

TWC ENTERPRISES LIMITED

CLUBLINK
ONE MEMBERSHIP

more golf®

ANNUAL REPORT 2018

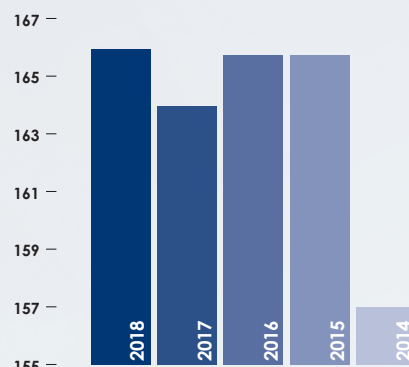


TWC ENTERPRISES LIMITED

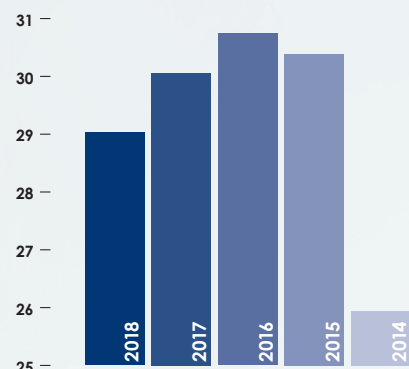
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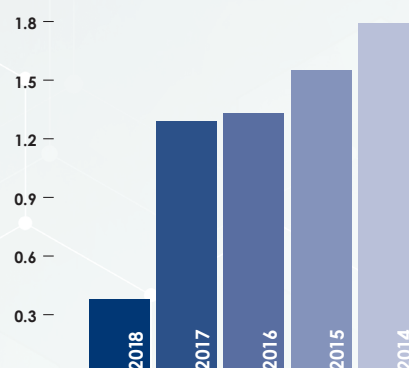
TWC is engaged in golf club operations under the trade-mark "ClubLink One Membership More Golf". ClubLink is Canada's largest owner, operator and manager of golf clubs with 53½, 18-hole equivalent championship and 3½, 18-hole equivalent academy courses (including one managed property) at 41 locations, primarily in Ontario, Quebec and Florida.



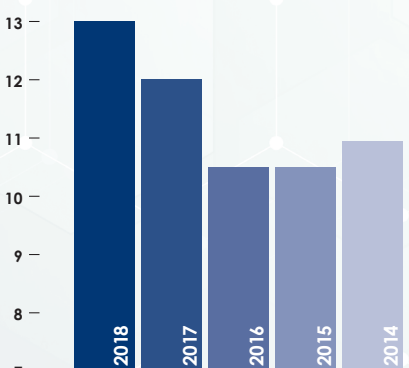
OPERATING REVENUE (millions of dollars)



NET OPERATING INCOME (millions of dollars)



GROSS BORROWINGS TO SHAREHOLDERS' EQUITY RATIO



CLOSING PRICE PER SHARE ON TSX (\$)

FINANCIAL HIGHLIGHTS

The following table summarizes the consolidated five year financial results of the Company:

For the Years Ended December 31	2018	2017	2016	2015	2014
OPERATIONS					
Operating revenue - continuing operations (\$000)	165,941	163,950	165,722	165,744	156,997
Net operating income - continuing operations (\$000) ⁽¹⁾	29,029	30,060	30,741	30,392	25,937
Operating margin (%) ⁽¹⁾	17.5	18.3	18.5	18.3	16.5
Net earnings (loss) from continuing operations (\$000)	9,206	(28,303)	3,660	2,031	2,905
Net earnings from discontinued operations (\$000)	214,088	30,321	14,094	2,228	560
Net earnings (\$000) ⁽¹⁾	223,294	2,018	17,754	4,259	3,465
OPERATING DATA					
CLUBLINK ONE MEMBERSHIP MORE GOLF					
Canadian full privilege golf members	14,602	14,991	15,077	15,015	15,177
Championship rounds - Canada ⁽²⁾	1,019,000	1,058,000	1,063,000	1,040,000	950,000
18-hole equivalent championship golf courses - Canada ^(2,3)	41.5	42.5	42.5	42.5	43.5
18-hole equivalent managed golf courses - Canada	1	-	-	-	-
Championship rounds - US ⁽²⁾	334,000	340,000	373,000	395,000	373,000
18-hole equivalent championship golf courses - US ^(2,3)	11.0	11.0	11.0	12.0	12.0
WHITE PASS & YUKON ROUTE					
Rail passengers	279,000	429,000	408,000	402,000	410,000
Port passengers from cruise ships	590,000	846,000	816,000	816,000	820,000
Cruise ship dockings	245	370	363	378	396
COMMON SHARE DATA (000)					
Shares outstanding at year end	27,286	27,346	27,346	27,136	26,419
Weighted average shares outstanding	27,331	27,346	27,345	27,359	27,264
PER COMMON SHARE DATA (\$)					
Basic and diluted earnings (loss) from continuing operations	0.34	(1.04)	0.13	0.08	0.11
Basic and diluted earnings from discontinued operations	7.83	1.11	0.52	0.08	0.02
Basic and diluted earnings	8.17	0.07	0.65	0.16	0.13
Eligible cash dividend	0.08	0.08	0.06	-	0.225
Eligible stock dividend	-	-	0.075	0.30	0.075
FINANCIAL POSITION					
Total assets (\$000)	703,076	630,054	679,116	712,065	673,335
Gross borrowings (\$000)	167,365	301,893	318,531	350,134	358,216
Shareholders' equity (\$000)	435,686	233,158	238,955	225,190	200,556
Gross borrowings to shareholders' equity ratio	0.38	1.29	1.33	1.55	1.79
Net book value per share ⁽¹⁾	15.97	8.53	8.74	8.30	7.59

(1) Net operating income, operating margin and net book value per share are not recognized measures under International Financial Reporting Standards ("IFRS"). Management believes that, in addition to net earnings, these measures are useful supplemental information to provide investors with an indication of the Company's performance. Investors should be cautioned, however, that these measures should not be construed as an alternative to net earnings determined in accordance with IFRS as an indicator of the Company's performance or to cash flows from operating, investing and financing activities, as a measure of liquidity and cash flows. TWC's method of calculating these measures is consistent from year to year, but may be different than those used by other companies (see "Management's Discussion and Analysis of Financial Condition and Results of Operations").

(2) Excluding academy courses.

(3) 18-hole equivalent championship golf courses operating during the year ended December 31.

CHAIRMAN'S MESSAGE



K. (RAI) SAHI
Chairman, President and
Chief Executive Officer

Fellow Shareholders:

TWC Enterprises Limited experienced a milestone year in 2018 as we made the decision to divest our longstanding White Pass & Yukon Route business unit. While this was a difficult decision, we believe that White Pass will continue to grow and enhance its status as the premier shore excursion in Alaska, now that it is being operated by Carnival and its partners.

The Company continues to own a portfolio of high quality golf assets. TWC remains focused on its golf operations and any development opportunities that may arise from these assets. The Company's golf results and member counts have been stable in a difficult environment.

Our golf operations under the name of ClubLink, represent Canada's largest owner, operator and manager of golf clubs with 53 ½ 18-hole equivalent properties including one managed property.

We strive to ensure that our nearly 5,000 talented employees are motivated and engaged. The Company's success is dependent on their satisfaction. Sincere thanks for their valued contributions. It is also a pleasure to work alongside our hard-working and engaged management team.

Our members continue to be a key component to the success of our Canadian golf operations and we thank them for their support and patronage.

I would also like to thank our directors for their guidance and direction, in addition to our valued shareholders for their support.

A handwritten signature in black ink, appearing to read 'K. Sahi'.

K. (Rai) Sahi
Chairman, President and Chief Executive Officer



GOLF COURSE LOCATIONS (41)

National Capital Region (Ottawa) (4)

Club de golf Hautes Plaines
Eagle Creek Golf Club
GreyHawk Golf Club
Kanata Golf and Country Club

Montreal/Tremblant (4)

Club de golf Islesmere
Club de golf Rosemère (managed club)
Club de golf Val des Lacs
Le Maître de Mont-Tremblant

Muskoka (3)

Grandview Golf Club
Rocky Crest Golf Club
The Lake Joseph Club

Northeast Greater Toronto Area (10)

Bethesda Grange/Rolling Hills Golf Clubs
Cherry Downs Golf and Country Club
DiamondBack Golf Club
Emerald Hills Golf Club
King Valley Golf Club
King's Riding Golf Club
National Pines Golf Club
Station Creek Golf Club
The Club at Bond Head
Wyndance Golf Club

West Greater Toronto Area (12)

Blue Springs Golf Club
Caledon Woods Golf Club
Eagle Ridge Golf Club
Glen Abbey Golf Club
Glencairn Golf Club
Glendale Golf and Country Club
Greenhills Golf Club
Greystone Golf Club
Heron Point Golf Links
Hidden Lake Golf Club
RattleSnake Point Golf Club
The Country Club

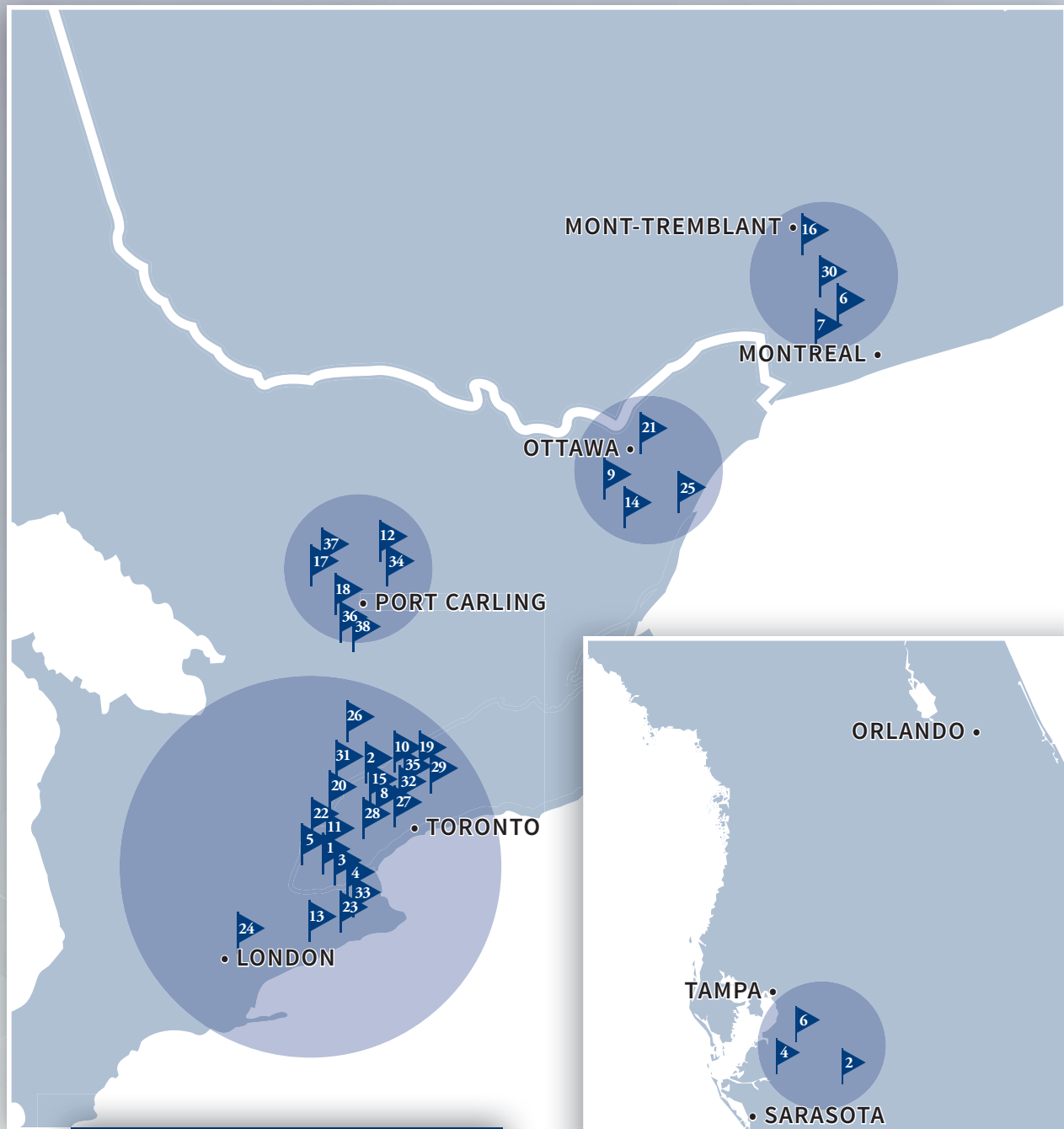
Central Florida (3)

Club Renaissance
Sandpiper Golf Club
Scepter Golf Course

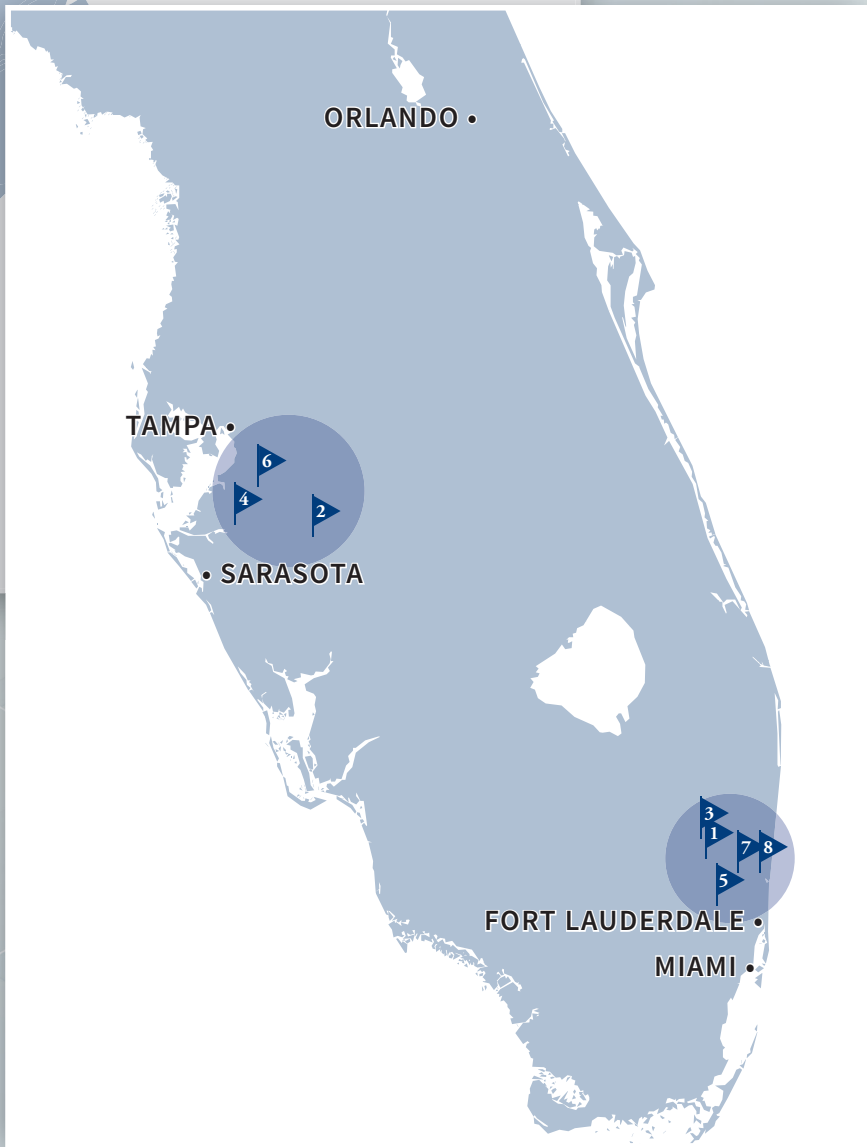
Southeast Florida (5)

Heron Bay Golf Club
Palm Aire Country Club (Oaks, Cypress)
Palm Aire Country Club (Palms)
TPC Eagle Trace
Woodlands Country Club





ONTARIO/QUEBEC REGION



FLORIDA REGION

GOLF CLUB AND RESORT PROPERTY LISTING (see map on page 5)

	Championship Golf Holes	Academy Golf Holes	Future Golf Holes	Current Rooms	Surplus Land in Acres
ONTARIO/QUEBEC REGION					
Prestige					
1. Greystone Golf Club, Milton, Ontario	18	—	—	—	—
2. King Valley Golf Club, The Township of King, Ontario	18	—	—	—	—
3. RattleSnake Point Golf Club, Milton, Ontario	36	9	—	—	—
Hybrid – Prestige					
4. Glen Abbey Golf Club, Oakville, Ontario	18	—	—	—	—
Platinum					
5. Blue Springs Golf Club, Acton, Ontario	18	9	—	—	—
6. Club de Golf Islesmere, Laval, Quebec (a)	27	—	—	—	—
7. Club de Golf Rosemere, Blainville, Quebec (b)	18	—	—	—	—
8. DiamondBack Golf Club, Richmond Hill, Ontario	18	—	—	—	—
9. Eagle Creek Golf Club, Dunrobin, Ontario	18	—	—	—	—
10. Emerald Hills Golf Club, Whitchurch-Stouffville, Ontario	27	—	—	—	—
11. Glencairn Golf Club, Milton, Ontario	27	—	—	—	—
12. Grandview Golf Club, Huntsville, Ontario	18	—	18	—	—
13. Heron Point Golf Links, Ancaster, Ontario	18	—	—	—	—
14. Kanata Golf & Country Club, Kanata, Ontario	18	—	—	—	—
15. King's Riding Golf Club, The Township of King, Ontario	18	—	—	—	—
16. Le Maître de Mont-Tremblant, Mont-Tremblant, Quebec	18	—	—	—	—
17. Rocky Crest Golf Club, Mactier, Ontario	18	—	18	—	—
18. The Lake Joseph Club, Port Carling, Ontario	18	9	—	—	—
19. Wyndance Golf Club, Uxbridge, Ontario	18	9	—	—	—
Gold					
20. Caledon Woods Golf Club, Bolton, Ontario	18	—	—	—	—
21. Club de Golf Hautes Plaines, Gatineau, Quebec	18	—	—	—	—
22. Eagle Ridge Golf Club, Georgetown, Ontario	18	—	—	—	—
23. Glendale Golf and Country Club, Hamilton, Ontario	18	—	—	—	—
24. Greenhills Golf Club, London, Ontario (a)	18	—	—	—	—
25. GreyHawk Golf Club, Ottawa, Ontario	36	—	—	—	—
26. National Pines Golf Club, Innisfil, Ontario (a)	18	—	—	—	—
27. Station Creek Golf Club, Whitchurch-Stouffville, Ontario	36	—	—	—	—
28. The Country Club, Woodbridge, Ontario (a)	36	9	—	—	—
Hybrid – Gold					
29. Cherry Downs Golf & Country Club, Pickering, Ontario	18	9	18	—	—
30. Club de Golf Val des Lacs, Ste. Sophie, Quebec	18	—	—	—	—
31. The Club at Bond Head, Bond Head, Ontario (a)	36	—	—	—	—
Hybrid – Silver					
32. Bethesda Grange, Whitchurch-Stouffville, Ontario	18	—	—	—	—
33. Hidden Lake Golf Club, Burlington, Ontario	36	—	—	—	—
Daily Fee					
34. Grandview Inn Course, Huntsville, Ontario	—	9	—	—	—
35. Rolling Hills Golf Club, Whitchurch-Stouffville, Ontario	36	—	—	—	—
Muskoka, Ontario Resorts					
36. The Lake Joseph Club, Port Carling, Ontario	—	—	—	25	—
37. Rocky Crest Resort/Lakeside at Rocky Crest, Mactier, Ontario (c)	—	—	—	84	—
38. Sherwood Inn, Port Carling, Ontario	—	—	—	49	—
FLORIDA REGION					
Hybrid – Prestige					
1. TPC Eagle Trace, Coral Springs, Florida	18	—	—	—	—
Hybrid – Platinum					
2. Club Renaissance, Sun City Center, Florida	18	—	—	—	—
3. Heron Bay Golf Club, Coral Springs, Florida	18	—	—	—	—
Gold					
4. Scepter Golf Club, Sun City Center, Florida	27	—	—	—	—
Hybrid – Gold					
5. Woodlands Country Club, Tamarac, Florida	36	—	—	—	—
Hybrid – Silver					
6. Sandpiper Golf Club, Sun City Center, Florida	27	—	—	—	—
Daily Fee					
7. Palm Aire Country Club (Oaks, Cypress), Pompano Beach, Florida	36	—	—	—	—
8. Palm Aire Country Club (Palms), Pompano Beach, Florida	18	—	—	—	—
OTHER					
Kings Point Golf Club, Sun City Center, Florida (d)	—	—	—	—	51
Caloosa Greens Golf Club, Sun City Center, Florida (d)	—	—	—	—	70
Highland Gate, Aurora, Ontario (50%)	—	—	—	—	101
Falcon Watch Golf Club, Sun City Center, Florida (d)	—	—	—	—	116
North Lakes Golf Club, Sun City Center, Florida (d)	—	—	—	—	170
King Haven, The Township of King, Ontario	—	—	—	—	278
Harwood, Montreal, Quebec	—	—	—	—	400
Total 18-hole Equivalent Courses, Rooms, Acres	53.5	3.5	3.0	158	1,186

Notes: (a) Operated by ClubLink under long-term leases.
(b) Property managed by ClubLink (formerly known as Club de Golf Le Fontainebleau)
(c) Rocky Crest Resort consists of 65 units and Lakeside at Rocky Crest consists of 19 units.
(d) North Lakes, Falcon Watch, Caloosa Greens and Kings Point Golf Clubs are closed.

This management's discussion and analysis of financial condition and results of operations ("MD&A") should be read in conjunction with TWC Enterprises Limited's ("TWC" or the "Company", formerly ClubLink Enterprises Limited) audited consolidated financial statements and accompanying notes for the year ended December 31, 2018. This MD&A has been prepared as at March 7, 2019 and all amounts are in Canadian dollars unless otherwise indicated.

In this document, unless otherwise indicated, all financial data are prepared in accordance with International Financial Reporting Standards ("IFRS").

FORWARD-LOOKING STATEMENTS

This annual report contains certain forward-looking information and statements relating but not limited to, operations, anticipated or prospective financial performance, results of operations, business prospects and strategies of TWC. Forward-looking information typically contains statements with words such as "consider", "anticipate", "believe", "expect", "plan", "intend", "may", "likely", or similar words suggesting future outcomes or statements regarding an outlook, or other expectations, beliefs, plans, objectives, assumptions, intentions or statements about future events or performance. Readers should be aware that these statements are subject to known and unknown risks, uncertainties and other factors that could cause actual results, performance or achievements of TWC to differ materially from those suggested by the forward-looking statements, some of which may be beyond the control of management.

Although TWC believes it has a reasonable basis for making the forecasts or projections included in this MD&A, readers are cautioned not to place undue reliance on such forward-looking information. By its nature, TWC's forward-looking information involves numerous assumptions, inherent risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts and other forward-looking statements will not occur. These factors include, but are not limited to, availability of credit, weather conditions, the economic environment, environmental regulation and competition.

The above list of important factors affecting forward-looking information is not exhaustive, and reference should be made to the other risks discussed in TWC's filings with Canadian securities regulatory authorities. TWC undertakes no obligation, except as required by law, to update publicly or otherwise any forward-looking information, whether as a result of new information, future events or otherwise, or the above list of factors affecting this information.

NON-IFRS MEASURES

The Company has prepared the financial information contained in this discussion and analysis in accordance with IFRS. Reference is also made to net operating income, operating margin, cash flow from operations, funds from operations and adjusted funds from operations. The calculations of these measures can be found embedded in the MD&A.

TWC uses non-IFRS measures as a benchmark measurement of our own operating results and as a benchmark relative to our competitors. We consider these non-IFRS measures to be a meaningful supplement to net earnings. We also believe these non-IFRS measures are commonly used by securities analysts, investors and other interested parties to evaluate our financial performance. These measures, which included direct operating expenses and net operating income do not have standardized meaning under IFRS. While these non-IFRS measures have been disclosed herein to permit a more complete comparative analysis of the Company's operating performance and debt servicing ability relative to other companies, readers are cautioned that these non-IFRS measures as reported by TWC may not be comparable in all instances to non-IFRS measures as reported by other companies.

The glossary of financial terms is as follows:

Direct operating expenses = expenses that are directly attributable to the Company's business units and are used by management in the assessment of their performance. These exclude expenses which are attributable to corporate decisions such as impairment.

Net operating income = operating revenue - direct operating expenses

Operating margin = net operating income/operating revenue

Operating property, plant and equipment expenditures = capital expenditures to maintain existing operations

Expansion property, plant and equipment expenditures = capital expenditures which expand existing operations

NON-IFRS MEASURES (continued)

Funds from operations ("FFO") is a key measure of our financial performance and is defined as net income prior to non cash items such as depreciation/amortization. FFO also adjusts for the non-cash earnings impact of membership fees and excludes transaction costs on business combinations which are required to be expensed.

Our definition of funds from operations may differ from the definition used by other organizations, as well as the definition of funds from operations used by the Real Property Association of Canada ("REALPAC"), the main difference being the adjustment for the non cash component of membership fee revenue which is not considered by REALPAC.

Net operating income is an important metric used by management in evaluating the Company's operating performance as it represents the revenue and expense items that can be directly attributable to the specific business unit's ongoing operations. It is not a measure of financial performance under IFRS and should not be considered as an alternative to measures of performance under IFRS. The most directly comparable measure specified under IFRS is net earnings.

BUSINESS STRATEGY AND CORPORATE OVERVIEW

TWC operates in the golf operations business segment. Effective July 31, 2018, the rail and port operating business segment was sold. In addition, the corporate operations segment oversees the business segments. Due to the fact that the rail and port operations were divested on July 31, 2018, it is being presented as discontinued operations.

TWC's strategic objective is to grow long-term shareholder value by improving net operating income and operating margins of both underlying businesses. Management has been considering golf club acquisition opportunities in Ontario, Quebec and Florida (including one managed property).

In addition, management is pursuing capital investments which will grow our revenue and create long-term value for our shareholders.

OVERVIEW OF BUSINESS SEGMENTS

Golf Club Operations Segment

TWC is engaged in golf club operations under the trademark "ClubLink One Membership More Golf" ("ClubLink"). ClubLink is Canada's largest owner, operator and manager of golf clubs with 53½, 18-hole equivalent championship and 3½, 18-hole equivalent academy courses, at 41 locations in two separate geographical Regions: (a) Ontario/Quebec and (b) Florida (including one managed property).

ClubLink's golf clubs are strategically organized in clusters that are located in densely populated metropolitan areas and resort destinations frequented by those who live and work in these areas. By operating in Regions, ClubLink is able to offer golfers in their Region a wide variety of unique membership, daily fee, corporate event and resort opportunities. ClubLink is also able to obtain the benefit of operating synergies to maximize revenue and achieve economies of scale to reduce costs.

Revenue at all golf club properties is enhanced by cross-marketing, as the demographics of target markets for each are substantially similar. Revenue is further improved by Travellink, corporate golf events, business meetings and social events that utilize golf capacity and related facilities at times that are not in high demand by ClubLink's members.

Member and Hybrid Golf Club revenue is maximized by the sale of flexible personal and corporate memberships that offer reciprocal playing privileges at ClubLink golf clubs and, on payment of an additional fee, inter-regional play within ClubLink through the Travellink program and ClubCorp Holdings Inc. golf clubs.

Daily fee golf club revenue is maximized through unique and innovative marketing programs in conjunction with dynamic pricing.

The Travellink program offers two levels that allow ClubLink members inter-regional access. The first level (Basic Travellink), a free membership benefit, provides ClubLink members inter-regional access with preferred green fee pricing. Level 2 (Travellink 2nd Home Club) is optional and provides ClubLink members with the ability to elect a second Home Club in another region for an annual fee, and allows members to receive all the benefits of a Home Club Member (access to prime tee times, practice facilities, member events).

OVERVIEW OF BUSINESS SEGMENTS (continued)

Golf Club Operations Segment (continued)

In recent years, ClubLink has been focusing on providing enhanced value for its memberships as well as cultivating a family-type atmosphere at its golf clubs.

ClubLink also has annual membership programs, which are unique to each Region. These product offerings include Players Card and Players Club in the Ontario/Quebec Region; as well as the ClubLink Card in the Florida Region. While traditional full privilege golf members have been declining, ClubLink has been focusing on these supplemental categories to replace annual dues revenue.

(a) Ontario/Quebec

ClubLink's Ontario/Quebec Region is organized into two clusters: the major metropolitan areas of Southern Ontario and Muskoka, Ontario's premier resort area, extending from London to Huntsville to Pickering, with a particularly strong presence in the Greater Toronto Area; and Quebec/Eastern Ontario, extending from the National Capital Region to Montreal, including Mont-Tremblant, Quebec's premier resort area.

In 2019, ClubLink will operate 26 Ontario/Quebec Region Member Golf Clubs in three categories as follows:

Prestige:	Greystone, King Valley, RattleSnake Point
Platinum:	Blue Springs, DiamondBack, Eagle Creek, Emerald Hills, Glencairn, Grandview, Heron Point, Islesmere, Kanata, King's Riding, Lake Joseph, Le Maître, Rocky Crest, Wyndance
Gold:	Caledon Woods, Country Club, Eagle Ridge, Glendale, Greenhills, GreyHawk, Hautes Plaines, National Pines, Station Creek

In 2019, ClubLink will manage one golf club as follows:

Club de Golf Le Fontainebleau was purchased by Club de Golf Rosemère on December 14, 2018 and changed its name to Club de Golf Rosemère. ClubLink retains a management fee arrangement of Fontainebleau.

In 2019, ClubLink will operate six Ontario/Quebec Region Hybrid Golf Clubs in three categories as follows:

Hybrid – Prestige:	Glen Abbey
Hybrid – Gold:	Cherry Downs, The Club at Bond Head, Val des Lacs
Hybrid – Silver:	Bethesda Grange, Hidden Lake

Hybrid Golf Clubs are available for daily fee (public) play, reciprocal access by other ClubLink Members and provide a home club for Members with reciprocal access to the ClubLink system.

In 2019, ClubLink will operate two Ontario/Quebec Region Daily Fee Golf Clubs as follows:

Daily Fee:	Grandview Inn, Rolling Hills
------------	------------------------------

Going in to 2019, ClubLink has approximately 400 Players Card memberships. Players Card annual memberships allow golfers unlimited access to Rolling Hills during spring and fall shoulder seasons in addition to twilight golf during the summer season. A fixed number of rounds certificates are also included with each Players Card.

Going in to 2019, ClubLink has approximately 2,500 Players Club memberships. The Players Club memberships have varying degrees of access to ClubLink's daily fee golf clubs at different price points.

Players Card and Players Club member databases also provide ClubLink an opportunity to cultivate these relationships into a full privilege golf membership.

ClubLink owns sufficient land to develop an additional 18 holes at Cherry Downs Golf Club in Pickering, Grandview Golf Club in Muskoka and Rocky Crest Golf Club in Muskoka.

OVERVIEW OF BUSINESS SEGMENTS (continued)

Golf Club Operations Segment (continued)

(a) Ontario/Quebec (continued)

In 2019, ClubLink will operate The Lake Joseph Club, Rocky Crest Resort and Sherwood Inn.

The Lake Joseph Club and Rocky Crest Resort operate seasonally from May to October while Sherwood Inn is available during the off season for group and weekend bookings.

ClubLink's remaining Muskoka land holdings, excluding golf course development sites, include zoned and serviced land that are capable of supporting a substantial number of resort rooms/villas, conference facilities and residential homes.

On January 25, 2017, ClubLink sold the property that was formerly known as Grandview Resort in Huntsville, Ontario for proceeds of \$5,600,000. This property had been closed since February 2012.

(b) United States

ClubLink's Florida Region includes eleven 18-hole equivalent championship golf courses.

In 2019, ClubLink will operate eight Florida Region Golf Clubs in six categories as follows:

Hybrid – Prestige:	TPC Eagle Trace
Hybrid – Platinum:	Club Renaissance, Heron Bay
Gold:	Scepter
Hybrid – Gold:	Woodlands
Hybrid – Silver:	Sandpiper
Daily Fee:	Palm Aire (Cypress/Oaks), Palm Aire (Palms)

ClubLink has been actively selling ClubLink Card Holder annual memberships in the southeast Florida marketplace. ClubLink Card Holder members have the ability to book preferred tee times at discounted green fees.

Rail and Port Operations Segment

TWC was previously engaged in rail and port operations based in Skagway, Alaska which operate under the trade name White Pass & Yukon Route ("White Pass"). The railway stretches approximately 110 kilometres (67.5 miles) from Skagway, Alaska to Carcross, Yukon. In addition, White Pass operates three docks, primarily for cruise ships. White Pass was divested on July 31, 2018.

On June 6, 2018, TWC announced that it entered into a purchase and sale agreement to sell the White Pass rail and port operations to a joint venture for proceeds of US\$290,000,000. Closing on July 31, 2018, the transaction represented a sale of the complete operations of White Pass. Consequently, this segment is being presented as discontinued operations in the financial statements.

Corporate Operations Segment

TWC's objective at the corporate level is to identify opportunities to generate incremental returns and cash flow. Historically, the nature of these investments included debt and equity instruments in both public and private organizations. Currently, management is focused on improving the returns of the existing operating business segments.

SELECTED FINANCIAL INFORMATION

The table below sets forth selected financial data relating to the Company's fiscal years ended December 31, 2018, December 31, 2017 and December 31, 2016. This financial data is derived from the Company's audited consolidated financial statements, which are prepared in accordance with IFRS.

(thousands of Canadian dollars, except per share amounts)	2018	2017	2016	% Change 2018/2017	% Change 2017/2016
OPERATING REVENUE	\$ 165,941	\$ 163,950	\$ 165,722	1.2%	(1.1%)
DIRECT OPERATING EXPENSES	136,912	133,890	134,981	2.3%	(0.8%)
NET OPERATING INCOME	29,029	30,060	30,741	(3.4%)	(2.2%)
Operating margin (%)	17.5%	18.3%	18.5%	(4.4%)	(1.1%)
Amortization of membership fees	6,697	7,952	12,838	(15.8%)	(38.1%)
Depreciation and amortization	(16,150)	(16,736)	(17,152)	(3.5%)	(2.4%)
Land lease rent	(4,384)	(4,848)	(5,049)	(9.6%)	(4.0%)
Interest, net and investment income	(11,447)	(15,403)	(16,502)	(25.7%)	(6.7%)
Other items	16,720	1,783	(824)	N/A	N/A
Impairment expense	(7,865)	(31,605)	-	(75.1%)	N/A
Income taxes	(3,394)	494	(392)	N/A	(226.0%)
NET EARNINGS (LOSS) FROM CONTINUING OPERATIONS	9,206	(28,303)	3,660	N/A	N/A
NET EARNINGS FROM DISCONTINUED OPERATIONS	214,088	30,321	14,094	606.1%	115.1%
NET EARNINGS	\$ 223,294	\$ 2,018	\$ 17,754	N/A	(88.6%)
BASIC AND DILUTED EARNINGS (LOSS) PER SHARE FROM CONTINUING OPERATIONS	\$ 0.34	\$ (1.04)	\$ 0.13	N/A	N/A
BASIC AND DILUTED EARNINGS PER SHARE FROM DISCONTINUED OPERATIONS	7.83	1.11	0.52	605.4%	113.5%
BASIC AND DILUTED EARNINGS PER SHARE	\$ 8.17	\$ 0.07	\$ 0.65	N/A	(89.2%)
TOTAL ASSETS	\$ 703,076	\$ 630,054	\$ 679,116	11.6%	(7.2%)
GROSS BORROWINGS	\$ 167,365	\$ 301,893	\$ 318,531	(44.6%)	(5.2%)
SHAREHOLDERS' EQUITY	\$ 435,686	\$ 233,158	\$ 238,955	86.9%	(2.4%)

Summary of Canadian/US Exchange Rates Used for Translation Purposes

The following exchange rates translate one US dollar into the Canadian dollar equivalent.

	2018	2017	2016
Balance Sheet, at December 31	1.3642	1.2545	1.3427
Statement of Earnings, average for the year	1.2961	1.2980	1.3256

2018 CONSOLIDATED OPERATING HIGHLIGHTS

On June 6, 2018, TWC announced that it entered into a purchase and sale agreement to sell the White Pass rail and port operations to a joint venture for proceeds of US\$290,000,000. Closing on July 31, 2018, the transaction represented a sale of the complete operations of White Pass. Consequently, this segment is being presented as discontinued operations in the financial statements.

The following is a calculation of the gain on the divestiture of White Pass which closed on July 31, 2018 and related discontinued operations:

(thousands of Canadian dollars)	2018	2017
Cash proceeds	\$ 359,041	\$ -
Proceeds in Carnival plc shares	25,890	-
Book value of assets sold	(134,284)	-
Indemnification reserve	(6,508)	-
Transaction costs and other	(3,535)	-
Realized foreign exchange upon divestiture of White Pass	21,663	-
Net gain on sale of White Pass	262,267	-
Net income of White Pass operations	14,674	17,484
Income tax expense (recovery)	62,853	(12,837)
Discontinued earnings	\$ 214,088	\$ 30,321

Consolidated operating revenue from continuing operations increased 1.2% to \$165,941,000 in 2018 from \$163,950,000 in 2017 due to a 3.9% increase in Canadian annual dues. This compares to \$165,722,000 in 2016.

Direct operating expenses from continuing operations increased 2.3% to \$136,912,000 in 2018 from \$133,890,000 in 2017 due to a 5.2% increase in labour and employee benefits resulting from the Ontario minimum wage increase in 2018. This compares to \$134,981,000 in 2016.

Net operating income for the Canadian golf club operations segment increased 1.0% to \$32,390,000 in 2018 from \$32,062,000 in 2017. This compares to \$31,763,000 in 2016.

Amortization of membership fees decreased 15.8% to \$6,697,000 from \$7,952,000 in 2017 due to the completion of the amortization period of revenue for members that joined in 2004 which was completed in 2017. This compares to \$12,838,000 in 2016.

Interest, net and investment income for continuing operations decreased 25.7% to \$11,447,000 in 2018 from \$15,403,000 in 2017 due to less borrowings outstanding and investment income earned on US dollar funds from the White Pass divestiture. This compares to \$16,502,000 in 2016.

On December 14, 2018, the Company sold Club de Golf Le Fontainebleau to the shareholders of Club de Golf Rosemère for net proceeds of \$8,589,000. Clublink will retain a management fee arrangement of Fontainebleau and recorded a gain of \$6,268,000 on the sale.

2018 CONSOLIDATED OPERATING HIGHLIGHTS

Other items consist of the following loss (income) items:

(thousands of Canadian dollars)	2018	2017
Gain on property, plant and equipment	\$ (6,630)	\$ (102)
Insurance claims	(1,145)	(900)
Unrealized foreign exchange gain	(12,238)	-
Unrealized loss on shares held for trading	3,175	-
Other	118	(781)
Other items - continuing operations	\$ (16,720)	\$ (1,783)

During the year ended December 31, 2017, as part of the Company's annual impairment testing, using management's best estimates and assumptions, the Company concluded that there was an impairment in the carrying value of goodwill, resulting in a write-off of the full carrying value in the amount of \$31,605,000.

Due to deteriorating operating performance, an impairment review was conducted on the Company's Fort Lauderdale golf courses for the year ended December 31, 2018. Using management's best estimate and assumptions, the Company concluded that an impairment adjustment was warranted for Eagle Trace and Heron Bay. Reasons for impairment relate to declining operating performance. A total impairment in the amount of \$7,865,000 (US\$5,765,000) was recorded to property, plant and equipment.

The 2017 income taxes provision was impacted by the goodwill impairment which did not have an associated tax provision attached.

Net earnings increased to \$223,294,000 in 2018 from \$2,018,000 in 2017 and \$17,754,000 in 2016 due to the White Pass gain recognized in 2018. Basic and diluted earnings per share increased to \$8.17 per share in 2018, compared to 7 cents in 2017 and 65 cents in 2016.

RESULTS OF OPERATIONS BY BUSINESS SEGMENT

The results of operations by business segment should be read in conjunction with the segmented information contained in note 18 of the audited consolidated financial statements for the year ended December 31, 2018.

The following is a summary of the results of operations for the past three fiscal years.

(thousands of Canadian dollars)	2018	2017	2016
Operating revenue by segment			
<i>Canadian golf club operations</i>	\$ 143,820	\$ 140,518	\$ 140,085
<i>US golf club operations</i>	22,121	23,432	25,637
Operating revenue from continuing operations	165,941	163,950	165,722
Operating revenue from discontinued operations	36,555	55,675	52,479
Operating revenue	\$ 202,496	\$ 219,625	\$ 218,201
Net operating income by segment			
<i>Canadian golf club operations</i>	\$ 32,390	\$ 32,062	\$ 31,763
<i>US golf club operations</i>	114	938	1,864
<i>Corporate operations</i>	(3,475)	(2,940)	(2,886)
Net operating income from continuing operations	29,029	30,060	30,741
Net operating income from discontinued operations	19,360	30,468	28,122
Net operating income	\$ 48,389	\$ 60,528	\$ 58,863

Capital expenditures for the past three fiscal years are summarized as follows:

(thousands of Canadian dollars)	2018	2017	2016
Operating capital			
<i>Canadian golf club operations</i>	\$ 5,845	\$ 6,899	\$ 5,566
<i>US golf club operations</i>	1,385	1,349	1,433
<i>Rail and port operations</i>	2,892	4,482	2,933
	10,122	12,730	9,932
Expansion capital			
<i>Canadian golf club operations</i>	2,028	1,803	5,582
<i>US golf club operations</i>	-	-	-
<i>Rail and port operations</i>	6,826	3,261	4,186
	8,854	5,064	9,768
Total capital expenditures	\$ 18,976	\$ 17,794	\$ 19,700

RESULTS OF OPERATIONS BY BUSINESS SEGMENT (continued)

Review of Canadian Golf Club Operations for the Year Ended December 31, 2018

Summary of Canadian Golf Club Operations

(statistics)	2018	2017	% Change
18-hole equivalent championship golf courses	41.5	42.5	(2.4%)
18-hole equivalent managed golf courses	1	-	N/A
Championship golf rounds	1,019,000	1,058,000	(3.7%)
Full privilege golf members	14,602	14,991	(2.6%)
(thousands of Canadian dollars)	2018	2017	% Change
Operating revenue	\$ 143,820	\$ 140,518	2.3%
Direct operating expenses	(111,430)	(108,456)	2.7%
Net operating income	32,390	32,062	1.0%
Amortization of membership fees	6,361	7,653	(16.9%)
Depreciation and amortization	(13,774)	(14,180)	(2.9%)
Land lease rent	(4,384)	(4,848)	(9.6%)
Impairment	-	(31,605)	N/A
Other items	6,979	2,266	208.0%
Segment earnings (loss) before interest and income taxes	\$ 27,572	\$ (8,652)	418.7%
Operating margin %	22.5%	22.8%	(1.3%)

Canadian Golf Club Operating Revenue

Canadian golf club operating revenue is recorded as follows:

(thousands of Canadian dollars)	2018	2017	% Change
Annual dues	\$ 52,262	\$ 50,300	3.9%
Corporate events, guest fees and cart rentals	34,951	34,079	2.6%
Food and beverage	41,179	41,115	0.2%
Merchandise, rooms and other	15,428	15,024	2.7%
Total operating revenue	\$ 143,820	\$ 140,518	2.3%

Annual dues revenue increased 3.9% to \$52,262,000 from \$50,300,000 in 2017 due to planned increases in rates per member to help offset the increase in Ontario minimum wage.

Canadian Golf Club Direct Operating Expenses

Canadian golf club direct operating expenses are recorded as follows:

(thousands of Canadian dollars)	2018	2017	% Change
Cost of sales	\$ 20,812	\$ 20,724	0.4%
Labour and employee benefits	59,587	56,632	5.2%
Utilities	6,585	6,861	(4.0%)
Selling, general and administrative	3,460	4,108	(15.8%)
Property taxes	2,449	2,557	(4.2%)
Insurance	1,707	1,499	13.9%
Repairs and maintenance	3,432	3,125	9.8%
Fertilizers and pest control products	1,848	1,832	0.9%
Fuel and oil	1,144	1,008	13.5%
Other operating expenses	10,406	10,110	2.9%
Total direct operating expenses	\$ 111,430	\$ 108,456	2.7%

RESULTS OF OPERATIONS BY BUSINESS SEGMENT (continued)

Review of Canadian Golf Club Operations for the Year Ended December 31, 2018 (continued)

Canadian Golf Club Direct Operating Expenses (continued)

Direct operating expenses have increased 2.7% to \$111,430,000 from \$108,456,000.

Labour and employee benefits increased 5.2% for year ended December 31, 2018 in part due to the increase in Ontario's minimum wage rate in 2018 and other benefits enacted by Ontario Bill 148.

Gross margin on food and beverage sales increased to 69.9% in 2018 compared to 69.3% in 2017 due to decreases in food costs year over year.

Gross margin on merchandise sales increased to 29.2% in 2018 compared to 28.6% in 2017, due to a change in mix of merchandise sales in 2018 in addition to enhanced sales from ClubLink's online presence.

On September 19, 2017, the cart storage facility at The Club at Bond Head sustained a total loss due to fire, including all golf carts in this facility. During 2018, the Company has recorded \$100,000 insurance proceeds as part of other expenses.

On October 13, 2017, the Company sustained a significant fire event which impacted the clubhouse at Le Maître de Mont-Tremblant. The Company has opened an insurance claim and is arranging for the reconstruction of the clubhouse. An insurance draw in the amount of \$2,400,000 was received during the year and recorded as part of other expenses.

On December 14, 2018, the Company sold Club de Golf Le Fontainebleau to the shareholders of Club de Golf Rosemère for net proceeds of \$8,589,000. Clublink will retain a management fee arrangement of Fontainebleau and recorded a gain of \$6,268,000 on the sale.

Canadian Membership Fees

Full privilege golf members decreased 2.6% to 14,602 on December 31, 2018 from 14,991 on December 31, 2017 due to the sale of 458 former Fontainebleau members as part of the sale of the property.

Changes in full privilege golf members and future membership fee instalments are as follows:

(thousands of Canadian dollars)	2018 Golf Members	Future Membership Fee Instalments	2017 Golf Members	Future Membership Fee Instalments
Balance, beginning of year	14,991	\$ 24,100	15,077	\$ 26,205
Sales to new members	1,399	4,908	1,228	5,044
Reinstated members	205	329	208	315
Transfer and upgrade fees from existing members	-	325	-	635
Resignations and terminations	(1,535)	(3,765)	(1,522)	(4,129)
Sale of Club de Golf Le Fontainebleau	(458)	(487)	-	-
Instalments received in cash	-	(3,443)	-	(3,970)
Balance, end of year (Full Privilege)	14,602	21,967	14,991	\$ 24,100

In general, golf members are becoming more transient between member golf clubs since there is less membership fees being charged per member by both ClubLink and our competitors. This has translated into both more sales and more resignations.

The average membership fee contract per new member has declined to \$3,508 for the year ended December 31, 2018 as compared to \$4,107 in 2017 due to membership reward programs in place for 2018 to help facilitate referral of new members.

RESULTS OF OPERATIONS BY BUSINESS SEGMENT (continued)

Review of Canadian Golf Club Operations for the Year Ended December 31, 2018 (continued)

Canadian Membership Fees (continued)

Membership fees are amortized over the estimated weighted average remaining membership by year joined. This is determined by subtracting the average age of members that joined in that year from 70 and dividing the result by 2. The amortization period is reviewed annually and any adjustments are made prospectively. Membership fee revenue recognized in 2018 decreased 16.9% to \$6,361,000 from \$7,653,000 in 2017. This decline is primarily the result of the members that joined in 2004 completing their amortization period in 2017. Subsequent to this amortization period, membership fees are recorded as revenue upon receipt. An allowance for future resignations is considered as part of this model.

Details on amortization period in years, amortization of membership fee revenue and Canadian Region members at year end is broken down by member join year as follows:

Member Join Year	Amortization Period (yrs) 2018	Amortization Period (yrs) 2017	Amortization of Membership Fees (\$000) 2018	Amortization of Membership Fees (\$000) 2017	Members at year end 2018	Members at year end 2017	% Change
1994-2003	Cash	Cash	\$ 195	\$ 265	4,803	5,289	(9.2%)
2004	Cash	1	48	1,161	510	555	(8.1%)
2005	Cash	Cash	78	108	1,254	1,354	(7.4%)
2006	2	3	840	839	504	541	(6.8%)
2007	1	2	1,444	1,443	876	965	(9.2%)
2008	3	4	713	717	479	543	(11.8%)
2009	4	5	610	626	562	614	(8.5%)
2010	4	5	457	463	663	722	(8.2%)
2011	7	8	391	414	482	542	(11.1%)
2012	9	10	209	223	298	332	(10.2%)
2013	9	10	233	244	291	316	(7.9%)
2014	10	11	266	294	458	537	(14.7%)
2015	11	12	205	249	409	502	(18.5%)
2016	12	13	250	320	688	951	(27.7%)
2017	13	14	215	287	926	1,228	(24.6%)
2018	15	-	207	-	1,399	-	N/A
Totals			\$ 6,361	\$ 7,653	14,602	14,991	(2.6%)

RESULTS OF OPERATIONS BY BUSINESS SEGMENT (continued)***Review of Canadian Golf Club Operations for the Year Ended December 31, 2018 (continued)******Canadian Membership Fees (continued)***

The following is an age analysis of ClubLink's Canadian Region golf members:

	2018	2017 % Change	
Under 30 years	1,541	1,422	8.4%
31 - 40 years	896	851	5.3%
41 - 50 years	1,976	2,175	(9.1%)
51 - 60 years	4,500	4,969	(9.4%)
61 - 70 years	3,562	3,553	0.3%
71 and over	1,558	1,437	8.4%
Not available	569	584	(2.6%)
	14,602	14,991	(2.6%)

The average age of a Canadian full privilege golf member as at December 31, 2018 remains at 54.1 years as compared to December 31, 2017.

RESULTS OF OPERATIONS BY BUSINESS SEGMENT (continued)

Review of US Golf Club Operations for the Year Ended December 31, 2018

Summary of US Golf Club Operations

(statistics)	2018	2017	% Change
18-hole equivalent championship golf courses	11.0	11.0	-
Championship golf rounds	334,000	340,000	(1.8%)
Full privilege golf members	939	973	(3.5%)
(thousands of dollars)	2018	2017	% Change
Operating revenue	\$ 17,132	\$ 17,940	(4.5%)
Direct operating expenses	(17,008)	(17,288)	(1.6%)
Net operating income	124	652	(81.0%)
Amortization of membership fees	259	231	12.1%
Depreciation and amortization	(1,834)	(1,971)	(7.0%)
Impairment	(5,765)	-	N/A
Other items	16	(10)	(260.0%)
Segment loss before interest and income taxes (US dollars)	(7,200)	(1,098)	(755.7%)
Exchange	(2,587)	(238)	N/A
Segment loss before interest and income taxes (Cdn dollars)	\$ (9,787)	\$ (1,336)	(632.6%)

Review of Rail and Port Operations for the Year Ended December 31, 2018

Summary of Rail and Port Operations (Discontinued Operations)

On July 31, 2018, the Company divested the rail and port operations and consequently the amounts reflected for 2018 are seven months of operations.

(statistics)	2018	2017	% Change
Rail passengers	279,000	429,000	(35.0%)
Port passengers	590,000	846,000	(30.3%)
Cruise ship dockings	245	370	(33.8%)
(thousands of dollars)	2018	2017	% Change
Operating revenue	\$ 27,969	\$ 43,207	(35.3%)
Direct operating expenses	(13,296)	(19,444)	(31.6%)
Net operating income	14,673	23,763	(38.3%)
Depreciation and amortization	(2,988)	(7,166)	(58.3%)
Land lease rent	(116)	(251)	(53.8%)
Other items	274	(1,615)	(117.0%)
Segment earnings before interest and income taxes (US dollars)	11,843	14,731	(19.6%)
Exchange	3,935	4,032	(2.4%)
Segment earnings before interest and income taxes (Cdn dollars)	\$ 15,778	\$ 18,763	(15.9%)

CRITICAL ACCOUNTING ESTIMATES

The Company's discussion and analysis of financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with IFRS.

The Company's significant accounting policies and accounting estimates under IFRS are contained in the consolidated financial statements (see Note 2 for description). Certain of these policies involve critical accounting estimates as they require us to make particularly subjective or complex judgments about matters that are inherently uncertain and because of the likelihood that materially different amounts could be reported under different conditions or using different assumptions. We have discussed the development, selection and application of our key accounting policies, and the critical accounting estimates and assumptions they involve, with the external auditors and the audit committee of the Board of Directors.

FINANCIAL CONDITION

The following is a summary consolidated balance sheet and analysis for the last two fiscal years

(thousands of Canadian dollars)	2018	2017	Net Change	Ref
Assets				
Cash and cash equivalents	\$ 137,207	\$ 848	\$ 136,359	1
Accounts receivable	38,104	6,519	31,585	
Mortgages and loans receivable	50,536	1,451	49,085	2
Inventories and prepaid expenses	4,937	6,368	(1,431)	
Other assets	31,664	19,088	12,576	
Property, plant and equipment and intangibles	440,628	595,780	(155,152)	3
	\$ 703,076	\$ 630,054	\$ 73,022	
Liabilities				
Accounts payable and accrued liabilities	\$ 29,746	\$ 23,740	\$ 6,006	
Borrowings	166,625	300,836	(134,211)	4
Prepaid annual dues and deposits	12,560	12,720	(160)	
Deferred membership fees	9,682	12,957	(3,275)	5
Deferred income tax liabilities	48,777	46,643	2,134	
	267,390	396,896	(129,506)	
Shareholders' Equity				
Share capital	111,744	111,987	(243)	
Retained earnings	318,413	97,801	220,612	
Accumulated other comprehensive income	5,529	23,370	(17,841)	6
	435,686	233,158	202,528	
	\$ 703,076	\$ 630,054	\$ 73,022	

Please see reference notes on the following page.

FINANCIAL CONDITION (continued)

The following notes describe significant changes in the balance sheets presented on the previous page:

1. Cash has increased by \$136,359,000 due to the disposition of White Pass on July 31, 2018 and the retaining of the residual cash as part of the sale.
2. Mortgages and loans receivable have increased by \$49,085,000 due to a related party loan in the amount of \$47,809,000 at December 31, 2018.
3. Property, plant and equipment and intangibles decreased \$155,152,000 primarily due to the disposition of White Pass on July 31, 2018.
4. Borrowings have decreased \$134,211,000 due to the changes as follows:

(thousands of dollars)	2018	2017	Change
Borrowings, beginning of year	\$ 301,893	\$ 318,531	\$ (16,638)
Mortgage and term loan payments	(43,637)	(18,546)	(25,091)
Revolving borrowings	(93,765)	8,753	(102,518)
Finance leases	(978)	(1,751)	773
Unrealized foreign exchange	3,852	(5,094)	8,946
Gross borrowings, end of year	167,365	301,893	(134,528)
Deferred financing costs	(740)	(1,057)	317
Borrowings, end of year	\$ 166,625	\$ 300,836	\$(134,211)

5. Deferred membership fees have decreased \$3,275,000 due to the changes as follows:

(thousands of dollars)	2018	2017	Change
Deferred membership fees, beginning of year	\$ 12,957	\$ 16,701	\$ (3,744)
Membership fee instalments received in cash	3,590	4,254	(664)
Amortization of membership fees to revenue	(6,697)	(7,952)	1,255
Sale of Club de Golf Le Fontainebleau	(212)	-	(212)
Exchange	44	(46)	90
Deferred membership fees, end of year	\$ 9,682	\$ 12,957	\$ (3,275)

6. The Company has recorded a positive adjustment to its accumulated other comprehensive gain account of \$3,822,000 due to a change in the Canadian/US exchange rate to 1.3642 at December 31, 2018 from 1.2545 at December 31, 2017. This change has a corresponding impact on the US dollar assets and liabilities of the Company. The Company has also recorded a negative adjustment to its accumulated other comprehensive gain account of \$21,663,000 due to foreign exchange that was realized upon the divestiture of White Pass.

FINANCIAL CONDITION (continued)

Shareholders' Equity

Consolidated shareholders' equity at December 31, 2018 totaled \$435,686,000 or \$15.97 per share, compared to \$233,158,000 or \$8.53 per share at December 31, 2017. The number of common shares outstanding changed to 27,286,052 shares as at December 31, 2018 compared to 27,345,540 shares as at December 31, 2017 as reflected in the chart below.

The following is a summary of the common share activity:

(number of shares)	2018	2017
Balance, beginning of year	27,345,540	27,345,540
Other	(1)	-
Shares cancelled subject to normal course issuer bid	(59,487)	-
Balance, end of year	27,286,052	27,345,540

The following is a summary of dividends declared in 2017 and 2018:

Date of declaration	Record date	Distribution date	Cash/stock	Amount per share
February 28, 2017	March 15, 2017	March 31, 2017	Cash	0.02
May 4, 2017	May 31, 2017	June 15, 2017	Cash	0.02
August 10, 2017	August 31, 2017	September 15, 2017	Cash	0.02
November 2, 2017	November 30, 2017	December 15, 2017	Cash	0.02
February 23, 2018	March 15, 2018	March 29, 2018	Cash	0.02
May 3, 2018	May 31, 2018	June 15, 2018	Cash	0.02
August 2, 2018	August 31, 2018	September 14, 2018	Cash	0.02
November 5, 2018	November 30, 2018	December 14, 2018	Cash	0.02

LIQUIDITY AND CAPITAL RESOURCES

TWC's objective is to ensure that capital resources are readily available to meet obligations as they become due, to complete its approved capital expenditure program and to take advantage of attractive acquisitions as they arise. TWC's capital availability and demonstrated ability to execute transactions give it a competitive advantage in corporate development opportunities.

A summarized statement of cash flows is as follows:

(thousands of Canadian dollars)	2018	2017
Cash provided by (used in) operating activities before income taxes	\$ 30,589	\$ 31,454
Income taxes paid	(60,254)	(2,341)
Cash provided by (used in) operating activities	(29,665)	33,795
Operating property, plant and equipment expenditures	(10,122)	(12,730)
Expansion property, plant and equipment expenditures	(8,854)	(5,064)
Proceeds from divestiture of White Pass	363,128	-
Proceeds from sale of property, plant and equipment	8,896	5,074
Mortgages and loans receivable	(49,085)	6
Revolving borrowings	(93,765)	8,753
Term debt payments	(24,935)	-
Non-revolving borrowings – amortization payments	(18,702)	(18,546)
Finance lease obligations, net	(978)	(1,751)
Cash dividends	(2,186)	(2,188)
Other long term assets	5,451	(7,761)
Other	(2,824)	(1,122)
Net change in cash during the year	136,359	(1,534)
Cash, beginning of year	848	2,382
Cash, end of year	\$ 137,207	\$ 848

LIQUIDITY AND CAPITAL RESOURCES (continued)

The analysis of TWC's liquidity is as follows:

(thousands of Canadian dollars)	Availability on December 31, 2018		Availability on December 31, 2017	
	Maximum	Available	Maximum	Available
Cash and cash equivalents	\$ 137,207	\$ 137,207	\$ 848	\$ 848
Revolving line of credit (US golf)	10,232	10,232	12,545	-
Revolving line of credit (corporate)	50,000	28,293	70,000	5,315
Revolving line of credit (rail)	N/A	N/A	32,165	7,331
Related party revolving line of credit	50,000	50,000	50,000	38,233
	\$ 247,439	\$ 225,732	\$ 165,558	\$ 51,727

Funds will be used during 2019 for operating capital expenditures, expansion capital expenditures and to pay debt obligations as they become due.

Liquidity risk arises from general funding needs and in the management of assets, liabilities and optimal capital structure. TWC manages liquidity risk to maintain sufficient liquid financial resources to meet its commitments and obligations in the most cost-effective manner possible.

Based on TWC's financial position at December 31, 2018, and projected future earnings, management expects to be able to fund its working capital requirements, and meet its other obligations including debt repayments.

The following is an analysis of the Company's net borrowings and their characteristics on December 31, 2018 compared to December 31, 2017:

(thousands of Canadian dollars)	Interest Rate 2018	Interest Rate 2017	Total Indebtedness 2018	Total Indebtedness 2017	Average Term to Maturity (Yrs) 2018	Average Term to Maturity (Yrs) 2017
Revolving (US golf)	3.85%	3.11%	\$ -	\$ 10,000	2.00	2.00
Revolving (rail)	N/A	3.12%	-	19,796	-	0.92
Non-revolving	8.00%	8.00%	11,812	12,472	10.75	11.75
Term loan	N/A	4.38%	-	20,278	-	2.67
Exchange	-	-	4,302	15,918	-	-
Subtotal US borrowings	8.00%	4.50%	16,114	78,464		
Revolving (corporate)	4.08%	3.12%	20,689	63,667	1.75	1.50
Revolving (related party)	-	2.99%	-	11,767	N/A	N/A
Non-revolving	7.07%	7.10%	129,696	146,155	6.49	7.44
Finance lease obligations	4.00%	3.86%	866	1,840	1.52	1.67
Subtotal CDN borrowings	6.65%	5.72%	151,251	223,429		
Gross borrowings	6.78%	5.41%	\$ 167,365	\$ 301,893		

None of the above non-revolving mortgages have any prepayment options without a corresponding yield maintenance payment.

LIQUIDITY AND CAPITAL RESOURCES (continued)

TWC's consolidated borrowings include revolving lines of credit, non-revolving mortgages, term loan and finance lease obligations. The following table illustrates future maturities and amortization payments of consolidated borrowings for the next five years and thereafter as at December 31, 2018:

(thousands of Canadian dollars)	Revolving Maturities	Mortgage and Term Loan Payments	Finance Lease Obligations	Total Borrowings
2019	\$ -	\$ 18,643	\$ 528	\$ 19,171
2020	20,689	20,022	223	40,934
2021	-	21,504	115	21,619
2022	-	21,785	-	21,785
2023	-	20,551	-	20,551
2024 and thereafter	-	43,305	-	43,305
	\$ 20,689	\$ 145,810	\$ 866	\$ 167,365

TWC expects to meet its 2019 mortgage obligations by way of funds from operations, and using cash deposits if necessary.

TWC has certain golf clubs that it operates, which are under long-term lease arrangements and are subject to standard lease termination clauses.

The following are the golf clubs under lease with expiration dates:

- The Club at Bond Head: December 31, 2021 (formerly December 31, 2029)
- The Country Club: December 31, 2022 (formerly December 31, 2026)
- National Pines Golf Club: November 15, 2024
- Greenhills Golf Club: February 28, 2026

In December 2017, the landlord of the Country Club provided the Company with a five year notice - as provided in the lease document. The lease now expires on December 31, 2022, rather than the original expiration of December 31, 2026.

In December 2018, the Company provided the landlord of The Club at Bond Head with a three year notice - as provided in the lease document. The lease now expires on December 31, 2021, rather than the original expiration date of December 31, 2029.

TWC is committed to the following minimum land lease rent payments for the next five years and thereafter as follows:

(thousands of Canadian dollars)	Golf Club Operations
2019	\$ 5,467
2020	5,578
2021	5,691
2022	4,708
2023	1,316
2024 and thereafter	1,515
	\$ 24,275

Operating Activities

Cash used in operating activities were \$29,665,000 in 2018 compared to cash provided by operating activities of \$33,795,000 in 2017 due to income taxes remitted as part of the White Pass divestiture.

LIQUIDITY AND CAPITAL RESOURCES (continued)***Investing Activities***

Cash provided by investing activities were \$358,499,000 in 2018 compared to cash used in investing activities of \$20,581,000 in 2017 due to the divestitures of White Pass and Fontainebleau.

Property, plant and equipment expenditures are broken down as follows:

(thousands of Canadian dollars)	2018	2017
Operating property, plant and equipment expenditures		
Canadian golf club operations		
Golf carts	\$ 1,759	\$ 3,091
Turf improvements	965	1,089
Turf equipment	1,543	1,060
Facilities, administrative and other	1,578	1,659
US golf club operations		
Golf carts	576	774
Turf improvements	588	408
Turf equipment	198	60
Other	23	107
Rail and port operations		
Track improvements	322	291
Bridge upgrades	32	761
Rolling stock upgrades	683	1,756
Dock upgrades	1,607	801
Facilities, administrative and other	248	873
	10,122	12,730
Expansion property, plant and equipment expenditures		
Canadian golf club operations		
Land and buildings	2,028	1,803
Rail and port operations		
Locomotive upgrades	4,645	571
Railroad dock mooring fender	329	-
Main track rail replacement	255	1,087
Rock fall netting	1,327	-
Bridge replacement	255	1,585
Other	15	18
	8,854	5,064
Total	\$ 18,976	\$ 17,794

LIQUIDITY AND CAPITAL RESOURCES (continued)

Financing Activities

Cash flows used in financing activities were \$190,500,000 in 2018 compared to \$13,902,000 in 2017 due to the revolving debt that was repaid as part of the White Pass divestiture.

The Company's \$50,000,000 secured revolving operating line of credit due June 30, 2018 was renewed to September 30, 2019. The Company's US\$7,500,000 revolving operating line of credit was renewed to December 31, 2019. These facilities have a two year term and provisions for annual one year extensions.

The Company was approved by the Toronto Stock Exchange for a normal course issuer bid to purchase up to 1,367,000 of its common shares which expired on September 19, 2018. During 2017, the Company did not make any purchases under this bid. During 2018, the Company repurchased for cancellation 28,400 common shares for a total purchase price of \$346,928 or \$12.22 per common share, including commissions.

The Company was approved by the Toronto Stock Exchange for a normal course issuer bid to purchase up to 1,366,000 of its common shares which will expire on September 19, 2019. From September 20, 2018 to December 31, 2018, the Company repurchased for cancellation 31,087 common shares for a total purchase price of \$392,380 or \$12.62 per common share, including commissions.

In recording the repurchase and cancellation of shares, share capital is reduced by the weighted average issue price of the outstanding common shares with the differential to the purchase price being credited or charged to retained earnings.

During 2018, TWC declared and paid four quarterly dividends of 2 cents per common share for a total of 8 cents per common share or \$2,186,000 for the year.

OFF-BALANCE SHEET FINANCING AND GUARANTEES

TWC and its subsidiaries do not engage in off-balance sheet financing, except for the existence of operating leases, which are primarily for the rental of golf courses.

From time to time, TWC enters into agreements to provide financial or performance assurances to third parties of which letters of credit of \$1,018,000 (2017 - \$1,018,000) and unsecured surety bonds of \$1,602,000 (2017 - \$1,602,000) were outstanding as at December 31, 2018.

In the normal course of operations, the Company executes agreements that provide for indemnification and guarantees to third parties in transactions such as business dispositions, business acquisitions, sales of assets, sales of services, securitization agreements and underwriting and agency agreements.

RELATED PARTY TRANSACTIONS

The immediate parent and controlling party of the Company is Paros Enterprises Limited ("Paros") and its parents – S.N.A. Management Limited. These companies are privately-owned companies whose shareholder is the Chairman, President and Chief Executive Officer of the Company – K. (Rai) Sahi.

K. (Rai) Sahi, the Chairman, President and Chief Executive Officer of the Company is also the controlling shareholder of Morguard Corporation ("Morguard").

The Company has provided an unsecured revolving demand credit facility to Morguard in the amount of \$50,000,000 (December 31, 2017 – \$30,000,000), with no fixed maturity date. Morguard has provided an unsecured revolving demand credit facility to TWC in the amount of \$50,000,000 with no fixed maturity date. These facilities bear interest on a basis which is consistent with the entity's borrowing costs. As at December 31, 2017, the total loan payable to Morguard outstanding on this facility was \$11,767,000, and interest incurred amounted to \$400,000. Net interest payable at December 31, 2017 was \$28,000. As at December 31, 2018, the total loan receivable from Morguard outstanding on this facility was \$47,809,000, and net interest income earned amounted to \$269,000. Net interest receivable at December 31, 2018 was \$365,000.

The Company has provided an unsecured revolving demand credit facility to Paros in the amount of \$5,000,000, with no fixed maturity date. This facility bears interest at prime plus 1%. During the years ended December 31, 2018 and 2017, there were no advances or repayments under this facility.

Paros has provided an unsecured revolving demand credit facility to TWC in the amount of \$5,000,000 with no fixed maturity date. This facility bears interest at prime plus 1%. During the years ended December 31, 2018 and 2017, there were no advances or repayments under this facility.

The purpose of these credit facilities is to allow each of the above entities to manage its financing activities in the most effective manner.

The Company receives managerial and consulting services from Morguard. The Company paid a management fee of \$843,000 for the year ended December 31, 2018 (December 31, 2017 - \$240,000), under a contractual agreement, which is included in operating expenses. Morguard also provides back-office services to ClubLink US Corporation. The Company paid a management fee of US\$460,000 (CDN\$595,000) for the year ended December 31, 2018 (December 31, 2017 - US\$460,000; CDN\$598,000) under a contractual agreement, which is included in direct operating expenses.

During 2018, the Company earned \$607,000 (2017 - \$548,000) in golf revenue (primarily food and beverage and corporate events) from related parties controlled by the Chairman, President and Chief Executive Officer of the Company.

A total of US\$53,000 of rental revenue was earned by TWC for the year ended December 31, 2018 (December 31, 2017 - US\$53,000) from Morguard relating to a shared office facility in Florida.

All related party transactions were made in the ordinary course of business and on substantially the same terms including interest rates and security as for comparable transactions with parties of a similar standing.

ENVIRONMENTAL AND HEALTH AND SAFETY OBLIGATIONS

The Company's operations and properties are subject to extensive federal, provincial, territorial, state, municipal and local environmental laws and requirements in both Canada and the United States, relating to, among other things, air emissions, the management of contaminants including hazardous materials and waste, discharges to waters and the remediation of environmental impacts. The Company believes it has identified and provided for the expenditures relating to known environmental matters, including compliance issues and the assessment and remediation of the environmental condition of its properties, whether currently or previously owned, or other properties where it may have environmental matters. The Company's total costs and liabilities cannot be predicted with certainty due to, among other things, the various issues described above, changing environmental laws, requirements and the potential necessity to conduct additional investigations.

TWC continually demonstrates its commitment to ensuring the health and safety of anyone affected by its operations and to responsibly manage the impact of its operations on the environment. In implementing its policies, TWC employs the benefits of strong environment, health and safety ("EH&S") management systems to a wide range of stakeholders in Canada and the United States. Stakeholders include all employees and the communities where TWC operates, along with customers, investors, partners, and service providers. This commitment extends throughout the entire Company at every level, starting with the Board of Directors.

The EH&S committee of the Company's Board of Directors meets on a regular basis to review and oversee TWC's policies and programs as well as to review the EH&S performance of each business unit. The committee also oversees the Company's compliance with applicable EH&S laws and regulations and monitors trends, issues and events which could have a significant impact on the Company.

TWC continually monitors changes in both EH&S technologies and regulations both directly and through its involvement with various industry associations.

TWC believes that safe operations are essential for a productive and engaged workforce. TWC is committed to workplace incident prevention and makes expenditures towards the necessary human and financial resources and site-specific systems to ensure compliance with its health and safety policies. Any injuries that may occur are investigated to determine root cause and to establish and put in place necessary controls, with the goal of preventing recurrence.

FINANCIAL INSTRUMENTS

TWC has a number of financial instruments which are described in Note 21 to the audited consolidated financial statements for the year ending December 31, 2018.

Risks associated with these financial instruments and information on their fair values are also disclosed in Note 21.

SUMMARY OF FINANCIAL RESULTS BY QUARTER

The table below sets forth selected financial data for the most recent eight quarters ending December 31, 2018. The financial data is derived from the Company's unaudited interim financial statements, which are prepared in accordance with IFRS as follows:

(thousands of Canadian dollars, except per share amounts)	2018				2017			
	Dec. 31	Sep. 30	Jun. 30	Mar. 31	Dec. 31	Sep. 30	Jun. 30	Mar. 31
Total assets	\$ 703,076	\$ 706,172	\$ 665,514	\$ 649,279	\$ 630,054	\$ 680,979	\$ 702,854	\$ 685,578
Operating revenue (a)	29,035	65,351	48,203	23,352	28,168	63,818	47,815	24,149
Net operating income (a)	3,476	14,763	6,935	3,855	3,055	15,981	6,824	4,200
Operating margin (%)	12.0	22.6	14.4	16.5	10.7	25.2	14.3	17.4
Net earnings (loss)	3,090	220,433	7,072	(7,301)	(19,581)	19,466	5,748	(3,615)
Basic earnings (loss) per share	0.11	8.06	0.26	(0.27)	(0.72)	0.71	0.21	(0.13)
Eligible cash dividends per share	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02

(a) net of discontinued operations

FOURTH QUARTER RESULTS

For the Fourth Quarter ended December 31,
(thousands of Canadian dollars, except per share amounts)

	2018	2017
Operating revenue	\$ 29,035	\$ 28,168
Cost of sales and operating expenses	(25,559)	(25,113)
Net operating income	3,476	3,055
Operating margin (%)	12.0%	10.7%
Amortization of membership fees	1,552	1,859
Depreciation and amortization	(3,997)	(4,265)
Land lease rent	(1,092)	(1,207)
Interest, net	(1,417)	(4,061)
Impairment	(7,865)	(31,605)
Other items	13,615	58
Income tax provision (recovery)	(836)	1,201
Net earnings (loss) from continuing operations	3,436	(34,965)
Net earnings (loss) from discontinued operations	(346)	15,384
Net earnings (loss)	\$ 3,090	\$ (19,581)
Weighted average shares outstanding (000)	27,301	27,346
Basic and diluted earnings (loss) per share from continuing operations	\$ 0.12	\$ (1.28)
Basic and diluted earnings (loss) per share from discontinued operations	(0.01)	0.56
Basic and diluted earnings (loss) per share	\$ 0.11	\$ (0.72)

The following exchange rates translate one US dollar into the Canadian dollar equivalent:

Statement of earnings, average for the fourth quarter	1.3214	1.2715
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The revenue and net operating income earned in the fourth quarter relate to the activities of the Canadian and US golf operations as certain golf clubs remain open in the fall and annual dues revenue is recognized on a monthly basis. Costs for the end of season maintenance and operating expenses negatively impact net operating income in the fourth quarter.

An impairment charge of \$7,865,000 was recorded to property, plant and equipment in the fourth quarter of 2018 in relation to the Company's Fort Lauderdale assets. A goodwill impairment charge of \$31,605,000 was recorded in the fourth quarter of 2017.

SEASONALITY

The quarterly earnings performance of the Company reflects the highly seasonal nature of the business segments. The majority of revenue and earnings from the Canadian golf operations occur or have occurred during the second and third quarters of the year. Accordingly, the quarterly reported net earnings of the Company will fluctuate with those of the underlying business segments.

RISKS AND UNCERTAINTIES

TWC manages a number of risks in each of its business segments in order to achieve an acceptable level of risk without hindering its ability to maximize returns. Management has procedures to identify and manage significant operational and financial risks.

In addition to the risks described elsewhere in this MD&A, this section describes the principal risks that could have a material and adverse effect on the Company's financial condition, results of operations, cash flows or business, as well as cause actual results to differ materially from expectations expressed in or implied by forward-looking statements. The risks described below are not the only risks that could affect the Company. Additional risks and uncertainties not currently known or that are currently deemed to be immaterial may also materially and adversely affect TWC's financial condition, results of operations, cash flows or business.

Economic & Business Risk

A decline in the economic environment and its impact on disposable income in areas where TWC operates may have an adverse effect on operating revenue. The Company's business segments are dependent upon discretionary spending by consumers and corporations which in turn is impacted by general economic conditions.

An extended recession could materially affect revenue and financial performance as discretionary spending declines.

The ability to attract and retain full privilege golf members and the number of rounds played at member, hybrid and daily fee golf clubs have historically been dependent upon (i) discretionary spending by consumers and corporations, which may be affected by general economic conditions in the markets that it operates, and (ii) the popularity of golf as a leisure activity. There is no certainty that current levels of participation will be sustained or increase in the future. A decrease in the overall number of golfers, their rates of participation and consumer or corporate spending on golf, individually or collectively, could have a material adverse effect on the Company's business, financial condition and results of operations. Given that a substantial portion of the Company's golf activities are carried out in Southern Ontario, the results of operations will depend heavily on the financial condition of this market.

A decline in the economic environment and its impact on disposable income in areas where TWC's clusters are located may have an adverse effect on the Company's golf club operations revenue. The Company believes this is mitigated and that revenue from member clubs would remain relatively constant since a member is committed to pay annual dues and consume a food and beverage minimum to maintain their membership. While the sale of new memberships may decline in such circumstances, almost all Member Golf Clubs have a membership base that generates sufficient operating revenue to sustain profitable operations at that property.

Corporate event bookings, which represent a material portion of the Company's golf revenue, are susceptible to major changes in the economic environment.

Foreign Currency Risk

TWC operates both in Canada and the United States and reports its earnings in Canadian dollars. Certain TWC borrowings have a base currency of US dollars as well. Fluctuations in exchange rates could affect the cost of capital or the contribution from operations in the United States, and the value of the Company's investments in the United States.

Availability of Credit/Liquidity

No assurance can be given that borrowings will be available to the Company or its subsidiaries to replace existing credit facilities on terms acceptable to the Company, if at all. Failure to renew or replace credit facilities as they mature would require TWC to obtain alternative sources of capital, which may include the sale of assets or the issuance of equity at prices that may be dilutive to current shareholders.

Renewal Risk

TWC is exposed to renewal risk on its maturing borrowings. A total of 88% (December 31, 2017 – 58%) of TWC's consolidated borrowings is fully amortizing over the remaining term to maturity and 12% (December 31, 2017 – 42%) of TWC's borrowings is subject to this risk.

RISKS AND UNCERTAINTIES (continued)

Interest Rate Risk

TWC is exposed to market risk related to interest rate fluctuations. The majority of TWC's borrowings has fixed interest rates over its remaining term to maturity, with 12% (December 31, 2017 – 42%) of its debt subject to this risk.

Risks Associated with Information Systems

Golf club operations rely on information systems in its business to obtain, rapidly process and analyze data to manage:

- its tee sheet and reservation system;
- its member database;
- the accurate billing of receivables and collections from members;
- the accurate accounting for and payment to vendors; and
- the processing of financial data.

Results of operations could be adversely affected if these systems are interrupted, damaged by unforeseen events or fail for any extended period of time, including due to the action of third parties.

Competition

The competitive environment in all business segments is evolving. There have been significant additions to alternative products in the golf club, resort and tourism sectors in Ontario. While the Company has certain competitive advantages which management believes will offset, in part, the impact of this increased competition, it has been affected by these developments.

The Company faces strong competition in the Florida golf marketplace from golf clubs that have been reducing their golf fees to maintain market share. TWC believes its pricing is competitive and is striving to differentiate their product by ensuring a quality golfing experience.

Key Management

The Company's success depends upon the continued contribution of key management, some of whom have unique talents and experience and would be difficult to replace quickly. The loss or interruption of the services of a key executive could have a material adverse effect on our business during the transitional period that would be required to restructure the organization or for a successor to assume the responsibilities of the key management position.

Litigation

The Company and certain of its subsidiaries are defendants in a number of legal actions. Although the outcome of these claims cannot be determined, in the opinion of management, the resolution of these matters is not expected to have a material adverse effect on the Company's financial position or results of operations.

Laws Concerning Employees

The Canadian golf operations are subject to minimum wage and employment laws governing such matters as rate of pay, benefits, working conditions, overtime and tip credits. The Company believes it is in compliance with these laws and regulations. A significant number of employees are paid at rates which are at or slightly higher than the minimum wage level and accordingly, further increases in the minimum wage could increase the Company's labour costs.

Regulatory Environment

TWC and its subsidiaries are subject to regulation by numerous agencies involving minimum wage, the serving of alcohol and adherence to environmental constraints. Changes in these regulations, and their application, can impact the cost and efficiency of each business segment.

Loss of Reputation

"ClubLink One Membership More Golf" currently enjoys a recognizable brand name in its operating market. Damage to this brand could have a negative impact on the affairs of the Company. If the Company does not meet or exceed customer expectations, this brand could suffer. We have endeavoured to reduce this risk by ongoing employee training and a company-wide focus on customer service excellence.

RISKS AND UNCERTAINTIES (continued)

Environment

TWC's golf courses are managed with a high level of environmental awareness. In addition, TWC's turf management team is highly knowledgeable and receives extensive training regarding the proper use of pesticides and chemicals required to promote healthy golf course conditions and compliance with applicable regulations. However, certain risks are associated with the use of these materials and the overall effect a golf course has on the surrounding habitat, including nearby waterways.

Phase 1 environmental assessments are completed prior to the acquisition of any property. Once the property is acquired, environment assessment programs ensure continued compliance with all laws and regulations governing environment and related matters.

The Company believes that it has adopted appropriate practices and procedures and maintains adequate insurance to address environmental contingencies. As part of our environmental policies, TWC monitors, controls and manages environmental issues by way of measures for waste prevention, minimization and recycling of any waste products. A committee of the Board of Directors has been established to ensure appropriate policies and standards are maintained for environmental stewardship.

Weather

Extraordinary weather conditions involving extended dry or wet periods or exceptional hot or cold temperatures could impact the condition of golf courses and the demand for golf. Management believes that its geographically diverse operations may serve to reduce the impact of severe weather conditions.

Real Estate

TWC is subject to risks inherent in the acquisition, development, ownership and financing of real estate in general and the operations, rehabilitation and development of golf courses and recreational real estate in particular, such as the risk of depreciation in the value of land and federal, provincial and municipal governmental regulations, including environmental, sewer, water, zoning and similar regulations. It is possible that enactment of new laws, changes in the interpretation or enforcement of applicable laws, rules and regulations or the decision of any authority to change or refuse a change to current zoning classification may have an adverse effect on the value of these golf facilities and related real estate.

Exchange of Confidential Information

This risk involves the utilization of members' confidential information, particularly in direct marketing. The potential dissemination of such information to the wrong individuals could cause significant damage to our relationship with our members and customers and could result in legal action. Various initiatives, such as a corporate privacy policy, have been implemented which seek to minimize the possibility that this may occur.

TWC is also involved in payment card industry ("PCI") compliance, a rigorous set of standards leveraging the latest security technology, such as encryption, to ensure the protection of customer credit card information. These capabilities are being introduced and implemented by TWC in accordance with the ongoing PCI certification program.

Income and Commodity Tax Amounts

The operations of TWC are relatively complex and related tax interpretations, regulations and legislation that pertain to TWC's activities are subject to continual change. The Company collects and pays income and commodity taxes to various taxation authorities.

The audit and review activities of the Internal Revenue Services and Canada Revenue Agency and other jurisdictions' tax authorities affect the ultimate determination of the actual amounts of commodity taxes payable or receivable, income tax liabilities and income tax expense. Therefore, there can be no assurance that taxes will be payable as anticipated and/or that the amount and timing of receipt of use of the tax-related assets will be as currently expected.

Risk of Loss Not Covered by Insurance

The Company generally maintains insurance policies related to our business, including casualty, general liability and other policies covering our business operations, employees and assets; however, TWC would be required to bear all losses that are not adequately covered by insurance, as well as any insurance deductibles. In the event of a substantial property loss, the insurance coverage may not be sufficient to pay the full current market value or current replacement cost of the property. In the event of an uninsured loss, the Company could lose some or all of its capital investment, cash flow and anticipated profits related to one or more properties. Assurance cannot be provided that the Company will not incur losses in excess of insurance coverage or that insurance can be obtained in the future at acceptable levels and reasonable cost. Due to the cost involved, the Company has chosen not to purchase catastrophic wind (hurricane) insurance for its southeast Florida golf clubs.

RISKS AND UNCERTAINTIES (continued)

Integration of Acquisitions

Integration activities include the review and alignment of accounting policies, employee transfers and moves, information systems, optimization of service offerings and establishment of control over new operations. Such activities may not be conducted efficiently and effectively, negatively impacting service levels, competitive position and expected financial results.

TWC has a team that performs the integration function. This team applies an integration model, based on experiences from numerous previous integrations, which enhances and accelerates the standardization of TWC's business processes and strives to preserve the unique qualities of acquired operations. The integration process begins with strategic, pre-closing analysis and planning, and continues after closing with the execution of a plan. Integrated operations are re-evaluated and assessed regularly, based on timely feedback received from the integration team.

Land Leases

TWC has certain golf clubs that it operates, which are under long-term lease arrangements and are subject to standard lease termination clauses.

The following are the golf clubs under lease with expiration dates:

- The Club at Bond Head: December 31, 2021 (formerly December 31, 2029)
- The Country Club: December 31, 2022 (formerly December 31, 2026)
- National Pines Golf Club: November 15, 2024
- Greenhills Golf Club: February 28, 2026

Unless the terms of our leases are extended, the properties, together with any improvements that we have made, will revert to the property owners upon expiration of the lease terms. As the terms of our leases expire, we may not be able to renew these leases or find alternative locations that meet our needs on favourable terms, or at all. If we are unable to renew our expiring leases, our business and financial results could be materially adversely affected. The leases also provide that the landlord may increase the rent over the term of the lease, as well as obligate us to pay a variety of costs such as cost of insurance, taxes, maintenance and utilities. Breaching the terms of a lease may result in the Company incurring substantial penalties, including, among others, paying all amounts due to the landlord for the balance of the lease term. In the event that a significant number of our leases are terminated on that basis, our business and financial results could be materially adversely affected.

Data, Security and Privacy Breaches

Information security risks have increased in recent years because of the proliferation of new technologies and the increased sophistication of perpetrators of cyber-attacks. Cyber incidents can result from deliberate attacks or unintentional events. Cyber threats in particular vary in technique and sources, are persistent, frequently change and are increasingly more targeted and difficult to detect and prevent. Cyber attacks and security breaches could include unauthorized attempts to access, disable, improperly modify or degrade the Company's information systems and networks, the introduction of computer viruses and other malicious codes, and fraudulent "phishing" emails that seek to misappropriate data and information or install malware onto users' computers. They could result in important remediation costs, increased cyber security costs, lost revenues due to a disruption of activities, litigation and reputational harm affecting customer and investor confidence, which could materially adversely affect our business and financial results.

The Company collects and maintains proprietary and confidential information related to the business and affairs, including our members, suppliers and employees. We store and process such internal data both at onsite facilities and at third-party owned facilities. Any fraudulent, malicious or accidental breach of data security could result in unintentional disclosure of, or unauthorized access to members, suppliers, employees or other confidential or sensitive data or information, which could potentially result in additional costs to the Company to enhance security or to respond to occurrences, violations of privacy or other laws or regulations, penalties or litigation. In addition, media or other reports of perceived security vulnerabilities of the Company's systems, even if no breach has been attempted or has occurred, could adversely impact the Company's brand and reputation and materially impact its business and financial results.

While the Company has dedicated resources and utilizes third party technology products and services to help protect the Company's information technology systems and infrastructure as well as its proprietary and confidential information against security breaches and cyber-incidents, such measures may not be adequate or effective to prevent, identify or mitigate attacks by hackers or breaches caused by employee error, malfeasance or other disruptions, which could be in excess of any available insurance, and could materially adversely affect its business and financial results.

DISCLOSURE CONTROLS AND PROCEDURES

TWC's Chairman, President and Chief Executive Officer ("CEO") and its Chief Financial Officer ("CFO") are responsible for establishing and maintaining the Company's disclosure controls and procedures. Our disclosure controls are designed to provide reasonable assurance that information required to be disclosed by TWC is recorded, processed, summarized and reported within the time periods specified under Canadian securities laws, and include controls and procedures that are designed to ensure that information is accumulated and communicated to management, including the CEO and CFO, to allow timely decisions regarding required disclosure. The CEO and CFO, after evaluating the effectiveness of the Company's disclosure controls and procedures as at December 31, 2018, have concluded that the Company's disclosure controls are adequate and effective to ensure that material information relating to the Company and its subsidiaries would have been known to them.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting.

The Company's internal control over financial reporting includes those policies and procedures that: (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of TWC's assets; (ii) provide reasonable assurance that transactions are recorded appropriately to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorization of our management and directors; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

Based on their evaluation, the CEO and CFO have concluded that, as at December 31, 2018, the Company's internal control over financial reporting is effective in providing reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes is in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

There were no changes in internal control over financial reporting that occurred during the Company's most recent year that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

OUTLOOK

Canadian Golf Club Operations

Management is expecting 2019 revenue from the amortization of membership fees to be approximately \$5.1 million compared to \$6.7 million in 2018. In general, membership fee collections have been declining over the last five years due to the downward pressure from the Company's competitors and an oversupply of golf courses in the markets that the Company operates. The average membership price for 2018 was \$3,508 as compared to \$4,107 for fiscal 2017 and \$5,996 in 2016. This trend is expected to continue in the short-term. Inflationary increases for annual dues are still the norm.

Highland Gate Development

TWC has been pursuing the development of its Highland Gate property in Aurora, Ontario as part of a 50/50 joint venture with Geranium Homes.

The development plan contains 158 single family detached homes, a seven storey multi-unit residential building with 114 units, a 10-metre landscaped buffer between existing rear yards and adjacent new streets, 7.6 kilometres of off-street trails resulting in a total pedestrian network consisting of 10.2 kilometres, and building a major new 21-acre park in the first phase of the development.

The sales office opened on July 24, 2017 and servicing of the 44 lots in Phase 1a commenced on October 23, 2017. Construction of homes is now underway, along with two model homes, with the first closings expected in summer of 2019.

OUTLOOK

Glen Abbey Development

ClubLink Corporation ULC and ClubLink Holdings Limited, wholly owned subsidiaries of TWC have announced a long-term plan to transform Glen Abbey Golf Club and dedicate more than half (approximately 124 acres) of the privately-owned site to the public as permanent, publicly accessible green space by filing three development applications on November 10, 2016 with the Town of Oakville. The mixed-use development on the remainder of the site will deliver approximately 107,000 sf office and 69,000 sf retail space, along with a housing development consisting of 3,222 units compatible with the current character of the Oakville community and consistent with the provincial directive to focus growth within Oakville's built boundary. The proposal's tree canopy plan achieves 42 per cent, which is above the Town of Oakville's 40 per cent target.

The proposed removal of the golf course from the Sixteen Mile Creek valley will also enable this portion of the Lands to be re-naturalized and dedicated to public use, as a condition of approval of the redevelopment proposal. This would provide an opportunity for all members of the community to enjoy these lands and allow the Town to establish an important publicly-accessible connection within the valley on both the North and South sides of our property.

ClubLink's three development applications, Official Plan and zoning by-law amendments and the Draft Plan of Subdivision, have been deemed complete on November 10, 2016, the date they were received by the Town. Each of these applications have been appealed to the Local Planning Appeal Tribunal ("LPAT"), under the pre-Bill 139 regime and a second pre-hearing conference held on November 29, 2018 confirmed the following: a) an Oakville motion will be heard on March 27, 2019, on whether the Development Application hearing should be phased; b) a third pre-hearing conference will be held on November 15, 2019 and c) a 20-week single phase hearing on the Development Applications is provisionally scheduled for July 6, 2020 to November 20, 2020.

On December 20, 2017, Oakville Council Designated the Glen Abbey property as a significant cultural heritage landscape under by-law 2017-138. On December 17, 2018, ClubLink filed a superior court application to quash By-law 2017-138, a hearing date has not been scheduled.

On September 25, 2017, ClubLink requested the Town to schedule a Ontario Heritage Act (OHA) section 34 pre-consultation meeting to demolish and remove 16 buildings and the golf course. The Town responded that our request was beyond the scope of a section 34 application and made an application to Ontario's Superior Court asking for confirmation of the Town's interpretation. ClubLink filed a section 34 application on November 21, 2017, and also made an application to Ontario's Superior Court asking for confirmation that ClubLink had filed a valid section 34 application. The two Superior Court applications were heard together on July 16 and 17, 2018 by Justice Morgan. In accordance with the court's scheduling order, Oakville Council reviewed our section 34 application on February 12, 2018 and refused it. ClubLink appealed Council's decision to LPAT and the appeal is being held in abeyance until a final decision on the court applications is made. On October 25, 2018, Justice Morgan ruled that the Glen Abbey golf course is both composed of structures and overall is a structure for the purposes of section 34 of the OHA. The Court of Appeal will hear Oakville's appeal of Justice Morgan's decision on May 21, 2019.

On January 30, 2018, Oakville Council passed a Town-wide cultural heritage landscape conservation plan by-law (CHL By-law) and a site specific conservation plan for Glen Abbey. Council also passed conforming amendments to several other by-laws. On February 6, 2018, ClubLink filed an application to Ontario's Superior Court to quash the by-laws and conforming amendments approved on January 30, 2018. The Superior Court application was heard on October 22 and 23, 2018 by Justice Morgan. On December 11, 2018, Justice Morgan struck down Oakville's CHL By-law and four related by-laws and the Town initiated CHL Conservation Plan for the Glen Abbey property, concluding that all three grounds for illegality were satisfied. The three grounds are ultra vires; bad faith and vagueness. The Court of Appeal will hear Oakville's appeal of Justice Morgan's decision on May 23, 2019.

On January 30, 2018, Oakville Council passed OPA 24 and a Glen Abbey specific zoning by-law amendment 2018-016. Three LPAT members held a Case Management Conference (CMC) under the post Bill 139 regime on October 17-19, 2018 and February 22, 2019. LPAT is reconvening the CMC on November 1, 2019 to address the events that occur after February 22, 2019. The LPAT members have postponed the eight day oral hearing provisionally scheduled June 17 to 26, 2019 to an undetermined date.

On January 29, 2019, ClubLink filed a Superior Court application to quash OPA 24 and Zoning By-law 2018-016, a hearing date has not yet been scheduled.

OUTLOOK (continued)

On September 21, 2018, LPAT accepted ClubLink's appeal of OPA 15 (Urban Structure) and OPA 16 (Cultural Heritage Policy Updates). Two LPAT members held a CMC, under the post Bill 139 regime on February 26, 2019. LPAT is reconvening a CMC later in 2019 to address the events that occur after February 26, 2019.

The development application process at Glen Abbey may take several years to conclude and accordingly the property will be operated as a golf course by the Company for the immediate future.

Kanata Development

ClubLink is working with two local developers to explore development options at Kanata Golf and Country Club in Ottawa.

US Golf Club Operations

ClubLink is working with a local developer to explore development options at Woodlands Country Club in Tamarac, Florida.

ADDITIONAL INFORMATION

Additional information concerning the Company, as well as the Company's Annual Information Form is available on SEDAR (www.sedar.com) and the investor relations section of the Company's website (www.twcenterprises.ca).

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The consolidated financial statements and management's discussion and analysis of operations contained in this MD&A are the responsibility of the Company's management. To fulfill this responsibility, the Company maintains a system of internal controls to ensure that its reporting practices and accounting and administrative procedures are appropriate and provide assurance that relevant and reliable financial information is produced. The consolidated financial statements have been prepared in conformity with International Financial Reporting Standards and, where appropriate, reflect estimates based on management's best judgment in the circumstances. The financial information presented throughout this MD&A is consistent with the information contained in the consolidated financial statements.

Deloitte LLP, the independent auditor appointed by the shareholders, have audited the consolidated financial statements in accordance with Canadian generally accepted auditing standards to enable them to express to the shareholders their opinion on the consolidated financial statements. Their independent auditor's report is set out on the following page.

The consolidated financial statements have been further examined by the Board of Directors and by its Audit Committee, which meets regularly with the auditors and management to review the activities of each. The Audit Committee, which is comprised of three independent directors, who are not officers of the Company, reports to the Board of Directors.



K. (Rai) Sahi

Chairman, President and Chief Executive Officer

March 7, 2019



Andrew Tamlin

Chief Financial Officer

INDEPENDENT AUDITOR'S REPORT

To the Shareholders and the Board of Directors of TWC Enterprises Limited

Opinion

We have audited the consolidated financial statements of TWC Enterprises Limited (the "Company"), which comprise the consolidated balance sheets as at December 31, 2018 and 2017, and the consolidated statements of earnings and comprehensive earnings, consolidated statements of changes in shareholders' equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis
- The information, other than the financial statements and our auditor's report thereon, in the Annual Report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis and the Annual Report prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

TO THE SHAREHOLDERS OF TWC ENTERPRISES LIMITED (CONTINUED)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Terng Chen.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
March 7, 2019

(thousands of Canadian dollars)	Notes	December 31, 2018	December 31, 2017
ASSETS			
Current			
Cash and cash equivalents		\$ 137,207	\$ 848
Accounts receivable	21	38,104	6,519
Mortgages and loans receivable	5, 21	47,815	6
Inventories and prepaid expenses	6	4,937	6,368
Other assets	7	23,147	-
		251,210	13,741
Mortgages and loans receivable	5, 21	2,721	1,445
Other assets	7	8,517	19,088
Property, plant and equipment	8	423,763	577,841
Intangible assets	9	16,865	17,939
Total assets		\$ 703,076	\$630,054
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Accounts payable and accrued liabilities	10	\$ 29,746	\$ 23,740
Borrowings	11	19,171	32,362
Prepaid annual dues and deposits		12,560	12,720
		61,477	68,822
Borrowings	11	147,454	268,474
Deferred membership fees	12	9,682	12,957
Deferred income tax liabilities	13	48,777	46,643
Total liabilities		267,390	396,896
Share capital	14	111,744	111,987
Retained earnings		318,413	97,801
Accumulated other comprehensive income		5,529	23,370
Total shareholders' equity		435,686	233,158
Total liabilities and shareholders' equity		\$ 703,076	\$630,054

See Accompanying Notes

On behalf of the Board of Directors



K. (Rai) Sahi
Chairman, President and Chief Executive Officer



Donald Turple
Director

TWC Enterprises Limited
Consolidated Statements of Earnings and Comprehensive Earnings

For the years ended December 31, 2018 and 2017

(thousands of Canadian dollars, except per share amounts)	Notes	2018	2017
REVENUE (CONTINUING OPERATIONS)			(restated-note 2)
Operating revenue		\$ 165,941	\$ 163,950
Amortization of membership fees	12	6,697	7,952
	4	172,638	171,902
EXPENSES (CONTINUING OPERATIONS)			
Cost of sales		22,786	22,760
Labour and employee benefits		71,665	69,133
Utilities		8,210	8,558
Selling, general and administrative expenses		5,218	5,231
Property taxes		3,635	3,779
Repairs and maintenance		4,508	4,107
Insurance		2,617	2,238
Fertilizers and pest control products		2,617	2,640
Fuel and oil		1,463	1,292
Other operating expenses		14,193	14,152
Depreciation of property, plant and equipment	8	15,089	15,540
Amortization of intangible assets	9	1,061	1,196
Land lease rent		4,384	4,848
Interest, net and investment income		11,447	15,403
Impairment		7,865	31,605
Other items	16	(16,720)	(1,783)
		160,038	200,699
Earnings (loss) before income taxes		12,600	(28,797)
Income tax expense (recovery)	13		
Current		1,144	1,199
Deferred		2,250	(1,693)
		3,394	(494)
Net earnings (loss) from continuing operations		9,206	(28,303)
Discontinued operations			
Earnings from discontinued operations	3	214,088	30,321
Net earnings		223,294	2,018
Unrealized foreign exchange gain (loss) in respect of foreign operations		4,258	(5,459)
Unrealized loss on hedge of net investment in foreign operations, net of tax recovery of \$67 for the year ended December 31, 2018 (December 31, 2017 - expense of \$168)		(436)	(168)
Total comprehensive earnings (loss)		\$ 227,116	\$ (3,609)
Weighted average shares outstanding (000)	14	27,331	27,346
Earnings (loss) per share from continuing operations		\$ 0.34	\$ (1.04)
Earnings per share from discontinued operations	3	\$ 7.83	\$ 1.11
Earnings per share - basic and diluted	14	\$ 8.17	\$ 0.07

See Accompanying Notes

TWC Enterprises Limited
Consolidated Statements of Changes in Shareholders' Equity

For the years ended December 31, 2018 and 2017

(thousands of Canadian dollars, except common shares)	Notes	Common Shares	Share Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total Shareholders' Equity
Balance, January 1, 2017	(restated-note 2)	27,345,540	\$ 111,987	\$ 97,971	\$ 28,997	\$238,955
Activity during 2017						
Comprehensive earnings (loss)	(restated-note 2)	-	-	2,018	(5,627)	(3,609)
Cash dividend	14B	-	-	(2,188)	-	(2,188)
Other		-	-	-	-	-
Balance, December 31, 2017	(restated-note 2)	27,345,540	111,987	97,801	23,370	233,158
Activity during 2018						
Comprehensive earnings		-	-	223,294	3,822	227,116
Cash dividend	14B	-	-	(2,186)	-	(2,186)
Other		(1)	-	-	-	-
Realized foreign exchange upon divestiture of White Pass	3	-	-	-	(21,663)	(21,663)
Shares cancelled subject to normal course issuer bid	14C	(59,487)	(243)	(496)	-	(739)
Balance, December 31, 2018		27,286,052	\$ 111,744	\$ 318,413	\$ 5,529	\$435,686

See Accompanying Notes

TWC Enterprises Limited
Consolidated Statements of Cash Flows

For the years ended December 31, 2018 and 2017

(thousands of Canadian dollars)	Notes	2018	2017
OPERATING ACTIVITIES			
Net earnings		\$ 223,294	\$ 2,018
Items not affecting cash:			
Amortization of membership fees	12	(6,697)	(7,952)
Depreciation of property, plant and equipment	8	18,888	24,836
Amortization of intangible assets	9	1,061	1,196
Land lease rent expense		4,533	5,170
Interest, net	15	12,551	16,682
Unrealized foreign exchange gain	16	(12,238)	-
Loss on shares held for trading	16	3,175	-
Gain on divestiture of White Pass	3	(262,267)	-
Gain on property, plant and equipment due to one-time events	8	(6,630)	(102)
Impairment		7,865	31,605
Income tax provision (recovery)		66,247	(13,331)
Collection of membership fee instalments	12	3,590	4,254
Land lease rent paid		(5,227)	(5,311)
Interest paid		(12,443)	(16,281)
Income taxes paid		(60,254)	(2,341)
Accounts receivable		(10,948)	(337)
Inventories and prepaid expenses		171	(1,372)
Accounts payable and accrued liabilities		5,824	1,246
Prepaid annual dues and deposits		(160)	(6,185)
Cash and cash equivalents provided by (used in) operating activities		(29,665)	33,795
INVESTING ACTIVITIES			
Operating property, plant and equipment expenditures	8	(10,122)	(12,730)
Expansion property, plant and equipment expenditures	8	(8,854)	(5,064)
Intangible asset acquisition	9	-	(100)
Proceeds on divestiture of White Pass		363,128	-
Proceeds on sale of property, plant and equipment	8	8,896	5,074
Other long-term assets		5,451	(7,761)
Cash provided by (used in) investing activities		358,499	(20,581)
FINANCING ACTIVITIES			
Deferred financing costs		(110)	(176)
Revolving borrowings		(93,765)	8,753
Non-revolving borrowings - amortization payments		(18,702)	(18,546)
Term debt – maturities		(24,935)	-
Finance lease obligations		(978)	(1,751)
Mortgages and loans receivable		(49,085)	6
Shares repurchased for cancellation		(739)	-
Dividends paid	14	(2,186)	(2,188)
Cash used in financing activities		(190,500)	(13,902)
Net effect of currency translation adjustment on cash and cash equivalents		(1,975)	(846)
Net increase (decrease) in cash and cash equivalents during the period		136,359	(1,534)
Cash and cash equivalents, beginning of year		848	2,382
Cash and cash equivalents, end of year		\$ 137,207	\$ 848

See Accompanying Notes

1. NATURE OF OPERATIONS

TWC Enterprises Limited (the “Company” or “TWC”) was formed under the laws of Canada. The Company’s executive office is located at 15675 Dufferin Street, King City, Ontario L7B 1K5. TWC is a publicly traded company on the Toronto Stock Exchange (“TSX”) under the symbol “TWC.”

TWC is engaged in golf club operations under the trademark “ClubLink One Membership More Golf.” TWC is Canada’s largest owner, operator and manager of golf clubs with 53½, 18-hole equivalent championship and 3½, 18-hole equivalent academy courses at 41 locations in Ontario, Quebec and Florida (including one managed property).

The golf club operations located in the United States have a functional currency in United States (“US”) dollars, which are translated into Canadian dollars for reporting purposes in these consolidated financial statements.

2. BASIS OF PRESENTATION

(A) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”).

These financial statements were authorized for issuance by the Board of Directors on March 7, 2019.

(B) Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, which is also the Company’s functional currency.

(C) Significant accounting judgments and estimates

The preparation of financial statements that conform with IFRS requires management to make judgments and estimates and form assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. The following section discusses the accounting estimates, judgments and assumptions that the Company has made and how they affect the amounts reported in the consolidated financial statements.

Judgment is commonly used in determining whether a balance or transaction should be recognized in the financial statements and estimates and assumptions are more commonly used in determining the measurement of recognized transactions and balances. However, judgments and estimates are often interrelated.

On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities, revenue and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from management’s judgments and estimates.

Amortization of membership fees

One of the most critical accounting estimates used by TWC is the weighted average remaining life of memberships sold by join year, which is used to recognize membership fee revenue. The membership fee revenue is amortized over the weighted average remaining membership life by year joined. Subsequent to this amortization period, membership fees are recorded as revenue upon receipt. These amortization periods should decline each year by one year as each group gets one year older, producing a relatively uniform revenue stream from membership fees over the average remaining life of memberships sold by join year. However, these average ages may not decline on a consistent basis if a disproportionate amount of older or younger members decide to resign at any particular time. This could result in a deferral or acceleration of membership fee revenue, the amount of which would be dependent on the variability of the change in average ages. To date, there have been no significant variances in the average ages.

Property, plant and equipment

Property, plant and equipment are depreciated over their useful lives on a straight-line basis. The Company assesses on an annual basis the useful life and residual value of these assets, which are used in the calculation of depreciation expense. The useful lives assigned are disclosed in the list of accounting policies. Due to the relatively large proportion of these assets to total assets, the selection of the method of depreciation and the length of depreciation period could have a material impact on depreciation expense and net book value of property, plant and equipment.

When determining whether an asset is property, plant and equipment or an investment property, the original intent of the acquisition is considered in order to conclude as to which category is used.

For the years ended December 31, 2018 and 2017

2. BASIS OF PRESENTATION (continued)

(C) Significant accounting judgments and estimates (continued)

Intangible assets

Intangible assets includes amounts assigned to the membership base from past business combinations of member golf courses. These are amortized over a thirty year time frame. Inherent in this useful life is the estimate of the weighted average life of a member which is fifteen years, as well as the practice of our current members referring colleagues and family members as new ClubLink members. As part of the thirty year useful life amortization period, it is estimated that the average member (which typically has a fifteen year average life) will refer one other member for a combined thirty year useful life.

Impairment

Property, plant and equipment and intangible assets are reviewed for impairment whenever events or changes in the circumstances indicate that the carrying amount of an asset may not be recoverable. Estimates are made in the assessment of any impairment calculation, which are described more fully in the accounting policy note.

The impairment process begins with the identification of the appropriate asset or cash-generating unit for purposes of impairment testing. Identification and measurement of any impairments are based on the asset's recoverable amount, which is the higher of its fair value less costs to sell and its value in use. Value in use is generally based on an estimate of discounted future cash flows. Judgment is required in determining the appropriate discount rate. Assumptions must also be made about future sales, margins and market conditions over the long-term life of the assets or cash-generating unit.

The Company cannot predict if an event that triggers impairment will occur, when it will occur or how it will affect reported asset amounts. Although estimates are reasonable and consistent with current conditions, internal planning and expected future operations, such estimates are subject to significant uncertainties and judgments. As a result, it is reasonably possible that the amounts reported for asset impairments could be different if different assumptions were used or if market and other conditions were to change. The changes could result in non-cash charges that could materially affect the Company's consolidated financial statements.

During the year ended December 31, 2017, as part of the Company's annual impairment testing, using management's best estimates and assumptions, the Company concluded that there was an impairment in the carrying value of goodwill, resulting in a write-off of the full carrying value in the amount of \$31,605,000.

Due to deteriorating operating performance, an impairment review was conducted on the Company's Fort Lauderdale golf courses for the year ended December 31, 2018. Using management's best estimate and assumptions, the Company concluded that an impairment adjustment was warranted for Eagle Trace and Heron Bay. Reasons for impairment relate to declining operating performance. A total impairment in the amount of \$7,865,000 (US\$5,765,000) was recorded to property, plant and equipment (note 8).

Income taxes

TWC records income taxes using the balance sheet liability method of accounting. Under this method, deferred income tax assets and liabilities are determined according to differences between the carrying amounts and tax bases of the assets and liabilities. Management uses judgment and estimates in determining the appropriate rates and amounts to record for deferred income taxes, giving consideration to timing and probability. Previously recorded tax assets and liabilities are remeasured using tax rates in effect when these differences are expected to reverse in accordance with enacted laws or those substantively enacted as at the date of the consolidated financial statements.

The Company operates in several tax jurisdictions. As a result, its income is subject to various rates of taxation. The complexity of tax regulations require assessments of uncertainties and judgments in estimating the taxes the Company will ultimately pay. While the Company believes that its positions and filings are appropriate and supportable, certain matters are periodically challenged by tax authorities. The final taxes paid are dependent upon many factors, including negotiations with taxing authorities in various jurisdictions and resolution of disputes arising from federal, provincial, state and local tax audits. The resolution of these uncertainties and the associated final taxes may result in adjustments to the Company's tax assets and tax liabilities and have a corresponding impact to net earnings.

2. BASIS OF PRESENTATION (continued)

(C) Significant accounting judgments and estimates (continued)

Contingencies

The Company is exposed to possible losses and gains related to environmental matters and other various claims and lawsuits pending for and against it in the ordinary course of business. Prediction of the outcome of such uncertain events (i.e., being virtually certain, probable, remote or undeterminable), determination of whether recognition or disclosure in the consolidated financial statements is required and estimation of potential financial effects are matters for judgment. Where no amounts are recognized, such amounts are contingent and disclosure may be appropriate. While the amount disclosed in the consolidated financial statements may not be material, the potential for large liabilities exists and therefore these estimates could have a material impact on the Company's consolidated financial statements.

Other

Property shutdowns, sales of business units or other corporate restructuring trigger incremental costs to the Company (i.e., expenses for employee termination, contract termination and other exit costs). These activities are complex processes that can take several months to complete and involve making and reassessing estimates.

(D) Accounting policies

The following are the Company's accounting policies under IFRS:

Scope of consolidation

The consolidated financial statements of TWC, as the parent company, include the accounts of all entities that are controlled directly or indirectly by the Company. This includes the following wholly-owned major operating subsidiaries: ClubLink Corporation ULC and ClubLink US Corporation and their respective subsidiaries. Control is achieved when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Intercompany transactions between subsidiaries are eliminated on consolidation.

Accounts receivable

Amounts are recorded at fair value less an allowance for doubtful accounts. In assessing the allowance, consideration is given to the financial solvency of specific customers and performing an evaluation of the remaining receivables according to their default risk primarily based on the age of the receivable and historical loss experience. Account balances are charged off against the allowance after all collection efforts have been exhausted and the likelihood of recovery is considered remote. Recoveries are credited back to the allowance account.

Inventories

Inventories are stated at the lower of cost and net realizable value and consist of food, beverages and merchandise. Cost of sales represents the amount of inventories expensed during the year.

(a) Golf club operations

Cost of sales are determined on a weighted-average basis.

Property, plant and equipment

Property, plant and equipment ("PP&E") is recorded at cost less impairment and accumulated depreciation.

PP&E include land and improvements thereto, buildings and related equipment. Operating PP&E, including assets under finance lease, are depreciated on a straight-line basis over their estimated useful lives as follows:

Land	Not depreciated
Buildings and land improvements	25 - 60 years
Bunkers, cart paths and irrigation.....	20 years
Equipment	5 - 30 years

For the years ended December 31, 2018 and 2017

2. BASIS OF PRESENTATION (continued)

(D) Accounting policies (continued)

Property, plant and equipment (continued)

PP&E include properties under construction or held for future development. TWC capitalizes all direct costs relating to the development and construction of these properties. TWC also capitalizes interest and direct project development and management costs during construction of qualifying assets. TWC currently does not have any properties under construction.

Materials and supplies related to the rail operations are recorded at cost, determined on a first-in, first-out basis, and are charged to expense or added to the cost of property, plant and equipment when used.

Intangible assets

Purchased intangible assets with finite useful lives are recorded at acquisition cost and amortized on a straight-line basis over their estimated useful life. All of TWC's intangible assets have estimable useful lives and are therefore subject to amortization.

Intangible assets are amortized on a straight-line basis as follows:

Membership base	30 years
Brand	30 years
Below market rent terms	over the length of the lease

Business combinations

The Company accounts for all business combinations using the acquisition method. As at the date of acquisition, the purchase price is allocated to the fair values of the assets acquired and liabilities assumed. Goodwill represents the excess of the cost of acquired net assets over the fair values assigned to the tangible and intangible assets acquired and to the fair value of liabilities assumed.

Impairment of long-lived assets

The Company reviews long-lived assets such as property, plant and equipment and acquired intangible assets, for impairment at each reporting date or whenever events or changes in circumstances indicate that the carrying amount of an asset or group of assets may not be recoverable.

The Company assesses recoverability of these assets by comparing their carrying amount to the recoverable amount, which is the higher of value in use and fair value less costs to sell. Where the carrying amount of an asset or a group of assets exceeds its recoverable amount, the asset is considered to be impaired, and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or group of assets' recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

Accounts payable, borrowings and other liabilities

Trade payables and other non-derivative financial liabilities are recognized initially at fair value and in the case of borrowings include attributable transaction costs.

2. BASIS OF PRESENTATION (continued)

(D) Accounting policies (continued)

Deferred income taxes

The Company uses the balance sheet liability method of accounting for deferred income taxes. Temporary differences arising from the difference between the tax base of an asset or liability and its carrying amount on the consolidated balance sheets and unutilized tax losses are used to calculate deferred income tax liabilities or assets. Deferred income tax liabilities and assets are calculated using the substantively enacted tax rates and laws that are expected to be in effect in the periods that the temporary differences are expected to reverse. The effect of changes in tax rates is included in earnings in the period, which includes the substantive enactment.

Foreign currency translation

(a) Functional currency and currency translation account

The functional currency of TWC and its subsidiaries is the local currency. The assets and liabilities of TWC's foreign operations where the functional currency is not the Canadian dollar are translated using the rate of exchange at the balance sheet date, whereas revenue and expenses are translated using average exchange rates during the respective periods. The resulting foreign currency translation adjustments are included in accumulated other comprehensive income or loss. This is the only component in this category. The accumulated balance of the foreign currency translation reserve reflects the differences since January 1, 2010, the transition date to IFRS. When a foreign operation is disposed of, the foreign currency translation adjustment applicable to that entity is recognized in the consolidated statement of earnings.

(b) Local currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the entity at the applicable exchange rate on the date of each transaction. Monetary assets and liabilities that are denominated in foreign currencies other than the functional local currency are translated at the year-end closing rate with the resulting gains and losses reflected in the consolidated statement of earnings.

(c) Cash flow statement

Operating, investing and financing cash flows are translated using average exchange rates during the respective periods. The effects on cash due to fluctuations in exchange rates are shown in a separate line in the consolidated statement of cash flows.

Financial instruments

Financial assets must be classified and measured based on three categories: amortized cost, fair value through other comprehensive income ("FVTOCI") and fair value through profit or loss ("FVTPL"). Financial liabilities are classified and measured based on two categories: amortized cost and FVTPL. Initially, all financial assets and financial liabilities are recorded in the consolidated balance sheets at fair value. After initial recognition, the effective interest related to financial assets and liabilities measured at amortized cost and the gain or loss arising from the change in the fair value of financial assets or liabilities classified as FVTPL are included in net income for the year in which they arise. At each consolidated balance sheet date, financial assets measured at amortized cost or at FVTOCI, except for investment in equity instruments, require an impairment analysis using the expected credit loss model ("ECL model") to determine the expected credit losses using judgment determined on a probability weighting basis.

For the years ended December 31, 2018 and 2017

2. BASIS OF PRESENTATION (continued)

(D) Accounting policies (continued)

Financial instruments (continued)

The following is a summary of the accounting model the Company applies to each of its significant categories of financial instruments:

Balance Sheet Classification	Financial Instrument Designation
Cash and cash equivalents	Amortized cost
Accounts receivable	Amortized cost
Investments	FVTPL
Mortgages and loans receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Borrowings	Amortized cost

Transaction costs related to the Company's borrowings are netted against the related liability and are expensed using the effective interest method.

The fair value of financial instruments that are not quoted in an active market is determined by applying various valuation techniques with maximum use of observable market inputs. The valuation techniques used are discounted cash flows, option pricing models, valuations with reference to recent transactions in the same instrument and valuation with reference to other financial instruments that are substantially the same.

An item may only be designated in a hedging relationship if changes in fair value of the hedging item are expected to offset virtually all changes in fair value of the hedged item attributable to the hedged risk. This offsetting must be expected at inception of the hedge and throughout the hedging period.

The Company formally documents all relationships between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Company also documents and assesses, both at hedge inception and on an ongoing basis, whether the derivative financial instruments that are used in hedging transactions are highly effective in offsetting expected changes in the hedged items.

Gains and losses on derivative financial instruments that are not designated in a hedging relationship and gains and losses related to the "ineffective" portion of effective hedges are recognized in other operating income and expenses.

Hedge accounting is discontinued prospectively if the hedging instrument or hedged item is terminated or sold, or if it is determined that the hedging instrument is no longer effective.

The Company designated a certain long-term debt as a hedge of net investments in foreign currencies. Effective January 1, 2016, TWC declared its 8.00% USD mortgage facility as a hedge against its net investment in White Pass up until the time of the divestiture of White Pass (July 31, 2018). In this type of hedging relationship, the change in value of the "effective" portion of the derivative instrument is recognized in other comprehensive income and the change in value of the "ineffective" portion is recognized in profit or loss. Accordingly, the foreign exchange translation gain or loss on this mortgage was reflected in accumulated other comprehensive income effective January 1, 2016 until July 31, 2018. The amounts recognized in other comprehensive income were reclassified to the consolidated statement of earnings as part of the divestiture of White Pass.

Share capital

Repurchased common shares are recorded at acquisition cost and are presented as a deduction from shareholders' equity. On retirement of treasury shares, any excess over the calculated average issue price is charged to retained earnings.

For the years ended December 31, 2018 and 2017

2. BASIS OF PRESENTATION (continued)

(D) Accounting policies (continued)

Revenue recognition

Golf club operations revenue includes annual dues (recognized on a daily basis as earned) and sales to members and customers of green fees, cart rentals, food and beverage, merchandise and room rentals, which are all recognized when the service is provided. Membership fee revenue is amortized over the estimated weighted average remaining membership life by year joined. Subsequent to this amortization period, membership fees are recorded as revenue upon receipt.

Non-monetary transactions

The Company records non-monetary transactions at the fair value of the assets or services exchanged unless the exchange transaction lacks commercial substance or the fair value of neither the asset or service received nor the asset or service given up is reliably measurable.

The Company has recorded \$880,000 (2017 – \$945,000) of operating revenue relating to non-monetary transactions.

Lease payments

The Company is a lessee of property, plant and equipment, mainly leased golf clubs, under operating leases that do not transfer the substantive risks and rewards of ownership. Rent expense on operating leases is recognized on a straight-line basis over the life of the lease including renewal terms, if at inception of the lease, renewal is reasonably assured.

Assets held under finance leases are initially recognized as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability is included in the consolidated balance sheet under borrowings.

Earnings per share

Basic earnings per share is calculated by dividing net earnings by the weighted average number of common shares outstanding during the year. Diluted earnings per share is calculated using the treasury stock method.

Joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Investments in joint ventures are accounted for using the equity method. Under the equity method, the investment in a joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Company's share of net assets of the joint venture since the acquisition date. The consolidated statement of income reflects the Company's share of the results of operations of the joint venture. Any change in other comprehensive income of the joint venture is presented as part of the Company's consolidated statement of comprehensive earnings.

When the Company's share of losses of a joint venture exceeds the Company's interest in that joint venture, the Company discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the joint venture.

When the Company transacts with a joint venture, profits and losses resulting from the transactions are recognized in the Company's consolidated financial statements only to the extent of interests in the joint venture that are not related to the Company.

For the years ended December 31, 2018 and 2017

2. BASIS OF PRESENTATION (continued)

(E) Accounting changes

New Accounting Pronouncements

The Company has adopted the following new accounting standards effective January 1, 2018.

IFRS 15, Revenue from contracts with customers (IFRS 15)

Effective January 1, 2018, the Company adopted IFRS 15. IFRS 15 supersedes previous accounting standards for revenue including IAS 18, Revenue (IAS 18) and IFRIC 13, Customer Loyalty Programmes (IFRIC 13).

IFRS 15 introduced a single model for recognizing revenue from customers. This standard applies to all contracts with customers, with only some exceptions, including certain contracts accounted for under IFRS 5. 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.

Based on guidance from IFRS 15, the Company has amended its accounting policy for amortization of membership fees to remove the allowance as part of the accounting model. Previously, the allowance was incorporated in to the model to account for future member resignations. This had the impact of increasing revenue earned in prior years. A current income tax adjustment was also recorded in relation to this change.

The Company has made a policy choice to adopt IFRS 15 with full retrospective application, subject to certain practical expedients. As a result, all comparative information in these financial statements has been prepared as if IFRS 15 had been in effect since January 1, 2017. The effect on the opening statement of financial position as at January 1, 2017 is immaterial. The other accounting policies set out in the December 31, 2017 financial statements, have been applied in preparing the financial statements as at and for the year ended December 31, 2018, the comparative information presented in these financial statements as at and for the year ended December 31, 2017, and for the balance sheet as at December 31, 2017. In preparing the Company's balance sheets as at December 31, 2017, the Company has adjusted amounts previously reported in the financial statements prepared in accordance with the previous IFRSs on revenue recognition.

Upon adoption of, and transition to, IFRS 15, the Company elected to utilize the following practical expedients, allowing the Company to:

1. Recognize the incremental costs of obtaining contracts as an expense when incurred if the amortization period of the assets that would have otherwise recognized would be one year or less;
2. Not disclose, on an annual basis, the unsatisfied portions of performance obligations related to contracts with a duration of one year or less or where the revenue to be recognized is equal to the amount invoiced to the customer; and
3. Not adjust the total consideration over the contract term for effects of a significant financing component, if the Company expects that the period between when we would transfer our good or service to the customer and when the customer would pay for the good or service would be one year or less.

IFRS 15 also provides guidance relating to the treatment of contract acquisition and contract fulfillment costs. In conjunction with this guidance, the Company has reclassified commissions to third party agents for green fees as an expense, rather than netted against revenue.

For the years ended December 31, 2018 and 2017

2. BASIS OF PRESENTATION (continued)

Below is the effect of transition to IFRS 15 on the Company's statements of income for the year ended December 31, 2017, all of which pertain to the Company's golf club operations segment.

(thousands of Canadian dollars)	Year ended December 31, 2017				
	As Previously Presented	Golf Commission Reclassification	Allowance Restatement	Discontinued Operations	Restated
Operating revenue	\$ 219,230	\$ 395	\$ -	\$ (55,675)	\$ 163,950
Amortization of membership fees	7,987	-	(35)	-	7,952
Expenses	(238,495)	(395)	-	38,191	(200,699)
Earnings (loss) before income taxes	(11,278)	-	(35)	(17,484)	(28,797)
Income taxes	(13,322)	-	(9)	12,837	(494)
Net earnings (loss) from continuing operations	2,044	-	(26)	(30,321)	(28,303)
Earnings from discontinued operations	-	-	-	30,321	30,321
Net earnings	\$ 2,044	\$ -	\$ (26)	\$ -	\$ 2,018
Earnings per share (basic and diluted)	\$ 0.07	\$ -	\$ -	\$ -	\$ 0.07

Below is the effect of transition to IFRS 15 on the Company's balance sheets as at December 31, 2017.

(thousands of Canadian dollars)	As at December 31, 2017		
	As Previously Presented	Allowance Restatement	Restated
Assets	\$ 630,054	\$ -	\$ 630,054
Current liabilities	\$ 68,399	\$ 423	\$ 68,822
Borrowings	268,474	-	268,474
Deferred membership fees	14,550	(1,593)	12,957
Deferred income tax liabilities	46,643	-	46,643
Shareholders' equity	231,988	1,170	233,158
	\$ 630,054	\$ -	\$ 630,054

The application of IFRS 15 did not affect the Company's cash flow totals from operating, investing or financing activities.

IFRS 9, Financial Instruments

Effective January 1, 2018, the Company adopted IFRS 9. In July 2014, the IASB issued the final publication of the IFRS 9 standard, which supersedes IAS 39, Financial Instruments: recognition and measurement (IAS 39). IFRS 9 includes revised guidance on the classification and measurement of financial instruments, new guidance for measuring impairment on financial assets, and new hedge accounting guidance. The Company has adopted IFRS 9 on a retrospective basis, however, this guidance had no impact to the Company's financial statements.

Under IFRS 9, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 contains the primary measurement categories for financial assets: measured at amortized cost, fair value through other comprehensive income (FVTOCI) and fair value through profit and loss (FVTPL).

The new hedge accounting guidance aligns hedge accounting more closely with an entity's risk management objectives and strategies. IFRS 9 does not fundamentally change the types of hedging relationships or the requirement to measure and recognize ineffectiveness; however, it allows more hedging strategies used for risk management to qualify for hedge accounting and introduces more judgement to assess the effectiveness of a hedging relationship, primarily from a qualitative standpoint. The Company has elected to continue with IAS 39 for hedging. This does not have an effect on our reported results.

For the years ended December 31, 2018 and 2017

2. BASIS OF PRESENTATION (continued)

IFRS 9, Financial Instruments (continued)

Below is a summary showing the classification and measurement bases of our financial instruments as at January 1, 2018 as a result of adopting IFRS 9 (along with comparison to IAS 39).

Financial Instrument	IAS 39	IFRS 9
Financial assets		
Cash and cash equivalents	Loans and receivables (amortized cost)	Amortized cost
Accounts receivable	Loans and receivables (amortized cost)	Amortized cost
Investments	Available for sale	FVTPL
Mortgages and loans receivable	Loans and receivables (amortized cost)	Amortized cost
Financial liabilities		
Accounts payable and accrued liabilities	Other financial liabilities (amortized cost)	Amortized cost
Borrowings	Other financial liabilities (amortized cost)	Amortized cost

Future Accounting Pronouncements

The following standards have been released by the IASB but not yet been adopted.

IFRS 16, Leases

IFRS 16, Leases (“IFRS 16”) was issued by the IASB on January 13, 2016, and replaces IAS 17, Leases. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting remains similar to current accounting practice. The standard is effective for annual periods beginning on or after January 1, 2019, with early application permitted if IFRS 15 has also been applied.

At the commencement date of a lease, a lessee will recognize a liability to make lease payments and an asset representing the right-of-use to use the underlying asset during the lease term. Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset. The standard includes two recognition exemptions for leases; leases of ‘low-value’ assets and short-term leases. Lessees will also be required to remeasure the lease liability upon the occurrence of certain events (i.e. a change in lease term, a change in future lease payments resulting from a change in an index or rate used to determine payments).

The Company has reviewed all lease contracts in which it is a lessee, and has noted that there will be a material impact in relation to land leases. The Company will elect to use the exemptions proposed by the standard on lease contracts for which the lease term ends within 12 months as of the date of initial application, and lease contracts for which the underlying asset is of low value. The Company has leases of certain office and computer equipment (i.e. personal computers) that are considered of low value. Based on management’s preliminary assessment, when the Company applies IFRS 16 for the first time for the year ending December 31, 2019, total assets as of January 1, 2019 will increase by approximately \$21,900,000 with an increase to total liabilities of approximately \$21,900,000.

2. BASIS OF PRESENTATION (continued)

Future Accounting Pronouncements (continued)

IFRIC Interpretation 23, Uncertainty over Income Tax Treatment ("IFRIC 23")

IFRIC 23 addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 and does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments collectively
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers the effect of changes in facts and circumstances

An entity applies IFRIC 23 for annual reporting periods beginning on or after January 1, 2019. The requirements are applied by recognizing the cumulative effect of initially applying them in retained earnings, or in other appropriate components of equity, at the start of the reporting period in which an entity first applies them, without adjusting comparative information. Full retrospective application is permitted, if an entity can do so without using hindsight.

The IFRIC Interpretation is not expected to have a material impact on the Company's consolidated financial statements.

For the years ended December 31, 2018 and 2017

3. DIVESTITURE AND DISCONTINUED OPERATIONS

In June 2018, the Company committed to sell White Pass which closed on July 31, 2018 for proceeds of US\$290,000,000. This segment was not a discontinued operation or classified as held for sale at December 31, 2017, so the comparative Consolidated Statement of Earnings has been amended to show the discontinued operations separately from continuing operations.

The results of the discontinued operations consist of the following:

(thousands of Canadian dollars, except per share amounts)		For the year ended	
	Notes	December 31, 2018	December 31, 2017
REVENUE			
Operating revenue	4	\$ 36,555	\$ 55,675
EXPENSES			
Direct operating expenses and other items		16,829	27,294
Depreciation of property, plant and equipment	8	3,799	9,296
Land lease rent		149	322
Interest, net	15	1,104	1,279
Subtotal		14,674	17,484
Gain on divestiture of White Pass		262,267	-
Earnings before income taxes		276,941	17,484
Income tax expense (recovery)		62,853	(12,837)
Net earnings		\$ 214,088	\$ 30,321
Weighted average shares outstanding (000)		27,331	27,346
Earnings per share basic and diluted		\$ 7.83	\$ 1.11

The net cash flows provided by (used in) the discontinued operations are as follows:

(thousands of Canadian dollars)		For the year ended	
		December 31, 2018	December 31, 2017
Cash and cash equivalents provided by (used in) operating activities		\$ (57,870)	\$ 25,340
Cash and cash equivalents provided by (used in) investing activities		368,352	(8,468)
Cash and cash equivalents provided by (used in) financing activities		(52,322)	23,522
Net cash flows		\$ 258,160	\$ 40,394

The following is a calculation of the gain on the divestiture of White Pass which closed on July 31, 2018:

(thousands of Canadian dollars)

Cash proceeds	\$ 359,041
Proceeds in Carnival plc shares	25,890
Book value of assets sold	(134,284)
Indemnification reserve	(6,508)
Transaction costs and other	(3,535)
Realized foreign exchange upon divestiture of White Pass	21,663
Net gain on sale of White Pass	\$ 262,267

For the years ended December 31, 2018 and 2017

4. REVENUE

Revenue consists of the following:

Year ended December 31, 2018					
(thousands of Canadian dollars)	Canadian Golf Club Operations	US Golf Club Operations	Total Continuing Operations	Discontinued Operations	Total
Annual dues	\$ 52,262	\$ 6,611	\$ 58,873	\$ -	\$ 58,873
Golf	22,922	10,658	33,580	-	33,580
Corporate events	12,029	660	12,689	-	12,689
Membership fees	6,361	336	6,697	-	6,697
Food and beverage	41,179	3,073	44,252	-	44,252
Merchandise	11,896	1,044	12,940	1,890	14,830
Rooms and other	3,532	75	3,607	225	3,832
Railroad	-	-	-	26,917	26,917
Port	-	-	-	7,523	7,523
	\$ 150,181	\$ 22,457	\$ 172,638	\$ 36,555	\$ 209,193

Year ended December 31, 2017					
(thousands of Canadian dollars)	Canadian Golf Club Operations	US Golf Club Operations	Total Continuing Operations	Discontinued Operations	Total
Annual dues	\$ 50,300	\$ 6,772	\$ 57,072	\$ -	\$ 57,072
Golf	22,223	11,225	33,448	-	33,448
Corporate events	11,856	861	12,717	-	12,717
Membership fees	7,653	299	7,952	-	7,952
Food and beverage	41,115	3,377	44,492	-	44,492
Merchandise	11,354	1,109	12,463	2,715	15,178
Rooms and other	3,670	88	3,758	340	4,098
Railroad	-	-	-	41,605	41,605
Port	-	-	-	11,015	11,015
	\$ 148,171	\$ 23,731	\$ 171,902	\$ 55,675	\$ 227,577

For the years ended December 31, 2018 and 2017

5. MORTGAGES AND LOANS RECEIVABLE

Mortgages and loans receivable consist of the following:

(thousands of Canadian dollars)	2018	2017
Officer loan	\$ 1,258	\$ 1,258
Vendor take-back mortgages	1,469	193
Related party receivable (note 17)	47,809	-
	50,536	1,451
Less: current portion	47,815	6
	\$ 2,721	\$ 1,445

The officer loan bears interest at a market rate determined by the Compensation Committee of the Board of Directors of the Company which is 3.20% per annum (2017 – 2.70%), matures December 31, 2020, and was incurred to purchase common shares of a subsidiary that have subsequently been exchanged for common shares of the Company. The Company has indicated its intention to enforce the payment terms of these loans in the event of a decline in market value of the shares. The common shares financed by these loans, which are being held by the Company as collateral, had a market value of \$2,218,000 at December 31, 2018 (2017 – \$2,049,000).

The vendor take-back mortgages mature from November 2020 to December 2021 and have an average fixed interest rate of 5.44% (2017 – 8.44%).

6. INVENTORIES AND PREPAID EXPENSES

Inventories and prepaid expenses consist of the following:

(thousands of Canadian dollars)	2018	2017
Golf merchandise and supplies	\$ 2,402	\$ 2,184
Golf food and beverage	1,066	1,116
Rail gift shop	-	579
Deposits for 2018 capital	-	1,340
Other	1,469	1,149
	\$ 4,937	\$ 6,368

For the years ended December 31, 2018 and 2017

7. OTHER ASSETS

Other assets consist of the following:

(thousands of Canadian dollars)	2018	2017
Investment in joint venture	\$ 7,834	\$ 11,955
Common shares in Carnival plc (349,958 shares denominated in GBP)	23,147	-
Rail inventory and supplies	-	6,262
Other	683	871
	31,664	19,088
Less: current portion	23,147	-
Other assets	\$ 8,517	\$ 19,088

On December 16, 2014, TWC and a land developer entered into a joint venture agreement to develop the Highland Gate Golf Club property into residential development. In order to effect the joint venture arrangement, TWC sold a 50% interest in the Highland Gate Golf Club including land, buildings, intangible assets and goodwill for proceeds of \$3,750,000. TWC and the land developer each own an equal interest in the entity, which will undertake the residential development. All key decisions respecting the joint venture require the agreement and consent of both TWC and the developer.

As part of the joint venture arrangement, TWC and the developer share joint control of the Highland Gate land. Given that the land is held with intentions of development, in connection with the joint venture described above, under IFRS 11, Joint Arrangement ("IFRS 11") this arrangement has been accounted for as part of the development joint venture using the equity basis of accounting. To date, the joint venture has no earnings.

Summarized financial information for the Highland Gate joint venture at 100% and TWC's ownership interest is provided below:

(thousands of Canadian dollars)	2018	2017
Land	\$ 7,500	\$ 7,500
Development costs	30,296	19,143
Secured project debt	(17,078)	-
Other liabilities	(3,656)	(1,339)
Net assets of Highland Gate joint venture at 100%	17,062	25,304
Net assets of Highland Gate joint venture at Company's share (50%)	8,531	12,652
Deferred profit	(697)	(697)
Net assets of Highland Gate joint venture	\$ 7,834	\$ 11,955

The deferred profit represents 50% of the gain that was not recognized when the Company sold the land to the joint venture.

The secured project debt relates to a servicing loan which matures on March 31, 2020. Of the loan proceeds, \$8,240,000 was used to reimburse the joint venture partners for previously funded servicing costs in the form of return of capital.

The joint venture has \$5,939,000 (December 31, 2017 – nil) in letters of credit outstanding.

For the years ended December 31, 2018 and 2017

8. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following:

(thousands of Canadian dollars)	Land	Buildings and Land Improvements	Docks	Bunkers, Cart Paths and Irrigation	Rolling Stock and Equipment	Total
Cost						
At January 1, 2017	\$ 311,342	\$ 213,811	\$ 85,190	\$ 107,480	\$ 173,605	\$ 891,428
Additions	1,967	4,955	806	1,529	8,537	17,794
Disposals	(1,887)	(3,762)	-	(130)	(7,790)	(13,569)
Foreign exchange difference	(2,106)	(4,026)	(5,637)	(753)	(6,155)	(18,677)
At December 31, 2017	309,316	210,978	80,359	108,126	168,197	876,976
Additions	2,186	1,237	3,309	2,149	10,095	18,976
Divestiture	(17,459)	(51,150)	(86,695)	-	(86,071)	(241,375)
Impairment	(2,981)	(2,514)	-	(3,716)	(2,105)	(11,316)
Disposals	(663)	(2,220)	-	(3,137)	(4,485)	(10,505)
Foreign exchange difference	1,800	2,846	3,027	975	3,916	12,564
At December 31, 2018	\$ 292,199	\$ 159,177	\$ -	\$ 104,397	\$ 89,547	\$ 645,320
Accumulated Depreciation						
At January 1, 2017	\$ -	\$ 84,338	\$ 31,465	\$ 68,668	\$ 104,777	\$ 289,248
Depreciation	-	6,425	4,452	5,383	8,576	24,836
Disposals	-	(2,135)	-	(112)	(6,350)	(8,597)
Foreign exchange difference	-	(1,169)	(2,215)	(260)	(2,708)	(6,352)
At December 31, 2017	-	87,459	33,702	73,679	104,295	299,135
Depreciation	-	5,456	1,840	5,332	6,260	18,888
Divestiture	-	(16,351)	(36,847)	-	(36,402)	(89,600)
Impairment	-	(461)	-	(1,413)	(1,577)	(3,451)
Disposals	-	(1,174)	-	(2,593)	(4,079)	(7,846)
Foreign exchange difference	-	834	1,305	392	1,900	4,431
At December 31, 2018	\$ -	\$ 75,763	\$ -	\$ 75,397	\$ 70,397	\$ 221,557
Net book value at December 31, 2017	\$ 309,316	\$ 123,519	\$ 46,657	\$ 34,447	\$ 63,902	\$ 577,841
Net book value at December 31, 2018	\$ 292,199	\$ 83,414	\$ -	\$ 29,000	\$ 19,150	\$ 423,763

Certain property, plant and equipment have been assigned as collateral for borrowings (Note 11).

As at December 31, 2018, ClubLink had equipment under finance lease with a net book value of \$1,546,000 (2017 – \$3,555,000).

On January 25, 2017, ClubLink sold the property that was formerly known as Grandview Resort in Huntsville, Ontario for net proceeds of \$5,074,000. A gain of \$2,121,000 was recognized on this sale.

On July 6, 2017, an engine fire damaged a White Pass locomotive. An impairment of US\$940,000 was recorded in 2017 in relation to this locomotive. An insurance claim was opened and management contracted a third party to repair the locomotive in the amount of US\$1,000,000. This locomotive has returned to service. US\$772,000 in insurance proceeds were received during the year and this claim is now closed.

On September 5, 2017, the Company sustained permanent damage to a rockfall netting providing cover for the Railroad Dock at White Pass. The estimated cost to replace the netting was US\$1,043,000 which is partially covered by insurance and was completed in time for the 2018 operating season. There is a business interruption component to this claim as well. A partial payment of US\$958,000 was received during the year of which US\$571,000 had been accrued at December 31, 2017.

For the years ended December 31, 2018 and 2017

8. PROPERTY, PLANT AND EQUIPMENT (continued)

On September 19, 2017, the cart storage facility at The Club at Bond Head sustained a total loss due to fire, including all golf carts in this facility. During 2018, the Company has recorded \$100,000 insurance proceeds as part of other expenses.

On October 13, 2017, the Company sustained a significant fire event which impacted the clubhouse at Le Maître de Mont-Tremblant. The Company has opened an insurance claim and is arranging for the reconstruction of the clubhouse. An insurance draw in the amount of \$2,400,000 was received during the year and recorded as part of other expenses.

On December 14, 2018, the Company sold Club de Golf Le Fontainebleau to the shareholders of Club de Golf Rosemère for net proceeds of \$8,589,000. Clublink will retain a management fee arrangement of Fontainebleau and recorded a gain of \$6,268,000 on the sale.

A further \$307,000 in proceeds were collected on the sale of various pieces of miscellaneous equipment.

Net gain on property, plant and equipment due to one-time events consists of the following:

(thousands of Canadian dollars)	2018	2017
Gain on sale of Club de Golf Le Fontainebleau	\$ (6,268)	\$ -
Gain on disposal of miscellaneous equipment	(362)	-
Gain on sale of Grandview Resort	-	(2,121)
Loss at Le Maître de Mont-Tremblant due to fire	-	819
Impairment on locomotive due to engine fire (USD)	-	940
Exchange on locomotive impairment	-	260
	\$ (6,630)	\$ (102)

The Company sold White Pass with a closing date of July 31, 2018. As a result, this segment is being presented as discontinued operations on the Consolidated Statement of Earnings. The breakdown of depreciation expense is as follows:

(thousands of Canadian dollars)	2018	2017
Depreciation - continuing operations	\$ 15,089	\$ 15,540
Depreciation - discontinued operations	3,799	9,296
	\$ 18,888	\$ 24,836

Due to deteriorating operating performance, an impairment review was conducted on the Company's Fort Lauderdale golf courses for the year ended December 31, 2018. Using management's best estimate and assumptions, the Company concluded that an impairment adjustment was warranted for Eagle Trace and Heron Bay. Reasons for impairment relate to declining operating performance. A total impairment in the amount of \$7,865,000 (US\$5,765,000) was recorded to property, plant and equipment.

For the years ended December 31, 2018 and 2017

9. INTANGIBLE ASSETS

Intangible assets consist of the following:

(thousands of Canadian dollars)	Membership base	Brand	Other	Total Intangible Assets
Cost				
At January 1, 2017	\$ 12,453	\$ 13,477	\$ 2,343	\$ 28,273
Additions	-	-	100	100
Foreign exchange difference	(137)	-	(13)	(150)
At December 31, 2017	12,316	13,477	2,430	28,223
Foreign exchange difference	170	-	17	187
At December 31, 2018	\$ 12,486	\$ 13,477	\$ 2,447	\$ 28,410
Accumulated amortization				
At January 1, 2017	\$ 3,738	\$ 3,668	\$ 1,740	\$ 9,146
Amortization	572	470	154	1,196
Foreign exchange difference	(45)	-	(13)	(58)
At December 31, 2017	4,265	4,138	1,881	10,284
Amortization	455	452	154	1,061
Disposals	110	-	-	110
Foreign exchange difference	73	-	17	90
At December 31, 2018	\$ 4,903	\$ 4,590	\$ 2,052	\$ 11,545
Net book value at December 31, 2017	\$ 8,051	\$ 9,339	\$ 549	\$ 17,939
Net book value at December 31, 2018	\$ 7,583	\$ 8,887	\$ 395	\$ 16,865

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of the following:

(thousands of Canadian dollars)	2018	2017
Trade payables	\$ 3,433	\$ 4,931
Accrued payroll costs	4,104	4,236
Accrued land lease rent	4,531	5,225
Accrued interest	889	1,203
Income taxes payable	6,193	2,180
Accrued liabilities and other	10,596	5,965
	\$ 29,746	\$ 23,740

For the years ended December 31, 2018 and 2017

11. BORROWINGS

Borrowings consist of the following:

(thousands of Canadian dollars)	2018	2017
Revolving:		
Secured revolving operating line of credit to a maximum of US \$7,500,000 (2017 - US\$10,000,000) due December 31, 2020 (nil; 2017 - US\$10,000,000) (a)	\$ -	\$ 12,545
Secured revolving operating line of credit to a maximum of \$50,000,000 (2017 - US\$70,000,000) due September 30, 2020 (b)	20,689	63,667
Secured revolving operating line of credit (nil; 2017 - US \$19,796,000)	-	24,834
Unsecured revolving operating line of credit from a related party to a maximum of \$50,000,000 due on demand (Note 17)	-	11,767
	20,689	112,813
Non-revolving:		
Mortgages with blended monthly payments of principal and interest		
8.345% Mortgages due July 1, 2022	8,585	10,558
7.550% Mortgage due July 1, 2022	1,028	1,268
7.416% Mortgages due September 1, 2023	14,576	17,045
7.268% Mortgage due July 1, 2024	6,522	7,436
8.060% Mortgage due July 1, 2024	35,092	39,982
6.194% Mortgage due March 1, 2026	33,083	36,591
6.315% Mortgage due December 1, 2027	30,810	33,275
8.000% Mortgage due October 1, 2029 (US \$11,812,000; 2017 - US \$12,472,000)	16,114	15,646
	145,810	161,801
Term Loan (nil; 2017 - US \$20,278,000)	-	25,439
Finance Lease Obligations:		
Canadian denominated	866	1,684
US denominated (nil; 2017 - US \$124,000)	-	156
	866	1,840
Gross borrowings	167,365	301,893
Less: deferred financing costs	740	1,057
Borrowings	166,625	300,836
Less: current portion	19,171	32,362
	\$ 147,454	\$ 268,474

Note a: As at December 31, 2018, there is full availability (2017 – no availability) under this facility. This is a revolving operating line of credit with a two-year term and provisions for annual one-year extensions. This facility bears interest at LIBOR plus 175 basis points.

Note b: As at December 31, 2018, there are \$1,018,000 (2017 – \$1,018,000) in letters of credit issued, representing unavailable funds reserved for government withdrawals, and there is availability of \$28,293,000 (2017 – \$5,315,000) under this facility. This is a revolving operating line of credit with a two-year term and provisions for annual one-year extensions. This facility bears interest at bankers' acceptance rates plus 1.60% or 3.98% (2017 – 3.12%).

For the years ended December 31, 2018 and 2017

11. BORROWINGS (continued)

Borrowings are collateralized by certain property, plant and equipment assets (Note 8).

Minimum principal debt repayments for the next five years and thereafter are as follows:

(thousands of Canadian dollars)	Revolving Maturities	Mortgage and Term Loan Payments	Finance Lease Obligations	Total Borrowings
2019	\$ -	\$ 18,643	\$ 528	\$ 19,171
2020	20,689	20,022	223	40,934
2021	-	21,504	115	21,619
2022	-	21,785	-	21,785
2023	-	20,551	-	20,551
2024 and thereafter	-	43,305	-	43,305
	\$ 20,689	\$ 145,810	\$ 866	\$ 167,365

Future minimum finance lease obligation payments are as follows:

(thousands of Canadian dollars)	Maturities	Amortization Payments	Finance Lease Obligations	Interest	Total Minimum Lease Payments
2019	\$ -	\$ 528	\$ 528	\$ 26	\$ 554
2020	1	222	223	10	233
2021	-	115	115	3	118
	\$ 1	\$ 865	\$ 866	\$ 39	\$ 905

The above finance lease obligations have a weighted average interest rate of 4.00% (2017 – 3.86%).

For the years ended December 31, 2018 and 2017

12. DEFERRED MEMBERSHIP FEES

Deferred membership fees consist of the following:

(thousands of Canadian dollars)	2018	2017
		(restated - note 2)
Unamortized membership fees (note 12A)	\$ 32,597	\$ 37,808
Future membership fee instalments (note 12B)	(22,915)	(24,851)
Deferred membership fees	\$ 9,682	\$ 12,957

Unamortized membership fees represents the portion of collected or committed membership fees that have not been booked as revenue.

Future membership fee instalments represents the amount of uncollected committed membership fee instalments. The Company forgives future instalments upon resignation of a member.

The net deferred membership fees represents the excess of membership fees collected over membership fee revenue recognized.

(A) Changes in unamortized membership fees are as follows:

(thousands of Canadian dollars)	2018	2017
		(restated - note 2)
Balance, beginning of year	\$ 37,808	\$ 43,683
Sales to new members	5,122	5,180
Transfer and reinstatement fees	759	1,152
Resignations and terminations	(3,810)	(4,156)
Amortization of membership fees to revenue	(6,697)	(7,952)
Sale of Club de Golf Le Fontainebleau	(699)	-
Exchange difference	114	(99)
Balance, end of year	\$ 32,597	37,808

(B) Changes in future membership fee instalments are as follows:

(thousands of Canadian dollars)	2018	2017
Balance, beginning of year	\$ 24,851	\$ 26,982
Sales to new members	5,122	5,180
Transfer and reinstatement fees	759	1,152
Resignations and terminations	(3,810)	(4,156)
Instalments received in cash	(3,590)	(4,254)
Sale of Club de Golf Le Fontainebleau	(487)	-
Exchange difference	70	(53)
Balance, end of year	\$ 22,915	\$ 24,851

For the years ended December 31, 2018 and 2017

12. DEFERRED MEMBERSHIP FEES (continued)

The following table estimates future cash flows and revenue recognition based on the collection of future membership fee instalments outstanding on December 31, 2018. The estimated collection of future membership fee instalments, amortization of unamortized membership fees and the estimated deferred membership fees, assuming no further memberships sold is as follows:

(thousands of Canadian dollars)	Estimated collection of future membership fee instalments	Estimated amortization of deferred membership fees	Estimated deferred membership fees, at year-end
Balance, December 31, 2018			\$ 9,682
2019	\$ 2,746	\$ 5,140	7,288
2020	2,410	4,308	5,390
2021	2,090	3,516	3,964
2022	1,842	2,439	3,367
2023	1,628	2,334	2,661
2024 and thereafter	12,199	14,860	-
	\$ 22,915	\$ 32,597	

Membership fees are amortized over the estimated weighted average remaining life of memberships purchased by join year. The amortization period is reviewed annually and any adjustments are made prospectively.

For the years ended December 31, 2018 and 2017

13. INCOME TAXES

(A) Income tax provision

The provision for income taxes differs from the expected amount calculated by applying the Canadian combined federal and provincial corporate income tax rates to earnings before income taxes. The major components of these differences are explained as follows:

(thousands of Canadian dollars)	2018	2017
Continuing earnings (loss) before income taxes	\$ 12,600	\$(28,797)
Expected corporate tax rate	26.50%	26.50%
Calculated income tax provision (recovery)	3,339	(7,631)
Difference in statutory tax rates	197	(162)
Capital items	421	415
Foreign exchange	(463)	-
Changes in tax rates	-	(349)
Permanent differences	63	6,957
Adjustment to prior year amounts	(1,639)	77
Unbenefitted operating losses	821	-
Other	655	199
	3,394	(494)
Discontinued earnings tax provision	62,853	(12,837)
Total tax expense	\$ 66,247	\$(13,331)

The tax rate used for the 2018 and 2017 reconciliations above is the corporate rate of 26.50% payable by corporate entities in Ontario, Canada.

(B) Deferred income tax liabilities

The tax effects of temporary differences that give rise to the deferred income tax assets and liabilities are summarized as below:

(thousands of Canadian dollars)	Capital/ Intangible Assets and Other	Other Capital Items	Foreign Exchange	Total
Balance, January 1, 2017	\$ 65,257	\$ -	\$ -	\$ 65,257
Recognized in earnings	(1,693)	-	-	(1,693)
Recognized in discontinued earnings	(14,067)	-	-	(14,067)
Recognized in equity through comprehensive earnings	(2,854)	-	-	(2,854)
As at December 31, 2017	46,643	-	-	46,643
Recognized in continuing earnings	301	-	1,949	2,250
Recognized in discontinued earnings	(2,626)	2,250	-	(376)
Recognized in equity through comprehensive earnings	260	-	-	260
As at December 31, 2018	\$ 44,578	\$ 2,250	\$ 1,949	\$ 48,777

For the year ended December 31, 2018, there were unused tax losses of nil (2017 - US\$7,920,000) on which no deferred tax assets have been recognized. There are no unused tax losses on which the deferred tax assets have been recognized as at December 31, 2018 (2017 - nil).

For the years ended December 31, 2018 and 2017

14. SHARE CAPITAL

(A) Authorized and issued share capital

The authorized share capital is an unlimited number of common shares and preferred shares. As at December 31, 2018 there are 27,286,052 common shares outstanding (December 31, 2017 - 27,345,540). As at December 31, 2018, no preferred shares have been issued. Please refer to the consolidated statements of changes in shareholders' equity for details.

(B) Dividends

During 2017, ClubLink declared and paid four quarterly cash dividends of 2 cents per common share for a total of 8 cents per common share or \$2,188,000 for the year.

During 2018, ClubLink declared and paid four quarterly cash dividends of 2 cents per common share for a total of 8 cents per common share or \$2,186,000 for the year.

(C) Shares repurchased and cancelled

The Company was approved by the Toronto Stock Exchange for a normal course issuer bid to purchase up to 1,367,000 of its common shares which expired on September 19, 2018. During 2017, the Company did not make any purchases under this bid. During 2018, the Company repurchased for cancellation 28,400 common shares for a total purchase price of \$346,928 or \$12.22 per common share, including commissions.

The Company was approved by the Toronto Stock Exchange for a normal course issuer bid to purchase up to 1,366,000 of its common shares which will expire on September 19, 2019. From September 20, 2018 to December 31, 2018, the Company repurchased for cancellation 31,087 common shares for a total purchase price of \$392,380 or \$12.62 per common share, including commissions.

In recording the repurchase and cancellation of shares, share capital is reduced by the weighted average issue price of the outstanding common shares with the differential to the purchase price being credited or charged to retained earnings.

(D) Earnings per share

Diluted earnings per share is the same as basic earnings per share.

For the years ended December 31, 2018 and 2017

15. INTEREST, NET AND INVESTMENT INCOME

Interest expense consists of the following:

(thousands of Canadian dollars)	2018	2017
Revolving lines of credit	\$ 2,566	\$ 2,530
Non-revolving mortgages	11,089	12,303
Term loan	775	1,136
Finance lease obligations	50	104
Line of credit from related party	(268)	400
Amortization of deferred financing costs	431	437
Other	101	24
Interest revenue	(2,193)	(252)
Interest, net and investment income	12,551	16,682
Interest, net and investment income – discontinued operations	(1,104)	(1,279)
Interest, net and investment income – continuing operations	\$ 11,447	\$ 15,403

16. OTHER ITEMS

Other items consist of the following loss (income) items:

(thousands of Canadian dollars)	2018	2017
Gain on property, plant and equipment	\$ (6,630)	\$ (102)
Insurance claims	(2,636)	(900)
Unrealized foreign exchange gain	(12,238)	-
Unrealized loss on shares held for trading	3,175	-
Other	1,243	1,306
Other items	(17,086)	304
Other items - discontinued operations	366	(2,087)
Other items - continuing operations	\$ (16,720)	\$ (1,783)

For the years ended December 31, 2018 and 2017

17. RELATED PARTY TRANSACTIONS

The immediate parent and controlling party of the Company is Paros Enterprises Limited ("Paros") and its parents – S.N.A. Management Limited. These companies are privately-owned companies whose shareholder is the Chairman, President and Chief Executive Officer of the Company – K. (Rai) Sahi.

K. (Rai) Sahi, the Chairman, President and Chief Executive Officer of the Company is also the controlling shareholder of Morguard Corporation ("Morguard").

The Company has provided an unsecured revolving demand credit facility to Morguard in the amount of \$50,000,000 (December 31, 2017 – \$30,000,000), with no fixed maturity date. Morguard has provided an unsecured revolving demand credit facility to TWC in the amount of \$50,000,000 with no fixed maturity date. These facilities bear interest on a basis which is consistent with the entity's borrowing costs. As at December 31, 2017, the total loan payable to Morguard outstanding on this facility was \$11,767,000, and interest incurred amounted to \$400,000. Net interest payable at December 31, 2017 was \$28,000. As at December 31, 2018, the total loan receivable from Morguard outstanding on this facility was \$47,809,000, and net interest income earned amounted to \$269,000. Net interest receivable at December 31, 2018 was \$365,000.

The Company has provided an unsecured revolving demand credit facility to Paros in the amount of \$5,000,000, with no fixed maturity date. This facility bears interest at prime plus 1%. During the years ended December 31, 2018 and 2017, there were no advances or repayments under this facility.

Paros has provided an unsecured revolving demand credit facility to TWC in the amount of \$5,000,000 with no fixed maturity date. This facility bears interest at prime plus 1%. During the years ended December 31, 2018 and 2017, there were no advances or repayments under this facility.

The purpose of these credit facilities is to allow each of the above entities to manage its financing activities in the most effective manner.

The Company receives managerial and consulting services from Morguard. The Company paid a management fee of \$843,000 for the year ended December 31, 2018 (December 31, 2017 - \$240,000), under a contractual agreement, which is included in operating expenses. Morguard also provides back-office services to ClubLink US Corporation. The Company paid a management fee of US\$460,000 (CDN\$595,000) for the year ended December 31, 2018 (December 31, 2017 - US\$460,000; CDN\$598,000) under a contractual agreement, which is included in direct operating expenses.

During 2018, the Company earned \$607,000 (2017 - \$548,000) in golf revenue (primarily food and beverage and corporate events) from related parties controlled by the Chairman, President and Chief Executive Officer of the Company.

A total of US\$53,000 of rental revenue was earned by TWC for the year ended December 31, 2018 (December 31, 2017 - US\$53,000) from Morguard relating to a shared office facility in Florida.

All related party transactions were made in the ordinary course of business and on substantially the same terms including interest rates and security as for comparable transactions with parties of a similar standing.

For the years ended December 31, 2018 and 2017

18. SEGMENTED INFORMATION

TWC's reportable segments are strategic business units that offer different services and/or products. The Company's operating segments have been determined based on reports reviewed that are used to make strategic decisions by the President and CEO, the Company's chief operating decision maker.

TWC is engaged in golf club operations under the trademark "ClubLink One Membership More Golf". TWC is Canada's largest owner, operator and manager of golf clubs with 53½, 18-hole equivalent championship and 3½, 18-hole equivalent academy courses (including one managed property), at 41 locations in two separate geographic Regions: (a) Canada and (b) United States.

TWC's golf clubs are strategically organized in clusters that are located in densely populated metropolitan areas and resort destinations frequented by those who live and work in these areas. By operating in regions, TWC is able to offer golfers a wide variety of unique membership, corporate event and resort opportunities. TWC is also able to obtain the benefit of operating synergies to maximize revenue and achieve economies of scale to reduce costs.

TWC was also engaged in rail and port operations based in Skagway, Alaska which operate under the trade name of "White Pass & Yukon Route". This includes a tourist railway stretching approximately 110 kilometres (67.5 miles) from Skagway, Alaska to Carcross, Yukon. On June 6, 2018, TWC announced that it entered into a purchase and sale agreement to sell the White Pass rail and port operations to a joint venture for proceeds of US\$290,000,000. Closed on July 31, 2018, the transaction represented a sale of the complete rail, port and merchandise operations of White Pass. This segment is being presented as discontinued operations in the financial statements.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies. Any inter-segment transfers are recorded at cost.

Geographical information is not separately presented as the industry segments operate in separate and distinct geographical segments on their own.

For the Year Ended December 31, 2018

(thousands of Canadian dollars)	Canadian Golf Club Operations	US Golf Club Operations	Corporate Operations	Total Continuing Operations	Discontinued Operations	Total
Operating revenue	\$ 143,820	\$ 22,121	\$ -	\$ 165,941	\$ 36,555	\$ 202,496
Direct operating expenses	(111,430)	(22,007)	(3,475)	(136,912)	(17,195)	(154,107)
Net operating income (loss)	32,390	114	(3,475)	29,029	19,360	48,389
Amortization of membership fees	6,361	336	-	6,697	-	6,697
Depreciation and amortization	(13,774)	(2,376)	-	(16,150)	(3,799)	(19,949)
Land lease rent	(4,384)	-	-	(4,384)	(149)	(4,533)
Impairment	-	(7,865)	-	(7,865)	-	(7,865)
Other items	6,979	4	9,737	16,720	366	17,086
Segment earnings (loss) before interest and income taxes	\$ 27,572	\$ (9,787)	\$ 6,262	24,047	15,778	39,825
Gain on divestiture of White Pass				-	262,267	262,267
Interest, net (unallocated)				(11,447)	(1,104)	(12,551)
Provision for income taxes (unallocated)				(3,394)	(62,853)	(66,247)
Net earnings				\$ 9,206	\$ 214,088	\$ 223,294
Capital expenditures	\$ 7,873	\$ 1,385	\$ -	\$ 9,258	\$ 9,718	\$ 18,976

For the years ended December 31, 2018 and 2017

18. SEGMENTED INFORMATION (continued)

For the Year Ended December 31, 2017						
(thousands of Canadian dollars)	Canadian Golf Club Operations	US Golf Club Operations	Corporate Operations	Total Continuing Operations	Discontinued Operations	Total
Operating revenue	\$ 140,518	\$ 23,432	\$ -	\$ 163,950	\$ 55,675	\$ 219,625
Direct operating expenses	(108,456)	(22,494)	(2,940)	(133,890)	(25,207)	(159,097)
Net operating income (loss)	32,062	938	(2,940)	30,060	30,468	60,528
Amortization of membership fees	7,653	299	-	7,952	-	7,952
Depreciation and amortization	(14,180)	(2,556)	-	(16,736)	(9,296)	(26,032)
Land lease rent	(4,848)	-	-	(4,848)	(322)	(5,170)
Impairment	(31,605)	-	-	(31,605)	-	(31,605)
Other items	2,266	(17)	(466)	1,783	(2,087)	(304)
Segment earnings (loss) before interest and income taxes	\$ (8,652)	\$ (1,336)	\$ (3,406)	(13,394)	18,763	5,369
Interest, net (unallocated)				(15,403)	(1,279)	(16,682)
Provision for income taxes (unallocated)				494	12,837	13,331
Net earnings				\$ (28,303)	\$ 30,321	\$ 2,018
Capital expenditures	\$ 8,702	\$ 1,349	\$ -	\$ 10,051	\$ 7,743	\$ 17,794

December 31, 2018						
(thousands of Canadian dollars)	Canadian Golf Club Operations	US Golf Club Operations	Corporate Operations	Total Continuing Operations	Discontinued Operations	Total
Segment assets	\$ 431,164	\$ 29,921	\$ 241,991	\$ 703,076	\$ -	\$ 703,076
Segment liabilities	\$ 193,354	\$ 9,045	\$ 64,991	\$ 267,390	\$ -	\$ 267,390

December 31, 2017						
(thousands of Canadian dollars)	Canadian Golf Club Operations	US Golf Club Operations	Corporate Operations	Total Continuing Operations	Discontinued Operations	Total
Segment assets	\$ 442,660	\$ 35,865	\$ 576	\$ 479,101	\$ 150,953	\$ 630,054
Segment liabilities	\$ 212,468	\$ 22,375	\$ 108,502	\$ 343,345	\$ 53,551	\$ 396,896

For the years ended December 31, 2018 and 2017

19. OPERATING LEASE COMMITMENTS

Land Lease Rent

TWC has certain golf clubs that it operates, which are under long-term lease arrangements and are subject to standard lease termination clauses.

The following are the golf clubs under lease with expiration dates:

- The Club at Bond Head: December 31, 2021 (formerly December 31, 2029)
- The Country Club: December 31, 2022 (formerly December 31, 2026)
- National Pines Golf Club: November 15, 2024
- Greenhills Golf Club: February 28, 2026

In December 2017, the landlord of the Country Club provided the Company with a five year notice - as provided in the lease document. The lease now expires on December 31, 2022, rather than the original expiration of December 31, 2026.

In December 2018, the Company provided the landlord of The Club at Bond Head with a three year notice - as provided in the lease document. The lease now expires on December 31, 2021, rather than the original expiration date of December 31, 2029.

TWC is committed to the following minimum land lease rent payments for the next five years and thereafter as follows:

(thousands of Canadian dollars)	Golf Club Operations
2019	\$ 5,467
2020	5,578
2021	5,691
2022	4,708
2023	1,316
2024 and thereafter	1,515
	\$ 24,275

During 2018, the Company paid \$8,000 (2017 - \$11,000) in percentage rent in addition to the golf club operations land lease commitments described above.

Guarantees

In the normal course of operations, the Company executes agreements that provide for indemnification and guarantees to third parties in transactions such as business dispositions, business acquisitions, sales of assets and sales of services.

20. CAPITAL MANAGEMENT

TWC's objective is to ensure that capital resources are readily available to meet obligations as they become due, to complete its approved capital expenditure program and to take advantage of attractive acquisitions as these opportunities arise.

Certain secured debt obligations of the golf club operations segment have restrictive covenants that require maintenance of certain financial ratios. These covenants include debt service ratios, borrowings to adjusted equity/asset ratios and a minimum total equity requirement. For all of 2018 and 2017, the Company was in compliance with these borrowings covenants.

TWC monitors capital on the basis of the net borrowings-to-adjusted equity ratio. This ratio is calculated as net borrowings divided by adjusted equity. Net borrowings is calculated as gross borrowings less cash. Adjusted equity is comprised of all components of shareholders' equity (i.e., share capital, retained earnings and accumulated other comprehensive gain or loss) and deferred membership fees less a related statutory tax provision.

For the years ended December 31, 2018 and 2017

20. CAPITAL MANAGEMENT (continued)

The Company sets its capital structure in proportion to risk. It manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, purchase and cancel shares pursuant to issuer bids, issue new shares, or sell assets to reduce borrowings.

TWC's objective is to maintain a net borrowings-to-adjusted equity ratio of less than 2.50, in order to maintain access to financing at a reasonable cost. The net borrowings-to-adjusted equity ratios at December 31, 2018 and December 31, 2017, are as follows:

(thousands of Canadian dollars)	2018	2017
Gross borrowings	\$ 167,365	\$ 301,893
Cash and cash equivalents	(137,207)	(848)
Net borrowings (A)	\$ 30,158	\$ 301,045
Share capital	\$ 111,744	\$ 111,987
Retained earnings	318,413	97,801
Accumulated other comprehensive gain	5,529	23,370
Deferred membership fees	9,682	12,957
Less: tax provision at statutory income tax rates	(2,566)	(3,433)
Adjusted equity (B)	\$ 442,802	\$ 242,682
Net borrowings-to-adjusted equity ratio (A/B)	0.07	1.24

TWC has a revolving credit arrangement, which is used to fund operations. This allows the flexibility to manage its highly seasonal cash inflows and regular year round disbursements while providing appropriate returns to the shareholders. Cash flows considered surplus to the long-term needs of the business segment are generally utilized in corporate operations.

TWC may access financing from related party companies such as Morguard and Paros, as needed.

21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Categories of financial assets and liabilities

Pursuant to IFRS, financial instruments are classified into one of the following three categories: amortized cost, FVTOCI, FVTPL. The carrying values of the Company's financial instruments on the consolidated balance sheets are classified into the following categories:

(thousands of Canadian dollars)	2018	2017
Assets - Amortized cost ⁽¹⁾	\$ 225,847	\$ 8,818
Assets - FVTPL - Carnival plc shares	23,147	-
Liabilities - Amortized cost ⁽²⁾	196,371	324,576

(1) Includes cash and cash equivalents, accounts receivable and mortgages and loans receivable.

(2) Includes accounts payable and accrued liabilities and borrowings.

A portion of the accounts receivable balance has been pledged in conjunction with the assignment of certain property, plant and equipment as collateral for borrowings.

21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Fair values

The Company has determined, using considerable judgment, the estimated fair values of its financial instruments based on the valuation methodologies which are described below. The fair values of TWC's financial instruments approximate their carrying values for financial statement purposes.

The methods and assumptions used to estimate the fair value of each type of financial instrument are as follows:

The fair values of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, and revolving lines of credit approximate their carrying values given their short-term maturities.

The carrying value of mortgages and loans receivable is assumed to approximate fair value as they bear interest at current market rates.

The fair value of non-revolving borrowings was estimated based on the discounted cash flows of the borrowings at the Company's estimated incremental interest rates for borrowings of the same remaining maturities.

Financial instruments recorded at fair value on the consolidated balance sheet are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 – valuation based on quoted prices (unadjusted) observed in active markets for identical assets or liabilities.

Level 2 – valuation techniques based on inputs that are quoted prices of similar instruments in active markets; inputs other than quoted prices used in a valuation model that are observable for that instrument; and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – valuation techniques with inputs not based on observable market inputs.

Risks arising from financial instruments and risk management

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange and interest rate risks), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

Risk management is the responsibility of the corporate finance department whose function is to identify, evaluate and, where appropriate, hedge financial risks. The Company's overall risk management program focuses on establishing policies to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company aims to develop a disciplined control environment in which all employees understand their roles and obligations. Risks are monitored and are regularly discussed with the board of directors.

Foreign exchange risk

As discussed in Note 1, the United States golf club operations have a reporting currency in US dollars. Therefore, fluctuations in the US dollar exchange rate will impact the earnings of TWC.

For the year ended December 31, 2018, if the Canadian dollar had weakened (strengthened) 10% against the US dollar, all other variables held constant, the after tax earnings would have increased (declined) by \$843,000 (2017 - \$2,774,000).

For the years ended December 31, 2018 and 2017

21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Interest rate risk

The following debt instruments have variable interest rates:

(thousands of Canadian dollars)	2018	2017
Revolving line of credit - US golf (December 31, 2018 - LIBOR plus 175 basis points or 3.85% December 31, 2017 - LIBOR plus 175 basis points or 3.11%)	\$ -	\$ 12,545
Revolving line of credit - corporate (December 31, 2018 - BA's plus 160 basis points or 3.98%; prime plus 47.5 basis points or 4.43%) December 31, 2017 - BA's plus 160 basis points or 3.12%; prime plus 47.5 basis points or 3.68%)	20,689	63,667
Revolving line of credit - rail (December 31, 2018 - N/A December 31, 2017 - LIBOR plus 187.5 basis points or 3.12%)	-	24,834
Operating line of credit from related party (cost of funds plus 10 basis points)	-	11,767
Term loan (December 31, 2018 - N/A December 31, 2017 - LIBOR plus 300 basis points or 4.38%)	-	25,439
	\$ 20,689	\$138,252

For the year ended December 31, 2018, an increase (decrease) of 100 basis points of each the Canadian and US variable interest rate borrowings would have increased (decreased) interest expense by \$917,000 (2017 - \$1,374,000).

The objective of the Company's interest rate management activities is to minimize the volatility of the Company's earnings.

Credit risk

Credit risk arises from cash held with banks and financial institutions, as well as credit exposure to trade accounts receivable and mortgages and loans receivable. The maximum exposure to credit risk is equal to the carrying value of the financial assets.

The objective of managing credit risk is to prevent losses in financial assets. It is TWC's experience that the credit worthiness of its member accounts receivable balances is very good because it has the ability to suspend the playing and charging privileges of members who have overdue accounts in order to manage credit risk exposure to its members.

Further, the Company collects deposits on group functions such as corporate events, banquets and resort stays to help reduce this risk.

The credit risk associated with mortgages and loans receivable is considered minimal as they are adequately secured. Collateral for mortgages and loans receivable include a charge on the underlying asset for vendor take-back mortgages and loans and the underlying security for share purchase loans.

The carrying amount of accounts receivable is reduced through the use of an allowance account and the amount of the loss is recognized in the statement of earnings within operating expenses. When a receivable balance is considered uncollectible, it is written off against the allowance for doubtful accounts receivable. Subsequent recoveries of amounts previously written off are credited to the allowance account.

For the years ended December 31, 2018 and 2017

21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Credit risk (continued)

The following table describes the changes in the allowance for doubtful accounts receivable:

(thousands of Canadian dollars)	2018	2017
Balance, beginning of year	\$ 305	\$ 361
Increase in allowance through bad debt expense	69	39
Bad debt write-offs	(99)	(95)
Balance, end of year	\$ 275	\$ 305

The following table sets forth details of the age of receivables that are not overdue, as well as an analysis of overdue amounts and related allowance for doubtful accounts:

(thousands of Canadian dollars)	2018	2017
Accounts receivable		
Current - including accruals	\$ 37,049	\$ 5,978
Past due for more than one day but not more than 60 days	344	313
Past due for more than 60 days	986	533
Less: allowance for doubtful accounts	(275)	(305)
Subtotal	38,104	6,519
Mortgages and loans receivable		
Current	50,536	1,451
Past due	-	-
Less: allowance for doubtful accounts	-	-
Subtotal	50,536	1,451
Total loans and receivables	\$ 88,640	\$ 7,970

Liquidity risk

Liquidity risk arises through excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available cash reserves in order to meet its liquidity requirements at any point in time. The Company achieves this by maintaining sufficient cash and through the availability of funding from committed credit facilities.

The Company and its subsidiaries are subject to risks associated with borrowings, including the possibility that existing mortgages may not be refinanced or may not be refinanced on as favorable terms or with interest rates as favourable as those of the existing facilities. The Company and its subsidiaries reduce these risks by its continued efforts to stagger and to extend the maturity profile of its borrowings, enhance the value of its real estate properties and foster excellent relations with its lenders.

The Company believes that cash on hand, future free cash flows generated by operations and availability under its revolving operating facility will be adequate to meet its financial obligations.

For the years ended December 31, 2018 and 2017

21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Liquidity risk (continued)

The Company has financial liabilities with varying contractual maturity dates. Total financial liabilities at December 31, 2018, based on contractual undiscounted payments are as follows:

(thousands of Canadian dollars)	2019	2020	2021	2022	2023	2024 and beyond	Total
Accounts payable and accrued liabilities	\$ 29,746	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 29,746
Revolving lines of credit	-	20,689	-	-	-	-	20,689
Non-revolving mortgages - principal	18,643	20,022	21,504	21,785	20,551	43,305	145,810
Non revolving mortgages - interest	9,805	8,399	6,887	5,280	3,754	5,782	39,907
Finance lease obligations - principal	528	223	115	-	-	-	866
Finance lease obligations - interest	26	10	3	-	-	-	39
	\$ 58,748	\$ 49,343	\$ 28,509	\$ 27,065	\$ 24,305	\$ 49,087	\$ 237,057

Total financial liabilities at December 31, 2017, based on contractual undiscounted payments are as follows:

(thousands of Canadian dollars)	2018	2019	2020	2021	2022	2023 and beyond	Total
Accounts payable and accrued liabilities	\$ 23,740	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,740
Revolving lines of credit	11,767	101,046	-	-	-	-	112,813
Non-revolving mortgages - principal	17,288	18,564	19,937	21,412	21,685	62,915	161,801
Non revolving mortgages - interest	11,007	9,704	8,304	6,800	5,200	9,253	50,268
Term loan - principal	2,333	2,333	20,773	-	-	-	25,439
Term loan - interest	1,063	961	508	-	-	-	2,532
Finance lease obligations - principal	974	528	223	115	-	-	1,840
Finance lease obligations - interest	53	26	10	3	-	-	92
	\$ 68,225	\$ 133,162	\$ 49,755	\$ 28,330	\$ 26,885	\$ 72,168	\$ 378,525

22. CONTINGENCIES

From time to time, TWC and certain of its subsidiaries, employees, officers and/or directors are defendants in a number of legal actions arising in the ordinary course of operations. In the opinion of management, it is expected that the ultimate resolution of such pending legal proceedings will not have a material effect on TWC's consolidated financial position.

23. SUBSEQUENT EVENT

On March 6, 2019, the Company declared a 2 cents per common share cash dividend, payable March 29, 2019 to shareholders of record on March 15, 2019.

CORPORATE DIRECTORY

BOARD OF DIRECTORS

FRASER BERRILL (c)
PATRICK S. BRIGHAM (b, c)
PAUL CAMPBELL (b, c)
JOHN LOKKER (a)
SAMUEL J.B. POLLOCK (a, b)
ANGELA SAHI (a)
K. (RAI) SAHI
DONALD TURPLE (a)
JACK D. WINBERG (b, c)

(a) Audit Committee
(b) Corporate Governance and Compensation Committee
(c) Environmental, Health and Safety Committee

OFFICERS

TWC ENTERPRISES LIMITED

K. (RAI) SAHI
Chairman, President and Chief Executive Officer

ANDREW TAMLIN
Chief Financial Officer

ROBERT VISENTIN
Senior Vice President, Investments

ROBERT WRIGHT
Vice President

JOHN A. FINLAYSON
Chief Operations Officer, Canadian Golf Operations
Vice President, Florida Golf Operations

JAMIE KING
Vice President, Sales, Canadian Golf Operations

BRENT MILLER
Vice President, Corporate Operations and Member Services,
Canadian Golf Operations

ANNUAL MEETING OF SHAREHOLDERS

of TWC Enterprises Limited will be held at RattleSnake Point
5407 Regional Road 25 Milton, ON L9T 2X5
at 11:30 a.m. on Wednesday, May 8, 2019.

CORPORATE INFORMATION

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INVESTOR RELATIONS

Contact: Andrew Tamlin
Tel: 905-841-5372
Email: atamlin@clublink.ca

BANKERS

HSBC Bank Canada
HSBC Bank USA

AUDITORS

Deloitte LLP

STOCK EXCHANGE LISTING

Common shares: TSX: TWC

TRANSFER AGENT

AST Trust Company (Canada)
P.O. Box 700, Postal Station B, Montreal, QC H3B 3K3
Tel: 416-682-3860
Toll Free (North America): 1-866-781-3111
Fax: 1-888-249-6189
Email: inquiries@astfinancial.com

To change your address, eliminate multiple mailings,
transfer shares or for any other inquiry, please contact
AST Trust Company (Canada) at the above co-ordinates.



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