

TWC ENTERPRISES LIMITED
Interim Condensed Consolidated Balance Sheets (Unaudited)

(thousands of Canadian dollars)	Notes	September 30, 2018	December 31, 2017	September 30, 2017
ASSETS			(restated-note 2)	(restated-note 2)
Current				
Cash and cash equivalents		\$ 152,776	\$ 848	\$ 2,218
Accounts receivable		47,009	6,519	19,988
Mortgages and loans receivable		8,278	6	6
Inventories and prepaid expenses		8,641	6,368	8,947
Other assets	5	28,382	-	-
		245,086	13,741	31,159
Mortgages and loans receivable		1,441	1,445	1,446
Other assets	5	8,804	19,088	18,515
Property, plant and equipment	6	433,667	577,841	579,963
Intangible assets	7	17,174	17,939	18,291
Goodwill		-	-	31,605
Total assets		\$ 706,172	\$ 630,054	\$ 680,979
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current				
Accounts payable and accrued liabilities	8	\$ 42,892	\$ 23,317	\$ 37,885
Borrowings	9	18,837	32,362	34,843
Prepaid annual dues and deposits		19,885	12,720	18,449
		81,614	68,399	91,177
Borrowings	9	132,426	268,474	252,589
Deferred membership fees	2,10	11,060	12,957	14,385
Deferred income tax liabilities	2	48,063	47,066	69,841
Total liabilities		273,163	396,896	427,992
Shareholders' equity				
Share capital	11	111,865	111,987	111,987
Retained earnings	2	316,123	97,801	117,929
Accumulated other comprehensive earnings		5,021	23,370	23,071
Total shareholders' equity		433,009	233,158	252,987
Total liabilities and shareholders' equity		\$ 706,172	\$ 630,054	\$ 680,979

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

TWC ENTERPRISES LIMITED
Interim Condensed Consolidated Statements of Earnings
and Comprehensive Earnings (Loss) (Unaudited)

(thousands of Canadian dollars, except per share amounts)	Notes	For the three months ended		For the nine months ended	
		September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
REVENUE (CONTINUING OPERATIONS)	4		(restated-note 2)		(restated-note 2)
Operating revenue		\$ 65,351	\$ 63,818	\$ 136,906	\$ 135,782
Amortization of membership fees	2,10	1,807	2,184	5,145	6,093
		67,158	66,002	142,051	141,875
EXPENSES (CONTINUING OPERATIONS)					
Cost of sales		11,282	11,142	19,677	19,735
Labour and employee benefits		26,454	24,922	57,961	55,929
Utilities		2,612	2,414	6,216	6,473
Selling, general and administrative		1,443	1,232	3,941	3,808
Property taxes		582	623	3,331	3,372
Repairs and maintenance		1,285	1,231	3,648	3,423
Insurance		679	563	1,939	1,683
Fertilizers and pest control products		857	870	2,163	2,069
Fuel and oil		659	542	1,255	1,069
Other operating expenses		4,735	4,298	11,222	11,216
Depreciation of property, plant and equipment	6	3,769	3,842	11,351	11,637
Amortization of intangible assets	7	271	279	802	834
Land lease rent		1,097	1,165	3,292	3,641
Interest, net and investment income	12	2,522	3,810	10,030	11,342
Other items	13	(3,169)	239	(3,105)	(1,725)
		55,078	57,172	133,723	134,506
Earnings before income taxes		12,080	8,830	8,328	7,369
Income tax expense (recovery)	2				
Current		1,801	1,967	1,301	1,699
Deferred		1,433	(73)	1,257	(992)
		3,234	1,894	2,558	707
Net earnings from continuing operations		8,846	6,936	5,770	6,662
Discontinued operations					
Earnings from discontinued operations	3	211,587	12,530	214,434	14,937
Net earnings		220,433	19,466	220,204	21,599
Unrealized foreign exchange gain (loss) in respect of foreign operations		(1,455)	(3,741)	3,750	(7,068)
Unrealized gain (loss) on hedge of net investment in foreign operations, net of tax recovery of \$67 for the nine months ended September 30, 2018 (September 30, 2017 - expense of \$175)		170	574	(436)	1,142
Total comprehensive earnings		\$ 219,148	\$ 16,299	\$ 223,518	\$ 15,673
Weighted average shares outstanding (000)	11	27,334	27,346	27,342	27,346
Earnings per share from continuing operations	11	\$ 0.32	\$ 0.25	\$ 0.21	\$ 0.24
Earnings per share from discontinued operations	3	\$ 7.74	\$ 0.46	\$ 7.84	\$ 0.55
Earnings per share basic and diluted	11	\$ 8.06	\$ 0.71	\$ 8.05	\$ 0.79

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

TWC ENTERPRISES LIMITED
Interim Condensed Consolidated Statements of Changes in Shareholders' Equity
(Unaudited)

(thousands of Canadian dollars except common shares)	Note	Common Shares	Share Capital	Retained Earnings	Accumulated Other Comprehensive Earnings (Loss)	Total Shareholders' Equity
Balance, December 31, 2016 (restated-note 2)	2	27,345,540	\$ 111,987	\$ 97,971	\$ 28,997	\$ 238,955
Comprehensive earnings (loss) (restated-note 2)		-	-	21,599	(5,926)	15,673
Cash dividend	11B	-	-	(1,641)	-	(1,641)
Balance, September 30, 2017 (restated-note 2)	2	27,345,540	111,987	117,929	23,071	252,987
Comprehensive loss (restated-note 2)		-	-	(19,581)	299	(19,282)
Cash dividend	11B	-	-	(547)	-	(547)
Balance, December 31, 2017 (restated-note 2)	2	27,345,540	111,987	97,801	23,370	233,158
Comprehensive earnings		-	-	220,204	3,314	223,518
Cash dividend	11B	-	-	(1,640)	-	(1,640)
Other		(1)	-	-	-	-
Realized foreign exchange upon divestiture of White Pass	4	-	-	-	(21,663)	(21,663)
Shares cancelled subject to normal course issuer bid	11C	(29,800)	(122)	(242)	-	(364)
Balance, September 30, 2018		27,315,739	\$ 111,865	\$ 316,123	\$ 5,021	\$ 433,009

TWC ENTERPRISES LIMITED

Interim Condensed Consolidated Statements of Cash Flow (Unaudited)

(thousands of Canadian dollars)	Notes	For the three months ended		For the nine months ended	
		September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
OPERATING ACTIVITIES			(restated-note 2)		(restated-note 2)
Net earnings (loss)		\$ 220,433	\$ 19,466	\$ 220,204	\$ 21,599
Items not affecting cash and cash equivalents:					
Amortization of membership fees	10	(1,807)	(2,184)	(5,145)	(6,093)
Depreciation of property, plant and equipment	6	3,769	6,099	15,150	18,588
Amortization of intangible assets	7	271	279	802	834
Land lease rent expense		1,125	1,276	3,441	3,878
Interest, net	12	2,892	4,309	11,134	12,624
Unrealized foreign exchange		1,398	-	1,398	-
Gain on shares held for trading		(2,491)	-	(2,491)	-
Gain on divestiture of White Pass	3	(262,311)	-	(262,311)	-
Gain on sale of property, plant and equipment	13	(125)	-	(407)	(2,104)
Income tax provision (recovery)		64,595	9,886	65,053	9,316
Collection of membership fee instalments	10	2,052	2,335	3,229	3,827
Land lease rent paid		(1,300)	(1,373)	(3,962)	(3,982)
Interest paid		(3,002)	(4,197)	(11,090)	(12,381)
Income taxes paid		(59,636)	(300)	(61,149)	(2,051)
Accounts receivable		(405)	4,278	(20,578)	(13,943)
Inventories and prepaid expenses		4,943	4,831	(3,533)	(3,951)
Accounts payable and accrued liabilities		1,209	(2,489)	18,933	16,380
Prepaid annual dues and deposits		(18,707)	(18,748)	7,165	(456)
Cash and cash equivalents provided by (used in) operating activities		(47,097)	23,468	(24,157)	42,085
INVESTING ACTIVITIES					
Operating property, plant and equipment expenditures	6	(2,266)	(2,381)	(8,248)	(9,051)
Expansion property, plant and equipment expenditures	6	(1,390)	(1,349)	(8,155)	(3,552)
Intangible asset acquisition	7	-	-	-	(100)
Proceeds on divestiture of White Pass		351,236	-	351,236	-
Proceeds on sale of property, plant and equipment		-	-	307	5,074
Other assets		(53)	(2,815)	3,867	(7,210)
Cash and cash equivalents provided by (used in) investing activities		347,527	(6,545)	339,007	(14,839)
FINANCING ACTIVITIES					
Deferred financing costs		(79)	-	(86)	(176)
Revolving borrowings		(110,828)	(11,269)	(112,869)	(9,489)
Non-revolving borrowings – amortization payments		(4,571)	(4,648)	(14,254)	(13,818)
Term debt – maturities		(24,935)	-	(24,935)	-
Finance lease obligations		(230)	(410)	(799)	(1,406)
Mortgages and loans receivable		(8,740)	3	(8,737)	5
Shares repurchased for cancellation	11C	(358)	-	(364)	-
Common share dividends	11B	(546)	(547)	(1,640)	(1,641)
Cash and cash equivalents provided by (used in) financing activities		(150,287)	(16,871)	(163,684)	(26,525)
Net effect of currency translation adjustment on cash and cash equivalents		977	(729)	762	(885)
Net increase (decrease) in cash and cash equivalents during the period		151,120	(677)	151,928	(164)
Cash and cash equivalents, beginning of period		1,656	2,895	848	2,382
Cash and cash equivalents, end of period		\$ 152,776	\$ 2,218	\$ 152,776	\$ 2,218

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

TWC ENTERPRISES LIMITED

Notes to Interim Condensed Consolidated Financial Statements (Unaudited)

September 30, 2018

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 and operator of golf clubs with 53½, 18-hole equivalent championship and 3½, 18-hole equivalent academy courses at 41 locations in Ontario, Quebec and Florida.

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.

Both White Pass and 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 interim condensed consolidated financial statements.

2. BASIS OF PRESENTATION

The interim condensed consolidated financial statements (the “financial statements”) have been prepared in accordance with International Financial Reporting Standards (“IFRS”), using International Accounting Standard (“IAS”) 34, Interim Financial Reporting.

These financial statements were authorized for issuance by the Board of Directors on November 5, 2018.

These financial statements have been prepared on a basis consistent with the Company’s annual audited consolidated financial statements for the year ended December 31, 2017 with the exception of the new accounting policies that were adopted on January 1, 2018 as described later on in this note. Accordingly, certain information and disclosures normally required to be included in notes to annual financial statements have been condensed or omitted. Accordingly, these financial statements should be read in conjunction with the annual consolidated financial statements and the notes thereto for the year ended December 31, 2017. These financial statements were prepared on a going concern basis, under the historical cost model.

Due to the seasonal nature of the golf club operations in which the Company currently operates, the second and third quarters of the fiscal year account for, and are expected to account for, a greater portion of revenue and earnings than do the first and fourth quarters of each fiscal year. This seasonal pattern may cause the Company’s operating revenue and net operating income to vary significantly from quarter to quarter with consequential impacts on related working capital balances. Due to this seasonality, a consolidated balance sheet as at September 30, 2017 has been presented for comparative purposes.

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 earnings 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 statement of earnings.

Effective January 1, 2016, TWC has declared its 8.00% USD mortgage facility as a hedge against its net investment in White Pass. Accordingly, the foreign exchange translation gain or loss on this mortgage was reflected in accumulated other comprehensive income effective January 1, 2016 up until the time of the divestiture of White Pass (July 31, 2018).

TWC ENTERPRISES LIMITED
Notes to Interim Condensed Consolidated Financial Statements (Unaudited)
September 30, 2018

2. BASIS OF PRESENTATION (continued)

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. This is achieved by applying the following five steps:

1. Identify the contract with a customer;
2. Identify the performance obligations in the contract;
3. Determine the transaction price;
4. Allocate the transaction price to the performance obligations in the contract; and
5. Recognize revenue when (or as) the entity satisfies a performance obligation.

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 deferred 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 nine months ended September 30, 2018, the comparative information presented in these financial statements as at and for the nine months ended September 30, 2017, and for the balance sheet as at September 30, 2017. In preparing our balance sheets as at September 30, 2017 and 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, we elected to utilize the following practical expedients, allowing us 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.

TWC ENTERPRISES LIMITED

Notes to Interim Condensed Consolidated Financial Statements (Unaudited)

September 30, 2018

2. BASIS OF PRESENTATION (continued)

Below is the effect of transition to IFRS 15 on the Company's statements of income for the three and nine months ended September 30, 2017 and December 31, 2017, all of which pertain to our golf club operations segment.

Three months ended September 30, 2017					
(thousands of Canadian dollars)	As Previously Presented	Golf Commission Reclassification	Allowance Restatement	Discontinued Operations	Restated
Operating revenue	\$ 97,357	\$ 14	\$ -	\$ (33,553)	\$ 63,818
Amortization of membership fees	2,192	-	(8)	-	2,184
Expenses	(70,189)	(14)	-	13,031	(57,172)
Earnings (loss) before income taxes	29,360	-	(8)	(20,522)	8,830
Income taxes	9,888	-	(2)	(7,992)	1,894
Net earnings (loss) from continuing operations	19,472	-	(6)	(12,530)	6,936
Earnings from discontinued operations	-	-	-	12,530	12,530
Net earnings	\$ 19,472	\$ -	\$ (6)	\$ -	\$ 19,466
Earnings per share (basic and diluted)	\$ 0.71	\$ -	\$ -	\$ -	\$ 0.71

Nine months ended September 30, 2017					
(thousands of Canadian dollars)	As Previously Presented	Golf Commission Reclassification	Allowance Restatement	Discontinued Operations	Restated
Operating revenue	\$ 190,902	\$ 310	\$ -	\$ (55,430)	\$ 135,782
Amortization of membership fees	6,119	-	(26)	-	6,093
Expenses	(166,080)	(310)	-	31,884	(134,506)
Earnings (loss) before income taxes	30,941	-	(26)	(23,546)	7,369
Income taxes	9,323	-	(7)	(8,609)	707
Net earnings (loss) from continuing operations	21,618	-	(19)	(14,937)	6,662
Earnings from discontinued operations	-	-	-	14,937	14,937
Net earnings	\$ 21,618	\$ -	\$ (19)	\$ -	\$ 21,599
Earnings per share (basic and diluted)	\$ 0.79	\$ -	\$ -	\$ -	\$ 0.79

Year ended December 31, 2017					
(thousands of Canadian dollars)	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)	-	46,497	(192,393)
Earnings (loss) before income taxes	(11,278)	-	(35)	(9,178)	(20,491)
Income taxes	(13,322)	-	(9)	12,837	(494)
Net earnings (loss) from continuing operations	2,044	-	(26)	(22,015)	(19,997)
Earnings from discontinued operations	-	-	-	22,015	22,015
Net Earnings	\$ 2,044	\$ -	\$ (26)	\$ -	\$ 2,018
Earnings per share (basic and diluted)	\$ 0.07	\$ -	\$ -	\$ -	\$ 0.07

TWC ENTERPRISES LIMITED

Notes to Interim Condensed Consolidated Financial Statements (Unaudited)

September 30, 2018

2. BASIS OF PRESENTATION (continued)

Below is the effect of transition to IFRS 15 on the Company's balance sheets as at September 30, 2017 and December 31, 2017.

(thousands of Canadian dollars)	As at September 30, 2017			As at December 31, 2017		
	As Previously Presented	Allowance Restatement	Restated	As Previously Presented	Allowance Restatement	Restated
Assets	\$ 680,979	\$ -	\$ 680,979	\$ 630,054	\$ -	\$ 630,054
Current liabilities	\$ 91,177	\$ -	\$ 91,177	\$ 68,399	\$ -	\$ 68,399
Borrowings	252,589	-	252,589	268,474	-	268,474
Deferred membership fees	15,987	(1,602)	14,385	14,550	(1,593)	12,957
Deferred income tax liabilities	69,416	425	69,841	46,643	423	47,066
Shareholders' equity	251,810	1,177	252,987	231,988	1,170	233,158
	\$ 680,979	\$ -	\$ 680,979	\$ 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.

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	Loans and receivables (amortized cost)	Amortized cost
Accounts receivable	Loans and receivables (amortized cost)	Amortized cost
Investments	Available for sale	FVTPL
Financial liabilities		
Accounts payable and accrued liabilities	Other financial liabilities (amortized cost)	Amortized cost
Borrowings	Other financial liabilities (amortized cost)	Amortized cost

TWC ENTERPRISES LIMITED

Notes to Interim Condensed Consolidated Financial Statements (Unaudited)

September 30, 2018

2. BASIS OF PRESENTATION (continued)

Future Accounting Pronouncements

The following standard has 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 will replace 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. The Company is currently evaluating the impact of IFRS 16 on its financial statements and expects to have material changes to its financial statement due to the presence of significant land leases and expects to report on the anticipated changes to its financial statements in conjunction with the filing of the December 31, 2018 financial statements.

TWC ENTERPRISES LIMITED

Notes to Interim Condensed Consolidated Financial Statements (Unaudited)

September 30, 2018

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 September 30, 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)	Notes	For the three months ended		For the nine months ended	
		September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
REVENUE					
Operating revenue	4	\$ 15,005	33,553	36,555	55,430
EXPENSES					
Direct operating expenses and other items		3,373	10,164	16,885	23,414
Depreciation of property, plant and equipment	6	-	2,257	3,799	6,951
Land lease rent		28	111	149	237
Interest, net	12	370	499	1,104	1,282
Subtotal		11,234	20,522	14,618	23,546
Gain on divestiture of White Pass		262,311	-	262,311	-
Earnings before income taxes		273,545	20,522	276,929	23,546
Income tax expense		61,958	7,992	62,495	8,609
Net earnings		\$ 211,587	\$ 12,530	\$ 214,434	\$ 14,937
Weighted average shares outstanding (000)		27,334	27,346	27,342	27,346
Earnings per share basic and diluted		\$ 7.74	\$ 0.46	\$ 7.84	\$ 0.55

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

(thousands of Canadian dollars)	For the three months ended		For the nine months ended	
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
Cash and cash equivalents provided by (used in) operating activities	\$ (56,045)	\$ (4,084)	\$ (54,683)	\$ 174
Cash and cash equivalents used in investing activities	378,334	(2,393)	370,110	(8,152)
Cash and cash equivalents provided by (used in) financing activities	(63,013)	10,292	(52,322)	13,609
Net cash flows	\$ 259,276	\$ 3,815	\$ 263,105	\$ 5,631

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	(134,418)
Indemnification reserve	(6,508)
Transaction costs and other	(3,357)
Realized foreign exchange upon divestiture of White Pass	21,663
Net gain on sale of White Pass	\$ 262,311

TWC ENTERPRISES LIMITED

Notes to Interim Condensed Consolidated Financial Statements (Unaudited)

September 30, 2018

4. REVENUE

Revenue consists of the following:

Three months ended September 30, 2018					
(thousands of Canadian dollars)	Canadian Golf Club Operations	US Golf Club Operations	Total Continuing Operations	Discontinued Operations	Total
Annual dues	\$ 13,041	\$ 1,728	\$ 14,769	\$ -	\$ 14,769
Golf	12,992	1,014	14,006	-	14,006
Corporate events	6,901	58	6,959	-	6,959
Membership fees	1,726	81	1,807	-	1,807
Food and beverage	21,315	423	21,738	-	21,738
Merchandise	5,735	154	5,889	710	6,599
Rooms and other	1,943	47	1,990	22	2,012
Railroad	-	-	-	11,387	11,387
Port	-	-	-	2,886	2,886
	\$ 63,653	\$ 3,505	\$ 67,158	\$ 15,005	\$ 82,163

Three months ended September 30, 2017					
(thousands of Canadian dollars)	Canadian Golf Club Operations	US Golf Club Operations	Total Continuing Operations	Discontinued Operations	Total
Annual dues	\$ 12,630	\$ 1,618	\$ 14,248	\$ -	\$ 14,248
Golf	12,681	948	13,629	-	13,629
Corporate events	6,645	28	6,673	-	6,673
Membership fees	2,117	67	2,184	-	2,184
Food and beverage	21,651	442	22,093	-	22,093
Merchandise	5,392	125	5,517	1,605	7,122
Rooms and other	1,613	45	1,658	20	1,678
Railroad	-	-	-	25,426	25,426
Port	-	-	-	6,502	6,502
	\$ 62,729	\$ 3,273	\$ 66,002	\$ 33,553	\$ 99,555

TWC ENTERPRISES LIMITED

Notes to Interim Condensed Consolidated Financial Statements (Unaudited)

September 30, 2018

4. REVENUE (continued)

Revenue consists of the following:

Nine months ended September 30, 2018					
(thousands of Canadian dollars)	Canadian Golf Club Operations	US Golf Club Operations	Total Continuing Operations	Discontinued Operations	Total
Annual dues	\$ 38,792	\$ 4,949	\$ 43,741	\$ -	\$ 43,741
Golf	20,656	8,091	28,747	-	28,747
Corporate events	11,733	409	12,142	-	12,142
Membership fees	4,906	239	5,145	-	5,145
Food and beverage	35,987	2,199	38,186	-	38,186
Merchandise	10,110	792	10,902	1,890	12,792
Rooms and other	3,112	76	3,188	225	3,413
Railroad	-	-	-	26,917	26,917
Port	-	-	-	7,523	7,523
	\$ 125,296	\$ 16,755	\$ 142,051	\$ 36,555	\$ 178,606

Nine months ended September 30, 2017					
(thousands of Canadian dollars)	Canadian Golf Club Operations	US Golf Club Operations	Total Continuing Operations	Discontinued Operations	Total
Annual dues	\$ 37,559	\$ 5,168	\$ 42,727	\$ -	\$ 42,727
Golf	19,678	8,987	28,665	-	28,665
Corporate events	11,685	611	12,296	-	12,296
Membership fees	5,872	221	6,093	-	6,093
Food and beverage	35,927	2,561	38,488	-	38,488
Merchandise	9,691	853	10,544	2,697	13,241
Rooms and other	3,000	62	3,062	256	3,318
Railroad	-	-	-	41,617	41,617
Port	-	-	-	10,860	10,860
	\$ 123,412	\$ 18,463	\$ 141,875	\$ 55,430	\$ 197,305

TWC ENTERPRISES LIMITED

Notes to Interim Condensed Consolidated Financial Statements (Unaudited)

September 30, 2018

5. OTHER ASSETS

Other assets consist of the following:

(thousands of Canadian dollars)	September 30, 2018	December 31, 2017	September 30, 2017
Investment in joint venture	\$ 7,834	\$ 11,955	\$ 11,253
Common shares in Carnival plc (349,958 shares denominated in USD)	28,382	-	-
Rail inventory and supplies	-	6,262	6,179
Other	970	871	1,083
	37,186	19,088	18,515
Less: current portion	28,382	-	-
Other assets	\$ 8,804	\$ 19,088	\$ 18,515

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)	September 30, 2018	December 31, 2017	September 30, 2017
Land	\$ 7,500	\$ 7,500	\$ 7,500
Development costs	26,821	19,143	19,455
Secured project debt	(12,691)	-	-
Other liabilities	(4,568)	(1,339)	(3,055)
Net assets of Highland Gate joint venture at 100%	17,062	25,304	23,900
Net assets of Highland Gate joint venture at Company's share (50%)	8,531	12,652	11,950
Deferred profit	(697)	(697)	(697)
Net assets of Highland Gate joint venture	\$ 7,834	\$ 11,955	\$ 11,253

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 co-owners 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.

TWC ENTERPRISES LIMITED

Notes to Interim Condensed Consolidated Financial Statements (Unaudited)

September 30, 2018

6. 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	1,472	1,084	3,309	1,791	8,747	16,403
Divestiture	(17,459)	(51,150)	(86,695)	-	(86,071)	(241,375)
Disposals	(10)	-	-	-	(1,435)	(1,445)
Foreign exchange difference	1,054	2,198	3,027	347	3,369	9,995
At September 30, 2018	\$ 294,373	\$ 163,110	\$ -	\$ 110,264	\$ 92,807	\$ 660,554
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	-	4,265	1,840	3,996	5,049	15,150
Divestiture	-	(16,351)	(36,847)	-	(36,402)	(89,600)
Disposals	-	-	-	-	(1,407)	(1,407)
Foreign exchange difference	-	666	1,305	131	1,507	3,609
At September 30, 2018	\$ -	\$ 76,039	\$ -	\$ 77,806	\$ 73,042	\$ 226,887
Net book value						
at December 31, 2017	\$ 309,316	\$ 123,519	\$ 46,657	\$ 34,447	\$ 63,902	\$ 577,841
at September 30, 2018	\$ 294,373	\$ 87,071	\$ -	\$ 32,458	\$ 19,765	\$ 433,667

Certain property, plant and equipment have been assigned as collateral for borrowings (Note 9).

As at September 30, 2018, ClubLink had equipment under finance lease with a net book value of \$1,678,000 (September 30, 2017 – \$3,553,000).

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 period 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 is US\$1,000,000 which will be 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 quarter of which US\$571,000 had been accrued at December 31, 2017.

TWC ENTERPRISES LIMITED

Notes to Interim Condensed Consolidated Financial Statements (Unaudited)

September 30, 2018

6. 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 for the event and is considering alternatives for the property. An insurance draw in the amount of \$2,400,000 was received during the period and recorded as part of other expenses.

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.

(thousands of Canadian dollars)	For the three months ended		For the nine months ended	
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
Depreciation - continuing operations	\$ 3,769	\$ 3,842	\$ 11,351	\$ 11,637
Depreciation - discontinued operations	-	2,257	3,799	6,951
	\$ 3,769	\$ 6,099	\$ 15,150	\$ 18,588

7. 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	62	-	6	68
At September 30, 2018	\$ 12,378	\$ 13,477	\$ 2,436	\$ 28,291
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	343	342	117	802
Foreign exchange difference	25	-	6	31
At September 30, 2018	\$ 4,633	\$ 4,480	\$ 2,004	\$ 11,117
Net book value at December 31, 2017	\$ 8,051	\$ 9,339	\$ 549	\$ 17,939
Net book value at September 30, 2018	\$ 7,745	\$ 8,997	\$ 432	\$ 17,174

TWC ENTERPRISES LIMITED

Notes to Interim Condensed Consolidated Financial Statements (Unaudited)

September 30, 2018

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of the following:

(thousands of Canadian dollars)	September 30, 2018	December 31, 2017	September 30, 2017
Trade payables	\$ 8,570	\$ 4,931	\$ 12,965
Accrued payroll costs	6,355	4,236	8,229
Accrued land lease rent	4,704	5,225	4,249
Accrued interest	908	1,203	937
Income taxes payable	6,359	1,757	1,087
Accrued liabilities and other	15,996	5,965	10,418
	\$ 42,892	\$ 23,317	\$ 37,885

TWC ENTERPRISES LIMITED

Notes to Interim Condensed Consolidated Financial Statements (Unaudited)

September 30, 2018

9. BORROWINGS

Borrowings consist of the following:

(thousands of Canadian dollars)	September 30, 2018	December 31, 2017	September 30, 2017
Revolving:			
Secured revolving operating line of credit to a maximum of US\$7,500,000 due December 31, 2019 (Nil; December 31, 2017 - US\$10,000,000; September 30, 2017 - US\$10,000,000)	\$ -	\$ 12,545	\$ 12,480
Secured revolving operating line of credit to a maximum of \$50,000,000 due September 30, 2019	1,585	63,667	65,932
Secured revolving operating line of credit (Nil; December 31, 2017 - US\$19,796,000; September 30, 2017 - US\$11,491,000)	-	24,834	14,341
Unsecured revolving operating line of credit from a related party to a maximum of \$50,000,000 due on demand (note 14)	-	11,767	1,923
	1,585	112,813	94,676
Non-revolving:			
Mortgages with blended monthly payments of principal and interest			
8.345% Mortgages due July 1, 2022	9,094	10,558	11,027
7.550% Mortgage due July 1, 2022	1,089	1,268	1,325
7.416% Mortgages due September 1, 2023	15,210	17,045	17,633
7.268% Mortgage due July 1, 2024	6,757	7,436	7,655
8.060% Mortgage due July 1, 2024	36,349	39,982	41,148
6.194% Mortgage due March 1, 2026	33,981	36,591	37,435
6.315% Mortgage due December 1, 2027	31,440	33,275	33,868
8.000% Mortgage due October 1, 2029 (US\$11,982,000; December 31, 2017 - US\$12,472,000; September 30, 2017 - US\$12,629,000)	15,511	15,646	15,761
	149,431	161,801	165,852
Term Loan:			
Term loan (Nil; December 31, 2017 - US\$20,278,000; September 30, 2017 - US\$20,743,000)	-	25,439	25,887
Finance Lease Obligations:			
Canadian denominated	1,045	1,684	1,900
US denominated (Nil; December 31, 2017 - US\$124,000; September 30, 2017 - US\$226,000)	-	156	282
	1,045	1,840	2,182
Gross borrowings	152,061	301,893	288,597
Less: deferred financing costs	798	1,057	1,165
Borrowings	151,263	300,836	287,432
Less: current portion	18,837	32,362	34,843
	\$ 132,426	\$ 268,474	\$ 252,589

TWC ENTERPRISES LIMITED
Notes to Interim Condensed Consolidated Financial Statements (Unaudited)
September 30, 2018

9. BORROWINGS (continued)

Borrowings are collateralized by certain property, plant and equipment assets (note 6).

Minimum principal debt repayments over 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
Balance of 2018	\$ -	\$ 4,445	\$ 179	\$ 4,624
2019	1,585	18,592	528	20,705
2020	-	19,968	223	20,191
2021	-	21,446	115	21,561
2022	-	21,721	-	21,721
2023 and thereafter	-	63,259	-	63,259
	\$ 1,585	\$ 149,431	\$ 1,045	\$ 152,061

10. DEFERRED MEMBERSHIP FEES

Deferred membership fees consist of the following:

(thousands of Canadian dollars)	September 30, 2018	December 31, 2017	September 30, 2017
		(restated-note 2)	(restated-note 2)
Unamortized membership fees (note 10A)	\$ 35,243	\$ 37,808	\$ 41,522
Future membership fee instalments (note 10B)	(24,183)	(24,851)	(27,137)
Deferred membership fees	\$ 11,060	\$ 12,957	\$ 14,385

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)	For the nine months ended September 30, 2018	For the year ended December 31, 2017	For the nine months ended September 30, 2017
		(restated-note 2)	(restated-note 2)
Balance, beginning of period	\$ 37,808	\$ 43,683	\$ 43,683
Sales to new members	4,326	5,180	5,557
Transfer and reinstatement fees	594	1,152	1,017
Resignations and terminations	(2,386)	(4,156)	(2,538)
Amortization of membership fees to revenue	(5,145)	(7,952)	(6,093)
Foreign exchange difference	46	(99)	(104)
Unamortized membership fees	\$ 35,243	\$ 37,808	\$ 41,522

TWC ENTERPRISES LIMITED

Notes to Interim Condensed Consolidated Financial Statements (Unaudited)

September 30, 2018

10. DEFERRED MEMBERSHIP FEES (continued)

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

(thousands of Canadian dollars)	For the nine months ended September 30, 2018	For the year ended December 31, 2017	For the nine months ended September 30, 2017
Balance, beginning of period	\$ 24,851	\$ 26,982	\$ 26,982
Sales to new members	4,326	5,180	5,557
Transfer and reinstatement fees	594	1,152	1,017
Resignations and terminations	(2,386)	(4,156)	(2,538)
Instalments received in cash	(3,229)	(4,254)	(3,827)
Foreign exchange difference	27	(53)	(54)
Future membership fee instalments	\$ 24,183	\$ 24,851	\$ 27,137

The following table estimates future cash flows and revenue recognition based on the collection of future membership fee instalments outstanding on September 30, 2018. The estimated collection of future membership fee instalments, amortization of unamortized membership fees and the estimated deferred membership fees, assuming no further memberships are 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 period-end
Balance, September 30, 2018			\$ 11,060
Balance of 2018	\$ 311	\$ 1,637	9,734
2019	2,894	5,291	7,337
2020	2,553	4,432	5,458
2021	2,216	3,631	4,043
2022	1,954	2,548	3,449
2023 and thereafter	14,255	17,704	-
	\$ 24,183	\$ 35,243	

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

TWC ENTERPRISES LIMITED

Notes to Interim Condensed Consolidated Financial Statements (Unaudited)

September 30, 2018

11. SHARE CAPITAL

(A) Authorized and issued share capital

The authorized share capital is an unlimited number of common shares and preferred shares. As at September 30, 2018, there are 27,315,739 common shares outstanding (December 31, 2017 – 27,345,540). As at September 30, 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 the first, second and third quarter of 2018, TWC declared and issued three quarterly cash dividends of 2 cents per common share, paid on March 29, 2018, June 15, 2018 and September 14, 2018 in the amount of \$1,640,000.

(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 made 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 September 30, 2018, the Company repurchased for cancellation 1,400 common shares for a total purchase price of \$17,541 or \$12.53 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.

12. INTEREST, NET AND INVESTMENT INCOME

Interest, net and investment income consists of the following:

(thousands of Canadian dollars)	For the three months ended		For the nine months ended	
	September 30, 2018	September 30, 2017	September 30 2018	September 30 2017
Revolving lines of credit	\$ 638	\$ 812	\$ 2,372	\$ 1,738
Non-revolving mortgages	2,737	3,023	8,423	9,346
Term loan	175	373	775	949
Finance lease obligations	12	23	38	74
Line of credit from related party	(50)	17	97	375
Amortization of deferred financing costs	155	108	365	328
Other	(51)	6	(40)	18
Interest revenue	(724)	(53)	(896)	(204)
Interest, net and investment income	2,892	4,309	11,134	12,624
Interest, net and investment income – discontinued operations	(370)	(499)	(1,104)	(1,282)
Interest, net and investment income – continuing operations	\$ 2,522	\$ 3,810	\$ 10,030	\$ 11,342

TWC ENTERPRISES LIMITED

Notes to Interim Condensed Consolidated Financial Statements (Unaudited)

September 30, 2018

13. OTHER ITEMS

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

(thousands of Canadian dollars)	For the three months ended		For the nine months ended	
	September 30, 2018	September 30, 2017	September 30 2018	September 30 2017
Gain on property, plant and equipment	\$ 125	\$ -	\$ 407	\$ 2,104
Insurance claims	2,540	-	2,979	-
Unrealized foreign exchange loss	(1,398)	-	(1,398)	-
Unrealized gain on shares held for trading	2,492	-	2,492	-
Other	277	(336)	(1,065)	(1,067)
Other items	4,036	(336)	3,415	1,037
Other items - discontinued operations	(867)	97	(310)	688
Other items - continuing operations	\$ 3,169	\$ (239)	\$ 3,105	\$ 1,725

TWC ENTERPRISES LIMITED

Notes to Interim Condensed Consolidated Financial Statements (Unaudited)

September 30, 2018

14. 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 (September 30, 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 September 30, 2018, the total loan receivable from Morguard outstanding on this facility was \$8,272,000 (September 30, 2017 – \$1,923,000 loan payable), and net interest incurred amounted to \$543,000 (September 30, 2017 – \$375,000) for the nine month period. Net interest payable at September 30, 2018 was \$13,000 (September 30, 2017 – \$5,000 receivable). For the three months ended September 30, 2018, interest incurred amounted to \$13,000 (three months ended September 30, 2017 – \$17,000).

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 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 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 \$255,000 for the nine month period ended September 30, 2018 (September 30, 2017 - \$180,000), under a contractual agreement, which is included in operating expenses. For the three months ended September 30, 2018, the Company paid a management fee of \$135,000 (three months ended September 30, 2017 – \$60,000). Morguard also provides back-office services to ClubLink US Corporation. The Company paid a management fee of US\$345,000 (CDN\$444,000) for the nine month period ended September 30, 2018 (September 30, 2017 - US\$345,000; CDN\$451,000) under a contractual agreement, which is included in direct operating expenses. For the three months ended September 30, 2018, the Company paid US\$115,000 (CDN\$151,000) in management fees (three months ended September 30, 2017 – US\$115,000; CDN\$144,000).

A total of US\$39,000 of rental revenue was earned by TWC for the nine month period ended September 30, 2018 (September 30, 2017 - US\$39,000) from Morguard relating to a shared office facility in Florida. For the three months ended September 30, 2018, rental revenue earned was US\$13,000 (for the three months ended September 30, 2017 – US\$13,000).

The Company has an officer loan outstanding in the amount of \$1,258,000 (December 31, 2017 – \$1,258,000; September 30, 2017 – \$1,258,000). 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 – 2.85%), matures September 30, 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 \$2,133,000 at September 30, 2018 (December 31, 2017 – \$2,049,000; September 30, 2017 – \$2,066,000).

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.

TWC ENTERPRISES LIMITED

Notes to Interim Condensed Consolidated Financial Statements (Unaudited)

September 30, 2018

15. 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 and operator of golf clubs with 53½, 18-hole equivalent championship and 3½, 18-hole equivalent academy courses, 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.

TWC ENTERPRISES LIMITED

Notes to Interim Condensed Consolidated Financial Statements (Unaudited)

September 30, 2018

15. SEGMENTED INFORMATION (continued)

Three months ended September 30, 2018

(thousands of Canadian dollars)	Canadian Golf Club Operations	US Golf Club Operations	Corporate Operations	Total Continuing Operations	Discontinued Operations	Total
Operating revenue	\$ 61,927	\$ 3,424	\$ -	\$ 65,351	\$ 15,005	\$ 80,356
Direct operating expenses	45,014	4,634	940	50,588	4,240	54,828
Net operating income (loss)	16,913	(1,210)	(940)	14,763	10,765	25,528
Amortization of membership fees	1,726	81	-	1,807	-	1,807
Depreciation and amortization	(3,445)	(595)	-	(4,040)	-	(4,040)
Land lease rent	(1,097)	-	-	(1,097)	(28)	(1,125)
Other items	2,278	(91)	982	3,169	867	4,036
Segment earnings (loss) before interest and income taxes	\$ 16,375	\$ (1,815)	\$ 42	14,602	11,604	26,206
Gain on divestiture of White Pass				-	262,311	262,311
Interest, net (unallocated)				(2,522)	(370)	(2,892)
Provision for income taxes (unallocated)				(3,234)	(61,958)	(65,192)
Net earnings				\$ 8,846	\$ 211,587	\$ 220,433
Property, plant and equipment expenditures	\$ 1,833	\$ 291	\$ -	\$ 2,124	\$ 1,532	\$ 3,656

Three months ended September 30, 2017

(thousands of Canadian dollars)	Canadian Golf Club Operations	US Golf Club Operations	Corporate Operations	Total Continuing Operations	Discontinued Operations	Total
Operating revenue	\$ 60,612	\$ 3,206	\$ -	\$ 63,818	\$ 33,553	\$ 97,371
Direct operating expenses	42,557	4,504	776	47,837	10,067	57,904
Net operating income (loss)	18,055	(1,298)	(776)	15,981	23,486	39,467
Amortization of membership fees	2,117	67	-	2,184	-	2,184
Depreciation and amortization	(3,553)	(568)	-	(4,121)	(2,257)	(6,378)
Land lease rent	(1,165)	-	-	(1,165)	(111)	(1,276)
Other items	36	(78)	(197)	(239)	(97)	(336)
Segment earnings (loss) before interest and income taxes	\$ 15,490	\$ (1,877)	\$ (973)	12,640	21,021	33,661
Interest, net (unallocated)				(3,810)	(499)	(4,309)
Provision for income taxes (unallocated)				(1,894)	(7,992)	(9,886)
Net earnings				\$ 6,936	\$ 12,530	\$ 19,466
Property, plant and equipment expenditures	\$ 1,434	\$ 190	\$ -	\$ 1,624	\$ 2,106	\$ 3,730

TWC ENTERPRISES LIMITED

Notes to Interim Condensed Consolidated Financial Statements (Unaudited)

September 30, 2018

15. SEGMENTED INFORMATION (continued)

Nine months ended September 30, 2018						
(thousands of Canadian dollars)	Canadian Golf Club Operations	US Golf Club Operations	Corporate Operations	Total Continuing Operations	Discontinued Operations	Total
Operating revenue	\$ 120,390	\$ 16,516	\$ -	\$ 136,906	\$ 36,555	\$ 173,461
Direct operating expenses	92,512	16,369	2,472	111,353	17,195	128,548
Net operating income (loss)	27,878	147	(2,472)	25,553	19,360	44,913
Amortization of membership fees	4,906	239	-	5,145	-	5,145
Depreciation and amortization	(10,373)	(1,780)	-	(12,153)	(3,799)	(15,952)
Land lease rent	(3,292)	-	-	(3,292)	(149)	(3,441)
Other items	2,045	78	982	3,105	310	3,415
Segment earnings (loss) before interest and income taxes	\$ 21,164	\$ (1,316)	\$ (1,490)	18,358	15,722	34,080
Gain on divestiture of White Pass	-	-	-	-	262,311	262,311
Interest, net (unallocated)				(10,030)	(1,104)	(11,134)
Provision for income taxes (unallocated)				(2,558)	(62,495)	(65,053)
Net earnings				\$ 5,770	\$ 214,434	\$ 220,204
Property, plant and equipment expenditures	\$ 6,081	\$ 604	\$ -	\$ 6,685	\$ 9,718	\$ 16,403

Nine months ended September 30, 2017						
(thousands of Canadian dollars)	Canadian Golf Club Operations	US Golf Club Operations	Corporate Operations	Total Continuing Operations	Discontinued Operations	Total
Operating revenue	\$ 117,540	\$ 18,242	\$ -	\$ 135,782	\$ 55,430	\$ 191,212
Direct operating expenses	89,351	17,161	2,265	108,777	22,726	131,503
Net operating income (loss)	28,189	1,081	(2,265)	27,005	32,704	59,709
Amortization of membership fees	5,872	221	-	6,093	-	6,093
Depreciation and amortization	(10,687)	(1,784)	-	(12,471)	(6,951)	(19,422)
Land lease rent	(3,641)	-	-	(3,641)	(237)	(3,878)
Other items	2,188	4	(467)	1,725	(688)	1,037
Segment earnings (loss) before interest and income taxes	\$ 21,921	\$ (478)	\$ (2,732)	18,711	24,828	43,539
Interest, net (unallocated)				(11,342)	(1,282)	(12,624)
Provision for income taxes (unallocated)				(707)	(8,609)	(9,316)
Net earnings				\$ 6,662	\$ 14,937	\$ 21,599
Property, plant and equipment expenditures	\$ 5,848	\$ 389	\$ -	\$ 6,237	\$ 6,366	\$ 12,603

TWC ENTERPRISES LIMITED

Notes to Interim Condensed Consolidated Financial Statements (Unaudited)

September 30, 2018

16. 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.

17. SUBSEQUENT EVENTS

On November 5, 2018, the Company declared a 2 cent per common share cash dividend, payable December 14, 2018 to shareholders of record on November 30, 2018.

The Company has accepted a letter of intent from the shareholders of Club de Golf Rosemère to purchase Club de Golf Le Fontainebleau, a golf course in the Montreal region. ClubLink will retain a management fee arrangement of Fontainebleau with this proposed transaction. This transaction is scheduled to close in December 2018.

GOLF CLUB AND RESORT PROPERTY LISTING

	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 Le Fontainebleau, Blainville, Quebec	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 (a)	–	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 (b)	–	–	–	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 (c)	–	–	–	–	51
Caloosa Greens Golf Club, Sun City Center, Florida (c)	–	–	–	–	70
Highland Gate, Aurora, Ontario (50%)	–	–	–	–	101
Falcon Watch Golf Club, Sun City Center, Florida (c)	–	–	–	–	116
North Lakes Golf Club, Sun City Center, Florida (c)	–	–	–	–	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) Rocky Crest Resort consists of 65 units and Lakeside at Rocky Crest consists of 19 units.
(c) North Lakes, Falcon Watch, Caloosa Greens and Kings Point Golf Clubs are closed.

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

CORPORATE INFORMATION

EXECUTIVE OFFICE

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King City, Ontario L7B 1K5
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FAX: (905) 841-1134

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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@canstockta.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.