



**CROWN INVESTMENTS CORPORATION
OF SASKATCHEWAN**

**First Quarter Financial Report
March 31, 2006**

www.cicorp.sk.ca



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Introduction

Crown Investments Corporation of Saskatchewan (CIC) is the provincial government's holding company for its commercial Crown corporations. CIC has invested equity in its subsidiary Crown corporations and collects dividends from these corporations. CIC also holds the Province's investment in NewGrade Energy Inc. (NewGrade).

The purpose of the following discussion is to provide users of CIC's financial statements, with an overview of the Corporation's financial performance and the various measures CIC uses to evaluate its financial health. This narrative on CIC's 2006 first quarter financial results should be read in conjunction with the 2005 audited consolidated and non-consolidated financial statements.

To facilitate greater transparency and accountability, CIC prepares two different sets of financial statements: CIC's consolidated financial statements that report on the Crown sector; and CIC's non-consolidated financial statements that reflect its role as a holding corporation for the Province.

CIC Consolidated Financial Statements

These statements show CIC's results consolidated with the results of its subsidiary Crown corporations. The financial statements are prepared in accordance with Canadian Generally Accepted Accounting Principles (GAAP) and include:

- Financial results of subsidiary Crown corporations:
 - Information Services Corporation (ISC), Investment Saskatchewan Inc. (IS), SaskEnergy Incorporated (SaskEnergy), Saskatchewan Development Fund Corporation (SDFC), Saskatchewan Government Growth Fund Management Corporation (SGGF MC), Saskatchewan Government Insurance (SGI), Saskatchewan Opportunities Corporation (SOCO), Saskatchewan Power Corporation (SaskPower), Saskatchewan Telecommunications Holding Corporation (SaskTel), Saskatchewan Transportation Company (STC), and, Saskatchewan Water Corporation (SaskWater);
- CIC's share of NewGrade financial results;
- Costs incurred from its wholly-owned share capital subsidiary Gradworks Inc.;
- Dividends paid by CIC to the General Revenue Fund (GRF); and,
- CIC's operating costs, public policy expenditures and interest income on cash balances.

CIC Non-Consolidated Financial Statements

CIC's non-consolidated financial statements are used by CIC to determine dividend capacity to the Province's GRF. The Non-Consolidated statements have not been and are not intended to be prepared in accordance with GAAP. These statements are intended to isolate the corporation's cash-flow, capital support for certain subsidiary Crown corporations and public policy expenditures. These financial statements include:

- Dividends of subsidiary Crown corporations (SaskPower, SaskTel, SaskEnergy and SGI);
- Dividends received from NewGrade;
- Dividends paid by CIC to the GRF;
- Grants to subsidiary corporations; and,
- CIC's interest income on cash balances, operating costs and public policy expenditures.

Consolidated Financial Statements

Management's Discussion and Analysis

Major Lines of Business

CIC is involved in a broad array of industries through various forms of investment. A number of investments are held as wholly-owned subsidiaries, while others are joint ventures and partnerships, held either directly by CIC or through its wholly-owned subsidiaries.

Management's Discussion & Analysis (MD&A) highlights the primary factors that have an impact on the consolidated financial results and operations of CIC. It should be read in conjunction with CIC's unaudited interim consolidated financial statements and supporting notes for the three months ended March 31, 2006. These interim financial statements have been prepared in accordance with the Canadian Institute of Chartered Accountants Handbook Section 1751.

The unaudited interim consolidated financial statements do not contain all the disclosures included in CIC's annual audited consolidated financial statements. Accordingly, these unaudited interim financial statements should be read in conjunction with CIC's most recent annual financial statements released on April 27, 2006.

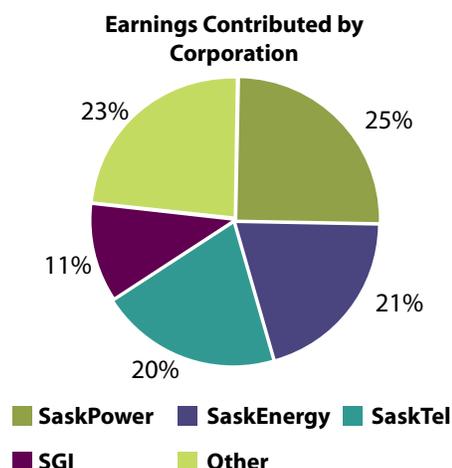
For purposes of the MD&A on CIC's consolidated results, "CIC" refers to the consolidated entity. The following table lists the subsidiaries and investments, including the respective business line, that CIC consolidates in its financial statements.

Investment	Major Business Line	Form of Investment
Saskatchewan Power Corporation (SaskPower)	Electricity	wholly-owned subsidiary
Saskatchewan Telecommunications Holding Corporation and Saskatchewan Telecommunications (collectively SaskTel)	Telecommunications	wholly-owned subsidiary
SaskEnergy Incorporated (SaskEnergy)	Natural Gas	wholly-owned subsidiary
Saskatchewan Water Corporation (SaskWater)	Water and Wastewater	wholly-owned subsidiary
Information Services Corporation of Saskatchewan (ISC)	Land and Property Registration Services	wholly-owned subsidiary
Saskatchewan Government Insurance (SGI)	Property and Casualty	wholly-owned subsidiary
Investment Saskatchewan Inc. (IS)	Several	wholly-owned subsidiary
NewGrade Energy Inc. (NewGrade)	Heavy Oil Upgrader	50.0 per cent equity interest
Saskatchewan Opportunities Corporation (SOCO)	Infrastructure	wholly-owned subsidiary
Saskatchewan Development Fund Corporation (SDFC)	Mutual Fund	wholly-owned subsidiary
Saskatchewan Government Growth Fund Management Corporation (SGGF)	Immigrant Investor	wholly-owned subsidiary
Saskatchewan Transportation Company (STC)	Passenger and Freight Transportation	wholly-owned subsidiary

■ Utilities
 ■ Insurance
 ■ Commodity Based Investments
 ■ Economic Growth
 ■ Transportation

Crown Corporation Earnings (unaudited)
for the three months ended March 31, 2006

\$ Millions	
SaskPower	\$ 45.6
SaskTel	36.0
SaskEnergy	36.9
SGI	19.7
Investment Saskatchewan	11.5
Information Services Corporation	0.6
SaskWater	(0.3)
STC	(0.3)
SOCO	1.1
CIC (Non-Consolidated)	29.6
Total	\$ 180.4



Earnings for the first quarter beginning January 1, 2006 and ending March 31, 2006 were \$180.4 million (2005 - \$178.1 million). Excluding income tax expense of \$19.4 million (2005 - \$15.0 million) and a non-recurring gain related to discontinued operations of \$7.9 million (2005 - \$Nil), earnings from ongoing operations were \$191.9 million (2005 - \$193.5 million). First quarter results for 2006 were generally consistent with the prior year. Increased revenues, primarily related to increasing prices for electrical sales, were offset by increased operating costs as a result of higher natural gas costs relative to 2005. In addition, the consolidation of certain investments in accordance with new GAAP accounting standards on variable interest entities has increased revenues and expenses. In accordance with the guideline, management has chosen not to apply this policy to prior year comparative results.

Revenue

Revenues for the first three months of 2006 were \$1,198.1 million (2005 - \$1,096.5 million), an increase of \$101.6 million. The increase was due to a \$106.5 million increase in operating revenue, offset by a decrease in other investment and other revenue of \$4.9 million.

Operating revenues for the first three months of 2006 were \$1,179.1 million (2005 - \$1,072.6 million). The \$106.5 million increase was mainly attributable to two factors. First, electrical sales increased as a result of a higher rate charged to customers relative to 2005 as well as increased prices and volumes for electrical exports. Secondly, the consolidation of certain investments, primarily Big Sky Farms Inc., as a result of new GAAP accounting standards increased the reported revenues in 2006.

Investment earnings for the first three months of 2006 were \$17.2 million (2005 - \$21.9 million). The \$4.7 million decrease mainly reflects lower earnings from equity investments at Investment Saskatchewan.

Management's Discussion and Analysis (continued)

Expenses

Expenses for the first three months of 2006 were \$1,006.2 million (2005 - \$903.0 million), an increase of \$103.2 million. The increase was due primarily to the consolidation of certain investments, as mentioned previously, combined with increased market prices for natural gas that affected the cost of sales for natural gas sales and the cost of electrical generation.

Other

Current and future income tax expense recorded in the first quarter were \$19.4 million (2005 - \$15.0 million), an increase of \$4.4 million. The increase is due to higher earnings at NewGrade combined with the utilization of remaining tax credits stemming from losses incurred during its first few years of operations. As well, the Corporation had \$7.9 million in non-recurring items in the quarter (2005 - \$Nil) related to gains by Investment Saskatchewan on its discontinued operations. It disposed of its investment in Hypor for a gain of \$5.3 million, and also realized a gain of \$2.6 million on the sale of a portion of Centennial Foods Partnership.

Capital Spending

In the first three months of 2006, CIC spent \$363.0 million (2005 - \$269.3 million) on investment and capital acquisitions. The \$93.7 million increase reflects a \$54.3 million increase in investing activity, due mainly to increased turnover of SGI's investment portfolio, as well as increased capital spending, due mainly to SaskTel's Next Generation Access Infrastructure program to increase bandwidth.

Debt

Debt at March 31, 2006 was \$3,658.3 million (December 31, 2005 - \$3,608.5 million), an increase of \$49.8 million. The increase in debt was largely attributable to SaskPower, due mainly to significant capital investment as a result of its wind power project at Rushlake Creek.

Utility Bundle Commitment

In the fall of 2003, the government indicated that Saskatchewan families will receive the package of basic utilities including home electricity, home natural gas, basic telephone rates and auto insurance at a total annual cost that is as low or lower than the same package in any other province in Canada. CIC, as the parent company, is monitoring the costs of providing the lowest cost for this bundle of services. Although it cannot be determined if CIC will need to provide a rebate in 2006, the Corporation has budgeted \$54.0 million in 2006 to ensure the commitment is maintained.

Liquidity and Capital Resources

Cash Flow Highlights

\$ Millions

	for the three months ended	
	March 31, 2006	March 31, 2005
Cash from operations	\$ 296.9	\$ 336.2
Cash used in investing activities	(72.9)	(91.8)
Dividend paid	(221.0)	(263.0)
Debt proceeds received	102.4	150.0
Debt repaid	(28.3)	(13.5)
Other financing activities	(17.0)	(42.0)
Increase in cash	\$ 60.1	\$ 75.9

Liquidity

CIC and its subsidiary Crowns finance their capital requirements through internally generated cash flow and borrowing. The GRF borrows in capital markets on behalf of Crowns. The GRF has sufficient access to capital markets for anticipated borrowing requirements.

Province of Saskatchewan Credit Ratings on Long-Term Debt as at March 31, 2006

Moody's Investor Service	Aa2
Standard & Poor's	AA-
Dominion Bond Rating Service	A (high)

Operating, Investing and Financing Activities

Cash from operations for the three months ending March 31, 2006 was \$296.9 million (2005 - \$336.2 million). The \$39.3 million decrease was primarily due to an increase in non-cash working capital relative to the same period last year. Cash used in investing activities for the three months ending March 31, 2006 was \$72.9 million (2005 - \$91.8 million). The \$18.9 million decrease reflects similar capital spending levels relative to 2005, but higher loan repayments within Investment Saskatchewan's investment portfolio.

Cash used in financing activities for the three months ending March 31, 2006 was \$163.8 million (2005 - \$168.5 million). The \$4.7 million decrease is mainly due to lower dividends to the GRF (\$221.0 million paid in 2006 compared to \$263.0 million paid in 2005) partially offset by lower borrowing requirements related to the timing of capital expenditures in the Crown sector.

Debt Management

CIC and its subsidiary Crowns prudently manage their debt to maintain and enhance their financial flexibility. The CIC Board has approved debt targets for CIC and its commercial subsidiaries that take into account their individual circumstances and industry benchmarks.

Consolidated Statement of Financial Position

(Unaudited)
(thousands of dollars)

	March 31 2006	December 31 2005
ASSETS		
Current		
Cash	\$ 85,094	\$ 41,229
Short-term investments	543,513	684,493
Accounts receivable	647,559	651,497
Inventories and prepaid expenses	332,930	311,734
Assets from discontinued operations	392,347	404,976
	2,001,443	2,093,929
Long-term investments	656,255	657,093
Property, plant, and equipment	5,701,226	5,688,140
Other assets	344,378	419,746
Long-term assets of discontinued operations	394,043	389,307
	\$ 9,097,345	\$ 9,248,215
LIABILITIES AND PROVINCE'S EQUITY		
Current		
Bank indebtedness	\$ 18,330	\$ 17,024
Accounts payable and accrued liabilities	573,375	722,123
Notes payable	92,259	109,308
Dividend payable to General Revenue Fund	-	221,000
Deferred revenue	191,968	190,969
Income Taxes payable	5,174	18,182
Liabilities from discontinued operations	174,679	164,630
Long-term debt due within one year	244,819	281,639
	1,300,604	1,724,875
Long-term debt	3,321,237	3,217,556
Deferred revenue and other liabilities	464,582	468,124
Long-term liabilities from discontinued operations	454,001	460,903
	5,540,424	5,871,458
Province of Saskatchewan's Equity		
Equity advances	1,181,152	1,181,152
Other equity items	(1,865)	(1,627)
Retained earnings	2,377,634	2,197,232
	3,556,921	3,376,757
	\$ 9,097,345	\$ 9,248,215

Commitments and contingencies (Note 3)

(See accompanying notes)

Consolidated Statement of Operations and Reinvested Earnings

(Unaudited)
For The Period
(thousands of dollars)

	2006	2005
	January 1	January 1
	to	to
	March 31	March 31
REVENUE		
Sales of products and services	\$ 1,179,052	\$ 1,072,565
Investment	17,189	21,929
Other	1,859	2,044
	1,198,100	1,096,538
EXPENSES		
Operating costs other than those listed below	811,725	713,771
Interest	60,830	62,569
Amortization of capital assets	106,115	100,455
Saskatchewan taxes and resource payments	27,491	26,210
	1,006,161	903,005
Earnings before the following	191,939	193,533
Income tax expense	(19,398)	(14,977)
Loss from discontinued operations	(46)	(437)
Non-recurring items (Note 4)	7,907	-
NET EARNINGS	180,402	178,119
RETAINED EARNINGS, BEGINNING OF PERIOD	2,197,232	2,081,500
DIVIDEND TO GENERAL REVENUE FUND	-	-
REINVESTED EARNINGS, END OF PERIOD	\$ 2,377,634	\$ 2,259,619

(See accompanying notes)

Consolidated Statement of Cash Flows

(Unaudited)
For The Period
(thousands of dollars)

	2006	2005
	January 1	January 1
	to	to
	March 31	March 31
OPERATING ACTIVITIES		
Net earnings	\$ 180,402	\$ 178,119
Items not affecting cash from operations	129,172	104,914
	309,574	283,033
Net change in non-cash working capital balances related to operations	4,635	56,354
Cash provided by operating activities from continuing operations	314,209	339,387
Cash used in operating activities from discontinued operations	(17,282)	(3,159)
Cash provided by operating activities	296,927	336,228
INVESTING ACTIVITIES		
Purchase of investments	(244,704)	(190,401)
Proceeds from sales and collections of investments	279,398	190,764
Purchase of property, plant, and equipment	(118,264)	(78,945)
Proceeds from sale of property, plant, and equipment	105	121
Decrease (increase) in other assets	10,508	(13,345)
Cash used in investing activities	(72,957)	(91,806)
FINANCING ACTIVITIES		
Decrease in notes payable	(17,049)	(42,067)
Increase in deferred revenue and other liabilities	200	50
Long-term debt proceeds from General Revenue Fund	102,398	150,000
Long-term debt repayments to General Revenue Fund	(20,367)	(10,723)
Long-term debt repayments to other lenders	(7,970)	(2,770)
Dividend paid to General Revenue Fund	(221,000)	(263,000)
Cash used in financing activities	(163,788)	(168,510)
NET INCREASE IN CASH DURING PERIOD	60,182	75,912
CASH POSITION, BEGINNING OF PERIOD	74,693	(3,445)
CASH POSITION, END OF PERIOD	\$ 134,875	\$ 72,467
Cash position consists of:		
Cash from continuing operations	\$ 85,094	\$ 89,733
Bank indebtedness from continuing operations	(18,330)	(19,277)
	66,764	70,456
Cash from discontinued operations	68,111	2,011
Bank indebtedness from discontinued operations	-	-
	\$ 134,875	\$ 72,467

(See accompanying notes)

Notes to Consolidated Financial Statements

(Unaudited)

March 31, 2006

1. Summary of Significant Accounting Policies

The interim consolidated financial statements of Crown Investments Corporation of Saskatchewan (CIC) do not contain all of the disclosures included in CIC's annual consolidated financial statements. Accordingly, these interim financial statements should be read in conjunction with CIC's most recent annual statement released on April 27, 2006.

The preparation of financial statements in accordance with Canadian Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues, and expenses. Actual amounts could differ from these estimates.

The accounting policies used in the preparation of these interim financial statements conform with those used in the most recent annual statements.

a) Consolidation principles and basis of presentation

Certain Saskatchewan provincial Crown corporations are designated as subsidiary Crown corporations of Crown Investments Corporation of Saskatchewan (CIC) under *The Crown Corporations Act, 1993* (the Act). In addition, certain Saskatchewan provincial Crown corporations created under the Act are CIC Crown corporations. The Act assigns specific financial and other responsibilities regarding these corporations to CIC.

In addition to the Crown corporations listed below, the accounts of Gradworks Inc., a wholly-owned share capital subsidiary of CIC, is consolidated in these financial statements.

Separate unaudited interim financial statements for CIC have been prepared on a non-consolidated basis to show the financial position and results of operations of the corporate entity. In addition, separate unaudited interim financial statements for each of the undernoted Crown corporations are prepared and released publicly.

The following Crown corporations have been designated or created as subsidiary Crown corporations of CIC and have been consolidated in these interim financial statements:

Information Services Corporation of Saskatchewan	Saskatchewan Opportunities Corporation
Investment Saskatchewan Inc.	Saskatchewan Power Corporation
SaskEnergy Incorporated	Saskatchewan Telecommunications
Saskatchewan Development Fund Corporation	Saskatchewan Telecommunications Holding Corporation
Saskatchewan Government Growth Fund Management Corporation	Saskatchewan Transportation Company
Saskatchewan Government Insurance	Saskatchewan Water Corporation

Throughout these interim financial statements the phrase "the Corporation" is used to collectively describe the activities of the consolidated entity.

Notes to Consolidated Financial Statements

(Unaudited)

March 31, 2006

1. Summary of Significant Accounting Policies (continued)

b) Joint ventures

The Corporation's shares of jointly controlled enterprises included in these interim financial statements are as follows:

Canadian Power Consultants	14%
Centennial Foods Partnership	35%
Cory Cogeneration Funding Corporation	50%
Cory Cogeneration Joint Venture	50%
Foragen Technologies Limited Partnership	33%
Heritage Gas Limited	50%
Hypor B.V. (Note 4)	50%
Hypor LP (Note 4)	50%
NewGrade Energy Inc.	50%

c) Revenue recognition

Revenue from utility and other services is recognized when the services are delivered to customers. The estimate of services rendered but not billed is included in accounts receivable. Revenue from various telecommunications, directory, internet, entertainment and equipment sales are recognized based on access to the Corporation's network and facilities at the rate plans in effect during the period the service is provided. Revenues from insurance premiums written are taken into income over the terms of the related policies which are no longer than twelve months. Revenue from sales of reconstituted and synthetic crude are recorded on the basis of regular meter readings. Revenue from sales of other products is recognized when goods are shipped and title has passed to the customer or based on the right to revenue pursuant to contracts with customers, tenants and clients.

Interest earned on long-term investments is recognized on the accrual basis except where uncertainty exists as to ultimate collection. In cases where collectibility of interest is not reasonably assured, interest income is recorded when it is received, and accrued interest receivable is offset by deferred interest income.

d) Competitive gas sales

Where the Corporation purchases natural gas in the open market at a fixed purchase price and simultaneously enters into agreements to sell this natural gas at a fixed selling price, the gain or loss is recorded at the time the transaction is settled.

In addition, the Corporation may enter into contracts that require either the physical delivery (sale) or receipt (purchase) of natural gas in a future period. Contracts may be structured so that the settlement price is determined in the future at the time of delivery or receipt. Changes in the value of the contract due to a change in market prices up to the date of settlement, are recorded as gains or losses in the period of change.

Notes to Consolidated Financial Statements

(Unaudited)

March 31, 2006

1. Summary of Significant Accounting Policies (continued)

e) Electrical trading sales

Electricity trading revenues are reported on a gross basis unless the Corporation is acting in the capacity of an agent or broker, in which case revenues are recorded net of purchases. The Corporation acts as a principal in electricity trading transactions taking title to the electricity purchased for resale and assuming the risks and rewards of ownership. Therefore, electricity trading revenues are recorded on a gross basis.

f) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

2. Status of Crown Investments Corporation of Saskatchewan

Crown Investments Corporation of Saskatchewan was established by Order in Council 535/47 dated April 2, 1947, and is continued under the provisions of *The Crown Corporations Act, 1993*. The Corporation is an agent of Her Majesty in Right of the Province of Saskatchewan, and as a Provincial Crown corporation is not subject to Federal and Provincial income taxes. Certain jointly controlled enterprises are not Provincial Crown corporations and are subject to Federal and Provincial income taxes.

3. Contingencies

- a) The Corporation has various legal matters pending which, in the opinion of management, will not have a material effect on the Corporation's consolidated financial position or results of operations.
- b) On August 9, 2005, a proceeding under the *Class Actions Act* (Saskatchewan) was brought against several Canadian wireless and cellular service providers, including the Corporation. The proceeding involves allegations by wireless customers of breach of contract, misrepresentation, negligence, collusion, and breach of statutory obligations concerning system administration fees. The plaintiffs seek unquantified damages from the defendant wireless communications service providers. The Corporation believes that it has strong defenses to the allegations. While the certification hearing has been held, it is not currently known whether the proceeding will be certified as a class action and the outcome of this matter is not determinable at this time.

Notes to Consolidated Financial Statements

(Unaudited)

March 31, 2006

4. Discontinued operations

Hypor

In February 2006, the Corporation completed the sale of all of its ownership interests in Hypor LP, Hypor B.V. and Euribrid Espana S.A. for proceeds of \$15.8 million, resulting in a gain on sale of \$5.3 million. The Corporation also received full repayment of the \$2.3 million loan advanced to Hypor LP.

Crown Life Insurance Company

In April 2006, the shareholders of Crown Life triggered the second and final close of the sale of Crown Life to Canada Life. The final close will result in the distribution of cash and invested assets to the shareholders, and is expected to take place in late 2006 or early 2007.

Centennial Foods Partnership

In February 2006, the Corporation disposed of its interest of New Food Classics Partnership. During 2006, the Corporation anticipates disposing of its interests in Centennial Foodservice Partnership and Centennial 67 Partnership.

Meadow Lake Pulp Limited Partnership (MLPLP)

On December 28, 2005, MLPLP obtained creditor protection under the Companies' Creditors Arrangement Act ("CCAA"). The CCAA Order provided for a 30 day general stay period that expired on January 27, 2006, and has been extended to June 8, 2006. The stay generally precludes parties from taking any actions against MLPLP for breach of contractual or other obligations. The CCAA process will also provide time in which to investigate all options with respect to the future of the mill including the development of a cost reduction plan and pursuing potential purchasers of the mill.

On January 9, 2006, the Corporation approved the provision of up to \$15.0 million in Debtor-in Possession (DIP) financing to the pulp mill. The purpose of this temporary short-term liquidity facility is to assist the pulp mill during its restructuring efforts. The DIP facility is secured by mortgages, general security agreements, share pledges in respect of all shares owned by or on behalf of the Borrowers, and other interests, fixed and floating charge debentures, security interests, hypothecs or equivalent, including without limitation, mortgages on all real property, first in priority against all assets of the pulp mill, subject only to the Administrative Charge and the Directors' Charge as provided in the CCAA Order and to the prior security of HSBC Bank Canada. The Corporation has advanced the full \$15.0 million of DIP financing to MLPLP in the first three months of 2006.

5. Saskatchewan Energy Share

In November 2005, the Government of Saskatchewan approved an appropriation of \$123.9 million to establish the Saskatchewan Energy Share. The appropriation relates to the period November 1, 2005 to March 31, 2006 as it was designed to assist natural gas consumers in dealing with high natural gas prices during the winter of 2005/2006.

Notes to Consolidated Financial Statements

(Unaudited)

March 31, 2006

5. Saskatchewan Energy Share (continued)

The Saskatchewan Energy Share included a specific appropriation of \$92.0 million to be used by the Corporation to cap the cost of natural gas sold to customers at \$7.95 per gigajoule during the period November 1, 2005 to March 31, 2006. For each month during this period, SaskEnergy calculated its actual cost per gigajoule of natural gas and compared to this amount to the cap of \$7.95 per gigajoule. Based on estimates of sales volumes, the Corporation's actual cost of gas for January, February, and March 2006 was above the cap of \$7.95 per gigajoule and accordingly, the Corporation received \$20.5 million from the Saskatchewan Energy Share.

Certain natural gas consumers in Lloydminster, Saskatchewan receive their natural gas service from Direct Energy Regulated Services (a supplier based in Alberta). Under the Saskatchewan Energy Share \$1.0 million was allocated to provide eligible Lloydminster customers with a one time credit of \$200. This credit was provided to these customers in 2006. During the month of March 2006, the Corporation reimbursed Direct Energy Regulated Services for these credits and in turn recovered this amount from the Saskatchewan Energy Share. The cost of this initiative was \$0.5 million.

6. Comparative Figures

Certain of the 2005 comparative figures have been reclassified to conform to the current year's presentation.

Non-Consolidated Financial Statements

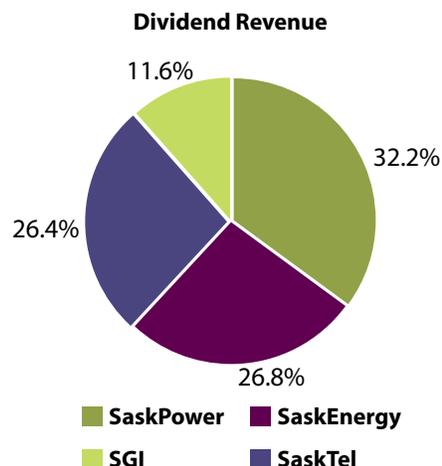
Management's Discussion and Analysis

CIC is the provincial government's holding company for its commercial Crowns. CIC has invested equity in its subsidiary Crown corporations and collects dividends from these corporations based on their profitability. CIC also holds the Province's investment in NewGrade Energy Inc.

This narrative on CIC's non-consolidated March 31, 2006 first quarter results should be read in conjunction with the March 31, 2006 unaudited non-consolidated financial statements.

The unaudited interim non-consolidated financial statements do not contain all the disclosures included in CIC's annual audited non-consolidated financial statements. Accordingly, these unaudited interim financial statements should be read in conjunction with CIC's most recent annual non-consolidated financial statements released on April 27, 2006.

For the purposes of this narrative on CIC's non-consolidated financial results, "CIC" refers to the holding company.



CIC Non-Consolidated First Quarter Earnings (unaudited)		(\$ Millions)
Dividend Revenue From Crown Corporations		\$ 47.4
Add: Interest and other revenue		2.4
Less: General, administrative, and other expenses		(2.4)
Grants to subsidiaries		(3.4)
Total Non-Consolidated Earnings		\$ 44.0

Earnings

Earnings for the first quarter of 2006 were \$44.0 million (2005 - \$59.6 million). First quarter earnings decreased \$15.6 million from the same period in 2005. The \$15.6 million decrease is primarily due to a decrease in dividend revenue from CIC's subsidiary Crown corporations of \$14.0 million, an increase in grants of \$2.0 million, offset by an increase in interest revenue of \$0.9 million.

Dividend Revenue

Dividend revenue for the three months ended March 31, 2006 was \$47.4 million (2005 - \$61.4 million). The \$14.0 million decrease was due to lower dividends from SaskTel (\$8.7 million), SaskPower (\$4.0 million), and SaskEnergy (\$1.6 million), partially offset by increased dividends from SGI (\$0.3 million).

For the first quarter of each year, dividends from subsidiary Crown corporations are based on 25 percent of their budgeted dividend for the year. The budgeted dividend is calculated under CIC's dividend policy which applies a percentage payout of net earnings based on the overall financial health of the subsidiary Crown and its need for capital investment. For the remaining three quarters, dividend payments will be adjusted based on actual earnings and projections to year end. For the current year, CIC has assumed payout rates of 71 percent of earnings at SaskTel and 65 percent of earnings at SaskPower, SaskEnergy and SGI. These payout rates reflect the need of these subsidiary corporations to retain capital to move to their respective industry benchmarked financial structure and to upgrade infrastructure.

Administrative Expenses

Expenses were \$2.4 million for the three months ended March 31, 2006 (2005 - \$1.9 million). The increase of \$0.5 million was due mainly to increased consulting costs and increased costs for salaries and benefits.

During the first three months of 2006, CIC provided \$1.2 million in grants to STC (2005 - \$1.2 million), \$1.0 million (2005 - \$Nil) in grants to SaskEnergy to fund the EnerGuide for Houses Matching Grant Program and \$0.8 million (2005 - \$0.2 million) to Gradworks Inc., a non-profit subsidiary of CIC which provides recent post-secondary with internships in CIC subsidiary Crown corporations.

CIC's 2006 budget includes public policy and grant funding expenditures as follows: \$5.0 million in operating grants and \$10.7 million in capital grants to STC, of which \$8.8 million of the capital grants is allocated for funding the new bus terminal in Regina; \$9.6 million of funding to SaskEnergy for the EnerGuide for Houses program; and, \$2.7 million of operating grants to Gradworks. CIC has also budgeted for \$54.0 million in public policy expenditures related to the lowest cost utility bundle commitment.

Liquidity and Capital Resources

Cash Flow Highlights

(thousands of dollars)

	for the three months ended	
	March 31 2006	March 31 2005
Cash from operations	\$ 31.9	\$ 116.8
Dividends paid	(221.0)	(263.0)
Decrease in cash	\$ (189.1)	\$ (146.2)

Management's Discussion and Analysis (continued)

Liquidity and Capital Resources (continued)

Liquidity

CIC finances its capital requirements through internally-generated cash flow and through borrowing from the GRF. The GRF borrows on CIC's behalf in capital markets.

Operating, Investing and Financing Activities

Cash from operations for the three months ended March 31, 2006 was \$31.9 million (2005 - \$116.8 million). The \$84.9 million decrease was due mainly to lower dividends collected in the first quarter of 2006 compared to 2005.

Cash used in investing activities for the three months ended March 31, 2006 was \$Nil (2005 - \$Nil). Other than a small purchase of equipment, CIC had no investing activities.

Cash used in financing activities was \$221.0 million (2005 - \$263.0 million). Financing activities in 2006 consisted of dividends paid to the GRF.

Debt Management

CIC has no debt. As a separate legal entity CIC does not expect to borrow in 2006.

Outlook and Key Factors Affecting Performance

The key factor affecting CIC's earnings are the level of dividends from commercial subsidiary Crown corporations and its joint venture NewGrade.

Factors affecting the level of dividends from subsidiary Crowns include the level of profits and the application of CIC's subsidiary dividend policy. The CIC Board determines dividends from a commercial subsidiary after allocating cash for reinvestment within the Crown to sustain operations, to grow and to diversify, and for debt reduction if necessary. CIC expects aggregate dividends declared by its commercial subsidiaries in 2006 to be comparable to dividends declared in 2005.

Dividends from NewGrade are determined by its Board of Directors and are based on available surplus cash flow. The most significant factor in determining its profitability is the difference in price between heavy and light crude oil. Given the high differential that exists between current market prices, CIC projects continued strong earnings from NewGrade in 2006.

In the fall of 2003, the government indicated that Saskatchewan families will receive the package of basic utilities including home electricity, home natural gas, basic telephone rates and auto insurance at a total annual cost that is as low or lower than the same package in any other province in Canada. For 2006, CIC has budgeted \$54.0 million to ensure the lowest bundle commitment is met.

CIC regularly assesses the appropriateness of the carrying value for its investments, and writes down an investment if it judges there to be a permanent impairment in carrying value. CIC regularly reviews its investments with private sector partners to determine the appropriateness of retention or sale.

Non-Consolidated Statement of Financial Position

(Unaudited)
(thousands of dollars)

	March 31 2006	December 31 2005
ASSETS		
Current		
Cash and short-term investments	\$ 100,593	\$ 289,645
Interest and accounts receivable	472	499
Dividends receivable	47,400	35,033
	148,465	325,177
Equity advances to Crown corporations	1,075,382	1,075,382
Investments in share capital corporations	377,469	377,469
Equipment	490	504
	\$ 1,601,806	\$ 1,778,532
LIABILITIES AND PROVINCE'S EQUITY		
Interest and accounts payable	\$ 2,749	\$ 2,423
Dividend payable to General Revenue Fund	-	221,000
	2,749	223,423
Province of Saskatchewan's Equity		
Equity advances	1,181,152	1,181,152
Retained earnings	417,905	373,957
	1,599,057	1,555,109
	\$ 1,601,806	\$ 1,778,532

Commitments (Note 3)
(See accompanying notes)

Non-Consolidated Statement of Operations and Retained Earnings

(Unaudited)
For The Period
(thousands of dollars)

	2006	2005
	January 1	January 1
	to	to
	March 31	March 31
REVENUE		
Dividend (Note 4)	\$ 47,400	\$ 61,441
Interest	2,411	1,509
Other	30	12
	49,841	62,962
EXPENSES		
General, administrative and other	2,419	1,892
Depreciation	34	59
	2,453	1,951
Earnings before the following	47,388	61,011
Grant to Saskatchewan Transportation Company	(1,200)	(1,200)
Grant to SaskEnergy	(1,000)	-
Grant to Gradworks Inc.	(845)	(197)
Other grant funding	(395)	-
NET EARNINGS	43,948	59,614
RETAINED EARNINGS, BEGINNING OF PERIOD	373,957	346,820
	417,905	406,434
DIVIDEND TO GENERAL REVENUE FUND	-	-
RETAINED EARNINGS, END OF PERIOD	\$ 417,905	\$ 406,434

(See accompanying notes)

Non-Consolidated Statement of Cash Flows

(Unaudited)
For The Period
(thousands of dollars)

	2006 January 1 to March 31	2005 January 1 to March 31
OPERATING ACTIVITIES		
Net earnings	\$ 43,948	\$ 59,614
Add (deduct) non-cash items:		
Depreciation	34	59
	43,982	59,673
Net change in non-cash working capital balances related to operations	(12,014)	57,146
Cash provided by operating activities	31,968	116,819
INVESTING ACTIVITIES		
Purchase of equipment	(20)	(36)
Cash used in investing activities	(20)	(36)
FINANCING ACTIVITIES		
Dividend paid	(221,000)	(263,000)
Cash used in financing activities	(221,000)	(263,000)
NET CHANGE IN CASH DURING PERIOD	(189,052)	(146,217)
CASH POSITION, BEGINNING OF PERIOD	289,645	245,337
CASH POSITION, END OF PERIOD	\$ 100,593	\$ 99,120

(See accompanying notes)

Notes to Non-Consolidated Financial Statements

(Unaudited)

March 31, 2006

1. Summary of Significant Accounting Policies

The interim non-consolidated financial statements of Crown Investments Corporation of Saskatchewan (CIC) do not contain all of the disclosures included in CIC's annual non-consolidated financial statements. Accordingly, these interim financial statements should be read in conjunction with CIC's most recent annual statement released on April 27, 2006.

The accounting policies used in the preparation of these interim financial statements conform with those used in the most recent annual statements.

2. Status of Crown Investments Corporation of Saskatchewan

The Government Finance Office was established by Order in Council 535/47 dated April 2, 1947, and was continued under the provision of *The Crown Corporations Act, 1993* (the Act), as Crown Investments Corporation of Saskatchewan. CIC is an agent of Her Majesty in Right of the Province of Saskatchewan and as a Provincial Crown corporation is not subject to Federal and Provincial income taxes.

The Act assigns specific financial and other responsibilities to CIC regarding Crown corporations designated or created as subsidiary Crown corporations of CIC under the Act. The following corporations have been designated or created by Order in Council:

Information Services Corporation of Saskatchewan	Saskatchewan Opportunities Corporation
Investment Saskatchewan Inc.	Saskatchewan Power Corporation
SaskEnergy Incorporated	Saskatchewan Telecommunications Holding Corporation
Saskatchewan Development Fund Corporation	Saskatchewan Telecommunications
Saskatchewan Government Growth Fund Management Corporation	Saskatchewan Transportation Company
Saskatchewan Government Insurance	Saskatchewan Water Corporation

In addition to the above Crown corporations CIC is the sole member of Gradworks Inc., a non-profit corporation.

3. Commitments

CIC has agreed to fund, through capital grants, Saskatchewan Transportation Company's new terminal facilities in Regina. CIC is expecting to fund \$8.8 million of the commitment in 2006.

Notes to Non-Consolidated Financial Statements

(Unaudited)

March 31, 2006

4. Dividend Revenue

Dividend revenue consists of the following (thousands of dollars)

	2006		2005
Saskatchewan Power Corporation	\$ 16,704	\$	20,733
Saskatchewan Telecommunications Holding Corporation	12,500		21,205
SaskEnergy Incorporated	12,700		14,300
Saskatchewan Government Insurance	5,496		5,203
	<hr/> \$ 47,400	<hr/> \$	<hr/> 61,441