

CIC Separate

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CIC Separate Management Discussion & Analysis

ANALYSIS OF FINANCIAL RESULTS

CIC's (the Corporation) separate financial statements are used to determine CIC's capacity to pay dividends to the Province's General Revenue Fund (GRF). These separate financial statements isolate the Corporation's cash-flow, capital and operating support for certain subsidiary Crown corporations. Inclusion of these financial statements in the Annual Report of CIC enhances accountability and the transparency of CIC's operations.

This narrative on CIC's separate 2014 financial results should be read in conjunction with the audited separate financial statements. For the purposes of this narrative on CIC's separate financial results, "CIC" refers to the holding company.

COMPARISON OF 2014 RESULTS WITH 2013 RESULTS

EARNINGS

The following table presents a five-year comparison of CIC's financial results:
(millions of dollars)

	2014	2013	2012	2011	2010
Dividend revenues from subsidiary corporations	\$ 173.6	\$ 202.5	\$ 346.4	\$ 213.9	\$ 276.1
Add: Finance and other revenue	3.9	3.2	4.5	5.1	4.9
Gain on sale of Information Services Corp. (ISC) shares	-	156.2	-	-	-
Grant funding from GRF	-	-	-	100.3	109.9
Less: Operating, salaries and other administrative expenses	(12.2)	(12.9)	(15.4)	(15.7)	(14.2)
Grants to subsidiary corporations	(15.6)	(18.6)	(21.5)	(136.5)	(140.7)
Total Separate Earnings	\$ 149.7	\$ 330.4	\$ 314.0	\$ 167.1	\$ 236.0

Earnings for 2014 were \$149.7 million (2013 - \$330.4 million), a decrease of \$180.7 million from 2013. The decrease in earnings is primarily due to the sale of ISC shares in 2013 which generated a gain on sale of \$156.2 million and a decrease in dividend revenue from subsidiary corporations of \$28.9 million. The decreases in earnings were offset by a decrease in grant funding to subsidiary corporations of \$3.0 million, a decrease in operating, salaries and other administrative expenses of \$0.7 million and an increase in finance and other revenue of \$0.7 million.

DIVIDEND REVENUE

CIC's revenue is comprised of dividends from subsidiary Crown corporations and revenue from investments. Dividends from subsidiary Crown corporations are the primary determinant in CIC's ability to pay regular dividends to the GRF.

Revenues are influenced by weather as follows:

- Demand for electricity and natural gas increases during cold weather impacts earnings at SaskPower and SaskEnergy;
- Accident and other insurance claims at SGI are impacted by winter driving conditions and the summer storm season; and
- Water run-off levels impact SaskPower's capacity to generate hydro-electricity at a much lower cost compared to natural gas and coal generation.

CIC Separate Management Discussion & Analysis

DIVIDEND REVENUE (continued)

Dividend revenue in 2014 decreased \$28.9 million to \$173.6 million. A five-year history on revenue by contribution source is as follows:

Dividend Revenue (millions of dollars)

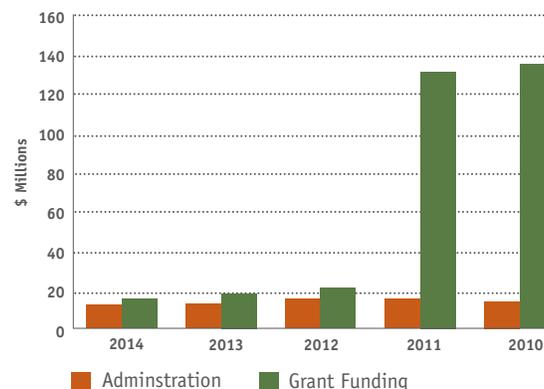
	2014	2013	2012	2011	2010
SaskTel	\$ 53.3	\$ 81.1	\$ 84.3	\$ 138.6	\$ 139.7
CIC AMI	45.0	35.0	15.0	-	-
SGI	31.6	25.6	52.0	-	43.5
SGC	19.9	16.4	21.0	20.7	19.4
SaskEnergy	17.5	30.4	27.2	39.1	48.8
ISC	4.3	12.3	19.1	15.5	14.0
SOCO	2.0	1.7	2.8	-	9.0
SaskPower	-	-	120.0	-	-
CIC Apex Equity Holdco Ltd.	-	-	5.0	-	-
SDFC	-	-	-	-	1.7
Total Dividend Revenue	\$ 173.6	\$ 202.5	\$ 346.4	\$ 213.9	\$ 276.1

- SaskTel's dividend of \$53.3 million decreased by \$27.8 million from its 2013 dividend of \$81.1 million. The decrease in dividends was due partly to a decrease in net earnings of \$14.3 million and a decrease in the dividend rate from 90.0 per cent in 2013 to 70.0 per cent in 2014 to support SaskTel's capital growth. The net earnings decrease is due in most part to increased operating expenses in support of revenue growth in wireless, *maxTV*[™], data and other internet services.
- CIC AMI paid a dividend of \$45.0 million, compared to \$35.0 million in 2013. CIC AMI's dividend is based on cash flow availability.
- SGI paid a dividend of \$31.6 million in 2014 as compared to \$25.6 million in 2013. The increase in dividends is due mainly to an increased dividend rate of 77.0 per cent compared to 65.0 per cent in 2013.
- SGC's 2014 dividend of \$19.9 million increased \$3.5 million from \$16.4 million in 2013 as a result of increased earnings from slot and table games and lower direct operating expenses.
- SaskEnergy's 2014 dividend of \$17.5 million decreased \$12.9 million from \$30.4 million in 2013. The decrease is a result of the 2013 - 2014 winter being one of the coldest Saskatchewan has experienced in the past 30 years. The cold weather presented system and supply challenges such as increased gas prices in the market driven by a high demand for natural gas and increased transportation costs as a result of importing gas from Alberta to meet the demand of customers.
- ISC's dividend of \$4.3 million decreased \$8.0 million from \$12.3 million in 2013. ISC ceased being a subsidiary Crown corporation on May 30, 2013. In July 2013, CIC sold 69.0 per cent of its Class A Limited Voting shares of ISC. ISC's 2014 dividend relates to dividends paid to shareholders. The 2013 dividend relates to 100 per cent ownership to July 2013 plus dividends paid on 31.0 per cent ownership from July 2013 to the end of the year.
- SOCO paid a dividend of \$2.0 million in 2014 compared to \$1.7 million in 2013 due to an increase in the dividend payout rate from 65.0 per cent in 2013 compared to 90.0 per cent in 2014. The increase was due to SOCO being below its targeted capital structure.
- SaskPower did not pay a dividend in 2014 due to significant investments in power infrastructure.

CIC Separate Management Discussion & Analysis

OPERATING, SALARIES AND BENEFITS AND GRANTS TO SUBSIDIARY CORPORATIONS

CIC's expenses are divided into two main categories: administrative and grants to subsidiary corporations. The adjacent chart shows CIC's expenses by category. Total expenses in 2014 of \$27.8 million were \$3.7 million lower than the 2013 total of \$31.5 million.



OPERATING, SALARIES AND BENEFITS AND OTHER ADMINISTRATIVE EXPENSES

Operating, salaries and benefits and other administrative expenses decreased by \$0.7 million during 2014 to \$12.2 million. This decrease is primarily due to a \$1.0 million investment impairment loss recorded on First Nation and Métis Fund Inc. in 2013 offset by higher operating expenses of \$0.3 million in 2014.

GRANTS TO SUBSIDIARY CORPORATIONS

CIC's grant funding to subsidiary corporations of \$15.6 million (2013 - \$18.6 million) decreased by \$3.0 million over 2013. CIC's grant funding is as follows:

- CIC provided SaskEnergy with \$1.2 million (2013 - \$4.1 million) as part of the Saskatchewan Energy Share program (EnerGuide for Houses).
- CIC provided grant funding to STC of \$14.0 million (2013 - \$14.0 million). Funding for 2014 was comprised of \$10.3 million (2013 - \$10.5 million) for operations and \$3.7 million (2013 - \$3.5 million) to meet capital requirements.
- Gradworks Inc. received \$0.4 million in grants in 2014 (2013 - \$0.5 million) to fund its internship program.

OPERATING, INVESTING AND FINANCING ACTIVITIES

(millions of dollars)

	2014	2013
Cash Flow Highlights		
Cash from operations	\$ 178.4	\$ 209.1
Cash provided by investing activities	75.7	379.7
Cash used in financing activities	(206.0)	(504.3)
Change in Cash	\$ 48.1	\$ 84.5

Cash from operations of \$178.4 million decreased from 2013 by \$30.7 million. This is primarily a result of a \$28.9 million decrease in dividend revenue from Crown corporations for 2014.

In 2014, investing activities provided \$75.7 million in cash (2013 - \$379.7 million), a decrease of \$304.0 million. The decrease in cash flows is mainly due to:

- One-time proceeds from the sale of ISC shares of \$156.2 million realized in 2013; and
- Reclassifications of \$30.0 million of cash between cash and cash equivalents and short-term investments compared to \$178.4 million in 2013. Short-term money market investments are classified as cash and cash equivalents if the maturity of the investment is 90 days or less and classified as short-term investments if the maturity date is 91 days or more.

OPERATING, INVESTING AND FINANCING ACTIVITIES *(continued)*

Net cash used in financing activities was \$206.0 million as compared to \$504.3 million in 2013. In 2014, CIC declared and paid a regular dividend to the GRF of \$150.0 million; additional dividends of \$50.0 million to support government initiatives; and a \$6.0 million dividend for the Innovation Agenda for a total transfer of \$206.0 million to the GRF.

PUBLIC POLICY INITIATIVES

FIRST NATIONS AND MÉTIS FUND INC. (FNMF)

First Nations and Métis Fund Inc. was established to provide venture capital to qualifying First Nations and Métis businesses in the Province of Saskatchewan. In 2011, FNMF became responsible for the funding of the Government's First Nations Business Development Program (FNBDP).

To December 31, 2014, CIC had invested \$12.6 million in FNMF to fund qualifying investments. At December 30, 2014, CIC had completed its funding requirements for FNMF and FNBDP. Any further commitment from CIC will be restricted to administration of FNMF.

SASKATCHEWAN IMMIGRANT INVESTOR FUND INC. (SIIF)

Saskatchewan Immigrant Investor Fund Inc. was established to participate in the Government of Canada's Immigrant Investor Program (IIP). The Corporation uses IIP funds to deliver the Government of Saskatchewan's HeadStart on a Home program that assists developers in building affordable housing in Saskatchewan. At December 31, 2014, SIIF had approved loans of \$370.7 million in support of 2,040 new homes, of which 1,568 homes are completed or currently under construction.

The Government of Canada has announced that it will no longer accept funds into the IIP. SIIF will complete its mandate five years after the last Government of Canada IIP allocation. At this point it is unknown when the last allocation will be received from the Government of Canada.

GRADWORKS INC. (GRADWORKS)

The Gradworks internship program provides recent post-secondary graduates with internships in CIC Crown corporations, providing the graduates job opportunities and valuable work experience that may lead to permanent jobs in the Crowns, or with other Saskatchewan employers. In 2014, CIC provided grant funding of \$0.4 million (2013 - \$0.5 million) for the administration of Gradworks.

CIC Separate Management Discussion & Analysis

COMPARISON OF 2014 RESULTS WITH BUDGET

(millions of dollars)

	2014 Dividend Revenue		Budgeted Dividend (%) of Earnings
	Budget	Actual	
Dividends to CIC			
SaskTel	\$ 53.3	\$ 53.3	70%
CIC AMI	45.0	45.0	N/A
SaskEnergy ¹	23.6	17.5	38%
SGI	23.0	31.6	77%
SGC	20.2	19.9	80%
ISC	4.3	4.3	N/A
SOCO	2.5	2.0	90%
Total Dividend Revenue	171.9	173.6	
Grants to subsidiary corporations	(16.7)	(15.6)	
Other expenses net of income	(12.6)	(8.3)	
Separate Earnings	\$ 142.6	\$ 149.7	
Dividend to the GRF	\$ 206.0	\$ 206.0	

¹ Dividends for SaskEnergy are based on earnings from operations before the impacts of fair value adjustments (referred to as operating income).

EARNINGS

Separate earnings for 2014 of \$149.7 million were \$7.1 million higher than budget. The earnings exceeded budget primarily due to higher than expected dividend revenue from subsidiary corporations of \$1.7 million above the budgeted amount, lower than budgeted grant funding of \$1.1 million, and lower than budgeted expenditures of \$4.3 million.

DIVIDEND REVENUE

Dividend revenue is directly proportionate to Crown earnings. The following outlines variances in dividends from subsidiary corporations:

- SaskTel dividends were on budget.
- CIC AMI dividends were on budget. Distributions to CIC depend on cash availability. During 2014, dividends of \$45.0 million were paid to CIC.
- SaskEnergy dividends were lower than budget due to weather throughout 2014 being 9.3 per cent colder than normal resulting in additional costs from system and supply challenges.
- SGI dividends were higher than budget due mainly to strong investment returns on both equities and fixed-income investments.
- SGC dividends were below budget primarily as a result of lower than budgeted revenues from slot games and food and beverages.
- ISC dividends were on budget. ISC became a publicly-traded corporation effective May 30, 2013 and as such, declares quarterly dividends to shareholders. As at December 31, 2014, CIC holds 31.0 per cent of the Class A Limited Voting shares of ISC.
- SOCO dividends were lower than budget. During the year, SOCO had higher than budgeted vacancy rates.

GRANTS TO SUBSIDIARY CORPORATIONS

CIC's grant funding to subsidiary Crown corporations was lower than budget by \$1.1 million. This decrease is primarily due to lower than budgeted grants of \$1.9 million to STC for operations and to meet capital requirements. The decrease was offset by higher than budgeted grants of \$0.8 million to SaskEnergy in support of the EnerGuide for Houses program.

CIC Separate Management Discussion & Analysis

COMPARISON OF 2014 RESULTS WITH BUDGET *(continued)*

DIVIDEND TO THE GRF

In 2014, CIC declared and paid dividends to the GRF of \$206.0 million. CIC's dividends included the budgeted dividend of \$150.0 million, additional dividends of \$50.0 million to support government initiatives, and a special dividend of \$6.0 million to support the Innovation Agenda.

OTHER EXPENSES

Other expenses net of income were \$4.3 million lower than budget. The Corporation's interest income was higher than budgeted by \$1.6 million due to higher than expected cash balances, and operating expenditures were \$2.7 million below budget due mainly to lower salaries and short-term employee benefits combined with lower operating expenses.

ENTERPRISE RISK AND OPPORTUNITIES MANAGEMENT (EROM)

Successful execution of CIC's corporate strategy and achievement of the business plan requires an understanding of the associated risks within the environment in which the Corporation operates. The EROM program identifies potential future events and risks that could negatively affect the achievement of the Corporation's strategic goals or objectives which could result in financial loss, or an event that could damage CIC's reputation. Risks are assessed in terms of likelihood of occurrence and severity of the occurrence. The EROM process can also lead to innovation and opportunities for improvement.

The Corporation identified four main categories within our risk management framework: financial, mandate, legal compliance and reporting, and reputational. A risk may affect one or all categories. In order to understand risks associated with the Corporation, CIC risk management staff interviews all senior management. The interviews identify business risks inherent to the Corporation and establish what, if any, mitigating processes and controls exist to reduce the inherent risk.

After identification of risks and establishment of the controls and mitigating factors, risk registers are updated. The risk register ranks risks based on likelihood of occurrence and severity of the occurrence once mitigating controls or processes are taken into account. Once established, the executive and CIC Board determine its risk tolerance and can decide to accept, further mitigate, transfer, or avoid the risk. This can lead to identification of opportunities and strategies to either close gaps or to reallocate resources from areas that are considered over-mitigated.

CIC'S RISK ASSESSMENT STRATEGY



CIC Separate Management Discussion & Analysis

ENTERPRISE RISK AND OPPORTUNITIES MANAGEMENT (EROM) *(continued)*

RISK OVERVIEW

The Corporation ranks the ten most significant risks on its risk register. The Corporation has determined the following risks are the most significant:

1. Information Technology Security

The Corporation's network contains electronic records in all areas of the Corporation's business. There is a risk that the Corporation could be targeted by threats from outside of the network, which could result in the destruction or theft of these records. The Corporation mitigates this risk through processes and controls that strengthen security on the Corporation's network and will continue to mitigate this risk through developing enhanced process and controls, and constant monitoring and testing of its information systems.

2. Ineffective employee knowledge transfer

Various CIC employees are eligible for retirement or employees could leave for other opportunities, which could cause an inability to transfer knowledge and develop staff to succeed into key roles. The Corporation mitigates this risk by ensuring it is aware of its employee's ages, diversity and years to retirement, and by reviewing other policies to further mitigate this risk.

3. Inability to attract and retain employees

The competitive marketplace for qualified staff may result in inability for the Corporation to attract and retain the appropriate highly skilled staff. The Corporation mitigates this risk through periodic job evaluation and market compensation analysis to ensure staff are appropriately compensated, performance management processes, and progressive human resource policies that ensure CIC is viewed as an employer of choice. The Corporation believes the mitigation is appropriate and has accepted the risk and will continue to monitor.

KEY FACTORS AFFECTING FINANCIAL PERFORMANCE

EARNINGS OF CROWN CORPORATIONS

- The key factor affecting CIC's earnings is the level of dividends from commercial subsidiary Crown corporations.
- 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 subsidiary Crown corporation after allocating cash for reinvestment in infrastructure and consideration of the financial sustainability of the subsidiary Crown.

INVESTMENT VALUES

- CIC regularly assesses the appropriateness of the carrying value for its investments, and writes down an investment if it judges the investment to have other than a temporary decline in carrying value.

CIC Separate Management Discussion & Analysis

LOOKING AHEAD TO 2015

CIC's key financial initiatives for 2015 include:

- Continue to provide a return to the Shareholder;
- Continue to maintain and to improve Saskatchewan's Crown corporation infrastructure to meet the needs of both residents and businesses;
- Continue support for public policy initiatives including:
 - Funding STC bus routes;
 - Funding youth initiatives such as Gradworks; and
 - Providing capital to fund specified economic initiatives;
- Deliver the Government of Saskatchewan's HeadStart on a Home program that assists builders and developers in building affordable housing in Saskatchewan;
- Continue the wind-down of CIC AMI's investments, with a primary focus on selling remaining assets in an orderly manner;
- Enhance governance and accountability through a sector-wide Enterprise Risk and Opportunities Management framework; and
- Continue to monitor new developments in financial reporting and governance, ensuring that CIC continues to be a leader in its reporting and accountability practices.

CIC'S CROWN CORPORATIONS 2015 BUDGET

(millions of dollars)

	Earnings	Dividend	Dividend % of Crown Earnings
SaskEnergy ¹	\$ 77.5	\$ 39.9	55%
SaskTel	76.8	30.0	39%
SGI	36.6	25.0	68%
SaskPower	82.1	-	-
SGC	25.9	20.6	80%
SaskWater	4.7	1.2	25%
SOCO	7.1	1.4	20%
SIIF	0.1	-	-
STC	0.1	-	-
CIC AMI	2.5	-	-
CIC (separate), Other, Adjustments ²	(21.7)	4.3	-
Consolidated Earnings	\$ 291.7	\$ 122.4	
Dividend to the GRF	\$ 262.2		

¹ Dividends from SaskEnergy are based on earnings from operations before the impacts of fair value adjustments (referred to as operating income).

² Includes dividends from CIC's interest in ISC.



SaskEnergy

SaskEnergy

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Separate Financial Statements

RESPONSIBILITY FOR FINANCIAL STATEMENTS

The accompanying separate financial statements have been prepared by management of Crown Investments Corporation of Saskatchewan to illustrate the financial position and results of operations and cash flows of the corporate entity only. They have been prepared, without consolidation, in accordance with the basis of accounting described in Note 2 and Note 3 to the financial statements, and consistently applied, using management's best estimates and judgements where appropriate. Management is responsible for the reliability and integrity of the separate financial statements, the notes to the separate financial statements and other information contained in this Annual Report.

The Corporation's Board of Directors is responsible for overseeing the business affairs of the Corporation and also has the responsibility for approving the separate financial statements. The Board of Directors is responsible for reviewing the annual separate financial statements and meeting with management, KPMG LLP and the Provincial Auditor of Saskatchewan on matters relating to the financial process.

Management maintains a system of internal controls to ensure the integrity of information that forms the basis of the separate financial statements. The internal controls provide reasonable assurance that transactions are executed in accordance with proper authorization, that assets are properly guarded against unauthorized use and that reliable records are maintained. The Provincial Auditor of Saskatchewan has reported to the Legislative Assembly that these controls are adequately functioning.

KPMG LLP has audited the separate financial statements. Their report to the Members of the Legislative Assembly, stating the scope of their examination and opinion on the separate financial statements, appears opposite.



Blair Swystun, CFA
Acting President & CEO



John Amundson, FCPA, FCA
Corporate Controller

March 25, 2015

Separate Financial Statements

INDEPENDENT AUDITORS' REPORT

To the Members of the Legislative Assembly of Saskatchewan

We have audited the accompanying separate financial statements of **Crown Investments Corporation of Saskatchewan**, which comprise the separate statement of financial position as at December 31, 2014, the separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information. These separate financial statements have been prepared at the request of the Legislative Assembly of Saskatchewan.

Management's Responsibility for the Separate Financial Statements

Management is responsible for the preparation and fair presentation of these separate financial statements and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these separate financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the separate financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the separate financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the separate financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the separate financial statements present fairly, in all material respects, the separate financial position of Crown Investments Corporation of Saskatchewan as at December 31, 2014, and its separate financial performance and its separate cash flows for the year then ended in accordance with the basis of accounting described in Note 2 and Note 3 to the separate financial statements.

Basis for Accounting and Restriction on Use

Without modifying our opinion, we draw attention to Note 2 and Note 3 to the separate financial statements which describes the basis of accounting. The separate financial statements are prepared for the purpose of tabling with the Legislative Assembly of Saskatchewan. As a result, the separate financial statements may not be suitable for another purpose. Our report is intended solely for the Legislative Assembly of Saskatchewan and Crown Investments Corporation of Saskatchewan and should not be used by parties other than the Legislative Assembly of Saskatchewan and Crown Investments Corporation of Saskatchewan.

KPMG LLP

Chartered Accountants
March 25, 2015
Regina, Saskatchewan

Separate Financial Statements

SEPARATE STATEMENT OF FINANCIAL POSITION

As at December 31

(thousands of dollars)

	Note	2014	2013
ASSETS			
Current			
Cash and cash equivalents	5	\$ 306,466	\$ 258,356
Short-term investments	6	-	30,000
Interest and accounts receivable		824	818
Dividends receivable		19,309	51,828
		326,599	341,002
Equity advances to Crown corporations	7	1,188,918	1,194,918
Investments in share capital corporations	8	10,964	46,837
Equipment	9	224	314
		\$ 1,526,705	\$ 1,583,071
LIABILITIES AND PROVINCE'S EQUITY			
Current			
Interest and accounts payable		\$ 2,686	\$ 2,783
Province of Saskatchewan's Equity			
Equity advances	10	908,889	908,889
Retained earnings		615,130	671,399
		1,524,019	1,580,288
		\$ 1,526,705	\$ 1,583,071

Commitments and contingencies 11

(See accompanying notes)

On behalf of the Board:



Director



Director

Separate Financial Statements

SEPARATE STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended December 31

(thousands of dollars)

	Note	2014	2013
INCOME FROM OPERATIONS			
Dividend revenue	12	\$ 173,619	\$ 202,550
Gain on sale of Information Services Corporation (ISC) shares	13	-	156,199
Other income		129	94
		173,748	358,843
EXPENSES			
Operating		6,055	4,774
Salaries and short-term employee benefits		5,617	6,565
Employee future benefits		414	473
Impairment loss	8(b)	-	1,000
Depreciation and amortization		98	119
		12,184	12,931
EARNINGS FROM OPERATIONS			
		161,564	345,912
Finance income	14	3,806	3,129
Finance expenses	14	(9)	(9)
NET FINANCE INCOME			
		3,797	3,120
EARNINGS BEFORE PUBLIC POLICY INITIATIVES			
		165,361	349,032
Grants to subsidiary corporations	15	(15,630)	(18,574)
NET EARNINGS			
		149,731	330,458
OTHER COMPREHENSIVE INCOME			
		-	-
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO THE PROVINCE OF SASKATCHEWAN			
		\$ 149,731	\$ 330,458

(See accompanying notes)

Separate Financial Statements

SEPARATE STATEMENT OF CHANGES IN EQUITY

For the Year Ended December 31

(thousands of dollars)

	Note	2014	2013
RETAINED EARNINGS			
Retained earnings - beginning of year		\$ 671,399	\$ 702,320
Total comprehensive income		149,731	330,458
Dividends to General Revenue Fund (GRF)	10	(206,000)	(361,379)
Retained earnings - end of year		615,130	671,399
EQUITY ADVANCES			
Equity advances - beginning of year		908,889	1,051,839
Equity advances repaid to GRF	10	-	(142,950)
Equity advances - end of year		908,889	908,889
EQUITY ATTRIBUTABLE TO THE PROVINCE OF SASKATCHEWAN		\$ 1,524,019	\$ 1,580,288

(See accompanying notes)

Separate Financial Statements

SEPARATE STATEMENT OF CASH FLOWS

For the Year Ended December 31

(thousands of dollars)

	Note	2014	2013
OPERATING ACTIVITIES			
Net earnings		\$ 149,731	\$ 330,458
Adjustments to reconcile net earnings to cash from operating activities:			
Gain on sale of ISC shares		-	(156,199)
Amortization of discounts and premiums		-	123
Depreciation and amortization		98	119
Impairment loss	8(b)	-	1,000
Net finance income		(3,797)	(3,120)
		146,032	172,381
Net change in non-cash working capital balances related to operations	16	32,416	36,725
Interest paid		(9)	(9)
Net cash from operating activities		178,439	209,097
INVESTING ACTIVITIES			
Proceeds from sale of ISC shares	13	-	156,199
Interest received		3,806	3,129
Purchase of investments		(267)	(3,750)
Decrease in short-term investments		30,000	178,452
Proceeds from retraction of equity advances	7	6,000	-
Purchase of equipment		(8)	(46)
Repayment of due from CIC Economic Holdco Ltd.		1,140	768
Proceeds from retraction of CIC Asset Management Inc. shares	8(a)	35,000	45,000
Net cash from investing activities		75,671	379,752
FINANCING ACTIVITIES			
Equity advances repaid to GRF	10	-	(142,950)
Dividend paid to GRF	10	(206,000)	(361,379)
Net cash used in financing activities		(206,000)	(504,329)
NET CHANGE IN CASH AND CASH EQUIVALENTS DURING YEAR		48,110	84,520
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		258,356	173,836
CASH AND CASH EQUIVALENTS, END OF YEAR		\$ 306,466	\$ 258,356

(See accompanying notes)

Notes to Separate Financial Statements

1. GENERAL INFORMATION

Crown Investments Corporation of Saskatchewan (CIC) is a corporation domiciled in Canada. The address of CIC's registered office and principal place of business is 400 - 2400 College Avenue, Regina, SK, S4P 1C8. CIC was established to act as a holding corporation for the Province's commercial Crown sector. CIC develops broad corporate policy, directs investments for its subsidiaries and provides dividends to the Province's General Revenue Fund (GRF). A list of CIC's subsidiaries with principal activities is contained in Note 4.

2. BASIS OF PREPARATION

a) Statement of compliance

The separate financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The separate financial statements were authorized for issue by the Board of Directors on March 25, 2015.

b) Basis of measurement

The separate financial statements have been prepared on the historical cost basis except for financial assets at fair value through profit or loss.

c) Functional and presentation currency

These separate financial statements are presented in Canadian dollars, which is CIC's functional currency.

d) Use of estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

Significant items subject to estimates and assumptions include the carrying amounts of investments (Notes 7 and 8).

e) Use of judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements that affect the application of accounting policies. Significant items subject to judgement include the accounting policies listed in Note 3.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all years presented in these separate financial statements.

CIC's separate financial statements do not consolidate the activities of its subsidiaries. Other than this exception, the accounting policies have been consistently applied by CIC's subsidiary corporations.

CIC prepares audited consolidated financial statements in accordance with IFRS 10, *Consolidated Financial Statements*. The audited consolidated financial statements have been authorized by the CIC Board of Directors on March 25, 2015. CIC's audited consolidated financial statements should be referenced for further information.

a) Cash and cash equivalents

Cash and cash equivalents includes the cash held within CIC's bank accounts and short-term investments that have a maturity date of ninety days or less.

Notes to Separate Financial Statements

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

b) Equity advances to Crown corporations

Crown corporations do not have share capital. However, seven Crown corporations have received equity advances from CIC to form their equity capitalization. The equity advances are accounted for at cost and dividends from these corporations are recognized as income when declared.

c) Investments in share capital corporations

Investments in shares of corporations are accounted for at cost. Dividends from these investments are recognized as income when declared.

d) Impairment of equity in Crown corporations and share capital corporations

Investments in Crown corporations and share capital corporations are assessed at each reporting date to determine whether there is objective evidence that the investment is impaired. An investment is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the investment, and that the loss event had a negative effect on the estimated future cash flows of that investment that can be estimated reliably. An impairment loss is recognized through earnings if the carrying amount of the investment exceeds its recoverable amount.

If, in a subsequent year, the fair value of an impaired investment increases and the increase can be related objectively to an event occurring after the impairment loss was recognized in net earnings, then the impairment loss is reversed, with the amount of the reversal recognized through net earnings.

e) Equipment

Equipment is recorded at cost less accumulated depreciation and any accumulated impairment losses. When these assets are disposed of or retired, the related costs less accumulated depreciation and any accumulated impairment losses are eliminated from the accounts. Any resulting gains or losses are reflected in the Separate Statement of Comprehensive Income.

Equipment is depreciated using the following methods:

Computer equipment	3 years straight-line
Furniture and equipment	20 per cent declining balance

f) Financial instruments

i) Non-derivative financial assets

CIC initially recognizes loans and receivables and deposits at fair value on the date that they originated. All other financial assets, including assets designated at fair value through profit or loss, are recognized initially at fair value on the trade date at which CIC becomes a party to the contractual provisions of the instrument.

CIC de-recognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows of the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by CIC is recognized as a separate financial asset or liability.

CIC does not net financial assets or liabilities for presentation in the Separate Statement of Financial Position.

CIC non-derivative financial assets include financial assets at fair value through profit or loss and loans and receivables.

Notes to Separate Financial Statements

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

f) Financial instruments *(continued)*

i) Non-derivative financial assets *(continued)*

Financial assets at fair value through profit or loss

A financial asset is classified at fair value through profit or loss if it is classified as held-for-trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if CIC manages such investments and makes purchase and sale decisions based on their fair value in accordance with CIC's documented risk strategy. Upon initial recognition, transaction costs attributable are recognized in net earnings as incurred. Cash and cash equivalents and short-term investments are measured at fair value through profit and loss, and changes therein are recognized through net earnings.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Loans and receivables are comprised of interest and accounts receivable and dividends receivable.

ii) Non-derivative financial liabilities

CIC initially recognizes financial liabilities on the date they originate. All other financial liabilities, including liabilities designated at fair value through profit or loss, are recognized initially on the trade date at which CIC becomes a party to the contractual provisions of the instrument.

CIC de-recognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

CIC does not net financial assets or liabilities for presentation in the Separate Statement of Financial Position.

CIC's non-derivative financial liabilities include interest and accounts payable.

Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

iii) Embedded derivatives

Derivatives may be embedded in other host instruments and are treated as separate derivatives when their economic characteristics and risks are not clearly and closely related to those of the host instrument, when the embedded derivative has the same terms as those of a stand-alone derivative, and the combined contract is not measured at fair value through profit or loss. These embedded derivatives are measured at fair value with subsequent changes recognized in net earnings.

CIC had no contracts with embedded derivatives as at December 31, 2013 and December 31, 2014.

g) Equity advances

CIC periodically receives funding from the Government of Saskatchewan through the GRF. Funding can be provided for one of two purposes, the funding of government policy initiatives for which no return is expected or required, or for long-term investment which is expected to provide a return to the GRF. Funding provided for government policy initiatives is recorded as revenue in the year spending occurs. Funding provided for long-term investment is recorded as an equity advance (Note 10).

Notes to Separate Financial Statements

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Revenue recognition

CIC's revenue is derived from the ownership of its subsidiary corporations. Dividend revenue from subsidiary corporations is recorded as income in the Separate Statement of Comprehensive Income when declared. Dividends received are classified as operating activities in accordance with IAS 7, *Statement of Cash Flows*.

i) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

j) Employee future benefits

Defined contribution plan

CIC is a member of Capital Pension Plan (CPP), a defined contribution pension plan. A defined contribution plan is a post-employment benefit under which CIC pays fixed contributions to CPP and has no legal or constructive obligation to pay further amounts. Obligations for contributions to CPP are recognized as an employee future benefit expense in the Separate Statement of Comprehensive Income in the year during which services are rendered by employees.

k) Finance income and expenses

Finance income is comprised of interest income from short-term investment holdings. Interest income is recognized as it accrues in the Separate Statement of Comprehensive Income, using the effective interest method. On the Separate Statement of Cash Flows interest income is recorded as an investing activity. Finance expenses are comprised of bank and service charges. On the Separate Statement of Cash Flows interest expense is recorded as an operating activity.

4. STATUS OF CROWN INVESTMENTS CORPORATION OF SASKATCHEWAN

CIC 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 Act). 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. Certain jointly controlled enterprises and subsidiaries are not provincial Crown corporations and are 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 wholly-owned Crown corporations have been designated or created by Order in Council:

Wholly-owned subsidiaries domiciled in Canada	Principal Activity
SaskEnergy Incorporated (SaskEnergy)	Natural gas storage and delivery
Saskatchewan Gaming Corporation (SGC)	Entertainment
Saskatchewan Government Insurance (SGI)	Property and casualty insurance
Saskatchewan Opportunities Corporation (SOCO)	Research parks
Saskatchewan Power Corporation (SaskPower)	Electricity
Saskatchewan Telecommunications Holding Corporation and Saskatchewan Telecommunications (collectively SaskTel)	Telecommunications
Saskatchewan Transportation Company (STC)	Passenger and freight transportation
Saskatchewan Water Corporation (SaskWater)	Water and waste water management

In addition to the above Crown corporations, CIC is the sole member of Gradworks Inc., a wholly-owned non-profit subsidiary and the sole shareholder of the following wholly-owned share capital subsidiaries: CIC Asset Management Inc. (CIC AMI); First Nations and Métis Fund Inc. (FNMF); Saskatchewan Immigrant Investor Fund Inc. (SIIF); and CIC Economic Holdco Ltd., all of which are domiciled in Canada.

Notes to Separate Financial Statements

5. CASH AND CASH EQUIVALENTS

Included in cash and cash equivalents are \$281.1 million (2013 - \$246.0 million) of short-term investments with an effective interest rate of 1.12 per cent (2013 - 1.11 per cent).

6. SHORT-TERM INVESTMENTS

Included in short-term investments are Nil (2013 - \$30.0 million) of investments maturing between 91 and 365 days with an effective interest rate of Nil per cent (2013 - 1.08 per cent).

7. EQUITY ADVANCES TO CROWN CORPORATIONS

Equity advances to Crown corporations are as follows:
(thousands of dollars)

	2014	2013
Saskatchewan Power Corporation	\$ 660,000	\$ 660,000
Saskatchewan Telecommunications Holding Corporation	250,000	250,000
Saskatchewan Opportunities Corporation (a)	118,687	120,687
Saskatchewan Government Insurance	80,000	80,000
SaskEnergy Incorporated	71,531	71,531
Saskatchewan Water Corporation	8,700	8,700
Saskatchewan Gaming Corporation (b)	-	4,000
	\$ 1,188,918	\$ 1,194,918

a) During 2014, CIC retracted \$2.0 million (2013 - Nil) in equity advances from Saskatchewan Opportunities Corporation.

b) During 2014, CIC retracted \$4.0 million (2013 - Nil) in equity advances from Saskatchewan Gaming Corporation.

Notes to Separate Financial Statements

8. INVESTMENTS IN SHARE CAPITAL CORPORATIONS

(thousands of dollars)

	Voting Percentage	2014	2013
CIC Asset Management Inc. (a):			
1 (2013 - 3,499,983) common share(s)	100%	\$ -	\$ 35,000
First Nations and Métis Fund Inc. (b):			
100 (2013 - 100) Class A common shares	100%	-	-
Due from FNMF		12,617	12,350
Impairment in value of FNMF		(3,000)	(3,000)
		9,617	9,350
CIC Economic Holdco Ltd. (c):			
100 (2013 - 100) Class A common shares	100%	-	-
Due from CIC Economic Holdco Ltd.		1,347	2,487
		1,347	2,487
Saskatchewan Immigrant Investor Fund Inc. (d):			
1 (2013 - 1) Class A common share	100%	-	-
Information Services Corporation (e):			
5,425,000 (2013 - 5,425,000) Class A Limited Voting shares	31%	-	-
		\$ 10,964	\$ 46,837

a) CIC AMI was established on November 14, 1979 under *The Business Corporations Act (Saskatchewan)*. CIC AMI provides equity and loans to organizations that have significant operations in Saskatchewan. During 2014, CIC retracted 3,499,982 common shares of CIC AMI at their stated value of \$10 per share for total proceeds of \$35.0 million.

b) FNMF was established on May 9, 2006 to provide venture capital to qualifying First Nations and Métis businesses in Saskatchewan. Due to losses accumulated from investments made by FNMF, CIC has recorded a \$3.0 million (2013 - \$3.0 million) provision against amounts due from FNMF, which reflects CIC's current expectations of recovery of these amounts.

c) CIC, through its wholly-owned subsidiary, CIC Economic Holdco Ltd., entered into a joint venture agreement with Saskatchewan Entrepreneurial Fund Joint Venture (SEFJV). The SEFJV was established on April 24, 2006 to operate as an institutional investment fund focusing primarily on investment in Saskatchewan and the creation of employment and economic growth and expansion of the small business sector in Saskatchewan. CIC Economic Holdco Ltd. holds a 45.5 per cent (2013 - 45.5 per cent) joint venture interest in SEFJV.

At December 31, 2014, CIC Economic Holdco Ltd. had total assets of \$1.4 million (2013 - \$2.7 million) and recorded a loss of \$0.1 million (2013 - \$0.2 million earnings). CIC has invested \$1.3 million (2013 - \$2.5 million) in capital in SEFJV through CIC Economic Holdco Ltd.

d) SIIF was established on October 6, 2010 under *The Business Corporations Act (Saskatchewan)*. SIIF was established to participate in the Government of Canada's Immigrant Investor Program (IIP). SIIF uses the IIP funds to deliver the Government of Saskatchewan's HeadStart on a Home program that assists builders and developers in building affordable housing.

Notes to Separate Financial Statements

8. INVESTMENTS IN SHARE CAPITAL CORPORATIONS *(continued)*

e) Pursuant to *The Information Services Corporation Act*, effective May 30, 2013, ISC ceased being a subsidiary Crown Corporation under *The Crown Corporations Act, 1993*, and was continued under *The Business Corporations Act (Saskatchewan)*. Until July 9, 2013, CIC held 100.0 per cent of the 17,500,000 outstanding Class A Limited Voting shares of ISC.

During July 2013, CIC sold 12,075,000 of the Class A Limited Voting shares of ISC (Note 13). The Corporation owns 5,425,000 Class A Limited Voting shares representing a 31.0 per cent ownership interest of ISC. At December 31, 2014 the fair value of these shares was \$98.7 million (2013 - \$93.6 million).

9. EQUIPMENT

(thousands of dollars)

	2014	2013
Cost		
Balance at January 1	\$ 1,871	\$ 1,825
Additions	8	46
Disposals	-	-
Balance at December 31	1,879	1,871
Accumulated depreciation		
Balance at January 1	1,557	1,438
Depreciation	98	119
Disposals	-	-
Balance at December 31	1,655	1,557
	\$ 224	\$ 314

10. EQUITY ADVANCES AND CAPITAL DISCLOSURES

CIC does not have share capital. However, CIC has received advances from the GRF to form its equity capitalization. The advances are an equity investment in CIC by the GRF. During 2014, CIC repaid Nil (2013 - \$143.0 million) in equity advances to the GRF. Equity advances from the GRF have been invested in subsidiary Crown corporations. CIC, as a holding corporation for the Saskatchewan commercial Crown sector, does not carry any debt.

CIC's ability to pay regular dividends to the GRF depends mainly on the level of Crown corporation dividends to CIC, less CIC's operating costs. These costs include support to non-dividend paying Crown corporations and public policy expenditures. Crown corporation dividend levels depend on their net earnings and capital structure. In addition to cash constraints, CIC's ability to declare dividends to the GRF depends on its retained earnings. CIC's earnings and hence, dividend capacity outlook, are sensitive to adverse developments in its operating expenditures and Crown corporation earnings.

For the year ending December 31, 2014, CIC declared and paid \$206.0 million (2013 - \$361.4 million) in dividends to the GRF.

11. COMMITMENTS AND CONTINGENCIES

The following significant commitments and contingencies exist at December 31, 2014:

- a) CIC, as plan sponsor of Capital Pension Plan, has guaranteed the annuities for the Retirement Annuity Fund portion of the Capital Pension Plan. CIC does not expect any exposure under this guarantee in 2015.

Notes to Separate Financial Statements

12. DIVIDEND REVENUE

(thousands of dollars)

	2014	2013
Saskatchewan Telecommunications Holding Corporation	\$ 53,292	\$ 81,095
CIC Asset Management Inc.	45,000	35,000
SaskEnergy Incorporated	17,447	30,443
Saskatchewan Government Insurance	31,639	25,592
Saskatchewan Gaming Corporation	19,922	16,437
Information Services Corporation	4,340	12,307
Saskatchewan Opportunities Corporation	1,979	1,676
	\$ 173,619	\$ 202,550

13. SALE OF ISC SHARES

Pursuant to *The Information Services Corporation Act*, effective May 30, 2013, ISC ceased being a subsidiary Crown Corporation under *The Crown Corporations Act, 1993*, and was continued under *The Business Corporations Act (Saskatchewan)*. Until July 9, 2013, CIC held 100.0 per cent of the 17,500,000 outstanding Class A Limited Voting Shares of ISC.

Effective July 9, 2013 and pursuant to an Initial Public Offering (IPO) on the Toronto Stock Exchange, CIC sold 10,500,000 of the Class A Limited Voting shares of ISC at \$14.00 per share. Effective July 17, 2013, and pursuant to an over-allotment option included in the IPO, CIC sold a further 1,575,000 Class A Limited Voting shares at \$14.00 per share. On a combined basis, these transactions resulted in the sale of 69.0 per cent of CIC's interest in ISC for net proceeds and resulting gain on sale of \$156.2 million.

14. FINANCE INCOME AND EXPENSES

(thousands of dollars)

	2014	2013
Interest income from short-term investment holdings	\$ 3,806	\$ 3,129
Bank and service charges	(9)	(9)
	\$ 3,797	\$ 3,120

15. GRANTS TO SUBSIDIARY CORPORATIONS

(thousands of dollars)

	2014	2013
Saskatchewan Transportation Company	\$ 14,050	\$ 14,000
SaskEnergy Incorporated	1,201	4,049
Gradworks Inc.	379	525
	\$ 15,630	\$ 18,574

16. NET CHANGE IN NON-CASH WORKING CAPITAL BALANCES RELATED TO OPERATIONS

(thousands of dollars)

	2014	2013
(Increase) decrease in interest and accounts receivable	\$ (6)	\$ 849
Decrease in dividends receivable	32,519	35,936
Decrease in interest and accounts payable	(97)	(60)
	\$ 32,416	\$ 36,725

Notes to Separate Financial Statements

17. FINANCIAL INSTRUMENTS

a) Market risk

Interest rate price risk reflects the risk that CIC's earnings will fluctuate due to changes in interest rates. CIC's cash and cash equivalents and short-term investments are held in short-term money market instruments and will therefore adjust to fluctuations in the interest rate environment. CIC does not believe that the impact of fluctuations in interest rates will be significant and therefore has not provided a sensitivity analysis of the impact on net earnings.

Cash and cash equivalents and short-term investments are measured at fair value based on an active market.

b) Credit risk

Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. Concentration of credit risk relates to groups of customers or counterparties that have similar economic or industry characteristics that cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. CIC's interest and accounts receivable consist mostly of interest due on money market investments. CIC has recorded no allowance on its interest and accounts receivable balance. Dividends receivable are due from CIC's subsidiaries within 90 days of year end. CIC has recorded no allowances on its dividends receivable.

c) Liquidity risk

Liquidity risk is the risk that CIC is unable to meet its financial commitments as they become due. CIC is a Saskatchewan Provincial Crown corporation and as such has access to capital markets through the Saskatchewan Ministry of Finance. All interest and accounts payable are current and due within six months of year end. Currently, CIC has sufficient resources to discharge all liabilities.

18. RELATED PARTY TRANSACTIONS

Included in these separate financial statements are transactions with various Saskatchewan Crown corporations, ministries, agencies, boards and commissions related to CIC by virtue of common control by the Government of Saskatchewan and non-Crown corporations and enterprises subject to joint control and significant influence by the Government of Saskatchewan (collectively referred to as "related parties"). CIC has elected to take a partial exemption under IAS 24 - *Related Party Disclosures* which allows government-related entities to limit the extent of disclosures about related party transactions with government and other government-related entities.

Routine operating transactions with related parties are settled at prevailing market prices under normal trade terms.

In addition, CIC pays Saskatchewan provincial sales tax to the Saskatchewan Ministry of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases.

CIC provides management services to CIC Asset Management Inc., First Nations and Métis Fund Inc., Gradworks Inc., Saskatchewan Immigrant Investor Fund Inc., and CIC Economic Holdco Ltd. without charge.

These separate financial statements and the notes thereto separately describe other transactions and amounts due to and from related parties and the terms of settlement.

Notes to Separate Financial Statements

18. RELATED PARTY TRANSACTIONS *(continued)*

Key management personnel compensation

In addition to salaries, CIC also provides non-cash benefits to the President and Vice-Presidents and contributes to a post-employment defined contribution plan on their behalf. A retirement allowance is provided to executive officers and accumulates at a rate of 1.92 per cent of their respective gross salary per year.

Key management personnel compensation is comprised of:
(thousands of dollars)

	2014	2013
Salaries and short-term employee benefits	\$ 1,072	\$ 1,278
Employee future benefits	75	94
Other	7	8
	<u>\$ 1,154</u>	<u>\$ 1,380</u>

19. PENSION PLAN

CIC's employees participate in the Capital Pension Plan (the Plan), a defined contribution pension plan which is administered by CIC. CIC's contributions to the Plan include making regular payments into the Plan to match the required amounts contributed by employees for current service. The total amount paid to the Plan to December 31, 2014 was \$414.3 thousand (2013 - \$472.6 thousand). Included in the Plan is a Retirement Annuity Fund (the Fund). The Fund provides retirement annuities at the option of retiring members of the Plan. An actuarial valuation of the Fund is performed annually. The assets of the Fund at December 31, 2014 exceed the actuarially determined net present value of retirement annuities payable.

Glossary of Terms

ACCUMULATED OTHER COMPREHENSIVE INCOME

Comprises the accumulated balance of all components of other comprehensive income, being revenues, expenses, gains and losses that, in accordance with primary sources of International Financial Reporting Standards, are recognized in comprehensive income, but excluded from net earnings.

CAPITAL RESOURCES

The funds that have been invested in and loaned to the corporation to allow it to carry out its operations and investment activities. A corporation's capital consists of its debt and equity.

CAPITAL STRUCTURE

The relative percentage or weighting of debt compared to equity for a corporation. The ideal capital structure for a corporation is usually specific to its industry and depends on factors such as the level of capital assets required to maintain operations, the cost of borrowing, the risk associated with the industry, and shareholder expectations.

CASH FLOW RETURN ON EQUITY

A measure of profitability used to evaluate the Province's investment in CIC. It is based on the cash return (e.g. dividend) provided to the owner and is calculated as dividends paid to the GRF divided by the Province's equity.

COMPREHENSIVE (LOSS) INCOME

The change in equity (net assets) of an enterprise during a period from transactions and other events and circumstances from non-owner sources. It includes all changes in equity during a period except those resulting from investments by owners and distributions to owners.

DEBT RATIO

Measures the per cent of debt in the overall capital structure of an organization and is used to evaluate its financial flexibility. It is calculated as total debt from ongoing operations (long-term debt plus long-term debt due within one year plus notes payable) less sinking funds divided by the Corporation's capital (debt plus equity).

DERIVATIVE

A contract or security that obtains its value from price movements in a related or underlying security, future or other instrument or index.

DIVIDEND CAPACITY

The financial ability that a firm has to pay dividends. Dividend capacity is determined by identifying cash sources from operations, analyzing reinvestment needs and the target capital structure, and then determining surplus cash.

DIVIDEND PAYOUT RATE

The percentage of earnings that has been paid out as dividends.

EBITDA

Earnings before interest, taxes, depreciation and amortization.

Glossary of Terms

FORWARD CONTRACT

A contractual commitment to buy or sell a specified currency at a specific price and date in the future.

GENERAL REVENUE FUND (GRF)

The GRF is a special purpose fund that the Government uses to pay for most of the programs it provides. It is the Government of Saskatchewan's central accounting entity where all public monies are deposited to and disbursed from, as authorized by the Legislative Assembly.

MINIMUM CAPITAL TEST (MCT)

The minimum capital test is a capital adequacy test widely used in the insurance industry and indicates capital available to pay claims compared to capital required.

OPTION

A contract that grants the right, but not the obligation, to buy or sell a commodity or financial instrument at a specified price at a point in time during a defined period.

OTHER COMPREHENSIVE (LOSS) INCOME

Comprises revenue, expenses, gains and losses that, in accordance with primary sources of International Financial Reporting Standards, are recognized in comprehensive income, but excluded from net income.

PERFORMANCE MANAGEMENT PLANS

Plans that are developed by each Crown corporation detailing key strategic priorities, measures and targets for a given year. They are also referred to as business plans, and typically include the corporation's budget for the year.

RETURN ON EQUITY

A measure of profitability that relates a company's earnings to the investment by its owners. It is calculated as net earnings divided by the average shareholder's equity.

SIGNIFICANT TRANSACTION

Significant transactions are those judged by a Crown corporation to be sensitive and likely of interest to legislators and the public; or where the transaction is both material and outside the ordinary course of business and involves:

- the acquisition of a major investment or asset, or the assumption of a major liability;
- a change in the terms and conditions governing an existing investment or asset; or
- the divestment of a major asset or investment.

SINKING FUND

An account held for the specific purpose of paying down an existing debt instrument (e.g. loan) that has a maturity date in the future. Money is placed in the fund over the period which the debt is held, and then used to pay off the debt at its maturity. Sinking funds are recorded as investments for financial reporting purposes.

SWAP

A contractual agreement to exchange a stream of periodic payments with a counterparty.

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