying values due to their short-term maturity, variable interest rates or current market rates for instruments with fixed rates.

The fair value hierarchy under which the Company's financial instruments are valued is as follows:

- Level 1 includes unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 includes inputs other than quoted prices included in Level 1 that are observable for the assets or liability, either directly or indirectly; and
- Level 3 includes inputs for the assets or liability that are not based on observable market data.

As at September 30, 2018, the fair value of the care and maintenance and pre-need merchandise and service trust funds and related liabilities are valued under Level 1 and Level 3.

As at September 30, 2018, the fair value of the contingent payments is valued under Level 3 (see Note 17).

The fair value hierarchy under which trust assets are valued is as follows:

Care and maintenance trust fund investments at September 30, 2018

	Cost	Level 1 Quoted market price	Level 2 Valuation technique - observable market inputs	Level 3 Valuation technique - non-observable market inputs	Total fair value
Cash and cash equivalents	$ 6,816,202	$ 6,816,202	$ -	$ -	$ 6,816,202
Equities	85,006,347	90,466,387	-	-	90,466,387
Fixed income	72,034,751	51,466,153	-	19,772,871	71,239,024
Preferred stocks	11,145,791	11,431,745	-	-	11,431,745
	$ 175,003,091	$ 160,180,487	$ -	$ 19,772,871	$ 179,953,358

20. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT - continued

Fair value of financial instruments - continued

Care and maintenance trust fund investments at December 31, 2017

	Cost	Level 1 Quoted market price	Level 2 Valuation technique - observable market inputs	Level 3 Valuation technique - non-observable market inputs	Total fair value
Cash and cash equivalents	$ 4,175,229	$ 4,175,229	$ -	$ -	$ 4,175,229
Equities	65,341,806	72,135,402	-	-	72,135,402
Fixed income	26,709,048	13,798,026	-	13,632,210	27,430,236
Preferred stocks	5,742,057	6,266,771	-	-	6,266,771
	$ 101,968,140	$ 96,375,428	$ -	$ 13,632,210	$ 110,007,638

Pre-need merchandise and service trust fund investments at September 30, 2018

	Cost	Level 1 Quoted market price	Level 2 Valuation technique - observable market inputs	Level 3 Valuation technique - non-observable market inputs	Total fair value
Cash and cash equivalents	$ 14,041,107	$ 14,041,107	$ -	$ -	$ 14,041,107
GIC's	31,922,587	31,922,587	-	-	31,922,587
Equities	42,696,586	47,704,122	-	-	47,704,122
Fixed income	54,790,008	33,652,395	-	20,356,527	54,008,922
	$ 143,450,288	$ 127,320,211	$ -	$ 20,356,527	$ 147,676,738

Pre-need merchandise and service trust fund investments at December 31, 2017

	Cost	Level 1 Quoted market price	Level 2 Valuation technique - observable market inputs	Level 3 Valuation technique - non-observable market inputs	Total fair value
Cash and cash equivalents	$ 5,413,120	$ 5,413,120	$ -	$ -	$ 5,413,120
GIC's	30,720,956	30,720,956	-	-	30,720,956
Equities	20,133,526	20,935,148	-	-	20,935,148
Fixed income	38,942,122	19,065,828	-	19,883,120	38,948,948
	$ 95,209,724	$ 76,135,052	$ -	$ 19,883,120	$ 96,018,172

21. FOREIGN EXCHANGE GAIN AND LOSS

In connection with the acquisition of Saber, the Company entered into a foreign exchange agreement with National Bank on June 30, 2017 for the conversion of $32,447,500 to US$25,000,000 at the rate of $1.2979. The contract had been settled on August 4, 2017 at the rate of $1.2576 resulting in a loss of $1,007,500.

22. COMMITMENTS AND CONTINGENCIES

Office Lease

The Company has leased office space in Canada and USA. The terms of the leases range from 1 year to 10 years. Future remaining minimum lease payments as at September 30, 2018 are as follows:

2018	328,075
2019	976,200
2020	761,032
2021	640,891
2022	473,307
Total	$ 3,179,505

Litigation

From time to time the Company is subject to legal proceedings and claims arising in the ordinary course of business. Some of the more frequent ordinary routine litigations incidental to our business are based on burial practices claims and employment related matters. Management is of the opinion based upon information presently available, that it is unlikely that any such liability, to the extent not provided for by insurance or otherwise, would have a material adverse effect in relation to the Company's consolidated financial position, liquidity or results of operations.

23. SEGMENTED INFORMATION

IFRS 8 "Operating Segments" defines an operating segment as i) a component of an entity that engages in business activities from which it may earn revenues and incur expenses; ii) whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance; and iii) for which discrete financial information is available.

The Company has two operating segments, one which provides goods and services associated with the disposition and memorialization of remains in Canada and the other which provides the same goods and services in the United States. The Company's operating segments are consistent with its geographic segments, and therefore the required disclosures are made below.

Geographic information

For the Company's geographically segmented non-current assets the Company has allocated based on the location of assets, as follows:

23. SEGMENTED INFORMATION – continued

Geographic information - continued

	September 30, 2018	December 31, 2017
Canada	$ 185,917,218	$ 183,014,019
United States	641,276,473	238,951,583
Total	$ 827,193,691	$ 421,965,602

For the Company's geographically segmented revenue, the Company has allocated revenue based on the location of the customer, as follows:

	Three Months Ended September 30, 2018	Three Months Ended September 30, 2017	Nine Months Ended September 30, 2018	Nine Months Ended September 30, 2017
Revenue:				
Sales:				
Canada	$ 10,633,253	$ 8,384,383	$ 28,654,764	$ 25,052,864
United States	29,384,364	11,558,971	72,861,309	30,250,297
Total sales	40,017,617	19,943,354	101,516,073	55,303,161
Income from care and maintenance funds:				
Canada	850,562	1,122,658	3,015,460	3,077,658
United States	1,236,932	889,108	3,143,332	1,545,041
Total income from care and maintenance funds	2,087,494	2,011,766	6,158,792	4,622,699
Interest and other income:				
Canada	74,380	194,286	357,002	587,982
United States	1,060,472	269,319	2,763,776	846,160
Total interest and other income	1,134,852	463,605	3,120,778	1,434,142
Total revenue	$ 43,239,963	$ 22,418,725	$ 110,795,643	$ 61,360,002

24. SUBSEQUENT EVENTS

On November 12, 2018, the Company announced that it made an investment in Humphrey Funeral Home A.W. Miles-Newbigging Chapel Limited in Toronto, Ontario. The investment of $6.2 million was made by way of a convertible debenture with a term of 5 years and bears interest at 5%. The investment was funded from PLC's credit facility.

On November 1, 2018, the Company announced that it completed the acquisition of all of the outstanding membership interests of Citadel Management LLC ("**Citadel**"). The acquisition expands the Company's operations in North Carolina and marks its entry in to the South Carolina market. The acquisition fits well with the Company's existing portfolio and provides opportunity for growth in these markets. It adds 29 cemeteries and 8 funeral homes (including 1 on-site) in North and South Carolina to the Company's portfolio. The purchase price was approximately US$14.6 million including US$1.7 million for recently constructed mausoleum. The acquisition was funded from PLC's credit facility.

24. SUBSEQUENT EVENTS - continued

On October 3, 2018, the Company announced that it completed the acquisition of Wells Funeral Homes and Cremation Services for a purchase price of approximately US$5.5 million. The funeral businesses are located in Waynesville and Canton, North Carolina. The investment was funded from PLC's credit facility.

The initial accounting for the business acquisitions is not yet complete at the time these consolidated financial statements are approved by the Board of Directors. As such, certain disclosures required under IFRS 3 in respect of the above acquisitions cannot be made.

25. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the September 30, 2018 unaudited condensed interim consolidated financial statements presentation including:

i) Reclassification of certain inventory to non-current in the unaudited condensed interim consolidated financial statements to better reflect the long-term nature of the assets.

ii) Reclassifications of acquisition and integration costs relating to the acquisitions from operating to investing activities in the unaudited condensed interim consolidated statements of cash flows, to better reflect changes in cash.

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Quarter Ending September 30, 2018

The following Management's Discussion and Analysis provides a review of corporate and market developments, results of operations and financial position of Park Lawn Corporation ("**PLC**" or the "**Company**") for the quarter ended September 30, 2018. This discussion should be read in conjunction with the unaudited interim condensed consolidated financial statements for the quarter ended September 30, 2018 and the accompanying notes contained therein. Information contained in this Management's Discussion and Analysis is based on information available to management as of November 13, 2018.

Forward-Looking Information

All information other than statements of current and historical fact contained in this Management's Discussion and Analysis is forward-looking information. In certain cases, forward-looking information can be identified by the use of words such as "plans", "expects", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will", "occur" or "be achieved" and similar words or the negative thereof. The forward-looking information contained herein is expressly qualified in its entirety by this cautionary statement.

Forward-looking information in this Management's Discussion and Analysis includes, but is not limited to, statements regarding the deathcare sector's characteristics and the growth targets that PLC aspires to achieve by the end of 2022, as well as the Company's business, future development and construction, future financial position and business strategy, the deathcare industry, potential acquisitions, potential business partnering, litigation, the ability of the Company to procure additional sales from new and existing customers, and the Company's plans and objectives. By their nature, forward-looking information is inherently uncertain, is subject to risk and is based on numerous assumptions, including those set out below under "Outlook", as well as that acquisition multiples remain at or below levels paid by PLC for previously announced acquisitions, the CAD to USD exchange rate remains consistent, the acquisition and financing markets remain accessible, capital can be obtained at reasonable costs and PLC's current business lines operate and obtain synergies as expected, as well as those regarding present and future business strategies, the environment in which the Company will operate in the future, expected revenues, expansion plans and the Company's ability to achieve its goals. Although management of the Company believes that the expectations represented in such forward-looking information are reasonable, there can be no assurance that such expectations will prove to be correct.

The future outcomes that relate to forward-looking information may be influenced by many factors that could cause actual future results, conditions, actions or events to differ materially from the targets, expectations, estimates or intentions expressed in the forward-looking information, including, but not limited to, the risk factors described under the heading "Risk Factors" in the Company's most recent Annual Information Form. The Company cautions that such list of factors is not exhaustive, and that, when relying on forward-looking information to make decisions with respect to the Company, readers should carefully consider these factors, as well as other uncertainties and potential events, and the inherent uncertainty of forward-looking information.

There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information. Forward-looking information is provided as of the date of this Management's Discussion and Analysis or such other date specified herein, and the Company assumes no obligation to update or revise such forward-looking information to reflect new events or circumstances except as required under applicable securities laws.

Overview

PLC is an Ontario corporation listed on the Toronto Stock Exchange (the "**TSX**") under the stock symbol of "PLC". PLC is the only Canadian publicly listed cemetery, funeral and cremation business.

The Company operates in Canada and the USA. The Company and its subsidiaries own and operate 186 businesses including cemeteries, crematoria, funeral homes, chapels, planning offices and a transfer service. PLC's products and services, such as cemetery lots, crypts and funeral services, are sold to clients on a pre-planned basis (pre-need) or at the time of death (at-need).

The Company's growth strategy includes organic initiatives, such as build-out of inventory, and acquisitions in the highly-fragmented deathcare market.

Financial Statements and Accounting Policies

The Company prepares its financial statements in Canadian dollars in accordance with International Financial Reporting Standards ("**IFRS**") applicable to the preparation of consolidated financial statements. The Company's significant accounting policies are summarized in Note 2 to its consolidated annual financial statements for the year ended December 31, 2017. PLC's interim unaudited condensed consolidated financial statements for the period ended September 30, 2018, are based on the accounting policies consistent with those disclosed in Note 2 to its consolidated annual financial statements for the year ended December 31, 2017, except for the adoption of accounting standards IFRS 15 and IFRS 9. The Company adopted these accounting standards effective January 1, 2018, with no restatement of 2017 amounts. Please see the "New Accounting Policies Adopted in 2018", discussed later in this report. In addition, there have been no changes in the Company's financial instrument risks.

Description of Non-IFRS Measures

Management uses both IFRS and Non-IFRS Measures to monitor and assess the Company's operating performance. Non-IFRS Measures exclude the impact of certain expenses and income that have been recognized under IFRS when analyzing operating performance. Management believes that the excluded items are not reflective of the Company's underlying operating performance and make comparisons of underlying financial performance between periods difficult. As such, management believes that Non-IFRS measures may be useful to investors and other third parties because they allow for greater transparency with respect to key metrics used by the Company in its financial and operational decision making. From time to time, the Company may exclude additional items if it believes doing so would result in a more effective analysis of underlying operating performance. The exclusion of certain items does not imply that they are non-recurring.

These Non-IFRS measures are intended to provide additional information and should not be considered in isolation nor as a substitute for measures of performance prepared in accordance with IFRS. In this MD&A, management uses the following measures, which are not recognized measures under IFRS, do not have a standardized meaning prescribed by IFRS and are unlikely to be comparable to similar measures presented by other organizations:

Adjusted Net Earnings

The Company uses Adjusted Net Earnings to assist in evaluating its operating performance. The Company believes that this Non-IFRS measure provides meaningful supplemental information to investors and other third parties regarding operating results because it excludes certain income or expense items which do not relate to operating activities of the Company's underlying business and which may not be indicative of the Company's future financial results.

The adjustments may include, but are not limited to, the after-tax impact of acquisition and integration costs, share based compensation, or gains or losses from sale of non-performing assets.

Please see the "Overall Performance, Nine and Three Months Ended September 30, 2018 - Adjusted Net Earnings" below for a reconciliation of the Company's Net Earnings to Adjusted Net Earnings.

EBITDA

The Company defines EBITDA as earnings from operations before interest expense, taxes, depreciation and amortization (including amortization of tangibles and intangibles, and amortization of cemetery property). The Company believes EBITDA to be an important measure that allows investors and other third parties to assess the operating performance of its ongoing business and to compare its results to the results of its competitors.

The Company's cemetery property inventory is acquired or constructed over many years, if not decades, in advance of its sale. The cash associated with this investing activity is a cash outflow in the period in which the inventory is acquired or constructed. As sales occur, the Company draws down its inventory by making a non-cash charge to cost of goods sold.

Commencing in the third quarter of 2017, the Company modified the calculation of EBITDA to include an add back of the cost of cemetery property sold during each period. The cost of cemetery property is reported as "Amortization of cemetery property" in the adjustments to reconcile Net Earnings to EBITDA. EBITDA for prior periods presented in this MD&A has been restated to reflect this change in its composition. This change is intended to conform the Company's presentation of EBITDA to the presentation used by most of the Company's publicly traded competitor peer group. The Company also believes that this change results in EBITDA presenting a more accurate view of the Company's operations and performance.

Adjusted EBITDA

Adjusted EBITDA adjusts EBITDA for the non-recurring, one-time or non-cash income or expense items identified in the Adjusted Net Earnings defined above. The Company believes that the inclusion of Adjusted EBITDA also provides useful supplementary information to investors and other third parties and assists in evaluating the Company's performance and trends. Commencing in the third quarter of 2017, Adjusted EBITDA reflects the change noted above under the heading – "EBITDA", and Adjusted EBITDA for prior periods presented in this MD&A has been restated to reflect this change in its composition.

Please see the "Unaudited Quarterly Information" below for a reconciliation of the Company's earnings from operations to Adjusted EBITDA.

Adjusted Cash Flow

The Company evaluates, among other things, the sustainability of its dividend on a regular basis using an Adjusted Cash Flow metric. Adjusted cash flow is defined as the Company's controlling interest in the following: earnings before income taxes, depreciation and amortization (including amortization of tangibles and intangibles and amortization of cemetery property), less cash income taxes payable, and adjusted for other non-cash income or expense items.

Please see the "Discussion of Operating Results, Nine and Three Months Ended September 30, 2018 - Adjusted Cash Flow" below for a reconciliation of the Company's earnings from operations to Adjusted Cash Flow.

Overall Performance

During 2017 and 2018 the Company announced several important business acquisitions. These included the acquisition of Reynolds Funeral Home ("**Reynolds**"), Turner Family Funeral Home Inc. ("**TFFH**"), Jennett Funeral and Cremation Centre Ltd. ("**Jennett**"), Innisfil Funeral Home Limited ("**Innisfil**"), Providence Funeral Homes & Crematorium ("**PFHC**"), and Credible Cremation Services Limited ("**CCSL**") in the first quarter of 2017, the acquisition of TCS Funeral Services ("**TCS**") in the second quarter of 2017, the acquisition of Saber Management, LLC ("**Saber**") in the third quarter of 2017, the acquisition of CMS Mid-Atlantic, Inc. ("**CMS**") and Billingsley Funeral Home ("**Billingsley**") in the first quarter of 2018, the acquisition of Opatovsky Funeral Home ("**Opatovsky**") and Signature Funeral and Cemetery Investments, LLC ("**Signature**") in the second quarter of 2018, the acquisition of Hansons Arbor Funeral Chapels and Crematorium ("**Hansons**") and Wayne Boze Funeral Home and Gateway Memorial Park ("**Wayne Boze**") in the third quarter of 2018.

The acquisition of the funeral homes and transfer service business in 2017 expanded the Company's operations in Ontario and the acquisition of PFHC and CCSL marked the first acquisition in British Columbia. A further investment has been made in the British Columbia market with the purchase of Hansons during the third quarter of 2018. The acquisition of Saber, which owns 19 cemetery properties and four funeral homes, located in Kentucky, Texas, and Illinois, further increased the number of cemeteries in the Company's portfolio, added funeral home assets into its U.S. operations and further diversified geographically the Company's U.S. operations. CMS currently operates, manages and provides financial services for 6 cemeteries in New Jersey and one in New York State. The acquisition of CMS increases the scale and expanded the geographic diversification in the U.S. market. The acquisition of Billingsley and Opatovsky further expands the company's presence in the Ontario market and its proximity to the existing operations in the GTA makes these businesses a strategic fit to the existing portfolio of assets in Ontario. The acquisition of Signature adds four new states, Kansas, Missouri, New Mexico and Mississippi into PLC's portfolio, while expanding its footprint in the Texas market. The acquisition adds 9 cemeteries, 21 funeral homes (including 7 located on cemetery sites) and 5 crematoria to PLC's portfolio. Signature's experienced management joined the Company's existing U.S. management team to help the Company further execute its growth strategy. Since acquisition, Signature has purchased Wayne Boze funeral homes located in Texas. These locations fit well with PLC's portfolio of properties in the Dallas area.

As a result of these acquisitions, the Company achieved improvement in its operating results for the nine and three month periods ended September 30, 2018 compared to 2017. Revenue increased year over year by 80.6% to $110,795,643 from $61,360,002 in 2017 and revenue for the quarter ended September 30, 2018 increased by 92.9% to $43,239,963 compared to $22,418,725. After adjusting for the impact of foreign exchange, revenue growth from comparable business units year over year was 4.5% and revenue growth for the current quarter was 5.0% over 2017.

Net earnings attributable to PLC shareholders for the nine month period ended September 30, 2018 were $4,509,899 compared to $1,938,857 for the same period in 2017 and for the three month period ended September 30, 2018 net earnings attributable to PLC shareholders was $3,272,770 compared to a loss of $(171,116) for the same period in 2017. On a fully diluted per share basis, the net earnings attributable to PLC shareholders was $0.229 and $0.141 for the nine and three month periods ended September 30, 2018, respectively, compared with $0.153 and a loss of $(0.011) for the same periods in 2017.

The 2018 and the 2017 net earnings as stated have been significantly impacted by certain one-time, non-recurring or non-cash revenue and expense items that management believes should be highlighted to better explain the Company's operating performance for the periods under review on an adjusted basis. The table below summarizes the calculation of Adjusted Net Earnings and Adjusted EBITDA for the three and nine month reporting periods ended September 30, 2018 and 2017:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	**2017**	**2018**	**2017**
Net earnings (loss), PLC shareholders	$ 3,272,770	$ (171,116)	$ 4,509,899	$ 1,938,857
Adjusted for the impact of:				
Acquisition and integration costs	1,430,744	2,181,266	7,795,981	3,301,341
Foreign exchange (gain) loss	-	1,007,500	-	1,007,500
Share based compensation	99,631	179,681	595,982	555,876
Change in fair value of contingent earn-out payments	39,075	(398,927)	110,710	(305,898)
Other (income) expenses	65,881	-	65,881	151,082
Tax effect on the above items	(396,606)	(578,035)	(2,083,393)	(914,892)
Adjusted Net Earnings, PLC shareholders	$ 4,511,495	$ 2,220,369	$ 10,995,060	$ 5,733,866
Adjusted EBITDA, PLC shareholders (see Quarterly Information)	$ 9,297,070	$ 4,031,528	$ 23,421,627	$ 11,042,647
Per share amounts attributable to PLC shareholders				
Adjusted Net Earnings - diluted	$ 0.194	$ 0.144	$ 0.557	$ 0.453
Adjusted EBITDA - diluted (see Quarterly Information)	$ 0.400	$ 0.261	$ 1.188	$ 0.873
Weighted average shares outstanding - diluted	23,253,603	15,424,087	19,723,473	12,652,721

Adjusted Net Earnings and Adjusted EBITDA are non-IFRS measures. See "Description of Non-IFRS Measures"

A description of the items included in the above table follows:

- Acquisition and integration costs - the Company has stated that part of its growth plan includes growth through acquisitions. In order to implement this growth initiative, the Company will incur ongoing expenses for acquisition and integration costs. IFRS requires that such costs be expensed in the period incurred rather than capitalized to the cost of the acquisition. Accordingly, net earnings will be negatively impacted for expenses incurred in connection with these growth initiatives as management executes on its growth strategy. Commensurate with the size and number of transactions in recent months, the acquisition and integration expenses incurred by the Company have increased in the current periods.

  During the nine month periods ended September 30, 2018 and 2017, the Company incurred expenses of $7,795,981 and $3,301,341, respectively. During the three month periods ended September 30, 2018 and 2017, the Company incurred expenses of $1,430,744 and $2,181,266, respectively. Most of the acquisition and integration costs in 2018 relate to the acquisition of CMS, Signature and Citadel, and the balance relates to other acquisition activity. As the Company continues to expand in the U.S. market, management believes there will be opportunities for further rationalization of its operations.

- Foreign exchange gain/loss– during the period from announcement of the Saber transaction on June 7, 2017 to the closing date of August 4, 2017 the US dollar spot rate moved from 1.3333 versus the Canadian dollar spot rate to 1.2576. In order to reduce the Company's exposure to the fluctuating exchange rates, management entered into a foreign exchange agreement on June 30, 2017 for the conversion of CDN$32,447,500 to US$25,000,000 (representing a hedge of half of the cash payment required at closing) at the rate of $1.2979. The contract was settled on August 4, 2017 at the rate of $1.2576 resulting in a loss of $1,007,500.

- Share based payments - the Company implemented an Equity Incentive Plan ("**EIP**") consisting of Deferred Share Units ("**DSUs**") and Restricted Share Units ("**RSUs**") which was approved by the Company's shareholders at the annual and special meeting of shareholders on May 31, 2016. The Company recognized $595,982 in non-cash share based incentive compensation expense during the nine month period ended September 30, 2018 compared with $555,876 for the same period in 2017 and $99,631 during the three month period ended September 30, 2018 compared with $179,681 for the same period in 2017. Share based incentive compensation expense can vary based on the timing of when awards are issued and forfeitures. Since the unit obligations are expected to be settled in common shares at some date in the future, the expenses are not deductible for tax purposes.

- Change in fair value of contingent earn-out payments - IFRS requires that a contingent earn-out payment is to be revalued at each reporting period based on the current information. At September 30, 2018, management estimated the fair value of the contingent earn-out payment relating to the MMG acquisition to be $1,197,944. The $110,710 and $39,075 loss for the nine and three month periods in 2018, relates to the re-valuation of the contingent earn-out payment compared with a gain of $305,898 and $398,927 for the same periods in 2017. In compliance with IFRS, all future accretion amounts to the contingent payment, as well as any changes resulting from new information, will be recorded through the consolidated statement of earnings as either income or loss.

- Income tax – represents an adjustment for the tax impact of the above noted adjustments.

After reflecting the impact of the above items, Adjusted Net Earnings attributable to PLC shareholders for the three month period ended September 30, 2018 was $4,511,495 or $0.194 per share compared to $2,220,369 or $0.144 per share for the same period in 2017. This represents an increase of 103.2% in the Adjusted Net Earnings and an increase of 34.7% in the Adjusted Net Earnings per share over the same three month period in 2017.

Adjusted Net Earnings attributable to PLC shareholders for the nine month period ended September 30, 2018 was $10,995,060 or $0.557 per share compared to $5,733,866 or $0.453 per share for the same period in 2017. This represents an increase of 91.8% in the Adjusted Net Earnings and an increase of 23.0% to the Adjusted Net Earnings per share over the same nine month period in 2017.

Adjusted EBITDA attributable to PLC shareholders for the three month period ended September 30, 2018 was $9,297,070 or $0.400 per share compared to $4,031,528 or $0.261 per share for the same period in 2017. This represents an increase of 130.6% increase to Adjusted EBITDA and a 53.3% increase in Adjusted EBITDA per share over the same three month period in 2017.

Adjusted EBITDA attributable to PLC shareholders for the nine month period ended September 30, 2018 was $23,421,627 or $1.188 per share compared to $11,042,647 or $0.873 per share for the same nine month period in 2017. This represents a 112.1% increase to Adjusted EBITDA and a 36.1% increase in Adjusted EBITDA per share for the same nine month period in 2017.

The significant double digit growth in Adjusted Net Earnings per share and Adjusted EBITDA per share in this reporting period, particularly the three month per share earnings, reflects the positive impact of utilizing the capital raised by the Company in recent prospectus financings. Management continues to deploy this capital, as well as capital available under the revolving credit facility, on important organic growth initiatives and accretive acquisitions, and it continues efforts to integrate our operating businesses in order to achieve operating efficiencies and synergies that it believes will contribute to further growth in the Company's per share earnings.

Other events during the recent quarter include the following:

- The Company amended its syndicated bank facility to increase its borrowing capacity to $150 million ($100 million committed credit facility and an additional $50 million accordion facility). As at September 30, 2018, the Company had borrowed $57.5 million on the credit facility.

- The Company completed the acquisition of a 100% ownership interest in common shares of Hansons for a purchase price of approximately $2.5 million, subject to customary working capital adjustments. Hansons consists of four funeral homes in West Kelowna, Penticton, Princeton and Keremeos, British Columbia, and one crematorium in Penticton, British Columbia. The acquisition of Hansons was funded from PLC's credit facility.

- The Company's New Jersey affiliated cemetery, Restland Memorial Park Association, completed the purchase of 78 acres of land in the Township of Lafayette, New Jersey. The US$3.0 million purchase was funded from PLC's credit facility. The new property has been named Eternal Sunset Memorial Park and Cemetery and is open for business.

- The Company completed the purchase of Wayne Boze and Gateway Memorial Park, both located just outside Dallas in Waxahachie, Texas. The purchase price of US$3.4 million was funded from PLC's credit facility.

Subsequent to September 30, 2018 the Company also announced the following events:

- The Company announced the purchase of Wells Funeral Homes and Cremation Services, a two-location funeral business in Waynesville and Canton, North Carolina. The purchase price of US$5.5 million was funded from PLC's credit facility.

- The Company announced that it has completed the previously announced acquisition of all outstanding membership interests of Citadel Management LLC ("**Citadel**"). The acquisition expands the Company's operations in North Carolina and marks its entry in the South Carolina market. This acquisition adds 29 cemeteries and 8 funeral homes (including 1 on-site). The purchase price was approximately US$14.6 million including US$1.7 million for two recently constructed mausoleums.

- The Company announced that it made an investment in Humphrey Funeral Home A.W. Miles-Newbigging Chapel Limited in Toronto, Ontario. The investment of $6.2 million was made by way of a convertible debenture with a term of 5 years and bears interest at 5%. The investment was funded from PLC's credit facility.

Consolidated Statement of Financial Position

Current Assets & Liabilities

Current assets were $55,502,586 at September 30, 2018 compared to $37,115,650 at December 31, 2017. The increase was primarily due to the acquisition of CMS during the first quarter of 2018 and acquisition of Signature during the second quarter of 2018, offset by deployment of cash on new strategic acquisitions.

Current liabilities were $19,685,153 at September 30, 2018 compared to $12,146,788 at December 31, 2017. The increase was primarily due to the acquisition of CMS during the first quarter of 2018 and acquisition of Signature during the second quarter of 2018.

Net working capital at September 30, 2018 was $35,817,433 compared to $24,968,862 at December 31, 2017. The increase was primarily due to the acquisition of CMS during the first quarter of 2018 and acquisition of Signature during the second quarter of 2018.

Care and Maintenance Trust Fund

The Company contributes a portion of all lot, crypt and niche sales to the Care and Maintenance Trust Funds in accordance with the regulatory requirements. During the nine month period ended September 30, 2018, the Company contributed $4,863,104 to the trust funds compared to $2,713,592 during the same period in 2017. The Care and Maintenance Trust Fund assets are included in the Consolidated Statement of Financial Position at market value. As of September 30, 2018, the balance of the trust funds was $179,953,358 compared to $110,007,638 as at December 31, 2017. The Care and Maintenance Trust Fund assets are offset by a corresponding liability for Care and Maintenance Trusts' Corpus. The increase in the Care and Maintenance Trust Funds is primarily due to the recent acquisitions of CMS and Signature.

Pre-Need Merchandise and Service Trust Funds

The Company maintains Pre-Need Merchandise and Service Trust Funds for the deposit of cash received for the purchase of pre-need merchandise and services to be delivered at some future date. When the merchandise is delivered and the services are performed, the Company receives the current market value for the service from the Pre-Need Merchandise and Service Trust Funds. The Pre-Need Merchandise and Service Trust Fund assets are included in the Consolidated Statement of Financial Position at market value. The assets within the trust funds had a market value at September 30, 2018 of $147,676,738 compared to $96,018,172 as at December 31, 2017. The Pre-Need Merchandise and Service Trust Funds are offset by a corresponding liability for Deferred Pre-Need Receipts held in trust. The increase in the Pre-Need Merchandise and Service Trust Funds is primarily due to the recent acquisitions of CMS and Signature.

Prearranged Funeral Insurance Contracts

In addition to Trust funded prearranged funeral services contracts, the Company also has prearranged funeral services contracts which are funded by insurance. As of September 30, 2018, and December 31, 2017, the current face amounts of pre-funded policies was approximately $146 million and $53 million, respectively. The increase in prearranged funeral insurance contracts is primarily a result of the acquisition of Signature during the second quarter of 2018. Families who have prearranged with the Company will receive a refund to the extent that the face amount of the policy exceeds the current retail value of the merchandise and services to be provided. The insurance funded contracts are not included in the consolidated financial statements as the Company is not the beneficiary of the policy. Amounts funded through insurance are available to the Company when the funeral services are performed.

Finance Assurances

The Company has entered into arrangements with certain surety companies whereby such companies agree to issue surety bonds on the Company's behalf as financial assurance. When selling pre-need contracts, the Company may purchase surety bonds where allowed by state law. The surety bonds are used to support the Company's pre-need cemetery merchandise sales activities, in lieu of trusting certain amounts of funds received from the customer. The amount of the bond posted is generally determined by the total amount of pre-need contract that would otherwise be required to be trusted, in accordance with state law. The obligations underlying these surety bonds are recorded as deferred revenue. At September 30, 2018 the Company had approximately $4.1 million (US$3.2 million) of surety bonds in place.

Liquidity and Capital Resources

The Company's principal sources of liquidity are cash provided from operations and from the issuance of debt and equity instruments. As previously mentioned, the Company had net working capital of $35,817,433 as at September 30, 2018.

As at June 30, 2018, the Company had a $75 million revolving loan facility as well as an approved $50 million accordion facility. On July 5, 2018, the Company amended its existing syndicated bank financing arrangement to increase its borrowing capacity to $150 million ($100 million committed credit facility and an additional $50 million accordion facility). The financing arrangement has a term of five years. The additional credit will provide the Company with further flexibility as it continues to pursue its growth strategy. In particular, the revolving credit facility is expected to support the Company's ability to capitalize on organic projects and acquisition opportunities as they arise while maintaining a prudent approach to leverage. As at September 30, 2018, the Company had $57.5 million outstanding on the credit facility, which was utilized to fund the purchase of CMS, the recent funeral home acquisitions in the third quarter of 2018 and other acquisition activity.

From December 2013 to September 2018, the Company has raised approximately $361 million from the issuance of common shares to fund various growth initiatives. The Company may use additional share offerings as a way to fund future growth initiatives if and when such opportunities arise.

Discussion of Operating Results, Three Months Ended September 30, 2018

Total revenue for the three month period ended September 30, 2018 was $43,239,963 compared with $22,418,725 in the same three month period in 2017. This represents an increase of $20,821,238 or 92.9%, over the same period in 2017.

Revenue was derived from the following sources:

	September 30, 2018	September 30, 2017
Sales	$ 40,017,617	$ 19,943,354
Income from care and maintenance funds	2,087,494	2,011,766
Interest and other income	1,134,852	463,605
	$43,239,963	$ 22,418,725

After adjusting for the impact of foreign exchange, revenue growth from comparable business units quarter over quarter was 5.0%. For acquired companies, comparable growth is calculated as the difference between actual revenue achieved by each company in the financial period following acquisition compared to the revenue achieved in the corresponding financial period preceding the date of acquisition by PLC.

The revenue increase from comparable business operations was primarily related to cemetery operations. The increase in comparable revenue from cemetery operations compared to 2017 is primarily due to increase in pre-need sales, completion of cemetery construction projects on previously sold property and higher revenue from trust funds. Comparable revenue from the Michigan cemetery operations was lower and management continues to implement new programs to improve results in that market. Overall, revenue from comparable funeral properties was higher year over year, particularly in the U.S. market.

Gross profit margin was 79.5% for the three month period ended September 30, 2018 compared to 77.7% for the same period in 2017. Most of the increase in gross profit margin is due to the acquisition of Saber, CMS, Signature and various funeral home acquisitions during the year. Gross margins on the traditional funeral business are higher because there is a higher proportion of service revenue than merchandise revenue on this business. Gross margins on acquired cemetery business are higher because the required contribution to care and maintenance trust funds for the states in which these companies operate is lower than other jurisdictions. The combination of these factors resulted in higher margins in the current period.

Operating expenses for the three month period ended September 30, 2018 totaled $28,650,984, an increase of $13,510,328 over the same period in 2017 ($15,140,656) as indicated below:

	September 30, 2018	September 30, 2017
General and administrative	$15,325,897	$6,571,872
Maintenance	6,854,958	4,775,867
Advertising and selling	5,746,001	3,520,760
Interest	624,497	92,476
Share based compensation expense	99,631	179,681
	$28,650,984	$15,140,656

The increase in operating expenses year over year was due primarily to the inclusion acquired businesses. In aggregate, after adjusting for the impact of foreign exchange, the Company's general and administrative, advertising and selling, and maintenance expenses for the comparable business units for the quarter ended September 30, 2018 increased by approximately $210,000 compared with the same period in 2017.

General and administrative expenses from comparable operations accounted for half of this increase as additional expenses were incurred to support the Company's growth initiatives such as increased listing fees and regulatory expenses, investor relations activities, legal and audit fees, etc. Advertising and selling expenses relating to revenue growth from comparable business accounted for the remaining increase in expenses. Maintenance expenses from comparable operations were largely in line with management expectations, although certain of these expenses can be seasonal in nature and may be different in future periods.

Interest expense was higher in the third quarter of 2018 by $532,021 as the Company is now utilizing the credit facility to fund its recent acquisitions. In addition, amortization of deferred finance costs and standby fees are higher as a result of the increase in the Company's credit facility.

The Company's EIP was established in the second quarter of 2016, as a means of compensating directors and designated employees of the Company and subsidiaries, and of promoting share ownership and alignment with shareholders' interests. The EIP provides for the grant of both DSUs and RSUs. Compensation expense associated with these units for the three month period ended September 30, 2018 was $99,631 compared to $179,681 for the same period in 2017. The decrease in period is due to forfeitures of certain RSU's.

As a result of the above, earnings from operations for the three month period ended September 30, 2018 totaled $5,708,435 compared to $2,288,011 in 2017. This represents an increase of $3,420,424 or 149.5% year over year.

Other income and expense items which are non-operating in nature for the year, and previously discussed, include the following:

- Acquisition and integration costs - during the three month periods ended September 30, 2018 and 2017, the Company incurred expenses of $1,430,744 and $2,181,266, respectively. Most of the acquisition and integration costs in 2018 relate to the acquisition of CMS, Signature and Citadel, and the balance relates to other acquisition activity. As the Company continues to expand in the U.S. market, management believes there will be opportunities for further rationalization of its operations. Acquisition expenses will vary from period to period depending on the size and level of acquisition activity.

- Foreign exchange loss– during the period from announcement of the Saber transaction on June 7, 2017 to the closing date of August 4, 2017 the US dollar spot rate moved from 1.3333 versus the Canadian dollar spot rate to 1.2576. In order to reduce the Company's exposure to the fluctuating exchange rates, management entered into a foreign exchange agreement on June 30, 2017 for the conversion of CDN$32,447,500 to US$25,000,000 (representing a hedge of half of the cash payment required at closing) at the rate of $1.2979. The contract was settled on August 4, 2017 at the rate of $1.2576 resulting in a loss of $1,007,500.

- Change in fair value of contingent payments - the Company recorded a loss of $39,075 in change of fair value of contingent payments compared to a gain of $398,927 for the same period in 2017.

Income tax expense for the three month period ended September 30, 2018 was $800,189 compared to a recovery of $(334,581) for the same period in 2017.

As a result of the above, the Company's after tax earnings from operations for the three month period ended September 30, 2018 totaled $3,372,546 compared to a loss of $(167,247) for the same period in 2017.

Earnings per Share

The weighted average diluted number of common shares outstanding for the three month period ended September 30, 2018 increased to 23,253,603 compared to 15,424,087 for the same period in 2017, an increase of 7,829,516 or 50.8%. The increase in outstanding shares relates to the issuance of shares pursuant to the Company's DRIP and EIP, and May 2018 prospectus offering.

Fully diluted earnings per common share attributable to PLC shareholders for the three month period ended September 30, 2018 was $0.141 compared to a loss of $(0.011) for the same period in 2017. The improvement in earnings per share for the three month period ended September 30, 2018 relates largely to the earnings from businesses acquired in 2018 as well as from other items noted below.

Adjusted Net Earnings per Share

The 2018 and 2017 net earnings, as stated, have been significantly impacted by certain one-time, non-recurring or non-cash revenue and expense items that management believes should be highlighted to better reflect the

Company's operating performance for the period under review. The table below summarizes the impact of these items for the three month period ended September 30, 2018 compared to 2017:

	Three Months Ended September 30,	
	2018	**2017**
Net earnings (loss), PLC shareholders	$ 3,272,770	$ (171,116)
Adjusted for the impact of:		
Acquisition and integration costs	1,430,744	2,181,266
Foreign exchange loss	-	1,007,500
Share based compensation	99,631	179,681
Change in fair value of contingent earn-out payments	39,075	(398,927)
Other expenses	65,881	
Tax effect on the above items	(396,606)	(578,035)
Adjusted Net Earnings, PLC shareholders	$ 4,511,495	$ 2,220,369
Adjusted EBITDA, PLC shareholders (see Quarterly Information)	$ 9,297,070	$ 4,031,528
Per share amounts attributable to PLC shareholders		
Adjusted Net Earnings - diluted	$ 0.194	$ 0.144
Adjusted EBITDA - diluted (see Quarterly Information)	$ 0.400	$ 0.261
Weighted average shares outstanding - diluted	23,253,603	15,424,087

Adjusted Net Earnings and Adjusted EBITDA are non-IFRS measures. See "Description of Non-IFRS Measures".

As indicated in the chart above, Adjusted Net Earnings to PLC shareholders increased from $2,220,369 in 2017 to $4,511,495 in 2018. This represents an increase of 103.2% year over year. The fully diluted Adjusted Net Earnings per share for the three month period ended September 30, 2018 was $0.194 compared to $0.144 for the same period in 2017, a year over year increase of $0.050 or 34.7%.

This double digit growth in Adjusted Net Earnings per share in this reporting period reflects the positive impact of utilizing the capital raised by the Company from recent prospectus offerings. Management continues to deploy this capital, as well as capital available under the revolving credit facility, on important organic growth initiatives and accretive acquisitions, and it continues efforts to integrate the Company's operating businesses in order to achieve operating efficiencies and synergies that it believes will contribute to further growth in the Company's Adjusted Earnings per share.

Adjusted EBITDA per Share

Adjusted EBITDA attributable to PLC shareholders for the three month period ended September 30, 2018 was $9,297,070 compared to $4,031,528, an increase of $5,265,542 or 130.6% over 2017. The fully diluted Adjusted EBITDA per share for the three month period ended September 30, 2018 was $0.400 compared to $0.261 for the same period in 2017, a year over year increase of $0.139 or 53.3%.

Once again, the Adjusted EBITDA per share shows significant double digit improvement this year compared to the same period in 2017 and reflects the positive impact of utilizing the capital raised by the Company from recent prospectus offerings.

Adjusted Cash Flow

The Company uses Adjusted Cash Flow as measure of, among other things, the sustainability of its dividend. The table below summarizes the calculation of Adjusted Cash Flow from its operations for the three month period ended September 30, 2018 and 2017 compared to its dividend payout:

	Three Months Ended September 30,	
	2018	**2017**
Earnings (loss) before income taxes	$ 4,172,735	$ (501,828)
Adjusted for:		
Amortization of cemetery property	1,416,176	802,968
Depreciation and amortization	1,625,566	755,788
Cash income taxes payable	(305,000)	(85,000)
Foreign exchange loss	-	1,007,500
Share based compensation	94,530	179,194
Change in fair value of contingent earn-out payments	39,075	(398,927)
Adjusted cash flow from operations	7,043,082	1,759,695
Less non controlling interest amounts:		
Net earnings	99,776	3,869
Depreciation and amortization	31,951	55,311
Adjusted cash flow, equity holders of PLC	$6,911,356	$1,700,516
Adjusted cash flow per common share-diluted	$0.297	$0.110
Dividends per common share	$0.114	$0.114
Payout ratio	38%	103%

Adjusted Cash Flow is a non-IFRS measure. See "Description of Non-IFRS Measures".

As previously mentioned, the Company's cemetery property inventory is acquired or constructed over many years, if not decades, in advance of its sale. The cash associated with this investing activity is a cash outflow in the period in which the inventory is acquired or constructed. As sales occur, the Company draws down its inventory by making a non-cash charge to cost of goods sold (referred to as amortization of cemetery property). Also, included in earnings before income taxes are a certain non-recurring, non-cash items that require adjusting to arrive at adjusted cash flow.

As calculated above, the Company's Adjusted Cash Flow from operations was $6,911,356 for the three month period ended September 30, 2018 compared to $1,700,516 for the same period in 2017. This represents Adjusted Cash Flow per fully diluted common share of $0.297 and $0.110 for the three month period ended September 30, 2018 and 2017, respectively.

The Company paid dividends of $0.114 per common share for the periods ended September 30, 2018 and 2017. The dividends paid represent 38% and 103% of the Adjusted Cash Flow per common share for the periods ended September 30, 2018 and 2017, respectively.

Discussion of Operating Results, Nine Months Ended September, 2018

Total revenue for the nine month period ended September 30, 2018 was $110,795,643 compared with $61,360,002 in the same nine month period in 2017. This represents an increase of $49,435,641 or 80.6%, over the same period in 2017.

Revenue was derived from the following sources:

	September 30, 2018	September 30, 2017
Sales	$ 101,516,073	$ 55,303,161
Income from care and maintenance funds	6,158,792	4,622,699
Interest and other income	3,120,778	1,434,142
	$ 110,795,643	$ 61,360,002

After adjusting for the impact of foreign exchange, revenue growth from comparable business units year over year was 4.5%. For acquired companies, comparable growth is calculated as the difference between revenue achieved by each company in the financial period following acquisition compared to the revenue achieved in the corresponding financial period preceding the date of acquisition by PLC.

The gross profit margin was 78.9% for the nine month period ended September 30, 2018 compared to 77.2% for the same period in 2017. Most of the increase in gross profit margin in 2018 is due to the inclusion of CMS and other acquired cemetery and funeral home businesses during the year. Gross margins on the traditional funeral business are higher because there is a higher proportion of service revenue than merchandise revenue on this business. Gross margins on acquired cemetery business are higher because the required contribution to care and maintenance trust funds for the states in which these companies operate is lower than other jurisdictions. Investment income and interest and other, was also higher in 2018 resulting in improved overall gross margin.

Operating expenses for the nine month period ended September 30, 2018 totaled $74,060,277 an increase of $33,011,609 over the same period in 2017 ($41,048,668) as indicated below:

	September 30, 2018	September 30, 2017
General and administrative	$36,899,454	$17,529,445
Maintenance	18,663,825	13,034,096
Advertising and selling	16,473,525	9,645,996
Interest	1,427,491	283,255
Share based compensation expense	595,982	555,876
	$74,060,277	$41,048,668

The increase in operating expenses year over year was primarily due to the inclusion of Saber, CMS, Signature and recent funeral home acquisitions. In aggregate, after adjusting for the impact of foreign exchange, the Company's general and administrative, advertising and selling, and maintenance expenses for the comparable business units for the nine month period ended September 30, 2018 increased by approximately $1,190,000 compared with the same period in 2017.

General and administrative expenses for comparable operations increased by approximately $700,000 year over year. Half of this increase relates to expenses incurred to support the Company's growth initiatives over the past year, including increased listing fees and regulatory expenses, investor relations activities, legal and audit fees, etc. The remainder of the general and administrative expense increase was incurred to support field operations of comparable business units. Selling and advertising expenses at comparable business units increased by approximately $300,000 to support the revenue growth. Maintenance expenses were fairly consistent year over year although certain of these expenses can be seasonal in nature and may be different in future periods.

Interest expense in 2018 was higher for the nine month period by $1,144,236 as the Company is now utilizing the credit facility to fund its recent acquisitions. In addition, amortization of deferred finance costs and standby fees are higher as a result of the increase in the Company's credit facility.

The Company's EIP was established in the second quarter of 2016, as a means of compensating directors and designated employees of the Company and subsidiaries, and of promoting share ownership and alignment with shareholders' interests. The EIP provides for the grant of both DSUs and RSUs. Compensation expense associated with these units for the nine month period ended September 30, 2018 was $595,982 compared to $555,876 for the same period in 2017.

As a result of the above, earnings from operations for the nine month period ended September 30, 2018 totaled $13,383,231, an increase of $7,056,520 or 111.5% over the $6,326,711 earned during the same period in 2017.

Other income and expense items which are non-operating in nature for the year, and previously discussed, include the following:

- Acquisition and integration costs - during the nine month periods ended September 30, 2018 and 2017, the Company incurred expenses of $7,795,981 and $3,301,341, respectively. Most of the acquisition and integration costs in 2018 relate to the acquisition of CMS, Signature and Citadel, and the balance relates to other acquisition activity. As the Company continues to expand in the U.S. market, management believes there will be opportunities for further rationalization of its operations. As previously mentioned, acquisition expenses will vary from period to period depending on the size and level of acquisition activity. Commensurate with the size and number of transactions in recent months, the acquisition and integration expenses incurred by the Company have increased in the current periods.

- Foreign exchange gain/loss– during the period from announcement of the Saber transaction on June 7, 2017 to the closing date of August 4, 2017 the US dollar spot rate moved from 1.3333 versus the Canadian dollar spot rate to 1.2576. In order to reduce the Company's exposure to the fluctuating exchange rates, management entered into a foreign exchange agreement on June 30, 2017 for the conversion of CDN$32,447,500 to US$25,000,000 (representing a hedge of half of the cash payment required at closing) at the rate of $1.2979. The contract was settled on August 4, 2017 at the rate of $1.2576 resulting in a loss of $1,007,500.

- Change in fair value of contingent payments - the Company recorded a loss of $110,710 in change of fair value of contingent payments compared to a gain of $305,898 for the same period in 2017.

Income tax expense for the nine month period ended September 30, 2018 was $629,443 compared to $5,948 for the same period in 2017.

As a result of the above, the Company's after tax earnings from operations for the nine month period ended September 30, 2018 totaled $4,781,216 compared to $2,166,738 for the same period in 2017.

Earnings per Share

The weighted average diluted number of common shares outstanding for the nine month period ended September 30, 2018 increased to 19,723,473 compared to 12,652,721 for the same period in 2017, an increase of 7,070,752 or 55.9%. The increase in outstanding shares relates to the issuance of shares pursuant to the Company's DRIP and EIP, and May 2018 prospectus offering.

Fully diluted earnings per common share attributable to PLC shareholders for the nine month period ended September 30, 2018 was $0.229 compared to $0.153 for the same period in 2017. The year over year improvement in earnings per share in 2018 relates largely to the earnings from businesses acquired in 2018 as well as from other items noted below.

Adjusted Net Earnings per Share

The 2018 and 2017 net earnings, as stated, have been significantly impacted by certain one-time, non-recurring or non-cash revenue and expense items that management believes should be highlighted to better reflect the Company's operating performance for the period under review. The table below summarizes the impact of these items for the nine month period ended September 30, 2018 compared to 2017:

	Nine Months Ended September 30,	
	2018	**2017**
Net earnings, PLC shareholders	$ 4,509,899	$ 1,938,857
Adjusted for the impact of:		
Acquisition and integration costs	7,795,981	3,301,341
Foreign exchange (gain) loss	-	1,007,500
Share based compensation	595,982	555,876
Change in fair value of contingent earn-out payments	110,710	(305,898)
Other (income) expenses	65,881	151,082
Tax effect on the above items	(2,083,393)	(914,892)
Adjusted Net Earnings, PLC shareholders	$ 10,995,060	$ 5,733,866
Adjusted EBITDA, PLC shareholders (see Quarterly Information)	$ 23,421,627	$ 11,042,647
Per share amounts attributable to PLC shareholders		
Adjusted Net Earnings - diluted	$ 0.557	$ 0.453
Adjusted EBITDA - diluted (see Quarterly Information)	$ 1.188	$ 0.873
Weighted average shares outstanding - diluted	19,723,473	12,652,721

Adjusted Net Earnings and Adjusted EBITDA are non-IFRS measures. See "Description of Non-IFRS Measures".

As indicated in the chart above, Adjusted Net Earnings to PLC shareholders increased by 91.8% year over year and the fully diluted Adjusted Net Earnings per share for the nine month period ended September 30, 2018 was $0.557 compared to $0.453 for the same period in 2017, a year over year increase of $0.104 or 23.0%.

This double digit growth in Adjusted Net Earnings per share in this reporting period reflects the positive impact of utilizing the capital raised by the Company from recent prospectus financings. Although significant improvement has been made in the per share earnings, the full impact has not yet been realized as certain material acquisitions were made during 2018 and the operating results are not included for the full reporting period. Management continues to deploy this capital, as well as capital available under the revolving credit facility, on important organic growth initiatives and accretive acquisitions, and it continues efforts to integrate the Company's operating businesses in order to achieve operating efficiencies and synergies that it believes will contribute to further growth in the Company's Adjusted Earnings per share.

Adjusted EBITDA per Share

Adjusted EBITDA attributable to PLC shareholders for the nine month period ended September 30, 2018 was $23,421,627 or $1.188 per share compared to $11,042,647 or $0.873 per share for the same period in 2017. The Adjusted EBITDA increased by 112.1% year over year and the fully diluted Adjusted EBITDA per share increased by 36.1%.

Once again, the Adjusted EBITDA per share shows significant double digit improvement this year compared to the same period in 2017 and reflects the positive impact of utilizing the capital raised by the Company from recent prospectus offerings, as discussed.

Adjusted Cash Flow

The Company uses Adjusted Cash Flow as measure of, among other things, the sustainability of its dividend. The table below summarizes the calculation of Adjusted Cash Flow from its operations for the nine month period ended September 30, 2018 and 2017 compared to its dividend payout:

	Nine Months Ended September 30,	
	2018	**2017**
Earnings before income taxes	$5,410,659	$2,172,686
Adjusted for:		
Amortization of cemetery property	4,653,044	2,548,457
Depreciation and amortization	3,830,153	1,837,414
Cash income taxes payable	(1,150,000)	(195,000)
Foreign exchange (gain) loss	-	1,007,500
Share based compensation	589,020	527,584
Change in fair value of contingent earn-out payments	110,710	(305,898)
Adjusted cash flow from operations	13,443,586	7,592,743
Less non controlling interest amounts:		
Net earnings	271,317	227,881
Depreciation and amortization	91,682	99,759
Adjusted cash flow, equity holders of PLC	$13,080,588	$7,265,103
Adjusted cash flow per common share-diluted	$0.663	$0.574
Dividends per common share	$0.342	$0.342
Payout ratio	52%	60%

Adjusted Cash Flow is a non-IFRS measure. See "Description of Non-IFRS Measures".

As previously mentioned, the Company's cemetery property inventory is acquired or constructed over many years, if not decades, in advance of its sale. The cash associated with this investing activity is a cash outflow in the period in which the inventory is acquired or constructed. As sales occur, the Company draws down its inventory by making a non-cash charge to cost of goods sold (referred to as amortization of cemetery property). Also, included in earnings before income taxes for the nine month period ended September 30, 2018 and 2017 are a non-recurring, non-cash foreign exchange loss related to the acquisition of Saber, a change in fair value of contingent payments related to the acquisition of MMG and non-cash share based compensation costs.

As calculated above, the Company's Adjusted Cash Flow from operations was $13,080,588 for the nine month period ended September 30, 2018 compared to $7,265,103 for the same period in 2017. This represents Adjusted Cash Flow per fully diluted common share of $0.663 and $0.574 for the nine month period ended September 30, 2018 and 2017, respectively.

The Company paid dividends of $0.342 per common share for the nine month periods ended September 30, 2018 and 2017. The dividends paid represent 52% and 60% of the Adjusted Cash Flow per common share for the periods ended September 30, 2018 and 2017, respectively. The payout ratios for both 2017 and 2018 were negatively impacted by the acquisition and integration costs in the respective periods.

Unaudited Quarterly Information

	2018 Q3	2018 Q2	2018 Q1	*2017 Q4
Revenue	$43,239,963	$40,349,440	$27,206,240	$25,929,795
Earnings from operations	$5,708,435	$4,219,015	$3,455,781	$2,984,817
Net earnings (loss), PLC shareholders	$3,272,770	$(435,849)	$1,672,978	$2,257,957
Adjusted Net Earnings, PLC shareholders	$4,511,495	$3,659,838	$2,823,727	$2,826,055
Net earnings (loss) per share - basic and diluted, PLC shareholders	**$0.141	**$(0.021)	**$0.108	**$0.146
Adjusted Net Earnings per share - diluted, PLC shareholders	**$0.194	**$0.180	**$0.182	**$0.183
Earnings from operations (per above)	5,708,435	4,219,015	3,455,781	2,984,817
Interest expense	624,497	553,371	249,623	100,771
Depreciation and amortization	1,625,566	1,399,521	805,066	722,927
Amortization of cemetery property	1,416,176	2,081,037	1,155,831	1,613,629
Share based compensation	99,631	249,106	247,245	322,445
Adjusted EBITDA, non-controlling interest	(177,235)	(180,981)	(110,058)	(156,926)
Adjusted EBITDA, PLC shareholders	***$9,297,070	***$8,321,069	***$5,803,488	***$5,587,663
Adjusted EBITDA margin	****21.9%	****21.1%	****21.7%	****22.2%
Adjusted EBITDA per share - diluted, PLC shareholders	***$0.400	***$0.409	***$0.375	***$0.362

	*2017 Q3	*2017 Q2	*2017 Q1	*2016 Q4
Revenue	$22,418,725	$20,138,853	$18,802,424	$19,816,511
Earnings from operations	$2,288,011	$2,172,760	$1,865,940	$1,224,100
Net earnings (loss), PLC shareholders	$(171,116)	$812,444	$1,297,529	$4,320,546
Adjusted Net Earnings, PLC shareholders	$2,220,369	$1,807,640	$1,705,857	$1,177,328
Net earnings per share - basic and diluted, PLC shareholders	**$(0.011)	**$0.072	**$0.117	**$0.456
Adjusted Net Earnings per share - diluted, PLC shareholders	**$0.144	**$0.160	**$0.153	**$0.124
Earnings from operations (per above)	2,288,011	2,172,760	1,865,940	1,224,100
Interest expense	92,476	92,608	98,171	66,153
Depreciation and amortization	755,788	560,456	521,170	490,862
Amortization of cemetery property	802,968	902,522	842,967	1,370,561
Share based compensation	179,681	193,356	182,839	140,308
Adjusted EBITDA, non-controlling interest	(87,396)	(239,976)	(181,694)	(113,106)
Adjusted EBITDA, PLC shareholders	***$4,031,528	***$3,681,726	***$3,329,393	***$3,178,878
Adjusted EBITDA margin	****18.4%	****19.5%	****18.7%	****16.6%
Adjusted EBITDA per share - diluted, PLC shareholders	***$0.261	***$0.325	***$0.299	***$0.336

*Certain revenues and costs have been reclassified in the 2016 and 2017 quarterly results to conform to the December 31, 2016 and 2017 consolidated financial statement presentation.
**The sum of the quarterly net earnings attributable to equity holders of PLC per share, basic and diluted, may not equal the period amount due to the rounding and use of weighted average shares outstanding.
***Adjusted EBITDA and Adjusted EBITDA per share have been modified to include amortization of cemetery property in the 2016 and 2017 quarterly results.
****Adjusted EBITDA margin includes amounts attributable to the non-controlling interest.

Dividends

The Company makes monthly dividend payments to the shareholders of record on the last business day of each month, to be paid on the 15th day following each month end, or, if not a business day, the next business day thereafter. The monthly dividend is $0.038 per share ($0.456 per year). The dividend policy is subject to the discretion of the Company's Board of Directors and may vary depending on, among other things, the Company's earnings, financial requirements and the satisfaction of solvency tests imposed by the *Business Corporations Act* (Ontario) for the declaration of dividends.

For the nine month period ended September 30, 2018 and September 30, 2017, the Company declared dividends to shareholders totaling $0.342 per share. The Company subsequently paid a dividend of $0.038 for October, 2018. The following table sets forth the per share amount of monthly dividends declared and paid by the Company since January 1, 2018.

Month	Dividend Record Date	Payment Date	Per Share
October, 2018	October 31, 2018	November 15, 2018	0.038
September, 2018	Septeber 30, 2018	October 15, 2018	0.038
August, 2018	August 31, 2018	September 14, 2018	0.038
July, 2018	July 31, 2018	August 15, 2018	0.038
June, 2018	June 30, 2018	July 16, 2018	0.038
May, 2018	May 31, 2018	June 15, 2018	0.038
April, 2018	April 30, 2018	May 15, 2018	0.038
March, 2018	March 31, 2018	April 16, 2018	0.038
February, 2018	February 28, 2018	March 15, 2018	0.038
January, 2018	January 31, 2018	February 15, 2018	0.038
Total dividends per share			$ 0.380

Related Party Transactions

The Company's related parties include the following persons and entities: (i) associates, or entities which are controlled or significantly influenced by the Company; (ii) key management personnel, which are comprised of directors and officers by the Company; (iii) entities controlled by key management personnel. The Company's policies and procedures and nature of its related party transactions have not changed materially from December 31, 2017, as described under "Management Contracts" in the Company's 2017 Annual MD&A.

Disclosure Controls and Procedures

National Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filing ("**NI 52-109**") requires public companies in Canada to submit annual and interim certificates relating to the design and effectiveness of the disclosure controls and procedures that are in use at the company. Disclosure controls and procedures are designed to provide reasonable assurance that material information is gathered and reported to senior management, including the Chief Executive Officer ("**CEO**") and Chief Financial Officer ("**CFO**"), on a timely basis so that appropriate decisions can be made regarding public disclosure.

Subject to limitations set out below, the Company's management, under the supervision of the CEO and the CFO, has designed and maintained a set of disclosure controls and procedures to ensure that information required to be disclosed by the Company in its annual filing, interim filings or other reports filed or submitted by the Company under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation.

Internal Controls over Financial Reporting

The CEO and the CFO have designed, or caused to be designed under their supervision, internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Management conducted its evaluation based on the framework set forth in the Internal Control-Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on its evaluation under this framework, management concluded that the Company's internal control over financial reporting was effective as of September 30, 2018.

Internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be designed effectively can provide only reasonable assurance with respect to financial reporting and financial statement preparation.

Limitation on Scope of Design

The CEO and CFO have limited the scope of design of disclosure controls and procedures and internal control over financial reporting to exclude controls, policies and procedures of Signature which was acquired during the second quarter of 2018.

This scope limitation is in accordance with section 3.3(1)(b) of NI 52-109, which allows an issuer to limit the design of disclosure controls and procedures and internal control over financial reporting for a business that the issuer acquired not more than 365 days before the last day of the period covered by this MD&A.

The following is a summary of certain financial information related to a new acquisition:

	Signature September 30, 2018
Revenues	$ 17,206,924
Net earnings	$ 1,881,519

	Signature September 30, 2018
Current assets	$ 10,908,855
Non-current assets	$ 240,114,999
Current liabilities	$ 4,876,884
Non-current liabilities	$ 80,273,079

Changes in Internal Controls over Financial Reporting

There have been no changes in the Company's internal controls over financial reporting during Fiscal 2018 that have affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

IFRS Issued Standards Not Yet Adopted

The IASB continues to issue new and revised IFRS. A listing of the recent accounting pronouncements promulgated by the IASB and not yet adopted by the Company is included in note 2 in the Company's December 31, 2017 consolidated financial statements and note 2 in the Company's September 30, 2018 condensed interim consolidated financial statements.

New Accounting Policies Adopted in 2018

The Company's accounting policies are as disclosed in Note 2 of PLC's 2017 annual consolidated financial statements. There have been no material changes to PLC's accounting policies from what was disclosed at that time, with the exception of the adoption of IFRS 15 – Revenue from Contract with Customers and IFRS 9 – Financial Instruments, Classification and Measurement as disclosed in Note 2 in the Company's June 30, 2018 condensed interim consolidated financial statements.

IFRS 9 – Financial Instruments, Classification and Measurement

Effective January 1, 2018, the Company adopted IFRS 9. IFRS 9 introduces new requirements for the classification and measurement of financial assets. IFRS 9 requires all recognized financial assets to be measured at amortized cost or fair value in subsequent accounting periods following initial recognition. IFRS 9 also amends the requirements around hedge accounting, and introduces a single, forward-looking expected loss impairment model.

The Company has elected to apply the limited exemption in IFRS 9 paragraph 7.2.15 relating to transition for classification and measurement and impairment, and accordingly has not restated comparative periods in the year of initial application. The adoption of IFRS 9 had no impact on the Company's consolidated financial statements on the date of initial application. There was no change in the carrying amounts on the basis of allocation from original measurement categories under IAS 39 Financial Instruments: Recognition and Measurement to the new measurement categories under IFRS 9.

IFRS 15 – Revenue from Contracts with Customers

The Company elected to adopt IFRS15 using the modified retrospective method, with recognition of transitional adjustments in opening retained earnings on the date of initial application (January 1, 2018), without restatement of comparative figures.

The treatment of costs incurred in acquiring customer contracts is affected as IFRS 15 requires certain contract acquisition costs (such as sales commissions) to be recognized as an asset and amortized into advertising and selling expenses over time. Previously, such costs were expensed as incurred. Accordingly, a new asset has been recognized in the consolidated statements of financial position, specifically, a deferred commission asset.

The impact on the consolidated statement of financial position as at January 1, 2018 is an increase to deferred commission asset of $15,925,918, an increase in deferred tax liability of $4,149,238, and an increase of $11,776,680 to opening retained earnings.

The adoption of IFRS 15 did not result in any changes in the timing of revenue recognition for the Company's goods and services.

Shares Outstanding

The authorized capital of the Company consists of an unlimited number of common shares. As at September 30, 2018, there were 23,118,194 common shares issued and outstanding, representing an increase of 7,771,462 common shares issued and outstanding since December 31, 2017. The increase in the number of common shares is the result of the issuance of shares pursuant to the Company's DRIP and May 2018 prospectus offering. As at November 13, 2018, there were 23,122,395 common shares issued and outstanding. In addition, the Company has 640,000 common shares reserved and available for grant and issuance of the EIP. Of these 640,000 common shares, 480,000 are reserved for the issuance to employees and 160,000 common shares are reserved for issuance to directors. As at September 30, 2018, 108,005 RSUs and 24,349 DSUs were awarded.

Additional Information

Additional information relating to the Company, including the Company's Annual Information Form, is available on SEDAR at www.sedar.com and on the Company's website at www.parklawncorp.com.