TWC ENTERPRISES LIMITED
Interim Condensed Consolidated Balance Sheets (Unaudited)

(thousands of Canadian dollars)	Notes	**June 30, 2018**	December 31, 2017	June 30, 2017
ASSETS			(restated-note 2)	(restated-note 2)
Current				
Cash		**$ 1,544**	$ 848	$ 2,895
Accounts receivable		**16,485**	6,519	24,050
Mortgages and loans receivable		**6**	6	5,197
Inventories and prepaid expenses		**12,330**	6,368	13,778
Current assets held for sale	3	**171,466**	-	-
		201,831	13,741	45,920
Mortgages and loans receivable		**1,442**	1,445	1,448
Other assets	6	**8,890**	19,088	15,981
Property, plant and equipment	7	**435,885**	577,841	589,277
Intangible assets	8	**17,466**	17,939	18,623
Goodwill		**-**	-	31,605
Total assets		**$ 665,514**	$ 630,054	$ 702,854
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current				
Accounts payable and accrued liabilities	9	**$ 31,245**	$ 23,317	$ 38,614
Borrowings	10	**49,747**	32,362	52,461
Prepaid annual dues and deposits		**38,592**	12,720	37,197
Current liabilities held for sale	3	**90,760**	-	-
		210,344	68,399	128,272
Borrowings	10	**190,057**	268,474	259,317
Deferred membership fees	2,11	**10,823**	12,957	14,261
Deferred income tax liabilities	2	**17,862**	47,066	63,769
Total liabilities		**429,086**	396,896	465,619
Shareholders' equity				
Share capital	12	**111,985**	111,987	111,987
Retained earnings	2	**96,474**	97,801	99,010
Accumulated other comprehensive earnings		**27,969**	23,370	26,238
Total shareholders' equity		**236,428**	233,158	237,235
Total liabilities and shareholders' equity		**$ 665,514**	$ 630,054	$ 702,854

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 June 30, 2018	June 30, 2017	For the six months ended June 30, 2018	June 30, 2017
REVENUE (CONTINUING OPERATIONS)	5		(restated-note 2)		(restated-note 2)
Operating revenue		**$ 48,203**	$ 47,815	**$ 71,555**	$ 71,964
Amortization of membership fees	2,11	**1,684**	1,991	**3,338**	3,909
		49,887	49,806	**74,893**	75,873
EXPENSES (CONTINUING OPERATIONS)					
Cost of sales		**7,183**	7,338	**8,395**	8,593
Labour and employee benefits		**21,778**	21,486	**31,507**	31,007
Utilities		**1,945**	2,177	**3,604**	4,059
Selling, general and administrative		**1,315**	1,255	**2,498**	2,576
Property taxes		**790**	774	**2,749**	2,749
Repairs and maintenance		**1,582**	1,400	**2,363**	2,192
Insurance		**656**	563	**1,260**	1,120
Fertilizers and pest control products		**1,172**	996	**1,306**	1,199
Fuel and oil		**480**	431	**596**	527
Other expenses		**4,755**	4,736	**6,833**	7,058
Gain on sale of property, plant and equipment		**(119)**	-	**(282)**	(2,104)
Depreciation of property, plant and equipment	7	**3,769**	3,886	**7,582**	7,795
Amortization of intangible assets	8	**269**	282	**531**	555
Land lease rent		**1,093**	1,234	**2,195**	2,476
Interest, net	13	**3,781**	3,760	**7,508**	7,532
		50,449	50,318	**78,645**	77,334
Loss before income taxes		**(562)**	(512)	**(3,752)**	(1,461)
Income tax expense (recovery)					
Current		**155**	(83)	**(500)**	(268)
Deferred	2	**(93)**	(87)	**(176)**	(919)
		62	(170)	**(676)**	(1,187)
Net loss from continuing operations		**(624)**	(342)	**(3,076)**	(274)
Discontinued operations					
Earnings from discontinued operations	4	**7,696**	6,090	**2,847**	2,407
Net earnings (loss)		**7,072**	5,748	**(229)**	2,133
Unrealized foreign exchange gain (loss) in respect of foreign operations		**2,270**	(2,310)	**5,205**	(3,327)
Unrealized loss (gain) on hedge of net investment in foreign operations, net of tax recovery of $93 for the six months ended June 30, 2018 (June 30, 2017 - payable of $87)		**(258)**	390	**(606)**	568
Total comprehensive earnings (loss)		**$ 9,084**	$ 3,828	**$ 4,370**	$ (626)
Weighted average shares outstanding (000)	12	**27,346**	27,346	**27,346**	27,346
Loss per share from continuing operations	12	**$ (0.02)**	$ (0.01)	**$ (0.11)**	$ (0.01)
Earnings per share from discontinued operations	4	**$ 0.28**	$ 0.22	**$ 0.10**	$ 0.09
Earnings (loss) per share basic and diluted	12	**$ 0.26**	$ 0.21	**$ (0.01)**	$ 0.08

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)		-	-	2,133	(2,759)	(626)
Cash dividend	12B	-	-	(1,094)	-	(1,094)
Balance, June 30, 2017 (restated-note 2)	2	**27,345,540**	**111,987**	**99,010**	**26,238**	**237,235**
Comprehensive loss (restated-note 2)		-	-	(115)	(2,868)	(2,983)
Cash dividend	12B	-	-	(1,094)	-	(1,094)
Balance, December 31, 2017 (restated-note 2)	2	**27,345,540**	**111,987**	**97,801**	**23,370**	**233,158**
Comprehensive earnings (loss)		-	-	(229)	4,599	4,370
Cash dividend	12B	-	-	(1,094)	-	(1,094)
Other		(1)	-	-	-	-
Shares cancelled subject to normal course issuer bid	12C	(500)	(2)	(4)	-	(6)
Balance, June 30, 2018		**27,345,039**	**$ 111,985**	**$ 96,474**	**$ 27,969**	**$ 236,428**

TWC ENTERPRISES LIMITED
Interim Condensed Consolidated Statements of Cash Flow (Unaudited)

(thousands of Canadian dollars)	Notes	For the three months ended June 30, 2018	June 30, 2017	For the six months ended June 30, 2018	June 30, 2017
OPERATING ACTIVITIES			(restated-note 2)		(restated-note 2)
Net earnings (loss)		**$ 7,072**	$ 5,748	**$ (229)**	$ 2,133
Items not affecting cash:					
Amortization of membership fees	11	**(1,684)**	(1,991)	**(3,338)**	(3,909)
Depreciation of property, plant and equipment	7	**5,300**	6,248	**11,381**	12,489
Amortization of intangible assets	8	**269**	282	**531**	555
Land lease rent expense		**1,155**	1,298	**2,316**	2,602
Interest, net	13	**4,205**	4,237	**8,242**	8,315
Gain on sale of property, plant and equipment	7	**(119)**	-	**(282)**	(2,104)
Income tax provision (recovery)		**3,069**	2,923	**458**	(570)
Collection of membership fee instalments	11	**705**	840	**1,177**	1,492
Land lease rent paid		**(1,527)**	(1,339)	**(2,662)**	(2,609)
Interest paid		**(4,144)**	(4,378)	**(8,088)**	(8,184)
Income taxes paid		**(300)**	(451)	**(1,513)**	(1,751)
Accounts receivable		**(14,612)**	(11,846)	**(20,173)**	(18,221)
Inventories and prepaid expenses		**(2,832)**	(1,321)	**(8,476)**	(8,782)
Accounts payable and accrued liabilities		**16,719**	13,809	**17,724**	18,869
Prepaid annual dues and deposits		**(12,383)**	(12,512)	**25,872**	18,292
Cash provided by operating activities		**893**	1,547	**22,940**	18,617
INVESTING ACTIVITIES					
Operating property, plant and equipment expenditures	7	**(4,238)**	(5,354)	**(5,982)**	(6,670)
Expansion property, plant and equipment expenditures	7	**(2,424)**	(1,214)	**(6,765)**	(2,203)
Intangible asset acquistion	8	**-**	-	**-**	(100)
Proceeds on sale of property, plant and equipment	7	**127**	-	**307**	5,074
Other assets		**4,303**	(2,488)	**3,920**	(4,395)
Cash used in investing activities		**(2,232)**	(9,056)	**(8,520)**	(8,294)
FINANCING ACTIVITIES					
Deferred financing costs		**(2)**	(129)	**(7)**	(176)
Revolving borrowings		**7,121**	19,795	**(2,041)**	7,160
Non-revolving borrowings - amortization payments		**(4,888)**	(4,626)	**(9,683)**	(9,170)
Finance lease obligations		**(284)**	(469)	**(569)**	(996)
Mortgages and loans receivable		**1,631**	(5,378)	**3**	(5,378)
Shares repurchased for cancellation	12C	**(6)**	-	**(6)**	-
Common share dividends	12B	**(547)**	(547)	**(1,094)**	(1,094)
Cash provided by (used in) financing activities		**3,025**	8,646	**(13,397)**	(9,654)
Net effect of currency translation adjustment on cash		**(646)**	(121)	**(215)**	(156)
Net increase in cash during the period		**1,040**	1,016	**808**	513
Cash, beginning of period		**616**	1,879	**848**	2,382
Cash, end of period		**$ 1,656**	$ 2,895	**$ 1,656**	$ 2,895
Cash is comprised of:					
Cash - continuing operations		**$ 1,544**	$ 2,895	**$ 1,544**	$ 2,895
Cash - asset held for sale	3	**112**	-	**112**	-
Cash, end of period		**$ 1,656**	$ 2,895	**$ 1,656**	$ 2,895

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

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 is also 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.

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 August 2, 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 both the golf club operations and rail and port operations segments 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 June 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 is now reflected in accumulated other comprehensive income effective January 1, 2016.

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 six months ended June 30, 2018, the comparative information presented in these financial statements as at and for the six months ended June 30, 2017, and for the balance sheet as at June 30, 2017. In preparing our balance sheets as at June 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)
June 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 six months ended June 30, 2017 and December 31, 2017, all of which pertain to our golf club operations segment.

Three months ended June 30, 2017					
(thousands of Canadian dollars)	As Previously Presented	Golf Commission Reclassification	Allowance Restatement	Discontinued Operations	Restated
Operating revenue	$ 69,436	$ 58	$ -	$ (21,679)	$ 47,815
Amortization of membership fees	2,000	-	(9)	-	1,991
Expenses	(62,756)	(58)	-	12,496	(50,318)
Earnings (loss) before income taxes	8,680	-	(9)	(9,183)	(512)
Income taxes	2,926	-	(3)	(3,093)	(170)
Net earnings (loss) from continuing operations	5,754	-	(6)	(6,090)	(342)
Earnings from discontinued operations	-	-	-	6,090	6,090
Net earnings	$ 5,754	$ -	$ (6)	$ -	$ 5,748
Earnings per share (basic and diluted)	$ 0.21	$ -	$ -	$ -	$ 0.21

Six months ended June 30, 2017					
(thousands of Canadian dollars)	As Previously Presented	Golf Commission Reclassification	Allowance Restatement	Discontinued Operations	Restated
Operating revenue	$ 93,545	$ 296	$ -	$ (21,877)	$ 71,964
Amortization of membership fees	3,927	-	(18)	-	3,909
Expenses	(95,891)	(296)	-	18,853	(77,334)
Earnings (loss) before income taxes	1,581	-	(18)	(3,024)	(1,461)
Income taxes	(565)	-	(5)	(617)	(1,187)
Net earnings (loss) from continuing operations	2,146	-	(13)	(2,407)	(274)
Earnings from discontinued operations	-	-	-	2,407	2,407
Net earnings	$ 2,146	$ -	$ (13)	$ -	$ 2,133
Earnings per share (basic and diluted)	$ 0.08	$ -	$ -	$ -	$ 0.08

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

2. BASIS OF PRESENTATION (continued)

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

	As at June 30, 2017			As at December 31, 2017		
(thousands of Canadian dollars)	As Previously Presented	Allowance Restatement	Restated	As Previously Presented	Allowance Restatement	Restated
Assets	$ 702,854	$ -	$ 702,854	$ 630,054	$ -	$ 630,054
Current liabilities	$ 128,272	$ -	$ 128,272	$ 68,399	$ -	$ 68,399
Borrowings	259,317	-	259,317	268,474	-	268,474
Deferred membership fees	15,871	(1,610)	14,261	14,550	(1,593)	12,957
Deferred income tax liabilities	63,342	427	63,769	46,643	423	47,066
Shareholders' equity	236,052	1,183	237,235	231,988	1,170	233,158
	$ 702,854	$ -	$ 702,854	$ 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

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.

3. OPERATIONS HELD FOR SALE

The rail and port operations segment is presented as held for sale at June 30, 2018 following the commitment of the Company to sell White Pass. This sale closed on July 31, 2018. This segment was not classified as held for sale at December 31, 2017.

The segment held for sale is measured at the lower of book value and fair value less costs to sell. This has been assessed at June 30, 2018 and no adjustment is warranted to book value. Total proceeds of disposition represents US$290,000,000, including US$20,000,000 Carnival plc shares.

At June 30, 2018, the segment held for sale comprises the following assets and liabilities:

(thousands of Canadian dollars)	Notes	June 30, 2018
ASSETS OF SEGMENT HELD FOR SALE		
Cash		**$ 112**
Accounts receivable		**10,207**
Inventories and prepaid expenses		**2,514**
Other assets	6	**6,655**
Property, plant and equipment	7	**151,978**
Total assets		**$ 171,466**
LIABILITIES OF SEGMENT HELD FOR SALE		
Accounts payable and accrued liabilities	10	**$ 7,818**
Borrowings	11	**51,876**
Deferred income tax liabilities		**31,066**
Total liabilities		**$ 90,760**

4. DISCONTINUED OPERATIONS

In June 2018, the Company committed to sell White Pass which closed July 31, 2018. This segment was not a discontinued operation or classified as held for sale at June 30, 2017, so the comparative Consolidated Statement of Earnings has been presented 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 **June 30, 2018**	For the three months ended June 30, 2017	For the six months ended **June 30, 2018**	For the six months ended June 30, 2017
REVENUE					
Operating revenue	5	**$ 21,363**	$ 21,679	**$ 21,550**	$ 21,877
EXPENSES					
Direct operating expenses		**9,469**	9,019	**12,955**	12,659
Transaction costs		**225**	-	**474**	-
Other expenses (income)		**(454)**	574	**83**	591
Depreciation of property, plant and equipment	7	**1,531**	2,362	**3,799**	4,694
Land lease rent		**62**	64	**121**	126
Interest, net	14	**424**	477	**734**	783
		11,257	12,496	**18,166**	18,853
Earnings before income taxes		**10,106**	9,183	**3,384**	3,024
Income tax expense					
Current		**682**	-	**(97)**	-
Deferred		**1,728**	3,093	**634**	617
		2,410	3,093	**537**	617
Net earnings		**$ 7,696**	$ 6,090	**$ 2,847**	$ 2,407
Weighted average shares outstanding (000)		**27,346**	27,346	**27,346**	27,346
Earnings per share basic and diluted		**$ 0.28**	$ 0.22	**$ 0.10**	$ 0.09

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

(thousands of Canadian dollars)	For the three months ended **June 30, 2018**	For the three months ended June 30, 2017	For the six months ended **June 30, 2018**	For the six months ended June 30, 2017
Cash provided by operating activities	**$ 6,624**	$ 8,274	**$ 1,362**	$ 4,258
Cash used in investing activities	**(3,538)**	(4,929)	**(8,224)**	(5,759)
Cash provided by (used in) financing activities	**100**	3,836	**10,691**	3,317
Net cash flows	**$ 3,186**	$ 7,181	**$ 3,829**	$ 1,816

5. REVENUE

Revenue consists of the following:

Three months ended June 30, 2018					
(thousands of Canadian dollars)	Canadian Golf Club Operations	US Golf Club Operations	**Total Continuing Operations**	Discontinued Operations	**Total**
Annual dues	$ 13,216	$ 1,613	**$ 14,829**	$ -	**$ 14,829**
Golf	7,586	1,875	**9,461**	-	**9,461**
Corporate events	4,831	120	**4,951**	-	**4,951**
Membership fees	1,604	80	**1,684**	-	**1,684**
Food and beverage	13,426	711	**14,137**	-	**14,137**
Merchandise	3,980	256	**4,236**	1,177	**5,413**
Rooms and other	546	43	**589**	143	**732**
Railroad	-	-	**-**	15,530	**15,530**
Port	-	-	**-**	4,513	**4,513**
	$ 45,189	$ 4,698	**$ 49,887**	$ 21,363	**$ 71,250**

Three months ended June 30, 2017					
(thousands of Canadian dollars)	Canadian Golf Club Operations	US Golf Club Operations	**Total Continuing Operations**	Discontinued Operations	**Total**
Annual dues	$ 13,052	$ 1,704	**$ 14,756**	$ -	**$ 14,756**
Golf	6,578	2,091	**8,669**	-	**8,669**
Corporate events	5,038	166	**5,204**	-	**5,204**
Membership fees	1,911	80	**1,991**	-	**1,991**
Food and beverage	13,331	832	**14,163**	-	**14,163**
Merchandise	3,921	252	**4,173**	1,087	**5,260**
Rooms and other	819	31	**850**	166	**1,016**
Railroad	-	-	**-**	16,191	**16,191**
Port	-	-	**-**	4,235	**4,235**
	$ 44,650	$ 5,156	**$ 49,806**	$ 21,679	**$ 71,485**

5. REVENUE (continued)

Revenue consists of the following:

Six months ended June 30, 2018					
(thousands of Canadian dollars)	Canadian Golf Club Operations	US Golf Club Operations	**Total Continuing Operations**	Discontinued Operations	**Total**
Annual dues	$ 25,751	$ 3,221	**$ 28,972**	$ -	**$ 28,972**
Golf	7,664	7,077	**14,741**	-	**14,741**
Corporate events	4,832	351	**5,183**	-	**5,183**
Membership fees	3,180	158	**3,338**	-	**3,338**
Food and beverage	14,672	1,776	**16,448**	-	**16,448**
Merchandise	4,375	638	**5,013**	1,180	**6,193**
Rooms and other	1,169	29	**1,198**	203	**1,401**
Railroad	-	-	**-**	15,530	**15,530**
Port	-	-	**-**	4,637	**4,637**
	$ 61,643	$ 13,250	**$ 74,893**	$ 21,550	**$ 96,443**

Six months ended June 30, 2017					
(thousands of Canadian dollars)	Canadian Golf Club Operations	US Golf Club Operations	**Total Continuing Operations**	Discontinued Operations	**Total**
Annual dues	$ 24,929	$ 3,550	**$ 28,479**	$ -	**$ 28,479**
Golf	6,997	8,039	**15,036**	-	**15,036**
Corporate events	5,040	583	**5,623**	-	**5,623**
Membership fees	3,755	154	**3,909**	-	**3,909**
Food and beverage	14,276	2,119	**16,395**	-	**16,395**
Merchandise	4,299	728	**5,027**	1,092	**6,119**
Rooms and other	1,387	17	**1,404**	236	**1,640**
Railroad	-	-	**-**	16,191	**16,191**
Port	-	-	**-**	4,358	**4,358**
	$ 60,683	$ 15,190	**$ 75,873**	$ 21,877	**$ 97,750**

6. OTHER ASSETS

Other assets consist of the following:

(thousands of Canadian dollars)	June 30, 2018	December 31, 2017	June 30, 2017
Investment in joint venture	$ 8,077	$ 11,955	$ 8,681
Rail inventory and supplies	-	6,262	6,258
Other	813	871	1,042
	8,890	19,088	15,981
Other assets - held for sale	6,655	-	-
	$ 15,545	$ 19,088	$ 15,981

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)	June 30, 2018	December 31, 2017	June 30, 2017
Land	$ 7,500	$ 7,500	$ 7,500
Development costs	22,465	19,143	11,740
Secured project debt	(11,584)	-	-
Other liabilities	(832)	(1,339)	(484)
Net assets of Highland Gate joint venture at 100%	17,549	25,304	18,756
Net assets of Highland Gate joint venture at Company's share (50%)	8,774	12,652	9,378
Deferred profit	(697)	(697)	(697)
Net assets of Highland Gate joint venture	$ 8,077	$ 11,955	$ 8,681

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, $7,757,000 was used to reimburse the co-owners for previously funded servicing costs in the form of return of capital.

7. 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	764	798	1,565	950	8,670	**12,747**
Disposals	-	-	-	-	(1,151)	**(1,151)**
Transfer - asset held for sale	(17,661)	(51,463)	(85,953)	-	(87,555)	**(242,632)**
Foreign exchange difference	1,494	2,998	4,029	547	4,532	**13,600**
At June 30, 2018	$ 293,913	$ 163,311	$ -	$ 109,623	$ 92,693	**$ 659,540**
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	-	3,084	1,840	2,660	3,797	**11,381**
Disposals	-	-	-	-	(1,126)	**(1,126)**
Transfer - asset held for sale	-	(16,540)	(37,279)	-	(36,835)	**(90,654)**
Foreign exchange difference	-	906	1,737	211	2,065	**4,919**
At June 30, 2018	$ -	$ 74,909	$ -	$ 76,550	$ 72,196	**$ 223,655**
Net book value at December 31, 2017	$ 309,316	$ 123,519	$ 46,657	$ 34,447	$ 63,902	**$ 577,841**
Net book value at June 30, 2018	$ 293,913	$ 88,402	$ -	$ 33,073	$ 20,497	**$ 435,885**

Certain property, plant and equipment have been assigned as collateral for borrowings (Note 10).

As at June 30, 2018, ClubLink had equipment under finance lease with a net book value of $2,172,000 (June 30, 2017 – $5,169,000).

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 quarter 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.

7. 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.

The Company sold White Pass with a closing date of July 31, 2018. As a result, the Company has classified the property, plant and equipment from the operating segment as held for sale on the Consolidated Balance Sheet as at June 30, 2018. This segment is being presented as discontinued operations on the Consolidated Statement of Earnings.

	For the three months ended		For the six months ended	
(thousands of Canadian dollars)	**June 30, 2018**	June 30, 2017	**June 30, 2018**	June 30, 2017
Depreciation - continuing operations	**$ 3,769**	$ 3,886	**$ 7,582**	$ 7,795
Depreciation - discontinued operations	**1,531**	2,362	**3,799**	4,694
	$ 5,300	$ 6,248	**$ 11,381**	$ 12,489

8. 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	97	-	10	**107**
At June 30, 2018	$ 12,413	$ 13,477	$ 2,440	**$ 28,330**
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	227	226	78	**531**
Foreign exchange difference	39	-	10	**49**
At June 30, 2018	$ 4,531	$ 4,364	$ 1,969	**$ 10,864**
Net book value at December 31, 2017	$ 8,051	$ 9,339	$ 549	**$ 17,939**
Net book value at June 30, 2018	$ 7,882	$ 9,113	$ 471	**$ 17,466**

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of the following:

(thousands of Canadian dollars)	**June 30, 2018**	December 31, 2017	June 30, 2017
Trade payables	**$ 12,303**	$ 4,931	$ 14,554
Accrued payroll costs	**3,876**	4,236	5,790
Accrued land lease rent	**4,879**	5,225	5,360
Accrued interest	**978**	1,203	1,156
Income taxes payable	**-**	1,757	-
Accrued liabilities and other	**9,209**	5,965	11,754
	31,245	23,317	38,614
Accounts payable and accrued liabilities - held for sale	**7,818**	-	-
	$ 39,063	$ 23,317	$ 38,614

10. BORROWINGS

Borrowings consist of the following:

(thousands of Canadian dollars)	June 30, 2018	December 31, 2017	June 30, 2017
Revolving:			
Secured revolving operating line of credit to a maximum of US$10,000,000 due December 31, 2019 (US$10,000,000; December 31, 2017 - US$10,000,000; June 30, 2017 - nil)	**$ 13,168**	$ 12,545	$ -
Secured revolving operating line of credit to a maximum of $70,000,000 due June 30, 2019	**40,977**	63,667	58,729
Secured revolving operating line of credit to a maximum of US$25,640,000 due December 16, 2018 (US$20,092,000; December 31, 2017 - US$19,796,000; June 30, 2017 - US$16,682,000)	**26,457**	24,834	21,648
Unsecured revolving operating line of credit from a related party to a maximum of $50,000,000 due on demand (note 14)	**31,116**	11,767	32,000
	111,718	112,813	112,377
Non-revolving:			
Mortgages with blended monthly payments of principal and interest			
8.345% Mortgages due July 1, 2022	**9,592**	10,558	11,484
7.550% Mortgage due July 1, 2022	**1,150**	1,268	1,382
7.416% Mortgages due September 1, 2023	**15,833**	17,045	18,213
7.268% Mortgage due July 1, 2024	**6,988**	7,436	7,869
8.060% Mortgage due July 1, 2024	**37,582**	39,982	42,293
6.194% Mortgage due March 1, 2026	**34,864**	36,591	38,266
6.315% Mortgage due December 1, 2027	**32,062**	33,275	34,451
8.000% Mortgage due October 1, 2029 (US$12,149,000; December 31, 2017 - US$12,472,000; June 30, 2017 - US$12,783,000)	**15,997**	15,646	16,588
	154,068	161,801	170,546
Term Loan:			
Term loan due September 1, 2020 (US$19,348,000; December 31, 2017 - US$20,278,000; June 30, 2017 - US$21,208,000)	**25,477**	25,439	27,522
Finance Lease Obligations:			
Canadian denominated	**1,251**	1,684	2,114
US denominated (US$18,000; December 31, 2017 - US$124,000; June 30, 2017 - US$382,000)	**24**	156	496
	1,275	1,840	2,610
Gross borrowings	**292,538**	301,893	313,055
Less: deferred financing costs	**858**	1,057	1,277
Borrowings	**291,680**	300,836	311,778
Less: current portion	**52,196**	32,362	52,461
	$ 239,484	$ 268,474	$ 259,317

Borrowings: Continuing Operations			
Borrowings	**$ 291,680**	$ -	$ -
Less: Borrowings - asset held for sale	**(51,876)**	-	-
Borrowings - continuing operations	**239,804**	-	-
Less: current portion of continuing operations	**(49,747)**	-	-
	$ 190,057	$ -	$ -

10. BORROWINGS (continued)

Borrowings are collateralized by certain property, plant and equipment assets (note 7).

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	$ 57,573	$ 34,297	$ 409	**$ 92,279**
2019	54,145	18,608	528	**73,281**
2020	-	19,985	223	**20,208**
2021	-	21,464	115	**21,579**
2022	-	21,742	-	**21,742**
2023 and thereafter	-	63,449	-	**63,449**
	$ 111,718	$ 179,545	$ 1,275	**$ 292,538**

11. DEFERRED MEMBERSHIP FEES

Deferred membership fees consist of the following:

(thousands of Canadian dollars)	**June 30, 2018**	December 31, 2017	June 30, 2017
		(restated-note 2)	(restated-note 2)
Unamortized membership fees (note 11A)	**$ 35,167**	$ 37,808	$ 41,157
Future membership fee instalments (note 11B)	**(24,344)**	(24,851)	(26,896)
Deferred membership fees	**$ 10,823**	$ 12,957	$ 14,261

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 six months ended June 30, 2018**	For the year ended December 31, 2017	For the six months ended June 30, 2017
		(restated-note 2)	(restated-note 2)
Balance, beginning of period	**$ 37,808**	$ 43,683	$ 43,683
Sales to new members	**2,310**	5,180	3,037
Transfer and reinstatement fees	**465**	1,152	754
Resignations and terminations	**(2,142)**	(4,156)	(2,359)
Amortization of membership fees to revenue	**(3,338)**	(7,952)	(3,909)
Foreign exchange difference	**64**	(99)	(49)
Unamortized membership fees	**$ 35,167**	$ 37,808	$ 41,157

11. DEFERRED MEMBERSHIP FEES (continued)

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

(thousands of Canadian dollars)	**For the six months ended June 30, 2018**	For the year ended December 31, 2017	For the six months ended June 30, 2017
Balance, beginning of period	**$ 24,851**	$ 26,982	$ 26,982
Sales to new members	**2,310**	5,180	3,037
Transfer and reinstatement fees	**465**	1,152	754
Resignations and terminations	**(2,142)**	(4,156)	(2,359)
Instalments received in cash	**(1,177)**	(4,254)	(1,492)
Foreign exchange difference	**37**	(53)	(26)
Future membership fee instalments	**$ 24,344**	$ 24,851	$ 26,896

The following table estimates future cash flows and revenue recognition based on the collection of future membership fee instalments outstanding on June 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, June 30, 2018			$ 10,823
Balance of 2018	$ 2,278	$ 3,376	9,725
2019	2,838	5,238	7,325
2020	2,503	4,380	5,448
2021	2,166	3,584	4,030
2022	1,901	2,490	3,441
2023 and thereafter	12,658	16,099	-
	$ 24,344	$ 35,167	

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.

12. SHARE CAPITAL

(A) Authorized and issued share capital

The authorized share capital is an unlimited number of common shares and preferred shares. As at June 30, 2018, there are 27,345,039 common shares outstanding (December 31, 2017 – 27,345,540). As at June 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 and second quarter of 2018, TWC declared and issued two quarterly cash dividends of 2 cents per common share, paid on March 29, 2018 and June 15, 2018 in the amount of $1,094,000.

(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 will expire on September 19, 2018. During 2017, the Company did not made any purchases under this bid. During the second quarter of 2018, the Company repurchased for cancellation 500 common shares for a total purchase price of $6,390 or $12.78 per common share, including commisions.

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.

13. INTEREST, NET

Interest, net consists of the following:

(thousands of Canadian dollars)	For the three months ended June 30, 2018	June 30, 2017	For the six months ended June 30 2018	June 30 2017
Revolving lines of credit	**$ 649**	$ 359	**$ 1,241**	$ 743
Non-revolving mortgages	**2,811**	3,130	**5,686**	6,323
Finance lease obligations	**15**	27	**26**	51
Line of credit from related party	**241**	175	**530**	361
Amortization of deferred financing costs	**5**	93	**11**	193
Other	**91**	7	**186**	12
Gross interest expense - continuing operations	**3,812**	3,791	**7,680**	7,683
Interest revenue - continuing operations	**(31)**	(31)	**(172)**	(151)
Interest, net - continuing operations	**3,781**	3,760	**7,508**	7,532
Interest, net - discontinued operations	**424**	477	**734**	783
Interest, net	**$ 4,205**	$ 4,237	**$ 8,242**	$ 8,315

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 $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 consistent with the entity's borrowing costs. As at December 31, 2017, the total loan payable 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 June 30, 2018, the total loan payable outstanding on this facility was $31,116,000 (June 30, 2017 – $32,000,000 loan payable), and interest incurred amounted to $147,000 (June 30, 2017 – $381,000) for the six month period. Net interest payable at June 30, 2018 was $46,000 (June 30, 2017 – $153,000). For the three months ended June 30, 2018, interest incurred amounted to $67,000 (three months ended June 30, 2017 – $176,000).

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 $120,000 for the six month period ended June 30, 2018 (June 30, 2017 - $120,000), under a contractual agreement, which is included in operating expenses. For the three months ended June 30, 2018, the Company paid a management fee of $60,000 (three months ended June 30, 2017 – $60,000). Morguard also provides back-office services to ClubLink US Corporation. The Company paid a management fee of US$230,000 (CDN$293,000) for the six month period ended June 30, 2018 (June 30, 2017 - US$230,000; CDN$307,000) under a contractual agreement, which is included in direct operating expenses. For the three months ended June 30, 2018, the Company paid US$115,000 (CDN$148,000) in management fees (three months ended June 30, 2017 – US$115,000; CDN$155,000).

A total of US$26,000 of rental revenue was earned by TWC for the six month period ended June 30, 2018 (June 30, 2017 - US$26,000) from Morguard relating to a shared office facility in Florida. For the three months ended June 30, 2018, rental revenue earned was US$13,000 (for the three months ended June 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; June 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 June 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 $2,150,000 at June 30, 2018 (December 31, 2017 – $2,049,000; June 30, 2017 – $2,216,000).

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.

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 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 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 is 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.

White Pass also operates three docks in Skagway, which provide 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.

Rail and port operations are economically dependent upon the Alaska cruise line industry. For the year ended December 31, 2017, Carnival Cruises and its subsidiaries, Princess Cruises and Holland America Cruises, made up approximately 54% of White Pass port passengers. The loss of this customer could have a material impact on the operations of the Company.

On June 6, 2018, TWC announced that it entered into a purchase and sale agreement to sell the White Pass rail and port operations to a joint venture for proceeds of US$290,000,000. Closing on July 31, 2018, the transaction represented a sale of the complete 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)
June 30, 2018

15. SEGMENTED INFORMATION (continued)

Three months ended June 30, 2018

(thousands of Canadian dollars)	Canadian Golf Club Operations	US Golf Club Operations	Corporate Operations	**Total Continuing Operations**	Discontinued Operations	**Total**
Operating revenue	$ 43,585	$ 4,618	$ -	**$ 48,203**	$ 21,363	**$ 69,566**
Direct operating expenses	35,606	4,898	764	**41,268**	9,469	**50,737**
Net operating income (loss)	7,979	(280)	(764)	**6,935**	11,894	**18,829**
Amortization of membership fees	1,604	80	-	**1,684**	-	**1,684**
Depreciation and amortization	(3,444)	(594)	-	**(4,038)**	(1,531)	**(5,569)**
Land lease rent	(1,093)	-	-	**(1,093)**	(62)	**(1,155)**
Gain on sale of property, plant and equipment	119	-	-	**119**	-	**119**
Other expense, net	(319)	(69)	-	**(388)**	229	**(159)**
Segment earnings (loss) before interest and income taxes	$ 4,846	$ (863)	$ (764)	**3,219**	10,530	**13,749**
Interest, net (unallocated)				**(3,781)**	(424)	**(4,205)**
Provision for income taxes (unallocated)				**(62)**	(2,410)	**(2,472)**
Net earnings				**$ (624)**	$ 7,696	**$ 7,072**
Property, plant and equipment expenditures	$ 2,635	$ 278	$ -	**$ 2,913**	$ 3,749	**$ 6,662**

Three months ended June 30, 2017

(thousands of Canadian dollars)	Canadian Golf Club Operations	US Golf Club Operations	Corporate Operations	**Total Continuing Operations**	Discontinued Operations	**Total**
Operating revenue	$ 42,739	$ 5,076	$ -	**$ 47,815**	$ 21,679	**$ 69,494**
Direct operating expenses	35,002	5,245	744	**40,991**	9,019	**50,010**
Net operating income (loss)	7,737	(169)	(744)	**6,824**	12,660	**19,484**
Amortization of membership fees	1,911	80	-	**1,991**	-	**1,991**
Depreciation and amortization	(3,554)	(614)	-	**(4,168)**	(2,362)	**(6,530)**
Land lease rent	(1,234)	-	-	**(1,234)**	(64)	**(1,298)**
Other expense, net	39	(59)	(145)	**(165)**	(574)	**(739)**
Segment earnings (loss) before interest and income taxes	$ 4,899	$ (762)	$ (889)	**3,248**	9,660	**12,908**
Interest, net (unallocated)				**(3,760)**	(477)	**(4,237)**
Provision for income taxes (unallocated)				**170**	(3,093)	**(2,923)**
Net earnings				**$ (342)**	$ 6,090	**$ 5,748**
Property, plant and equipment expenditures	$ 3,105	$ 133	$ -	**$ 3,238**	$ 3,330	**$ 6,568**

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

15. SEGMENTED INFORMATION (continued)

Six months ended June 30, 2018

(thousands of Canadian dollars)	Canadian Golf Club Operations	US Golf Club Operations	Corporate Operations	**Total Continuing Operations**	Discontinued Operations	**Total**
Operating revenue	$ 58,463	$ 13,092	$ -	**$ 71,555**	$ 21,550	**$ 93,105**
Direct operating expenses	47,498	11,735	1,532	**60,765**	12,955	**73,720**
Net operating income (loss)	10,965	1,357	(1,532)	**10,790**	8,595	**19,385**
Amortization of membership fees	3,180	158	-	**3,338**	-	**3,338**
Depreciation and amortization	(6,928)	(1,185)	-	**(8,113)**	(3,799)	**(11,912)**
Land lease rent	(2,195)	-	-	**(2,195)**	(121)	**(2,316)**
Gain on sale of property, plant and equipment	282	-	-	**282**	-	**282**
Other income, net	(515)	169	-	**(346)**	(557)	**(903)**
Segment earnings (loss) before interest and income taxes	$ 4,789	$ 499	$ (1,532)	**3,756**	4,118	**7,874**
Interest, net (unallocated)				**(7,508)**	(734)	**(8,242)**
Provision for income taxes (unallocated)				**676**	(537)	**139**
Net earnings				**$ (3,076)**	$ 2,847	**$ (229)**
Property, plant and equipment expenditures	$ 4,248	$ 313	$ -	**$ 4,561**	$ 8,186	**$ 12,747**

Six months ended June 30, 2017

(thousands of Canadian dollars)	Canadian Golf Club Operations	US Golf Club Operations	Corporate Operations	**Total Continuing Operations**	Discontinued Operations	**Total**
Operating revenue	$ 56,928	$ 15,036	$ -	**$ 71,964**	$ 21,877	**$ 93,841**
Direct operating expenses	46,794	12,657	1,489	**60,940**	12,659	**73,599**
Net operating income (loss)	10,134	2,379	(1,489)	**11,024**	9,218	**20,242**
Amortization of membership fees	3,755	154	-	**3,909**	-	**3,909**
Depreciation and amortization	(7,134)	(1,216)	-	**(8,350)**	(4,694)	**(13,044)**
Land lease rent	(2,476)	-	-	**(2,476)**	(126)	**(2,602)**
Gain on sale of property, plant and equipment	2,104	-	-	**2,104**	-	**2,104**
Other expense, net	48	82	(270)	**(140)**	(591)	**(731)**
Segment earnings (loss) before interest and income taxes	$ 6,431	$ 1,399	$ (1,759)	**6,071**	3,807	**9,878**
Interest, net (unallocated)				**(7,532)**	(783)	**(8,315)**
Provision for income taxes (unallocated)				**1,187**	(617)	**570**
Net earnings				**$ (274)**	$ 2,407	**$ 2,133**
Property, plant and equipment expenditures	$ 4,414	$ 199	$ -	**$ 4,613**	$ 4,260	**$ 8,873**

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.

The Company leases a portion of the Skagway harbour and related tidelands from the Municipality under a lease that expires in March 2023. Leasehold improvements to the tidelands include two docks and ore handling equipment.

The ore handling equipment has historically been used for the handling and transporting of ore concentrates onto freight ships for transportation to international ports. White Pass participated in these ore handling activities until 1990 since it owned the ore handling equipment at which point the equipment was sold to a third party. The practice of handling ore has continued from 1990 to today by a third party.

Prior to the sale of the ore handling equipment in 1990, environmental assessments demonstrated that there were pollutants in the harbour relating to the historic handling and transporting of ore concentrates.

The Alaska Department of Environmental Conservation (ADEC) lists the Skagway harbour as "impaired," but has not previously attempted any corrective measures to remediate the harbour due to the fact that there has been a natural sedimentary cap which has covered the foreign matter.

In 2016, ADEC started to hold meetings with the stakeholders involved - including (a) the owner of the tidelands (Municipality of Skagway), (b) the current owner of equipment, (c) the current lessee, (d) the historic lessee and (e) the operators of the equipment over time. ADEC has asked the remediation be addressed, but has not directed any formal orders at any one party.

White Pass has engaged an environmental consultant to review the situation in the harbour. To date, there have been no decisions or conclusions about potential remediation or responsibility.

The Company had offered US$2,750,000 to assist with the Skagway harbour remediation in conjunction with the renewal of the tidelands lease described above that currently expires in March 2023, but has not accepted any liability with this issue. There are currently no ongoing discussions with Skagway in regards to the lease renewal.

Currently, the outcome and corrective measures (if any) of the remediation is not known and the Company has not made any accruals for future costs (if any).

17. SUBSEQUENT EVENTS

On July 31, 2018, the Company sold the White Pass & Yukon Route rail and port operations to a joint venture for proceeds of US$290,000,000.

On August 2, 2018, the Company declared a 2 cent per common share cash dividend, payable September 14, 2018 to shareholders of record on August 31, 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.

TWC ENTERPRISES LIMITED

CORPORATE DIRECTORY

BOARD OF DIRECTORS

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

JAMIE KING
Vice President, Sales, Canadian Golf Operations

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

CORPORATE INFORMATION

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HSBC Bank USA
Wells Fargo Bank Alaska

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Deloitte LLP

STOCK EXCHANGE LISTING
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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.