



THREE MONTH REPORT

1 September - 30 November 2003



Significant events during the period

- The situation regarding bookings shows a 5% improvement in volume compared with the same period last year.
- Net sales amount to MSEK 24 (27), income before tax amounts to MSEK –125 (–111) and income after tax amounts to MSEK –86 (–78). Capital gains in the amount of MSEK 9 (11) are included in income.
- Income per share amounted to SEK –8.89 (–8.07).

Any questions will be answered by:
Mats Årjes, CEO,
Magnus Sjöholm, CFO,

Tel +46 280 880 80
Tel +46 280 880 90

Three-month report

1 September - 30 November 2003

This is SkiStar

SkiStar is listed on the Stockholm Stock Exchange's Attract40 list. From 1 January 2004 the SkiStar share shall again be listed on the 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 is 51% in Sweden, 13% in Norway and 33% 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 to create memorable alpine experiences for its clients, as the leading operator of European alpine destinations. SkiStar shall take a leading position within the conceptualisation, integration and development of these types of services.

Sales and income

The Group's net sales during the period amounted to MSEK 24 (27), income before tax to MSEK -125 (-111) and income after tax to MSEK -86 (-78). Income includes capital gains in the amount of MSEK 9 (11) from sales of development land in Åre to the associated company, ÅreCentrum AB, for the construction of apartments for tourists and commercial premises.

For the previous year, net financial income included capital gains on a promissory note in the amount of MSEK 4. Operating expenses have been charged according to plan with increased property maintenance compared with the previous year. In addition, new business operations have been added in Hemsedal on the basis of the acquisitions of Hemsedal Booking AS and a ski hire operation, which implied increased costs for the period compared with the same period in the previous year. The levels of net sales are somewhat lower than the previous year due to lower levels of ski pass sales during November. The reason for this is that the mild weather during the period has led to some of SkiStar's destinations

being open for only a limited period compared with the previous year. As earnings are primarily made during December – April, income during the first quarter is always negative, due to the season.

Operations

SkiStar's destinations of Sälen, Vemdalen and Hemsedal all opened early; Vemdalen opened as early as 24 October. After that time, the mild weather conditions during the larger part of November meant that fewer lifts and slopes than usual were open in primarily Sälen and Vemdalen. In Åre, skiing had started by mid-November. The mild weather conditions have implied that snow production prior to the winter season is later than usual. The recent period of cold weather in the Nordic mountains has meant that large parts of the ski areas in the company's destinations have been opened and the snow conditions are satisfactory prior to the forthcoming Christmas and New Year weekends.

The situation regarding bookings in mid-December showed a 5% improvement in volume than the same period last year. In accordance with the Group's strategy, the remaining restaurants and food store operations in Åre have been leased out for the 2003/04 season. Operations in Hemsedal were supplemented with ski rental facilities on the basis of the acquisition of a ski hire and accommodation agency operations in conjunction with the company acquiring an additional 30% of the shares in the central booking company in Hemsedal, after which SkiStar owns 65% of the shares, and has an option to purchase the remaining shares in spring 2008. All of SkiStar's destinations can be booked on-line via the sales system, Ski*Online. The share of sales that were made via the Internet between August – November 2003 was approximately 30%. Internet bookings can be classified as follows: 25% accommodation, 52% ski school, 67% ski hire and 44% ski passes. A co-operation agreement with Stadium was initiated, entailing the co-ordination of purchases of ski equipment, etc from the 2004/05 season and Stadium opening a new

sports outlet in Lindvallen, Sälen following a new mountain concept in winter 2004/05.

Norway has decided to introduce 6% value added tax on ski passes in Norway from 1 March 2004. No value added tax is currently charged on ski passes in Norway. As far as SkiStar is concerned, this will imply no short-term effect on income as the company will also be allowed to draw input value added tax on operating expenses after 1 March 2004. In the long-term, the effects will be positive as value added tax will be drawn on future investments.

Cash flow

The cash flow from current operations before changes in working capital for the period amounted to MSEK -96 (MSEK -83) and after changes in working capital to MSEK -89 (MSEK 1). The extremely positive amount of working capital for September – November 2002 is the result of the fact that during the period liquid funds were received for previous sold tenant-owner's rights and a receivable from an associated company was paid. The cash flow for the period after investing and financing activities amounted to MSEK 32 (-52).

Investments

Net investments during the period amount to MSEK 92 (MSEK 23 in the previous year including the sale of tenant-owner's rights and cabins in the amount of MSEK 38). In the previous financial year, investments prior to 2003/04 were initiated in the amount of MSEK 40. Investments are comprised of, in addition to replacement investments, primarily a new linkable 8 seat lift in Hundfjället, Sälen, new cabins in Hemsedal and participation in the new share issue in the associated company, ÅreCentrum AB. ÅreCentrum is building 200 apartments for tourists, to be completed by the 2004/05 season and an additional 200 apartments for the 2005/06 season.

Liquidity and financing

The Group's liquid funds amounted to MSEK 147 (MSEK 83), including non-utilised bank overdraft facilities. The interest-bearing net liability

has increased during the period by MSEK 129 to MSEK 837 due to the seasonally weak level of earnings. The average interest expense (net financial income/average interest-bearing net debt) amounted to 4.9% (5.9) during the period. The number of shareholders per 30 November 2003 was 4,537, an increase of 304 (7%) since 31 August 2003.

Personnel

The average number of employees 557 individuals, which is an increase of 20 employees compared with the previous year. The increase is primarily due to the new operations.

Parent Company

Since 1 September 2003 all operations in Sweden are conducted by the Parent Company. In the previous year the Parent Company's operations were limited to a number of central staff functions. Net sales for the Parent Company amount to MSEK 21 (–) and income before tax amounted to MSEK –102 (–9).

Prospects prior to 2003/04

The booking situation for the 2003/04 season is the strongest ever despite the stronger Swedish krona and greater interest in travel outside Sweden. In mid-December 2003 the booking situation showed a 5% improvement in volume com-

pared to the previous year's record high level. The continued high level of demand for winter holidays at SkiStar's destinations indicates excellent prospects for a strong winter season.

Resolutions take at the Annual General Meeting of shareholders

At the Annual General Meeting of shareholders, held on 9 December 2003, where just over 300 shareholders were present, the following resolutions were taken:

- that the share dividend would be established at SEK 8.00 per share (6.00),
- that Erik Paulsson, Per Erlandsson,

CONSOLIDATED INCOME STATEMENT IN SUMMARY, TSEK

	September – November			Dec – Nov	Sep – Aug
	3 months			12 months	12 months
	2003	2002	2001	2002/03	2002/03
Net sales	24,449	26,824	16,933	956,637	959,012
Other income	10,378	8,171	814	31,747	29,540
Total operating income	34,827	34,995	17,747	988,384	988,552
Goods for resale	–3,907	–3,894	–2,816	–69,823	–69,810
Personnel costs	–53,714	–48,437	–40,518	–292,360	–287,083
Other external costs	–63 549	–58 544	–42 325	–310 190	–305 185
Total operating expenses	–121,170	–110,875	–85,659	–672,373	–662,078
Income before depreciation	–86,343	–75,880	–67,912	316,011	326,474
Depreciation	–29,288	–27,756	–25,260	–115,232	–113,700
Income after depreciation	–115,631	–103,636	–93,172	200,779	212,774
Financial items, net	–9,542	–7,541	–13,251	–38,859	–36,858
Income before tax	–125,173	–111,177	–106,423	161,920	175,916
Minority interests	705	78	64	627	–
Tax	38,794	33,353	31,927	–48,662	–54,103
Income for the period	–85,674	–77,746	–74,432	113,885	121,813
Income per share, SEK	–8:89	–8:07	–7:72	11:81	12:64
Income after full conversion, SEK	–8:89	–8:07	–7:72	11:75	12:63
Number of shares, st	9,639,823	9,639,823	9,639,823	9,639,823	9,639,823
D:o efter full konvertering, st	9,726,801	9,639,823	9,639,823	9,676,064	9,654,319

INCOME BEFORE TAX, BY REPORTING PERIOD, TSEK

	2003/04	2002/03	2001/02
September - November	–125,173	–111,177	–106,423
December - February		222,811	176,552
March - May		156,715	165,527
June - August		–92,433	–96,475

CHANGE IN EQUITY, TSEK

	1 September – 30 November	
	2003	2002
Opening equity	735,089	682,216
Translation differences	–680	267
Income for the period	–85,674	–77,746
Closing equit	648,735	604,737

Olle Larsson, Mats Paulsson, Mats Qviberg and Per-Uno Sandberg would be re-appointed as Board Members and that Eva-Karin Dahl and Mats Årjes would be appointed as new Board Members,

- that the fees for the Board of Directors, in total, would amount to TSEK 660,
- that KPMG would be chosen as auditor of the company, ,
- that the Board of Directors would be authorised to make decisions regarding the repurchase of own shares,
- that the group of individuals who may be granted convertible promissory notes would also include personnel in temporary

employment,

- that the general meeting of shareholders can also be held in Åre.

At the Board meeting following election, it was resolved that the Nomination Committee would remain unchanged and comprise of Erik Paulsson, Mats Qviberg, Mats Paulsson and Knekt Mats Olofsson.

Financial information

Interim reports and the year-end report during the financial year 2003/04 will be published as follows:

- Half-yearly report 1 September

2003 – 28 February 2004,
19 March,

- Nine-month report 1 September 2003 – 30 May 2004, 18 June 2004,
- Year-end report 1 September 2003 – 31 August 2004, 30 September 2004.

Accounting principles

The three-month report has been prepared in accordance with recommendation RR20, Interim reports from the Swedish Financial Accounting Standards Council. The Group's accounting principles remain unchanged compared with the previous year.

ALLOCATION OF SALES, MSEK

	September – November		Sep – Aug
	2003	2002	2002/03
Alpine skiing/Lift	8	11	548
Accommodation	6	4	139
Ski rental	1	1	72
Ski school/Activities	–	–	37
Sports outlets	2	3	42
Restaurants	–	–	16
Properties	4	4	54
Capital gains	9	7	27
Other	5	5	54
Total	35	35	989

CONSOLIDATED BALANCE SHEET IN SUMMARY, TSEK

	30 November			31 Aug
	2003	2002	2001	2003
Assets				
Fixed assets				
Intangible fixed assets	33,887	36,564	34,763	38,216
Tangible fixed assets	1,545,976	1,520,186	1,514,216	1,497,623
Financial fixed assets	60,114	35,909	86,482	41,514
Total fixed assets	1,639,977	1,592,659	1,635,461	1,577,353
Current assets				
Interest-bearing	32,799	17,692	4,731	9,327
Non-interest bearing	179,977	179,770	150,687	83,794
Total current assets	212,776	197,462	155,418	93,121
Total assets	1,852,753	1,790,121	1,790,879	1,670,474
Equity and liabilities				
Equity	648,735	604,737	540,526	735,089
Minority interests	–	692	620	363
Provisions	72,259	74,823	63,615	71,452
Long-term liabilities				
Interest-bearing	852,748	841,827	963,940	695,736
Non-interest bearing	2,845	3,176	1,474	2,855
Current liabilities				
Interest-bearing	28,380	40,464	39,751	32,712
Non-interest bearing	247,786	224,402	180,953	132,267
Total equity and liabilities	1,852,753	1,790,121	1,790,879	1,670,474

NET SALES AND RESULT BY BUSINESS AREA, MSEK

Net sales and results by operating area 1 September - 30 November. Group-wide costs have been allocated according to estimated benefit.

	Åre		Vemdalen		Hemsedal		Sälen	
	2003	2002	2003	2002	2003	2002	2003	2002
Net sales	3	3	4	5	4	3	14	15
Other income	9	7	–	–	–	–	–	1
Total income	12	10	4	5	4	3	14	16
Operating expenses	–31	–30	–9	–10	–16	–13	–64	–56
Depreciation	–8	–8	–2	–2	–6	–5	–13	–13
Operating income	–27	–28	–7	–7	–18	–15	–63	–53
Operating margin, %	Neg	Neg	Neg	Neg	Neg	Neg	Neg	Neg

CONSOLIDATED CASH FLOW STATEMENT IN SUMMARY, TSEK

	1 September – 30 November			Sep – Aug
	2003	2002	2001	2002/03
Current operations				
Income before depreciation	–86,343	–75,880	–67,912	326,474
Financial items, net	–9,542	–7,541	–13,251	–36,858
Tax paid	–	–	–	–10,235
Change in working capital	6,854	84,907	40,805	–16,172
Cash flow from current operations	–89,031	1,486	–40,358	263,209
Cash flow from investing activities	–91,912	–23,490	–79,606	–94,128
Cash flow from financing activities	213,275	–30,202	104,329	–190,259
Cash flow for the year	32,332	–52,206	–15,635	–21,178
Liquid funds at beginning of the year	114 310	135 488	72 161	135 488
Liquid funds at year-end	146,642	83,282	56,526	114,310

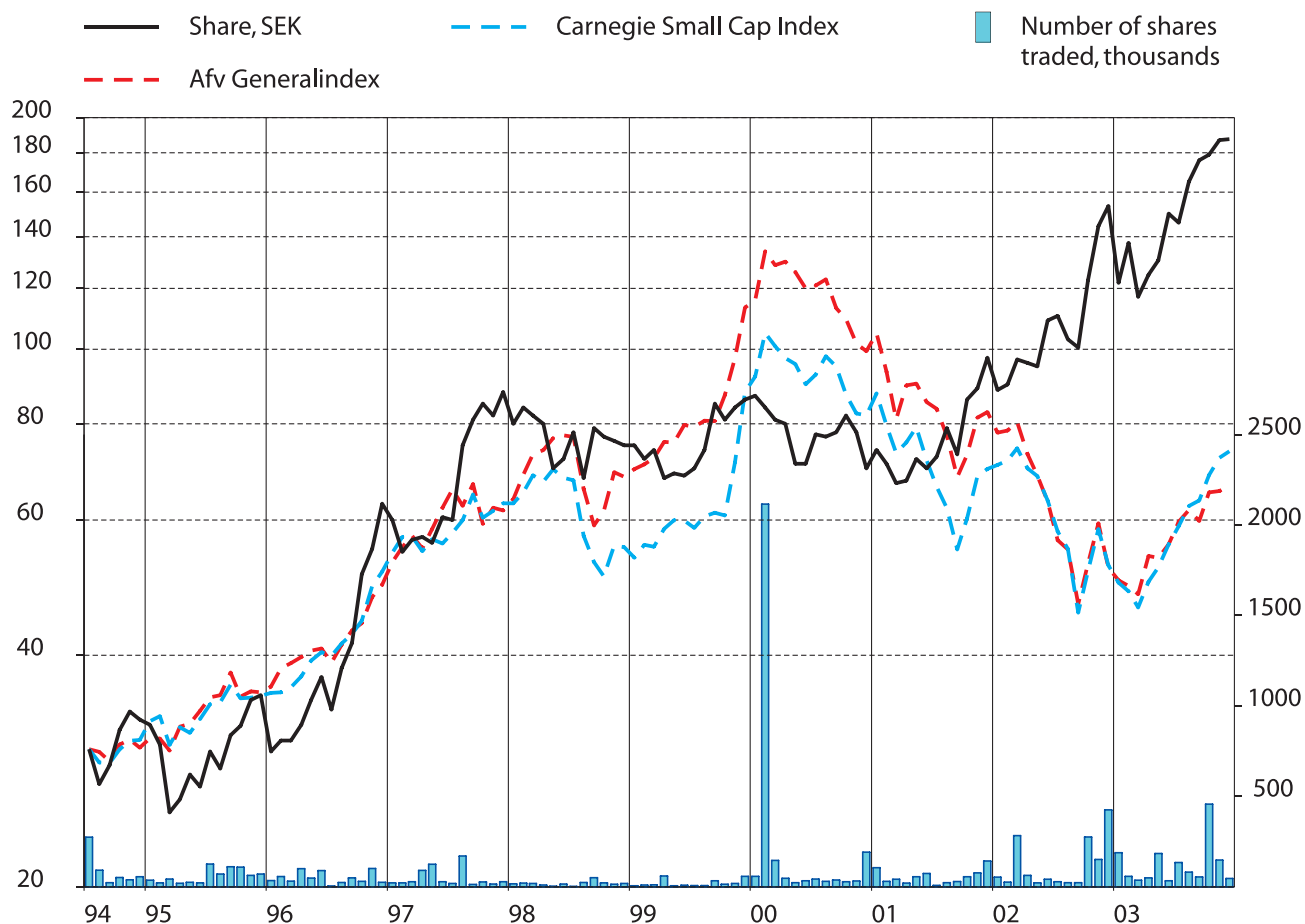
KEY RATIOS AND DATA PER SHARE

	1 September – 30 November			1 September – 31 August		
	3 months			12 months		
	2003	2002	2001	2002/03	2001/02	2000/01
Key ratios						
Return on						
- capital employed, %	neg	neg	neg	15	13	9
- Equity, %	neg	neg	neg	17	15	9
- Total assets, %	neg	neg	neg	13	11	8
Gross margin, %	neg	neg	neg	33	33	29
Operating margin, %	neg	neg	neg	22	21	16
Net margin	neg	neg	neg	18	16	10
Equity ratio, %	36	34	30	44	39	36
	30 November			31 August		
	2003	2002	2001	2002/03	2001/02	2000/01
Data per share						
Market value, SEK	187:00	114:50	89:00	165:00	103:00	79:00
Number of shares	9,639,823	9,639,823	9,639,823	9,639,823	9,639,823	9,639,823
Number of shares after full conversion	9,726,801	9,639,823	9,639,823	9,654,319	9,639,823	9,639,823
Income after tax, SEK	–8:89	–8:07	–7:72	12:64	10:10	5:70
Income after full conversion, SEK	–8:89	–8:07	–7:72	12:63	10:10	5:70
Cash flow, SEK	–9:95	–8:65	–8:42	27:50	26:44	17:48
Equity, SEK	67	63	56	76	71	64
Equity after full conversion, SEK	68	63	56	78	71	64

On 1 July 2003 a convertible debenture loan in the total amount of MSEK 25.0 was issued, of which MSEK 13.8 has been subscribed by employees. When the subscribed promissory notes are fully converted, the number of shares will increase by 86,978. However, conversion will not take place if the income per share after full conversion exceeds income per share after conversion.

SHARE PRICE TREND AND NUMBER OF SHARES TRADED

SkiStar



(c) SIX

Sälen, 19 December 2003
Mats Årjes, CEO

Three-month report has not been the subject of special examination by the company's auditor.



SkiStar AB (publ)

SE-780 67 SÄLEN • Corporate Identity Number: 556093-6949

Tel: +46 280 880 50 • Fax: +46 280 218 50

E-mail: info@skistar.com • www.skistar.com