



Second Quarter Financial Report
June 30, 2005



Crown Investments Corporation
of Saskatchewan

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 2005 second quarter financial results should be read in conjunction with the 2004 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

What are the financial results for the CIC Crown sector as a whole?

	June 30 2005	December 31 2004
ASSETS		
Cash	\$ 122,910	\$ 18,822
Short-term investments	812,430	693,269
Accounts receivable	104,400	180,247
Prepaid expenses	159,572	225,882
	1,009,312	1,088,220
Long-term investments (Note 6)	612,286	758,247
Property, plant and equipment	4,769,247	4,624,022
Total Assets	\$ 5,390,835	\$ 6,470,539
LIABILITIES AND PROVIDED EQUITY		
Accounts payable	\$ 24,273	\$ 22,268
Accounts payable and accrued liabilities	494,142	498,264
Interest payable	28,291	112,462
Provision for doubtful accounts	28,291	24,000
Deferred income tax	189,819	176,281
Other liabilities (Note 6)	261,186	258,686
	1,009,312	1,452,149
Long-term debt	1,894,599	1,877,274
Deferred income tax and other liabilities	825,216	858,686
Provision of Saskatchewan Equity	4,769,247	4,624,022
	1,911,132	1,911,132
Equity advances	2,479,703	4,559,407
Contributions	2,479,703	2,479,703
Total Liabilities and Provided Equity	\$ 5,390,835	\$ 6,470,539

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 (SaskPower, SaskTel, SaskEnergy, SGI, ISC, Investment Saskatchewan Inc., STC, SaskWater, SOCO, SGGF MC, and SDFC);
- Results incurred from its wholly-owned share capital subsidiary Gradworks Inc.
- CIC's share of NewGrade financial results;
- Dividends paid by CIC to the GRF; and
- CIC's operating costs, public policy expenditures and interest income on cash balances.

CIC Non-Consolidated Financial Statements

How is CIC performing as a holding company?

How do Crown dividends compare to CIC's dividend to the General Revenue Fund?

	June 30 2005	June 30 2004
ASSETS		
Cash	\$ 156,484	\$ 241,227
Call and short-term investments	277	282
Prepaid expenses	20,029	10,246
	176,790	251,755
Equity advances to Crown corporations	1,000,382	1,000,382
Investment in share capital corporations	277,484	277,484
Total Assets	\$ 1,453,272	\$ 1,529,222
LIABILITIES AND PROVIDED EQUITY		
Interest and accounts payable	\$ 1,284	\$ 2,261
Deferred income tax to General Revenue Fund	1,284	262,000
	2,568	264,261
Provision of Saskatchewan Equity	1,186,704	1,186,704
Equity advances	265,900	1,086,257
Investment in share capital corporations	1,000,382	1,000,382
Total Liabilities and Provided Equity	\$ 1,453,272	\$ 1,529,222

CIC's non-consolidated financial statements are used by CIC to determine dividend capacity to the Province's General Revenue Fund (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 from subsidiary Crown corporations (SaskPower, SaskTel, SaskEnergy, SGI and Investment Saskatchewan Inc.);
- Dividends received from NewGrade;
- Dividends paid by CIC to the GRF;
- Grants by CIC to subsidiaries; and
- CIC's operating costs and interest income on cash balances.



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, partnerships and loans, 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 six months ended June 30, 2005. 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 28, 2005.

For purposes of the MD&A on CIC's consolidated results, "CIC" refers to the consolidated entity.

CIC has the following lines of business:

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.	Several	wholly-owned subsidiary
NewGrade Energy Inc. (NewGrade)	Heavy Oil	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

Management's Discussion and Analysis (continued)

Result of Operations

Earnings for the second quarter beginning April 1, 2005 and ending June 30, 2005 were \$58.8 million (2004 - \$65.0 million). Excluding income tax expense of \$9.7 million (2004 - \$1.3 million) and non-recurring expenses of \$3.2 million (2004 - \$Nil), earnings from ongoing operations were \$71.7 million (2004 - \$66.3 million). Year to date earnings for the six months ending June 30, 2005 were \$237.0 million (2004 - \$188.8 million)

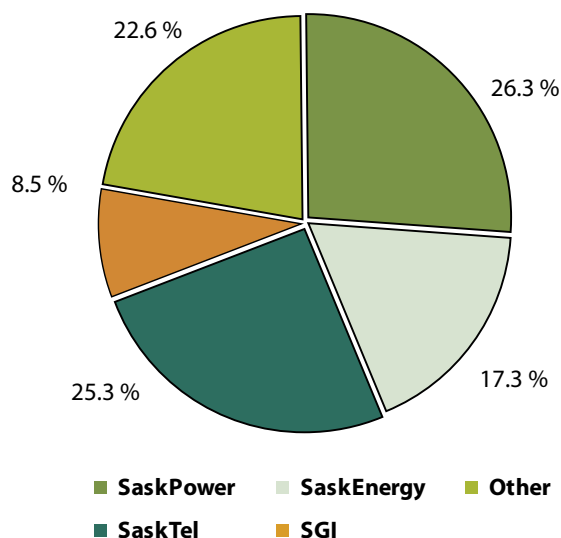
Revenue

Revenues for the first six months of 2005 were \$2,072.2 million (2004 - \$1,949.7 million), an increase of \$122.5 million. The increase was due to a \$130.5 million increase in operating revenues, offset by a decrease in interest and other revenue of \$8.0 million.

Operating revenues for the first six months of 2005 were \$2,020.3 million (2004 - \$1,889.8 million). The \$130.5 million increase was mainly due to increased utility sales, increased sales prices for commodity based investments, and increased insurance premiums. Utility sales for the first six months of 2005 were \$1,531.7 million (2004 - \$1,492.7 million) an increase of \$39.0 million primarily from SaskTel (\$26.7 million). SaskTel revenue growth is derived from a favorable CRTC decision, which finalized the terms and conditions, under which the Corporation is to provide digital network services to other telecommunication companies and growth from cellular services. Commodity based revenue increased by \$90.6 million due almost entirely to increased crude oil prices driving up revenue at NewGrade by \$86.6 million.

Investment earnings for the first six months of 2005 were \$48.6 million (2004 - \$57.3 million). The \$8.7 million decrease mainly reflects lower investment earnings at SaskTel, which in 2004 recorded a gain on sale of Astar United Communications Limited shares (\$4.4 million).

Earnings Contribution by Corporation



Expenses

Expenses for the first six months of 2005 were \$1,807.4 million (2004 - \$1,754.8 million), an increase of \$52.6 million. The increase was due primarily to increased operating costs of \$65.9 million. Operating expense primarily increased due to increased input costs at NewGrade, SaskTel and SGI. Due to rapidly increasing feedstock prices, because of world market demand for oil, operating costs increased at NewGrade by \$45.6 million. SaskTel's operating costs increased by \$26.0 million due mainly to restructuring costs of \$17.2 million and a \$7.5 million expense regarding the curtailment of the service recognition defined benefit plan.

Crown Corporation Earnings (unaudited)		(millions of dollars)
for the six months ended June 30, 2005		
SaskPower	\$	62.2
SaskTel		59.9
SaskEnergy		41.1
SGI		20.2
Investment Saskatchewan		17.9
ISC		3.5
SaskWater		0.0
STC		(0.2)
SOCO		3.3
CIC (non-consolidated) and Other		29.1
Total	\$	237.0

Management's Discussion and Analysis (continued)

Results of Operations (continued)

Expenses (continued)

Operating costs at SGI increased \$16.6 million as a result of claims incurred due to some extreme weather conditions in Saskatchewan during the spring months. Offsetting these increases in operating costs were decreased costs at SaskPower of \$20.8 million primarily due to a change in the generation mix as the result of dramatically improved hydro conditions.

Offsetting the increase in operating costs was a decrease in interest costs of \$21.3 million. The decrease in interest costs reflects, in part, the transfer of SOCO's debt to the GRF in 2004, as part of the transfer of SOCO's research park assets to the GRF, and a reduction of interest costs at SaskPower as interest costs on new borrowings are being capitalized as a part of the capital cost of projects under construction.

Depreciation costs of \$204.0 million (2004 - \$211.3 million) are \$7.3 million lower than the same period in 2004. The decrease reflects lower depreciation costs at NewGrade as the plant becomes fully depreciated.

In the first six months of 2005, CIC spent \$675.1 million (2004 - \$412.4 million) on investment and capital acquisitions. The \$262.7 million increase reflects a \$117.7 million increase in capital spending due to the 150 MW Centennial Wind Power Project at Rushlake Creek and a \$145.0 million increase in investment spending due mainly to SGI turning over its investment portfolio.

Debt

Debt at June 30, 2005 was \$3,609.4 million (December 31, 2004 - \$3,361.1 million), an increase of \$248.3 million. The increase in debt was attributable to SaskPower (\$248.1 million), ISI (\$22.1 million) and SaskWater (\$0.4 million); partially offset by decreases at SaskEnergy (\$7.5 million), ISC (\$7.0 million), SaskTel (\$4.2 million) and NewGrade (\$3.6 million).

Utility Bundle Rebate

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 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. It will be determined later in the year if CIC will need to provide a rebate in 2005. The Corporation has budgeted \$50.0 million in 2005 to ensure the commitment is maintained.

Liquidity and Capital Resources

Cash Flow Highlights

(millions of dollars)

	for the six months ended	
	June 30 2005	June 30 2004
Cash from operations	\$ 464.4	\$ 313.6
Cash used in investing activities	(330.9)	(33.4)
Dividends paid	(263.0)	(205.0)
Debt proceeds received	372.9	205.4
Debt repaid	(162.8)	(207.5)
Other financing activities	11.5	(11.0)
Increase in cash	\$ 92.1	\$ 62.1



Management's Discussion and Analysis (continued)

Liquidity and Capital Resources (continued)

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 Rating on Long-Term Debt as at June 30,2005	
Moody's Investor Service	Aa2
Standard & Poor's	AA-
Dominion Bond Rating Service	A

Operating, Investing and Financing Activities

Cash from operations for the first six months of 2005 was \$464.4 million (2004 - \$313.6 million).

The \$150.8 million increase was primarily due to higher income from operations and higher non-cash expenses (depreciation, future income tax expense, and losses from foreign exchange).

Cash used in investing activities for the first six months of 2005 was \$330.9 million (2004 - \$33.4 million).

The \$297.5 million increase reflects an increase in capital spending from 2004 due mainly to SaskPower's Rushlake Creek Centennial Wind Power Project.

Cash used in financing activities for the first six months of 2005 was \$41.4 million (2004 - \$218.1 million).

The \$176.7 million decrease is mainly due to SaskPower's increased borrowing to fund the Rushlake Creek Centennial Wind Power Project.

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)

	June 30 2005	December 31 2004
ASSETS		
Current		
Cash	\$ 122,955	\$ 18,923
Short-term investments	612,409	695,928
Accounts receivable	494,565	565,294
Inventories	190,460	180,067
Prepaid expenses	106,527	101,505
	1,526,916	1,561,717
Long-term investments (Note 3)	820,886	758,947
Property, plant and equipment	5,489,364	5,424,622
Other assets	445,243	394,379
	\$ 8,282,409	\$ 8,139,665
LIABILITIES AND PROVINCE'S EQUITY		
Current		
Bank indebtedness	\$ 34,271	\$ 22,368
Accounts payable and accrued liabilities	543,146	648,294
Notes payable	28,591	115,400
Dividend payable to General Revenue Fund	-	263,000
Deferred revenue	189,079	178,591
Long-term debt due within one year	294,848	228,296
	1,089,935	1,455,949
Long-term debt	3,285,949	3,017,374
Deferred revenue and other liabilities	404,366	401,263
Province of Saskatchewan's Equity	4,780,250	4,874,586
Equity advances	1,181,152	1,181,152
Contributed surplus	2,546	2,427
Retained earnings	2,318,461	2,081,500
	3,502,159	3,265,079
	\$ 8,282,409	\$ 8,139,665

(See accompanying notes)



CONSOLIDATED STATEMENT OF OPERATIONS AND RETAINED EARNINGS

(Unaudited)

For The Period Ended June 30

(thousands of dollars)

	2005		2004	
	April 1 to June 30	Year to Date	April 1 to June 30	Year to Date
REVENUE				
Sales of products and services	\$ 897,919	\$ 2,020,276	\$ 821,460	\$ 1,889,850
Investment	26,482	48,574	25,779	57,257
Other	1,366	3,323	563	2,611
	925,767	2,072,173	847,802	1,949,718
EXPENSES				
Operating costs other than those listed below	668,734	1,429,831	597,217	1,363,970
Interest	61,487	125,258	74,226	146,535
Depreciation of property, plant and equipment	101,809	204,041	104,925	211,309
Saskatchewan taxes and resource payments	22,081	48,291	5,169	32,962
	854,111	1,807,421	781,537	1,754,776
Earnings before the following	71,656	264,752	66,265	194,942
Future income tax expense	9,644	24,621	1,247	6,188
Non-recurring items	3,170	3,170	-	-
NET EARNINGS	58,842	236,961	65,018	188,754
RETAINED EARNINGS, BEGINNING OF PERIOD	2,259,619	2,081,500	2,165,137	2,041,401
DIVIDEND TO GENERAL REVENUE FUND	-	-	5,000	5,000
RETAINED EARNINGS, END OF PERIOD	\$ 2,318,461	\$ 2,318,461	\$ 2,225,155	\$ 2,225,155

(See accompanying notes)



CONSOLIDATED STATEMENT OF CASH FLOWS

(Unaudited)

For The Period Ended June 30

(thousands of dollars)

	2005		2004	
	April 1 to June 30	Year to Date	April 1 to June 30	Year to Date
OPERATING ACTIVITIES				
Net earnings	\$ 58,842	\$ 236,961	\$ 65,018	\$ 188,754
Items not affecting cash from operations	105,970	210,884	23,296	36,741
	164,812	447,845	88,314	225,495
Net change in non-cash working capital balances related to operations	(34,659)	16,525	15,464	88,139
Cash (used in) provided by operating activities	130,153	464,370	103,778	313,634
INVESTING ACTIVITIES				
Purchase of investments	(213,588)	(403,989)	(54,464)	(258,913)
Proceeds from sales and collections of investments	204,184	394,948	144,415	277,882
Purchase of property, plant and equipment	(192,195)	(271,140)	(89,221)	(153,490)
Proceeds from sale of property, plant and equipment	60	181	468	1,952
(Increase) decrease in other assets	(37,519)	(50,864)	24,583	99,104
Cash provided by (used in) investing activities	(239,058)	(330,864)	25,781	(33,465)
FINANCING ACTIVITIES				
Increase (decrease) in notes payable	(44,742)	(86,809)	(20,006)	(113,355)
Decrease in deferred revenue and other liabilities	11,479	11,529	(12,609)	(10,995)
Long-term debt proceeds from General Revenue Fund	222,926	372,926	-	205,442
Long-term debt proceeds from other lenders	-	-	-	-
Long-term debt repayments to General Revenue Fund	(52,119)	(62,842)	(58,185)	(78,779)
Long-term debt repayments to other lenders	(10,411)	(13,181)	(9,100)	(15,375)
Dividend paid to General Revenue Fund	-	(263,000)	(5,000)	(205,000)
Cash provided by financing activities	127,133	(41,377)	(104,900)	(218,062)
NET INCREASE IN CASH DURING PERIOD	18,228	92,129	24,659	62,107
CASH POSITION, BEGINNING OF PERIOD	70,456	(3,445)	43,127	5,679
CASH POSITION, END OF PERIOD	\$ 88,684	\$ 88,684	\$ 67,786	\$ 67,786
Cash position consists of:				
Cash	\$ 122,955	\$ 122,955	\$ 87,598	\$ 87,598
Bank indebtedness	(34,271)	(34,271)	(19,812)	(19,812)
	\$ 88,684	\$ 88,684	\$ 67,786	\$ 67,786

(See accompanying notes)



Notes to Consolidated Financial Statements

(Unaudited)
June 30, 2005

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 28, 2005.

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 interim 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
Saskatchewan Government Growth Fund	Holding Corporation
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)
June 30, 2005

1. Summary of Significant Accounting Policies (continued)

b) Joint ventures

The Corporation's share 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.	50%
Hypor LP	50%
Meadow Lake Pulp Limited Partnership	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 long distance, wireless airtime and directory services are recognized based on usage or rate plans over the period the services are provided. Revenues from insurance premiums written are taken into income over the terms of the related policies. 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)
June 30, 2005

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 committed to invest up to \$14.0 million in Foragen Technologies Limited Partnership by January 1, 2006. The Corporation has provided \$11.0 million of this commitment to June 30, 2005 (December 31, 2004 - \$10.0 million).
- b) 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.
- c) On August 9, 2004, 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.

4. Comparative Figures

Certain of the 2004 comparative figures have been reclassified to conform with the current year's presentation.



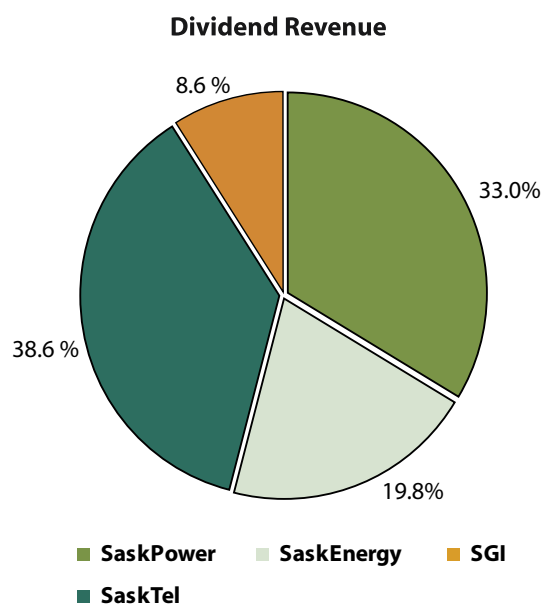
Non-Consolidated Financial Statements

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 June 30, 2005 second quarter results should be read in conjunction with the June 30, 2005 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 28, 2005.



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

CIC Non-Consolidated Earnings for the first six months of 2005 (unaudited)		(millions of dollars)
Dividend Revenue From Crown corporations		\$ 121.5
Add: interest and other revenue		2.2
Less: general, administrative, and other expenses		(4.0)
amortization		(0.1)
grants to subsidiaries		(3.6)
Total Non-Consolidated Earnings		\$ 116.0

Earnings

Earnings for the second quarter of 2005 (April 1, 2005 to June 30, 2005) were \$56.4 million (2004 - \$43.4 million). Year to date earnings in 2005 (January 1, 2005 to June 30, 2005) were \$116.0 million (2004 - \$88.5 million). Year to date earnings increased \$27.5 million from the same period in 2004. The \$27.5 million increase is primarily due to an increase in dividend revenue from CIC's subsidiary Crown corporations of \$27.3 million, an increase in interest revenue of \$0.6 million and a decrease in operating costs of \$0.1 million.

Dividend Revenue

Dividend revenue for the six months ended June 30, 2005 was \$121.5 million (2004 - \$94.2 million). The \$27.3 million increase was due to higher dividends from SaskPower (\$22.0 million) and SaskTel (\$10.4 million), partially offset by lower dividends from SaskEnergy (\$3.4 million) and SGI (\$1.7 million).

Management's Discussion and Analysis (continued)

Dividend Revenue (continued)

Dividends from subsidiary Crown corporations, for the second quarter of each year, are based on 50 percent of their forecast dividend for the year. The forecasted 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 two quarters, dividend payments are adjusted based on changes to projected earnings to year end. For the current year CIC has assumed payouts of 90 percent of earnings at SaskTel as the corporation reached its industry benchmarked capital structure. SaskPower, SaskEnergy and SGI dividend payouts are forecasted for 65 percent of net earnings, reflecting their need to retain capital to move to their industry benchmarked financial structure, to upgrade infrastructure, and finance growth and diversification programs.

Administrative Expenses

Expenses were \$4.1 million for the six months ended June 30, 2005 (2004 - \$4.2 million). The decrease of \$0.1 million was due mainly to lower consulting costs.

During the first six months of 2005, CIC provided \$2.8 million in grants to STC (2004 - \$2.7 million) and \$0.8 million in grants to Gradworks Inc. (Gradworks), a wholly-owned subsidiary of CIC. Formally launched in February 2005, Gradworks provides recent post-secondary graduates with internships in CIC subsidiary Crown corporations.

During 2005, CIC has budgeted \$4.1 million in operating grants and \$3.9 million in capital grants to STC. Included in the STC capital grants is \$2.2 million out of an estimated \$15.0 million dedicated to the building of a new bus terminal in Regina. CIC has also budgeted \$25.0 million in new equity primarily for SGI's expansion into Alberta and \$2.0 million in operating grants to Gradworks. CIC has also budgeted \$50.0 million for a public policy expenditure related to the utility bundle rebate program.

Liquidity and Capital Resources

Cash Flow Highlights

(millions of dollars)

	for the six months ended	
	June 30 2005	June 30 2004
Cash from operations	\$ 174.2	\$ 175.6
Dividends paid	(263.0)	(205.0)
Decrease in cash	\$ (88.8)	\$ (29.4)



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 six months ended June 30, 2005 was \$174.2 million (2004 - \$175.6 million). The \$1.4 million decrease was primarily due mainly to lower dividends collected in the second quarter of 2005 compared to 2004.

Cash used in investing activities for the six months ended June 30, 2005 was \$ Nil (2004 - \$ Nil). Other than a small purchase of equipment, CIC had no investing activities.

Cash used in financing activities was \$263.0 million (2004 - \$205.0 million). Financing activities in 2005 consisted of dividends paid to the GRF.

Debt Management

Currently CIC has no debt. As a separate legal entity, CIC does not expect to borrow in 2005.

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 2005 to be lower than in 2004, however dividends from NewGrade are expected to be substantially higher in 2005.

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 lower than the same package in any other province in Canada. For 2005, CIC has budgeted \$50.0 million to ensure the lowest bundle program 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)

	June 30 2005	June 30 2004
ASSETS		
Current		
Cash and short-term investments	\$ 156,484	\$ 245,337
Interest and accounts receivable	377	286
Dividends receivable	60,084	120,261
	216,945	365,884
Equity advances to Crown corporations	1,050,382	1,050,382
Investments in share capital corporations	377,469	377,469
Equipment	480	538
	\$ 1,645,276	\$ 1,794,273
LIABILITIES AND PROVINCE'S EQUITY		
Interest and accounts payable	\$ 1,289	\$ 3,301
Dividend payable to General Revenue Fund	-	263,000
	1,289	266,301
Province of Saskatchewan's Equity		
Equity advances	1,181,152	1,181,152
Retained earnings	462,835	346,820
	1,643,987	1,527,972
	\$ 1,645,276	\$ 1,794,273

Commitments (Note 4)



NON-CONSOLIDATED STATEMENT OF OPERATIONS AND RETAINED EARNINGS

(Unaudited)

For The Period Ended June 30

(thousands of dollars)

	2005		2004	
	April 1 to June 30	Year to Date	April 1 to June 30	Year to Date
REVENUE				
Dividend (Note 3)	\$ 60,085	\$ 121,526	\$ 46,384	\$ 94,231
Interest	620	2,129	462	1,492
Other	5	17	4	28
	60,710	123,672	46,850	95,751
EXPENSES				
General, administrative and other	2,086	3,952	1,831	4,052
Depreciation	74	133	58	114
	2,160	4,085	1,889	4,166
Earnings before the following	58,550	119,587	44,961	91,585
Grant to Gradworks	(549)	(772)	-	-
Grant to Saskatchewan Water Corporation	-	-	(375)	(375)
Grant to Saskatchewan Transportation Company	(1,600)	(2,800)	(1,200)	(2,700)
NET EARNINGS	56,401	116,015	43,386	88,510
RETAINED EARNINGS, BEGINNING OF PERIOD	406,434	346,820	384,969	339,845
	462,835	462,835	428,355	428,355
DIVIDEND TO GENERAL REVENUE FUND	-	-	5,000	5,000
RETAINED EARNINGS, END OF PERIOD	\$ 462,835	\$ 462,835	\$ 423,355	\$ 423,355

(See accompanying notes)



NON-CONSOLIDATED STATEMENT OF CASH FLOWS

(Unaudited)

For The Period Ended June 30

(thousands of dollars)

	2005		2004	
	April 1 to June 30	Year to Date	April 1 to June 30	Year to Date
OPERATING ACTIVITIES				
Net earnings	\$ 56,401	\$ 116,015	\$ 43,386	\$ 88,510
Add (deduct) non-cash items:				
Depreciation	74	133	58	114
	56,475	116,148	43,444	88,624
Net change in non-cash working capital balances related to operations	928	58,074	1,537	86,938
Cash provided by operating activities	57,403	174,222	44,981	175,562
INVESTING ACTIVITIES				
Purchase of equipment	(39)	(75)	(6)	(25)
Cash used in investing activities	(39)	(75)	(6)	(25)
FINANCING ACTIVITIES				
Dividend paid	-	(263,000)	(5,000)	(205,000)
Cash used in financing activities	-	(263,000)	(5,000)	(205,000)
NET CHANGE IN CASH DURING PERIOD	57,364	(88,853)	39,975	(29,463)
CASH POSITION, BEGINNING OF PERIOD	99,120	245,337	90,581	160,019
CASH POSITION, END OF PERIOD	\$ 156,484	\$ 156,484	\$ 130,556	\$ 130,556

(See accompanying notes)



Notes To Non-Consolidated Financial Statements

(Unaudited)
June 30, 2005

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 28, 2005.

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

3. Dividend Revenue

Dividend revenue consists of the following (thousands of dollars):

	2005	2004
Saskatchewan Telecommunications Holding Corporation	\$ 46,914	\$ 36,521
Saskatchewan Power Corporation	40,105	18,116
SaskEnergy Incorporated	24,100	27,500
Saskatchewan Government Insurance	10,407	12,094
	\$ 121,526	\$ 94,231



Notes To Non-Consolidated Financial Statements

(Unaudited)

June 30, 2005

4. Commitments

- a) CIC has committed to provide Saskatchewan Government Insurance \$25.0 million in equity advances to be used by the Corporation primarily to fund its expansion into the Alberta marketplace.
- b) CIC has agreed to fund, through capital grants, Saskatchewan Transportation Company's new terminal facilities in Regina. CIC is expecting to fund \$2.2 million of the commitment in 2005.

