

SkiStar AB (publ)

Half-yearly Report

1 September 2002 – 28 February 2003



Sales amounted to MSEK 559 (MSEK 482) and income before tax amounted to MSEK 112 (MSEK 70), an increase of 60%.



Income before tax during the 12 month period 1 March 2002 – 28 February 2003 amounted to MSEK 181 (MSEK 109).



The number of reservation for the current winter season is estimated to increase by 2% to 89%, at the same time as the number of cabins or apartments for hire has increased by 7%.



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This is SkiStar

SkiStar is listed on the Stockholm Stock Exchange's O list. The Group owns and operates ski facilities in alpine destinations in Sälen, Åre and Vemdalen in Sweden, and in Hemsedal in Norway. The company's market share of ski-pass sales in Sweden is 52%, in Norway 13% and 35% in the whole of Scandinavia. The core business is alpine skiing, with the focus on the guests' skiing experience. Other operations include an accommodation agency, ski school and ski hire facilities.

The company's vision is for SkiStar to create memorable alpine experience for its clients as the leading operator of European alpine destinations.

SkiStar shall take a leading role within the conceptualisation, integration and development of these types of services.

Sales and income

Due to the seasonal nature of the Group's earnings, the income trend can be seen, in its entirety, to refer to the second quarter. The Groups' sales amounted to MSEK 559 (MSEK 482) for the period, of which MSEK 17 (MSEK 1) refers to capital gains from sales of tenant-owner's rights and land in Åre. A favourable start to the season and a growing interest in alpine skiing have contributed to an increase in the number of guests, and, accordingly, higher levels of income. During the period, operating costs were charged with costs of MSEK 6 for additional property maintenance and MSEK 4 for increased electricity costs, due to higher electricity prices.

Market developments

Interest in alpine skiing in Scandinavia has increased considerably over recent years, and the current winter season displays continued growth. According to SLAO (Swedish Ski Lift Organisation) sales of ski passes increased in Sweden by 14% between November 2002 and February 2003 compared with the previous year. Sales of lift passes in Norway increased by 19% according to the Norwegian Ski Lift Association.

Operations

All of SkiStar's destinations were able to begin to offer skiing as early as November. The Group's ski pass sales increased by MSEK 42 (15%) to MSEK 319, a volume increased of 8%, which can largely be attributed to the second quarter. The occupancy rate in the Group's own cabins and apartments, and for those for whom they act as an agent, for the 2002/03 season (Christmas week – 1 May) amounted to 89% (86). During the current season the number of own cabins or apartments for rental increased by 7%. Before the start of the season a number of structural measures were carried out, including the leasing of all restaurants in Hemsedal and two restaurants in Åre. SkiStar signed an agreement to act as an agent for Tandådalsens Fjällhotell in Sälen for 1,200 beds.

Sales in Sälen increased compared with the previous year by MSEK 43 to MSEK 289 and income before depreciation improved by MSEK 13 to MSEK 104. Income from Sälen was charged during the period with

MSEK 4 for costs for additional property maintenance and with MSEK 3 for electricity due to higher price levels. Sales in ski passes increased by 16% to MSEK 147.

Sales in Åre increased compared to the previous year by MSEK 21 to MSEK 155 and income before depreciation increased by MSEK 12 to MSEK 41. Income was charged with MSEK 6 for costs for additional property maintenance. Income includes capital gains of MSEK 6 from the sales of 31 tenant-owner's rights and MSEK 8 for the sale of land. The sales of the 31 tenant-owner's rights for the current year and 59 such rights for the previous year have resulted in a reduction in income from accommodation of MSEK 4 compared with the year before. The land sold has been acquired by the Finnish group, Holiday Club, for the construction of a hotel with 200 rooms and 800 beds, as well as a "Multihall" leisure complex, including a swimming pool. Sales of lift passes increased by 12% to MSEK 83.

In Vemdalen sales increased by MSEK 6 to MSEK 40 and income before depreciation improved by MSEK 5 to MSEK 13. Sales of lift pass increased by 14% to MSEK 30.

Sales in Hemsedal increased by MSEK 8 to MSEK 75 and income before depreciation improved by MSEK 7 to MSEK 30. Sales of lift passes increased by 20% to MSEK 59 MSEK.

Cash flow

The cash flow from current operations before changes in working capital for the period amounted to MSEK 157 (MSEK 121) and after changes in working capital to MSEK 394 (MSEK 294). The cash flow for the period after investing and financing activities amounted to MSEK 236 (MSEK 182).

Investments

Investments for the period, including sales of tenant-owner's rights in Åre and cabins in Hemsedal of MSEK 53, amounted to net MSEK 18 (MSEK

ALLOCATION OF SALES, MSEK

	Sept - Febr		Sept - Aug 2001/02
	2002/03	2001/02	
Down hill skiing/lift	319	277	492
Accommodation	72	63	121
Ski hire	41	37	67
Ski school/Activities	20	20	34
Sport shops	27	21	34
Restaurants	8	20	40
Property	29	20	41
Other	43	24	70
Total	559	482	899



128) and refer, primarily, to two new lifts in Åre and new cabins with 100 tourist beds in Hemsedal. Two associated companies have invested in cabins with 736 tourist beds in Sälen.

Liquidity and financing

The Group's liquid funds amounted to MSEK 372 (MSEK 254) including unutilised bank overdraft facilities. Interest-bearing net debt has decreased during the period by MSEK 124 to MSEK 674. The average interest expense (net financial income/average interest-bearing net debt), excluding capital gains of MSEK 4 on a promissory note, amounted 6.4% (6.4).

The number of shareholders as per 28 February 2003 was 4,171, which is an increase of 513 (14%) since 31 August 2002.

Personnel

The average number of employees for the period amounted to 970, which is an increase of 30 compared with the same period during the previous year. The increase in the number of guests during the winter season has resulted in a larger number of employees.

Parent Company

The Parent Company made no sales

during the period. In the previous year sales amounted to MSEK 25, with entire amount of these sales referring to intra-Group sales. Net financial income amounted to MSEK -18 (MSEK 8).

Outlook for 2002/03

A strong booking situation, with a forecast of 89% (87) including an increase of 7% in the number of cabins or apartments, provides a positive starting point for a strong winter season 2002/03. Income before tax for the 12 month period 1 March 2002 – 28 February 2003 amounted to MSEK 181 (MSEK 109) and the full-year income for the financial year 1 September 2001 – 31 August 2002 amounted to MSEK 139 (MSEK 79). The third quarter of the previous year was very strong in terms of sales, and for this reason the possibility of increased earnings in the same period of the current year are considered to be limited. Additional property maintenance of approximately MSEK 10 will be charged to income during March – August 2003.

Investments prior to 2003/04

Plans for important investments in the winter season 2003/04 include a new high-speed 8 seat lift in Hundfjället in Sälen, an expanded children's ski area and a family-orientated ski slope in

Hemsedal, strengthening snow production capacity in Åre and Sälen, and expanding skiing areas by expanding one lift and the construction of a new rest shelter in Vemdalen. The Group's total investments for the forthcoming are estimated at MSEK 120; an amount which is considerably under the Group's cash flow.

Financial information

The next interim report, the nine-month report from 1 September 2002 – 31 May 2003, will be published on 18 June 2003. The financial statements for the financial year 2002/03 will be published on 2 October 2003.

Accounting principles

The half-yearly report has been prepared in accordance with recommendation RR 20 Interim Reporting, issued by the Swedish Financial Accounting Standards Council. The Group's accounting principles remain unchanged in relation to the previous year. The method of establishing depreciation periods was changed during the year to take place according to the straight-line method. Figures for the previous year have been adjusted in order to be able to compare quarters.

CONSOOLIDATED INCOME STATEMENT IN SUMMARY, TSEK

	I Dec - 28 Feb 3 months			I Sept - 28 Feb 6 months			Mar - Feb 12 months	Sept - Aug 12 months
	2002/03	2001/02	2000/01	2002/03	2001/02	2000/01	2002/03	2001/02
Operating income	523 834	464 483	403 971	558 829	482 230	424 362	975 229	898 630
Goods for resale	- 34 757	- 38 613	- 34 596	- 38 651	- 41 429	- 38 549	- 67 364	- 70 142
Personnel costs	- 111 167	- 105 174	- 99 755	- 159 604	- 145 692	- 141 532	- 276 743	- 262 831
Other external costs	- 113 771	- 101 271	- 87 549	- 172 315	- 143 596	- 130 731	- 297 423	- 268 704
Total operating costs	- 259 695	- 245 058	- 221 900	- 370 570	- 330 717	- 310 812	- 641 530	- 601 677
Income before depreciation	264 139	219 425	182 071	188 259	151 513	113 550	333 699	296 953
Depreciation	- 28 332	- 30 532	- 26 154	- 56 088	- 55 792	- 52 307	- 110 265	- 109 969
Income after depreciation	235 807	188 893	155 917	132 171	95 721	61 243	223 434	186 984
Financial items, net	- 12 996	- 12 341	- 12 841	- 20 537	- 25 592	- 25 729	- 42 748	- 47 803
Income before tax	222 811	176 552	143 076	111 634	70 129	35 514	180 686	139 181
Minority interests	- 157	- 88	- 1 675	- 79	- 24	- 1 131	- 168	- 113
Tax	- 66 843	- 52 965	- 41 858	- 33 490	- 21 038	- 9 589	- 54 155	- 41 703
Net income for the period	155 811	123 499	99 543	78 065	49 067	24 794	126 363	97 365
Net earnings per share, SEK	16:16	12:81	10:33	8:10	5:09	2:57	13:11	10:10
Number of shares	9 639 823	9 639 823	9 639 823	9 639 823	9 639 823	9 639 823	9 639 823	9 639 823

INCOME BEFORE TAX, BY REPORTING PERIOD, TSEK

	2002/03	2001/02	2000/01
September - November	- 111 177	- 106 423	- 107 562
December - February	222 811	176 552	143 076
March - May		167 822	125 399
June - August		- 98 770	- 82 396

CONSOLIDATED BALANCE SHEET IN SUMMARY, TSEK

	28 February			31 August 2002
	2003	2002	2001	
ASSETS				
Fixed assets				
Intangible fixed assets	33 796	31 320	27 301	39 280
Tangible fixed assets	1 494 985	1 527 843	1 441 775	1 504 970
Financial fixed assets	30 155	86 111	79 249	52 675
Total fixed assets	1 558 936	1 645 274	1 548 325	1 596 925
Current assets				
Interest-bearing	133 241	62 630	70 450	27 665
Non-interest bearing	164 477	153 559	153 144	119 816
Total current assets	297 718	216 189	223 594	147 481
TOTAL ASSETS	1 856 654	1 861 463	1 771 919	1 744 406
EQUITY AND LIABILITIES				
Equity	696 493	629 337	580 735	682 216
Minority interests	849	708	3 381	770
Provisions	75 165	62 990	55 765	74 483
Long-term liabilities				
Interest-bearing	634 358	781 554	802 508	810 390
Non-interest bearing	2 793	230	230	2 883
Short-term liabilities				
Interest-bearing	40 089	29 751	31 211	45 464
Non-interest bearing	406 907	356 893	298 089	127 840
TOTAL EQUITY AND LIABILITIES	1 856 654	1 861 463	1 771 919	1 744 406

CHANGE IN EQUITY, TSEK

	I September - 28 February	
	2002/03	2001/02
Opening equity	682 216	614 406
Dividends	- 57 839	- 33 739
Translation differences	- 5 949	- 397
Income for the period	78 065	49 067
Closing equity	696 493	629 337

A dividend of SEK 6:00 (SEK 3:50) per share was paid and the number of shares was 9,639,823.

CONSOLIDATED CASH FLOW IN SUMMARY, TSEK

	I September - 28 February		I September - 31 August
	2002/03	2001/02	2001/02
Current operating activities			
Income before depreciation	188 259	151 513	296 953
Financial items, net	- 20 537	- 25 592	- 47 803
Tax paid	- 11 052	- 5 386	- 11 131
Change in working capital	237 829	173 377	- 21 140
Cash flow from current operations	394 499	293 912	216 879
Cash flow from investment activities	- 18 099	- 128 241	- 134 069
Cash flow from financing activities	- 139 974	16 348	- 19 483
Cash flow for the year	236 426	182 019	63 327
Liquid funds at beginning of the year	135 488	72 161	72 161
Liquid funds at year-end	371 914	254 180	135 488

KEY RATIOS AND DATA PER SHARE

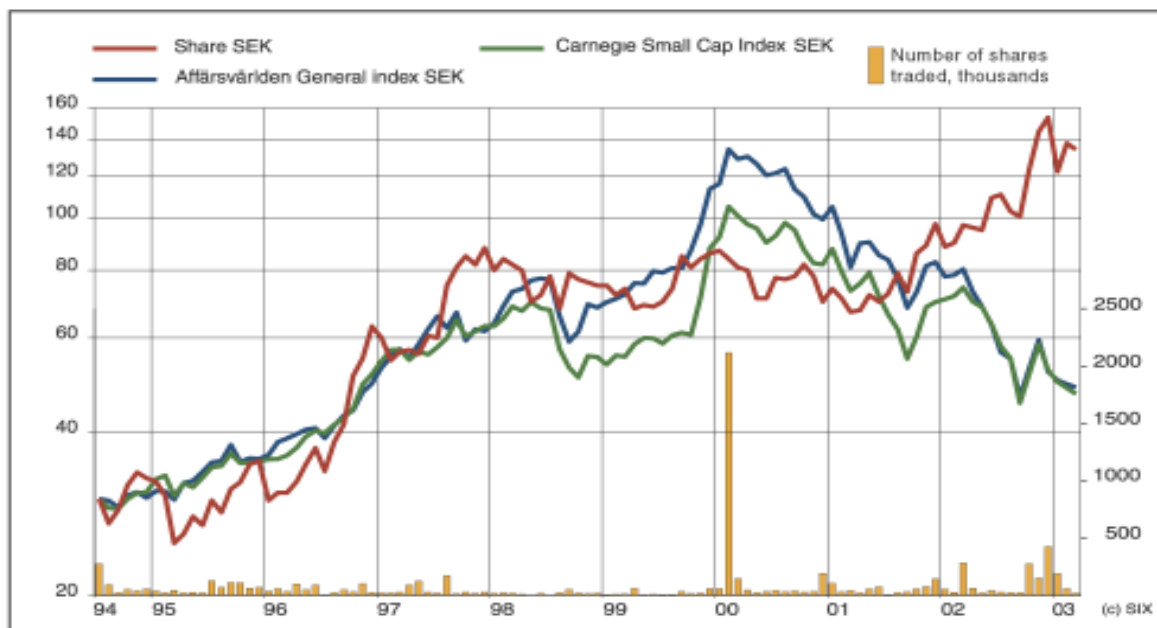
	I September - 28 February			I September - 31 August		
	6 months			12 months		
	2002/03	2001/02	2000/01	2001/02	2000/01	1999/00
Key ratios						
Earning capacity on						
- capital employed, %	9	8	4	13	9	11
- equity, %	11	7	4	15	9	12
- total assets, %	8	6	4	11	8	10
Gross margin, %	34	31	27	33	29	28
Operating margin, %	24	20	14	21	16	16
Net margin, %	20	15	8	16	10	12
Equity ratio, %	38	34	33	39	36	36
	28 February			31 August		
	2003	2002	2001	2002	2001	2000
Data per share						
Market value, SEK	137:50	90:00	71:00	103:00	79:00	80:00
Number of shares	9 639 823	9 639 823	9 639 823	9 639 823	9 639 823	9 639 823
Profit, SEK	8:10	5:09	2:57	10:10	5:70	5:19
Cash flow, SEK	16:25	12:50	8:90	24:69	17:48	13:56
Equity, SEK	72	64	60	71	64	60

NET SALES AND RESULTS BY BUSINESS AREA, MSEK

Net sales and income by operating area for the period I September - 28 February. Group-wide expenses have been allocated on the basis of 50% for Sälen, 30% for Åre, 7% (10) for Vemdalen and 13% (10) for Hemsedal.

	Sälen		Åre		Vemdalen		Hemsedal	
	2002/03	2001/02	2002/03	2001/02	2002/03	2001/02	2002/03	2001/02
Net sales	289	246	155	134	40	34	75	67
Expenses	- 185	- 155	- 114	- 105	- 27	- 26	- 45	- 44
Income before depreciation	104	91	41	29	13	8	30	23

SHARE PRICE AND TURN OVER



Sälen, 20 March 2003
Mats Årjes, Managing Director

This half-yearly report has not been subject to special examination by the company's auditors.



SKI STAR

Sälen*



Uemdalen

Skihämne

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