Condensed Interim Consolidated Financial Statements

WHISTLER BLACKCOMB HOLDINGS INC.

For the three and nine months ended June 30, 2013

(Unaudited)

Condensed Interim Consolidated Statements of Comprehensive Income

(in thousands, except per share amounts)

	Nine months ended June 30, 2013	Nine months ended June 30, 2012	Three months ended June 30, 2013	Three months ended June 30, 2012
Resort revenue (note 3)	$ 212,219	$ 209,017	$ 29,740	$ 34,422
Operating expenses (note 3)	105,008	103,201	22,024	24,012
Depreciation and amortization	30,805	28,865	10,016	9,598
Selling, general and administrative (note 3)	21,309	20,779	5,790	5,479
	157,122	152,845	37,830	39,089
Earnings from operations	55,097	56,172	(8,090)	(4,667)
Disposal gains (losses)	(749)	(22)	(749)	4
Finance expense, net (note 7)	(12,494)	(13,276)	(4,164)	(4,285)
Net earnings before income tax	41,854	42,874	(13,003)	(8,948)
Income tax benefit (expense) (note 8)	(7,973)	(8,208)	2,629	1,572
Net earnings (loss) and comprehensive income (loss)	**$ 33,881**	**$ 34,666**	**$ (10,374)**	**$ (7,376)**
Net earnings (loss) and comprehensive income (loss):				
Attributable to Whistler Blackcomb Holdings Inc. shareholders	$ 23,234	$ 23,639	$ (7,272)	$ (5,202)
Attributable to non-controlling interest	10,647	11,027	(3,102)	(2,174)
	$ 33,881	**$ 34,666**	**$ (10,374)**	**$ (7,376)**
Earnings (loss) per share				
Basic	$ 0.61	$ 0.62	$ (0.19)	$ (0.14)
Diluted	$ 0.61	$ 0.62	$ (0.19)	$ (0.14)
Weighted average number of common shares outstanding				
Basic	37,940	37,892	37,958	37,908
Diluted	37,992	37,953	37,998	37,954

See accompanying notes to the condensed interim consolidated financial statements.

Condensed Interim Consolidated Statements of Financial Position

(in thousands)

	June 30, 2013	September 30, 2012
Assets		
Current assets:		
Cash and cash equivalents	$ 58,845	$ 43,634
Accounts receivable	2,624	3,481
Income taxes receivable	-	240
Inventory (note 4)	9,125	13,788
Prepaid expenses	3,365	3,104
Notes receivable	311	303
	74,270	64,550
Notes receivable	2,642	2,792
Property, buildings and equipment (note 5)	318,946	328,414
Property held for development	9,244	9,244
Intangible assets (note 6)	314,157	324,028
Goodwill	135,574	135,574
	$ 854,833	**$ 864,602**
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	$ 17,425	$ 24,060
Income taxes payable	2,749	153
Provisions	2,798	2,903
Deferred revenue	12,439	20,718
	35,411	47,834
Long-term debt	257,729	256,800
Deferred income tax liability	20,447	15,489
Equity		
Whistler Blackcomb Holdings Inc. shareholders' equity		
Preferred shares; no par value; unlimited number authorized; nil outstanding		
Common shares; no par value; unlimited number authorized; 37,958 outstanding (September 30, 2012 – 37,908)	442,080	441,476
Additional paid-in capital	695	721
Deficit	(36,397)	(31,887)
Total Whistler Blackcomb Holdings Inc. shareholders' equity	406,378	410,310
Non-controlling interest	134,868	134,169
	541,246	544,479
	$ 854,833	**$ 864,602**

Subsequent event (note 10)

See accompanying notes to the condensed interim consolidated financial statements.

Condensed Interim Consolidated Statements of Changes in Equity

(in thousands)

	Common shares		Additional	Retained	Total	Non-	
	Number	Share Capital	Paid-in Capital	Earnings (Deficit)	Shareholders' Equity	controlling Interest	**Total**
Balance, October 1, 2012	37,908	$ 441,476	$ 721	$ (31,887)	$ 410,310	$ 134,169	$ 544,479
Net earnings	-	-	-	23,234	23,234	10,647	33,881
Share-based compensation	50	604	(26)	-	578	-	578
Distributions to non-controlling interest	-	-	-	-	-	(9,948)	(9,948)
Dividends declared (note 10)	-	-	-	(27,744)	(27,744)	-	(27,744)
Balance, June 30, 2013	**37,958**	**$ 442,080**	**$ 695**	**$ (36,397)**	**$ 406,378**	**$ 134,868**	**$ 541,246**

	Common shares		Additional	Retained	Total	Non-	
	Number	Share Capital	Paid-in Capital	Earnings (Deficit)	Shareholders' Equity	controlling Interest	**Total**
Balance, October 1, 2011	37,868	$ 440,994	$ 654	$ (10,613)	$ 431,035	$ 139,733	$ 570,768
Net earnings	-	-	-	23,639	23,639	11,027	34,666
Share-based compensation	40	482	(60)	-	422	-	422
Distributions to non-controlling interest	-	-	-	-	-	(9,936)	(9,936)
Dividends declared (note 10)	-	-	-	(27,710)	(27,710)	-	(27,710)
Balance, June 30, 2012	**37,908**	**$ 441,476**	**$ 594**	**$ (14,684)**	**$ 427,386**	**$ 140,824**	**$ 568,210**

See accompanying notes to the condensed interim consolidated financial statements.

Condensed Interim Consolidated Statements of Cash Flows

(in thousands)

	Nine months ended June 30, 2013	Nine months ended June 30, 2012	Three months ended June 30, 2013	Three months ended June 30, 2012
Cash provided by (used in):				
Operations:				
Net earnings (loss)	$ 33,881	$ 34,666	$ (10,374)	$ (7,376)
Items not involving cash:				
Depreciation and amortization	30,805	28,865	10,016	9,598
Disposal losses (gains)	749	22	749	(4)
Share-based compensation	578	422	147	96
Amortization of debt issuance costs	929	949	310	315
Deferred income tax expense (benefit)	4,958	6,500	(2,932)	(2,605)
	71,900	71,424	(2,084)	24
Changes in non-cash operating working capital (note 11)	(6,924)	(3,625)	62	(2,182)
	64,976	67,799	(2,022)	(2,158)
Financing:				
Dividends paid on common shares (note 10)	(27,744)	(27,710)	(9,252)	(9,240)
Distributions to non-controlling interest	(9,948)	(9,936)	(3,317)	(3,313)
Proceeds on issuance of long-term debt	-	(269)	-	(269)
	(37,692)	(37,915)	(12,569)	(12,822)
Investing:				
Expenditures on property, buildings and equipment	(12,373)	(6,796)	(3,696)	(1,861)
Proceeds from sale of property and equipment	158	393	16	29
Repayment of notes receivable	142	134	4	4
	(12,073)	(6,269)	(3,676)	(1,828)
Increase in cash and cash equivalents	15,211	23,615	(18,267)	(16,808)
Cash and cash equivalents, beginning of period	43,634	30,023	77,112	70,446
Cash and cash equivalents, end of period	**$ 58,845**	**$ 53,638**	**$ 58,845**	**$ 53,638**

Supplemental cash flows information (note 11)

See accompanying notes to the condensed interim consolidated financial statements.

Notes to the Condensed Interim Consolidated Financial Statements

(in thousands, except per share amounts)

1. Operations

The principal business activity of Whistler Blackcomb Holdings Inc. (the "Corporation") is the operation of a four season mountain resort in Whistler, British Columbia. The Corporation is a general partner of and holds a 75% interest in each of Whistler Mountain Resort Limited Partnership and Blackcomb Skiing Enterprises Limited Partnership (collectively, the "Partnerships"). The 25% interest in the Partnerships that is not owned by the Corporation is owned by Nippon Cable Co. Ltd. and its affiliates, which are unrelated to the Corporation.

The address of the Corporation's registered office is 4545 Blackcomb Way, Whistler, British Columbia, V0N 1B4.

The Corporation's operations experience significant seasonality. The majority of skier visits occur between mid-December and the end of March. The highest amount of revenue and net earnings is generated during the three months ending March 31. The majority of the Corporation's cash flow from operations is generated during the three months ending December 31 and March 31, principally due to the timing of skier visits and advance sale of tickets and passes.

2. Basis of presentation and significant accounting policies

(a) Statement of compliance

These condensed interim consolidated financial statements comply with International Accounting Standard 34 *Interim Financial Statements*. Selected explanatory notes are included to explain significant events and transactions that have occurred since September 30, 2012. These condensed interim consolidated financial statements do not contain all of the information and disclosures required by International Financial Reporting Standards ("IFRS") for annual reporting purposes and should be read in conjunction with the Corporation's consolidated financial statements as at and for the year ended September 30, 2012.

These condensed interim consolidated financial statements were authorized for issuance by the Corporation's Board of Directors on August 6, 2013.

(b) Presentation and functional currency

These condensed interim consolidated financial statements have been prepared using the Canadian dollar as the presentation and functional currency.

(c) Significant accounting policies:

The accounting policies used in preparing these condensed interim consolidated financial statements are the same as those described in the Corporation's consolidated financial statements as at and for the year ended September 30, 2012.

(d) Estimates and judgments:

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue and expenses. Actual results could differ from those estimates.

In preparing these condensed interim consolidated financial statements, the significant areas requiring management estimates and judgments are the same as those described in the Corporation's consolidated financial statements as at and for the year ended September 30, 2012.

Notes to the Condensed Interim Consolidated Financial Statements

(in thousands, except per share amounts)

3. Resort operations

Resort revenue, operating expenses (excluding depreciation and amortization) and selling, general and administrative are comprised of the following:

	Nine months ended June 30, 2013	Nine months ended June 30, 2012	Three months ended June 30, 2013	Three months ended June 30, 2012
Resort revenue:				
Lift	$ 110,821	$ 109,484	$ 15,016	$ 16,953
Retail and rental	34,131	34,045	4,576	5,400
Snow school	24,387	23,787	2,356	3,488
Food and beverage	25,667	25,203	4,080	4,815
Other	17,213	16,498	3,712	3,766
	$ 212,219	**$ 209,017**	**$ 29,740**	**$ 34,422**
Operating expenses:				
Operating labour and benefits	$ 51,923	$ 50,040	$ 10,924	$ 11,764
Retail and food services cost of sales	22,633	22,212	3,483	4,085
Property taxes, utilities, rent and insurance	15,088	15,124	4,126	4,077
Supplies, maintenance and other	15,364	15,825	3,491	4,086
	$ 105,008	**$ 103,201**	**$ 22,024**	**$ 24,012**
Selling, general and administrative expenses:				
Labour and benefits	$ 9,789	$ 9,229	$ 3,242	$ 3,495
Other	11,520	11,550	2,548	1,984
	$ 21,309	**$ 20,779**	**$ 5,790**	**$ 5,479**

4. Inventory

	June 30, 2013	September 30, 2012
Retail goods	$ 8,276	$ 12,068
Food and beverage	357	200
Mountain operating supplies	492	1,520
	$ 9,125	**$ 13,788**

Notes to the Condensed Interim Consolidated Financial Statements

(in thousands, except per share amounts)

5. Property, buildings and equipment

	Land	Buildings	Ski lifts and area improvements	Automotive, furniture and equipment	Capital in progress	Total
Cost						
October 1, 2011	$ 18,504	$ 103,494	$ 198,190	$ 42,645	$ 3,280	$ 366,113
Additions	-	1,046	2,163	6,298	10,273	19,780
Transfers, net	-	-	-	-	(9,163)	(9,163)
Disposals	-	(2)	-	(565)	-	(567)
September 30, 2012	$ 18,504	$ 104,538	$ 200,353	$ 48,378	$ 4,390	$ 376,163
Additions	-	1,094	1,294	5,923	12,057	20,368
Transfers, net	-	-	-	-	(7,804)	(7,804)
Disposals	-	-	(1,724)	(1,886)	-	(3,610)
June 30, 2013	$ 18,504	$ 105,632	$ 199,923	$ 52,415	$ 8,643	$ 385,117
Accumulated depreciation						
October 1, 2011	$ -	$ 6,843	$ 11,413	$ 4,749	$ -	$ 23,005
Depreciation	-	7,315	12,747	4,835	-	24,897
Disposals	-	-	-	(153)	-	(153)
September 30, 2012	$ -	$ 14,158	$ 24,160	$ 9,431	$ -	$ 47,749
Depreciation	-	5,499	9,686	5,750	-	20,935
Disposals	-	-	(963)	(1,550)	-	(2,513)
June 30, 2013	$ -	$ 19,657	$ 32,883	$ 13,631	$ -	$ 66,171
Net book value						
At September 30, 2012	**$ 18,504**	**$ 90,380**	**$ 176,193**	**$ 38,947**	**$ 4,390**	**$ 328,414**
At June 30, 2013	**$ 18,504**	**$ 85,975**	**$ 167,040**	**$ 38,784**	**$ 8,643**	**$ 318,946**

6. Intangible assets

	Mountain operating rights	Customer-related	Land tenures	Brand-related	Property management agreements	Total
Cost						
As at October 1, 2011, September 30, 2012, and June 30, 2013	$ 227,300	$ 14,000	$ 3,270	$ 106,116	$ 3,200	$ 353,886
Accumulated amortization						
October 1, 2011	$ 10,002	$ 5,717	$ 234	$ -	$ -	$ 15,953
Amortization	11,180	2,485	240	-	-	13,905
September 30, 2012	$ 21,182	$ 8,202	$ 474	$ -	$ -	$ 29,858
Amortization	8,386	1,305	180	-	-	9,871
June 30, 2013	$ 29,568	$ 9,507	$ 654	$ -	$ -	$ 39,729
Net book value						
At September 30, 2012	**$ 206,118**	**$ 5,798**	**$ 2,796**	**$ 106,116**	**$ 3,200**	**$ 324,028**
At June 30, 2013	**$ 197,732**	**$ 4,493**	**$ 2,616**	**$ 106,116**	**$ 3,200**	**$ 314,157**

Notes to the Condensed Interim Consolidated Financial Statements

(in thousands, except per share amounts)

7. Finance expense, net

	Nine months ended June 30, 2013	Nine months ended June 30, 2012	Three months ended June 30, 2013	Three months ended June 30, 2012
Interest income	$ 597	$ 532	$ 228	$ 238
Interest expense	(13,091)	(13,808)	(4,392)	(4,523)
	$ (12,494)	**$ (13,276)**	**$ (4,164)**	**$ (4,285)**

8. Income taxes

In the Corporation's condensed interim consolidated financial statements, income tax expense is recognized based on management's best estimate of the weighted average annual income tax rate expected for the full fiscal year.

	Nine months ended June 30, 2013	Nine months ended June 30, 2012	Three months ended June 30, 2013	Three months ended June 30, 2012
Current tax benefit (expense)	$ (3,015)	$ (1,708)	$ (303)	$ (1,033)
Deferred tax benefit (expense)	(4,958)	(6,500)	2,932	2,605
	$ (7,973)	**$ (8,208)**	**$ 2,629**	**$ 1,572**

9. Share-based compensation

Under its 2010 Omnibus Incentive Plan, the Corporation may grant the Corporation's common shares, stock options on shares of the Corporation's common stock and other share-based awards to directors, officers, employees or consultants of the Corporation or its affiliates.

The following provides a summary of the Corporation's share-based compensation awards since October 1, 2011:

	Restricted share units	Weighted average grant date fair value
	(number)	(dollars)
Unvested, October 1, 2011	120	$ 12.00
Vested	(40)	12.00
Granted	98	11.45
Forfeited	(18)	11.70
Unvested, September 30, 2012	160	$ 11.70
Vested	(43)	12.00
Granted	10	12.22
Forfeited	(20)	11.45
Unvested, June 30, 2013	**107**	**$ 11.67**

The restricted share units unvested and outstanding at the end of the period have vesting dates from January 2014 to September 2015.

Notes to the Condensed Interim Consolidated Financial Statements

(in thousands, except per share amounts)

10. Dividends

Dividend per common share	Declaration date	Record date	Payment date	Total distribution
$ 0.24375	October 9, 2012	October 23, 2012	October 26, 2012	$ 9,240
$ 0.24375	January 8, 2013	January 22, 2013	January 25, 2013	$ 9,252
$ 0.24375	April 10, 2013	April 22, 2013	April 26, 2013	$ 9,252

Subsequent to June 30, 2013 the Corporation declared the following dividend:

$ 0.24375	August 7, 2013	August 19, 2013	August 22, 2013	$ 9,252

11. Supplemental cash flow information

Cash and cash equivalents are comprised of:

	June 30, 2013	September 30, 2012
Cash	$ 58,246	$ 40,534
Cash held in trust	599	3,100
	$ 58,845	**$ 43,634**

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

	Nine months ended June 30, 2013	Nine months ended June 30, 2012	Three months ended June 30, 2013	Three months ended June 30, 2012
Cash provided by (used in):				
Accounts receivable	$ 857	$ (718)	$ 10,531	$ 7,041
Inventory	4,663	4,838	388	1,396
Prepaid expenses	(261)	1,758	(687)	435
Accounts payable and accrued liabilities	(6,635)	(6,833)	(10,099)	(12,667)
Income taxes receivable/payable	2,836	1,485	165	1,529
Provisions	(105)	3,047	(35)	2,913
Deferred revenue	(8,279)	(7,202)	(201)	(2,829)
	$ (6,924)	**$ (3,625)**	**$ 62**	**$ (2,182)**

Supplemental information:

	Nine months ended June 30, 2013	Nine months ended June 30, 2012	Three months ended June 30, 2013	Three months ended June 30, 2012
Interest paid, net	$ 11,538	$ 12,283	$ 3,798	$ 3,979
Income taxes paid	$ 410	$ 827	$ 46	$ 108