



INTRAWEST 2



SECOND QUARTER

SIX MONTHS ENDED DECEMBER 31, 2001

TO OUR SHAREHOLDERS

Second quarter results showed an increase in Total Company EBITDA (earnings before interest, taxes, non-controlling interest, depreciation and amortization) of 15% over the same quarter last year. This reflects a successful marketing effort post-September 11 and the effectiveness of cost-control measures undertaken over the past year. These factors helped mitigate the impact on EBITDA of a slow start to the season in the East, the slow economy and changes in traveler behavior following September 11. Our marketing response to the events of September 11 helped restore the pace of bookings across our resort network, resulting in ski and resort operation revenue within 7% of last year's record number.

The volume of activity at our Discovery Centers indicates healthy interest in our resort real estate. The very successful launch of our Four Seasons Hotel project at Whistler and strong interest in our first European project, The Village at ARC 1950 in Les Arcs, France, provide solid evidence that resort real estate remains in high demand.

At the end of January, the City and County of Denver selected Intrawest to operate and develop Colorado's Winter Park Resort. This resort, the closest of any of the state's resorts to Denver, achieves one million skier visits annually. Our success in winning this contract, which remains under negotiation with the City, is evidence of the effectiveness of our strategy to seek out business opportunities that do not require significant investments of Intrawest capital yet offer returns on both the resort operations and real estate development side.

OPERATING RESULTS (ALL DOLLAR AMOUNTS ARE IN US CURRENCY)

Revenue for the second quarter ended December 31, 2001 was \$231.4 million compared with \$207.0 million for the quarter ended December 31, 2000. Total Company EBITDA increased 15 per cent to \$40.0 million from \$34.7 million in the same period last year. Income from continuing operations for the quarter was \$6.0 million or \$0.14 per share, on a fully diluted basis, compared with \$10.7 million (including a one-time, non-cash income tax recovery of \$5.3 million) or \$0.24 per share in the same quarter fiscal of 2001. Excluding this non-recurring income tax recovery, income from continuing operations would have been \$5.4 million or \$0.12 per share in the second quarter last year.

Revenue and Total Company EBITDA for the six months ended December 31, 2001 were \$325.1 million and \$47.2 million, respectively, compared with \$336.9 million and \$50.2 million in the same period last year. Intrawest incurred a loss from continuing operations of \$3.7 million for the six months compared with income from continuing operations of \$7.5 million (\$2.2 million excluding the one-time income tax recovery) last year.

Further information on the Company's operating results is contained in Management's Discussion and Analysis below.

NRP SHARES

A normal course issuer bid for up to 465,000 of the NRP shares expired on January 9, 2002. Under such bid, Intrawest purchased 341,600 NRP shares at an average price of Cdn.\$1.58 per share. A Notice of Intention in respect of a new normal course issuer bid for the purchase of up to 370,000 NRP shares commencing on February 22, 2002 and terminating on February 21, 2003 has been filed with The Toronto Stock Exchange on terms consistent with prior normal course issuer bids. A shareholder may obtain a copy of the Notice of Intention to make a Normal Course Issuer Bid, without charge, by contacting the Corporate Secretary of the Company at Suite 800, 200 Burrard Street, Vancouver, British Columbia V6C 3L6.

The due date on the balance of Cdn.\$4 million remaining outstanding under the revolving line of credit made available in connection with the 1994 bulk sale of non-resort properties has been extended to July 31, 2002. The Company currently expects to redeem all remaining NRP shares prior to September 30, 2002 in the range of Cdn.\$1.90 to Cdn.\$2.00 per NRP share.

OUTLOOK

As of the date of this report we are halfway through the 2001-2002 ski season. Our results to date have been affected by the weak economy and the aftermath of September 11 but not to the extent that many people had feared. We are seeing fewer “fly to” guests at our resorts, notably at our flagship resort, Whistler Blackcomb, but we are also seeing an increase in visits from our season pass holders and other regional guests.

The pace of bookings across our resorts is at or above last year’s pace to the end of March. The pace of bookings in April and May remains behind last year’s level indicating some risk. Although this might be the result of travelers booking closer to their vacation dates – a trend we have seen since September 11 – there is also some risk that it reflects the impact of an early Easter.

On the real estate side of the business we now have \$430 million of closed or pre-sold units (excluding the resort club) for delivery in fiscal 2002, 13% more the total revenue recorded in fiscal 2001. We continue to see strong buyer interest in our properties and our target is to deliver more than \$500 million of real estate revenue in fiscal 2002.

Overall we believe we can achieve Total Company EBITDA of approximately \$200 million in fiscal 2002, consistent with the level we achieved last year. Given our success to date in meeting the challenges faced this year by the broader leisure sector, we are confident in our ability to deliver these strong results.

On behalf of the Board,



Joe S. Housian

Chairman, President and
Chief Executive Officer



Daniel O. Jarvis

Executive Vice President
and Chief Financial Officer

February 19, 2002

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following management's discussion and analysis ("MD&A") should be read in conjunction with the more detailed MD&A (which includes a discussion of business risks) contained in the Company's June 30, 2001 annual report.

THREE MONTHS ENDED DECEMBER 31, 2001 (THE "2001 QUARTER") COMPARED WITH THE THREE MONTHS ENDED DECEMBER 31, 2000 (THE "2000 QUARTER")

REVIEW OF SKI AND RESORT OPERATIONS

The slowing economy and the aftermath of the events of September 11 have had an impact on the Company's business. But this impact has been mitigated by several factors: Approximately 80-85% of skier visits travel from home to the resorts by car. The only Intrawest resort that has any significant "fly-to" customers is Whistler Blackcomb and, although this segment has declined relative to last year, it has been offset by an increase in "drive-to" visitors; Also, skiers and snowboarders typically have a high level of commitment to these activities for reasons of family or tradition, or because of their passion for the sport.

Ski and resort operation revenue was \$87.5 million in the 2001 quarter, down from \$94.3 million in the 2000 quarter. Revenue from the mountain resorts decreased from \$85.6 million to \$77.9 million due mainly to late season openings at the eastern resorts caused by unusually warm weather conditions in November and December. Skier visits across all the Company's resorts decreased 11% from 1,248,000 to 1,109,000. Skier visits at the eastern resorts declined by 38% while they were 3% higher at the western resorts. Since December 31 the gap has narrowed and as of the middle of February skier visits were 2% below last year on a consolidated season-to-date basis. Partly in response to September 11, there has been a relative shift in the mix of skier visits away from destination visits to regional visits.

Revenue per skier visit across all the resorts increased 3% to \$64.25 in the 2001 quarter from \$62.60 in the 2000 quarter. The increase was higher at the eastern resorts because, despite the lack of early season snow, many guests arrived and spent on services other than skiing. Also, some resorts have seen a drop in visits from a day-skier segment that typically delivers lower revenue per visit. On a season-to-date basis, through the middle of February, revenue per visit was approximately the same as last year. The Company had expected to increase revenue per visit, however the shift in visits from destination to regional had a downward effect as regional guests often purchase discounted tickets and typically spend less on non-ticket items.

Revenue from the warm-weather resorts increased 10% to \$9.6 million in the 2001 quarter from \$8.7 million in the 2000 quarter primarily due to a 12% increase in room nights at Sandestin. Revenue at the Raven golf courses in Arizona decreased 17% as the weaker economy reduced business travel, Raven's primary customer segment.

The composition of ski and resort operation revenue was as follows:

	2001 Quarter (millions)	2000 Quarter (millions)	Decrease (millions)	Percentage Change
			(unaudited)	
Mountain operations	\$ 31.7	\$ 35.4	\$ (3.7)	(10%)
Retail and rental	18.8	19.6	(0.8)	(4%)
Food and beverage	10.2	11.2	(1.0)	(9%)
Lodging and property management	10.2	10.5	(0.3)	(3%)
Ski school	6.2	6.6	(0.4)	(6%)
Golf	4.0	4.4	(0.4)	(9%)
Other	6.4	6.6	(0.2)	(3%)
	\$ 87.5	\$ 94.3	\$ (6.8)	(7%)

The decreases in each of the business lines, other than golf, were due primarily to the slow season start in the East. The decline in golf revenue was due mainly to reduced sales at the Arizona courses.

Ski and resort operation expenses were \$73.4 million in the 2001 quarter, 7% lower than the 2000 quarter due mainly to the delayed hiring of seasonal staff and tight control over costs. EBITDA from ski and resort operations was \$14.1 million in the 2001 quarter, down from \$15.7 million in the 2000 quarter.

REVIEW OF REAL ESTATE OPERATIONS

Revenue from the sale of real estate increased 27% to \$141.0 million in the 2001 quarter from \$110.8 million in the 2000 quarter. A total of 450 units were closed in the 2001 quarter compared with 343 units in the 2000 quarter. The average sales price per unit decreased 2%, reflecting unit type and resort mix. Canadian resorts, which contribute a lower average US-dollar revenue when converted from Canadian dollars, accounted for 70% of the units closed in the 2001 quarter compared with 19% in the 2000 quarter.

Operating profit from real estate sales increased to \$21.1 million from \$14.7 million. The margin on sales improved to 15.0% from 13.3%, reflecting the mix of resorts and unit types. In addition, the margin in the 2000 quarter was reduced by cost overruns on two projects at Mammoth.

Real estate sales revenue includes the Company's vacation ownership business, which increased 6% in the 2001 quarter to \$7.2 million from \$6.8 million in the 2000 quarter. This growth was less than expected as closing rates declined subsequent to September 11, although they have rebounded since December.

REVIEW OF CORPORATE OPERATIONS

Interest expense was \$12.2 million in the 2001 quarter, up from \$11.0 million in the 2000 quarter. The increase was due mainly to interest on borrowings to fund \$94.5 million of ski and resort operation capital expenditures since the 2000 quarter, partly offset by reduced interest rates. These capital expenditures were also responsible for the increase in depreciation and amortization expense to \$10.9 million in the 2001 quarter from \$9.5 million in the 2000 quarter.

Corporate general and administrative expenses were \$3.4 million in the 2001 quarter compared with \$2.2 million in the 2000 quarter. Most of the increase was due to an expansion of the Company's information technology group. The Company has made significant investments in its front-line and back-of-the-house information technology systems and the personnel and infrastructure to support these systems have correspondingly increased.

Pre-tax income increased 25% from \$8.7 million to \$10.9 million. In the 2001 quarter the Company incurred an income tax expense of \$2.4 million compared with a non-cash income tax recovery of \$3.1 million in the 2000 quarter. The income tax recovery for the 2000 period was due to a \$5.3 million reduction in the recorded amount of the Company's future income tax liabilities due to the tax rate reductions announced in the October 2000 Canadian federal budget.

Non-controlling interest was \$2.4 million in the 2001 quarter, up from \$1.1 million in the 2000 quarter. This item related exclusively to the minority partner's interest in Whistler Blackcomb in the 2001 quarter whereas it also included the minority partners' interests in Sandestin and the Lodestar golf course at Mammoth in the 2000 quarter. These latter two partners' interests, which were acquired by the Company in fiscal 2001, generated a recovery of \$0.3 million in the 2000 quarter. The balance of the increase was due to higher real estate closings and operating earnings at Whistler Blackcomb.

SIX MONTHS ENDED DECEMBER 31, 2001 (THE "2001 PERIOD") COMPARED WITH THE SIX MONTHS ENDED DECEMBER 31, 2000 (THE "2000 PERIOD")

REVIEW OF SKI AND RESORT OPERATIONS

Ski and resort operation revenue was \$146.2 million in the 2001 period, down from \$157.5 million in the 2000 period. Revenue from the mountain resorts decreased to \$118.9 million from \$131.0 million due primarily to the slow season start in the East. In addition the Company's decision to turn over management of the waterpark at Mountain Creek to a third-party operator resulted in a \$4.1 million decline in revenue in the first quarter. Revenue from the warm-weather resorts increased to \$27.2 million in the 2001 period from \$26.4 million in the 2000 period due mainly to the opening of the new Raven golf course at Three Peaks.

These revenue declines led to a decrease in EBITDA from ski and resort operations to \$16.2 million in the 2001 period from \$17.3 million in the 2000 period. The EBITDA margin increased slightly to 11.1% in the 2001 period from 11.0% in the 2000 period.

REVIEW OF REAL ESTATE OPERATIONS

Revenue from the sale of real estate was \$174.0 million in the 2001 period, almost the same as the \$174.5 million in the 2000 period. A total of 528 units were closed in the 2001 period compared with 612 units in the 2000 period. A greater proportion of units are expected to close in the second half of fiscal 2002 than in fiscal 2001. The average sales price per unit increased 15%, reflecting unit type and resort mix as well as price escalation. The Resort Club generated \$16.1 million of the real estate revenue for the 2001 period, up from \$15.9 million for the 2000 period.

Operating profit from real estate sales was \$26.0 million in the 2001 period compared with \$26.8 million in the 2000 period. The margin on sales was 15.0% in the 2001 period versus 15.4% in the 2000 period.

REVIEW OF CORPORATE OPERATIONS

Interest and other income of \$1.4 million and interest expense of \$21.6 million in the 2001 period were approximately the same as these items in the 2000 period. Depreciation and amortization expense increased from \$17.0 million in the 2000 period to \$19.7 million in the 2001 period due to capital expenditures made at the resorts during the past year. Corporate general and administrative expenses increased from \$4.3 million in the 2000 period to \$5.6 million in the 2001 period mainly due to higher information technology costs. The Company had an income tax recovery of \$0.3 million in the 2001 period compared with a recovery of \$4.1 million in the 2000 period. The recovery in the 2000 period included a one-time adjustment of \$5.3 million to reduce future income taxes payable because of a reduction in the Canadian corporate tax rate.

LIQUIDITY AND CAPITAL RESOURCES

At December 31, 2001, the Company had \$94.4 million of cash and cash equivalents and a further \$43.1 million available under various non-construction lines of credit. Given the seasonality of the Company's businesses, the end of the second quarter is normally the low point in terms of available liquidity. The ski and resort operations generate negative cash flow during the first six months of the fiscal year and then are significantly cash flow positive in the second half of the fiscal year. In addition the majority of capital expenditures are normally made during the first two fiscal quarters. On the real estate side of the business, projects normally begin construction in the first half of the fiscal year and complete construction in the second half. The liquidity requirements of the real estate business are therefore normally greater in the period from July to December. By June 30, 2002 the Company expects to generate over \$100 million cash flow from both ski and resort operations and real estate closings and use these funds to pay down debt.

The major sources and uses of cash in the three and six months ended December 31, 2001 and December 31, 2000 were as follows:

	Three months ended December 31 2001 (millions)	December 31 2000 (millions)	Six months ended December 31 2001 (millions) (unaudited)	December 31 2000 (millions)
Funds from continuing operations	\$ 19.3	\$ 16.0	\$ 18.3	\$ 20.2
Working capital for real estate developed for sale	11.3	(14.7)	(66.2)	(31.7)
Acquisitions and resort capital expenditures	(35.3)	(49.4)	(56.6)	(66.8)
	(4.7)	(48.1)	(104.5)	(78.3)
(Increase) decrease in other net assets	(29.8)	34.0	(11.6)	(30.9)
Net cash outflows before non-construction financing inflows	(34.5)	(14.1)	(116.1)	(109.2)
Net financing inflows excluding construction financing	36.8	5.6	124.2	97.5
Increase (decrease) in cash	\$ 2.3	\$ (8.5)	\$ 8.0	\$ (11.7)
Net new investment in real estate developed for sale	\$ (5.1)	\$ (36.8)	\$ (105.0)	\$ (82.7)
Less: net proceeds from construction financing	16.4	22.1	38.8	51.0
Working capital for real estate developed for sale	\$ 11.3	\$ (14.7)	\$ (66.2)	\$ (31.7)

Working capital for real estate provided \$11.3 million of cash in the 2001 quarter compared with a use of cash of \$14.7 million in the second quarter last year. The additional cash flow reflects the increased real estate closings in the 2001 quarter. For the six-month period real estate development used \$66.2 million of cash, up from \$31.7 million in the six months last year. Quarterly changes in working capital for real estate are not necessarily indicative of annual changes since the timing of project completions, and therefore unit closings, heavily impacts them. Unit closings are more heavily weighted towards the second half of the fiscal year in fiscal 2002 than in fiscal 2001. For fiscal 2002, the working capital requirement for real estate is expected to be less than the \$68.8 million requirement in fiscal 2001.

Acquisitions and resort capital expenditures used \$35.3 million of cash in the 2001 quarter compared with \$49.4 million in the 2000 quarter. For the six months, acquisitions and resort capital expenditures used \$56.6 million cash, down from \$66.8 million in the same period last year. These reductions are consistent with the Company's strategy of leveraging its expertise rather than its capital to grow its business. The Company expects to spend 25-30% less in fiscal 2002 on these items than the \$110.6 million it spent in fiscal 2001. This downward trend in spending on acquisitions and capital improvements is expected to continue in fiscal 2003.

Other net assets increased by \$29.8 million in the 2001 quarter mainly due to an increase in receivables (funds held in trust pending release to Intrawest or the construction lender) in connection with certain real estate closings. For the six-month period other net assets used \$11.6 million cash compared with \$30.9 million in the same period last year due mainly to an increase in payables.

ADDITIONAL INFORMATION

TOTAL COMPANY EBITDA

	Three months ended December 31		Six months ended December 31	
	2001	2000	2001	2000
	(in thousands of US dollars) (unaudited)			
Income (loss) before tax	\$ 10,907	\$ 8,704	\$ (1,798)	\$ 4,413
Depreciation and amortization	10,875	9,454	19,712	16,985
Interest expense	12,239	10,987	21,582	21,627
Interest in real estate sales	7,329	5,698	9,050	8,750
Less interest and other income	(1,360)	(140)	(1,385)	(1,547)
Total Company EBITDA	\$ 39,990	\$ 34,703	\$ 47,161	\$ 50,228

EBITDA FROM SKI AND RESORT OPERATIONS

	Three months ended December 31		Six months ended December 31	
	2001	2000	2001	2000
	(in thousands of US dollars) (unaudited)			
Ski and resort operation revenue	\$ 87,521	\$ 94,278	\$ 146,181	\$ 157,477
Ski and resort operation expenses	73,375	78,551	130,000	140,216
EBITDA from ski and resort operations	\$ 14,146	\$ 15,727	\$ 16,181	\$ 17,261

Statements in this report that are not historical facts are forward-looking statements that involve risks and uncertainties. Intrawest's actual results could differ materially from those expressed or implied by such forward-looking statements. Factors that could cause or contribute to such differences include the impact of the September 11 terrorist attacks on the travel industry and the earlier than normal timing of the 2001 Easter holiday. Other factors include, but are not limited to, seasonality, weather conditions, competition, general economic conditions, currency fluctuations and other risks detailed in the Company's filings with the Canadian securities regulatory authorities and the U.S. Securities and Exchange Commission.

CONSOLIDATED STATEMENTS OF OPERATIONS AND RETAINED EARNINGS

	Three months ended December 31		Six months ended December 31	
	2001	2000	2001	2000
(in thousands of US dollars, except per share amounts) (unaudited)				
Revenue:				
Ski and resort operations	\$ 87,521	\$ 94,278	\$ 146,181	\$ 157,477
Real estate sales	140,954	110,846	174,020	174,461
Rental properties	1,549	1,785	3,499	3,423
Interest and other income	1,360	140	1,385	1,547
	231,384	207,049	325,085	336,908
Expenses:				
Ski and resort operations	73,375	78,551	130,000	140,216
Real estate costs	119,843	96,116	147,984	147,612
Rental properties	759	1,039	2,029	1,805
Interest	12,239	10,987	21,582	21,627
Depreciation and amortization	10,875	9,454	19,712	16,985
General and administrative	3,386	2,198	5,576	4,250
	220,477	198,345	326,883	332,495
Income (loss) before undernoted	10,907	8,704	(1,798)	4,413
Provision for income taxes	2,435	(3,129)	(344)	(4,102)
Income (loss) before non-controlling interest and discontinued operations	8,472	11,833	(1,454)	8,515
Non-controlling interest	2,429	1,141	2,286	1,029
Income (loss) from continuing operations	6,043	10,692	(3,740)	7,486
Results of discontinued operations (note 4)	(136)	55	28	87
Income (loss) for the period	5,907	10,747	(3,712)	7,573
Retained earnings, beginning of period	178,303	128,779	187,922	131,953
Dividends	(2,254)	(2,323)	(2,254)	(2,323)
Retained earnings, end of period	\$ 181,956	\$ 137,203	\$ 181,956	\$ 137,203
Income (loss) from continuing operations per common share:				
Basic	\$ 0.14	\$ 0.25	\$ (0.08)	\$ 0.17
Fully diluted	\$ 0.14	\$ 0.24	\$ (0.08)	\$ 0.17
Net income (loss) per common share:				
Basic	\$ 0.14	\$ 0.25	\$ (0.08)	\$ 0.17
Fully diluted	\$ 0.14	\$ 0.24	\$ (0.08)	\$ 0.17
Weighted average number of common shares outstanding (in thousands)				
Basic	44,031	43,568	44,030	43,526
Fully diluted	44,370	44,427	44,386	44,405

See accompanying notes to consolidated financial statements.

CONSOLIDATED BALANCE SHEETS

(in thousands of US dollars)

December 31

June 30

	2001 (unaudited)	2001 (audited)
Assets		
Current assets:		
Cash and cash equivalents	\$ 94,393	\$ 86,430
Amounts receivable	102,692	82,536
Other assets	129,068	105,545
Resort properties	401,669	329,177
Future income taxes	3,620	4,168
	731,442	607,856
Ski and resort operations	839,128	813,741
Properties:		
Resort	393,305	371,451
Discontinued operations	6,633	7,080
	399,938	378,531
Amounts receivable	57,965	50,416
Other assets	90,318	86,640
Goodwill	17,210	19,128
	\$ 2,136,001	\$ 1,956,312
Liabilities and Shareholders' Equity		
Current liabilities:		
Amounts payable	\$ 165,409	\$ 146,464
Deferred revenue	126,317	81,537
Bank and other indebtedness, current portion:		
Resort	334,341	201,558
Discontinued operations	—	82
	626,067	429,641
Bank and other indebtedness:		
Resort	821,605	804,991
Discontinued operations	3,001	3,363
	824,606	808,354
Due to joint venture partners	4,823	8,818
Deferred revenue	10,030	26,750
Future income taxes	82,731	83,771
Non-controlling interest in subsidiaries	29,391	30,616
	1,577,648	1,387,950
Shareholders' equity:		
Capital stock (note 5)	413,969	414,220
Retained earnings	181,956	187,922
Foreign currency translation adjustment	(37,572)	(33,780)
	558,353	568,362
	\$ 2,136,001	\$ 1,956,312

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three months ended December 31		Six months ended December 31	
	2001	2000	2001	2000
(in thousands of US dollars) (unaudited)				
Cash provided by (used in)				
Operations:				
Income (loss) from continuing operations	\$ 6,043	\$ 10,692	\$ (3,740)	\$ 7,486
Items not affecting cash:				
Depreciation and amortization	10,875	9,454	19,712	16,985
Future income taxes	—	(5,276)	—	(5,276)
Non-controlling interest	2,429	1,141	2,286	1,029
Funds from continuing operations	19,347	16,011	18,258	20,224
Recovery of costs through real estate sales	119,843	96,116	147,984	147,612
Acquisition and development of properties held for sale	(124,935)	(132,918)	(252,975)	(230,290)
Increase in amounts receivable, net	(1,774)	(248)	(7,555)	(4,267)
Changes in non-cash operating working capital (note 8)	(23,173)	39,996	371	(22,688)
Cash provided by (used in) continuing operating activities	(10,692)	18,957	(93,917)	(89,409)
Cash provided by (used in) discontinued operations (note 4)	(8)	2,970	1,204	4,360
	(10,700)	21,927	(92,713)	(85,049)
Financing:				
Bank and other borrowings, net	56,756	31,979	167,717	152,835
Issue of common shares for cash	—	1,126	40	1,580
Redemption and repurchase of non-resort preferred shares	(141)	(2,482)	(291)	(2,260)
Dividends paid	(2,254)	(2,323)	(2,254)	(2,323)
Distributions to non-controlling interests	(1,124)	(1,283)	(2,269)	(1,283)
	53,237	27,017	162,943	148,549
Investments:				
Proceeds from (expenditures on):				
Revenue-producing properties	(364)	(3,759)	(97)	(4,248)
Ski and resort operation assets	(34,985)	(39,034)	(56,512)	(55,982)
Other assets	(4,871)	(8,145)	(5,658)	(8,417)
Business acquisitions, net of cash acquired	—	(6,549)	—	(6,549)
	(40,220)	(57,487)	(62,267)	(75,196)
Increase (decrease) in cash and cash equivalents	2,317	(8,543)	7,963	(11,696)
Cash and cash equivalents, beginning of period	92,076	75,832	86,430	78,985
Cash and cash equivalents, end of period	\$ 94,393	\$ 67,289	\$ 94,393	\$ 67,289

(Supplemental information (note 8))

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(in thousands of US dollars, unless otherwise indicated)

1. Basis of presentation:

These interim consolidated financial statements do not include all disclosures required by Canadian generally accepted accounting principles for annual financial statements and should be read in conjunction with the Company's consolidated financial statements for the year ended June 30, 2001. In the opinion of Management, all adjustments necessary for a fair presentation are reflected in the interim financial statements. Such adjustments are of a normal and recurring nature. The results of operations for the interim periods reported are not necessarily indicative of the operating results expected for the year.

The significant accounting policies used in preparing these consolidated financial statements are consistent with those used in preparing the Company's consolidated financial statements for the year ended June 30, 2001, except as described in note 3 below.

2. Seasonality of operations:

Ski and resort operations are highly seasonal which impacts reported quarterly earnings. The majority of the Company's ski and resort operation revenue is generated during the period from November to April. Furthermore, during this period a significant portion of ski and resort operation revenue is generated on certain holidays (particularly Christmas, Presidents' Day and school spring breaks) and on weekends.

The Company's real estate operations tend to be somewhat seasonal as well, with construction primarily taking place during the summer and the majority of sales closing in the December to June period.

3. Change in accounting policy:

The Company has adopted, effective July 1, 2001, the new recommendations of The Canadian Institute of Chartered Accountants relating to the method of calculation, presentation and disclosure of earnings per share. These new recommendations were applied retroactively and have resulted in the restatement of fully diluted earnings per share for the three months ended December 31, 2000. The net impact of the change was a decrease in the fully diluted earnings per common share of \$0.01 from \$0.25 to \$0.24. Fully diluted earnings per share for the other periods presented were not impacted by the change.

4. Discontinued operations:

For reporting purposes, the results of operations and cash flow from operating activities of the non-resort real estate business have been disclosed separately from those of continuing operations for the periods presented.

The results of discontinued operations are as follows:

	Three months ended December 31		Six months ended December 31	
	2001	2000	2001	2000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue	\$ 38	\$ 246	\$ 441	\$ 761
Income (loss) before current income taxes	\$ (128)	\$ 55	\$ 46	\$ 87
Provision for current income taxes	8	—	18	—
Income (loss) from discontinued operations	\$ (136)	\$ 55	\$ 28	\$ 87

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(in thousands of US dollars, unless otherwise indicated)

4. Discontinued operations (continued):

Assets and liabilities presented in the consolidated balance sheets include the following assets and liabilities of discontinued operations:

	December 31 2001 (unaudited)	June 30 2001 (audited)
Current assets:		
Amounts receivable	\$ 2,713	\$ 4,126
Other non-cash current assets	21	—
Properties	6,633	7,080
Other non-current assets	153	166
Current liabilities	(510)	(900)
Non-current liabilities	(2,838)	(3,258)

The cash flows from discontinued operations are as follows:

	Three months ended December 31		Six months ended December 31	
	2001 (unaudited)	2000 (unaudited)	2001 (unaudited)	2000 (unaudited)
Cash provided by (used in):				
Operations	\$ (8)	\$ 2,970	\$ 1,204	\$ 4,360
Financing	(424)	(2,605)	(768)	(2,629)
Investing	—	(12)	—	(62)
Increase (decrease) in cash and cash equivalents	\$ (432)	\$ 353	\$ 436	\$ 1,669

The Company has the right to apply the net cash flow from the discontinued operations from January 1, 1997 to the redemption of non-resort preferred ("NRP") shares.

5. Capital stock:

	December 31 2001 (unaudited)	June 30 2001 (audited)
Common shares	\$ 400,302	\$ 400,262
NRP shares	13,667	13,958
	\$ 413,969	\$ 414,220

(i) Common shares:

	Number of common shares (unaudited)	2001 Amount (unaudited)
Balance, beginning of period	44,026,394	\$ 400,262
Issued for cash under stock option plan	4,200	40
Balance, end of period	44,030,594	\$ 400,302

In addition to the stock options exercised during the six months, 474,500 stock options were granted and 44,000 stock options were forfeited. A total of 3,748,800 stock options remain outstanding as at December 31, 2001.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(in thousands of US dollars, unless otherwise indicated)

(ii) NRP shares:

	Number of NRP shares (unaudited)	2001 Amount (unaudited)
Balance, beginning of period	5,513,936	\$ 13,958
Purchased for cancellation	(333,400)	(291)
Balance, end of period	5,180,536	\$ 13,667

6. Earnings per share:

Basic earnings per common share ("EPS") is calculated by dividing net income attributable to common shareholders ("numerator") by the weighted average number of common shares outstanding ("denominator"). Fully diluted EPS reflects the potential dilution that could occur if outstanding dilutive options were exercised and the cash received was used to repurchase common shares at the average market price for the period.

The numerator for basic and fully diluted EPS was the same for all periods presented. The reconciliation of the denominators used is as follows:

	Three months ended December 31		Six months ended December 31	
	2001	2000	2001	2000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Denominator (in thousands of shares):				
Weighted average number of common shares outstanding – basic	44,031	43,568	44,030	43,526
Effect of dilutive stock options	339	859	356	879
Weighted average number of common shares outstanding – fully diluted	44,370	44,427	44,386	44,405

The computation of fully diluted EPS for the six months ended December 31, 2001 and 2000 excludes the effect of the assumed exercise of options to purchase 3,748,800 and 13,000 common shares, respectively, because the effect would be anti-dilutive.

7. Segmented information:

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

	Three months ended December 31		Six months ended December 31	
	2001	2000	2001	2000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Segment revenue:				
Ski and resort	\$ 77,948	\$ 85,588	\$ 118,933	\$ 131,039
Real estate	142,503	112,631	177,519	177,884
Warm-weather	9,573	8,690	27,248	26,438
Corporate and all other	1,360	140	1,385	1,547
	\$ 231,384	\$ 207,049	\$ 325,085	\$ 336,908

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(in thousands of US dollars, unless otherwise indicated)

7. Segmented information (continued):

	Three months ended December 31		Six months ended December 31	
	2001	2000	2001	2000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Segment operating profit :				
Ski and resort	\$ 14,672	\$ 16,891	\$ 14,027	\$ 15,453
Real estate	21,901	15,476	27,506	28,467
Warm-weather	(526)	(1,164)	2,154	1,808
Corporate and all other	1,360	140	1,385	1,547
	37,407	31,343	45,072	47,275
Less:				
Interest	12,239	10,987	21,582	21,627
Depreciation and amortization	10,875	9,454	19,712	16,985
Corporate general and administrative	3,386	2,198	5,576	4,250
	26,500	22,639	46,870	42,862
Income (loss) before income taxes, non-controlling interest and discontinued operations	\$ 10,907	\$ 8,704	\$ (1,798)	\$ 4,413

8. Cash flow information:

The changes in non-cash operating working capital balance consist of the following:

	Three months ended December 31		Six months ended December 31	
	2001	2000	2001	2000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Cash provided by (used in):				
Amounts receivable	\$ (50,235)	\$ (1,156)	\$ (21,570)	\$ 10,398
Other assets	(48,419)	(23,348)	(34,590)	(47,068)
Amounts payable	45,531	27,446	19,252	(11,312)
Due to joint venture partners	(2,049)	2,934	(3,936)	(4,176)
Deferred revenue	31,999	34,120	41,215	29,470
	\$ (23,173)	\$ 39,996	\$ 371	\$ (22,688)
Supplemental information:				
Interest paid included in the determination of net income (loss)	\$ 10,347	\$ 13,243	\$ 19,899	\$ 39,353
Income taxes paid	1,819	1,202	5,255	2,885

INTRAWEST

Suite 800, 200 Burrard Street
Vancouver, B.C. Canada V6C 3L6
Tel: (604) 669-9777 Fax: (604) 669-0605
Web site: www.intrawest.com