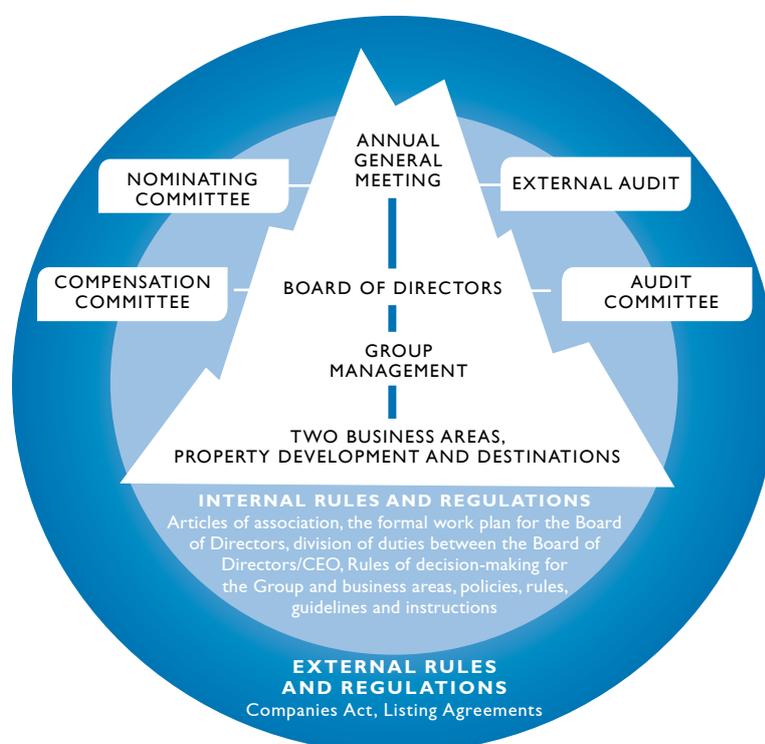


CORPORATE GOVERNANCE REPORT



CORPORATE GOVERNANCE

SkiStar AB's corporate governance is based on the Articles of Association, the Swedish Companies Act, the listing agreement with the Nasdaq OMX Mid Cap Stockholm, including the Swedish Code of Corporate Governance, and other relevant Swedish and foreign laws and regulations. The guidelines regarding the Swedish Code of Corporate Governance are available on the homepage of the Swedish Corporate Governance Board (www.bolagsstyrning.se). Internal guidelines for corporate governance, as well as the Articles of Association, instructions, and Rules of procedure for the Board and CEO, together with the process description for internal control, are available on SkiStar's homepage (www.skistar.com).

OWNERSHIP STRUCTURE

As per 31 August 2012, SkiStar had 16,648

shareholders according to the shareholder's register administered by Euroclear Sweden AB. The three largest shareholders, in terms of voting rights, represent 62.61% of the votes and 46.96% of the share capital. The distribution is shown in the administration report on page 50. Holdings by Swedish private individuals, either directly or through companies, amounted to 63.26% and Swedish institutional ownership amounted to 28.16% of share capital. Foreign private individuals represent 0.14% and foreign institutional ownership represents 8.44% of the share capital.

SHARE CAPITAL AND VOTING RIGHTS

SkiStar's share capital per 31 August 2012 amounted to SEK 19,594,014, divided among 39,188,028 shares, of which 1,824,000 are Class A shares and 37,364,028 are Class B shares.

Each Class A share entitles the holder to ten votes, and each Class B share entitles one vote. All shares convey equal participation in the Company's assets and profit, and entitle equal rights to dividends. SkiStar's Articles of association include no limits as to how many votes every shareholder can deliver during General Meetings, other than the inherent limitation implied by the number of shares in the company.

ANNUAL GENERAL MEETING

The Annual General Meeting is SkiStar's senior decision making body. The Annual General Meeting shall be held annually within six months of the close of the financial year. All shareholders who are listed in the share register and have registered to attend within the prescribed time have the right to participate and vote for their total holding of shares. Shareholders who cannot attend the meeting can be repre-

sented by a proxy. A shareholder or a proxy may have no more than two representatives.

Notice of the Annual General Meeting will be issued in the Swedish Official Gazette and on the Company's website, www.skistar.com. The release of the notice will be made public in Dagens Nyheter. Shareholders who wish to participate in the Annual General Meeting shall be listed on a transcript of the entire share register showing circumstances five working days prior to the meeting, and register with the Company by 12 pm on the date stated in the notice of the meeting, at which time the number of representatives is to be stated. This day may not be a Sunday, any other public holiday, a Saturday, Midsummer Eve, Christmas Eve or New Year's Eve, and may not fall earlier than the fifth working day prior to the meeting.

The Annual General Meeting will be held in Sälen, Åre or Stockholm.

During the Annual General Meeting the following matters will be discussed:

1. Election of chairman of the meeting.
2. Preparation and approval of voting list.
3. Approval of the agenda.
4. Election of two persons to verify the minutes.
5. Consideration of whether the meeting has been properly convened.
6. Presentation of the annual accounts and audit report, and of the consolidated accounts and Group audit report.
7. Resolution concerning the adoption of the income statement and balance sheet and the consolidated income statement and consolidated balance sheet.
8. Resolution concerning the appropriation of the Company's profit or treatment of losses according to the adopted balance sheet.
9. Resolution concerning discharge from liability of the Board of Directors and the CEO.
10. Determination of remuneration to the members of the Board of Directors and the audit fees.
11. Election of Board of Directors and auditors and deputies, if any.
12. Other matters to be addressed by the General Meeting pursuant to the Swedish Annual Accounts Act or the Articles of Association.

ANNUAL GENERAL MEETING 2010/11

A total of 206 shareholders, representing 73% of the votes in the Company, attended the Annual General Meeting held on 10 December 2011 at Experium in Sälen.

During the Meeting, the Board of Directors was authorised to purchase and sell shares in the Company to the effect that the Board is authorised, until the next Annual General Meeting, on one or more occasions, to decide whether to acquire Class B shares in the Company. The Company's holding of own shares, however, shall not exceed ten percent of the Company's total number of shares at any time. Acquisition will take place on a regulated market and may only occur at a price within the prevailing registered price range, namely the range between

the highest purchase consideration and the lowest selling price, or through a purchase offer addressed to all shareholders.

The authorisation of the Board further implies that the Board is authorised, until the next Annual General Meeting, to decide to sell the Company's own shares on a regulated market, or in another way, in connection with the purchase of a company or business. The authorisation includes the right to decide on deviation from the shareholders' privileges and whether payment will be made in cash, in kind, by offset or under other conditions. The authorisation may be exercised on one or more occasions and may include the maximum number of shares acquired by virtue of authorisation to purchase own shares.

The authorisation is to give the Board of Directors increased flexibility in the work with the Company's capital structure and, if deemed suitable, to enable acquisition. Repurchase and sale of own shares can only apply to Class B shares.

The authorisation of the Board to issue own shares was not subject to resolution.

ANNUAL GENERAL MEETING 2011/12

The Annual General Meeting for 2012 will be held at Experium in Sälen 2 pm on 8 December. For further information, visit www.skistar.com.

NOMINATING COMMITTEE

The Company's Nominating Committee is appointed at the Annual General Meeting for a period of one year. The Nominating Committee's duties are to prepare suggestions for Board members, remuneration for Board members, the Chairman of the Board, the Chairman of the Annual General Meeting and the Nominating Committee for the following financial year, as well as, when applicable, to prepare the nomination of auditors and auditors' remuneration, assisted by the Audit Committee. The Nominating Committee, prior to the 2011/12 Annual General Meeting, had the following members: Erik Paulsson, Chairman, for company and family, Mats Qviberg, for Investment AB Öresund, Mats Paulsson, for company and family, and Per Limberg, for Lima Jordägande Socknemän. All shareholders have had the possibility to address proposals to the Nominating Committee.

THE BOARD OF DIRECTORS

Composition of the Board

The Board is appointed by the Annual General Meeting in accordance with the Companies Act and the Board Representation (Private Sector Employees) Act. The articles of Association include, apart from regulations concerning the number of members and deputies, no regulations on appointment and dismissal of the Board's members.

The Board of Directors shall, in addition to members who may be appointed by other parties by law, be composed of four to nine members, with a maximum of three deputies. Members of the Board are elected for a period of one year.

During 2010/11, the Annual General Meeting elected seven members: Erik Paulsson, Chairman, Mats Paulsson, Mats Qviberg, Per-Uno Sandberg, Eivor Andersson, Pär Nuder and Mats Årjes, CEO. Furthermore, two employee representatives were included: Katarina Hjalmarsson, Unionen and Bengt Larsson, HRF. Three of the Board members are considered to have dependent positions vis à vis the Company: Mats Årjes, in his role as CEO of SkiStar AB, and Mats Paulsson, in his role as deputy Chairman of the Board of construction firm Peab, with whom SkiStar have construction contracts and Erik Paulsson, on the basis of close fraternal relationship with Mats Paulsson. For information on the age, education, assignments, shareholding etc. of each Board member, refer to page 84.

The work of the Board

The work of the Board of Directors is governed by the formal work plan that the Board adopts at the Board meeting following election each year. The Chairman of the Board, Erik Paulsson, leads the work of the Board and has continuous contact with the CEO in order to follow up the Group's business and development. The work of the Board mainly comprises strategic matters, business plans, the year-end book-closing and larger investments and sales. During the financial year 2011/12, the Board held six scheduled meetings; the attendance of the members is shown in the table on page 83. The work of the Board is evaluated continuously. SkiStar's CFO, Magnus Sjöholm, is the Board's secretary.

Compensation Committee

At the Board meeting following election on 10 December 2011, Erik Paulsson was elected chairman of the Compensation Committee and Mats Qviberg and Mats Paulsson were elected as members. The Compensation Committee is responsible for issues concerning salaries, pension benefits, bonus programmes and other employment benefits for the CEO and management of SkiStar. The Compensation Committee has no decision-making authority; rather, it prepares information and reports matters to the Board as a whole. The Compensation Committee held two meetings during the financial year, at which all Committee members were present, refer to page 83.

Audit Committee

At the Board meeting following election on 10 December 2011, Per-Uno Sandberg was elected Chairman of the Audit Committee, and Eivor Andersson and Pär Nuder were elected members. The Audit Committee is responsible for ensuring that the financial reporting maintains a high standard. They also maintain regular contact with the Company's auditors, draw up guidelines regarding negotiations for services from the Group's auditing firm and evaluate audit activities. They also assist the Nominating Committee in the work of nominating and establishing fees for the auditors. The Audit Committee has no decision-making authority; rather, it prepares information and reports matters to

the Board as a whole. The Audit Committee has held three meetings during the financial year. For further information on each Board member's attendance, refer to the table on page 83.

External auditors

At the Annual General Meeting held 10 December 2011, KPMG was reappointed as the auditing firm for SkiStar for a period of a further four years, until the Annual General Meeting in 2015. The audit is led by Authorised Public Accountant Åsa Wirén Linder. The results of the audit are reported regularly during the year to Group Management and the Audit Committee. At least once per year, the auditor meets the Company's Board of Directors. The external auditor's independence is governed by specific rules of procedure for the Audit Committee, adopted by the Board, which set out the areas in which the external auditor may be engaged in matters outside the ordinary audit assignment. Remuneration to the auditor is paid on an approved, on-account basis. For further information on fees, refer to Note 6.

Remuneration to the Board

The combined remuneration paid to Board members elected by the Board was fixed by the 2011 Annual General Meeting at TSEK 730 (730), of which the Chairman received TSEK 155 and the other Board members not employed by the Company each received TSEK 115. No other remuneration for work within the committees was paid.

GROUP MANAGEMENT

The following policies are presented as guidelines to the business.

The Chief Executive Officer

The Chief Executive Officer, and Group Chief Executive, is responsible for the day-to-day management of the Company in accordance with the Board of Directors' guidelines and directives. As support during the financial year, he has a deputy CEO, as well as the CFO, the six managers and the Group staff. The CEO is responsible for communicating continuous information and necessary documentation for decision-making

to the Board of Directors, in order to allow the Board to be able to assess the financial position of the Group and make appropriate decisions.

For the CEO's age, education, assignments, shareholding, etc. see page 84.

The Company's Management Group

During the financial year 2011/12, the Company's management group consisted of ten individuals, the CEO, the deputy CEO, also CFO, the Technical Director, the Marketing and Sales Manager and six Resort Managers, one each from Åre, Vemdalen, Hemsedal and Trysil and two from Sälen – one from Lindvallen/Högfjället and one from Tandådalen/Hundfjället. As of 1 September 2012, the management group consists of six individuals; the CEO, the deputy CEO, also CFO, the Marketing and Sales Manager, the Technical Director, also Resort Manager for the Norwegian resorts Hemsedal and Trysil, as well as two Resort Managers in Sweden; one from Åre-Vemdalen and one from Sälen.

FINANCIAL REPORTING

External financial reporting

SkiStar applies International Financial Reporting Standards (IFRS) in the preparation of the Group's reporting. Quality in the current financial reporting is ensured via a number of internal measures and routines. The auditors perform a limited review of the Company's nine-month report. In accordance with the Swedish Companies Act and the Swedish Code of Corporate Governance, the Board is responsible for internal control.

DESCRIPTION

Control environment

There is a clear division of roles and responsibilities contained in the formal work plan of the Board of Directors and the instructions to the CEO, as well as for Board committees, the purpose of which is to ensure the effective management of the operations' risks. Company management regularly reports to the Board according to established routines. Company management is responsible for the internal controls required to manage significant risks in the day-to-day operations of the Company.

A common business system both for external reporting and for internal follow-up, budgeting and forecasting is deemed to strengthen the control environment and security in the financial reporting. The Audit Committee prepares the Board of Directors' continuous follow-up of the internal supervision, which includes evaluating and discussing substantial issues concerning auditing and reporting technicalities. During the financial year, the Audit Committee has received reports from senior management concerning the internal supervising of projects that have been implemented. The Audit Committee held three meetings during the financial year.

Risk assessment

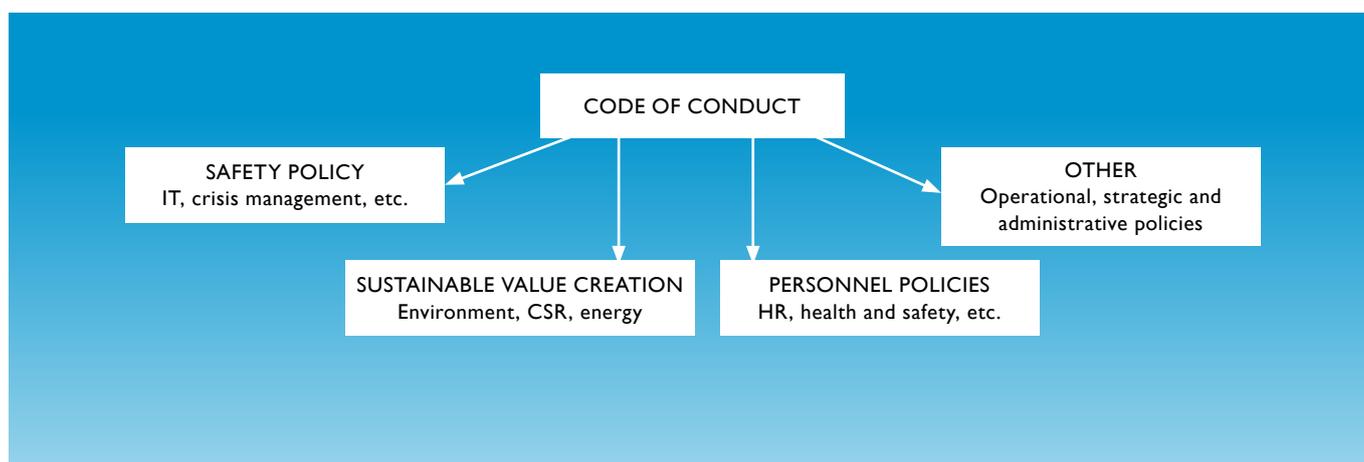
The Board ensures that risk assessments are carried out for all significant risks to which the Company is exposed in the context of the financial reporting. This includes identifying those items in the income statement and balance sheet for which the risk of material misstatement is increased, and designing a control system to prevent and identify any such errors. This is primarily carried out by quickly identifying events in operations or in the external environment that may affect the financial reporting and by monitoring those changes in auditing standards and recommendations that concern the financial reporting of the Company.

Control activities

The Company works continuously with eliminating and reducing significant risks which can affect the internal control over financial reporting. Examples of control activities undertaken to manage risks are:

- * The management group's follow-up and analysis
- * Individual reviews of the Company's IT system, with an emphasis on the sales system.
- * Continuous follow-up of whether authorisation manuals and authorisation structures are being adhered to.
- * Annual review of the handling of the means of payment at the Company's points of sale.
- * Other regular reconciliations and physical checks.

POLICIES



Information and communication

In order to comply with the Company's policies, guidelines and recommendations, it is required that these be well-documented and that they be communicated within the Company. To ensure that communication and information function properly, the management group holds regular meetings with representatives from the Company's destinations and from staff functions. At present, the Company is in the process of compiling policies, manuals and instructions in an administrative handbook, which will be made available on the Company's intranet.

Follow-up

The Board of Directors continuously evaluates the information provided by senior management and the Audit Committee and ensures that identified deficiencies in the internal controls are remedied. Of particular significance for follow-up is the work of the Audit Committee and the reports from the external auditors.

Internal auditing

The Board of Directors has made the assessment that the monitoring and follow-up described above are presently sufficient to ensure the efficiency of the internal control, without any special internal auditing function.

ARTICLES OF ASSOCIATION

The Company's current Articles of association, adopted at the 2011 Annual General Meeting, were registered in January 2012. The articles do not include rules on the procedure for amending the Articles of association.

COMPLIANCE WITH THE SWEDISH CODE OF CORPORATE GOVERNANCE

The adjacent table shows and explains the deviations from the Swedish Code of Corporate Governance.

The auditor's report in accordance with the Annual Accounts Act, Chapter 6, Section 9 regarding this Corporate Governance report can be found to the right.

* BOARD OF DIRECTORS

	Attendance Independent	Attendance, Audit Committee	Attendance, Compensation Committee	Remuneration
<i>Members elected by the AGM</i>				
Erik Paulsson	6/6		2/2	155 000
Mats Paulsson	6/6		2/2	115 000
Mats Qviberg	6/6	x	2/2	115 000
Per-Uno Sandberg	6/6	x	3/3	115 000
Eivor Andersson	6/6	x	3/3	115 000
Pär Nuder	6/6	x	3/3	115 000
Mats Ärjes	6/6			
<i>Employee representatives</i>				
Bengt Larsson	6/6			
Katarina Hjalmarsson	5/6			

* DEVIATIONS FROM THE SWEDISH CODE OF CORPORATE GOVERNANCE 2011/12

Code rule	Description	Deviation	Explanation
2.4	Criteria for members of Nominating Committee	SkiStar's Chairman of the Board of Directors is also the Chairman of the Nominating Committee. The majority of members on the Nominating Committee are also Board members and are dependent in terms of being major shareholders.	The principal owners are Board members and are also included in the Nominating Committee, in order to take an active ownership role and because they are well-suited to achieving the best results for the Company's shareholders.
9.2	Criteria for composition of Compensation Committee	The Chairman of the Board of Directors is also Chairman of the Compensation Committee, which implies that the other members must be independent. Only one of the two other members is independent.	It is deemed that the Compensation Committee can act independently despite the fact that one member is considered dependent according to the Code.

AUDITOR'S STATEMENT ON THE CORPORATE GOVERNANCE REPORT

To the Annual General Meeting of SkiStar AB (publ),
Corporate Identity Number 556093-6949

The Board of Directors is responsible for the preparation of the corporate governance report for the financial year 1 September 2011 - 31 August 2012 on pages 80-83 in accordance with the Annual Accounts Act.

We have reviewed the corporate governance report, and we believe that this review, in conjunction with our knowledge of the company and the group, provides a reasonable basis for our opinion. This implies that our statutory review of the corporate governance report has a different focus and is substantially smaller in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing standards in Sweden.

Our opinion is that a corporate governance report has been prepared, and the statutory information contained therein is consistent with the other parts of the annual accounts and consolidated accounts.

Sälen, 8 november 2012
KPMG AB

Åsa Wirén Linder
Authorised Public Accountant