

INTRAWEST

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INTRAWEST REPORTS FISCAL 2006 RESULTS

ALL DOLLAR AMOUNTS ARE IN U.S. CURRENCY

Vancouver, September 12, 2006 - Intrawest Corporation, a world leader in destination resorts and adventure travel, today announced results for the fiscal year ended June 30, 2006.

For fiscal 2006, the company reported income from continuing operations of \$55.3 million compared with \$24.1 million in 2005. Income per share from continuing operations for the year, on a fully diluted basis, increased to \$1.12 per share in 2006 from \$0.50 per share in 2005. Total Company EBITDA (earnings before interest, income taxes, non-controlling interest, depreciation and amortization and any non-recurring items) increased 19 per cent to \$267.5 million from \$225.1 million during the same period last year.

“Our fiscal 2006 performance was highlighted by the sale of a majority of our interests in both our real estate and mountain operations at Mammoth Mountain, California, which demonstrates our proven ability to create value through acquiring and developing world-class destination resort properties,” said Joe Houssian, chairman and chief executive officer. “We also made considerable progress during the year in strengthening our leadership position in the destination resort and adventure travel industries through the continued expansion of award-winning Abercrombie & Kent, as well as extending our business reach into Europe.”

Fiscal 2006 Highlights

- Total revenue of \$1.61 billion.
- Resort and Travel Operations revenue increased 16% to \$936.1 million from \$806.6 million in 2005. The increase in revenue was led by award-winning Abercrombie & Kent which generated \$294.9 million, an increase of 18 per cent over the same period last year.
- Generated presales revenue of \$534 million in December 2005 – a record month for real estate launches.
- The sale of Mammoth Mountain Ski Area generated an after-tax gain of \$61.3 million and Intrawest has retained a minority interest in the operations of this world-class resort.
- The sale of the majority of the company’s land position at Mammoth Mountain resulted in a pre-tax profit of \$56.8 million. Intrawest has retained a minority interest in the future development of the village center.
- The sale of Lot Three Ka’anapali, a 26-acre beachfront parcel in Maui, resulted in a pre-tax profit of \$25.4 million.
- Strong balance sheet with year-end Net Debt to EBITDA ratio of 3.1 times, well within target leverage range.
- Expanded presence in Europe by adding three village development locations in France and one location in Switzerland.

Other Highlights

- Entered into a definitive acquisition agreement with investment funds managed by Fortress Investment Group LLC of New York for all of Intrawest's outstanding shares at a price of \$35.00 per share payable in cash. A special meeting of shareholders is scheduled for Tuesday, October 17, 2006 to consider the statutory arrangement under the Canada Business Corporations Act. The closing is subject to the affirmative vote cast by shareholders and other regulatory closing conditions.

"We spent the latter part of fiscal 2006 conducting an intensive and thorough review of all available strategic alternatives for creating shareholder value," continued Mr. Houssian. "This broad, public process commenced in February 2006 and resulted in the definitive acquisition agreement with Fortress that we announced in August. We are confident that Intrawest and Fortress will make a formidable team as we embark on a new era of significant growth and expansion for the company. We look forward to working together to enhance the long-term value of Intrawest's irreplaceable real estate and world-class brands and to achieving our goal of becoming the trusted leader in global leisure travel."

On September 11, 2006, the Board of Directors declared a dividend of Cdn.\$0.08 per common share payable on October 16, 2006 to shareholders of record on October 2, 2006.

MANAGEMENT'S DISCUSSION AND ANALYSIS

(All dollar amounts are in United States currency, unless otherwise indicated)

The following management's discussion and analysis ("MD&A") should be read in conjunction with our audited consolidated financial statements for the year ended June 30, 2006 and accompanying notes. The discussion of our business may include forward-looking statements about our future operations, financial results and objectives. These statements are necessarily based on estimates and assumptions that are subject to risks and uncertainties. Our actual results could differ materially from those expressed or implied by such forward-looking information. Factors that could cause or contribute to differences include, but are not limited to, our ability to implement our business strategies, seasonality, weather conditions, competition, general economic conditions, currency fluctuations, world events and other risks detailed in our filings with Canadian securities regulatory authorities and the U.S. Securities and Exchange Commission.

Our consolidated financial statements are prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). A summary of the major differences between Canadian GAAP and U.S. GAAP is contained in Note 22 of our consolidated financial statements.

We use several non-GAAP measures to assess our financial performance, such as EBITDA¹ and free cash flow. Such measures do not have a standardized meaning prescribed by GAAP and they may not be comparable to similarly titled measures presented by other companies. We have provided reconciliations between any non-GAAP measures mentioned in this MD&A and our GAAP financial statements. These non-GAAP measures are referred to in this document because we believe they are indicative measures of a company's performance and are generally used by investors to evaluate companies in the resort and travel operations and resort development industries.

Additional information relating to our company, including our annual information form, is filed on SEDAR at www.sedar.com. The date of this MD&A is September 1, 2006.

¹ EBITDA is defined as operating revenues less operating expenses and therefore reflects earnings before interest, income taxes, depreciation and amortization, non-controlling interest and any non-recurring items.

COMPANY OVERVIEW

Intrawest is one of the world's leading destination resort and adventure-travel companies. Over the past 30 years we have built a diverse portfolio of resort and travel operations businesses that offer a wide array of experiences to over seven million customers. We are the largest mountain resort real estate developer in North America, with approximately 21,000 units of future development under our control. Our principal strength is our ability to combine expertise in resort and travel operations and real estate development.

We have a network of nine mountain resorts, geographically diversified across North America's major ski regions. Our resorts include Whistler Blackcomb (77% interest) and Panorama in British Columbia, Blue Mountain (50% interest) in Ontario, Tremblant in Quebec, Stratton in Vermont, Snowshoe in West Virginia, Copper and Winter Park in Colorado and Mountain Creek in New Jersey. Whistler Blackcomb is a host venue for the 2010 Winter Olympic and Paralympic Games. We operate Winter Park under a long-term lease arrangement from the City and County of Denver and since the lease gives us control over the resort, Winter Park is treated the same as any of our directly owned resorts from an operating and financial reporting perspective. Our resorts hosted 7.0 million skier visits (defined as the number of people who obtain a lift ticket or pass and use a ski area for all or any part of one day) in fiscal 2006, 9% of the Canadian and U.S. market, which gives us a greater market share than any other owner in the North American mountain resort industry. In addition, we have a 15% interest in Mammoth Mountain Ski Area in California. Effective in October 2005 we sold the majority of our interest in Mammoth resulting in a decrease in our ownership interest from 59.5% to our current 15% interest.

In addition to our mountain resorts we own Alpine Helicopters, the parent company of Canadian Mountain Holidays which is the largest heli-skiing operation in the world. This diverse portfolio of mountain-based assets allows us to offer a wide variety of vacation experiences and attract a broad range of customers. Canadian Mountain Holidays is part of our adventure and active travel division which also includes Abercrombie & Kent ("A&K"), a worldwide group of related travel companies offering luxury tour and travel services in more than 100 countries. We acquired a 67% interest in A&K in July 2004 and we have an option to purchase the remaining 33%.

We own and operate a warm-weather resort, Sandestin Golf and Beach Resort, one of the largest resort and residential communities in northwestern Florida. We have demonstrated at Sandestin that the village-centered model that we developed in the mountains can be applied to warm-weather locations. Sandestin is our largest lodging operation with close to 250,000 room nights booked annually. Our lodging business is primarily focused on the management of resort residences on behalf of third-party owners. We currently manage approximately 7,800 lodging units spread across our resorts as well as several third-party owned resorts, including Squaw Valley in California, Lake Las Vegas in Nevada and Les Arcs in France.

Our revenue comes from three primary sources: resort and travel operations, management services and real estate development. Resort and travel operations comprise all the leisure businesses that we own at our resorts as well as active and adventure travel tours at A&K and Alpine Helicopters. Resort and travel operations generated 59% of our total revenue in 2006, mainly from sales of lift tickets, adventure-travel tours, retail and rental merchandise, food and beverage, ski school services and golf. Management services comprise fees from assets we manage on behalf of third-party owners and from sales, development and supervisory services we provide to other entities. Management services provided 11% of our total revenue in 2006. We develop real estate for sale at our resorts and at several other locations in North America and Europe. Real estate development provided 30% of our total revenue in 2006.

MAJOR CORPORATE DEVELOPMENT

On August 11, 2006, we announced that we had entered into a definitive agreement under which a company that owns a number of funds managed by Fortress Investment Group LLC (“Fortress”) will acquire all of our outstanding common shares at a price of \$35.00 per share payable in cash. The total value of the transaction, including debt, is approximately \$2.8 billion. The transaction will be carried out by way of a statutory plan of arrangement and, accordingly, must be approved by the applicable court and by 66 2/3% of the votes cast by holders of our shares at a special meeting of shareholders. Our Board of Directors has unanimously resolved to recommend to our shareholders that they vote in favor of the transaction. The proposed transaction is expected to close in October 2006, shortly after receipt of shareholder and court approvals.

The Fortress announcement was the culmination of an initiative that started in February 2006 when we announced that we were reviewing our strategic options for enhancing shareholder value, including a capital structure review, strategic partnerships or business combinations. A special committee of our Board of Directors oversaw the review process and the board and our financial advisors considered many different proposals before deciding to recommend the one from Fortress.

SUMMARY OF FISCAL 2006 OPERATIONS

Fiscal 2006 was a pivotal year for Intrawest as we undertook several important growth initiatives (including the previously mentioned review of strategic options) and we completed several major transactions. We believe that we are better positioned than ever before to realize significant growth in earnings and cash flow in the future.

Income from continuing operations increased from \$24.1 million (\$0.50 per diluted share) in 2005 to \$55.3 million (\$1.12 per diluted share) in 2006. Total Company EBITDA was \$267.5 million in 2006, up from \$225.1 million in 2005 as increased EBITDA from real estate was partially offset by lower EBITDA from resort and travel operations and management services and higher corporate general and administrative expenses. Higher depreciation and amortization expenses, income taxes and non-controlling interest in 2006 were largely offset by a write-down of our stand-alone golf courses and costs to redeem senior notes in 2005.

We sold the majority of our interest in Mammoth Mountain Ski Area in 2006 and recognized an after-tax gain of \$61.3 million on the transaction. This gain, as well as Mammoth’s resort and travel operations results to the sale date (including the 2005 comparatives), have been classified as discontinued operations. As a result, net income increased from \$32.8 million (\$0.68 per diluted share) in 2005 to \$115.2 million (\$2.33 per diluted share) in 2006.

FISCAL 2006 REVIEW OF RESORT AND TRAVEL OPERATIONS

For financial reporting purposes we fully consolidate all of our resort and travel operations businesses except for Blue Mountain, which we proportionately consolidate at our 50% interest and Mammoth, which we account for on a cost basis.

Our resort and travel operations are segregated into two reportable segments: mountain resort and travel operations and non-mountain resort and travel operations. The mountain segment comprises all the resort operations at our nine mountain resorts, Alpine Helicopters (including Canadian Mountain Holidays) and a number of smaller mountain-oriented businesses, including the Intrawest Retail Group. The non-mountain segment mainly comprises A&K, resort operations at Sandestin and our stand-alone golf courses.

The key drivers of the mountain resort and travel operations business are skier visits, revenue per visit and margins. Skier visits are impacted by many factors including the quality of the on-mountain and base area facilities, weather conditions, the amount of snowfall, the accessibility of the resort and the cost to the visitor. Our strategy to increase skier visits has primarily focused on upgrading the on-mountain facilities and building base area villages that provide accommodation and add amenities to attract a broader range of guests. The village also helps to extend the length of stay and spread visits more evenly during the week and during the season. The key drivers of the non-mountain segment are similar; i.e., the number of tours, revenue per tour and margins for A&K, and golf rounds, revenue per round and margins for the warm-weather resort operations.

The following table highlights the results of our resort and travel operations business.

	2006	2005	CHANGE (%)
Skier visits ¹	6,688,000	6,322,000	6
Revenue (millions)	\$936.1	\$806.6	16
EBITDA (millions)	\$ 88.7	\$ 99.6	(11)
Margin (%)	9.5	12.3	

¹ Skier visits for all of our nine resorts are at 100%, except for Blue Mountain at 50%.

Revenue from resort and travel operations increased from \$806.6 million in 2005 compared with \$936.1 million in 2006. Revenue from the mountain segment increased from \$489.4 million to \$569.8 million while revenue from the non-mountain segment increased from \$317.2 million to \$366.3 million.

Mountain Resort and Travel Operations Revenue

In December 2004 we increased our ownership of Alpine Helicopters from 45% to 100% and the incremental revenue in 2006 from our increased ownership interest was \$13.5 million. In addition, in August 2005 we entered into a lease to operate Parque de Nieve, an indoor snowdome in Spain, and revenue in 2006 included \$6.9 million from this new business. The rise in the value of the Canadian dollar, from an average rate of US\$0.80 in 2005 to US\$0.86 in 2006, increased reported mountain segment revenue by \$22.8 million. On a same-business, constant exchange rate basis mountain resort and travel operations revenue increased by \$37.2 million in 2006 due to:

	(MILLIONS)
Increase in skier visits	\$21.3
Decrease in revenue per skier visit	(2.3)
Increase in non-skier visit revenue	18.2
	\$37.2

Skier visits increased 6% from 6,322,000 in 2005 to 6,688,000 in 2006 resulting in a \$21.3 million increase in mountain segment revenue. Skier visits increased by 11% at our western resorts, however this was partially offset by a decrease of 3% at our eastern resorts.

Whistler Blackcomb saw a 15% increase in skier visits compared with 2005 when all our British Columbia operations experienced very challenging weather conditions, with heavy rainfall in mid-January followed by warm, dry conditions through mid-March. We continued, however, to see some spill-over effect from the sub-standard ski season last year, evidenced by the fact that notwithstanding near record snowfall, Whistler Blackcomb's skier visits in 2006 were 2% lower than 2004. In Colorado, Copper and Winter Park benefited from the best snow conditions in many years, enabling the resorts to increase skier visits by 8% on a combined basis in 2006.

Skier visits at Tremblant were impacted by a strike by 1,500 unionized workers that began on December 17 and was settled on January 3 (however the resort did not regain full operations until a week later). Although the resort was able to remain open during the important Christmas holiday season using 200 management personnel, it operated at significantly reduced capacity. The strike had a lingering impact on the remainder of Tremblant's season. This factor combined with seven weekends of either rain or extremely low temperatures between January and March reduced Tremblant's skier visits by 11% in 2006. The poor weather also impacted Stratton and to a lesser extent Snowshoe, where skier visits declined by 3% and 1%, respectively. Our other eastern resorts, Blue Mountain and Mountain Creek, were not as impacted by the weather, realizing skier visit increases of 1% and 7%, respectively.

Mountain segment revenue decreased by \$2.3 million due to a 1% decrease in revenue per skier visit from \$58.13 in 2005 to \$57.78 in 2006 (on a constant exchange rate basis). Revenue per skier visit is a function of ticket prices and ticket yields, and revenue from non-ticket sources such as retail and rental stores, ski school, and food and beverage services. Ticket yields reflect the mix of ticket types (e.g., adult, child, season pass and group), the proportion of day versus destination visitors (destination visitors tend to be less price sensitive), and the amount of discounting of full-price tickets in regional markets. Revenue per visit from non-ticket sources is also influenced by the mix of day versus destination visitors, the affluence of the visitor base, and the quantity and type of amenities and services offered at the resort.

Revenue per skier visit from ticket sales (our effective ticket price) increased moderately from \$29.38 to \$29.72. A 4% aggregate increase at six of our resorts was partly offset by a 1% aggregate decrease at Whistler Blackcomb, Tremblant and Stratton. Revenue per visit from non-ticket sources decreased 2% from \$28.74 to \$28.07.

A shift in the mix of visits from higher-yielding destination visitors to lower-yielding regional visitors reduced our effective ticket price and revenue per visit from non-ticket sources at Whistler Blackcomb. A lack of bookings from long-haul U.S. markets, which decreased by 32% compared with 2005, was the main reason for the decline in destination visits. The high Canadian dollar, the cost of flights into Vancouver and generally excellent conditions at resorts in the western U.S. contributed to the reduced bookings. It is also likely that the lack of snow and generally poor weather at Whistler Blackcomb in November and December during the prime booking window for the peak January to March period caused potential visitors to book elsewhere. For the 2005/2006 season, 42% of Whistler Blackcomb's room nights were booked by regional visitors compared with an average of 36% over the previous six seasons. At Tremblant our effective ticket price decreased by 7% as we discounted many of our prices during the period when the workers' strike limited our operations and then afterwards to stimulate demand. Reduced visits due to the poor weather during the peak-yielding January to March period also impacted our revenue per visit at Tremblant.

For the purposes of this MD&A, non-skier visit revenue for our mountain segment comprises revenue from sources that are not driven by skier visits (i.e., golf and other summer activities at our mountain resorts and revenue from businesses such as Alpine Helicopters and the Intrawest Retail Group). Overall, on a same-business basis, non-skier visit revenue increased by \$18.2 million in 2006. Revenue from golf and other summer activities at our mountain resorts increased by \$5.9 million, due primarily to growth in revenue from mountain biking and sightseeing at Whistler Blackcomb. Revenue at Alpine Helicopters (excluding the impact of our increased ownership interest) increased by \$2.7 million in 2006 due mainly to achieving higher revenue at Canadian Mountain Holidays as a result of having superior snow conditions. Strong skier visit growth in the western U.S. and the opening of nine new stores enabled the Intrawest Retail Group to increase its revenue by \$5.9 million in 2006. We recorded rental revenue of \$2.8 million in 2006 from our commercial property at Squaw Valley. Net rental income was capitalized in 2005 since this property was in the lease up stage.

Non-mountain Resort and Travel Operations Revenue

Non-mountain resort and travel operations revenue increased by \$49.1 million in 2006 to \$366.3 million. A&K travel tour revenue increased by \$44.4 million (18%) as the adventure-travel tour business continued its strong rebound. A&K saw significant growth in tour revenues from all its major destinations, particularly East Africa, the Orient and Egypt which increased by 32%, 26% and 23%, respectively. In addition to revenue from travel tours, A&K realized \$1.5 million of licensing fees in 2006, down from \$6.5 million in 2005. These fees were earned from an operator of destination clubs, who was given the right to use A&K's brand name for marketing the clubs. The licensing agreement was terminated by A&K in August 2005.

Non-mountain revenue in 2006 included \$1.9 million of rental revenue from our commercial property at Lake Las Vegas. Net rental income was capitalized in 2005 since this property was in the lease up stage. Revenue at Sandestin increased by \$7.1 million (15%) due mainly to strong growth in its food and beverage and banquet business and increased activities revenue. Sandestin also collected a \$2.7 million business interruption insurance claim related to the hurricanes last summer.

Golf rounds in 2006 were 21% lower than 2005 at Sandestin (due in part to the closure for most of the year of the Baytowne course for renovations) and 1% higher at our stand-alone golf courses. Demand for golf has not grown over the past few years and the markets in which our warm-weather golf courses operate are highly competitive. The shortfall in rounds at Sandestin was counterbalanced by higher revenue per round, resulting in a 4% decline in golf revenue at Sandestin and a 4% increase in golf revenue at our stand-alone courses. In line with the decision that we announced last year to exit the stand-alone golf business, we sold two golf courses in June 2006 – South Mountain and Big Island Country Club. We have leased back Big Island Country Club up to December 31, 2006.

Resort and Travel Operations Revenue Breakdown

Resort and travel operations revenue for the mountain and non-mountain segments combined (as reported and on a same-business, constant exchange rate basis) was broken down by major business component as follows:

(MILLIONS)	2006 REVENUE	NOTE (1)	2006 ADJUSTED	2005 REVENUE	INCREASE	CHANGE (%)
Mountain operations	\$299.6	\$(30.4)	\$269.2	\$252.2	\$17.0	7
Adventure-travel tours	294.9	-	294.9	250.5	44.4	18
Retail and rental shops	111.2	(5.7)	105.5	100.9	4.6	5
Food and beverage	96.0	(2.5)	93.5	86.1	7.4	9
Ski school	42.5	(2.6)	39.9	39.2	0.7	2
Golf	30.7	(0.4)	30.3	27.5	2.8	10
Other	61.2	(1.5)	59.7	50.2	9.5	19
	\$936.1	\$(43.1)	\$893.0	\$806.6	\$86.4	11

Note (1) Removes the impact of the increase in the value of the Canadian dollar, the acquisition of 55% of Alpine Helicopters and lease of Parque de Nieve.

Resort and Travel Operations Expenses and EBITDA

Resort and travel operations expenses increased from \$707.0 million in 2005 to \$847.4 million in 2006. The mountain segment increased by \$88.7 million to \$494.4 million, while the non-mountain segment increased by \$51.7 million to \$353.0 million.

Our acquisition of the remaining 55% of Alpine Helicopters and the lease of Parque de Nieve increased mountain resort and travel expenses by \$12.7 million and \$7.9 million, respectively, and the translation effect of the stronger Canadian dollar increased it by a further \$18.7 million. The recognition of rental operations at Squaw Valley increased expenses by \$2.9 million. Excluding these factors, expenses in the mountain segment increased by \$46.5 million to \$452.2 million mainly due to:

- Higher business volumes at our British Columbia operations (Whistler Blackcomb, Panorama and Alpine Helicopters) and our Colorado resorts, which increased mountain segment expenses by \$22.9 million.
- The opening of nine new stores by the Intrawest Retail Group in fiscal 2006 resulting in \$6.1 million of incremental expenses.
- A new initiative (referred to internally as operational excellence and modeled off Six Sigma) designed to change our work processes in order to create future cost savings and efficiencies, which added \$4.6 million of costs.
- Increases of \$3.5 million in fuel and utility costs and \$2.0 million in rent expenses, partly as a result of selling our commercial properties in 2005 and becoming a tenant of a third-party landlord.
- The workers' strike at Tremblant, which added \$1.4 million of direct expenses related to security, marketing and extra costs of the employees who substituted for the striking workers.
- An increase of \$6.4 million in divisional operations group overhead, mainly related to sales and marketing and information technology.

Increased business volumes at A&K and the recognition of rental operations at Lake Las Vegas added \$37.7 million and \$2.5 million, respectively, of non-mountain resort and travel operations expenses in 2006. We incurred severance and other costs of \$0.7 million in 2006 related to our decision to exit the stand-alone golf business. Expenses at Sandestin increased by \$9.7 million (19%) due mainly to increased business in the food and beverage division and higher payroll, transportation and maintenance costs.

EBITDA from resort and travel operations decreased from \$99.6 million in 2005 to \$88.7 million in 2006. The acquisition of 55% of Alpine Helicopters increased EBITDA by \$0.8 million while the lease of Parque de Nieve incurred a loss of \$1.1 million in its first year under our management. The translation effect of the higher Canadian dollar increased EBITDA by \$4.1 million. On a same-business, constant exchange rate basis, EBITDA from the mountain segment decreased from \$83.7 million to \$71.6 million while EBITDA from the non-mountain segment declined from \$15.8 million to \$13.3 million.

Superior weather and snow conditions in 2006 compared with 2005 at our British Columbia operations increased EBITDA by \$3.4 million, however this was significantly below our expectations due to the shortfall in higher-margin destination visitors at Whistler Blackcomb discussed above. In Colorado, excellent conditions and record skier visits increased EBITDA in 2006 by \$3.6 million. These positive factors were offset by a number of negative factors, including the direct and lingering impact of the workers' strike at Tremblant and the challenging weather in Quebec and Vermont in January and February, which reduced EBITDA at Tremblant and Stratton by \$7.9 million and \$2.3 million, respectively. The balance of the decrease in mountain segment EBITDA was due mainly to the expense increases described above.

In the non-mountain segment, EBITDA from A&K's travel tour business increased by \$6.7 million (49%) due mainly to sales growth and improved tour yields. The improvement in yields was primarily achieved by driving more sales through A&K's owned sales and marketing companies (rather than third-party travel agents) to its owned destination management companies as well as maximizing the number of guests per tour. The increase in travel tour EBITDA was partially offset by a decrease of \$5.0 million in EBITDA from A&K licensing fees due to the termination of the licensing agreement. EBITDA from

Sandestin decreased by \$2.6 million in 2006 as expense increases were not counterbalanced by increased traffic to the resort in the aftermath of the hurricanes.

The decline in EBITDA reduced our resort and travel operations margin from 12.3% in 2005 to a disappointing 9.5% in 2006. Our goal is to increase our margin to the mid-teen percentages primarily by increasing the destination visitors to Whistler Blackcomb, returning to more normal operations at Tremblant compared with the strike-affected current winter season and realizing the benefit of various cost saving initiatives, including those related to our operational excellence project.

FISCAL 2006 REVIEW OF MANAGEMENT SERVICES

Management services revenue and EBITDA in 2006 and 2005 were broken down as follows:

(MILLIONS)	2006		2005	
	Revenue	EBITDA	Revenue	EBITDA
Services related to resort and travel operations				
Lodging and property management	\$95.4	\$13.4	\$87.9	\$16.7
Other resort and travel fees	9.6	1.2	14.7	-
	105.0	14.6	102.6	16.7
Services related to real estate development				
Real estate services fees	22.4	11.0	24.3	13.2
Playground sales fees	45.1	11.4	49.8	13.1
	67.5	22.4	74.1	26.3
	\$172.5	\$37.0	\$176.7	\$43.0

The increase in revenue from lodging and property management was due mainly to opening new lodging operations at Les Arcs and Westin Trillium House at Blue Mountain and the acquisition of a lodging business at Seaside near Sandestin, which in aggregate added \$6.6 million of revenue. In addition, Intrawest Hospitality Management, with operations at Mammoth, Squaw and Lake Las Vegas, experienced strong revenue growth on a 24% increase in occupied room nights. These positive factors were partly offset by a decline in revenue at Tremblant, which saw a decrease of 17% in occupied room nights due to the impact of the workers' strike and difficult weather conditions. Despite the increase in revenue, EBITDA from lodging and property management decreased by \$3.3 million in 2006. The new operations at Les Arcs, Blue Mountain and Seaside increased EBITDA by \$1.4 million, however this was offset by reductions in EBITDA of \$1.9 million at Tremblant and \$2.2 million at Sandestin. The decline at Sandestin was mainly due to a \$1.6 million increase in housekeeping labor. We had hired more employees in expectation of increased room bookings at Sandestin, however occupied room nights declined 4% in 2006.

Other resort and travel fees, which comprise reservation fees earned by our central call center, golf course management fees and club management fees earned by Intrawest Resort Club, decreased by \$5.1 million in 2006. We sold our reservations company in Colorado in August 2005 and we continued to focus on booking reservations to our own resorts while reducing our third-party reservations business. As a result, reservations fees declined by \$4.3 million in 2006. The decision we made at the end of fiscal 2005 to exit the non-resort golf business reduced golf course management fees by \$1.2 million in 2006 as we surrendered many of our management contracts. Our third-party reservations business was not profitable and winding it down increased EBITDA from other resort and travel fees by \$2.0 million in 2006. This was partially offset by reduced EBITDA from golf course management.

The decreases in real estate services fees revenue and EBITDA of \$1.9 million and \$2.2 million, respectively, in 2006 were due to reduced development and marketing fees from managing partnership

projects. These fees declined as we completed construction of several projects that had been sold to partnerships in prior years and we did not sell any new projects to partnerships in 2006. The larger decrease in EBITDA relative to the decrease in revenue in 2006 reflects a lower weighting of marketing fees, which have a higher margin than development fees. Marketing fees constituted 25% of real estate services fees in 2006 compared with 37% in 2005.

The decreases in revenue and EBITDA from Playground (our real estate marketing and sales company) sales fees were mainly due to a slower resales market in Florida, which has been an important source of business for Playground, in the aftermath of hurricane Katrina. In addition, revenue and EBITDA was influenced by the timing of completion of certain projects. Playground recognizes revenue either when the purchaser signs a firm contract, or on closing, depending upon the terms of the listing agreement with the developer.

FISCAL 2006 REVIEW OF REAL ESTATE DEVELOPMENT

We have two real estate businesses – Intrawest Placemaking and the Intrawest Resort Club. Intrawest Placemaking develops and sells three main products: condo-hotel units (typically, small village-based units that owners occupy periodically and put into a rental pool at other times), townhome units (typically, larger units outside the main village core that owners primarily retain for their own use) and single-family lots (serviced land on which owners or other developers build homes). The condo-hotel units are usually built over ground-floor commercial space that we rent out to third-party tenants and partially occupy for our operations. This commercial space is also developed for the purpose of sale. In order to broaden market appeal, condo-hotel and townhome units are sold on the basis of both whole ownership and fractional ownership. Intrawest Resort Club’s business is a flexible form of timeshare where owners purchase points that entitle them to use accommodation at different resorts. Since Intrawest Resort Club currently generates only about 10% of our total real estate revenue it is not reported as a separate business segment in our financial statements.

Our business strategy for real estate has two major elements: to maximize profits from the sale of real estate units and to create accommodation (“warm beds”) for destination visitors to stay at the resort. Many of our real estate buyers enter into rental management agreements with us from which we earn lodging and property management fees. Furthermore, the visitors also buy lift tickets or golf tee times, food and beverage, and retail merchandise, which provide an annuity for our resort and travel operations.

The real estate development business is highly capital intensive. In order to reduce our capital requirements for real estate development we have entered into various partnership and joint venture arrangements. Our equity interests in these partnerships range from 15% to 40%.

We generally recognize real estate sales revenue at the time of “closing,” which is when title to a completed unit is conveyed to the purchaser and the purchaser becomes entitled to occupancy. Since our standard practice is to pre-sell our real estate units, any proceeds received from purchasers prior to closing are recorded as deferred revenue on our balance sheet. Some of our real estate development partnerships recognize real estate sales on a percentage-of-completion basis and we record our share of income from the partnerships on the same basis.

The following table highlights the results of our real estate business in 2006 compared with 2005.

	2006	2005	CHANGE (%)
Units closed ¹	445	557	(20)
Revenue (millions)	\$488.6	\$627.5	(22)
Operating profit (millions)	\$147.6	\$67.6	118
Margin	30.2%	10.8%	

¹ Units closed excludes units in projects sold to partnerships. In 2006 and 2005 the partnerships closed an additional 578 and 467 units, respectively.

Two major real estate transactions occurred in 2006. We sold the majority of our developable lands at Mammoth for proceeds of \$114.7 million to an entity in which Starwood Capital Group Global L.L.C. (“Starwood”) has an 85% interest and we have a 15% interest. This transaction followed the earlier sale during 2006 of the majority of our interest in Mammoth Mountain Ski Area to an affiliate of Starwood. The real estate sold comprises land for the future development of over 1,100 residential units and 40,000 square feet of commercial space in the town of Mammoth Lakes. The other major transaction in 2006 was the sale of a 26-acre beachfront property in Maui for proceeds of \$73.3 million. The vendor of the property was a partnership in which we had a 40% interest, however the partnership was a variable interest entity (“VIE”) that we were required to fully consolidate because we were its primary beneficiary. Hence real estate development revenue includes 100% of the sales proceeds to the partnership and real estate development expenses includes 100% of the partnership’s cost of sales, being \$29.4 million. The partner’s share of the profit from this transaction of \$18.5 million is included in non-controlling interest. Subsequent to closing this transaction, the partnership was restructured and we ceased to be its primary beneficiary (see Critical Accounting Policies - *Consolidation of VIEs*).

Revenue for 2005 included \$170.7 million for sales of seven projects and one land parcel to partnerships in which we hold a 35% equity interest. These sales proceeds comprise the fair market value of the land for the projects as well as accumulated development costs. There were no such project sales to partnerships in 2006. In addition, in 2005, we sold three projects for \$29.8 million to cost accounted partnerships. We also sold commercial properties at seven of our resorts for proceeds of \$109.5 million to a partnership in which CNL Income Properties, Inc., a real estate investment trust, is an 80% partner and we are a 20% partner.

Excluding the transactions described above, revenue from real estate development decreased from \$316.9 million in 2005 to \$300.6 million in 2006. Revenue generated by Intrawest Placemaking decreased from \$272.1 million to \$240.7 million while revenue generated by Intrawest Resort Club increased from \$44.8 million to \$59.9 million.

Intrawest Placemaking Revenue

We closed a total of 445 units in 2006, down from 557 in 2005. Closings of units in projects sold to partnerships are excluded from our reported closings. In 2006 the partnerships closed 578 units compared with 467 units in 2005.

The translation effect of the higher Canadian dollar increased reported real estate development revenue by \$2.6 million in 2006. The average price per closed unit increased from \$488,000 in 2005 to \$543,000 (on a constant exchange rate basis) in 2006. During 2005 in order to sell long-standing inventory at Solitude and Copper we discounted prices and closed 62 units at an average price of \$286,000 per unit. Excluding these units, the average price per closed unit in 2005 was \$514,000.

Intrawest Resort Club Revenue

The 34% increase in resort club group revenue in 2006 was due mainly to the sale of a 29-acre land parcel adjacent to the club location in Palm Desert for \$14.4 million. This land was surplus to our requirements to build units for the resort club. In addition, we sold \$6.6 million of titled fractional interests in units at the club location in Mexico. Both of these transactions were designed to accelerate the monetization of the resort club group's properties. Resort club points sales declined by 13% to \$38.9 million in 2006 mainly due to the lack of destination visitors to Whistler and the workers' strike at Tremblant, which reduced our tour flow of potential buyers.

Sales to Partnerships

In 2004 we implemented a partnering strategy for real estate development in order to reduce our cash requirements for new projects, increase the return on capital of our real estate assets and limit our exposure to the risks of the real estate business. In 2004 and 2005 we sold a total of 21 projects for proceeds of \$363.7 million to partnerships in which we hold 30% or 35% equity interests. We did not complete any project sales to such partnerships in 2006.

Under Canadian GAAP, profits on real estate sales to partnerships that we account for using the equity method are required to be deferred and are then recognized on the same basis as the partnership recognizes its real estate revenue. The deferred land profit is initially included in real estate development expenses in our statement of operations and in deferred revenue on our balance sheet. Subsequently, when the partnership recognizes its real estate revenue, we record a portion of the deferred land profit as a credit to real estate development expenses in our statement of operations. When properties are sold to an equity accounted partnership for a loss, that loss is recognized in the statement of operations at the closing date. Below is a continuity schedule of deferred land profits on sales to equity accounted partnerships.

(MILLIONS)	2004	2005	2006
Sales proceeds	\$193.0	\$170.7	\$ -
Cost of sales	154.7	97.7	-
Land profit (initially deferred)	38.3	73.0	-
Opening deferred land profit	-	30.8	80.3
Land profit (initially deferred)	38.3	73.0	-
Deferred land profit recognized in year	(7.5)	(23.5)	(30.4)
Closing deferred land profit	\$30.8	\$80.3	\$49.9

Profits on sales to partnerships that we account for using the cost method, such as the sale in 2006 of lands at Mammoth to the partnership with Starwood, are recognized in full on the closing date. In 2005 we sold three projects for \$29.8 million to cost accounted partnerships. The determinants of whether an investment is accounted for by the equity method or by the cost method is based on our percentage ownership and the degree of our influence in the partnership's key operating, investing and strategic decisions.

Real Estate EBITDA

Real estate EBITDA increased from \$103.0 million in 2005 to \$175.2 million in 2006. Real estate EBITDA comprises operating profit from real estate plus interest included in real estate development expenses. During the development process, interest is capitalized to properties and the interest is expensed when the properties are closed. Interest included in real estate development expenses decreased by 22% to \$27.6 million in 2006, in line with the 20% decrease in the number of units closed. Operating profit from real estate, rather than real estate EBITDA, is included in the computation of net income.

Operating profit from real estate development increased from \$67.6 million in 2005 to \$147.6 million in 2006 mainly due to recognizing profit of \$56.8 million on the Mammoth land sale to the Starwood

partnership and \$43.9 million on the Maui land sale. In 2005 operating profit included \$11.5 million for project sales to cost accounted partnerships and a loss of \$3.4 million on the sale of commercial properties to the CNL partnership. Excluding these transactions, operating profit from real estate development was \$46.9 million in 2006 compared with \$59.5 million in 2005. A number of factors impacted operating profit in each year, including:

- The 20% decrease in the number of units closed in 2006.
- The mix of product types (i.e., condo-hotel, townhome and single-family lot), which was weighted more towards condo-hotels in 2006. Condo-hotels generally have lower margins than the other product types because common areas reduce building efficiency (the ratio of saleable area to buildable area). In total, 61% of the closings in 2006 were condo-hotel units, 24% were townhomes and 15% were lots, compared with 47% condo-hotel units, 31% townhomes and 22% lots in 2005.
- Progress on the construction of projects owned by equity accounted partnerships in 2006. Equity income and land profit, which are recognized on a percentage-of-completion basis, increased from \$25.5 million in 2005 to \$34.9 million in 2006.
- The provision of various reserves and write downs. In 2006 we expensed \$3.8 million of costs in connection with the remediation of deficiencies at a project that we completed several years ago at Sandestin. We expect to recover most of these costs from insurance carriers and consultants, however GAAP restricts these recoveries from being recorded until they are certain. We also wrote down the book value of our Appalachian project at Mountain Creek by \$5.2 million as significant construction delays and disputes with the general contractor (resulting in the termination of the contractor's contract) increased costs and caused the project to be unprofitable. Similarly in 2005, we wrote down the carrying value of our Lake Las Vegas commercial properties by \$4.2 million.

Real Estate Pre-sales

At August 31, 2006, real estate presales amounted to \$165.7 million for delivery in fiscal 2007 and a further \$185.2 million for delivery in fiscal 2008. In addition, the real estate partnerships had presales of \$211.2 million and \$263.3 million, respectively, to close in fiscal 2007 and fiscal 2008 and a further \$425.5 million to close in fiscal 2009.

FISCAL 2006 REVIEW OF CORPORATE OPERATIONS

Interest Income, Other Income and Other Expenses

Interest, other income and other expense increased from \$5.6 million in 2005 to \$8.6 million in 2006. The breakdown was as follows:

(MILLIONS)	2006	2005	Change
Interest income	\$10.4	\$6.8	\$3.6
Loss on asset disposals	(1.9)	(0.6)	(1.3)
Legal and other costs related to the Fortress transaction	(1.6)	-	(1.6)
Miscellaneous income (expenses)	1.7	(0.6)	2.3
	<u>\$8.6</u>	<u>\$5.6</u>	<u>\$3.0</u>

The increase in interest income in 2006 was mainly due to \$1.2 million more interest on notes receivable from real estate partnerships and \$1.1 million more interest at A&K. In 2006 we sold two of our stand-alone golf courses – South Mountain and Big Island Country Club for an aggregate loss of \$1.1 million. Miscellaneous income in 2006 mainly comprises foreign exchange gains.

Interest Costs

Note 16 of our consolidated financial statements provides a reconciliation of total interest incurred to the amount of interest expense (including interest in real estate expenses) in the statement of operations.

We incurred interest costs of \$79.1 million in 2006, down from \$80.9 million in 2005 due mainly to the refinancing of senior notes during 2005. In the second and third quarters of 2005 we redeemed \$394.4 million of 10.5% senior notes by issuing \$329.9 million of 7.5% and 6.875% senior notes and drawing on our senior credit facility.

We capitalized \$31.7 million of interest incurred in 2006 compared with \$36.0 million in 2005. The decrease was due mainly to the completion of various properties, including our commercial properties at Squaw and Lake Las Vegas that resulted in expensing \$5.8 million of interest in 2006 that was capitalized in 2005. The net impact of the reductions in interest incurred and interest capitalized was to increase interest expense from \$44.2 million in 2005 to \$47.6 million in 2006.

In addition to interest expense, during 2005 we expensed call premiums and unamortized deferred financing costs of \$30.2 million when we redeemed the senior notes.

General and Administrative Costs

All general and administrative (“G&A”) costs incurred by our resorts and other operations group businesses are included in resort and travel operations and management services expenses. Similarly, G&A costs incurred in the development of real estate are initially capitalized to properties, and then expensed as part of real estate costs in the period when the properties are closed. Corporate G&A expenses, which mainly comprise executive employee costs, public company costs, audit and legal fees, corporate information technology costs and head office occupancy costs are disclosed as a separate line in the statement of operations.

Corporate G&A expenses increased significantly from \$20.6 million in 2005 to \$33.4 million in 2006 due mainly to \$7.8 million increased expenses related to stock-based compensation plans and \$3.5 million related to a new branding/business strategy initiative. Our stock-based compensation plans are described in note 12 of our consolidated financial statements. We introduced four new plans during 2006 (one of which replaced the key executive employee benefit plan, which was fully vested in 2005) and the incremental cost of these plans was \$3.4 million. All of our stock-based compensation plans are marked-to-market and the 20% rise in our share price during 2006 increased the plan liabilities at the end of last year and therefore compensation expense in 2006, by \$3.8 million. We have entered into a share swap transaction with a major financial institution that partially mitigates the effect of these mark-to-market adjustments. The goal of the new branding/business strategy initiative is to increase our share of the resort and travel market by changing how and what we communicate to prospective customers. The costs in 2006 were primarily incurred in connection with research and concept testing. In addition to the above, the higher Canadian dollar increased reported corporate G&A by \$1.4 million in 2006.

Depreciation and Amortization

Depreciation and amortization expense increased from \$71.8 million in 2005 to \$104.4 million in 2006. Early in fiscal 2006 we commenced a review of the useful lives and depreciation methods of our ski and resort operations assets. As a result of this review we increased depreciation and amortization expense in 2006 by \$21.5 million. This adjustment includes both a prospective change from the current period in our depreciation method from declining balance to straight-line and a change in the useful lives of the assets to better reflect our historical operating experience and the remaining service and earning potential of the assets. We estimate that this change in the method of recognizing the carrying value of these assets against their remaining useful lives will increase depreciation and amortization expense on an ongoing annual basis by approximately \$9 million.

We depreciated our Squaw and Lake Las Vegas commercial assets for the first year in 2006 adding \$2.9 million to depreciation expense and the translation effect of the higher Canadian dollar added a further \$3.9 million. The balance of the increase was due to depreciation of our increased fixed asset base due to capital expenditures during 2005 and 2006.

Write-down of Stand-alone Golf Course Assets in 2005

During 2005 we decided that our stand-alone golf courses (Swaneseet in British Columbia, Three Peaks in Colorado, South Mountain in Arizona and Big Island Country Club in Hawaii) no longer served our financial or strategic objectives and we implemented a plan to sell them. In preparation for sale, we engaged independent appraisers to value the operations and as a result we wrote down the golf assets by \$17.6 million in 2005. During 2006 we sold the South Mountain and Big Island Country Club courses.

Income Taxes

Income tax expense was \$8.1 million in 2006 compared with a recovery of \$2.0 million in 2005 mainly due to earning approximately three times more pre-tax income in 2006. Note 13 of our consolidated financial statements provides a reconciliation between the income tax charge at the statutory rate (34.1%) and our actual income tax charge.

Non-Controlling Interest

Non-controlling interest increased from \$9.4 million in 2005 to \$33.1 million in 2006 due mainly to the inclusion of \$18.5 million for our partner's profits on the sale of the property in Maui, as described in Review of Real Estate Development above. The balance of the increase was due to improved results of A&K and Whistler Blackcomb in 2006.

2006 FOURTH QUARTER RESULTS

Total Company EBITDA was \$35.6 million in the fourth quarter of 2006 (the "2006 quarter"), down from \$47.5 million in the fourth quarter of 2005 (the "2005 quarter") mainly due to incurring higher corporate G&A expenses and somewhat lower EBITDA from resort and travel operations and real estate development. Significantly increased depreciation and amortization expense in the 2006 quarter was offset by the \$17.6 million write-down of our stand-alone golf assets in the 2005 quarter resulting in a loss from continuing operations of \$24.3 million (\$0.49 per diluted share) in the 2006 quarter compared with a loss of \$19.9 million (\$0.41 per diluted share) in the 2005 quarter.

Resort and travel operations revenue increased by \$48.5 million to \$203.1 million in the 2006 quarter, of which \$7.5 million was due to the translation effect of the higher Canadian dollar. Revenue from our mountain resorts increased by \$17.1 million due mainly to a 28% increase in skier visits. The timing of Easter in April in 2006 and in March in 2005 increased skier visits and revenue in the 2006 quarter but did not have a similar positive impact on the 2005 quarter. The largest increase was at Whistler Blackcomb where skier visits increased by 39% and revenue increased 33% due to strong growth in the regional market in response to significantly improved conditions. A&K continued its strong performance, achieving a 29%, or \$14.1 million, increase in adventure-travel tour revenue. Sandestin also experienced significant revenue growth due in part to increased traffic to the resort and in part to receipt of a \$2.7 million business interruption insurance claim related to the hurricanes in the first quarter of the fiscal year. Resort and travel operations incurred an EBITDA loss of \$17.0 million in the 2006 quarter compared with a \$15.4 million loss in the 2005 quarter. We incurred aggregate losses of \$1.5 million in the 2006 quarter from Parque de Nieve and our commercial operations at Squaw Valley and Lake Las Vegas (these operations were capitalized in the 2005 quarter) and the termination of A&K's licensing agreement reduced EBITDA by \$1.4 million.

Management services revenue and EBITDA in the 2006 and 2005 quarters were broken down as follows:

(MILLIONS)	2006 Quarter		2005 Quarter	
	Revenue	EBITDA	Revenue	EBITDA
Services related to resort and travel operations				
Lodging and property management	\$25.5	\$0.4	\$17.6	\$(0.9)
Other resort and travel fees	1.0	(0.8)	1.3	(1.2)
	26.5	(0.4)	18.9	(2.1)
Services related to real estate development				
Real estate services fees	4.1	2.4	10.6	7.6
Playground sales fees	13.3	4.5	19.6	1.4
	17.4	6.9	30.2	9.0
	\$43.9	\$6.5	\$49.1	\$6.9

The increases in revenue and EBITDA from lodging and property management were due mainly to opening new lodging operations at Les Arcs and Westin Trillium House at Blue Mountain and the acquisition in March 2006 of a lodging business at Seaside near Sandestin. The decrease in revenue and increase in EBITDA from other resort and travel fees was mainly due to curtailing our third-party reservations business which was incurring losses. We did not sell any new projects to partnerships during fiscal 2006 and the completion of construction of several projects that had been sold to partnerships in prior years reduced revenue and EBITDA from real estate services fees in the 2006 quarter. A slower resales market in Florida and the timing of project completions reduced Playground sales fee revenue in the 2006 quarter. Playground's EBITDA increased, however, because the full annual allocation of Playground G&A costs to the management services segment was made in the 2005 quarter whereas during fiscal 2006 we made allocations each quarter.

Revenue from real estate development decreased, as expected, from \$338.3 million in the 2005 quarter to \$203.1 million in the 2006 quarter. We sold nine properties to partnerships for \$180.7 million in the 2005 quarter and closed on the second phase of the sale of Mammoth lands to the partnership with Starwood for \$42.6 million in the 2006 quarter. In addition to these transactions, we closed 254 units in the 2006 quarter at an average price per unit of \$514,000 compared with 243 units in the 2005 quarter at an average price per unit of \$592,000. The lower average price per unit reflects a much greater weighting of condo-hotel closings and much lower weighting of townhome closings in the 2006 quarter versus the 2005 quarter. Operating profit from real estate development was \$39.9 million in the 2006 quarter, including \$13.9 million from the Mammoth lands sale compared with \$42.9 million in the 2005 quarter, including \$11.5 million for project sales to cost accounted partnerships.

Interest income, other income and other expenses increased from a loss of \$0.3 million in the 2005 quarter to income of \$0.8 million in the 2006 quarter. Increases in interest income and foreign exchange gains in the 2006 quarter were partially offset by \$1.6 million of legal and other costs related to the sale of the company to Fortress and losses totaling \$1.1 million on the sale of the South Mountain and Big Island Country Club golf courses. In the 2005 quarter we recorded a loss of \$0.7 million on the sale of our Colorado-based reservations company.

Interest expense increased from \$12.5 million to \$14.0 million as we capitalized less interest to real estate properties. Several properties, including our commercial assets at Squaw Valley and Lake Las Vegas, were completed at the beginning of the fiscal year and interest related to them was expensed in the 2006 quarter and capitalized in the 2005 quarter.

Corporate G&A expenses increased from \$5.2 million to \$11.0 million due mainly to an increase of

\$3.8 million in compensation expenses, including stock-based compensation and \$1.1 million of costs related to our new branding/corporate strategy initiative.

Depreciation and amortization expense increased from \$16.3 million to \$30.2 million, including \$4.0 million in connection with the change in the depreciation method and useful lives of our resort and travel operations assets. The majority of the adjustment related to this change was recorded in our third quarter. We began depreciating our Squaw and Lake Las Vegas commercial assets for the first time in the 2006 quarter adding \$2.9 million to depreciation expense and the translation effect of the higher Canadian dollar added a further \$1.7 million. The balance of the increase was due to depreciation of our increased fixed asset base due to capital expenditures during 2005 and 2006.

LIQUIDITY AND CAPITAL RESOURCES

Cash Flows in 2006 compared with 2005

The following table summarizes our major sources and uses of cash in 2006 and 2005. This table should be read in conjunction with the Consolidated Statements of Cash Flows.

(MILLIONS)	2006	2005	Change
Funds from continuing operations	\$162.9	\$101.5	\$61.4
Cash for real estate including partnership investments	(159.8)	(12.2)	(147.6)
Cash for resort capex and other assets	(128.9)	(101.6)	(27.3)
Cash flow from long-term receivables and working capital	(22.9)	59.5	(82.4)
Funds from discontinued operations	(10.5)	14.9	(25.4)
Free cash flow	(159.2)	62.1	(221.3)
Cash from (for) business acquisitions and disposals	163.7	(20.3)	184.0
Net cash flow from operating and investing activities	4.5	41.8	(37.3)
Net financing outflows	(25.0)	(10.7)	(14.3)
Increase (decrease) in cash	\$ (20.5)	\$31.1	\$ (51.6)

Funds from continuing operations increased from \$101.5 million in 2005 to \$162.9 million in 2006. An increase of \$77.4 million in funds from real estate development and a decrease of \$14.7 million in funds required for interest, costs to redeem senior notes and income taxes were partially offset by a decrease of \$30.7 million in funds from resort and travel operations and management services, net of corporate G&A costs. For more details on the reasons for these changes see the Review of Operations sections earlier in this MD&A.

Real estate development used \$159.8 million of cash in 2006, significantly more than the \$12.2 million in 2005. These amounts include cash requirements for real estate that we develop on our own as well as our net investment in real estate partnerships. The year-over-year shift was due mainly to selling eight projects to equity accounted partnerships in 2005 compared with none in 2006. Real estate cash flow in 2005 was also improved by \$100.4 million as a result of selling our commercial properties. In addition to the cash requirements for the properties we owned in 2005, we spent \$39.6 million in 2006 to acquire new land holdings at Hilton Head, South Carolina, Napa, California and St. Emilion, France for the future development of 1,800 units. We did not acquire any new land holdings during 2005.

Expenditures on resort and travel operations assets (“capex”) and other assets used \$128.9 million of cash in 2006, up from \$101.6 million in 2005. Capex comprised \$99.4 million and \$79.4 million, respectively, in 2006 and 2005 of these amounts. Each year we spend about \$40 million on maintenance capex at our resorts and in our other resort and travel operations businesses. Maintenance capex is considered non-

discretionary (since it is required to maintain the existing level of service) and comprises such things as snow grooming machine or golf cart replacement, snowmaking equipment upgrades and building refurbishments. Expansion capex (e.g., new lifts or new restaurants) is considered discretionary and the annual amount varies year by year. In 2006 our major expansion capex projects comprised \$22.7 million for buildings, including the Stratton Mountain Inn and employee housing building in Winter Park, \$14.4 million for lifts at Whistler, Snowshoe and Winter Park and \$4.2 million to renovate the Baytowne golf course at Sandestin.

We spent \$29.5 million on other assets in 2006, up from \$22.2 million that we spent in 2005. These expenditures mainly comprise furniture, fixtures and equipment outside of our resorts, information technology systems, long-term financing costs and miscellaneous investments. Expenditures in 2006 included an investment of \$5.4 million for a lodging operation in Seaside near Sandestin.

Long-term receivables and working capital used \$22.9 million of cash in 2006 whereas these items generated \$59.5 million of cash in 2005. This represents the cash flow from changes in receivables, other assets, payables and deferred revenue. Cash from real estate presales was \$37.7 million lower at June 30, 2006 than the end of last year. The balance of the change was mainly due to decreasing payables in 2006.

Funds from discontinued operations, being cash flow from Mammoth Mountain Ski Area prior to its sale, used \$10.5 million of cash in 2006. The effective sale date was October 31, 2005 so cash flow from Mammoth's prime winter season was excluded. In 2005 funds from discontinued operations generated \$14.9 million of cash since 12 months of operations were included. We continue to own 15% of Mammoth and subsequent to June 30, 2006 we received a dividend of \$1.5 million in connection with our interest.

Our businesses generated negative free cash flow of \$159.2 million in 2006 compared with positive free cash flow of \$62.1 million in 2005 due mainly to the additional cash requirements for real estate development.

Business acquisitions and disposals generated \$163.7 million of cash in 2006, including \$149.1 million from the sale of the majority of our interest in Mammoth. In addition, we collected \$14.4 million from the sale of our South Mountain golf course in June 2006. This sale was in line with the decision we made last year to exit the stand-alone golf business. We also sold our Big Island Country Club golf course in Hawaii, however no cash was collected on this sale in 2006. In 2005 we spent \$20.3 million on business acquisitions and disposals, being \$36.9 million to acquire the 55% of Alpine Helicopters that we did not already own, net of \$15.2 million cash acquired on the acquisition of 67% of A&K and \$1.5 million cash from miscellaneous asset sales. We have identified other non-core assets, including our golf operations at Swaneset and our commercial properties at Squaw Valley and Lake Las Vegas that we plan to sell in 2007.

In total, our operating and investing activities generated \$4.5 million of cash in 2006, down from \$41.8 million of cash in 2005. Our financing activities used \$25.0 million of cash in 2006, including \$10.1 million, \$22.3 million and \$31.8 million, respectively, to pay dividends, distributions to our non-controlling interests in Whistler Blackcomb and A&K and repay bank and other borrowings. We also spent \$2.4 million to acquire 86,900 of our common shares through a normal course issuer bid. The share buy back program was suspended after we initiated our review of strategic options that culminated in the agreement with Fortress. These outflows were partially funded by a \$19.9 million dividend received from Mammoth before its sale and \$21.7 million from employees exercising stock options. In 2005 our financing activities used \$10.7 million of cash, with outflows of \$23.9 million for dividends and distributions to non-controlling interests and inflows of \$13.2 million from bank and other borrowings and stock option exercises.

Contractual Obligations

In our normal operations, we enter into arrangements that obligate us to make future payments under contracts such as debt and lease agreements. The following table summarizes our contractual obligations as at June 30, 2006:

(MILLIONS)	Total	Payments Due by Period			
		Less than 1 year	1 - 3 years	4 - 5 years	More than 5 years
Long-term debt	\$915.6	\$41.6	\$151.0	\$125.9	\$597.1
Capital leases	36.9	3.5	3.0	3.3	27.1
Interest payments on debt	373.0	69.3	114.4	97.1	92.2
Operating leases	257.6	23.4	43.0	38.9	152.3
Purchase obligations (1)	355.4	276.3	79.1	-	-
Total contractual obligations	\$1,938.5	\$414.1	\$390.5	\$265.2	\$868.7

(1) Purchase obligations comprise construction and other contracts related primarily to our real estate business.

Our primary contractual obligations are payments under long-term debt agreements. The amount due in less than one year includes \$28.9 million of construction financing that we expect to repay from the proceeds of real estate closings. We expect to fund the remainder of the debt as well as the other contractual obligations in the ordinary course of business through our operating cash flows and our credit facilities.

We have a number of revolving credit facilities to meet our contractual obligations and other capital requirements. Our main source of liquidity, our senior credit facility, was renewed during 2005 for a term of three years and its capacity was increased to \$425 million. At June 30, 2006, we had drawn \$145.7 million under this facility and we had also issued letters of credit for \$76.6 million, leaving \$202.7 million available to cover our future liquidity requirements. Several of our resorts and businesses also have lines of credit to fund seasonal cash requirements. Financing for real estate construction is generally provided through one-off project-specific loans. We believe that these credit facilities, combined with cash on hand and internally generated cash flow, are adequate to finance all of our normal operating needs.

Off-Balance Sheet Arrangements

We have no commitments that are not reflected in our balance sheets except for operating leases, which are included in the table of contractual obligations above, and commitments primarily under various servicing agreements that are secured by letters of credit. As disclosed in Note 15 of our consolidated financial statements, we have issued letters of credit for these purposes amounting to \$88.1 million at June 30, 2006. We have no off-balance sheet arrangements that are expected to have a material effect on our results of operations, financial condition, liquidity or capital resources.

Transactions with Related Parties

In order to reduce our capital requirements for real estate development and to limit our exposure to the risks of the real estate business, we sell real estate properties to partnerships in which we hold an investment. Generally, at the time of sale, the properties have been designed into an individual project that has been pre-sold and is ready to commence construction. The partnerships construct the project, sell the remaining units and, on completion, transfer title to the end purchasers. In certain cases, we sell the properties to the partnership at the land acquisition phase and the partnership undertakes the land servicing and infrastructure work, project design, marketing and sales, construction and unit closings. Our equity interests in these partnerships range from 15% to 40%.

In 2005 we also sold commercial properties at seven of our resorts to a partnership in which we hold a 20% interest. We lease approximately 30% of the space in these commercial properties for our resort and travel operations business and we head-lease certain vacant premises.

Periodically we make advances to the partnerships, on which we earn interest, and we also earn fees by providing management services to the partnerships. Our exposure to losses is limited to our investment in and advances to the partnerships. Details of transactions with these partnerships are contained in Note 20 of our consolidated financial statements.

BUSINESS RISKS

We are exposed to various risks and uncertainties in the normal course of our business that can cause variation in our results of operations and affect our financial condition. Some of these risks and uncertainties, as well as the factors or strategies that we employ to mitigate them, are discussed below. Additional risks and uncertainties not described below or not presently known to us could affect our businesses. It is impossible to predict whether any risk will occur, or if it does, what its ultimate consequences might be, hence the impact on our business could be materially different than we currently expect.

Economic Downturn

Skiing, golf and touring are discretionary recreational activities with relatively high participation costs. A severe economic downturn could reduce spending on recreational activities and result in declines in visits and revenue. In addition, a deterioration of economic conditions could weaken sales of resort real estate and reduce the value of our real estate assets.

Mitigating factors and strategies:

- The profile of our customer base, with incomes well above the national average, makes them less likely to have their leisure plans impacted by a recession.
- The geographic diversity of our resort and travel operations reduces the impact of an economic downturn in any particular region.
- Our practice of securing land through options or joint ventures and pre-selling real estate before the start of construction reduces the cost of land holdings and unsold real estate units in the event of a market downturn.

Competition

The industries in which we operate are highly competitive. There can be no assurance that our principal competitors will not be successful in capturing a share of our present or potential customer base.

Mitigating factors and strategies:

- The mountain resort industry has significant barriers to entry (e.g., very high start-up costs, significant environmental hurdles) so very few new resorts are being created.
- Our resorts have natural competitive advantages (e.g., in terms of location, vertical drop and quality of terrain) and we have enhanced those advantages by upgrading the facilities on the mountain and building resort villages at the base.
- We have a loyal customer base that is strongly committed to our resorts, products and services.
- We control substantially all of the supply of developable land at our resorts.
- We have expertise in all aspects of the development process, including resort master-planning, project design, construction, sales and marketing, and property management.

Growth Initiatives

We intend to increase revenue and EBITDA by acquiring new businesses, establishing strategic partnerships and securing management contracts. New acquisition opportunities may not exist on favorable terms and newly managed or acquired businesses may not be successfully integrated into our existing operations.

Mitigating factors and strategies:

- We operate exclusively in the leisure and resort real estate industries and we will not make any investments in businesses outside these industries.
- We have scalable organizational structures that allow us to add new businesses without significantly impacting our systems and human resources.

Capital Expenditures

Our competitive position depends, in part, on our ability to maintain and improve the quality of our resort and travel operations facilities, which requires significant capital expenditures. In addition, we require significant capital expenditures to expand our real estate holdings and carry out our development activities. Adequate funds may not be available to make all planned or required capital expenditures and, if they are available, there is no assurance that they will lead to improved results.

Mitigating factors and strategies:

- Our strategy of teaming with financial partners reduces the amount that we have to fund for capital expenditures.
- Our senior managers are focused on return on capital measures and their bonus entitlements are tied in part to achieving return on capital targets.

Currency Fluctuations

A significant shift in the value of the Canadian dollar, particularly against the U.S. dollar, could impact visits and therefore earnings at our Canadian resorts. In addition, since we report earnings in U.S. dollars but our income is derived from Canadian, U.S. and international sources, we are exposed to foreign currency exchange risk in our reported earnings. Revenues and expenses of our Canadian or international operations will be impacted by changes in exchange rates when they are reported in U.S. dollars.

Mitigating factors and strategies:

- We have a natural hedge since, to the extent increases in the value of the Canadian dollar reduce visits to our Canadian resorts they also increase our earnings when reported in U.S. dollars.

World Events

World events, such as international conflicts, terrorism or contagious illness outbreaks, may disrupt domestic or international travel patterns, which could reduce revenue in our resort operations and luxury-travel businesses. In addition, many of A&K's operations are located in countries that are more susceptible to political or social incidents that could impact demand for adventure-travel tours.

Mitigating factors and strategies:

- Our customers have a high degree of commitment (e.g., as season pass holders or property owners).
- A significant proportion of our visitors drive to our resorts (approximately 85% of all resort visits) and are not reliant on air travel.
- Our investment in customer relationship management tools and personnel allows us to readily communicate with our database of customers and market products to them.

Unfavorable Weather Conditions

Our ability to attract visitors to our mountain resorts is influenced by weather conditions and the amount of snowfall during the ski season. In addition, Sandestin is located in an area of Florida that frequently suffers adverse weather caused by hurricanes and other tropical storms. Prolonged periods of adverse weather conditions, or the occurrence of such conditions during peak visitation periods, could have a material adverse effect on our operating results.

Mitigating factors and strategies:

- The geographic diversity of our resort and travel operations reduces the risk associated with a particular region's weather patterns.
- Our investment in snowmaking compensates for poor natural snow conditions. Snowmaking is particularly important in the East due to the number of competing resorts and less reliable snowfall. We have an average of more than 90% snowmaking coverage across our five eastern resorts.
- Our villages attract destination visitors who book in advance, stay several days and are less likely than day visitors to change their vacation plans at short notice.

Seasonality of Operations

Resort and travel operations are highly seasonal. In fiscal 2006, approximately 56% of our resort and travel operations revenue was generated during the period from December to March, the prime ski season. Furthermore, during this period a significant portion of revenue is generated on certain holidays, particularly Christmas/New Year, Presidents' Day and school spring breaks, and on weekends. Our 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. This seasonality of operations impacts reported quarterly earnings. The operating results for any particular quarter are not necessarily indicative of the operating results for a subsequent quarter or for the full fiscal year.

Mitigating factors and strategies:

- We have taken steps at our mountain resorts to balance our revenue and earnings throughout the year by investing in four-season amenities and growing summer and shoulder-season businesses.
- Sandestin and A&K help to counterbalance the seasonality of our mountain resort operations since the non-winter months are their prime season.

Risks Specific to Real Estate Development

As a real estate developer we are exposed to several industry-specific risks, including: an inability to obtain zoning approvals or building permits; construction and other development costs could exceed our budgets; project completion could be delayed; and purchasers could rescind their purchase contracts. In addition there is no assurance that market conditions will support our planned real estate development activities.

Mitigating factors and strategies:

- Our experience in resort master planning equips us to deal with municipal approval agencies and our approach of consulting with all community stakeholders during the planning process helps to ensure that we face less resistance at public hearings.
- We are not in the construction business – we engage general contractors under fixed-price contracts with completion penalties.
- Our presales contracts generally require purchasers to put down 20% deposits, i.e., generally in the range of \$50,000 to \$150,000, which they forfeit if they do not close.
- For the projects that are sold to partnerships the risks of cost overruns, construction completion and purchaser contract rescissions are borne by the partnership rather than Intrawest.

CRITICAL ACCOUNTING POLICIES

Our significant policies are described in Note 2 of our consolidated financial statements. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses and disclosure of contingencies. These estimates and judgments are based on factors that are inherently uncertain. On an ongoing basis, we evaluate our estimates based on historical experience and on various other assumptions that we believe are reasonable under the circumstances. Actual amounts could differ from those based on such estimates and assumptions.

We believe the following critical accounting policies call for management to make significant judgments and estimates that are complex and subjective.

Future net cash flows from properties. Resort properties, which totaled \$746.8 million at June, 30, 2006, are recorded at the lower of cost and net realizable value. In determining net realizable value it is necessary, on a non-discounted basis, to estimate the future cash flows from each individual project for the period from the start of land servicing to the sell-out of the last unit. This involves making assumptions about project demand and sales prices, construction and other development costs, and project financing. Changes in our assumptions could affect future cash flows from properties leading to reduced real estate profits or potentially property write-downs.

Revenue recognition. Resort and travel operations and management services revenue is recognized as products are delivered and services are performed. Some of this revenue is deferred (e.g., sales of season ski passes and club memberships) and recognized later based on our estimate of usage. Real estate revenue is generally recognized when we have fulfilled all major conditions, title has been conveyed to the purchaser and we have received a payment that is appropriate in the circumstances. Judgment is required in the determination of which major conditions may be important and also the timing of when they have been satisfied. We must also make assumptions that affect real estate expenses, including the remaining costs to be incurred on units sold and, since costs are allocated to units sold using the relative sales value method, future revenue from unsold units.

Useful lives for depreciable assets. Resort and travel operations assets and administrative furniture, computer equipment, software and leasehold improvements are depreciated using the straight-line method over the estimated useful life of the asset. Due to the relatively large proportion of these assets relative to total assets (41% at June 30, 2006), the selections of the method of depreciation and length of depreciation period could have a material impact on depreciation expense and the net book value of assets. Assets may become obsolete or require replacement before the end of their estimated useful life in which case any remaining unamortized costs would be written off.

During 2006 we reviewed the useful lives and depreciation method of our resort and travel operations assets. As a result of this review we changed our depreciation method from declining balance to straight-line and we also changed the useful lives of many assets. Depreciation and amortization expense increased by \$21.5 million in 2006 due to these changes.

Value of future income tax assets and liabilities. In determining our income tax provision, we are required to interpret tax legislation in a variety of jurisdictions and make assumptions about the expected timing of the reversal of future tax assets and liabilities. In the event that our interpretations differed from those of the taxing authorities or that the timing of reversals is not as anticipated, the tax provision could increase or decrease in future periods.

At June 30, 2006, we had accumulated \$112.5 million of non-capital loss carryforwards, which expire at various times through 2026. We have determined that it is more likely than not that the benefit of these

losses will be realized in the future and we have recorded future tax assets of \$40.8 million related to them. If it is determined in the future that it is more likely than not that all or a part of these future tax assets will not be realized, we will make a charge to earnings at that time.

Consolidation of variable interest entities (“VIEs”). The VIE rules provide guidance on the identification and reporting of entities over which control is achieved through means other than voting rights. We are required to identify VIEs in which we have an interest, determine whether we are the primary beneficiary of the VIE (the party that will absorb the majority of the VIE’s expected losses, or receive a majority of its expected returns) and, if so, consolidate the VIE. The accounting rules are complex and judgment is required to interpret them. We must make estimates about future cash flows, asset hold periods and probabilities of various scenarios occurring. If we made different estimates, it could result in differing conclusions as to whether or not an entity is a VIE and whether or not the entity would need to be consolidated.

At January 1, 2005, when Canadian GAAP required us to adopt the VIE standard we determined that we were the primary beneficiary of three VIEs – Maui Beach Resort Limited Partnership, Orlando Village Development Limited Partnership and Tower Ranch Development Partnership. In June 2006 Maui Beach Resort Limited Partnership and Orlando Village Development Limited Partnership were restructured and we ceased to be their primary beneficiary. As a result, these entities were accounted for on an equity basis as at June 30, 2006. In August 2005 Maui Beach Resort Limited Partnership sold a property for proceeds of \$73.3 million and a profit of \$43.9 million. Since we were the primary beneficiary of the partnership at that time we recognized 100% of the revenue and profit and recorded the partner’s share of the profit of \$18.5 million in non-controlling interest. This accounting result was not changed as a result of the subsequent restructuring of the partnership. If we had not been the primary beneficiary when the sale closed we would have accounted for the transaction on an equity basis and recorded only our share of the profit of \$25.4 million in the statement of operations.

DISCLOSURE CONTROLS AND PROCEDURES

Our senior management, which includes the Chief Executive Officer and the Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in the rules of the Securities and Exchange Commission and the policies of the Canadian Securities Administrators) and has concluded that such disclosure controls and procedures are effective.

ADDITIONAL INFORMATION

Total Company EBITDA

(MILLIONS)	2006	2005
Cash flow provided by (used in) continuing operating activities	\$ (30.5)	\$208.7
Add (deduct):		
Changes in non-cash operating assets & liabilities	193.4	(107.2)
Current income tax expense	38.3	27.2
Interest expense	47.6	44.2
Interest in real estate costs	27.6	35.4
Call premium and unamortized costs on senior notes redeemed	-	30.2
	276.4	238.5
Interest and other income net of non-cash items	(8.9)	(13.4)
Total Company EBITDA	\$267.5	\$225.1

Resort and Travel Operations EBITDA

(MILLIONS)	2006	2005
Resort operations revenue	\$936.1	\$806.6
Resort operations expenses	847.4	707.0
Resort operations EBITDA	\$88.7	\$99.6

Management Services EBITDA

(MILLIONS)	2006	2005
Management services revenue	\$172.5	\$176.7
Management services expenses	135.5	133.7
Management services EBITDA	\$37.0	\$43.0

Real Estate Development EBITDA

(MILLIONS)	2006	2005
Real estate development contribution	\$147.6	\$67.6
Interest in real estate expenses	27.6	35.4
Real estate development EBITDA	\$175.2	\$103.0

Selected Annual Information

(in millions of dollars, except per share amounts)

	2006	2005	2004
Total revenue	\$1,610.4	\$1,618.4	\$1,491.4
Income from continuing operations	55.3	24.1	52.1
Results of discontinued operations	59.9	8.7	7.8
Net income	115.2	32.8	59.9
Total assets	2,667.1	2,679.8	2,258.9
Total liabilities	1,666.6	1,833.3	1,475.2
per common share			
Income from continuing operations			
Basic	1.14	0.50	1.10
Diluted	1.12	0.50	1.09
Net income			
Basic	2.37	0.69	1.26
Diluted	2.33	0.68	1.25
Cash dividends declared (Canadian dollars)	0.24	0.16	0.16

Quarterly Financial Summary

(in millions, except per share amounts)

	Q4-06	Q3-06	Q2-06	Q1-06	Q4-05	Q3-05	Q2-05	Q1-05
Total revenue	\$445.2	\$550.0	\$317.5	\$297.6	\$532.3	\$465.0	\$419.1	\$202.0
Income (loss) from continuing operation:	(24.3)	61.0	11.3	7.3	(19.9)	62.7	(10.5)	(8.2)
Results of discontinued operations	-	-	57.9	1.9	0.7	3.5	3.4	1.1
Net income (loss)	(24.3)	61.0	69.3	9.2	(19.2)	66.2	(7.1)	(7.1)
PER COMMON SHARE:								
Income (loss) from continuing operation:								
Basic	(0.49)	1.25	0.23	0.15	(0.42)	1.31	(0.22)	(0.17)
Diluted	(0.49)	1.23	0.23	0.15	(0.41)	1.31	(0.22)	(0.17)
Net income (loss)								
Basic	(0.49)	1.25	1.43	0.19	(0.40)	1.39	(0.15)	(0.15)
Diluted	(0.49)	1.23	1.41	0.19	(0.40)	1.38	(0.15)	(0.15)

Several factors impact comparability between quarters:

- The timing of acquisitions. In the first quarter of 2005 we acquired 67% of A&K and in the second quarter of 2005 we acquired the 55% of Alpine Helicopters that we did not already own.
- The seasonality of our resort and travel operations. Revenue and EBITDA from this business are weighted disproportionately to our third quarter.
- The timing of project completions and real estate closings. Generally we close more units in the fourth quarter.
- The timing of refinancings. In the second quarter of 2005 we redeemed senior notes and expensed call premium and unamortized financing costs.
- The timing of recording reserves and valuation adjustments. In the fourth quarter of 2005 we wrote down the value of our stand-alone golf courses.

OUTSTANDING SHARE DATA

As at September 1, 2006, we have issued and there are outstanding 49,063,126 common shares and stock options exercisable for 2,827,400 common shares.

Intrawest Corporation (IDR:NYSE; ITW:TSX) is a world leader in destination resorts and adventure travel. The company has interests in 10 resorts at North America's most popular mountain destinations, including Whistler Blackcomb, a host venue for the 2010 Winter Olympic and Paralympic Games. Intrawest owns Canadian Mountain Holidays, the largest heli-skiing operation in the world, and an interest in Abercrombie & Kent, the world leader in luxury adventure travel. The Intrawest network also includes Sandestin Golf and Beach Resort in Florida and Club Intrawest – a private resort club with nine locations throughout North America. Intrawest develops real estate at its resorts and at other locations across North America and in Europe. Intrawest is headquartered in Vancouver, British Columbia. For more information, visit www.intrawest.com.

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For additional information, please contact Mr. John Currie, chief financial officer, at (604) 669-9777 or Mr. Tim McNulty, director, investor relations, at (604) 623-6620 or at tmcnulty@intrawest.com.

If you would like to receive future news releases by email, please contact investor.relations@intrawest.com

INTRAWEST CORPORATION
CONSOLIDATED BALANCE SHEETS
(in thousands of United States dollars)

	JUNE 30, 2006 (UNAUDITED)	JUNE 30, 2005 (AUDITED) (Restated)
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 120,374	\$ 140,878
Amounts receivable	200,648	194,258
Other assets	179,135	166,029
Resort properties	348,515	388,510
Future income taxes	33,528	29,927
	882,200	919,602
Amounts receivable	46,788	78,877
Resort and travel operations	1,046,397	1,034,187
Resort properties	398,241	403,252
Other assets	133,783	107,363
Investment in and advances to real estate partnerships	138,200	109,037
Goodwill	21,473	27,483
	\$ 2,667,082	\$ 2,679,801
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Amounts payable	\$ 295,579	\$ 275,176
Deferred revenue and deposits	193,428	233,469
Bank and other indebtedness	45,072	82,144
	534,079	590,789
Deferred revenue and deposits	104,290	132,866
Bank and other indebtedness	907,433	941,279
Future income taxes	70,774	92,010
Non-controlling interest	50,014	76,339
	1,666,590	1,833,283
SHAREHOLDERS' EQUITY:		
Capital stock	491,095	469,162
Retained earnings	445,864	342,013
Foreign currency translation adjustment	63,533	35,343
	1,000,492	846,518
	\$ 2,667,082	\$ 2,679,801

(Accompanying notes to consolidated financial statements can be found on www.intrawest.com).

INTRAWEST CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS AND RETAINED EARNINGS

(in thousands of United States dollars, except per share amounts)(unaudited)

	THREE MONTHS ENDED JUNE 30		YEAR ENDED JUNE 30	
	2006	2005 (Restated)	2006	2005 (Restated)
RESORT AND TRAVEL OPERATIONS:				
Revenue	\$ 193,919	\$ 145,462	\$ 936,116	\$ 806,553
Expenses	210,966	160,901	847,428	707,002
Resort and travel operations contribution	(17,047)	(15,439)	88,688	99,551
MANAGEMENT SERVICES:				
Revenue	43,893	49,122	172,540	176,687
Expenses	37,380	42,262	135,536	133,658
Management services contribution	6,513	6,860	37,004	43,029
REAL ESTATE DEVELOPMENT:				
Revenue	203,056	338,318	488,610	627,515
Expenses	166,666	295,129	345,563	561,915
	36,390	43,189	143,047	65,600
Income from equity accounted investments	3,519	(271)	4,542	2,039
Real estate development contribution	39,909	42,918	147,589	67,639
Income before undernoted items	29,375	34,339	273,281	210,219
Interest, other income and other expenses	842	(318)	8,625	5,620
Interest expense	(13,978)	(12,509)	(47,562)	(44,165)
Corporate general and administrative expenses	(11,041)	(5,235)	(33,405)	(20,571)
Depreciation and amortization	(30,235)	(16,259)	(104,409)	(71,837)
Call premium and unamortized costs of senior notes redeemed	-	-	-	(30,173)
Write-down of stand-alone golf course assets	-	(17,568)	-	(17,568)
Income before income taxes and non-controlling interest	(25,037)	(17,550)	96,530	31,525
Recovery of (provision for) income taxes	1,970	(3,282)	(8,120)	1,990
Non-controlling interest	(1,206)	907	(33,079)	(9,448)
Income from continuing operations	(24,273)	(19,925)	55,331	24,067
Results of discontinued operations	-	725	59,879	8,748
Net income	(24,273)	(19,200)	115,210	32,815
Retained earnings, beginning of period as previously stated	473,242	369,985	345,348	318,883
Prior period adjustment	-	(5,654)	(3,335)	(3,536)
Retained earnings, beginning of period as restated	473,242	364,331	342,013	315,347
Share repurchase adjustment	-	-	(1,245)	-
Dividends	(3,105)	(3,118)	(10,114)	(6,149)
Retained earnings, end of period	\$ 445,864	\$ 342,013	\$ 445,864	\$ 342,013
Income from continuing operations per common share				
Basic	\$ (0.49)	\$ (0.42)	\$ 1.14	\$ 0.50
Diluted	\$ (0.49)	\$ (0.41)	\$ 1.12	\$ 0.50
Net income per common share				
Basic	\$ (0.49)	\$ (0.40)	\$ 2.37	\$ 0.69
Diluted	\$ (0.49)	\$ (0.40)	\$ 2.33	\$ 0.68
Weighted average number of common shares outstanding (in thousands)				
Basic	49,049	47,882	48,686	47,814
Diluted	49,936	48,175	49,407	47,924

INTRAWEST CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands of United States dollars)(unaudited)

	THREE MONTHS ENDED JUNE 30		YEAR ENDED JUNE 30	
	2006	2005	2006	2005
				(Restated)
CASH PROVIDED BY (USED IN):				
OPERATIONS:				
Net income (loss)	\$ (24,273)	\$ (19,200)	\$ 115,210	\$ 32,815
Items not affecting cash:				
Results of discontinued operations	-	(725)	(59,879)	(8,748)
Depreciation and amortization	30,235	16,259	104,409	71,837
Income from equity accounted investment	(3,519)	271	(4,542)	(2,039)
Amortization of financing costs	660	663	2,608	2,484
Stock-based compensation	265	229	1,056	883
Amortization of benefit plan	-	292	-	1,159
Non-controlling interest	1,206	(907)	33,079	9,448
Write-down of stand-alone golf assets	-	17,568	-	17,568
Loss (gain) on asset disposals	1,474	(177)	1,179	372
Funds from continuing operations	52	(14,887)	162,916	101,461
Recovery of costs through real estate sales	160,170	312,529	339,067	534,315
Acquisition and development of properties held for sale	(238,907)	(208,993)	(526,292)	(486,629)
Changes in long-term amounts receivable, net	3,633	(41,188)	20,846	2,703
Changes in non-cash operating working capital	4,727	67,715	(43,793)	56,824
	(70,325)	115,176	(47,256)	208,674
Funds from discontinued operations	(10,806)	1,272	(10,541)	14,947
	(81,131)	116,448	(57,797)	223,621
FINANCING:				
Proceeds from bank and other borrowings	33,450	(63,928)	115,973	486,175
Repayments of bank and other borrowings	(22,919)	(13,363)	(147,735)	(476,646)
Issue of common shares for cash	1,511	1,762	21,745	3,635
Purchase of common shares	-	-	(2,423)	-
Dividends received	-	-	19,862	-
Distributions to non-controlling interests	6,176	(1,801)	(22,290)	(17,734)
	15,113	(80,448)	(24,982)	(10,719)
INVESTMENTS:				
Proceeds from (expenditures on):				
Resort and travel operations assets	(8,043)	(13,784)	(99,449)	(79,375)
Investment in real estate partnerships	25,284	(4,048)	27,452	(59,912)
Other assets	(17,891)	(7,803)	(29,465)	(22,227)
Business acquisitions, net of cash acquired	-	(44)	-	(21,788)
Proceeds on sale of business, net of cash disposed of	20,813	-	149,087	-
Asset disposals	13,590	1,079	14,650	1,462
	33,753	(24,600)	62,275	(181,840)
Increase (decrease) in cash and cash equivalents	(32,265)	11,400	(20,504)	31,062
Cash and cash equivalents, beginning of period	152,639	129,478	140,878	109,816
Cash and cash equivalents, end of period	\$ 120,374	\$ 140,878	\$ 120,374	\$ 140,878