Quarter 2 Financial Report
For the period ended September 30, 2017

Crown Investments Corporation of Saskatchewan

Introduction

Crown Investments Corporation of Saskatchewan (CIC) is the Provincial Government's holding corporation for its commercial Crown corporations. CIC has invested equity in its subsidiary 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 its financial health. This narrative on CIC's 2017-18 second quarter financial results should be read in conjunction with the March 31, 2017 audited consolidated and separate financial statements. The accounting policies and methods of computation used in the preparation of the unaudited condensed consolidated interim financial statements are consistent with those disclosed in CIC's March 31, 2017 audited consolidated financial statements, except as described in Note 3 to the unaudited condensed consolidated interim 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 commercial Crown sector; and CIC's separate financial statements that reflect its role as a holding corporation for the Province.

CIC Consolidated Financial Statements

CIC's consolidated financial statements include CIC's results consolidated with the results of its subsidiary corporations. The unaudited condensed consolidated interim financial statements (herein after referred to as the "consolidated financial statements") are prepared in accordance with International Financial Reporting Standards (IFRS) and include:

- Financial results of subsidiary Crown corporations;

  SaskEnergy Incorporated (SaskEnergy)
  Saskatchewan Gaming Corporation (SGC)
  Saskatchewan Government Insurance (SGI CANADA)
  Saskatchewan Opportunities Corporation (SOCO)
  Saskatchewan Power Corporation (SaskPower)
  Saskatchewan Telecommunications Holding Corporation and Saskatchewan Telecommunications (collectively SaskTel)
  Saskatchewan Transportation Company (STC)
  Saskatchewan Water Corporation (SaskWater)

- Financial results of wholly-owned subsidiary share capital corporations;

  CIC Asset Management Inc. (CIC AMI)
  CIC Economic Holdco Ltd.
  First Nations and Métis Fund Inc. (FNMF)
  Saskatchewan Immigrant Investor Fund Inc. (SIIF)

- Costs incurred by 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 earned on cash and cash equivalents, short-term investment balances and equity earnings on equity accounted investees.

Consolidated earnings represent the total earnings in the Crown sector, taking into consideration the elimination of all inter-group transactions (i.e. revenues and expenses between Crown corporations and dividends paid by Crown corporations to CIC).

CIC Separate Financial Statements

CIC's separate financial statements are used to determine CIC's capacity to pay dividends to the Province's GRF. The unaudited condensed separate interim financial statements have been prepared in accordance with IAS 27 - *Separate Financial Statements* and IAS 34 - *Interim Financial Reporting* at the request of the Saskatchewan Legislative Assembly. These financial statements are intended to isolate CIC's cash-flow, capital support for certain subsidiary corporations, and public policy expenditures. These financial statements include:

- Dividends from subsidiary Crown corporations (SaskTel, SGI CANADA, SGC, SaskWater and SOCO);
- Dividends from the Corporation's investment in Information Services Corporation;
- Grants to subsidiary corporations; and
- CIC's operating results and public policy expenditures.

CIC CONSOLIDATED FINANCIAL STATEMENTS

Crown Investments Corporation of Saskatchewan

Consolidated Financial Statements

Management's Discussion and Analysis

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 consolidated financial statements and supporting notes for the period ended September 30, 2017. These consolidated financial statements have been prepared in accordance with IAS 34 - *Interim Financial Reporting*.

The consolidated financial statements do not include all the disclosures included in CIC's annual audited consolidated financial statements. Accordingly, these consolidated financial statements should be read in conjunction with CIC's March 31, 2017 audited consolidated financial statements. The accounting policies and methods of computation used in the preparation of these consolidated financial statements are consistent with those disclosed in CIC's March 31, 2017 audited consolidated financial statements, except as described in Note 3 to these consolidated financial statements.

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

Forward-Looking Information

Throughout the quarterly report, and particularly in the following discussion, are forward-looking statements. These statements can be recognized by terms such as "outlook," "expect," "anticipate," "project," "continue," or other expressions that relate to estimations or future events. 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 the 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. Factors that can influence performance include, but are not limited to: weather conditions, commodity markets, general economic and political conditions, interest and exchange rates, competition and regulatory environment. Given these uncertainties, assumptions contained in the forward-looking statements may or may not occur.

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 associates, joint ventures and joint operations, held through CIC's wholly-owned subsidiaries.

The following table lists significant wholly-owned subsidiaries, including the respective business line, which CIC consolidates in its financial statements:

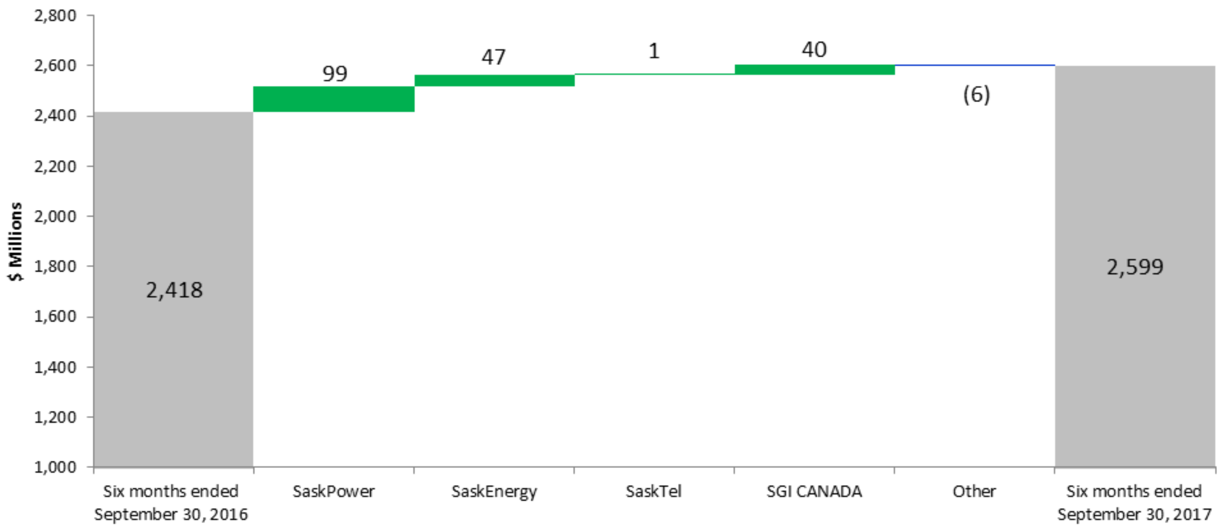
Type	Investment	Major Business Line
Utilities	Saskatchewan Power Corporation (SaskPower)	Electricity
	Saskatchewan Telecommunications Holding Corporation and Saskatchewan Telecommunications (collectively SaskTel)	Information and Communications Technology
	SaskEnergy Incorporated (SaskEnergy)	Natural Gas Storage and Delivery
	Saskatchewan Water Corporation (SaskWater)	Water and Wastewater Management
Insurance	Saskatchewan Government Insurance (SGI CANADA)	Property and Casualty Insurance
Entertainment	Saskatchewan Gaming Corporation (SGC)	Entertainment
Investment and Economic Growth	CIC Asset Management Inc. (CIC AMI)	Investments
	Saskatchewan Opportunities Corporation (SOCO)	Research Parks
	Saskatchewan Immigrant Investor Fund (SIIF)	Construction Loans
Transportation	Saskatchewan Transportation Company (STC)	Passenger and Freight Transportation

Subsidiary Corporation Earnings (millions of dollars) (unaudited)	**For the six months ended September 30 2017**	For the six months ended September 30 2016
SaskTel	**$ 63.1**	$ 72.0
SaskPower	**30.2**	10.7
SGC	**13.1**	12.6
SaskWater	**6.3**	4.5
SGI CANADA	**3.4**	13.2
STC	**2.5**	0.3
SOCO	**2.1**	(0.5)
CIC AMI	**0.6**	0.8
SIIF	**(0.3)**	(0.3)
SaskEnergy	**(4.5)**	59.8
CIC (separate)	**69.5**	30.0
Other[1]	**(81.3)**	(40.9)
Net earnings	**$ 104.7**	$ 162.2

[1] Includes First Nations and Métis Fund Inc., Gradworks Inc., CIC Economic Holdco Ltd., CIC's investment in Information Services Corporation and consolidation adjustments. Consolidation adjustments reflect the elimination of all inter-entity transactions, such as grants from CIC to Crown corporations, revenues and expenses between Crown corporations and dividends paid by Crown corporations to CIC.

The Corporation experienced lower net earnings in the six months ended September 30, 2017 primarily due to unfavourable non-cash market value adjustments compared to the same period in 2016, which include natural gas contracts, natural gas in storage and sinking funds and increased Saskatchewan auto and storm claims partially offset by rate increases and growth in demand at SaskPower. SaskEnergy, SaskTel and SGI CANADA showed a reduction in net earnings while SaskPower showed an increase in net earnings. The Corporation's consolidated net earnings for the six months ended September 30, 2017 were $104.7 million (2016 - $162.2 million) or $57.5 million lower than the same period in 2016. A more detailed discussion of net earnings is included on the pages following.

Changes in Revenue



Revenue for the six months ended September 30, 2017 was $2,598.9 million (2016 - $2,417.9 million) or a $181.0 million increase over the same period in 2016 primarily related to increases at SaskPower, SaskEnergy and SGI CANADA.

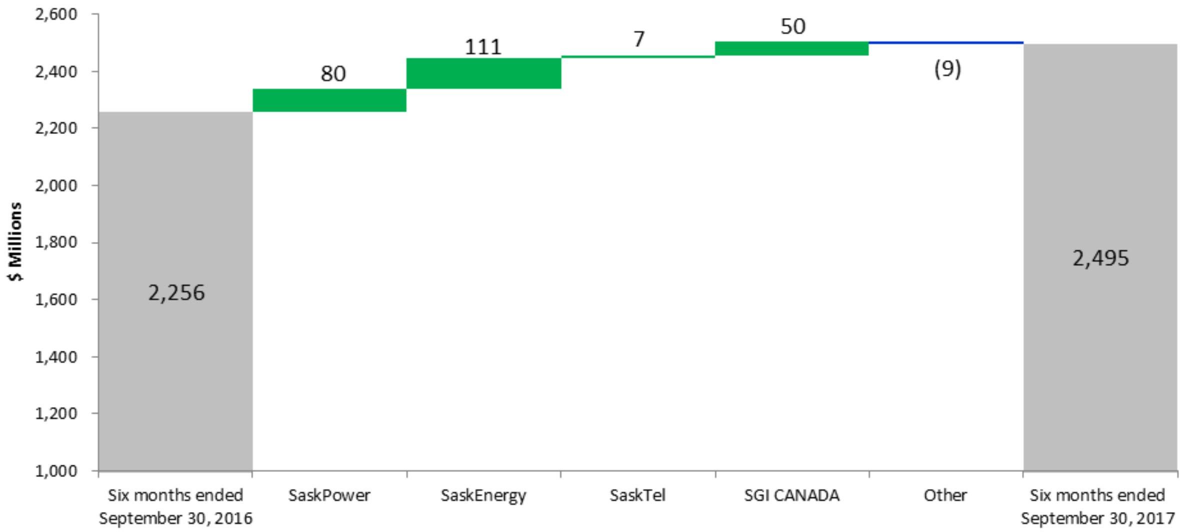
SaskPower revenue increased by $99.2 million primarily due to a 5.0 per cent system-wide average rate increase which became effective July 1, 2016, as well as an additional system-wide rate increase of 3.5 per cent effective January 1, 2017. Higher sales volumes from growth in demand also contributed to the additional revenue.

SaskEnergy revenue increased by $46.9 million primarily due to increased gas marketing activity in response to natural gas price volatility and favourable non-cash market value adjustments on natural gas sales contracts due to a drop in the price of natural gas that favourably impacted gas marketing sales contracts. A delivery rate increase of 8.6 per cent effective November 1, 2016 also contributed to the increase.

SGI CANADA revenue increased by $39.8 million primarily due to increases in premiums written in Saskatchewan and Alberta. Saskatchewan premiums written increased primarily due to the introduction of flood coverage and rate increases in personal and agriculture lines due to inflation. Customer growth in personal lines, personal auto and commercial auto contributed to the majority of the increase in Alberta.

Total Operating Expenses and Net Finance Expenses

Changes in Total Operating Expenses and Net Finance Expenses



Total operating and net finance expenses for the six months ended September 30, 2017 were $2,495.3 million (2016 - $2,256.2 million) or a $239.1 million increase from the same period in 2016 primarily related to increases at SaskPower, SaskEnergy and SGI CANADA.

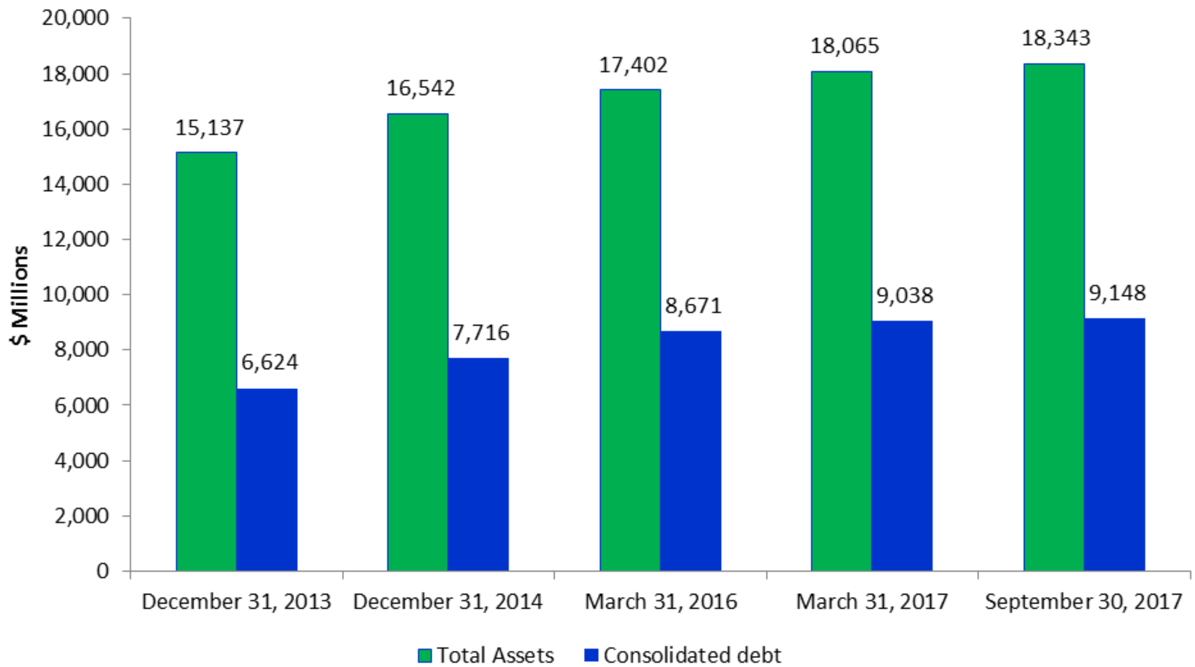
Total operating and net finance expenses increased at SaskPower by $79.7 million primarily due to non-cash market value adjustments on natural gas derivative contracts and sinking funds that are recorded through other comprehensive income rather than net earnings due to the adoption of IFRS 9 on April 1, 2017. These non-cash market value adjustments were favourable in the same period of 2016. Expenses were further increased by higher depreciation and amortization as a result of ongoing capital expenditures and a $29.6 million expense due to the deferral of the Tazi Twé Hydroelectric Project until there is a viable business case for the project.

Total operating and net finance expenses increased at SaskEnergy by $111.1 million primarily due to increased gas marketing activity in response to natural gas price volatility and unfavourable non-cash market value adjustments on natural gas purchase contracts compared to the prior period.

Total operating and net finance expenses increased at SGI CANADA by $49.6 million primarily due to increased personal auto, commercial auto, and storm claims in Saskatchewan as well as increased wildfire claims in British Columbia. Also contributing to the increase is higher commissions and premium taxes due to premium growth.

Capital Spending

Total Assets and Consolidated Debt



For the six months ended September 30, 2017, property, plant and equipment, intangible asset and investment property purchases were $660.3 million (2016 - $596.8 million) or a $63.5 million increase from the same period in 2016. Major capital expenditures included:

- $411.5 million at SaskPower related to new generation assets including the Chinook Power Station, connecting customers to the electric system, generation asset sustainment activities, increasing capacity and sustaining transmission and distribution infrastructure;
- $123.4 million at SaskTel on Fibre to the Premises, basic network growth and wireless and basic network enhancements; and
- $102.0 million at SaskEnergy primarily related to customer connections, system expansions to meet residential and industrial customer growth and spending to ensure the safety and integrity of its extensive distribution and transmission systems.

Consolidated debt at September 30, 2017 was $9,147.8 million (March 2017 - $9,037.5 million), an increase of $110.3 million. The increase is primarily due to additional debt at SaskPower and SaskEnergy used to fund a portion of their capital expenditures during the period. This was partially offset by decreased debt at SIIF as a result of repayments made to the Government of Canada pursuant to the Immigrant Investor Program.

Liquidity and Capital Resources

CIC and its subsidiary Crowns finance 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, 2017	
Moody's Investor Service	Aaa
Standard & Poor's	AA [1]
Dominion Bond Rating Service	AA

[1] On June 21, 2017, Standard & Poor's downgraded Saskatchewan's credit rating from AA+ to AA. The downgrade is consistent with Standard & Poor's treatment of other resource-based economies.

Cash Flow Highlights (millions of dollars) (unaudited)	**For the six months ended September 30 2017**	For the six months ended September 30 2016
Net cash from operating activities	**$ 665.5**	$ 487.9
Net cash used in investing activities	**(671.1)**	(598.5)
Net cash from financing activities	**81.2**	136.9
Change in cash and cash equivalents	**$ 75.6**	$ 26.3

Operating, Investing and Financing Activities

Net cash from operating activities for the six months ended September 30, 2017 was $665.5 million (2016 - $487.9 million) or an increase of $177.6 million. Cash from operating activities increased primarily due to higher earnings before the impacts of non-cash items and a favourable change in non-cash working capital.

Net cash used in investing activities for the six months ended September 30, 2017 was $671.1 million (2016 - $598.5 million). The $72.6 million increase in cash outflows is primarily related to an increase in capital expenditures at SaskPower and SaskEnergy partially offset by increased net proceeds from investing activities at SGI CANADA due to portfolio management. SaskPower capital expenditures increased due to investments in new generation assets including the Chinook Power Station. SaskEnergy expenditures increased due to higher investment in safety and integrity programming and transmission system growth.

Net cash used in financing activities for the six months ended September 30, 2017 was $81.2 million (2016 - $136.9 million from financing activities). The decrease in cash inflows of $55.7 million was due to an increase in repayments of notes payable and long-term debt partially offset by increased long-term debt proceeds from the GRF used to fund a portion of the period's capital expenditures.

Debt Management

CIC and its subsidiary Crowns prudently manage debt to maintain and enhance 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

The Corporation's outlook related to net earnings is highly dependent upon the performance and management of the subsidiary corporations. Earnings expectations are also subject to many variables including: weather conditions, commodity markets, general economic conditions, interest and exchange rates, performance and competition, and the regulatory environment.

The Corporation projects continued strong operating performance. Net earnings are largely driven by utility Crowns that have relatively stable operating environments, stable or growing customer demand, and rates that are set in accordance with commercial principles. The Corporation anticipates significant ongoing challenges including maintaining and expanding utility infrastructure at SaskPower, SaskEnergy and SaskWater, as well as keeping pace with industry technological change at SaskTel. Significant capital expenditures in these companies are expected in the medium term.

In addition, continued volatility in financial markets may further affect valuation of pension liabilities, portfolio investments, and natural gas price management instruments and inventory.

Crown Investments Corporation of Saskatchewan
Condensed Consolidated Interim Statement of Financial Position
As at
(thousands of dollars)
(unaudited)

	Note	(Unaudited) September 30 2017	(Audited*) March 31 2017
ASSETS			
Current			
Cash and cash equivalents		$ 232,788	$ 158,184
Short-term investments		219,908	240,532
Short-term investments under securities lending program		74,605	61,595
Accounts receivable		890,087	952,161
Restricted cash and cash equivalents		41,740	43,340
Derivative financial assets		10,631	16,348
Inventories		340,410	326,183
Prepaid expenses		197,104	197,306
Assets held-for-sale	6	25,113	5,637
		2,032,386	2,001,286
Restricted cash and cash equivalents		4,663	4,668
Long-term investments		1,509,351	1,467,933
Long-term investments under securities lending program		188,809	161,361
Investments in equity accounted investees		134,568	133,970
Property, plant and equipment		13,860,994	13,693,154
Investment property		170,032	163,872
Intangible assets		431,136	427,047
Other assets		10,933	12,033
		$ 18,342,872	$ 18,065,324
LIABILITIES AND PROVINCE'S EQUITY			
Current			
Bank indebtedness		$ 13,406	$ 14,381
Trade and other payables		784,431	810,367
Derivative financial liabilities		184,506	181,592
Notes payable		1,329,154	1,382,678
Deferred revenue		585,679	524,299
Provisions		248,236	221,152
Finance lease obligations		16,714	14,225
Long-term debt due within one year		69,387	207,833
		3,231,513	3,356,527
Provisions		689,099	671,680
Finance lease obligations		1,121,425	1,122,626
Long-term debt		7,749,256	7,446,988
Employee future benefits		381,357	384,765
Other liabilities		216,031	220,298
		13,388,681	13,202,884
Province of Saskatchewan's Equity			
Equity advances		908,889	908,889
Contributed surplus		85	85
Retained earnings		4,109,928	3,983,870
Accumulated other comprehensive loss	8	(64,711)	(30,404)
		4,954,191	4,862,440
		$ 18,342,872	$ 18,065,324

Commitments and contingencies 9

(See accompanying notes)

*As presented in the audited March 31, 2017 consolidated financial statements.

Crown Investments Corporation of Saskatchewan
Condensed Consolidated Interim Statement of Comprehensive Income
For the Period
(thousands of dollars)
(unaudited)

	July 1 to September 30 2017	July 1 to September 30 2016	**April 1 to September 30 2017**	April 1 to September 30 2016
INCOME FROM OPERATIONS				
Revenue	**$ 1,292,834**	$ 1,251,512	**$ 2,598,886**	$ 2,417,865
Other income	**1,823**	1,243	**3,216**	3,119
	1,294,657	1,252,755	**2,602,102**	2,420,984
EXPENSES				
Operating	**626,330**	655,681	**1,235,873**	1,109,328
Salaries, wages and short-term employee benefits	**217,893**	217,500	**445,162**	443,004
Employee future benefits	**9,755**	10,185	**20,724**	20,689
Depreciation and amortization	**215,963**	203,091	**430,827**	407,146
Loss on disposal of property, plant and equipment	**32,224**	5,295	**38,244**	7,823
Impairment (reversals) losses	**(13,800)**	1,307	**(4,903)**	1,446
Research and development	**68**	38	**75**	41
Saskatchewan taxes and fees	**45,034**	43,776	**89,263**	86,293
	1,133,467	1,136,873	**2,255,265**	2,075,770
RESULTS FROM OPERATING ACTIVITIES	**161,190**	115,882	**346,837**	345,214
Finance income	**19,636**	40,427	**40,781**	92,382
Finance expenses	**(141,339)**	(136,728)	**(280,806)**	(272,772)
NET FINANCE EXPENSES	**(121,703)**	(96,301)	**(240,025)**	(180,390)
Share of net earnings from equity accounted investees	**975**	1,212	**2,768**	3,891
EARNINGS FROM CONTINUING OPERATIONS	**40,462**	20,793	**109,580**	168,715
Loss from discontinued operations	**(1,819)**	(3,134)	**(4,912)**	(6,495)
NET EARNINGS	**38,643**	17,659	**104,668**	162,220
OTHER COMPREHENSIVE INCOME (LOSS)				
Defined benefit plan actuarial gains (losses)	**25,647**	10,357	**7,489**	(38,238)
Unrealized losses on cash flow hedges	**(21,677)**	(3,558)	**(24,593)**	(12,976)
Unrealized losses on sinking funds	**(10,367)**	-	**(7,665)**	-
Realized gains on cash flow hedges	**10,421**	-	**10,421**	-
Amounts amortized to net earnings and included in net finance expenses	**150**	98	**336**	197
OTHER COMPREHENSIVE INCOME (LOSS)	**4,174**	6,897	**(14,012)**	(51,017)
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO THE PROVINCE OF SASKATCHEWAN	**$ 42,817**	$ 24,556	**$ 90,656**	$ 111,203

(See accompanying notes)

Crown Investments Corporation of Saskatchewan
Condensed Consolidated Interim Statement of Changes in Equity
For the Period
(thousands of dollars)
(unaudited)

	Attributable to the Province of Saskatchewan				
	Equity Advances	Contributed Surplus	Retained Earnings	Accumulated Other Comprehensive Loss (Note 8)	Total Equity
Balance at April 1, 2016	$ 908,889	$ 85	$ 3,804,178	$ (123,897)	$ 4,589,255
Total comprehensive income (loss)	-	-	162,220	(51,017)	111,203
Dividends to the GRF	-	-	-	-	-
Balance at September 30, 2016	$ 908,889	$ 85	$ 3,966,398	$ (174,914)	$ 4,700,458
Balance at October 1, 2016	$ 908,889	$ 85	$ 3,966,398	$ (174,914)	$ 4,700,458
Total comprehensive income	-	-	236,422	144,510	380,932
Dividends to the GRF	-	-	(218,950)	-	(218,950)
Balance at March 31, 2017	$ 908,889	$ 85	$ 3,983,870	$ (30,404)	$ 4,862,440
Balance at April 1, 2017					
As previously reported	**$ 908,889**	**$ 85**	**$ 3,983,870**	**$ (30,404)**	**$ 4,862,440**
Impact of adoption of IFRS 9 (Note 3)	**-**	**-**	**21,390**	**(20,295)**	**1,095**
As restated	**908,889**	**85**	**4,005,260**	**(50,699)**	**4,863,535**
Total comprehensive income (loss)	**-**	**-**	**104,668**	**(14,012)**	**90,656**
Dividends to the GRF	**-**	**-**	**-**	**-**	**-**
Balance at September 30, 2017	**$ 908,889**	**$ 85**	**$ 4,109,928**	**$ (64,711)**	**$ 4,954,191**

(See accompanying notes)

Crown Investments Corporation of Saskatchewan
Condensed Consolidated Interim Statement of Cash Flows
For the Period
(thousands of dollars)
(unaudited)

	Note	April 1 to September 30 2017	April 1 to September 30 2016
OPERATING ACTIVITIES			
Net earnings		$ 104,668	$ 162,220
Adjustments to reconcile net earnings to cash from operating activities	10	693,913	512,181
		798,581	674,401
Net change in non-cash working capital balances related to operations		131,116	68,272
Interest paid		(264,176)	(254,755)
Net cash from operating activities		665,521	487,918
INVESTING ACTIVITIES			
Interest received		15,138	13,970
Dividends received		476	585
Purchase of investments		(457,877)	(450,143)
Proceeds from sale and collection of investments		430,004	416,381
Purchase of property, plant and equipment		(613,296)	(562,659)
Costs related to sale of property, plant and equipment		(2,857)	(1,515)
Purchase of intangible assets		(36,936)	(30,700)
Purchase of investment property		(10,074)	(3,425)
Decrease in restricted cash and cash equivalents		1,605	17,307
Decrease in other assets		2,707	1,696
Net cash used in investing activities		(671,110)	(598,503)
FINANCING ACTIVITIES			
(Decrease) increase in notes payable		(53,524)	94,918
Increase in other liabilities		8,869	3,921
Debt proceeds from the GRF		344,791	184,468
Debt repayments to the GRF		(161,591)	(82,562)
Debt proceeds from other lenders		343	399
Debt repayments to other lenders		(26,647)	(33,790)
Sinking fund instalments		(40,535)	(39,709)
Sinking fund redemptions		9,462	9,294
Net cash from financing activities		81,168	136,939
NET CHANGE IN CASH AND CASH EQUIVALENTS DURING PERIOD		75,579	26,354
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD		143,803	270,491
CASH AND CASH EQUIVALENTS, END OF PERIOD		$ 219,382	$ 296,845
Cash and cash equivalents consists of:			
Cash and cash equivalents		$ 232,788	$ 296,845
Bank indebtedness		(13,406)	-
		$ 219,382	$ 296,845

(See accompanying notes)

1. General information

Crown Investments Corporation of Saskatchewan (CIC) is a corporation domiciled in Canada. The address of CIC's registered office and principal place of business is 400 - 2400 College Avenue, Regina, SK, S4P 1C8. The condensed consolidated interim financial statements of CIC comprise CIC and its subsidiaries (collectively referred to as "CIC" or "the Corporation") and CIC's interest in associates, joint ventures and joint operations with principal activities as described in Note 4 (a).

The results included in these condensed consolidated interim financial statements should not be taken as indicative of the performance to be expected for a full fiscal year due to the seasonal nature of corporate operations.

2. Basis of preparation

a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard (IAS) 34 - *Interim Financial Reporting.* The condensed consolidated interim financial statements do not include all of the information required for full annual financial statements, and accordingly should be read in conjunction with the March 31, 2017 audited consolidated financial statements.

The condensed consolidated interim financial statements were authorized for issue by the Board of Directors on December 6, 2017.

b) Functional and presentation currency

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

3. Application of revised accounting standards

The following amendments to standards, effective for annual periods beginning on or after January 1, 2017, have been applied in preparing these interim condensed consolidated financial statements:

IAS 7, Statement of Cash Flows

Effective April 1, 2017, the Corporation prospectively adopted the amendments to IAS 7, Statement of Cash Flows. The amendments require a reconciliation of the opening and closing liabilities that form part of an entity's financing activities, including both changes arising from cash flows and non-cash changes. Consequently, the Corporation will provide additional disclosure in relation to the changes in liabilities arising from financial activities in the March 31, 2018 consolidated financial statements.

IFRS 9, Financial Instruments

Effective April 1, 2017, the Corporation has early adopted IFRS 9, Financial Instruments. The Corporation has elected to adopt the standard retrospectively with impacts recorded in retained earnings as of April 1, 2017. The requirements of IFRS 9 represent a significant change from IAS 39, Financial Instruments: Recognition and Measurement. As a result of the adoption of IFRS 9, the Corporation adopted consequential amendments to IFRS 7, Financial Instruments: Disclosures that are applied to 2017-18 disclosures, but have not been applied to comparative information.

The key changes to the Corporation's accounting policies resulting from its adoption of IFRS 9 are summarized below.

a) Classification of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The classification of financial assets under IFRS 9 is based on the business model in which a financial asset is managed and its contractual cash flow characteristics. The standard eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never bifurcated. Instead, the hybrid financial instrument as a whole is assessed for classification.

The adoption of IFRS 9 has not had a significant effect on the Corporation's accounting policies for financial liabilities.

(thousands of dollars)

3. Application of revised accounting standards (continued)

IFRS 9,* Financial Instruments *(continued)

b) Hedge accounting

IFRS 9 requires the Corporation to ensure that hedge accounting relationships are aligned with risk management objectives and strategy and to apply a more qualitative and forward-looking approach to assessing hedge effectiveness. The Corporation elected to apply hedge accounting under IFRS 9 to the majority of its natural gas hedges. As a result, the effective portion of the changes in fair value related to these derivative financial instruments will be recognized in other comprehensive income.

c) Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortized cost and debt instruments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognized earlier than under IAS 39.

d) Transition

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively, except as described below:

- Comparative periods have not been restated for retrospective application. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognized in retained earnings as at April 1, 2017.
- Changes to hedge accounting policies have been applied prospectively to hedging relationships that existed on or after April 1, 2017.
- All hedging relationships designated under IAS 39 at March 31, 2017, met the criteria for hedge accounting under IFRS 9 at April 1, 2017, and are therefore regarded as continuing hedging relationships.

The following table summarizes the impact of transition to IFRS 9 on retained earnings at April 1, 2017:

Retained earnings

Closing balance under IAS 39 as at March 31, 2017	**$ 3,983,870**
Reclassification of market value losses on sinking funds under IFRS 9	**20,295**
Recognition of expected credit losses under IFRS 9	**1,095**
Opening balance under IFRS 9 as at April 1, 2017	**$ 4,005,260**

Accumulated other comprehensive loss

Closing balance under IAS 39 as at March 31, 2017	**$ (30,404)**
Reclassification of market value losses on sinking funds under IFRS 9	**$ (20,295)**
Opening balance under IFRS 9 as at April 1, 2017	**$ (50,699)**

Classification of financial assets and financial liabilities on the date of initial application of IFRS 9

Each class of the Corporation's financial assets and financial liabilities has maintained the same measurement category under IFRS 9 as its original measurement category under IAS 39, with the exception of the following:

- All financial assets previously classified as loans and receivables under IAS 39 are now classified as amortized cost under IFRS 9; and
- Sinking funds classified as FVTPL are now classified as FVOCI.

4. Significant accounting policies

The accounting policies and methods of computation used in the preparation of these condensed consolidated interim financial statements are consistent with those disclosed in CIC's March 31, 2017 audited consolidated financial statements, except as described in Note 3.

The accounting policies have been applied consistently to all periods presented in these condensed consolidated interim financial statements and have been consistently applied by CIC's subsidiaries.

a) Basis of consolidation

Subsidiaries

Saskatchewan provincial Crown corporations are either designated as subsidiary Crown corporations of CIC or created as CIC Crown corporations under *The Crown Corporations Act, 1993* (the Act). The Act assigns specific financial and other responsibilities regarding these corporations to CIC.

In addition to the Crown corporations listed below, the Corporation also consolidates the accounts of Gradworks Inc., a wholly-owned non-profit subsidiary, and the following wholly-owned share capital subsidiaries: CIC Asset Management Inc.; First Nations and Métis Fund Inc.; CIC Economic Holdco Ltd.; and Saskatchewan Immigrant Investor Fund Inc., all of which are domiciled in Canada.

Unaudited condensed separate interim financial statements for CIC have been prepared to show the financial position and results of operations of the corporate entity. In addition, condensed interim financial statements for each of the undernoted Crown corporations, which are consolidated in these financial statements, are prepared and released publicly:

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

Associates and joint ventures (investments in equity accounted investees)

Associates are those entities in which CIC has significant influence, but not control, over strategic financial and operating decisions. Significant influence is presumed to exist when CIC holds between 20.0 and 50.0 per cent of the voting power of another entity.

Joint ventures are those entities over whose activities CIC has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions; and provide CIC with rights to the net assets of the arrangement.

Associates and joint ventures are accounted for using the equity method and are recognized initially at cost. CIC's investment includes any goodwill identified at acquisition, net of accumulated impairment losses. The condensed consolidated interim financial statements include CIC's share of the total comprehensive income and equity movements of equity accounted investees, after adjustments to align the accounting policies with those of CIC, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases. When CIC's share of losses exceeds its interest in equity accounted investees, the carrying amount of that interest is reduced and the recognition of further losses is discontinued except to the extent that CIC has an obligation or has made payments on behalf of the investee.

4. Significant accounting policies (continued)

a) Basis of consolidation (continued)

Joint operations

Joint operations are those entities over whose activities CIC has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions; and provide CIC with rights to the assets and obligations for the liabilities, related to the arrangement. CIC has classified its 50.0 per cent interest in the Kisbey Gas Gathering and Processing Facility, the Totnes Natural Gas Storage Facility, the Cory Cogeneration Station and BHP Billiton SaskPower Carbon Capture and Storage Knowledge Centre Inc. as joint operations.

The condensed consolidated interim financial statements include CIC's proportionate share of joint operation assets, incurred liabilities, income and expenses.

Special purpose entities

CIC has established certain special purpose entities (SPEs) for trading and investment purposes. CIC does not have any direct or indirect shareholdings in these entities. An SPE is consolidated if, based on an evaluation of the substance of its relationship with CIC and the SPE's risks and rewards, CIC concludes that it controls the SPE. SPEs controlled by CIC were established under terms that impose strict limitations on the decision-making powers of the SPE's management and that result in CIC receiving the majority of the benefits related to the SPE's operations and net assets, being exposed to risks incident to the SPE's activities, and retaining the majority of the residual or ownership risks related to the SPE or its assets.

Transactions eliminated on consolidation

Inter-group balances and transactions, and any unrealized income and expenses arising from inter-group transactions, are eliminated in preparing the condensed consolidated interim financial statements. Unrealized gains arising from transactions with investments in equity accounted investees are eliminated against the investment to the extent of CIC's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

b) New standards not yet adopted

A number of new standards, and amendments to standards and interpretations, are not yet effective for the period ended September 30, 2017, and have not been applied in preparing these condensed consolidated interim financial statements.

IFRS 15, *Revenue from Contracts with Customers*

In May 2014, the IASB issued IFRS 15, *Revenue from Contracts with Customers.* The new standard establishes principles to record revenues from contracts for the sale of goods or services, unless the contracts are in the scope of other IFRS standards. Under IFRS 15, revenue is recognized at an amount that reflects the expected consideration receivable in exchange for transferring goods or services to a customer, applying the following five steps:

1. Identify the contract with a customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognize revenue when (or as) the entity satisfies a performance obligation

The new standard also provides guidance on contract costs and on the measurement and recognition of gains and losses on the sale of certain nonfinancial assets such as property and equipment. Additional disclosures will also be required under the new standard. IFRS 15 must be adopted for annual periods beginning on or after January 1, 2018 using a full retrospective approach for all periods presented in the period of adoption, a modified retrospective approach or a retrospective cumulative effect approach.

(thousands of dollars)

4. Significant accounting policies (continued)

b) New standards not yet adopted (continued)

IFRS 15, *Revenue from Contracts with Customers* (continued)

IFRS 15 will affect how the Corporation accounts for revenues and contract costs for certain operations and segments. The Corporation anticipates that the timing of telecommunications revenue will be significantly affected. The Corporation is in the process of assessing the impact of the adoption of the standard on the consolidated financial statements.

IFRS 16, *Leases*

In January 2016, IFRS 16, Leases was issued. IFRS 16 replaces IAS 17, Leases. Under the new standard all leases will be brought onto companies' balance sheets. IFRS 16 also removes the classification of leases as either operating leases or finance leases (for the lessee - the lease customer), treating all leases as finance leases. IFRS 16 must be adopted for annual periods beginning on or after January 1, 2019 and applied retrospectively with certain practical expedients available. Early adoption is permitted.

IFRS 16 will affect the classification, measurement and valuation of leases. The Corporation is currently assessing the impact of the standard on the consolidated financial statements.

IFRS 17, Insurance Contracts

In May 2017, the IASB issued IFRS 17 on the accounting for insurance contracts, which would replace IFRS 4, Insurance Contracts. IFRS 17 applies to annual periods beginning on or after January 1, 2021, with earlier application permitted if IFRS 15 and IFRS 9 are also adopted. While early adoption is permitted under the standard, the Office of the Superintendent of Financial Institutions (OSFI) has indicated that early adoption is not allowed. While the Corporation is not federally regulated, it generally follows OSFI's guidance in such matters. The standard represents a comprehensive IFRS accounting model for insurance contracts and is expected to have a significant impact on financial reporting of insurers. The Corporation is in the process of assessing the impact of the new proposed standard.

5. Status of CIC

CIC was established by Order in Council 535/47 dated April 2, 1947, and is continued under the provisions of *The Crown Corporations Act, 1993*. CIC is an agent of Her Majesty in Right of the Province of Saskatchewan and as a provincial Crown corporation is not subject to federal and provincial income taxes. Certain associates, joint ventures, joint operations and subsidiaries are not provincial Crown corporations and are subject to federal and provincial income taxes.

6. Discontinued operations and assets held-for-sale

The Corporation has committed to a plan to sell a building located in Prince Albert within the next twelve month period. Accordingly, these assets are classified as assets held-for sale and are measured at carrying value, which is lower than the fair value less costs to sell.

On March 22, 2017, the Government of Saskatchewan announced that operating and capital subsidies to the Corporation's passenger and freight transportation segment would cease in the upcoming fiscal year resulting in the wind up of the segment. Passenger and freight vehicular operations ceased May 31, 2017. The Corporation and the Government of Saskatchewan are committed to a plan to liquidate the segment. Property and equipment that are expected to be disposed of by sale within the next twelve month period have been classified as assets held for sale on the condensed consolidated interim statement of financial position. Depreciation of these assets ceased effective May 31, 2017. The carrying amount of these assets approximates fair value. Current and prior period earnings from the Corporation's passenger and freight transportation segment have been classified as discontinued operations on the condensed consolidated interim statement of comprehensive income.

Assets classified as held-for-sale are comprised of the following:

	September 30 2017	March 31 2017
Property, plant and equipment	**$ 19,473**	$ 4
Investment property	**5,640**	5,633
	$ 25,113	$ 5,637

(thousands of dollars)

6. Discontinued operations and assets held-for-sale (continued)

The impact of discontinued operations on net earnings and cash flows was comprised of the following:

	April 1 to September 30 2017	April 1 to September 30 2016
Revenue	**$ 2,061**	$ 6,442
Other income	**262**	585
	2,323	7,027
Expenses		
Operating	**2,466**	4,012
Salaries, wages and short-term employee benefits	**3,744**	7,380
Employee future benefits	**277**	433
Depreciation and amortization	**444**	1,403
Loss on disposal of property, plant and equipment	**15**	-
Saskatchewan taxes and fees	**289**	294
	7,235	13,522
Loss from discontinued operations	**$ (4,912)**	$ (6,495)
Cash used in operating activities	**(7,429)**	(5,755)
Cash used in investing activities	**(68)**	(349)
Net change in cash and cash equivalents	**$ (7,497)**	$ (6,104)

7. Equity advances and capital disclosures

CIC does not have share capital. However, CIC has received advances from the GRF to form its equity capitalization. The advances are an equity investment in CIC by the GRF.

Due to its ownership structure, CIC has no access to capital markets for equity. Equity advances in CIC are determined by the shareholder on an annual basis. Dividends to the GRF are determined through the Saskatchewan provincial budget process on an annual basis.

CIC closely monitors its debt level utilizing the debt ratio as a primary indicator of financial health. The debt ratio measures the amount of debt in CIC's capital structure. CIC uses this measure in assessing the extent of financial leverage and in turn, its financial flexibility.

Too high a ratio relative to target indicates an excessive debt burden that may impair CIC's ability to withstand downturns in revenues and still meet fixed payment obligations. The ratio is calculated as net debt divided by capitalization at the end of the period.

CIC reviews the debt ratio targets of all its subsidiary Crown corporations on an annual basis to ensure consistency with industry standards. This review includes subsidiary Crown corporations' plans for capital spending. The target debt ratios for subsidiary Crown corporations are approved by the CIC Board. CIC uses targeted debt ratios to compile a weighted average debt ratio for the CIC Crown sector.

CIC raises most of its capital requirements through internal operating activities and long-term debt through the GRF. This type of borrowing allows CIC to take advantage of the Province of Saskatchewan's strong credit rating and receive financing at attractive interest rates.

CIC made no changes to its approach to capital management during the period.

(thousands of dollars)

7. Equity advances and capital disclosures (continued)

The debt ratio is as follows:

	September 30 2017	March 31 2017
Total debt (a)	**$ 9,147,797**	$ 9,037,499
Less: Sinking funds	**(881,349)**	(851,364)
Net debt	**8,266,448**	8,186,135
Equity	**4,954,191**	4,862,440
Capitalization	**$ 13,220,639**	$ 13,048,575
Debt ratio	**62.5%**	62.7%

a) Total debt includes long-term debt, long-term debt due within one year and notes payable.

8. Accumulated other comprehensive loss

	September 30 2017	March 31 2017
Items that may be reclassified to net earnings:		
Unrealized losses on sinking funds	**$ (27,960)**	$ -
Unrealized (losses) gains on cash flow hedges	**(13,324)**	11,269
Realized losses on cash flow hedges	**(12,384)**	(23,141)
	(53,668)	(11,872)
Items that will not be reclassified to net earnings:		
Defined benefit plan actuarial losses	**(11,043)**	(18,532)
	$ (64,711)	$ (30,404)

9. Commitments and contingencies

CIC has various legal matters pending which, in the opinion of management, will not have a material effect on CIC's consolidated financial position or results of operations. Should the ultimate resolution of actions differ from management's assessments and assumptions, a material adjustment to CIC's financial position or results of operations could result.

10. Condensed consolidated interim statement of cash flows

	April 1 to September 30 2017	April 1 to September 30 2016
Adjustments to reconcile net earnings to cash provided from operating activities		
Depreciation and amortization	**$ 431,271**	$ 408,549
Share of earnings from investments in equity accounted investees	**(2,768)**	(3,891)
Defined benefit pension plan expense	**578**	594
Unrealized gains on derivative financial instruments	**(6,257)**	(65,861)
Inventory write-downs (recoveries)	**12,145**	(15,380)
Loss on disposal of property, plant and equipment	**38,259**	7,823
Impairment (reversals) losses	**(4,903)**	1,446
Net finance expenses	**240,025**	180,390
Other non-cash items	**(14,437)**	(1,489)
	$ 693,913	$ 512,181

(thousands of dollars)

11. Fair value of financial instruments

Fair value measurements are categorized into levels within a fair value hierarchy based on the nature of inputs used in the valuation.

Level 1 - Unadjusted quoted prices for identical assets or liabilities are readily available from an active market. The Corporation defines an active market based on the frequency of valuation, any restrictions or illiquidity on disposition of the underlying asset or liability, and trading volumes.
Level 2 - Inputs, other than quoted prices included in level 1 that are observable either directly or indirectly.
Level 3 - Inputs are not based on observable market data.

CIC's financial instruments at fair value are categorized within this hierarchy as follows:

	September 30, 2017			
	Level 1	**Level 2**	**Level 3**	**Total**
Cash and cash equivalents	**$ 232,788**	**$ -**	**$ -**	**$ 232,788**
Restricted cash and cash equivalents	**46,403**	**-**	**-**	**46,403**
Bank indebtedness	**13,406**	**-**	**-**	**13,406**
Notes payable	**1,329,154**	**-**	**-**	**1,329,154**
Investments carried at fair value through profit or loss	**398,660**	**1,300,153**	**170,916**	**1,869,729**
Investments - amortized cost	**-**	**122,657**	**-**	**122,657**
Finance lease obligations	**-**	**1,278,579**	**-**	**1,278,579**
Long-term debt	**-**	**8,794,282**	**-**	**8,794,282**
Physical natural gas contracts - net	**-**	**(27,354)**	**-**	**(27,354)**
Natural gas price swaps - net	**-**	**(145,171)**	**-**	**(145,171)**
Electricity contracts for differences - net	**-**	**(12)**	**-**	**(12)**
Foreign exchange forwards - net	**-**	**(1,338)**	**-**	**(1,338)**

	March 31, 2017			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 158,184	$ -	$ -	$ 158,184
Restricted cash and cash equivalents	48,008	-	-	48,008
Bank indebtedness	14,381	-	-	14,381
Notes payable	1,382,678	-	-	1,382,678
Investments carried at fair value through profit or loss	383,976	1,244,418	162,735	1,791,129
Investments - amortized cost	-	136,859	-	136,859
Finance lease obligations	-	1,269,385	-	1,269,385
Long-term debt	-	8,776,919	-	8,776,919
Physical natural gas contracts - net	-	(29,636)	-	(29,636)
Natural gas price swaps - net	-	(146,716)	-	(146,716)
Physical electricity forwards - net	-	(99)	-	(99)
Electricity contracts for differences - net	-	2	-	2
Foreign exchange forwards - net	-	(64)	-	(64)
Bond forwards - net	-	11,269	-	11,269

12. Comparative figures

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

CIC SEPARATE
FINANCIAL STATEMENTS

Crown Investments Corporation of Saskatchewan

Separate Financial Statements

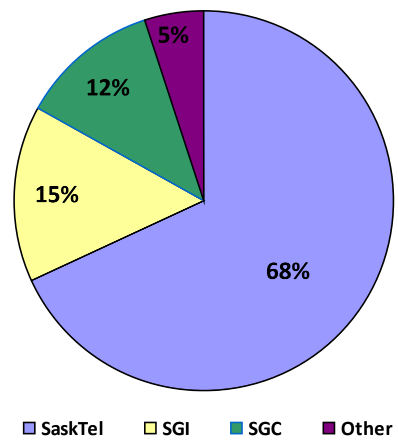
Management's Discussion and Analysis

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. Dividends are based on the overall financial health of the subsidiary Crown and its need for capital investment.

This narrative on CIC's separate September 30, 2017 second quarter results should be read in conjunction with the March 31, 2017 audited separate financial statements.

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

Dividend Revenue



Financial Results

CIC Separate Second Quarter Earnings (millions of dollars) (unaudited)	**For the six months ended** **September 30** **2017**	September 30 2016
Dividend revenue	**$ 80.8**	$ 40.4
Add: Finance and other revenue	**0.5**	0.6
Less: Operating, salaries and other expenses	**(4.8)**	(4.8)
Grants to subsidiary corporations	**(7.0)**	(6.2)
Total Separate Earnings	**$ 69.5**	$ 30.0

Net Earnings

Net earnings for six months ended September 30, 2017 were $69.5 million (2016 - $30.0 million), an increase of $39.5 million. The increase in net earnings is primarily due to higher dividend revenue of $40.4 million offset by an increase in grants to subsidiary corporations of $0.8 million. A more detailed discussion of the net earnings is included on the pages following.

Dividend Revenue

Dividend revenue for six months ended September 30, 2017 was $80.8 million (2016 - $40.4 million). The $40.4 million increase is primarily due to higher dividends from SaskTel as a result of stronger financial performance and more capacity to pay a higher dividend. Dividend capacity amounts consider infrastructure reinvestment requirements and financial performance. SaskEnergy's first six months of cash available from operations is typically low given seasonality, which resulted in the deferral of its dividend payment.

Dividend Revenue (continued)

For the first six months of each fiscal period, dividends from subsidiary Crown corporations are based on 50 per cent of forecast dividends for the period. The forecast dividend is calculated in accordance with CIC's dividend policy and typically based on a percentage of earnings from operations; however, various factors may lead to an amount being set on an alternate basis. Dividend targets are based on the overall financial health of the subsidiary Crown and its need for capital investment. These targets are subject to change during the period if there is a significant change in circumstances. The 2017-18 budgeted dividends and per cent of operating earnings are as follows:

CIC Crown Corporations
2017-18 Earnings & Dividend Budget
(millions of dollars)

	Earnings (Loss)	Dividend to CIC	Dividend % of Operating Earnings
SaskPower	$ 179.5	$ -	-
SaskTel	122.1	109.9	90%
SaskEnergy	90.6	31.7	35%
SGI CANADA[1]	37.2	25.0	N/A
SGC	23.5	18.8	80%
SaskWater	5.8	1.5	25%
SOCO[2]	3.7	1.3	90%
CIC AMI[3]	0.8	-	N/A
CIC (separate) and other	(27.9)	4.3[4]	-

1 SGI CANADA's dividend payout is a set dollar amount with a minimum payout of $25.0M based on alignment with Minimum Capital Test (MCT) target. A MCT higher than target will result in a higher dividend payout, which then will effectively decrease the MCT to the target.
3 SOCO's dividend is based on budgeted earnings, excluding a gain on sale of its building located in Prince Albert.
3 CIC AMI's dividend is based on cash availability.
4 ISC's dividend to CIC is based on CIC's 31.0 per cent ownership interest of ISC.

Operating, Salaries and Other Expenses

Operating, salaries and other expenses for the six months ended September 30, 2017 were $4.8 million (2016 - $4.8 million), consistent with the same period of 2016-17.

Grants to Subsidiary Corporations

In the six months ended September 30, 2017, CIC provided $7.0 million (2016 - $6.2 million) in grants to subsidiary corporations. STC received $7.0 million (2016 - $6.1 million) in grants to support wind-up activities and operations. Gradworks Inc. received Nil (2016 - $0.1 million) to fund its Internship Development Program.

On March 22, 2017, the Government of Saskatchewan announced that STC would be wound up and all vehicular operations would cease May 31, 2017. On November 28, 2016, it was announced that Gradworks would be wound down and operations are expected to conclude in 2017-18.

CIC's budgeted public policy and grant funding expenditures are as follows: $17.1 million for the wind-up operations at STC and $0.1 million for the wind-down operations of Gradworks.

Liquidity and Capital Resources

Cash Flow Highlights (millions of dollars) (unaudited)	**For the six months ended** **September 30** **2017**	 September 30 2016
Net cash from operating activities	**$ 90.1**	$ 65.6
Net cash used in investing activities	**(18.7)**	(6.7)
Net cash used in financing activities	**-**	-
Net change in cash	**$ 71.4**	$ 58.9

Liquidity

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

Operating, Investing and Financing Activities

Net cash from operating activities for the six months ended September 30, 2017 was $90.1 million (2016 - $65.6 million). This $24.5 million increase is due mainly to a $39.5 million increase in net earnings as a result of higher dividend revenue, primarily from SaskTel, in the current period as compared to the same period of 2016-17. Dividend revenue from SaskTel is higher due to stronger financial performance and more capacity to pay dividends. This increase was offset by a $15.2 million decrease due to net changes in non-cash working capital balances related to operations primarily as a result of a year over year change in dividends receivable from subsidiary Crown corporations.

Net cash used in investing activities for the six months ended September 30, 2017 was $18.7 million (2016 - $6.7 million), an increase of $12.0 million. The increase in cash flows is mainly due to reclassifications of $13.7 million of cash between cash and cash equivalents and short-term investments and a $2.0 million repayment from its investment in First Nations & Métis Fund Inc. Short-term investments that have a maturity date of 90 days or less are classified as cash and cash equivalents.

Debt Management

CIC as a legal entity has no debt. Currently, CIC does not expect to borrow in 2017-18.

Outlook and Key Factors Affecting Performance

The key factor affecting CIC's earnings is the level of dividends from commercial subsidiary Crown corporations which are impacted by weather, commodity prices, environmental regulations and technology changes. 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 regularly assesses the appropriateness of the carrying value of 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.

Crown Investments Corporation of Saskatchewan
Condensed Separate Interim Statement of Financial Position
As at
(thousands of dollars)

	Note	(Unaudited) September 30 2017	(Audited*) March 31 2017
ASSETS			
Current			
Cash and cash equivalents		**$ 123,986**	$ 52,628
Short-term investments		**21,007**	-
Interest and accounts receivable		**223**	110
Dividends receivable		**39,503**	61,426
		184,719	114,164
Equity advances to Crown corporations	6	**1,176,918**	1,176,918
Investments in share capital corporations		**2,629**	4,579
Equipment		**274**	162
		$ 1,364,540	$ 1,295,823
LIABILITIES AND PROVINCE'S EQUITY			
Current			
Interest and accounts payable		**$ 1,707**	$ 2,439
Province of Saskatchewan's Equity			
Equity advances		**908,889**	908,889
Retained earnings		**453,944**	384,495
		1,362,833	1,293,384
		$ 1,364,540	$ 1,295,823

(See accompanying notes)

*As presented in the audited March 31, 2017 separate statement of financial position.

Crown Investments Corporation of Saskatchewan
Condensed Separate Interim Statement of Comprehensive Income
For the Period
(thousands of dollars)
(unaudited)

	Note	**July 1 to September 30 2017**	July 1 to September 30 2016	**April 1 to September 30 2017**	April 1 to September 30 2016
INCOME FROM OPERATIONS					
Dividend revenue	7	**$ 40,588**	$ 20,185	**$ 80,794**	$ 40,393
Other income		**-**	4	**-**	4
		40,588	20,189	**80,794**	40,397
EXPENSES					
Operating		**927**	1,083	**1,801**	1,971
Salaries and short-term employee benefits		**1,391**	1,312	**2,789**	2,640
Employee future benefits		**88**	79	**177**	165
Depreciation and amortization		**20**	8	**30**	15
		2,426	2,482	**4,797**	4,791
EARNINGS FROM OPERATIONS		**38,162**	17,707	**75,997**	35,606
Finance income		**258**	353	**456**	620
Finance expenses		**(2)**	(2)	**(4)**	(4)
NET FINANCE INCOME		**256**	351	**452**	616
EARNINGS BEFORE PUBLIC POLICY INITIATIVES		**38,418**	18,058	**76,449**	36,222
Grants to subsidiary corporations	8	**-**	(3,668)	**(7,000)**	(6,247)
NET EARNINGS		**38,418**	14,390	**69,449**	29,975
OTHER COMPREHENSIVE INCOME		**-**	-	**-**	-
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO THE PROVINCE OF SASKATCHEWAN		**$ 38,418**	$ 14,390	**$ 69,449**	$ 29,975

(See accompanying notes)

Crown Investments Corporation of Saskatchewan
Condensed Separate Interim Statement of Changes in Equity
For the period
(thousands of dollars)
(unaudited)

	Attributable to the Province of Saskatchewan		
	Equity Advances	**Retained Earnings**	**Total Equity**
Balance at April 1, 2016	$ 908,889	$ 471,381	$ 1,380,270
Total comprehensive income	-	29,975	29,975
Balance at September 30, 2016	$ 908,889	$ 501,356	$ 1,410,245
Balance at October 1, 2016	$ 908,889	$ 501,356	$ 1,410,245
Total comprehensive income	-	102,089	102,089
Dividends to the General Revenue Fund	-	(218,950)	(218,950)
Balance at March 31, 2017	$ 908,889	$ 384,495	$ 1,293,384
Balance at April 1, 2017	**$ 908,889**	**$ 384,495**	**$ 1,293,384**
Total comprehensive income	**-**	**69,449**	**69,449**
Balance at September 30, 2017	**$ 908,889**	**$ 453,944**	**$ 1,362,833**

(See accompanying notes)

Crown Investments Corporation of Saskatchewan
Condensed Separate Interim Statement of Cash Flows
For the Period
(thousands of dollars)
(unaudited)

	Note	April 1 to September 30 2017	April 1 to September 30 2016
OPERATING ACTIVITIES			
Net earnings		$ 69,449	$ 29,975
Items not affecting cash from operations			
Depreciation and amortization		30	15
Net finance income		(452)	(616)
		69,027	29,374
Net change in non-cash working capital balances related to operations	9	21,078	36,259
Interest paid		(4)	(4)
Net cash from operating activities		90,101	65,629
INVESTING ACTIVITIES			
Interest received		456	620
Increase in short-term investments		(21,007)	(7,299)
Repayment of due from First Nations and Metis Fund Inc.		1,950	-
Purchase of equipment		(142)	(2)
Net cash used in investing activities		(18,743)	(6,681)
FINANCING ACTIVITIES			
Dividend paid to General Revenue Fund		-	-
Net cash used in financing activities		-	-
NET CHANGE IN CASH AND CASH EQUIVALENTS DURING PERIOD		71,358	58,948
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD		52,628	132,880
CASH AND CASH EQUIVALENTS, END OF PERIOD		$ 123,986	$ 191,828

(See accompanying notes)

1. General information

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

2. Basis of preparation

a) Statement of compliance

The condensed separate interim financial statements have been prepared in accordance with International Accounting Standard (IAS) 34 - *Interim Financial Reporting*. The policies set out have been consistently applied to all the periods presented unless otherwise noted. CIC's condensed separate interim financial statements are prepared at the request of the Legislative Assembly of Saskatchewan. The condensed separate interim financial statements do not include all of the information required for full annual financial statements, and accordingly should be read in conjunction with the March 31, 2017 audited separate financial statements.

The condensed separate interim financial statements were authorized for issue by the CIC Board of Directors on December 6, 2017.

b) Functional and presentation currency

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

3. Application of revised accounting standards

The following amendments to standards, effective for annual periods beginning on or after January 1, 2017, have been applied in preparing these interim condensed separate financial statements:

IAS 7, *Statement of Cash Flows*

Effective April 1, 2017, CIC prospectively adopted the amendments to IAS 7, *Statement of Cash Flows*. The amendments require a reconciliation of the opening and closing liabilities that form part of an entity's financing activities, including both changes arising from cash flows and non-cash changes. Consequently, CIC will provide additional disclosure in relation to the changes in liabilities arising from financial activities in the March 31, 2018 separate financial statements.

IFRS 9, *Financial Instruments*

Effective April 1, 2017, CIC has early adopted IFRS 9, *Financial Instruments*. CIC has elected to adopt the standard retrospectively with impacts recorded in retained earnings as of April 1, 2017. The requirements of IFRS 9 represent a significant change from IAS 39, *Financial Instruments: Recognition and Measurement.* As a result of the adoption of IFRS 9, CIC adopted consequential amendments to IFRS 7, *Financial Instruments: Disclosures* that are applied to 2017-18 disclosures, but have not been applied to comparative information.

The key changes to CIC's accounting policies resulting from its adoption of IFRS 9 are summarized below.

a) Classification of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The classification of financial assets under IFRS 9 is based on the business model in which a financial asset is managed and its contractual cash flow characteristics. The standard eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never bifurcated. Instead, the hybrid financial instrument as a whole is assessed for classification.

The adoption of IFRS 9 has not had a significant effect on CIC's accounting policies for financial liabilities.

3. Application of revised accounting standards (continued)

IFRS 9, *Financial Instruments* (continued)

b) Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortized cost and debt instruments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognized earlier than under IAS 39.

c) Transition

The adoption of IFRS 9 has not resulted in differences to the carrying amounts of financial assets and financial liabilities.

d) Classification of financial assets and financial liabilities on the date of initial application of IFRS 9

Each class of CIC's financial assets and financial liabilities has maintained the same measurement category under IFRS 9 as its original measurement category under IAS 39, with the exception of the following:

- All financial assets previously classified as loans and receivables under IAS 39 are now measured at amortized cost under IFRS 9.

4. Status of Crown Investments Corporation of Saskatchewan

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

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

Saskatchewan Power Corporation
SaskEnergy Incorporated
Saskatchewan Water Corporation
Saskatchewan Government Insurance
Saskatchewan Opportunities Corporation
Saskatchewan Telecommunications
Saskatchewan Telecommunications Holding Corporation
Saskatchewan Gaming Corporation
Saskatchewan Transportation Company

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

5. Summary of significant accounting policies

The accounting policies and methods of computation used in the preparation of these condensed separate interim financial statements are consistent with those disclosed in CIC's March 31, 2017 audited separate financial statements except as described in Note 3.

CIC's condensed separate interim financial statements do not consolidate the activities of its subsidiaries. Other than this exception, the accounting policies are consistent with those applied by CIC's subsidiary corporations.

CIC prepares condensed consolidated interim financial statements. The unaudited condensed consolidated interim financial statements have been authorized by the CIC Board of Directors on December 6, 2017. CIC's condensed consolidated interim financial statements should be referenced for further information.

(thousands of dollars)

6. Equity advances to Crown corporations

	September 30 2017	March 31 2017
Saskatchewan Power Corporation	**$ 660,000**	$ 660,000
Saskatchewan Telecommunications Holding Corporation	**250,000**	250,000
Saskatchewan Opportunities Corporation	**106,687**	106,687
Saskatchewan Government Insurance	**80,000**	80,000
SaskEnergy Incorporated	**71,531**	71,531
Saskatchewan Water Corporation	**8,700**	8,700
	$ 1,176,918	$ 1,176,918

7. Dividend revenue

	April 1 to September 30 2017	April 1 to September 30 2016
Saskatchewan Telecommunications Holding Corporation	**$ 54,950**	$ 15,000
Saskatchewan Government Insurance	**12,500**	12,500
Saskatchewan Gaming Corporation	**9,414**	9,948
Information Services Corporation	**2,170**	2,170
Saskatchewan Water Corporation	**749**	775
Saskatchewan Opportunities Corporation	**1,011**	-
	$ 80,794	$ 40,393

8. Grants to subsidiary corporations

	April 1 to September 30 2017	April 1 to September 30 2016
Saskatchewan Transportation Company	**$ 7,000**	$ 6,100
Gradworks Inc.	**-**	147
	$ 7,000	$ 6,247

9. Net change in non-cash working capital balances related to operations

	April 1 to September 30 2017	April 1 to September 30 2016
(Increase) decrease in interest and accounts receivable	**$ (113)**	$ 408
Decrease in dividends receivable	**21,923**	36,536
Decrease in interest and accounts payable	**(732)**	(685)
	$ 21,078	$ 36,259

10. Comparative figures

Certain of the September 30, 2016 figures have been reclassified to conform to the current period's presentation.