Crown Investments Corporation of Saskatchewan

Third Quarter Financial Report
September 30, 2007

www.cicorp.sk.ca

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.

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 2007 third quarter financial results should be read in conjunction with the December 31, 2006 audited consolidated and non-consolidated financial statements.

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

CIC Consolidated Financial Statements

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

- Financial results of subsidiary Crown corporations:

  Information Services Corporation of Saskatchewan (ISC)
  Investment Saskatchewan Inc. (IS)
  SaskEnergy Incorporated (SaskEnergy)
  Saskatchewan Development Fund Corporation (SDFC)
  Saskatchewan Transportation Company (STC)
  Saskatchewan Water Corporation (SaskWater)
  Saskatchewan Opportunities Corporation (SOCO)
  Saskatchewan Power Corporation (SaskPower)
  Saskatchewan Telecommunications Holding Corporation
  Saskatchewan Telecommunications (SaskTel)
  Saskatchewan Government Growth Fund Management Corporation (SGGF MC)
  Saskatchewan Government Insurance (SGI)

- CIC's share of NewGrade financial results;
- CIC's wholly-owned share capital subsidiary CIC Economic Holdco Ltd.;
- CIC's wholly-owned share capital subsidiary CIC Equity Holding Company Ltd.;
- CIC's wholly-owned share capital subsidiary First Nations and Métis Fund Inc.;
- Costs incurred from its wholly-owned non-profit subsidiary Gradworks Inc.;
- Dividends paid by CIC to the General Revenue Fund (GRF); and
- CIC's operating costs, public policy expenditures and interest income on cash balances.

CIC Non-Consolidated Financial Statements

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

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

Consolidated Financial Statements

Management's Discussion and Analysis

Forward Looking Information

Throughout the quarterly report are forward looking statements. By their nature, forward looking statements require assumptions based on current information, management experience and historical performance. Forward looking information is subject to uncertainties, and, as a result, forward looking statements are not a guarantee about future performance of CIC and its subsidiary Crown corporations.

Readers should not place undue reliance on forward looking statements, as a number of factors could cause actual results to differ materially from estimates, predictions and assumptions. Other factors that can influence performance include, but are not limited to: weather conditions, commodity markets, general economic and political conditions, interest and exchange rates, performance and competition in the Crown sector, and regulatory environment. Given these uncertainties, assumptions contained in forward looking statements may or may not occur.

Changes in Accounting Policy

On January 1, 2007, CIC adopted the Canadian Institute of Chartered Accountants (CICA) Handbook Section 3855, financial instruments – recognition and measurement, CICA Handbook Section 1530, comprehensive income, CICA Handbook Section 3865, hedges and CICA Handbook Section 3251, equity. These standards require that all financial assets and financial liabilities be classified as held-to-maturity, held-for-trading, available-for-sale, loans and receivables, or other liabilities. In addition, the standards require all financial assets and liabilities, including all derivatives, be measured at fair value with the exception of loans and receivables and long-term debt. As required, these standards have been applied as an adjustment to opening retained earnings and accumulated other comprehensive income. As a result, retained earnings increased by $3.9 million and accumulated other comprehensive income increased by $13.3 million. Prior period balances have not been restated. For further details, see Note 1 (c) to the interim consolidated financial statements.

Major Lines of Business

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

Management's Discussion & Analysis (MD&A) highlights the primary factors that have an impact on the consolidated financial results and operations of CIC. It should be read in conjunction with CIC's unaudited interim consolidated financial statements and supporting notes for the nine months ended September 30, 2007. These interim financial statements have been prepared in accordance with the CICA 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 consolidated financial statements should be read in conjunction with CIC's December 31, 2006 audited consolidated financial statements released on April 30, 2007.

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

Management's Discussion and Analysis (continued)

Investment	Major Business Line	Form of Investment
Saskatchewan Power Corporation (SaskPower)	Electricity	wholly-owned subsidiary
Saskatchewan Telecommunications Holding Corporation and Saskatchewan Telecommunications (collectively SaskTel)	Telecommunications	wholly-owned subsidiary
SaskEnergy Incorporated (SaskEnergy)	Natural Gas	wholly-owned subsidiary
Saskatchewan Water Corporation (SaskWater)	Water and Wastewater	wholly-owned subsidiary
Information Services Corporation of Saskatchewan (ISC)	Land and Property Registration Services	wholly-owned subsidiary
Saskatchewan Government Insurance (SGI)	Property and Casualty	wholly-owned subsidiary
Investment Saskatchewan Inc. (IS)	Several	wholly-owned subsidiary
NewGrade Energy Inc. (NewGrade)	Heavy Oil Upgrader	50.0 per cent joint venture
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 MC)	Immigrant Investor Program	wholly-owned subsidiary
Saskatchewan Transportation Company (STC)	Passenger and Freight Transportation	wholly-owned subsidiary

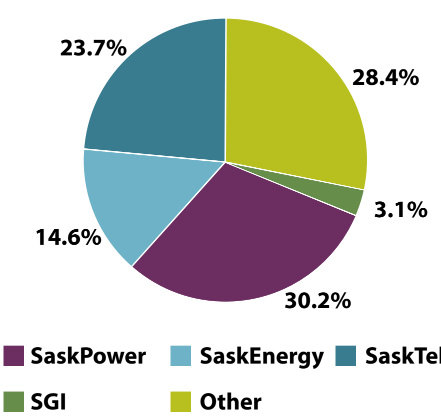
Utilities　Insurance　Commodity Based Investments　Economic Growth　Transportation

Results of Operations

Crown Corporation Earnings (unaudited)
For the nine months ended September 30, 2007

(millions of dollars)		
SaskPower	$	**96.7**
SaskTel		**75.7**
SaskEnergy		**46.8**
SGI		**10.0**
Investment Saskatchewan		**36.0**
ISC		**16.9**
SaskWater		**0.3**
STC		**(0.1)**
SOCO		**2.8**
CIC (non-consolidated) and Other		**34.6**
Total	$	**319.7**

Earnings Contribution by Corporation



Management's Discussion and Analysis (continued)

Results of Operations (continued)

The Corporation's consolidated earnings for the third quarter beginning July 1, 2007 and ending September 30, 2007 were $129.3 million (2006 - $89.0 million). Excluding income tax recovery of $0.1 million (2006 – recovery of $53.0 million), a gain on discontinued operations of $13.2 million (2006 - $10.9 million), and the earnings of NewGrade Energy Inc. (Note 5) $21.3 million (2006 - $20.9 million), the earnings from ongoing operations for the three month period were $94.7 million (2006 - $4.1 million).

Year-to-date earnings for the nine months ending September 30, 2007 were $319.7 million (2006 - $354.5 million), a decrease of $34.8 million. Increased earnings at SaskTel, SaskPower and SaskEnergy were offset by SGI's Saskatchewan summer storm costs and SaskTel's reductions of long distance and access portfolio revenues.

Revenue

Revenues for the first nine months of 2007 were $3,295.0 million (2006 - $2,657.4 million), an increase of $637.6 million, primarily the result of increased operating revenues.

Operating revenues for the first nine months of 2007 were $3,114.6 million (2006 - $2,596.9 million). The $517.7 million increase was attributable to many factors. First, electrical sales increased as a result of higher rates charged to customers relative to 2006 and increased volumes for Saskatchewan electrical sales which are driven by general economic conditions, the number of customers and weather. Second, there was revenue growth of SaskTel's Wireless Services and Max Entertainment Services offset by reductions of long distance and access portfolio revenues. Third, net premiums earned at SGI were greater than 2006 from Saskatchewan and Alberta operations.

Investment earnings for the first nine months of 2007 were $153.2 million (2006 - $58.5 million). The $94.7 million increase mainly reflects higher earnings from equity investments at Investment Saskatchewan and SaskPower's improved equity investment income from the Muskeg River Mine Cogeneration Station.

Expenses

Expenses for the first nine months of 2007 were $3,039.8 million (2006 - $2,405.5 million), an increase of $634.3 million. The increase in expense is primarily due to an increase in salaries and benefits due to ratification of the new collective bargaining agreements. Secondly, SGI experienced an increase in expenses due to Saskatchewan seasonal storms and increasing auto and commercial claim costs.

Other

Current and future income tax expense in the first nine months was $1.0 million (2006 - $0.4 million), an increase of $0.6 million. The increase was primarily due to the operations of NewGrade. As well, the Corporation had a $19.6 million gain related to its discontinued operations to September 30, 2007 (2006 – gain of $20.0 million) and $Nil in non-recurring items (2006 - $7.8 million gain). The Corporation had earnings from NewGrade Energy Inc. of $46.0 million (2006 - $75.1 million).

Management's Discussion and Analysis (continued)

Capital Spending

In the first nine months of 2007, CIC spent $1,083.1 million (2006 - $903.0 million) on investment and capital acquisitions. The $180.1 million increase reflects a $37.9 million decrease in the purchase of property, plant and equipment offset by $218.0 million increase in investing activity. Decreased capital spending is due to the completion of the Next Generation Access Infrastructure program and the completion at the Centennial Wind Facility in 2006. The decrease in capital spending was offset by increased investing activity at SGI from higher investment turnover.

Debt

Debt at September 30, 2007 was $3,806.1 million (December 31, 2006 - $3,782.7 million), an increase of $23.4 million, primarily due to SaskPower borrowing through the Saskatchewan Department of Finance, an additional $100.0 million in long-term debt offset by long-term debt repayments by SaskEnergy and SaskPower.

Utility Bundle Commitment

Since the fall of 2003, the government indicated that Saskatchewan families will receive the package of basic utilities including home electricity, home natural gas, basic telephone rates and auto insurance at a total annual cost that is as low or lower than the same package in any other province in Canada. CIC, as the parent company, is monitoring the costs of providing the lowest cost for this bundle of services. CIC expects Saskatchewan to have the lowest utility bundle in Canada and therefore will not need to provide rebates in 2007.

Liquidity

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

Province of Saskatchewan Credit Ratings on Long-Term Debt as at September 30, 2007	
Moody's Investor Service	Aa1*
Standard & Poor's	AA*
Dominion Bond Rating Service	AA (low)*

* Denotes rating upgrade in 2006.

Liquidity and Capital Resources

Cash Flow Highlights (millions of dollars)	for the nine months ended **September 30, 2007**	September 30, 2006
Cash from operations	**$ 1,027.1**	$ 819.5
Cash used in investing activities	**(334.2)**	(395.8)
Dividends paid	**(167.0)**	(221.0)
Debt proceeds received	**179.3**	102.4
Debt repaid	**(169.9)**	(165.5)
Other financing activities	**(19.8)**	2.1
Increase in cash	**$ 515.5**	$ 141.7

Management's Discussion and Analysis (continued)

Operating, Investing and Financing Activities

Cash from operations for the nine months ending September 30, 2007 was $1,027.1 million (2006 - $819.5 million). The $207.6 million increase was primarily due to stronger cash earnings relative to the same period last year.

Cash used in investing activities for the nine months ending September 30, 2007 was $334.2 million (2006 - $395.8 million). The $61.6 million decrease reflects a decrease in investing activity, due mainly to the timing of investment maturities within SGI's investment portfolio. In addition, SaskPower's purchase of plant and equipment decreased significantly from the prior year due to the timing of capital spending on its Centennial Wind Power Facility which was completed in March 2006.

Cash used in financing activities for the nine months ending September 30, 2007 was $177.4 million (2006 - $282.1 million). The $104.7 million decrease mainly reflects a decrease in the dividends paid to the GRF and a decrease in debt repayments to the GRF.

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.

Outlook

On November 1, 2007, CIC completed the sale of NewGrade, resulting in net proceeds of $383.1 million, to be recorded in the year-end financial statements.

The Corporation's outlook related to net earnings is highly dependent upon the performance and management of subsidiary Crown Corporations. Based on the year-to-date performance of subsidiary Crown Corporations and the projected Crown Corporation performance for the balance of the year, the Corporation prudently anticipates consistently solid earnings in 2007. However, the earnings expectations are subject to many variables including; weather conditions, commodity markets, general economic and political conditions, interest and exchange rates, performance and competition in the Crown sector, and the regulatory environment.

The Corporation anticipates continued competitive pressures within the telecommunications and property and casualty insurance industries in 2007, and anticipates increased capital expenditures from the Crown subsidiaries within the electricity and natural gas industries.

Consolidated Statement of Financial Position
(unaudited)

(thousands of dollars)	September 30, 2007	December 31, 2006
ASSETS		
Current		
Cash and cash equivalents	**$ 569,224**	$ 52,193
Investments – Held-for-trading	**166,836**	444,738
Investments – Available-for-sale	**31,553**	-
Accounts receivable	**509,189**	568,995
Inventories and prepaid expenses	**335,166**	289,570
Assets from discontinued operations	**2,674**	331,513
Assets from NewGrade Energy Inc. (Note 5)	**182,745**	249,785
	1,797,387	1,936,794
Investments – Held-to-maturity	**3,509**	4,292
Investments – Held-for-trading	**320,227**	290,304
Investments – Available-for-sale	**568,821**	474,302
Equity Investments	**252,819**	237,989
Property, plant, and equipment	**5,892,036**	5,872,693
Other assets	**402,694**	384,968
Long-term assets of discontinued operations	**1,861**	459,820
	$ 9,239,354	$ 9,661,162
LIABILITIES AND PROVINCE'S EQUITY		
Current		
Bank indebtedness	**$ 27,403**	$ 35,363
Accounts payable and accrued liabilities	**566,268**	612,855
Notes payable	**82,688**	118,506
Dividend payable to General Revenue Fund	**-**	167,000
Deferred revenue	**228,792**	204,560
Income Taxes payable	**-**	23,622
Liabilities from discontinued operations	**62**	164,247
Liabilities from NewGrade Energy Inc. (Note 5)	**83,324**	91,345
Debt due within one year	**440,924**	173,532
	1,429,461	1,591,030
Long-term debt - other	**3,282,511**	3,490,640
Deferred revenue and other liabilities	**526,745**	499,221
Long-term liabilities from discontinued operations	**-**	429,834
	5,238,717	6,010,725
Province of Saskatchewan's Equity		
Equity advances	**1,181,152**	1,181,152
Other equity items	**-**	(2,066)
Retained earnings	**2,794,911**	2,471,351
Accumulated other comprehensive income	**24,574**	-
	4,000,637	3,650,437
	$ 9,239,354	$ 9,661,162

Commitments and contingencies (Note 3)
(See accompanying notes)

Consolidated Statement of Operations and Retained Earnings

(unaudited)
For The Period

(thousands of dollars)	**2007 July 1 to September 30**	**2007 January 1 to September 30**	2006 July 1 to September 30	2006 January 1 to September 30
REVENUE				
Sales of products and services	**$ 991,335**	**$ 3,114,627**	$ 726,659	$ 2,596,850
Investment	**50,753**	**153,201**	19,155	58,474
Other	**12,937**	**27,168**	(1,582)	2,107
	1,055,025	**3,294,996**	744,232	2,657,431
EXPENSES				
Operating costs other than those listed below	**760,881**	**2,416,115**	548,867	1,824,691
Interest	**58,799**	**200,529**	59,917	186,214
Amortization of capital assets	**118,547**	**349,433**	110,490	324,179
Saskatchewan taxes and resource payments	**22,078**	**73,757**	20,849	70,410
	960,305	**3,039,834**	740,123	2,405,494
Earnings before the following	**94,720**	**255,162**	4,109	251,937
Income tax (expense) recovery	**88**	**(1,050)**	53,003	(377)
Earnings from discontinued operations	**13,200**	**19,593**	10,920	20,005
Non-recurring items (Note 4)	**-**	**-**	-	7,834
NewGrade Energy Inc. (Note 5)	**21,312**	**45,980**	20,927	75,067
NET EARNINGS	**129,320**	**319,685**	88,959	354,466
RETAINED EARNINGS, BEGINNING OF PERIOD	**2,661,716**	**2,471,351**	2,462,739	2,197,232
PRIOR PERIOD ADJUSTMENTS	**3,875**	**3,875**	-	-
DIVIDEND TO GENERAL REVENUE FUND	**-**	**-**	-	-
RETAINED EARNINGS, END OF PERIOD	**$ 2,794,911**	**$ 2,794,911**	$ 2,551,698	$ 2,551,698

(See accompanying notes)

Consolidated Statement of Comprehensive Income

(unaudited)
For The Period

(thousands of dollars)	2007 July 1 to September 30	2007 January 1 to September 30
NET EARNINGS	**$ 129,320**	$ 319,685
Foreign currency translation adjustments	**(3,163)**	122
Unrealized gain on cash flow hedges	**3,373**	9,126
Unrealized gain/(loss) on available-for-sale investments	**(220)**	8,832
Reclassification to income of available-for-sale investments	**(2,181)**	(6,819)
Other comprehensive income (loss) net income tax	**(2,191)**	11,261
COMPREHENSIVE NET INCOME	**$ 127,129**	$ 330,946

Consolidated Statement of Comprehensive Income

(unaudited)
For The Period

(thousands of dollars)	2007 July 1 to September 30	2007 January 1 to September 30
Accumulated other comprehensive income		
Balance, beginning of period	**$ 26,765**	$ -
Change in accounting policy (note 1(c))	**-**	13,313
Other comprehensive income (loss)	**(2,191)**	11,261
Balance, end of period	**$ 24,574**	$ 24,574

Consolidated Statement of Cash Flows

(unaudited)
For The Period

(thousands of dollars)	**2007 July 1 to September 30**	**2007 January 1 to September 30**	2006 July 1 to September 30	2006 January 1 to September 30
OPERATING ACTIVITIES				
Net earnings	**$ 129,320**	**$ 319,685**	$ 88,959	$ 354,466
Items not affecting cash from operations	**138,320**	**336,043**	79,373	325,626
	267,640	**655,728**	168,332	680,092
Net change in non-cash working capital balances related to operations	**(264,726)**	**332,025**	177,297	152,616
Cash provided by operating activities from continuing operations	**2,914**	**987,753**	345,629	832,708
Cash provided by (used in) operating activities from discontinued operations	**36,017**	**39,359**	(52,982)	(13,153)
Cash provided by operating activities	**38,931**	**1,027,112**	292,647	819,555
INVESTING ACTIVITIES				
Purchase of investments	**(338,030)**	**(701,513)**	(156,214)	(483,560)
Proceeds from sales and collections of investments	**299,314**	**689,650**	128,972	512,482
Purchase of property, plant, and equipment	**(165,670)**	**(381,563)**	(158,173)	(419,523)
Proceeds from sale of property, plant, and equipment	**201**	**17,860**	182	2,324
Increase (decrease) in other assets	**15,850**	**41,353**	(1,137)	(7,493)
Cash used in investing activities	**(188,335)**	**(334,213)**	(186,370)	(395,770)
FINANCING ACTIVITIES				
Increase (decrease) in notes payable	**10,851**	**6,482**	(18,136)	(23,622)
Increase (decrease) in deferred revenue and other liabilities	**65,113**	**(19,844)**	1,600	2,100
Debt proceeds from General Revenue Fund	**35,711**	**179,296**	-	102,398
Debt repayments to General Revenue Fund	**(51,733)**	**(167,646)**	(46,816)	(87,377)
Debt proceeds from/(repayments to) other lenders	**(7,168)**	**(8,697)**	(18,496)	(54,603)
Dividend paid to General Revenue Fund	**-**	**(167,000)**	-	(221,000)
Cash provided by (used in) financing activities	**52,774**	**(177,409)**	(81,848)	(282,104)
NET CHANGE IN CASH DURING PERIOD	**(96,630)**	**515,490**	24,429	141,681
CASH POSITION, BEGINNING OF PERIOD	**674,350**	**62,230**	191,945	74,693
CASH POSITION, END OF PERIOD	**$ 577,720**	**$ 577,720**	$ 216,374	$ 216,374
Cash position consists of:				
Cash from continuing operations	**$ 569,224**	**$ 569,224**	$ 47,771	$ 47,771
Bank indebtedness from continuing operations	**(27,403)**	**(27,403)**	(11,628)	(11,628)
	541,821	**541,821**	36,143	36,143
Cash from discontinued operations	**301**	**301**	70,644	70,644
Cash from NewGrade Energy Inc.	**35,598**	**35,598**	109,587	109,587
	$ 577,720	**$ 577,720**	$ 216,374	$ 216,374

(See accompanying notes)

Notes to Consolidated Financial Statements

(unaudited)
September 30, 2007

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 December 31, 2006 audited consolidated financial statements released on April 30, 2007.

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, except as described in note 1(c).

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, CIC also consolidates the accounts of Gradworks Inc., a wholly-owned non-profit subsidiary, and its wholly-owned share capital subsidiaries First Nations and Métis Fund Inc., CIC Economic Holdco Ltd., and CIC Equity Holding Company Ltd.

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 (ISC),
Investment Saskatchewan Inc. (IS),
SaskEnergy Incorporated (SaskEnergy),
Saskatchewan Development Fund Corporation (SDFC),
Saskatchewan Government Growth Fund Management Corporation (SGGFMC),
Saskatchewan Government Insurance (SGI),
Saskatchewan Opportunities Corporation (SOCO),
Saskatchewan Power Corporation (SaskPower),
Saskatchewan Telecommunications Holding Corporation (SaskTel),
Saskatchewan Telecommunications
Saskatchewan Transportation Company (STC),
Saskatchewan Water Corporation (SaskWater)

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

1. Summary of Significant Accounting Policies (continued)

b) Joint Ventures

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

Apex Investment Fund	59%
Centennial Foods Partnership	35%
Cory Cogeneration Funding Corporation	50%
Cory Cogeneration Joint Venture	50%
Foragen Technologies Limited Partnership	33%
Heritage Gas Limited	50%
NewGrade Energy Inc.	50%
Saskatchewan Entrepreneurial Fund Joint Venture	45%

c) Change in accounting policy

On January 1, 2007, CIC adopted the Canadian Institute of Chartered Accountants (CICA) Handbook Section 3855, financial instruments – recognition and measurement, CICA Handbook Section 1530, comprehensive income, CICA Handbook Section 3865, hedges and CICA Handbook Section 3251, equity. The comparative interim consolidated financial statements have not been restated.

Financial assets and financial liabilities

These standards require that all financial assets and financial liabilities be classified as held- to-maturity, held-for-trading, available-for-sale, loans and receivables, or other liabilities. In addition, the standards require all financial assets and liabilities, including all derivatives, be measured at fair value with the exception of loans and receivables, held-to-maturity investments and other financial liabilities. Financial assets can be classified as held-for-trading, available-for-sale, held-to-maturity, and loans and receivables. Current investments are designated as available-for-sale investments. Sinking funds are designated as held-for-trading. Financial liabilities can be classified as held-for-trading or non-trading (other). Notes payable are designated as held-for-trading.

Fair values are based on quoted market prices, specifically the latest bid price, where available from active markets, otherwise fair values are estimated using a variety of valuation techniques and models. Financial assets purchased and sold, where the contract requires the asset to be delivered within an established time frame, are recognized on a trade-date basis. Transaction costs are expensed as incurred for financial instruments classified or designated as held-for-trading.

As required, these standards have been applied as an adjustment to opening retained earnings and accumulated other comprehensive income. Accumulated other comprehensive income is included on the consolidated balance sheet as a separate component of the Province of Saskatchewan's equity.

c) Change in accounting policy (continued)

The new standards require that CIC present a consolidated statement of comprehensive income, which is comprised of net earnings, foreign currency translation gains and losses, unrealized gains and losses on cash flow hedges and unrealized gains and losses on available-for-sale investments. Other comprehensive net income refers to items recognized in comprehensive net income that are excluded from net earnings calculated in accordance with generally accepted accounting principles in Canada.

Held-for-trading

Financial assets and financial liabilities that are designated as held-for-trading or purchased and incurred with the intention of generating profits in the near term, and are part of a portfolio of financial instruments that are managed together where there is evidence of a recent actual pattern of short-term profit taking are classified as held-for-trading. All gains and losses are included in net earnings in the period in which the gains and losses arise. If the financial assets or financial liabilities are designated as a cash flow hedge and meet the criteria, the gain or loss is temporarily posted to other comprehensive income. The gain or loss will be reclassified into net earnings in the period that the derivative instrument is settled.

Available-for-sale

Financial assets classified as available-for-sale are carried at fair value with the changes in fair value recorded in other comprehensive income. The revaluation gains and losses are included in other comprehensive income until the asset is removed from the balance sheet.

Investments that are classified as available-for-sale and do not have an active market value are recorded at cost. Available-for-sale investments are written down to fair value through net earnings whenever it is necessary to reflect other than temporary impairment. Previously, such write-downs were to net realized value. Gains and losses realized on disposal of available-for-sale securities, which are calculated on an average cost basis, are recognized in net earnings.

Held-to-maturity

Financial assets classified as held-to-maturity have fixed or determinable payments, a fixed maturity, and the entity has the positive intention and ability to hold to maturity. These financial assets are accounted for at amortized cost using the effective interest rate method. Amortized premiums or discounts and other than temporary losses due to impairment are included in current period net earnings.

Loans and receivables

Loans or receivables are accounted for at amortized cost using the effective interest rate method.

Other liabilities

Other liabilities are accounted for at amortized cost using the effective interest rate method.

c) Change in accounting policy (continued)

Derivatives and hedge accounting

The new standards require that all derivatives be recorded at fair values. The Corporation will continue to designate hedges as either cash flow or fair value hedges.

Embedded derivatives

Derivatives may be embedded in other host instruments. Under the new standards embedded derivatives 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 held-for-trading or designated at fair value. These embedded derivatives are measured at fair value with subsequent changes recognized in net earnings. The Corporation selected January 1, 2003 as the transition date for embedded derivatives, as such only contracts or financial instruments entered into or modified after the transition date were examined for embedded derivatives. The Corporation had outstanding natural gas sales contracts with embedded derivatives as at December 31, 2006 and September 30, 2007. These contracts are for non-regulated contract sales to larger end-use customers in Saskatchewan. These embedded derivatives are recorded at fair value on the consolidated statement of financial position.

Hedge accounting

At the inception of a hedging relationship, the Corporation documents the relationship between the hedging instrument and the hedged item, its risk management objective and its strategy for undertaking the hedge. The Corporation also requires a documented assessment, both at hedge inception and on an ongoing basis, of whether or not the derivatives that are used in hedging transactions are highly effective in offsetting the changes attributable to the hedged risk in the fair values or cash flows of the hedged items.

When derivatives are designated as hedges, the Corporation classifies the hedges as:
(i) hedges of the change in fair value of recognized assets or liabilities or firm commitments (fair value hedges);
(ii) hedges of the variability in highly probable future cash flows attributable to a recognized asset or liability, or a forecasted transaction (cash flow hedge); or
(iii) hedges of net investments in a foreign operation (net investment hedges).

Fair value hedges

Certain of the Corporation's subsidiaries fair value hedges principally consist of interest rate swaps that are used to protect against changes in the fair value of fixed-rate long-term financial instruments due to movements in market interest rates.

Changes in the fair value of derivatives that are designated as fair value hedging instruments are recorded in the statement of net earnings, along with changes in the fair value of the assets, liabilities or groups thereof that are attributable to the hedged risk. Any gain or losses in fair value relating to the ineffective portion of the hedging relationship is recognized immediately in the statement of net earnings.

c) Change in accounting policy (continued)

If a hedging relationship no longer meets the criteria for hedge accounting, the cumulative adjustment to the carrying amount of the hedged item is amortized to the statement of net earnings based on a recalculated effective interest rate over the residual period to maturity, unless the hedged item has been derecognized in which case it is released to the statement of net earnings immediately.

Cash flow hedges

Certain of the Corporation's subsidiaries are exposed to future interest expense cash flows on non-trading liabilities that bear interest at variable rates, and commodity price cash flows on inputs consumed in their operations. The amounts and timing of future cash flows, representing interest expense and input costs, are projected for each portfolio of financial liabilities on the basis of their contractual terms and other relevant factors, including estimates of prepayments.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income. Any gain or loss in fair value relating to the ineffective portion is recognized immediately in the statement of net earnings.
Amounts accumulated in other comprehensive income are reclassified to the statement of net earnings in the period in which the hedged item affects earnings.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in other comprehensive income at that time remains in other comprehensive income until the hedging instrument is recognized in the statement of net earnings. Also, when an anticipated transaction is no longer probable, any cumulative gain or loss in other comprehensive income is recognized in net earnings.

Net investment hedges

Hedges of net investments in foreign operations are accounted for similar to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in the statement of net earnings. Gains and losses accumulated in other comprehensive income are included in the statement of net earnings upon the repatriation or disposal of the investments in the foreign operation.

Upon the adoption of the new standards, the impact of applying this change in accounting policy prospectively effective January 1, 2007 was as follows:

Adjustment to Opening Retained Earnings as at January 1, 2007		(millions of dollars)
Accounts receivable – fair value of derivative instruments	**$**	**5.9**
Total assets	**$**	**5.9**
Debt – effective interest rate method adjustment	**$**	**2.0**
Retained earnings, beginning of year - adjustment		**3.9**
	$	**5.9**

c) Change in accounting policy (continued)

Impact of reclassifications as at January 1, 2007		(millions of dollars)
Investments – Available-for-sale	**$**	**30.8**
Investments – Held-for-trading		**290.3**
Other assets – fair value of cash flow hedges		**(4.5)**
	$	**316.6**
Other Liabilities – fair value of cash flow hedges	**$**	**3.0**
Debt		**300.3**
Accumulated other comprehensive income, beginning of year – adjustment		**13.3**
	$	**316.6**

The Corporation discontinued its use of hedge accounting on its natural gas derivatives on December 30, 2006. The $13.0 million of unrealized gains and losses on the previously designated natural gas hedges at December 30, 2006, have been recorded in accumulated other comprehensive income and will subsequently be reclassified to net income as the contracts mature. These natural gas contracts will all mature by October 31, 2011. Changes in the fair market value of these natural gas derivatives since December 30, 2006 have been recognized directly in net earnings.

Sinking funds were previously presented as a reduction of long-term debt based on the requirements to contribute to sinking funds for specific debt issues. Upon adoption of the new standards, the sinking funds are presented as investments-held-for-trading. The long-term debt is reported at the gross amount of the debt.

d) Revenue recognition

Gas marketing

Revenue from natural gas marketing is recorded in the financial statements upon completion of the delivery of natural gas to the customer. The Corporation acts as a principal in these natural gas marketing transactions, taking title to the natural gas purchased for resale, and assuming the risks and rewards of ownership.

Natural gas commodity

Delivery and commodity revenue is recognized when natural gas is delivered to customers. The estimate of services rendered but not billed is included in accounts receivable.

Electricity

Electricity revenue is recognized upon delivery to the customer and includes an estimate of electrical deliveries not yet billed at year-end. Physical electricity trading revenues are reported on a gross basis upon completion of delivery of electricity to the customers.

Telecommunications

Revenues are recognized in the period the services are provided when there is clear proof that an arrangement exists, amounts are determinable and the ability to collect is reasonably assured. Revenues from local telecommunications, data, internet, entertainment and security services are recognized based on access to the Corporation's network and facilities at the rate plans in effect during the period the service is provided.

Certain service connection charges and activation fees, along with corresponding direct costs, are deferred and recognized over the average expected term of the customer relationship. Revenues from long distance and wireless airtime are recognized based on the usage or rate plans in the period service is provided. Revenues from equipment sales are recognized when the equipment is delivered to and accepted by the customer. Revenues for longer term contracts are recognized based on a percentage of completion. Payments received in advance are recorded as deferred revenue until the product or service is delivered.

Customer solutions may involve the delivery of multiple services and products that occur at different points and over different periods of time. The multiple services are separated into their respective accounting units and consideration is allocated among the accounting units. The relevant revenue recognition policies are applied to each accounting unit.

Property and casualty insurance

Premiums written are taken into income over the terms of the related policies; no longer than twelve months. Unearned premiums represent the portion of the policy premiums relating to the unexpired term of each policy.

Investment income

Interest earned on long-term investments classified as held-to-maturity is recognized based on the effective interest method 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) Revenue recognition (continued)

Other

Revenues 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.

e) Measurement uncertainty

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.

Significant items subject to estimates and assumptions include the carrying amounts of property, plant and equipment and underlying estimations of useful lives of depreciable assets, capitalization of interest, disposal of long–lived assets, asset retirement obligations, and labour and overhead; provision for unpaid claims; the carrying amounts of accounts receivable, inventory, investments, natural gas in storage, goodwill, and customer accounts; the accounting for variable interest entities, discontinued operations, fair value of derivative financial instruments, environmental liabilities and future income taxes and underlying estimates of future cash flow; and the carrying amounts of employee future benefits and underlying actuarial assumptions. The inherent uncertainty involved in making such estimates and assumptions may impact the actual results reported in future periods.

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. Commitments and Contingencies

a) The Corporation has various legal matters pending which, in the opinion of management, will not have a material effect on the Corporation's consolidated financial position or results of operations.

3. Commitments and Contingencies (continued)

b) 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, unjust enrichment and breach of statutory obligations concerning system administration fees. The plaintiffs seek unquantified damages from the defendant wireless communications service providers. Similar proceedings have been filed by, or on behalf of, plaintiffs' counsel in other provincial jurisdictions. On July 18, 2006, the Saskatchewan court declined to certify the action as a class action, but granted the plaintiffs leave to renew their application in order to further address certain statutory requirements respecting class actions. The plaintiffs renewed their application for certification, the renewed application was heard in June of 2007. On September 17, 2007, the Saskatchewan court certified the plaintiff's proceeding as a class action with respect to an allegation of unjust enrichment only. The Corporation, together with all other defendants in the proceedings have filed motions with the Saskatchewan Court of Appeal seeking leave to appeal the decision of the court certifying the action as a class action. The Corporation believes that it has strong defences to the allegations and that legal errors were made by the court in the certification proceedings. The Corporation's leave to appeal application is presently before the Court of Appeal. No specific date has yet been set for the hearing of that application.

c) On March 20, 2007, R.L.T.V. Investments Inc. brought a lawsuit against the Corporation and several current and former officers and employees of the Corporation. The lawsuit includes allegations that the Corporation wrongfully obtained its MCS license in Saskatchewan and is legally responsible for the failure of Image Wireless Communications Inc. as a consequence of the alleged breach of contract, intentional interference with trade or business, deceit, misrepresentation and breach of the Competition Act. The plaintiff claims damages in excess of $87.0 million. The Corporation believes that it has strong defenses to the allegations and a motion to strike all claims against the defendants was heard on September 25, 2007. A decision on the application to strike was reversed. Should the ultimate resolution of actions differ from management's assessments and assumptions, a material adjustment to the Corporation's financial position or results of operations could result.

d) The Corporation has committed to invest up to $14.0 million in Foragen Technologies Limited Partnership and $3.0 million in Quantec Geoscience Limited, all subject to certain conditions. At September 30, 2007, the corporation has provided $11.8 million of its commitment to Foragen and $2.0 million of its commitment to Quantec.

e) The Corporation is committed to fund $19.3 million for a new bus terminal in Regina in 2007.

f) The Corporation has issued a $5.0 million promissory note provided as acceptable credit support for project lenders in respect of the debt coverage service ratio requirements for the Cory Cogeneration Station.

g) As part of the final closing of the sale of Crown Life Insurance Company to Canada Life Assurance Company, the Corporation issued a $35.8 million letter of credit to Canada Life Assurance Company as security for outstanding litigation matters related to regular insurance transactions and marketing practices of Crown Life Insurance Company that are the responsibility of the previous owners. The Corporation recorded a provision of $14.2 million as its estimate of the actual cost of such contingent liabilities.

4. Discontinued Operations

Hypor

In February 2006, the Corporation completed the sale of all of its ownership interests in Hypor LP, Hypor B.V. and Euribrid Espana S.A. for proceeds of $15.8 million, resulting in a gain on sale of $5.3 million. During 2007, an additional $1.3 million was realized from the sale of the remaining earn-out interest in Hypor.

Crown Life Insurance Company

In April 2006, the shareholders of Crown Life triggered the second and final close of the sale of Crown Life to Canada Life. The final close resulted in the distribution of $34.8 million cash and $55.2 million of invested assets and $5.2 million of assumed liability to the shareholders by Crown Life on June 29, 2007 followed by the sale of Crown Life shares to Canada Life in early July 2007. The sale of shares which resulted in proceeds to the Corporation of $75.0 million will be reflected in the accounts in the third quarter of 2007. An additional $2.0 million which has been accrued in the accounts was received in the fourth quarter of 2007 as a final adjustment.

Centennial Foods Partnership

In February 2006, the Corporation disposed of its interest of New Food Classics Partnership. The Corporation disposed of its interest in Centennial Food Service partnership early in the third quarter of 2007. The Corporation's share of the proceeds of sale, received in July 2007, was $20.3 million. If certain conditions are met in the future, further proceeds may be received.

Meadow Lake Pulp Limited Partnership (MLPLP)

On December 28, 2005, MLPLP obtained creditor protection under the Companies' Creditors Arrangement Act ("CCAA"). On January 9, 2006, the Corporation approved the provision of up to $15 million in Debtor-in-Possession (DIP) financing to the pulp mill. In early 2007, the Saskatchewan Court of Queen's Bench approved the sale of the partnership's capital assets and raw materials inventory. The sale transaction closed on January 23, 2007. MLPLP was placed into receivership by the Court on October 29, 2007. MLPLP is under management of the receiver and continues to collect accounts receivable, remediate the mill site and pay certain current payables, with the balance of the cash of the partnership to be paid to the Corporation as the senior secured creditor. As part of the sale transaction, the Corporation obtained a 20% equity interest in the purchaser and continues to own an interest in the pulp mill assets. As a result, the operations of MLPLP, previously treated as discontinued operations, have been reclassified to continuing operations. The prior period has been restated to conform to this presentation.

5. NewGrade Energy Inc.

On September 5, 2007, the Corporation announced that it had reached an agreement with a third party to purchase the Corporation's interest in NewGrade Energy Inc. for $325 million plus cash surplus on the 2007 earnings. This agreement was subject to Consumers' Co-operative Refineries Ltd. (CCRL) right of first refusal, and on September 26, 2007 CCRL notified the Corporation that it would purchase the Corporation's interest in NewGrade Energy Inc. On November 1, 2007 the sale of NewGrade Energy Inc. resulted in net proceeds of $383.1 million.

(millions of dollars)	**September 30, 2007**	December 31, 2006
Statement of financial position		
Current assets	**$ 165.5**	**$ 232.1**
Long-term assets	**17.2**	**17.7**
Current liabilities	**83.3**	**90.5**
Long-term liabilities	**-**	**0.8**
Statement of income		
Revenues	**$ 500.2**	**$ 865.3**
Expenses	**454.2**	**760.8**
Net earnings	**46.0**	**104.6**
Statement of cash flows		
Cash provided by operating activities	**$ 22.9**	**$ 116.6**
Cash used in financing activities	**(0.7)**	**(2.6)**
Cash used in investing activities	**(110.2)**	**(114.3)**

6. Subsequent Event

On October 4, 2007, CIC has committed to fund TransCanada Energy Inc. a forgiveable loan up to $26 million. The funding is expected to occur through 2007 and 2008, and is expected to provide numerous economic and environmental benefits including the supply of electrical power and reliable product streams to off-takers through the gasification of hydrocarbon feedstocks.

7. Comparative Figures

Certain of the 2006 comparative figures have been reclassified to conform to the current year's presentation.

Non-Consolidated Financial Statements

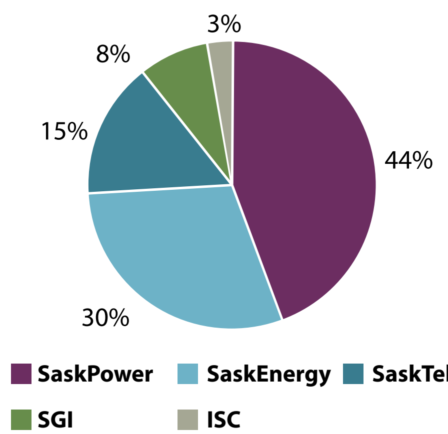
Management's Discussion and Analysis

CIC is the provincial government's holding company for its commercial Crowns. CIC has invested equity in its subsidiary Crown corporations and collects dividends from these corporations based on their profitability. This narrative on CIC's non-consolidated September 30, 2007 third quarter results should be read in conjunction with the September 30, 2007 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 December 31, 2006 audited non-consolidated financial statements released on April 30, 2007.

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

Dividend Revenue



CIC Non-Consolidated Earnings to September 30, 2007 (unaudited)		(millions of dollars)
Dividend revenue from Crown corporations		**$ 151.4**
Add:	Interest and other revenue	**9.4**
Less:	General, administrative, and other expenses	**(10.9)**
	Grants to subsidiaries	**(22.2)**
Total Non-Consolidated Earnings		**$ 127.7**

Earnings

Earnings for the nine months ending September 30, 2007 were $127.7 million (2006 - $112.2 million), an increase of $15.5 million from the same period in 2006. CIC recorded higher dividend revenue of $24.9 million and higher interest revenue of $4.5 million. Increased revenue was offset by higher operating expenses of $2.0 million and an increase in grant to subsidiaries of $11.9 million.

Dividend Revenue

Dividend revenue for the nine months ended September 30, 2007 was $151.4 million (2006 - $126.5 million). The $24.9 million increase was due to higher dividends from SaskPower ($16.2 million), SaskEnergy ($23.9 million), and ISC ($4.0 million), partially offset by lower dividends from SaskTel ($15.0 million), and SGI ($4.2 million).

For the first nine months of each year, dividends from subsidiary Crown corporations are based on 75 percent of their forecasted 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 remainder of the year dividend payment, the amount is adjusted to a percentage of actual earnings. For the current year, CIC has assumed payout rates of 44 percent of earnings at SaskTel and 65 percent of earnings at SaskPower, SaskEnergy and SGI. These payout rates reflect the need of these subsidiary corporations to retain capital to move to or to maintain their respective industry benchmarked financial structure and to upgrade infrastructure.

Expenses

Expenses were $10.9 million for the nine months ended September 30, 2007 (2006 - $8.9 million). The increase of $2.0 million was due mainly to increased cost for salaries and benefits, consulting costs and audit fees.

During the first nine months of 2007, CIC provided $15.2 million in grants to STC (2006 - $5.4 million), $4.7 million (2006 - $2.9 million) in grants to SaskEnergy to fund the EnerGuide for Houses Grant Program and $1.8 million (2006 - $1.4 million) to Gradworks Inc., a non-profit subsidiary of CIC which provides recent post-secondary graduates with internships.

CIC's 2007 budget includes public policy and grant funding expenditures as follows: $6.0 million in operating grants and $21.2 million in capital grants to STC, of which $19.3 million of the capital grants is allocated for funding the new head office and bus terminal in Regina; $2.5 million of funding to SaskEnergy for the EnerGuide for Houses program; $2.7 million of operating grants to Gradworks; and $50.0 million in public policy expenditures related to the lowest cost utility bundle.

Liquidity and Capital Resources

Cash Flow Highlights (thousands of dollars)	for the nine months ended **September 30, 2007**	September 30, 2006
Cash from operations	**$ 186.9**	$ 116.6
Cash provided by (used in) investing activities	**105.7**	(0.7)
Dividends paid	**(167.0)**	(221.0)
Decrease in cash	**$ 125.6**	$ (105.1)

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 nine months ended September 30, 2007 was $186.9 million (2006 - $116.6 million). The $70.3 million increase was due mainly to higher dividends collected and interest earned on investments in the nine months of 2007 compared to the same period in 2006.

Cash provided by investing activities for the nine months ended September 30, 2007 was $105.6 million (2006 – cash used in investing activities $0.7 million). As of September 30, 2007, CIC redeemed $110.7 million of its shares in Investment Saskatchewan and has invested $4.7 million in the Apex Investment Fund, and $0.3 million in the Saskatchewan Entrepreneurial Fund.

Cash used in financing activities was $167.0 million (2006 - $221.0 million). Financing activities in 2007 consisted of dividends paid to the GRF.

Debt Management

CIC as a legal entity has no debt and CIC does not expect to borrow in 2007.

Outlook and Key Factors Affecting Performance

The key factor affecting CIC's earnings are 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 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 2007 to be comparable to dividends declared in 2006.

On September 5, 2007, the Corporation announced that it had reached an agreement in principle with a third party to purchase the Corporation's interest in NewGrade Energy Inc. (NewGrade) for $325 million plus cash surplus on the 2007 operations. This agreement was subject to Consumers' Co-operative Refineries Ltd. (CCRL) right of first refusal. On September 26, 2007 CCRL notified the Corporation that it would purchase the Corporation's interest in NewGrade. On November 1, 2007 CIC completed the sale of NewGrade resulted in net proceeds of $383.1 million, to be recorded in the fourth quarter non-consolidated financial statements.

Since the fall of 2003, the government indicated that Saskatchewan families will receive the package of basic utilities including home electricity, home natural gas, basic telephone rates and auto insurance at a total annual cost that is as low as or lower than the same package in any other province in Canada. CIC expects Saskatchewan to have the lowest utility bundle in Canada and therefore will not need to provide rebates in 2007.

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)	**September 30, 2007**	December 31, 2006
ASSETS		
Current		
Cash and cash equivalents	**$ 436,042**	$ 310,472
Interest and accounts receivable	**243**	299
Dividends receivable	**50,809**	111,230
	487,094	422,001
Equity advances to Crown corporations	**1,075,382**	1,075,382
Investments in share capital corporations	**276,472**	382,119
Equipment	**436**	513
	$ 1,839,384	$ 1,880,015
LIABILITIES AND PROVINCE'S EQUITY		
Interest and accounts payable	**$ 1,309**	$ 2,598
Dividend payable to General Revenue Fund	**-**	167,000
	1,309	169,598
Province of Saskatchewan's Equity		
Equity advances	**1,181,152**	1,181,152
Retained earnings	**656,923**	529,265
	1,838,075	1,710,417
	$ 1,839,384	$ 1,880,015

Commitments (Note 3)

(See accompanying notes)

Non-consolidated Statement of Operations and Retained Earnings

(unaudited)
For The Period

(thousands of dollars)	**2007 July 1 to September 30**	**2007 January 1 to September 30**	2006 July 1 to September 30	2006 January 1 to September 30
REVENUE				
Dividend (Note 4)	**$ 50,809**	**$ 151,408**	$ 31,114	$ 126,501
Interest	**3,381**	**9,392**	1,529	4,888
Other	**3**	**11**	6	43
	54,193	**160,811**	32,649	131,432
EXPENSES				
General, administrative and other	**3,336**	**10,870**	2,615	8,812
Depreciation	**32**	**96**	19	112
	3,368	**10,966**	2,634	8,924
Earnings before the following	**50,825**	**149,845**	30,015	122,508
Grant to STC	**(6,500)**	**(15,200)**	(2,400)	(5,400)
Grant to SaskEnergy	**(431)**	**(4,738)**	(1,286)	(2,886)
Grant to Gradworks Inc.	**(500)**	**(1,764)**	-	(1,442)
Other grant funding	**-**	**(485)**	(110)	(587)
NET EARNINGS	**43,394**	**127,658**	26,219	112,193
RETAINED EARNINGS, BEGINNING OF PERIOD	**613,529**	**529,265**	459,931	373,957
	656,923	**656,923**	486,150	486,150
DIVIDEND TO GENERAL REVENUE FUND	**-**	**-**	-	-
RETAINED EARNINGS, END OF PERIOD	**$ 656,923**	**$ 656,923**	$ 486,150	$ 486,150

(See accompanying notes)

Non-consolidated Statement of Cash Flows

(unaudited)
For The Period

(thousands of dollars)	2007 July 1 to September 30	2007 January 1 to September 30	2006 July 1 to September 30	2006 January 1 to September 30
OPERATING ACTIVITIES				
Net earnings	**$ 43,394**	**$ 127,658**	$ 26,219	$ 112,193
Add (deduct) non-cash items:				
Depreciation	**32**	**96**	19	112
	43,426	**127,754**	26,238	112,305
Net change in non-cash working capital balances related to operations	**279**	**59,188**	15,584	4,302
Cash provided by operating activities	**43,705**	**186,942**	41,822	116,607
INVESTING ACTIVITIES				
Purchase of investments	**(870)**	**(5,030)**	(300)	(550)
Proceeds from redemption of Investment Saskatchewan Inc. shares	**90,000**	**110,677**	-	-
Purchase of equipment	**(11)**	**(19)**	(49)	(135)
Cash provided by (used in) investing activities	**89,119**	**105,628**	(349)	(685)
FINANCING ACTIVITIES				
Dividend paid	**-**	**(167,000)**	-	(221,000)
Cash used in financing activities	**-**	**(167,000)**	-	(221,000)
NET CHANGE IN CASH DURING PERIOD	**132,824**	**125,570**	41,473	(105,078)
CASH POSITION, BEGINNING OF PERIOD	**303,218**	**310,472**	143,094	289,645
CASH POSITION, END OF PERIOD	**$ 436,042**	**$ 436,042**	$ 184,567	$ 184,567

(See accompanying notes)

Notes to Non-Consolidated Financial Statements

(unaudited)
September 30, 2007

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 December 31, 2006 audited non-consolidated financial statements released on April 30, 2007.

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 (ISC)
Investment Saskatchewan Inc. (IS)
SaskEnergy Incorporated (SaskEnergy)
Saskatchewan Development Fund Corporation (SDFC)
Saskatchewan Government Growth Fund Management Corporation (SGGF MC)
Saskatchewan Opportunities Corporation (SOCO)
Saskatchewan Power Corporation (SaskPower)
Saskatchewan Telecommunications Holding Corporation (SaskTel)
Saskatchewan Telecommunications
Saskatchewan Transportation Company (STC)
Saskatchewan Water Corporation (SaskWater)
Saskatchewan Government Insurance (SGI)

In addition to the above Crown corporations CIC is the sole member of Gradworks Inc., a non-profit corporation, and a sole shareholder of First Nations and Métis Fund Inc., CIC Economic Holdco Ltd., and CIC Equity Holding Company Ltd., which are wholly-owned share capital subsidiaries.

3. Commitments

CIC has agreed to fund, through capital grants, Saskatchewan Transportation Company's new terminal facilities in Regina. CIC is expecting to fund $19.3 million of the commitment in 2007.

4. Dividend Revenue

Dividend revenue consists of the following:

(thousands of dollars)	**September 30, 2007**	September 30, 2006
Saskatchewan Power Corporation	**$ 66,398**	$ 50,213
SaskEnergy Corporation	**46,234**	22,300
Saskatchewan Telecommunications Holding Corporation	**22,500**	37,500
Saskatchewan Government Insurance	**12,276**	16,488
Information Services Corporation	**4,000**	-
	$ 151,408	$ 126,501

5. NewGrade Energy Inc.

On September 5, 2007, the Corporation announced that it had reached an agreement in principle, with a third party, to purchase the Corporation's interest in NewGrade Energy Inc. (NewGrade) for $325.0 million plus cash surplus on the 2007 operations. This agreement was subject to Consumers' Co-operative Refineries Ltd. (CCRL) right of first refusal. On September 26, 2007 CCRL notified the Corporation that it would purchase the Corporation's interest in NewGrade. On November 1, 2007 the Corporation received net proceeds of $383.1 million completing the sale agreement.

6. Subsequent Event

On October 4, 2007, CIC has committed to fund TransCanada Energy Inc. a forgiveable loan up to $26 million. The funding is expected to occur through 2007 and 2008, and is expected to provide numerous economic and environmental benefits including the supply of electrical power and reliable product streams to off-takers through the gasification of hydrocarbon feedstocks.