

Second Quarter

SIX MONTHS ENDED DECEMBER 31, 2000



I N T R A W E S T 2

TO OUR SHAREHOLDERS

With a 33% increase in Total Company EBITDA for the second quarter, we are on track to have another successful year. These results reinforce our positive outlook for the Company and provide us with a strong foundation from which to grow.

OPERATING RESULTS (ALL DOLLAR AMOUNTS ARE IN US CURRENCY)

Income from continuing operations for the second quarter ended December 31, 2000 was \$10.7 million, or 25 cents per share, compared with \$4.3 million, or 10 cents per share for the quarter ended December 31, 1999. The results for the quarter included a non-cash income tax recovery of \$5.3 million related to a reduction in the recorded amount of the Company's future income tax liabilities due to substantively enacted income tax rate reductions announced in the October 2000 Canadian federal budget. Revenue for the quarter increased 43% to \$207.0 million, from \$145.2 million in the same quarter last year. Total Company EBITDA for the period increased 33% to \$34.7 million from \$26.0 million in the second quarter of 1999.

Income from continuing operations for the six months ended December 31, 2000 was \$7.5 million, or 17 cents per share, on revenue of \$336.9 million, compared with income from continuing operations of \$1.1 million, or 3 cents per share, on revenue of \$270.5 million reported in the six months ended December 31, 1999.

Ski and resort operations revenue was \$94.3 million in the second quarter, increasing 16% from the \$81.6 million in the same period last year. This growth was attributed primarily to a substantial increase in the available accommodation at the Company's resorts, the impact of the large investment in facilities and villages over the past three years, and, to a lesser extent, a return to normal weather patterns after the unusual winters of the past two years. For the six-month period ended December 31, 2000, ski and resort operations revenue increased 16% to \$157.5 million from \$136.3 million for the comparable period ended December 31, 1999.

Operating profit from ski and resort operations for the second quarter was \$15.7 million, increasing 55% from \$10.1 million last year. Operating leverage from the strong revenue growth improved profit margins from 12.4% to 16.7%. For the six months ended December 31, 2000, operating profit from ski and resort operations increased 85% to \$17.3 million from \$9.3 million in the same period last year.

Real estate revenue was \$110.8 million for the second quarter, an increase of 82% from \$60.9 million reported in the same quarter last year. Approximately two-thirds of the revenue was generated by the delivery of units at Copper and Mammoth. The Company's unique vacation ownership concept, Club Intrawest, had a strong second quarter with revenue increasing 31% to \$6.8 million from \$5.2 million in the comparable period in 1999. Operating profit from real estate sales totaled \$14.7 million for the quarter, up 10% from \$13.4 million last year. The profit margin of 13.3% reflects the mix of units and the relative weighting of closings from the less mature resort villages of Copper and Mammoth. For the six-month period ended December 31, 2000, real estate revenue and operating profit were \$174.5 million and \$26.8 million, respectively, compared with \$128.1 million and \$23.7 million in the corresponding period last year. The profit margin for the six months was 15.4%.

LATEST COMPANY DEVELOPMENTS

Our strategy on the real estate side of our business continues to focus on risk mitigation with our ability to pre-sell projects before we build. Since November, four projects have been launched and all four sold out. Mountain Creek's first real estate offering of 42 units was over-subscribed and as a result, a second phase of the project was also offered and the Company sold 64 units in total. We will be applying our proven village-centered formula at Mountain Creek to create a four-season destination resort an hour and a half away from 22 million people. In addition to our success at Mountain Creek, three projects were sold out at Whistler, including a 176-quarter ownership project that pushed the total number of quarter ownership units sold at the resort to almost 700 since we introduced the concept.

Club Intrawest continues to thrive and set new records for membership sales. With locations now open at Whistler, Panorama, Tremblant, Palm Desert and Kauai and with more to open soon at Sandestin Golf and Beach Resort, Blue Mountain and in downtown Vancouver, Club Intrawest is expanding its appeal. In the coming months, we will be introducing a sales center in downtown Toronto to broaden market access and drive membership. We are also actively pursuing other Club locations both within and outside the Intrawest network. The quality of the accommodations and vacation experience coupled with the diverse locations offered by Club Intrawest are showing dividends with a substantial number of members increasing their investment and referring friends and family. Almost 33% of the sales over the past six months can be attributed to this alone. We expect this business to be a growing contributor going forward.

NRP SHARES

The Company announced that it will redeem 970,000, or approximately 15%, of its non-resort preferred ("NRP") shares on April 1, 2001 by payment of Cdn.\$2.65 per share for each NRP share to be redeemed.

A normal course issuer bid for up to 1,022,000 of the NRP shares expired on December 28, 2000. Under such bid, Intrawest purchased 393,500 NRP shares at an average price of Cdn.\$1.81 per share. A Notice of Intention in respect of a new normal course issuer bid for the purchase of up to 465,000 NRP shares (being no greater than 10% of the public float of NRP shares as at January 10, 2001), commencing on January 10, 2001 and terminating on January 9, 2002 has been accepted by The Toronto Stock Exchange ("TSE"). Purchases of NRP shares pursuant to the normal course issuer bid will be effected, on behalf of the Company, by a registered investment dealer through the facilities of the TSE. The price paid by the Company for any NRP shares purchased by it will be the market price of the shares at the time of purchase. The purchase of NRP shares pursuant to the normal course issuer bid is subject to limitations and restrictions in the share rights attached to the NRP shares which provides, among other things, that the Company may purchase NRP shares only to the extent of "Available Cumulative NRP Net Cash Flow" as defined in such share rights, that the aggregate purchase price of all NRP shares during any fiscal quarter shall not exceed Cdn.\$1,000,000 and that any purchases shall be made at a price per share not to exceed Cdn.\$2.38.

A shareholder may obtain a copy of the Notice of Intention to make a Normal Course Issuer Bid filed with the TSE, without charge, by contacting the Corporate Secretary of the Company at Suite 800, 200 Burrard Street, Vancouver, British Columbia V6C 3L6.

OUTLOOK

With the significant number of lodging units we have brought on at our resorts in the past year, coupled with our marketing initiatives and strong early seasons pass and frequency card sales, we presented a very positive outlook for the year to our shareholders last fall. We are pleased that the strong performance to date has confirmed our earlier optimism for the season.

Our ability to continually meet expectations speaks to the predictability of our business regardless of weather conditions. Although the past two years were challenging weather years, we continued to grow resort operations EBITDA on a same-resort basis at 17.7% in fiscal 1999 and 15.3% in fiscal 2000. This demonstrates that although a small portion of our customer base, principally the regional day-visitor, is influenced by weather, the core of our business is built around destination visitors and committed regional guests (i.e. season pass holders and real estate owners) who provide the bulk of our revenues and are relatively weather insensitive. When combined with the continuing growth of our villages, this predictability gives us great confidence that we can maintain 16-20% per annum operating income growth going forward.

The future for the Company has never looked brighter.

On behalf of the Board,



Joe S. Houssian
Chairman, President and
Chief Executive Officer



Daniel O. Jarvis
Executive Vice President
and Chief Financial Officer

February 12, 2001

CONSOLIDATED STATEMENTS OF OPERATIONS

	Three months ended December 31		Six months ended December 31	
	2000	1999	2000	1999
(in thousands of US dollars, except per share amounts) (unaudited)				
Revenue:				
Ski and resort operations	\$ 94,278	\$ 81,620	\$ 157,477	\$ 136,291
Real estate sales	110,846	60,916	174,461	128,138
Rental properties	1,785	1,614	3,423	3,059
Interest and other income	140	1,056	1,547	3,001
	207,049	145,206	336,908	270,489
Expenses:				
Ski and resort operations	78,551	71,494	140,216	126,963
Real estate costs	96,116	47,476	147,612	104,478
Rental properties	1,039	821	1,805	1,486
Interest	10,987	9,466	21,627	17,983
Depreciation and amortization	9,454	7,506	16,985	14,049
General and administrative	2,198	1,291	4,250	2,984
	198,345	138,054	332,495	267,943
Income before undernoted	8,704	7,152	4,413	2,546
Provision for income taxes	(3,129)	1,558	(4,102)	523
Income before non-controlling interest and discontinued operations	11,833	5,594	8,515	2,023
Non-controlling interest	1,141	1,312	1,029	931
Income from continuing operations	10,692	4,282	7,486	1,092
Results of discontinued operations	55	(170)	87	68
Income for the period	\$ 10,747	\$ 4,112	\$ 7,573	\$ 1,160
Income per common share:				
Income from continuing operations	\$ 0.25	\$ 0.10	\$ 0.17	\$ 0.03
Net income	\$ 0.25	\$ 0.10	\$ 0.17	\$ 0.03
Weighted average number of common shares outstanding (in thousands)	43,568	43,345	43,526	43,310

CONSOLIDATED BALANCE SHEETS

As at December 31
(in thousands of US dollars) (unaudited)

	2000	1999
Assets		
Current assets:		
Cash and cash equivalents	\$ 67,289	\$ 75,393
Amounts receivable	61,643	50,553
Other assets	121,330	89,931
Properties:		
Resort	332,322	175,950
Discontinued operations	78	84
Future income taxes	4,445	—
	587,107	391,911
Ski and resort operations	830,570	759,648
Properties:		
Resort	325,675	357,141
Discontinued operations	9,070	9,866
Amounts receivable	35,600	48,063
Other assets	74,824	63,170
Goodwill	22,882	19,124
	\$ 1,885,728	\$ 1,648,923
Liabilities and Shareholders' Equity		
Current liabilities:		
Amounts payable	\$ 133,229	\$ 116,421
Deferred revenue	107,432	82,501
Bank and other indebtedness, current portion:		
Resort	310,784	122,028
Discontinued operations	83	552
	551,528	321,502
Bank and other indebtedness:		
Resort	675,453	717,388
Discontinued operations	4,022	4,042
Due to joint venture partners	12,785	16,571
Deferred revenue	19,825	32,360
Future income taxes	77,948	—
Deferred income taxes	—	6,657
Non-controlling interest in subsidiaries	28,531	24,187
	1,370,092	1,122,707
Shareholders' equity:		
Capital stock	413,039	430,578
Retained earnings	137,203	135,045
Foreign currency translation adjustment	(34,606)	(39,407)
	515,636	526,216
	\$ 1,885,728	\$ 1,648,923

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

	Three months ended December 31		Six months ended December 31	
	2000	1999	2000	1999
	(in thousands of US dollars) (unaudited)			
Retained earnings, beginning of period	\$ 128,779	\$ 133,336	\$ 131,953	\$ 136,288
Income for the period	10,747	4,112	7,573	1,160
Dividends	(2,323)	(2,403)	(2,323)	(2,403)
Retained earnings, end of period	\$ 137,203	\$ 135,045	\$ 137,203	\$ 135,045

INFORMATION ON COMMON SHARES

As at December 31, 2000

Authorized

200,000,000 without par value

	Number of common shares	Amount
		(in thousands of US dollars) (unaudited)
Issued		
December 31, 2000	43,649,094	\$ 397,371
Stock options outstanding	3,472,800	

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three months ended December 31		Six months ended December 31	
	2000	1999	2000	1999
(in thousands of US dollars) (unaudited)				
Cash provided by (used for)				
Operations:				
Income from continuing operations	\$ 10,692	\$ 4,282	\$ 7,486	\$ 1,092
Items not affecting cash:				
Depreciation and amortization	9,454	7,506	16,985	14,049
Future income taxes	(5,276)	—	(5,276)	—
Non-controlling interest	1,141	1,312	1,029	931
Cash flow from continuing operations	16,011	13,100	20,224	16,072
Recovery of costs through real estate sales	96,116	47,476	147,612	104,478
(Increase) decrease in amounts receivable, net	(248)	3,424	(4,267)	2,299
Acquisition and development of properties held for sale	(132,918)	(100,557)	(230,290)	(177,654)
Changes in non-cash operating working capital	39,996	103	(22,688)	10,510
Cash provided by (used for) continuing operating activities	18,957	(36,454)	(89,409)	(44,295)
Cash provided by discontinued operations	2,970	6,307	4,360	7,344
	21,927	(30,147)	(85,049)	(36,951)
Financing:				
Bank and other borrowings, net	31,979	117,984	152,835	119,855
Issue of capital stock	759	130	1,435	130
Redemption of non-resort preferred shares	(2,115)	—	(2,115)	(8,705)
Dividends paid	(2,323)	(2,403)	(2,323)	(2,403)
Distributions to non-controlling interests	(1,283)	—	(1,283)	—
	27,017	115,711	148,549	108,877
Investments:				
Proceeds from (expenditures on) revenue-producing properties, net	(3,759)	4,681	(4,248)	4,475
Expenditures on ski and resort operation assets, net	(39,034)	(63,716)	(55,982)	(76,626)
Expenditures on other assets, net	(8,145)	(4,712)	(8,417)	(6,839)
Expenditures on business acquisitions, net of cash acquired	(6,549)	—	(6,549)	—
	(57,487)	(63,747)	(75,196)	(78,990)
Increase (decrease) in cash and cash equivalents	(8,543)	21,817	(11,696)	(7,064)
Cash and cash equivalents, beginning of period	75,832	53,576	78,985	82,457
Cash and cash equivalents, end of period	\$ 67,289	\$ 75,393	\$ 67,289	\$ 75,393
Supplemental information:				
Interest paid	\$ 13,243	\$ 10,837	\$ 39,353	\$ 25,761
Taxes paid	1,202	194	2,885	375
Non-cash financing activities:				
Issue of capital stock	\$ —	\$ —	\$ —	\$ 1,420
Non-cash investing activities:				
Business acquisitions	\$ 5,347	\$ —	\$ 5,347	\$ —

SEGMENT DISCLOSURES

The following table presents the Company's results from continuing operations by reportable segment:

	Three months ended December 31		Six months ended December 31	
	2000	1999	2000	1999
(in thousands of US dollars) (unaudited)				
Revenue from external customers				
Ski and resort	\$ 85,588	\$ 71,674	\$ 131,039	\$ 112,223
Real estate	112,631	62,530	177,884	131,197
Warm-weather	8,690	9,946	26,438	24,068
Corporate and all other	140	1,056	1,547	3,001
	\$ 207,049	\$ 145,206	\$ 336,908	\$ 270,489
Operating income (loss) before interest, depreciation and amortization, and income taxes				
Ski and resort	\$ 16,891	\$ 10,471	\$ 15,453	\$ 7,208
Real estate	15,476	14,233	28,467	25,233
Warm-weather	(1,164)	(345)	1,808	2,120
Corporate and all other	140	1,056	1,547	3,001
	31,343	25,415	47,275	37,562
Less				
Interest	10,987	9,466	21,627	17,983
Depreciation and amortization	9,454	7,506	16,985	14,049
General and administrative	2,198	1,291	4,250	2,984
	22,639	18,263	42,862	35,016
	\$ 8,704	\$ 7,152	\$ 4,413	\$ 2,546

There have been no changes from the June 30, 2000 audited consolidated financial statements in the basis of segmentation or in the basis of measurement of segment profit or loss.

INTRAWEST

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