Crown Investments Corporation of Saskatchewan

Quarter 3 Financial Report

For the period ended December 31, 2019

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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 2019-20 third quarter financial results should be read in conjunction with the March 31, 2019 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, 2019 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)[1]
  Saskatchewan Water Corporation (SaskWater)

  [1] STC operations ceased in 2017-18. See Note 6 of the condensed consolidated interim financial statements.

- 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)

- 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, SaskPower, SGC, SaskEnergy, SGI CANADA, 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 December 31, 2019. These consolidated financial statements have been prepared in accordance with IAS 34 - *Interim Financial Reporting*.

The consolidated financial statements do not include all of 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, 2019 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, 2019 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 the regulatory environment. Given these uncertainties, assumptions contained in the forward-looking statements may or may not occur.

Management's Discussion and Analysis (continued)

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)[1]	Passenger and Freight Transportation

[1] STC was dissolved on March 31, 2019.

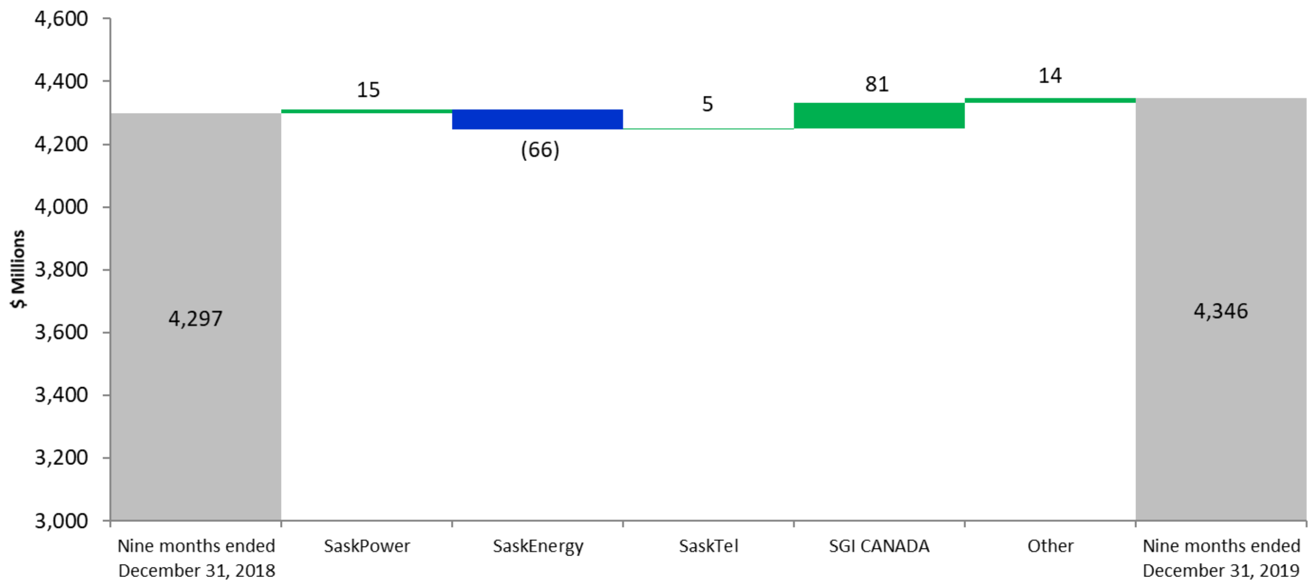
Subsidiary Corporation Earnings (millions of dollars) (unaudited)	**For the nine months ended** **December 31 2019**	December 31 2018
SaskPower	**$ 152.0**	$ 156.7
SaskTel	**95.7**	99.0
SGI CANADA	**52.5**	(4.3)
SaskEnergy	**22.7**	99.6
SGC	**17.6**	17.3
SIIF	**7.0**	(1.7)
SaskWater	**5.8**	5.6
SOCO	**2.5**	2.7
CIC AMI	**1.9**	0.7
STC	**-**	(0.1)
CIC (Separate)	**177.8**	133.9
Other[2]	**(188.7)**	(136.7)
Net earnings	**$ 346.8**	$ 372.7

[2] Includes First Nations and Métis Fund 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 subsidiary corporations, revenues and expenses between Crown corporations and dividends paid by Crown corporations to CIC.

The Corporation's consolidated net earnings for the nine months ended December 31, 2019 were $346.8 million (2018 - $372.7 million), $25.9 million lower than the same period in 2018. The Corporation experienced lower net earnings in the period primarily due to decreased earnings at SaskEnergy partially offset by increased earnings at SGI CANADA. A more detailed discussion of net earnings is included on the pages following.

Management's Discussion and Analysis (continued)

Changes in Revenue



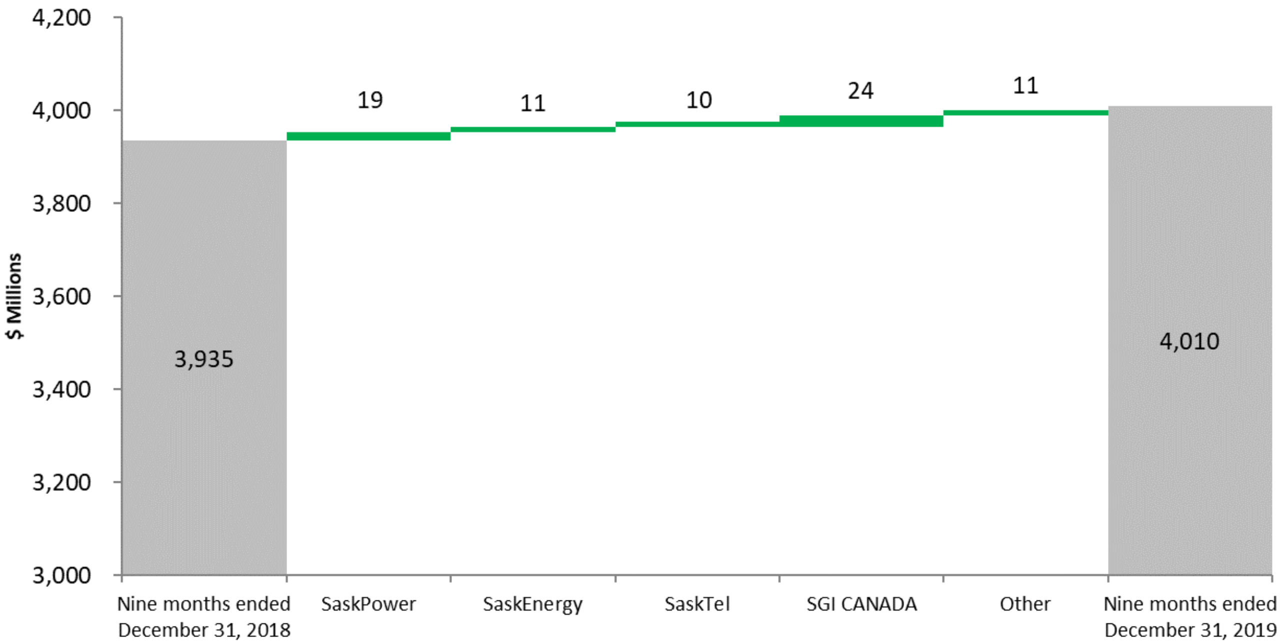
Revenue for the nine months ended December 31, 2019 was $4,346.0 million (2018 - $4,297.0 million), a $49.0 million increase over the same period in 2018 primarily related to increases at SGI CANADA, partially offset by decreases at SaskEnergy.

SGI CANADA revenue increased by $81.2 million primarily due to increased premiums written in Saskatchewan, Ontario, and British Columbia. Saskatchewan experienced rate increases to offset increased claim costs and inflation. Ontario experienced growth in personal lines and personal auto policies written. British Columbia premiums written increased due to new broker partnerships.

SaskEnergy revenue decreased by $66.0 million primarily due to a commodity rate decrease effective April 1, 2019 and decreased gas marketing activity due to unfavourable market conditions. This was partially offset by increased transportation revenue as a result of growth in the province driven by expansion in the oil and power generation sectors. Also contributing to the offset was increased customer contributions as a result of the Chinook Power Station going into service in the first quarter of 2019-20.

Management's Discussion and Analysis (continued)

Changes in Total Operating Expenses and Net Finance Expense



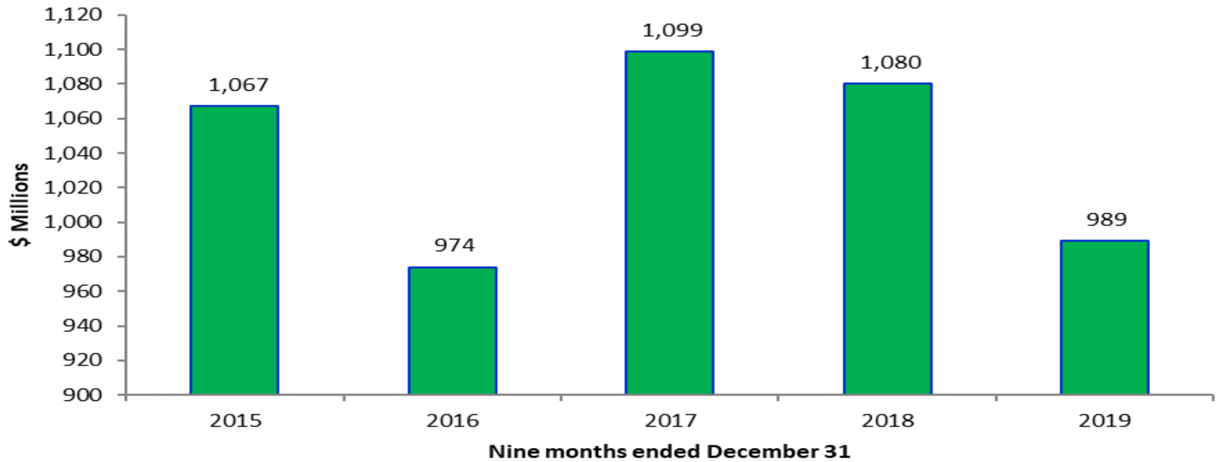
Total operating expenses and net finance expense for the nine months ended December 31, 2019 were $4,010.2 million (2018 - $3,934.8 million), a $75.4 million increase from the same period in 2018 primarily related to increases at SGI CANADA and SaskPower.

Total operating and net finance expense increased at SGI CANADA by $24.4 million primarily due to higher commissions and premium taxes as a result of premium growth, which is reflected by the increase in revenue. This was partially offset by strong equity investment returns.

Total operating and net finance expense increased at SaskPower by $19.1 million primarily due to increased fuel and purchased power costs as a result of the introduction of the federal carbon charge and increased depreciation and interest due to continued investment in infrastructure. This was partially offset by an increase to SaskPower's environmental remediation provision recognized in the first quarter of 2018-19.

Management's Discussion and Analysis (continued)

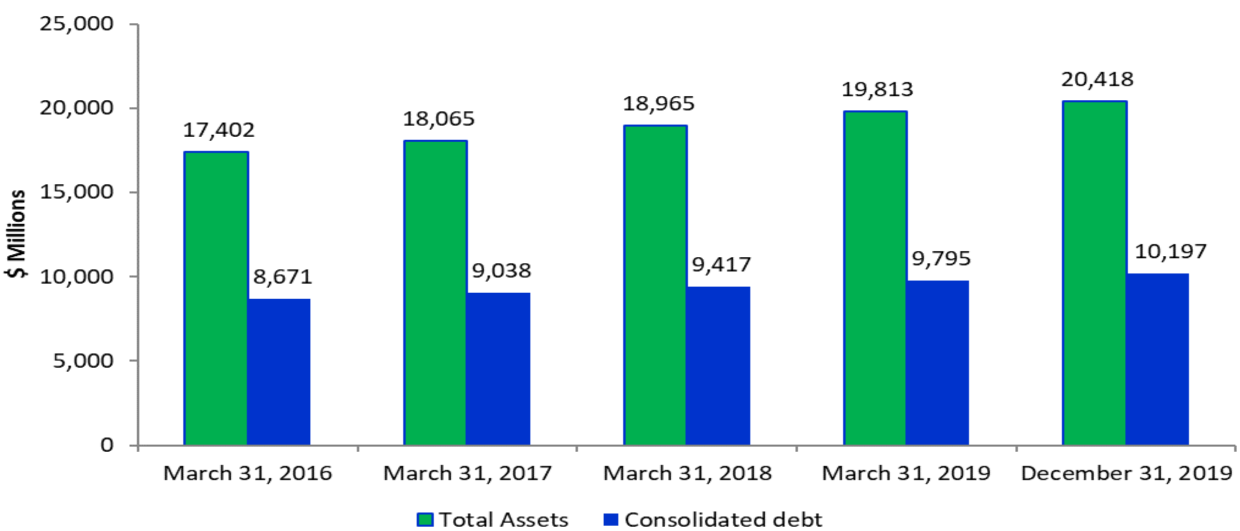
Capital Spending



For the nine months ended December 31, 2019, property, plant and equipment, intangible asset and investment property purchases were $989.0 million (2018 - $1,080.4 million), a $91.4 million decrease from the same period in 2018 primarily due to a decrease in purchases by SaskPower. Major capital expenditures included:

- $527.5 million at SaskPower related to new generation assets including the Chinook Power Station, connecting customers to the electric system, increasing capacity, and sustaining generation, transmission and distribution infrastructure;
- $254.0 million at SaskEnergy primarily related to customer connections, system expansions to meet customer growth, and spending to ensure the safety and integrity of its extensive distribution and transmission systems; and
- $184.4 million at SaskTel on Fibre to the Premises, wireless network enhancements and basic network growth and enhancements.

Consolidated Debt



Consolidated debt at December 31, 2019 was $10,197.2 million (March 31, 2019 - $9,795.3 million), a $401.9 million increase from March 31, 2019. The increase is primarily due to additional debt at SaskPower, SaskEnergy and SaskTel 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.

Management's Discussion and Analysis (continued)

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 December 31, 2019

Moody's Investor Service	Aaa
Standard & Poor's	AA
Dominion Bond Rating Service	AA

Cash Flow Highlights	**For the nine months ended**	
(millions of dollars)	**December 31**	December 31
(unaudited)	**2019**	2018
Net cash from operating activities	**$ 1,045.8**	$ 895.0
Net cash used in investing activities	**(1,049.4)**	(1,013.0)
Net cash (used in) from financing activities	**(14.1)**	314.8
Change in cash and cash equivalents	**$ (17.7)**	$ 196.8

Operating, Investing and Financing Activities

Net cash from operating activities for the nine months ended December 31, 2019 was $1,045.8 million (2018 - $895.0 million), an increase of $150.8 million. The increase is primarily due to higher net earnings excluding non-cash items and favourable changes in non-cash working capital balances.

Net cash used in investing activities for the nine months ended December 31, 2019 was $1,049.4 million (2018 - $1,013.0 million), an increase of $36.4 million. The increase is primarily due to increased investment purchases activity at SGI CANADA as well as lower capital spending at SaskPower. SGI CANADA's investment purchases and proceeds fluctuate from quarter to quarter to balance its investment portfolio and pay claims.

Net cash used in financing activities for the nine months ended December 31, 2019 was $14.1 million (2018 - $314.8 million from financing activities). The decrease in cash of $328.9 million was primarily due to repayment of notes payable and replacing it with long-term debt, increased dividends paid to the GRF, and an equity repayment of $44.0 million to the GRF on December 30, 2019. CIC has changed its dividend policy to pay quarterly dividends to the GRF instead of an annual payment at the end of the year. This was partially offset by increased long-term debt proceeds. The decrease in notes payable and increase in long-term debt proceeds is primarily due to the Crown sector taking advantage of low interest rates on provincial long-term debt.

Debt Management

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

Management's Discussion and Analysis (continued)

Outlook

The Corporation's outlook for 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 and political conditions, interest and exchange rates, 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; keeping pace with industry technological change at SaskTel; impacts of weather events on claims at SGI CANADA; proposed natural gas regulations at SaskPower; as well as the federally legislated carbon tax. 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, provisions, 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)

	Note	(Unaudited) December 31 2019	(Audited*) March 31 2019
ASSETS			
Current			
Cash and cash equivalents		$ **184,812**	$ 199,596
Short-term investments		**193,543**	145,912
Short-term investments under securities lending program		**35,862**	31,811
Accounts receivable		**1,074,900**	1,092,955
Derivative financial assets		**17,847**	45,446
Restricted cash and cash equivalents		**54**	5
Inventories		**296,603**	276,995
Prepaid expenses		**203,118**	224,412
Assets classified as held for sale	6	**-**	2,090
Contract assets		**64,939**	57,289
Contract costs		**16,971**	15,019
		2,088,649	2,091,530
Restricted cash and cash equivalents		**4,576**	4,587
Long-term investments		**2,032,784**	1,795,356
Long-term investments under securities lending program		**111,693**	204,353
Contract assets		**23,181**	20,878
Contract costs		**62,931**	44,598
Investments in equity accounted investees		**126,363**	123,634
Property, plant and equipment		**14,665,223**	14,928,629
Right of use assets		**692,018**	-
Investment property		**169,570**	174,023
Intangible assets		**417,350**	408,198
Other assets		**23,391**	17,021
		$ 20,417,729	$ 19,812,807
LIABILITIES AND PROVINCE'S EQUITY			
Current			
Bank indebtedness		$ **9,340**	$ 6,426
Trade and other payables		**812,135**	825,639
Derivative financial liabilities		**117,457**	153,498
Notes payable		**1,320,789**	1,470,186
Deferred revenue		**580,704**	509,359
Provisions		**260,260**	263,693
Lease liabilities		**41,761**	27,490
Long-term debt due within one year		**446,347**	69,135
Contract liabilities		**101,727**	104,090
		3,690,520	3,429,516
Contract liabilities		**169,822**	173,879
Provisions		**941,893**	889,747
Lease liabilities		**1,053,371**	1,092,868
Long-term debt		**8,430,022**	8,255,954
Employee future benefits		**239,702**	249,930
Other liabilities		**35,823**	35,988
		14,561,153	14,127,882
Province of Saskatchewan's Equity			
Equity advances		**864,889**	908,889
Retained earnings		**4,861,164**	4,698,916
Accumulated other comprehensive income	8	**130,523**	77,120
		5,856,576	5,684,925
		$ 20,417,729	$ 19,812,807

Commitments and contingencies 9

(See accompanying notes)

*As presented in the audited March 31, 2019 consolidated statement of financial position.

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

	Note	**October 1 to December 31 2019**	October 1 to December 31 2018	**April 1 to December 31 2019**	April 1 to December 31 2018
INCOME FROM OPERATIONS					
Revenue		**$ 1,538,982**	$ 1,535,650	**$ 4,346,022**	$ 4,297,025
Other income		**3,201**	128	**4,880**	3,886
		1,542,183	1,535,778	**4,350,902**	4,300,911
EXPENSES					
Operating		**770,159**	734,757	**2,113,294**	2,053,662
Salaries, wages and short-term employee benefits		**219,470**	216,121	**666,338**	663,977
Employee future benefits		**13,703**	14,060	**36,469**	35,409
Depreciation and amortization		**235,459**	218,759	**689,881**	661,316
Loss (gain) on disposal of property, plant and equipment		**6,179**	(6,497)	**18,665**	2,356
Impairment (reversals) losses		**(453)**	12,202	**(476)**	2,234
Provision for decommissioning and environmental remediation		**25**	-	**50**	28,000
Saskatchewan taxes and fees		**42,029**	41,562	**136,972**	131,759
		1,286,571	1,230,964	**3,661,193**	3,578,713
RESULTS FROM OPERATING ACTIVITIES		**255,612**	304,814	**689,709**	722,198
Finance income		**43,863**	10,519	**96,826**	66,403
Finance expenses		**(165,085)**	(139,949)	**(445,828)**	(422,520)
NET FINANCE EXPENSES		**(121,222)**	(129,430)	**(349,002)**	(356,117)
Share of net earnings from equity accounted investees		**3,006**	1,589	**6,041**	6,674
EARNINGS FROM CONTINUING OPERATIONS		**137,396**	176,973	**346,748**	372,755
Gain (loss) from discontinued operations	6	**-**	109	**-**	(55)
NET EARNINGS		**137,396**	177,082	**346,748**	372,700
OTHER COMPREHENSIVE INCOME (LOSS)					
Defined benefit plan actuarial gains (losses)		**35,199**	(36,184)	**17,250**	11,061
Unrealized gains (losses) on cash flow hedges		**2,504**	(11,117)	**17,981**	(7,207)
Unrealized (losses) gains on sinking funds		**(10,770)**	7,605	**17,828**	(5,844)
Amounts amortized to net earnings and included in net finance expenses		**114**	115	**344**	344
OTHER COMPREHENSIVE INCOME (LOSS)		**27,047**	(39,581)	**53,403**	(1,646)
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO THE PROVINCE OF SASKATCHEWAN		**$ 164,443**	$ 137,501	**$ 400,151**	$ 371,054

(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 Income (Note 8)**	**Total Equity**
Balance at April 1, 2018					
As previously reported	**$ 908,889**	**$ 85**	**$ 4,303,094**	**$ 51,556**	**$ 5,263,624**
Impact of adoption of IFRS 15	-	-	111,247	-	**111,247**
As restated	**908,889**	**85**	**4,414,341**	**51,556**	**5,374,871**
Total comprehensive income	-	-	372,700	(1,646)	**371,054**
Balance at December 31, 2018	**$ 908,889**	**$ 85**	**$ 4,787,041**	**$ 49,910**	**$ 5,745,925**
Balance at January 1, 2019	**$ 908,889**	**$ 85**	**$ 4,787,041**	**$ 49,910**	**$ 5,745,925**
Total comprehensive (loss) income	-	(85)	167,875	27,210	**195,000**
Dividends to the GRF	-	-	(256,000)	-	**(256,000)**
Balance at March 31, 2019	**$ 908,889**	**$ -**	**$ 4,698,916**	**$ 77,120**	**$ 5,684,925**
Balance at April 1, 2019	**$ 908,889**	**$ -**	**$ 4,698,916**	**$ 77,120**	**$ 5,684,925**
Total comprehensive income	-	-	346,748	53,403	**400,151**
Equity advances repaid to the GRF	(44,000)	-	-	-	**(44,000)**
Dividends to the GRF	-	-	(184,500)	-	**(184,500)**
Balance at December 31, 2019	**$ 864,889**	**$ -**	**$ 4,861,164**	**$ 130,523**	**$ 5,856,576**

(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 December 31 2019	April 1 to December 31 2018
OPERATING ACTIVITIES			
Net earnings		$ 346,748	$ 372,700
Adjustments to reconcile net earnings to cash from operating activities	10	1,045,347	990,297
		1,392,095	1,362,997
Net change in non-cash working capital balances related to operations		89,048	(49,006)
Income taxes received		2,469	5,362
Interest paid		(437,757)	(424,374)
Net cash from operating activities		1,045,855	894,979
INVESTING ACTIVITIES			
Interest received		23,710	22,610
Dividends received		4,258	4,287
Purchase of investments		(950,724)	(813,169)
Proceeds from sale and collection of investments		864,696	801,689
Purchase of property, plant and equipment		(926,203)	(1,032,920)
(Loss) proceeds related to sale of property, plant and equipment		(3,585)	28,171
Purchase of intangible assets		(60,711)	(41,546)
Purchase of investment property		(2,045)	(5,905)
(Increase) decrease in restricted cash and cash equivalents		(38)	23,945
Decrease (increase) in other assets		1,226	(160)
Net cash used in investing activities		(1,049,416)	(1,012,998)
FINANCING ACTIVITIES			
Decrease in notes payable		(149,397)	(128,894)
Decrease in other liabilities		(95,416)	(15,661)
Debt proceeds from the GRF		648,836	597,092
Debt repayments to the GRF		(37,500)	-
Debt proceeds from other lenders		42,209	-
Debt repayments to other lenders		(109,780)	(77,671)
Principal repayments of lease liabilities		(25,701)	-
Sinking fund instalments		(65,787)	(60,001)
Sinking fund redemptions		6,899	-
Equity advances repaid		(44,000)	-
Dividends paid		(184,500)	-
Net cash (used in) from financing activities		(14,137)	314,865
NET CHANGE IN CASH AND CASH EQUIVALENTS DURING PERIOD		(17,698)	196,846
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD		193,170	155,398
CASH AND CASH EQUIVALENTS, END OF PERIOD		$ 175,472	$ 352,244
Cash and cash equivalents consists of:			
Cash and cash equivalents from continuing operations		$ 184,812	$ 359,543
Bank indebtedness from continuing operations		(9,340)	(7,299)
		$ 175,472	$ 352,244

(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, 2019 audited consolidated financial statements.

The condensed consolidated interim financial statements were authorized for issue by the Board of Directors on March 9, 2020.

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, 2019, have been applied in preparing these interim condensed consolidated financial statements:

IFRS 16, *Leases*

Effective April 1, 2019, the Corporation adopted IFRS 16, *Leases* which provides principles for the recognition, measurement, presentation and disclosure of leases. The standard removed the distinction between operating and finance leases and introduced a single, on-balance sheet accounting model requiring lessees to recognize right-of-use assets and lease liabilities. Previously, at contract inception, the Corporation determined whether an arrangement was or contained a lease under IAS 17, *Leases* or IFRIC 4, *Determining whether an arrangement contains a lease*.

The Corporation elected to adopt IFRS 16 using the modified retrospective approach on transition. Comparative information has not been restated and continues to be reported under IAS 17. There was no impact to opening retained earnings upon adoption. Refer to the Corporation's most recent annual report for information on its prior accounting policies for leases. In adopting IFRS 16, the Corporation elected to apply the following practical expedients permitted by the standard:

i. Electing to grandfather the assessment of which transactions are leases by applying the standard to contracts previously identified as leases and not reassessing contracts not previously identified as containing a lease under IAS 17 and IFRIC 4;
ii. Exemption to not recognize right-of-use assets and lease liabilities for short-term leases that have a remaining lease term of less than 12 months as at April 1, 2019, and for low value leases;
iii. Measuring the right-of-use asset at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the statement of financial position immediately before the date of initial application;
iv. Applying a single discount rate to a portfolio of leases with reasonably similar characteristics (such as leases with a similar remaining lease term for a similar class of underlying asset in a similar economic environment);
v. Using hindsight to determine the lease term where the contract contains options to extend or terminate the lease; and
vi. Excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application.

Adoption of IFRS 16 did not result in any material impact to net earnings for the nine months ended December 31, 2019.

Upon adoption of IFRS 16, the Corporation changed its accounting policy for leases, which is outlined in the following page.

3. Application of revised accounting standards (continued)

Impact of the new definition of a lease

The Corporation now assesses whether a contract is or contains a lease based on the new definition of a lease. The change in the definition mainly relates to the concept of control. Under IFRS 16, a contract is or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. The Corporation applied the definition of a lease and related guidance under IFRS 16 to all existing lease contracts as at April 1, 2019.

Impact on lessor accounting

The accounting policies applicable to the Corporation as a lessor under IFRS 16 remain largely unchanged from those under IAS 17.

Impact on lessee accounting

IFRS 16 changes how the Corporation accounts for leases previously classified as operating leases under IAS 17 and IFRIC 4. For contracts meeting the definition of a lease under IFRS 16, but not meeting the exemption for short-term or low value leases, the Corporation:

i. Recognizes right-of-use assets and lease liabilities in the statement of financial position, initially measured at the present value of the remaining lease payments discounted at the Corporation's incremental borrowing rate or the rate implicit in the lease;
ii. Recognizes depreciation on the right-of-use assets and interest expense on the lease liabilities in the statement of comprehensive income; and
iii. Recognizes principal repayments on lease liabilities as financing activities and interest payments on lease liabilities as operating activities in the statement of cash flows.

For short-term and low value leases, the Corporation recognizes the lease payments as an operating expense. Variable lease payments that do not depend on an index or a rate are not included in the measurement of the lease liability and the right-of-use asset and are recognized as an expense in the period in which the event or condition that triggers the payment occurs.

For new leases beginning on or after April 1, 2019, a right-of-use asset and lease liability are recognized at the lease commencement date. The right-of-use asset is initially measured at an amount equal to the lease liability and is adjusted for any payments made at or before the commencement date, less any lease incentives received. The lease liability is initially measured at the present value of the lease payments that are not paid at commencement and are discounted using the Corporation's incremental borrowing rate or the rate implicit in the lease.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, or if there is a change in the Corporation's estimate or assessment of whether it will exercise an extension, termination, or purchase option. A corresponding adjustment is made to the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Right-of-use assets are depreciated over the related lease term. The Corporation has applied judgment to determine the lease term for contracts that include renewal options. The assessment of whether the Corporation is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognized.

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, 2019 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.

4. Significant accounting policies (continued)

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 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

[1] STC dissolved on March 31, 2019. See Note 6.

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. CIC has classified its investment in Information Services Corporation as an associate.

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.

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

CIC has classified its 50.0 per cent interest in the Totnes Natural Gas Storage Facility as joint operations. During the year, the Corporation purchased the remaining 50.0 per cent ownership interest in the Cory Cogeneration Station. The joint venture owns and operates a 249-MW natural gas-fired cogeneration station near Saskatoon, Saskatchewan.

(thousands of dollars)

4. Significant accounting policies (continued)

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

The following standard is not yet effective for the period ended December 31, 2019 and has not been applied in preparing these condensed consolidated interim 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, 2022, with earlier application permitted if IFRS 15 and IFRS 9 are also adopted. While early adoption is permitted under the standard, 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 the financial statements. 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

On March 22, 2017, the Government of Saskatchewan announced that operating and capital subsidies to STC, 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 entered into an agreement for the sale of the remaining asset that closed April 30, 2019 with proceeds of $2.1 million. 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. On March 31, 2019, STC was dissolved.

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

	December 31 2019	March 31 2019
Property, plant and equipment	**$ -**	$ 2,090

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 December 31 2019	April 1 to December 31 2018
Operating	**-**	248
Salaries, wages and short-term employee benefits	**-**	(150)
Saskatchewan taxes and fees	**-**	45
	-	143
Results from operating activities	**-**	(143)
Finance income	**-**	88
Loss from discontinued operations	**$ -**	$ (55)

	April 1 to December 31 2019	April 1 to December 31 2018
Cash provided by operating activities	**$ -**	$ 2,454
Net change in cash and cash equivalents	**$ -**	$ 2,454

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.

7. Equity advances and capital disclosures (continued)

The debt ratio is as follows:

	December 31 2019	March 31 2019
Total debt (a)	**$ 10,197,158**	$ 9,795,275
Less: Sinking funds	**(1,163,110)**	(1,064,831)
Net debt	**9,034,048**	8,730,444
Equity	**5,856,576**	5,684,925
Capitalization	**$ 14,890,624**	$ 14,415,369
Debt ratio	**60.7%**	60.6%

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

8. Accumulated other comprehensive income

	December 31 2019	March 31 2019
Items that may be reclassified to net earnings:		
Unrealized gains on sinking funds	**$ 26,505**	$ 8,677
Unrealized losses on cash flow hedges	**(21,532)**	(39,513)
Realized losses on cash flow hedges	**(11,351)**	(11,695)
	(6,378)	(42,531)
Items that will not be reclassified to net earnings:		
Impact of changes in defined benefit plan actuarial assumptions	**136,901**	119,651
	$ 130,523	$ 77,120

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 December 31 2019	April 1 to December 31 2018
Adjustments to reconcile net earnings to cash provided from operating activities		
Depreciation and amortization	**$ 689,881**	$ 661,316
Share of earnings from investments in equity accounted investees	**(6,041)**	(6,674)
Defined benefit pension plan expense	**5,281**	854
Provision for decommissioning and environmental remediation liabilities	**50**	28,000
Unrealized losses (gains) on derivative financial instruments	**36,897**	(14,058)
Inventory recoveries	**(3,926)**	(11,939)
Loss on disposal of property, plant and equipment	**18,665**	2,356
Impairment (reversals) losses	**(476)**	2,234
Net finance expenses	**349,002**	356,117
Reclassification of natural gas hedges transitional market value losses	**(25,699)**	(19,262)
Other non-cash items	**(18,287)**	(8,647)
	$ 1,045,347	$ 990,297

(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:

	December 31, 2019			
	Level 1	**Level 2**	**Level 3**	**Total**
Cash and cash equivalents	**$ 184,812**	**$ -**	**$ -**	**$ 184,812**
Restricted cash and cash equivalents	**4,630**	**-**	**-**	**4,630**
Bank indebtedness	**9,340**	**-**	**-**	**9,340**
Notes payable	**1,320,789**	**-**	**-**	**1,320,789**
Investments carried at fair value through profit or loss	**219,135**	**735,287**	**192,287**	**1,146,709**
Investments carried at fair value through other comprehensive income	**-**	**1,163,110**	**-**	**1,163,110**
Investments - amortized cost	**-**	**64,002**	**-**	**64,002**
Long-term debt	**-**	**10,517,413**	**-**	**10,517,413**
Physical natural gas contracts - net	**-**	**(12,958)**	**-**	**(12,958)**
Natural gas price swaps - net	**-**	**(91,803)**	**-**	**(91,803)**
Physical electric forwards - net	-	**5,173**	-	**5,173**
Electricity contracts for differences - net	-	**(22)**	**-**	**(22)**

	March 31, 2019			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 199,596	$ -	$ -	$ 199,596
Restricted cash and cash equivalents	4,592	-	-	4,592
Bank indebtedness	6,426	-	-	6,426
Notes payable	1,470,186	-	-	1,470,186
Investments carried at fair value through profit or loss	225,785	633,714	176,723	1,036,222
Investments carried at fair value through other comprehensive income	-	1,064,831	-	1,064,831
Investments - amortized cost	-	76,307	-	76,307
Long-term debt	-	9,778,038	-	9,778,038
Physical natural gas contracts - net	-	24,227	-	24,227
Natural gas price swaps - net	-	(135,483)	-	(135,483)
Physical electricity forwards - net		3,204	-	3,204

12. Comparative figures

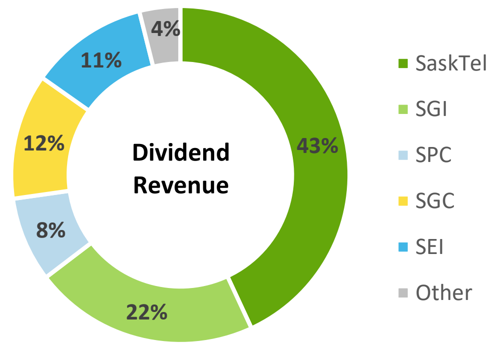
Certain of the comparative figures have been reclassified to conform to the current period's presentation.

CIC SEPARATE
FINANCIAL STATEMENTS

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 December 31, 2019 third quarter results, should be read in conjunction with the March 31, 2019 audited separate financial statements.

For the purposes of this narrative, "CIC" refers to the holding company.

Financial Results

CIC Separate Third Quarter Earnings (millions of dollars) (unaudited)	**For the nine months ended** **December 31** **2019**	 December 31 2018
Dividend revenue	**$ 191.5**	$ 138.8
Add: Finance and other revenue	**0.8**	1.8
Less: Operating, salaries and other expenses	**(7.5)**	(6.7)
Grants to Saskatchewan Immigrant Investor Fund Inc. (SIIF)	**(7.0)**	-
Total Separate Earnings	**$ 177.8**	$ 133.9

Net Earnings

Net earnings for the nine months ended December 31, 2019 were $177.8 million (2018 - $133.9 million), an increase of $43.9 million. The increase in net earnings is primarily due to higher dividend revenue of $52.7 million partially offset by grants to SIIF of $7.0 million, lower finance income and other income of $1.0 million and higher operating, salaries and other expenses of $0.8 million. A more detailed discussion of the net earnings is included on the following pages.

Dividend Revenue

Dividend revenue for the nine months ended December 31, 2019 was $191.5 million (2018 - $138.8 million), an increase of $52.7 million compared to the same period of 2018-19. This increase is primarily due to higher dividends declared by SGI ($28.8 million), SaskPower ($15.4 million), SaskGaming ($9.9 million), SaskEnergy ($5.0 million) and SaskWater ($1.4 million). Offsetting these increases is lower dividends declared by SaskTel ($7.5 million) and SOCO ($0.3 million). Crown dividend capacity considers infrastructure reinvestment requirements, financial performance and debt reduction, if required.

Dividend Revenue (continued)

For the first nine months of each fiscal period, dividends from subsidiary Crown corporations are typically based on 75 per cent of forecast dividends for the year. The forecast dividend is calculated in accordance with CIC's dividend policy and is typically based on a percentage of operating earnings; however, various factors may lead to an amount being set on an alternate basis. Operating earnings excludes any non-cash fair market value adjustments on items such as financial instruments and inventory. Dividend targets are based on the overall financial health of the subsidiary Crown and its need for capital investment and debt reduction, if required. These targets are subject to change during the year if there is a significant change in circumstances. The 2019-20 budgeted dividends and per cent of operating earnings are as follows:

CIC Crown Corporations
2019-20 Earnings & Dividend Budget
(millions of dollars)

	Earnings (Loss)	Dividend to CIC	Dividend % of Operating Earnings[1]
SaskPower	$ 255.2	$ 25.5	10%
SaskTel	129.5	116.6	90%
SaskEnergy	63.8	22.4	35%
SGI CANADA[2]	59.1	48.0	N/A
SGC[3]	21.8	27.5	80%
SaskWater	6.7	3.3	50%
SIIF	5.4	-	-
SOCO	2.8	2.5	90%
CIC AMI	1.0	-	-
CIC (Separate) and other[4]	(13.6)	4.3	N/A
Total Budgeted Earnings & Dividends	$ 531.7	$ 250.1	

[1] Dividends paid to CIC are typically based on a percentage of operating earnings; however, various factors may lead to a dividend amount being set on an alternate basis.
[2] SGI CANADA's dividend payout has been set at an amount in alignment with achieving the company's MCT target of 242 per cent.
[3] SGC has financial capacity to provide CIC with an additional $10.0 million dividend for a total dividend of $27.5 million.
[4] Includes FNMF, CIC Economic Holdco Ltd., consolidation adjustments and dividend to CIC based on CIC's 31.0 per cent ownership of ISC.

Operating, Salaries and Other Expenses

Operating, salaries and other expenses for the nine months ended December 31, 2019 were $7.5 million (2018 - $6.7 million). CIC continues to show restraint and these expenses are consistent with the same period of 2018-19.

Grants to SIIF

In the nine months ended December 31, 2019, CIC provided $7.0 million (2018 - Nil) in grants to SIIF to support its repayments to the Government of Canada relating to the Immigrant Investor Program (IIP). SIIF recorded an impairment on a developer loan, which has resulted in the requirement for grants. Overall, SIIF has been very successful in delivering its mandate to construct more than 1,500 entry level homes in Saskatchewan.

SIIF was established in 2010 to participate in the Government of Canada's IIP. SIIF used IIP funds to deliver the Government of Saskatchewan's HeadStart on a Home program that assisted developers in building affordable entry-level housing in Saskatchewan. Funds received from the IIP are repaid, after a term of five years, with the final repayment projected to be in 2024.

Liquidity and Capital Resources

Cash Flow Highlights (millions of dollars) (unaudited)	For the nine months ended December 31 2019	December 31 2018
Net cash from operating activities	**$ 180.3**	$ 151.4
Net cash from investing activities	**3.9**	2.5
Net cash used in financing activities	**(228.8)**	-
Net change in cash	**$ (44.6)**	$ 153.9

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 nine months ended December 31, 2019 was $180.3 million (2018 - $151.4 million), an increase of $28.9 million. The increase is primarily due to higher net earnings of $43.9 million (detailed discussion on previous pages) offset by a $16.1 million decrease in changes in non-cash working capital balances. Non-cash working capital is primarily impacted by dividends declared by Crown corporations. In the first nine months of 2018-19, Crowns declared significantly less dividends in the third quarter than what was declared at March 31, 2018. The majority of this decrease was due to SGI having higher than budgeted claim costs and lower investment income.

Net cash from investing activities for the nine months ended December 31, 2019 was $3.9 million (2018 - $2.5 million), an increase of $1.4 million. This difference was a result of an equity repayment from SOCO of $1.0 million and receiving the proceeds from the sale of the remaining STC property of $2.1 million. Partially offsetting this increase is a reduction of interest received from short term investments as CIC now distributes available cash on hand quarterly, as a dividend to the Province's GRF, rather than at year-end.

Net cash used in financing activities for the nine months ended December 31, 2019 was $228.8 million (2018 - Nil). The increase in cash used was due to increased dividends paid to the GRF as CIC has changed its dividend policy to pay quarterly dividends to the GRF instead of an annual payment at the end of the year. CIC's quarterly dividend payments to the GRF consist of $129.5 million on June 28, 2019 and $55.0 million on October 2, 2019. CIC also provided an equity repayment of $44.0 million to the GRF on December 30, 2019.

Debt Management

CIC as a legal entity has no debt. Currently, CIC does not expect to borrow in 2019-20.

Outlook and Key Factors Affecting Performance

Since CIC is a holding company, the key factor affecting its earnings is the level of subsidiary Crown corporation earnings and, in turn, dividends. The CIC Board determines dividend levels after considering medium term reinvestment needs within each Crown corporation to sustain operations, to grow and diversify, and for debt reduction if necessary. The Crown dividend levels are impacted by many factors as noted on page 9.

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

	Note	**(Unaudited) December 31 2019**	(Audited*) March 31 2019
ASSETS			
Current			
Cash and cash equivalents		**$ 19,871**	$ 64,444
Interest and accounts receivable		**28**	93
Dividends receivable		**92,070**	96,137
Assets held-for-sale	6	**-**	2,090
		111,969	162,764
Equity advances to Crown corporations	7	**1,118,731**	1,119,731
Investments in share capital corporations		**1,040**	1,040
Property, plant and equipment		**119**	183
Right-of-use assets		**387**	-
		$ 1,232,246	$ 1,283,718
LIABILITIES AND PROVINCE'S EQUITY			
Current			
Interest and accounts payable		**$ 1,663**	$ 2,296
Deferred revenue	6	**-**	525
Lease liabilities		**359**	-
		2,022	2,821
Lease liabilities		**31**	-
		2,053	2,821
Province of Saskatchewan's Equity			
Equity advances		**864,889**	908,889
Retained earnings		**365,304**	372,008
		1,230,193	1,280,897
		$ 1,232,246	$ 1,283,718

(See accompanying notes)

*As presented in the audited March 31, 2019 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	October 1 to December 31 2019	October 1 to December 31 2018	April 1 to December 31 2019	April 1 to December 31 2018
INCOME FROM OPERATIONS					
Dividend revenue	8	**$ 93,155**	$ 53,193	**$ 191,470**	$ 138,818
Other income		**-**	172	**8**	186
		93,155	53,365	**191,478**	139,004
EXPENSES					
Operating		**960**	720	**2,252**	2,169
Salaries and short-term employee benefits		**1,510**	1,367	**4,507**	4,146
Employee future benefits		**159**	137	**343**	318
Depreciation		**122**	21	**380**	62
Loss on disposal of property, plant and equipment		**3**	-	**3**	-
		2,754	2,245	**7,485**	6,695
EARNINGS FROM OPERATIONS		**90,401**	51,120	**183,993**	132,309
Finance income		**142**	738	**816**	1,627
Finance expenses		**(3)**	(2)	**(13)**	(6)
NET FINANCE INCOME		**139**	736	**803**	1,621
EARNINGS BEFORE PUBLIC POLICY INITIATIVES		**90,540**	51,856	**184,796**	133,930
Grants to Saskatchewan Immigrant Investor Fund Inc.		**(644)**	-	**(7,000)**	-
NET EARNINGS		**89,896**	51,856	**177,796**	133,930
OTHER COMPREHENSIVE INCOME		**-**	-	**-**	-
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO THE PROVINCE OF SASKATCHEWAN		**$ 89,896**	$ 51,856	**$ 177,796**	$ 133,930

(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, 2018	$ 908,889	$ 392,660	$ 1,301,549
Total comprehensive income	-	133,930	133,930
Balance at December 31, 2018	$ 908,889	$ 526,590	$ 1,435,479
Balance at January 1, 2019	$ 908,889	$ 526,590	$ 1,435,479
Total comprehensive income	-	101,418	101,418
Dividends to the General Revenue Fund	-	(256,000)	(256,000)
Balance at March 31, 2019	$ 908,889	$ 372,008	$ 1,280,897
Balance at April 1, 2019	**$ 908,889**	**$ 372,008**	**$ 1,280,897**
Total comprehensive income	**-**	**177,796**	**177,796**
Dividends to the General Revenue Fund	**-**	**(184,500)**	**(184,500)**
Equity advances repaid to the General Revenue Fund	**(44,000)**	**-**	**(44,000)**
Balance at December 31, 2019	**$ 864,889**	**$ 365,304**	**$ 1,230,193**

(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 December 31 2019	April 1 to December 31 2018
OPERATING ACTIVITIES			
Net earnings		**$ 177,796**	$ 133,930
Items not affecting cash from operations			
Depreciation		**380**	62
Net finance income		**(803)**	(1,621)
Loss on disposal of property, plant and equipment		**3**	-
		177,376	132,371
Net change in non-cash working capital balances related to operations	9	**2,974**	19,086
Interest paid		**(6)**	(6)
Net cash from operating activities		**180,344**	151,451
INVESTING ACTIVITIES			
Interest received		**816**	1,627
Repayment of due from CIC Economic Holdco Ltd.		**-**	878
Equity advance repayments from Crown corporations		**1,000**	-
Proceeds from sale of property, plant and equipment	6	**2,090**	-
Purchase of equipment		**-**	(4)
Net cash from investing activities		**3,906**	2,501
FINANCING ACTIVITIES			
Equity advance repaid to the General Revenue Fund		**(44,000)**	-
Dividends paid to General Revenue Fund		**(184,500)**	-
Principal repayments of lease liabilities		**(323)**	-
Net cash used in financing activities		**(228,823)**	-
NET CHANGE IN CASH AND CASH EQUIVALENTS DURING PERIOD		**(44,573)**	153,952
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD		**64,444**	59,586
CASH AND CASH EQUIVALENTS, END OF PERIOD		**$ 19,871**	$ 213,538

(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 5.

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 the information required for full annual financial statements, and accordingly should be read in conjunction with the March 31, 2019 audited separate financial statements.

The condensed separate interim financial statements were authorized for issue by the CIC Board of Directors on March 9, 2020.

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, 2019, have been applied in preparing these condensed separate interim financial statements:

IFRS 16, *Leases*

Effective April 1, 2019, the Corporation adopted IFRS 16, *Leases* which provides principles for the recognition, measurement, presentation and disclosure of leases. The standard removed the distinction between operating and finance leases and introduced a single, on-balance sheet accounting model requiring lessees to recognize right-of-use assets and lease liabilities.

The Corporation elected to adopt IFRS 16 using the modified retrospective approach on transition. Comparative information has not been restated and continues to be reported under IAS 17, *Leases* or IFRIC 4, *Determining whether an arrangement contains a lease*. There was no impact to opening retained earnings upon adoption. Refer to the Corporation's most recent annual report for information on its prior accounting policies for leases. In adopting IFRS 16, the Corporation elected to apply the following practical expedients permitted by the standard:

i. Exemption to not recognize right-of-use assets and lease liabilities for short-term leases that have a remaining lease term of less than 12 months as at April 1, 2019, and for low value leases;
ii. Measure the right-of-use asset at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the statement of financial position immediately before the date of initial application;
iii. Apply a single discount rate to a portfolio of leases with reasonably similar characteristics (such as leases with a similar remaining lease term for a similar class of underlying asset in a similar economic environment); and
iv. Exclude initial direct costs for the measurement of the right-of-use asset at the date of initial application.

Adoption of IFRS 16 did not have a material impact on the condensed separate interim financial statements.

Upon adoption of IFRS 16, the Corporation changed its accounting policy for leases, which is outlined on the following page.

3. Application of revised accounting standards (continued)

Impact of the new definition of a lease

The Corporation now assesses whether a contract is or contains a lease based on the new definition of a lease. The change in the definition mainly relates to the concept of control. Under IFRS 16, a contract is or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. The Corporation applied the definition of a lease and related guidance under IFRS 16 to all existing lease contracts as at April 1, 2019.

Impact on lessee accounting

IFRS 16 changes how the Corporation accounts for leases previously classified as operating leases under IAS 17 and IFRIC 4. For contracts meeting the definition of a lease under IFRS 16, but not meeting the exemption for short-term or low value leases, the Corporation:

i. Recognizes right-of-use assets and lease liabilities in the statement of financial position, initially measured at the present value of the remaining lease payments discounted at the Corporation's incremental borrowing rate or the rate implicit in the lease;
ii. Recognizes depreciation on the right-of-use assets and interest expense on the lease liabilities in the statement of comprehensive income; and
iii. Recognizes principal repayments on lease liabilities as financing activities and interest payments on lease liabilities as operating activities in the statement of cash flows.

For short-term (less than a year) and low value leases, the Corporation recognizes the lease payments as an operating expense.

For new leases beginning on or after April 1, 2019, a right-of-use asset and lease liability are recognized at the lease commencement date. The right-of-use asset is initially measured at an amount equal to the lease liability and is adjusted for any payments made at or before the commencement date, less any lease incentives received. The lease liability is initially measured at the present value of the lease payments that are not paid at commencement and are discounted using the Corporation's incremental borrowing rate or the rate implicit in the lease.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, or if there is a change in the Corporation's estimate or assessment of whether it will exercise an extension, termination, or purchase option. A corresponding adjustment is made to the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. Right-of-use assets are depreciated over the related lease term.

The Corporation has building and office equipment leases.

4. 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, 2019 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.

CIC prepares condensed consolidated interim financial statements. The unaudited condensed consolidated interim financial statements were authorized by the CIC Board of Directors on March 9, 2020. CIC's condensed consolidated interim financial statements should be referenced for further information.

(thousands of dollars)

5. Status of Crown Investments Corporation of Saskatchewan

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

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

- 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[1]

In addition to the above Crown corporations, CIC is 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.

[1] STC dissolved on March 31, 2019. See Note 6.

6. Assets held-for-sale

On March 31, 2019, in accordance with Orders in Council 197/2017 and 99/2018 STC was legally dissolved. Upon dissolution, all residual assets, liabilities, obligations and equity were transferred to CIC. As a result, assets held-for-sale consisted of $2.1 million in property, plant and equipment for the Regina Maintenance Facility property.

During 2018-19, STC entered into an agreement for the sale of the Regina Maintenance Facility with a sale closing date of April 30, 2019 and received sale deposits of $0.5 million classified as deferred revenue. On April 30, 2019, the sale was completed, and the Corporation received $1.6 million in proceeds for total net proceeds of $2.1 million.

7. Equity advances to Crown corporations

	December 31 2019	March 31 2019
Saskatchewan Power Corporation	**$ 626,000**	$ 626,000
Saskatchewan Telecommunications Holding Corporation	**237,000**	237,000
Saskatchewan Opportunities Corporation	**95,500**	96,500
Saskatchewan Government Insurance	**80,000**	80,000
SaskEnergy Incorporated	**71,531**	71,531
Saskatchewan Water Corporation	**8,700**	8,700
	$ 1,118,731	$ 1,119,731

8. Dividend revenue

	April 1 to December 31 2019	April 1 to December 31 2018
Saskatchewan Telecommunications Holding Corporation	**$ 82,350**	$ 89,808
Saskatchewan Government Insurance	**41,250**	12,500
Saskatchewan Gaming Corporation	**23,271**	13,392
SaskEnergy Incorporated	**21,605**	16,627
Saskatchewan Power Corporation	**15,440**	-
Information Services Corporation	**3,255**	3,255
Saskatchewan Water Corporation	**2,627**	1,236
Saskatchewan Opportunities Corporation	**1,672**	2,000
	$ 191,470	$ 138,818

(thousands of dollars)

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

	April 1 to December 31 2019	April 1 to December 31 2018
Decrease (increase) in interest and accounts receivable	**$ 65**	$ (1,500)
Decrease in dividends receivable	**4,067**	21,413
Decrease in interest and accounts payable	**(633)**	(827)
Decrease in deferred revenue	**(525)**	-
	$ 2,974	$ 19,086