# MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*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 three months ended March 31, 2015. This MD&A has been prepared as at May 7, 2015 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 quarterly 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.

## BUSINESS STRATEGY AND CORPORATE OVERVIEW

TWC operates in two distinct business segments: (a) golf club operations and (b) rail and port operations. In addition, the corporate operations segment oversees the two business segments.

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 actively looking for golf club acquisition opportunities in Ontario, Quebec and Florida.

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

# MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

## 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 and operator of golf clubs with 54 1/2, 18-hole equivalent championship and six 18-hole equivalent academy courses, at 44 locations in two separate geographical Regions: (a) Ontario/Quebec and (b) Florida. This excludes Highland Gate Golf Club which was permanently closed at the end of 2014.

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.

The TravelLink program offers three levels that allow ClubLink members inter-regional access. The first level, a free membership benefit, provides ClubLink members inter-regional access with preferred green fee pricing. Levels 2 and 3 are optional and provide ClubLink members greater inter-regional access for fixed annual fees.

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 Sports Club in the Florida Region. While traditional full privilege golf members have been declining, ClubLink has improved membership benefits to facilitate growth in this category.

#### *(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.

On February 7, 2014, ClubLink announced the acquisition of Hidden Lake Golf Club in Burlington, Ontario. Hidden Lake is a 36-hole facility and ClubLink plans to continue to operate this property as a daily-fee facility with local membership programs.

Golf Canada announced on May 15, 2014 that Glen Abbey Golf Club in Oakville, Ontario has been selected for the 27th time as host venue for the 2015 RBC Canadian Open. This event is scheduled to take place from July 20-26, 2015.

On November 3, 2014, ClubLink announced that Highland Gate Golf Club in Aurora, Ontario had been permanently closed. On December 16, 2014, ClubLink sold one-half of Highland Gate to a local developer in exchange for $3,750,000 and one-half of all future revenue and expenses of the property.

In 2015, ClubLink will operate 28 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, Fontainebleau, 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, Val des Lacs |

## OVERVIEW OF BUSINESS SEGMENTS (continued)

### *Golf Club Operations Segment (continued)*

#### *(a) Ontario/Quebec (continued)*

In 2015, ClubLink will operate five Ontario/Quebec Region Hybrid Golf Clubs in three categories as follows:

Hybrid – Prestige: Glen Abbey

Hybrid – Gold: Cherry Downs, The Club at Bond Head

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 2015, ClubLink will operate two Ontario/Quebec Region Daily Fee Golf Clubs as follows:

Daily Fee: Grandview Inn, Rolling Hills

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. Players Club annual memberships offer three categories with varying degrees of access to ClubLink's daily fee properties at different price points.

As at April 30, 2015, ClubLink had sold 3,000 Players Club memberships. There are three different levels of Players Club memberships with varying degrees of access to ClubLink's daily fee golf clubs.

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. Harwood, a 400 acre land holding in the Greater Montreal area, has been listed for sale.

In 2015, 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. Grandview Resort was closed in February, 2012.

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.

#### *(b) United States*

TWC's golf clubs in the United States are within the Florida Region. The Florida Region includes twelve 18-hole equivalent championship and two 18-hole equivalent academy golf courses.

## OVERVIEW OF BUSINESS SEGMENTS (continued)

### *Golf Club Operations Segment (continued)*

#### *(b) United States (continued)*

In 2015, TWC is operating eleven Florida Region Golf Clubs in seven categories as follows:

| | |
|---|---|
| Prestige: | TPC Eagle Trace |
| Hybrid – Platinum: | Club Renaissance, Heron Bay |
| Gold: | Scepter |
| Hybrid – Gold: | Woodlands |
| Hybrid – Silver: | Falcon Watch, Sandpiper |
| Daily Fee: | Palm Aire (Cypress/Oaks), Palm Aire (Palms) |
| Academy: | Caloosa Greens, Kings Point |

TWC is now operating from a new Florida regional office located at Palm Aire Country Club in Pompano Beach, near Fort Lauderdale. This office replicates ClubLink's successful Canadian model, centralizing a call centre, accounting, member services, marketing, membership sales and administration. The new Florida head office will provide local service and support to our twelve championship golf courses, Members, guests, daily fee players and corporate event participants in the Florida marketplace.

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

### *Rail and Port Operations Segment*

TWC is also engaged in rail and port operations based in Skagway, Alaska which operate under the trade name "White Pass & Yukon Route". This includes a tourist railway stretching approximately 177 kilometres (110 miles) from Skagway, Alaska through British Columbia to Whitehorse, Yukon. Presently, approximately 110 kilometres (67.5 miles) of the railway is in active service from Skagway, Alaska to Carcross, Yukon.

White Pass has continued to invest in programs to build its core operating business. As a standalone entity, White Pass has an experienced on-site management team and has been able to generate growth in the passenger traffic and corresponding US dollar revenue since its acquisition in 1997. Significant initiatives in this business segment have included capitalizing on historical relationships with the cruise lines, supporting investments to create one of the leading port facilities in southeast Alaska, including a floating dock to facilitate the Solstice class cruise ship and an investment to repower our locomotive fleet to reduce both environmental emissions and ongoing operating costs. These initiatives have affirmed White Pass as Alaska's premier shore excursion for the travelling public.

The railway was constructed by White Pass during the Klondike Gold Rush of 1898/1899 and completed in 1900. From 1900 until 1982, it was used for the carriage of general freight, ore concentrates, petroleum products and passengers. Railway operations were suspended in 1982 when a major ore concentrate customer shut down its mine. The South Klondike Highway between Whitehorse and Skagway, subsequently constructed in 1985, transferred the transportation of ore concentrates from rail to road service. The railway reopened in 1988 and has since been operating as a seasonal passenger tourism railway. TWC acquired White Pass in 1997.

White Pass operates three docks in Skagway, which support the tourist railway and provides four berths for cruise ships operating west coast schedules throughout the May to September tourist season. The largest of the three docks, with two berths, is owned while the two remaining docks are situated on state and city property and operate under long-term tideland leases.

## OVERVIEW OF BUSINESS SEGMENTS (continued)

### *Rail and Port Operations Segment (continued)*

The primary market is the cruise industry, which recognizes Skagway as a marquee port for its Alaskan cruises. White Pass maintains a symbiotic relationship with the cruise lines – carrying almost half of all cruise passengers – making it Alaska's premier shore excursion and a high volume, highly rated and profitable shore excursion for the cruise lines. The relationship is supported with an existing incentive program and extensive cooperative pre-cruise and on-board promotion. White Pass also markets to motor coach tour companies and independent travelers who arrive via ferry and the South Klondike Highway.

### *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.

# MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

## SELECTED FINANCIAL INFORMATION

The table below sets forth selected financial data relating to the Company's three month periods ended March 31, 2015 and March 31, 2014. This financial data is derived from the Company's unaudited consolidated financial statements, which are prepared in accordance with IFRS.

| | For the three months ended | | |
|---|---|---|---|
| (thousands of Canadian dollars - except as indicated) | **March 31, 2015** | March 31, 2014 | % Change |
| **OPERATING REVENUE** | **$ 23,145** | $ 22,496 | 2.9% |
| **COST OF SALES AND OPERATING EXPENSES** | **21,926** | 20,948 | 4.7% |
| **NET OPERATING INCOME** | **1,219** | 1,548 | (21.3%) |
| Operating margin (%) | **5.3%** | 6.9% | (23.2%) |
| Amortization of membership fees | **2,684** | 3,165 | (15.2%) |
| Direct costs of originating membership fees | **166** | 225 | (26.2%) |
| **NET MEMBERSHIP FEE INCOME** | **2,518** | 2,940 | (14.4%) |
| Earnings before other items and income taxes | **3,737** | 4,488 | (16.7%) |
| Depreciation and amortization | **(6,464)** | (6,170) | 4.8% |
| Land lease rent | **(1,369)** | (1,368) | 0.1% |
| Interest, net | **(4,812)** | (4,929) | (2.4%) |
| Other expense, net | **(2,292)** | (867) | 164.4% |
| Income tax recovery | **3,816** | 3,144 | 21.4% |
| **NET LOSS** | **$ (7,384)** | $ (5,702) | (29.5%) |
| **WEIGHTED AVERAGE SHARES OUTSTANDING (000)** | **26,600** | 26,464 | 0.5% |
| **BASIC AND DILUTED LOSS PER SHARE** | **$ (0.28)** | $ (0.22) | (27.3%) |

### *Summary of Exchange Rates Used for Translation Purposes*

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

| | **March 31, 2015** | December 31, 2014 | March 31, 2014 |
|---|---|---|---|
| Balance Sheet | **1.2666** | 1.1601 | 1.1055 |
| Statement of Earnings | **1.2411** | 1.1048 | 1.1035 |

## FIRST QUARTER 2015 CONSOLIDATED OPERATING HIGHLIGHTS

The exchange rate used for translating US denominated earnings has increased to 1.2411 for the three months ended March 31, 2015 from 1.1035 for the three month period ended March 31, 2014 due to the declining Canadian dollar.

Consolidated operating revenue increased 2.9% to $23,145,000 for the three month period ended March 31, 2015 from $22,496,000 in 2014, due to the decline in the Canadian dollar and the impact on the translation of the US golf club operations.

Consolidated operating expenses increased 4.7% to $21,926,000 for the three month period ended March 31, 2015 from $20,948,000 in 2014, due to the decline in the Canadian dollar and the impact on the translation of the US denominated expenses.

Net operating income for the Canadian golf club operations segment decreased 1.8% to $2,896,000 in 2015 from $2,948,000 in 2014.

Net operating income for US golf club operations segment increased 13.0% to US $1,696,000 in 2015 from US $1,501,000 in 2014 primarily due to the increase in rounds to 145,000 in 2015 from 132,000 in 2014.

Net operating loss for the rail and port operations increased 11.8% to US $2,483,000 from US $2,220,000 in 2014 due to the timing of certain off-season expenses.

Net membership fee income decreased 14.4% to $2,518,000 for the three month period ended March 31, 2015 from $2,940,000 in 2014 primarily due to the completion of amortization of membership fee revenue for the Canadian members that joined in 2002.

Earnings before other items and income taxes decreased 16.7% to $3,737,000 for the three month period ended March 31, 2015 from $4,488,000 in 2014.

Interest, net decreased 2.4% to $4,812,000 for the three month period ended March 31, 2015 from $4,929,000 in 2014 primarily due to a lower cost of borrowing in 2015 (5.48% compared to 5.61%) and a 2.2% decline in borrowings.

Other expense, net changed to an expense of $2,292,000 for the three month period ended March 31, 2015 from expense of $867,000 for 2014 primarily due to a change in the unrealized foreign exchange in the amount of $918,000.

Net loss increased to $7,384,000 for the three month period ended March 31, 2015 from $5,702,000 in 2014 primarily due to the decline in net membership fee income and a $1,425,000 increase in other expense.

A summary reconciliation of net earnings and earnings per share between the periods is as follows:

| | For the three months ended March 31, 2015 | |
|---|---|---|
| (thousands of Canadian dollars, except per share amounts) | After-tax Earnings | EPS |
| Net loss and EPS as reported – prior period | $ (5,702) | $ (0.22) |
| Period over period after tax changes to net earnings | | |
| Increase (decrease) in net operating income: | | |
| Canadian golf club operations | (38) | - |
| US golf club operations | 278 | 0.01 |
| Rail and port operations | (379) | (0.01) |
| Decrease in net membership fee income | (312) | (0.01) |
| Change in unrealized foreign exchange gain/loss on borrowings | (796) | (0.03) |
| Other | (435) | (0.02) |
| Net loss and EPS as reported – current period | $ (7,384) | $ (0.28) |

## COMPARABILITY

The completion of amortization of membership fee revenue for the 2002 Canadian member group in 2014 has resulted in a significant decline in net earnings, but has minimal cash flow impact.

Other expense includes certain one-time and non-cash items which are not comparable between years.

The impact of these items are as follows:

| | For the three months ended | |
|---|---|---|
| (thousands of dollars - except per share amounts) | **March 31, 2014** | March 31, 2013 |
| Net loss as reported | **$ (7,384)** | $ (5,702) |
| Members that joined in 2002 - amortization of membership fees | **-** | (624) |
| Other expense | **2,292** | 867 |
| Income tax provision on above adjustments | **(457)** | 17 |
| Pro Forma net loss | **$ (5,549)** | $ (5,442) |
| Loss per share as reported | **$ (0.28)** | $ (0.22) |
| Less: impact of amortization of membership fees | **-** | (0.02) |
| Impact of other expense | **0.09** | 0.03 |
| Impact of income tax provision on above adjustments | **(0.02)** | - |
| Pro Forma loss per share | **$ (0.21)** | $ (0.21) |

## RESULTS OF OPERATIONS BY BUSINESS SEGMENT

The review of operations by business segment should be read in conjunction with the segmented information contained in note 14 of the consolidated financial statements for the period ended March 31, 2015.

| (thousands of Canadian dollars) | For the three months ended March 31, 2015 | March 31, 2014 | % Change |
|---|---|---|---|
| Operating revenue by segment | | | |
| *Canadian golf club operations* | **$ 13,666** | $ 14,340 | (4.7%) |
| *US golf club operations* | **9,364** | 8,039 | 16.5% |
| *Rail and port operations* | **115** | 117 | (1.7%) |
| Operating revenue | **23,145** | 22,496 | 2.9% |
| Amortization of membership fees by segment | | | |
| *Canadian golf club operations* | **2,633** | 3,134 | (16.0%) |
| *US golf club operations* | **51** | 31 | 64.5% |
| Amortization of membership fees | **2,684** | 3,165 | (15.2%) |
| Total revenue | **$ 25,829** | $ 25,661 | 0.7% |
| Net operating income by segment | | | |
| *Canadian golf club operations* | **$ 2,896** | $ 2,948 | (1.8%) |
| *US golf club operations* | **2,105** | 1,659 | 26.9% |
| *Rail and port operations* | **(3,083)** | (2,450) | (25.8%) |
| *Corporate operations* | **(699)** | (609) | (14.8%) |
| Net operating income | **1,219** | 1,548 | (21.3%) |
| Net membership fee income by segment | | | |
| *Canadian golf club operations* | **2,467** | 2,909 | (15.2%) |
| *US golf club operations* | **51** | 31 | 64.5% |
| Net membership fee income | **2,518** | 2,940 | (14.4%) |
| Earnings before other items and income taxes | **$ 3,737** | $ 4,488 | (16.7%) |

Capital expenditures are summarized as follows:

| (thousands of Canadian dollars) | For the three months ended March 31, 2015 | March 31, 2014 |
|---|---|---|
| Operating capital | | |
| *Canadian golf club operations* | **$ 680** | $ 407 |
| *US golf club operations* | **66** | 111 |
| *Rail and port operations* | **254** | 105 |
| | **1,000** | 623 |
| Development capital | | |
| *Canadian golf club operations* | **-** | 56 |
| *US golf club operations* | **72** | 80 |
| *Rail and port operations* | **206** | 704 |
| | **278** | 840 |
| Total capital expenditures | **$ 1,278** | $ 1,463 |

## RESULTS OF OPERATIONS BY BUSINESS SEGMENT (continued)

### *Review of Canadian Golf Club Operations for the Period Ended March 31, 2015*

| (statistics) | For the three months ended March 31, 2015 | March 31, 2014 | % Change |
|---|---|---|---|
| Championship golf rounds | **nil** | nil | 0.0% |
| Full privilege golf members | **14,824** | 15,323 | (3.3%) |
| Total golf members | **20,077** | 19,235 | 4.4% |

| (thousands of Canadian dollars) | For the three months ended March 31, 2015 | March 31, 2014 | % Change |
|---|---|---|---|
| Operating revenue | **$ 13,666** | $ 14,340 | (4.7%) |
| Cost of sales and operating expenses | **10,770** | 11,392 | (5.5%) |
| Net operating income | **2,896** | 2,948 | (1.8%) |
| Operating margin | **21.2%** | 20.6% | 2.9% |
| Amortization of membership fees | **2,633** | 3,134 | (16.0%) |
| Direct costs of originating membership fees | **166** | 225 | (26.2%) |
| Net membership fee income | **2,467** | 2,909 | (15.2%) |
| Earnings before other items and income taxes | **$ 5,363** | $ 5,857 | (8.4%) |

Canadian golf club operating revenue is recorded as follows:

| (thousands of Canadian dollars) | For the three months ended March 31, 2015 | March 31, 2014 | % Change |
|---|---|---|---|
| Annual dues | **$ 11,923** | $ 12,822 | (7.0%) |
| Corporate events, guest fees, cart rentals and services | **30** | 19 | 57.9% |
| Food and beverage | **1,002** | 845 | 18.6% |
| Merchandise, rooms and other | **711** | 654 | 8.7% |
| Total | **$ 13,666** | $ 14,340 | (4.7%) |

Annual dues revenue has decreased 7.0% to $11,923,000 for the period ended March 31, 2015 from $12,822,000 in 2014 due to the 3.3% decline in Canadian full privilege golf members from March 31, 2014.

### *Review of Canadian Golf Club Operations for the Period Ended March 31, 2015*

Canadian golf club cost of sales and operating expenses are recorded as follows:

| (thousands of Canadian dollars) | For the three months ended March 31, 2015 | March 31, 2014 | % Change |
|---|---|---|---|
| Cost of sales | **$ 311** | $ 273 | 13.9% |
| Labour and employee benefits | **5,506** | 5,851 | (5.9%) |
| Utilities | **1,540** | 1,804 | (14.6%) |
| Property taxes | **758** | 795 | (4.7%) |
| Insurance | **453** | 467 | (3.0%) |
| Repairs and maintenance | **558** | 594 | (6.1%) |
| Fertilizers and pest control products | **6** | 23 | (73.9%) |
| Fuel and oil | **43** | 70 | (38.6%) |
| Other operating expenses | **1,595** | 1,515 | 5.3% |
| Total | **$ 10,770** | $ 11,392 | (5.5%) |

## RESULTS OF OPERATIONS BY BUSINESS SEGMENT (continued)

### *Review of Canadian Golf Club Operations for the Period Ended March 31, 2015 (continued)*

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

| (thousands of Canadian dollars) | **Three months ended March 31, 2015** Golf Members | **Three months ended March 31, 2015** Future Membership Fee Instalments | Year ended December 31, 2014 Golf Members | Year ended December 31, 2014 Future Membership Fee Instalments | Three months ended March 31, 2014 Golf Members | Three months ended March 31, 2014 Future Membership Fee Instalments |
|---|---|---|---|---|---|---|
| Balance, beginning of period | **15,177** | **$ 26,600** | 15,583 | $ 29,768 | 15,583 | $ 29,768 |
| Sales to new members | **114** | **1,277** | 691 | 6,365 | 113 | 1,051 |
| Acquisition of members | **-** | **-** | 120 | - | 120 | - |
| Transfer and upgrade fees from existing members | **-** | **341** | - | 976 | - | 330 |
| Resignations and terminations | **(467)** | **(1,334)** | (1,217) | (3,603) | (493) | (1,434) |
| Instalments received in cash | **-** | **(973)** | - | (6,906) | - | (1,129) |
| Balance, end of period (Full Privilege) | **14,824** | **$ 25,911** | 15,177 | $ 26,600 | 15,323 | $ 28,586 |
| Other golf member categories | **5,253** | | 4,636 | | 3,912 | |
| Total golf members | **20,077** | | 19,813 | | 19,235 | |

Total golf members decreased 3.3% to 14,824 on March 31, 2015 from 15,323 on March 31, 2014 primarily due to reduced new membership sales in Ontario and Quebec.

ClubLink has implemented programs designed to cater to the needs of a changing golf demographic and to address the current industry and company trend of negative full privilege golf membership growth. ClubLink has announced expanded member retention and value-added programs. These include graduated annual dues pricing for intermediates up to age 35 and seniors over the age of 70 who have been members for at least 10 years. Complimentary restricted family membership benefits have been included for most full privilege Canadian members. Management believes that these added value benefits will attract new members and retain existing members by adding to their package of member benefits.

As at April 30, 2015, ClubLink had sold 3,000 Players Club memberships. There are three different levels of Players Club memberships with varying degrees of access to ClubLink's daily fee golf clubs.

Due to declining full privilege member counts, ClubLink has been introducing alternative membership categories. Other golf member categories have increased 34.3% to 5,253 at March 31, 2015 from March 31, 2014.

## RESULTS OF OPERATIONS BY BUSINESS SEGMENT (continued)

### *Review of US Golf Club Operations for the Period Ended March 31, 2015*

| (statistics) | For the three months ended March 31, 2015 | March 31, 2014 | % Change |
|---|---|---|---|
| Championship golf rounds | **145,000** | 132,000 | 9.8% |
| Full privilege golf members | **1,537** | 1,832 | (16.1%) |
| Total golf members | **3,990** | 4,243 | (6.0%) |

| (thousands of dollars) | For the three months ended March 31, 2015 | March 31, 2014 | % Change |
|---|---|---|---|
| Operating revenue | **$ 7,545** | $ 7,284 | 3.6% |
| Cost of sales and operating expenses | **5,849** | 5,783 | 1.1% |
| Net operating income | **1,696** | 1,501 | 13.0% |
| Operating margin (%) | **22.5%** | 20.6% | 9.2% |
| Amortization of membership fees | **41** | 28 | 46.4% |
| Direct costs of originating membership fees | **-** | - | 0.0% |
| Net membership fee income | **41** | 28 | 46.4% |
| Earnings before other items and income taxes (US dollars) | **1,737** | 1,529 | 13.6% |
| Exchange | **419** | 161 | N/A |
| Earnings before other items and income taxes (CDN dollars) | **$ 2,156** | $ 1,690 | 27.6% |

## RESULTS OF OPERATIONS BY BUSINESS SEGMENT (continued)

### *Review of US Golf Club Operations for the Period Ended March 31, 2015 (continued)*

US golf club operating revenue is recorded as follows:

| (thousands of dollars) | For the three months ended **March 31, 2015** | March 31, 2014 | % Change |
|---|---|---|---|
| Annual dues | **$ 1,709** | $ 2,058 | (17.0%) |
| Corporate events, guest fees, cart rentals and services | **4,479** | 3,924 | 14.1% |
| Food and beverage | **1,074** | 1,002 | 7.2% |
| Merchandise and other | **283** | 300 | (5.7%) |
| Subtotal (US dollars) | **7,545** | 7,284 | 3.6% |
| Exchange | **1,819** | 755 | N/A |
| Total (Cdn dollars) | **$ 9,364** | $ 8,039 | 16.5% |

US golf club costs of sales and operating expenses are recorded as follows:

| (thousands of dollars) | For the three months ended **March 31, 2015** | March 31, 2014 | % Change |
|---|---|---|---|
| Cost of sales | **$ 593** | $ 604 | (1.8%) |
| Labour and employee benefits | **2,559** | 2,485 | 3.0% |
| Utilities | **376** | 362 | 3.9% |
| Property taxes | **927** | 984 | (5.8%) |
| Insurance | **127** | 137 | (7.3%) |
| Repairs and maintenance | **225** | 207 | 8.7% |
| Fertilizers and pest control products | **192** | 180 | 6.7% |
| Fuel and oil | **62** | 96 | (35.4%) |
| Other operating expenses | **788** | 728 | 8.2% |
| Subtotal (US dollars) | **5,849** | 5,783 | 1.1% |
| Exchange | **1,410** | 597 | N/A |
| Total (Cdn dollars) | **$ 7,259** | $ 6,380 | 13.8% |

## RESULTS OF OPERATIONS BY BUSINESS SEGMENT (continued)

### *Review of Rail and Port Operations for the Period Ended March 31, 2015*

| (thousands of dollars) | For the three months ended March 31, 2015 | March 31, 2014 | % Change |
|---|---|---|---|
| Operating revenue | **$ 93** | $ 106 | (12.3%) |
| Costs of sales and operating expenses | **2,576** | 2,326 | 10.7% |
| Net operating loss (US dollars) | **(2,483)** | (2,220) | (11.8%) |
| Exchange | **(600)** | (230) | N/A |
| Net operating loss (Cdn dollars) | **$ (3,083)** | $ (2,450) | (25.8%) |

Rail, tourism and port operating revenue is recorded as follows:

| (thousands of dollars) | For the three months ended March 31, 2015 | March 31, 2014 | % Change |
|---|---|---|---|
| Railroad | **$ -** | $ - | 0.0% |
| Port | **22** | 49 | (55.1%) |
| Merchandise | **7** | 3 | 133.3% |
| Other | **64** | 54 | 18.5% |
| Subtotal (US dollars) | **93** | 106 | (12.3%) |
| Exchange | **22** | 11 | N/A |
| Total (Cdn dollars) | **$ 115** | $ 117 | (1.7%) |

Rail and port cost of sales and operating expenses are recorded as follows:

| (thousands of dollars) | For the three months ended March 31, 2015 | March 31, 2014 | % Change |
|---|---|---|---|
| Cost of sales | **$ 4** | $ 2 | 100.0% |
| Labour and employee benefits | **1,035** | 905 | 14.4% |
| Utilities | **59** | 70 | (15.7%) |
| Property taxes | **569** | 569 | 0.0% |
| Insurance | **417** | 404 | 3.2% |
| Repairs and maintenance | **41** | 10 | 310.0% |
| Fuel and oil | **12** | 5 | 140.0% |
| Other operating expenses | **439** | 361 | 21.6% |
| Subtotal (US dollars) | **2,576** | 2,326 | 10.7% |
| Exchange | **622** | 241 | N/A |
| Total (Cdn dollars) | **$ 3,198** | $ 2,567 | 24.6% |

## RESULTS OF OPERATIONS BY BUSINESS SEGMENT (continued)

### *Review of Corporate Operations for the Period Ended March 31, 2015*

Corporate operations operating expenses are recorded as follows:

| | For the three months ended | | |
|---|---|---|---|
| (thousands of Canadian dollars) | **March 31, 2015** | March 31, 2014 | % Change |
| Labour and employee benefits | **$ 365** | $ 354 | 3.1% |
| Insurance | **41** | 41 | 0.0% |
| Other operating expenses | **293** | 214 | 36.9% |
| | **$ 699** | $ 609 | 14.8% |

## FINANCIAL CONDITION

***Assets***

Total assets increased 3.7% to $697,916,000 at March 31, 2014 from $673,335,000 at December 31, 2014 due to increases in working capital accounts resulting from the 2015 golf operating season. This compares to $690,734,000 at March 31, 2014.

***Liabilities***

Total liabilities increased 4.7% to $495,067,000 at March 31, 2015 from $472,779,000 at December 31, 2014 primarily due to the increase of $38,150,000 in prepaid annual dues and deposits from the 2015 annual dues billing for the golf club segment. This compares to $501,565,000 at March 31, 2014.

## FINANCIAL CONDITION (continued)

### *Shareholders' Equity*

Consolidated shareholders' equity at March 31, 2015 totaled $202,849,000 or $7.63 per share, compared to $200,556,000 or $7.59 per share at December 31, 2014 and $189,169,000 or $7.25 per share at March 31, 2014. The number of common shares outstanding increased to 26,599,888 shares as at March 31, 2015 from 26,419,342 at December 31, 2014 and 26,104,887 at March 31, 2014.

The following is a summary of the common share activity:

| | For the three months ended | |
|---|---|---|
| (number of shares) | **March 31, 2015** | March 31, 2014 |
| Balance, beginning of period | **26,419,342** | 26,104,385 |
| Shares issued pursuant to dividend reinvestment plan | **-** | 502 |
| Shares issued pursuant to stock dividend | **180,646** | - |
| Balance, end of period | **26,599,888** | 26,104,887 |

During the first quarter of 2015, the Company continued with its stock dividend program issuing 180,646 common shares on March 27, 2015.

The Company has recorded a positive adjustment to its accumulated other comprehensive earnings account of $9,677,000 due to the translation of one US dollar into 1.2666 Canadian dollars at March 31, 2015 compared to 1.1601 at December 31, 2014. This change has a corresponding impact on the assets and liabilities having a base currency of US dollars.

## 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:

| | For the three months ended | |
|---|---|---|
| (thousands of Canadian dollars) | **March 31, 2015** | March 31, 2014 |
| Cash flow from operations (please see consolidated statement of cash flows) | **$ (6,131)** | $ (3,596) |
| Net change in working capital accounts | **30,190** | 27,469 |
| Cash provided by operating activities | **24,059** | 23,873 |
| Operating property, plant and equipment expenditures | **(1,000)** | (623) |
| Development property, plant and equipment expenditures | **(278)** | (840) |
| Business combinations | **-** | (15,726) |
| Revolving borrowings | **(16,914)** | (138) |
| Non-revolving borrowings – amortization payments | **(4,572)** | (4,217) |
| Finance lease obligations, net | **(668)** | (457) |
| Dividends paid | **-** | (1,958) |
| Other | **(541)** | 435 |
| Net change in cash during the period | **86** | 349 |
| Cash, beginning of year | **1,784** | 1,028 |
| Cash, end of year | **$ 1,870** | $ 1,377 |

## LIQUIDITY AND CAPITAL RESOURCES (continued)

The analysis of TWC's liquidity is as follows:

| (thousands of Canadian dollars) | **As at March 31, 2015** | | As at December 31, 2014 | | As at March 31, 2014 | |
|---|---|---|---|---|---|---|
| | **Maximum** | **Available** | Maximum | Available | Maximum | Available |
| Cash | **$ 1,870** | **$ 1,870** | $ 1,784 | $ 1,784 | $ 1,377 | $ 1,377 |
| Revolving line of credit (US Golf) | **12,666** | **12,666** | 11,601 | 10,441 | 11,055 | 442 |
| Revolving line of credit (corporate) | **70,000** | **6,745** | 70,000 | 1,256 | 65,000 | 755 |
| Revolving line of credit (rail) | **41,367** | **41,367** | 37,889 | 37,889 | 38,693 | 17,850 |
| Related party revolving line of credit | **50,000** | **10,000** | 50,000 | - | 30,000 | 30,000 |
| | **$ 175,903** | **$ 72,648** | 171,274 | 51,370 | $ 146,125 | $ 50,424 |

Funds will be used during 2015 for operating capital expenditures in both business segments, to fund development capital expenditures, to purchase additional securities pursuant to TWC's normal course issuer bid program and to pay debt obligations as they become due.

Based on TWC's financial position at March 31, 2015, 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 its characteristics on March 31, 2015 compared to December 31, 2014:

| (thousands of Canadian dollars) | **Interest Rate March 31, 2015** | Interest Rate December 31, 2014 | **Total Borrowings March 31, 2015** | Total Borrowings December 31, 2014 | **Average Term to Maturity March 31, (Yrs) 2015** | Average Term to Maturity December 31, (Yrs) 2014 |
|---|---|---|---|---|---|---|
| Revolving (US Golf) | **N/A** | 1.92% | **$ -** | $ 1,160 | **0.83** | 1.42 |
| Revolving (corporate) | **2.73%** | 3.02% | **53,166** | 58,839 | **1.42** | 1.42 |
| Revolving (rail) | **N/A** | N/A | **-** | - | **2.67** | 3.92 |
| Revolving (related party) | **2.24%** | 2.58% | **40,000** | 50,000 | **N/A** | N/A |
| Non-revolving | **7.22%** | 7.22% | **208,387** | 210,879 | **10.17** | 10.36 |
| Term loan | **3.17%** | 3.17% | **32,163** | 29,998 | **5.42** | 5.67 |
| Finance lease obligations | **3.72%** | 3.76% | **6,937** | 7,340 | **1.90** | 2.10 |
| Gross borrowings | **5.48%** | 5.45% | **340,653** | 358,216 | | |
| Cash | | | **(1,870)** | (1,784) | | |
| Net borrowings | | | **$ 338,783** | $ 356,432 | | |

## 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 over the next five years and thereafter as at March 31, 2015:

| (thousands of Canadian dollars) | Revolving Maturities | Mortgage and Term Loan Amortization Payments | Term Loan Maturities | Finance Lease Obligations | Total Borrowings |
|---|---|---|---|---|---|
| Balance of 2015 | $ 40,000 | $ 14,205 | $ - | $ 2,122 | $ 56,327 |
| 2016 | 53,166 | 20,017 | - | 2,336 | 75,519 |
| 2017 | - | 18,693 | - | 1,456 | 20,149 |
| 2018 | - | 19,651 | - | 726 | 20,377 |
| 2019 | - | 20,928 | - | 297 | 21,225 |
| 2020 and thereafter | - | 127,654 | 19,402 | - | 147,056 |
| | $ 93,166 | $ 221,148 | $ 19,402 | $ 6,937 | $340,653 |

TWC expects to meet its 2015 debt obligations by way of cash flow from operations and using unutilized lines of credit if necessary.

### *Operating Activities*

Cash deficiency from operations increased to $6,131,000 in 2015 from $3,596,000 in 2014 primarily due to cash income taxes paid on behalf of the Canadian operations.

Cash provided by operating activities has increased to $24,059,000 in 2015 from $23,873,000 in 2014.

### *Investing Activities*

Cash used in investing activities has decreased to $1,946,000 in 2015 from $17,038,000 in 2014 primarily due to the acquisition of Hidden Lake Golf Club announced on February 7, 2014.

### *Financing Activities*

Financing activities repayments were $22,154,000 in 2015 compared to $6,765,000 in 2014 primarily due to the financing needed for the Hidden Lake acquisition in 2014.

## RELATED PARTY TRANSACTIONS

Refer to Note 13 in the unaudited consolidated financial statements for the period ending March 31, 2015 for a complete description of all related party transactions.

# MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

## SUMMARY OF FINANCIAL RESULTS BY QUARTER

The table below sets forth selected financial data for the most recent eight quarters ending March 31, 2015. 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) | **2015 Mar. 31** | 2014 Dec. 31 | Sep. 30 | Jun. 30 | Mar. 31 | 2013 Dec. 31 | Sep. 30 | Jun. 30 | Mar. 31 |
|---|---|---|---|---|---|---|---|---|---|
| Total assets | **$ 697,916** | $ 673,335 | $ 694,761 | $ 696,346 | $ 690,734 | $ 658,679 | $ 674,624 | $ 686,678 | $ 668,486 |
| Operating revenue | **23,145** | 28,967 | 87,695 | 60,946 | 22,496 | 27,846 | 87,861 | 59,669 | 22,049 |
| Net operating income | **1,219** | 1,294 | 33,321 | 14,571 | 1,548 | 2,534 | 34,028 | 14,488 | 2,558 |
| Operating margin (%) | **5.3** | 4.5 | 38.0 | 23.9 | 6.9 | 9.1 | 38.7 | 24.3 | 11.6 |
| Net membership fee income | **2,518** | 2,911 | 2,766 | 2,533 | 2,940 | 3,803 | 3,813 | 3,387 | 3,561 |
| Earnings before other items and income taxes | **3,737** | 4,205 | 36,087 | 17,104 | 4,488 | 6,337 | 37,841 | 17,875 | 6,119 |
| Net earnings (loss) | **(7,384)** | (8,103) | 14,440 | 2,830 | (5,702) | (3,781) | 17,331 | 3,333 | (3,729) |
| Basic earnings (loss) per share | **(0.28)** | (0.31) | 0.55 | 0.11 | (0.22) | (0.15) | 0.66 | 0.13 | (0.14) |
| Cash flow from operations | **(6,131)** | (5,625) | 28,679 | 7,364 | (3,596) | (3,140) | 29,965 | 9,818 | (2,149) |
| Cash flow from operations per share | **(0.23)** | (0.22) | 1.10 | 0.28 | (0.14) | (0.12) | 1.15 | 0.38 | (0.08) |
| Eligible dividends per share | **0.075** | 0.075 | 0.075 | 0.075 | 0.075 | 0.075 | 0.075 | 0.075 | 0.075 |

## SEASONALITY

The quarterly earnings performance of the Company reflects the highly seasonal nature of both business segments. The majority of revenue and earnings from these businesses occur 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. This seasonality has been partly offset by the Florida acquisitions since September 2010.

## 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, net membership fee income, earnings before other items and income taxes, cash flow from operations, basic and diluted cash flow from operations per share, funds from operations and adjusted funds from operations. The calculations of these measures can be found embedded in the MD&A.

TWC uses these 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. 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.

## NON-IFRS MEASURES (continued)

Earnings before other items and income taxes does not represent cash generated from operations as defined by IFRS and it is not necessarily indicative of cash available to fund cash needs. Furthermore, earnings before other items and income taxes does not reflect the impact of a number of items that affect our net earnings. Earnings before other items and income taxes is not a measure of financial performance under IFRS, and should not be considered as an alternative to measures of performance under IFRS.

The glossary of financial terms is as follows:

**Net operating income** = operating revenue - cost of sales - operating expenses

**Operating margin** = net operating income/operating revenue

**Net membership fee income** = amortization of membership fees revenue - direct costs of originating membership fees

**Earnings before other items and income taxes** = net operating income + net membership fee income

**Cash flow from operations** = net earnings +/- items not affecting cash (please see consolidated statement of cash flows)

**Basic and diluted cash flow from operations per share** = cash flow from operations/weighted average shares outstanding

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

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

## 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.

## 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.

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

# MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

## OUTLOOK

### *Canadian Golf Club Operations*

ClubLink has implemented programs designed to cater to the needs of a changing golf demographic and to address the current industry and company trend of negative full privilege golf membership growth. ClubLink has previously announced expanded member retention and value-added programs. These include graduated annual dues pricing for intermediates up to age 35 and seniors over the age of 70 who have been members for at least 10 years. Complimentary restricted family membership benefits have been included for most full privilege Canadian members. Management believes that these added value benefits will attract new members and retain existing members by adding to their package of member benefits.

Management is expecting revenue from the amortization of membership fees to decrease by approximately $2,000,000 in 2015. This decline is primarily the result of the members that joined in 2002 having completed their amortization period in 2014. Commencing in 2015, this 2002 group of members will continue to generate revenue on a cash received basis.

ClubLink is pursuing the development of its Highland Gate Golf Club in Aurora as part of a 50/50 join venture with a local house developer. A draft plan of the subdivision has been submitted to the Town of Aurora who confirmed on March 2, 2015 that the application was complete. The Town has until August 29, 2015 to make a decision about the application.

ClubLink continues to pursue opportunities in Ontario and Quebec to supplement its existing operations.

### *US Golf Club Operations*

Management has been focused on improving turf conditions at our Florida courses. These improvements have elevated the golf experience and also improved our competitive advantage in the Florida marketplace.

ClubLink continues to pursue opportunities in the Southern Florida marketplace to supplement its existing operations.

### *Rail and Port Operations*

Based on data provided by Cruise Line Agencies of Alaska, we are expecting approximately the same number of cruise ship passengers in 2015 as in 2014.

As port operations are expected to be consistent with 2014, we expect growth in our rail operations by working with each cruise line operator to continue to improve the cruise line capture rate during 2015.

### *Corporate Operations*

The Company believes it is well positioned to capitalize on its unique assets and their competitive strengths. The Company anticipates that the current economic environment will offer opportunities to add quality assets. With the strength of the existing brands, experienced management, and a focus on cost control, stable returns are expected. Both business segments are diligently controlling discretionary spending. Currency fluctuations may continue to impact reported results.

## 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 condensed consolidated interim financial statements (the "financial statements") and management's discussion and analysis of operations contained in this quarterly report 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 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 quarterly report is consistent with the information contained in the financial statements.

The 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

Andrew Tamlin
Chief Financial Officer

May 7, 2015