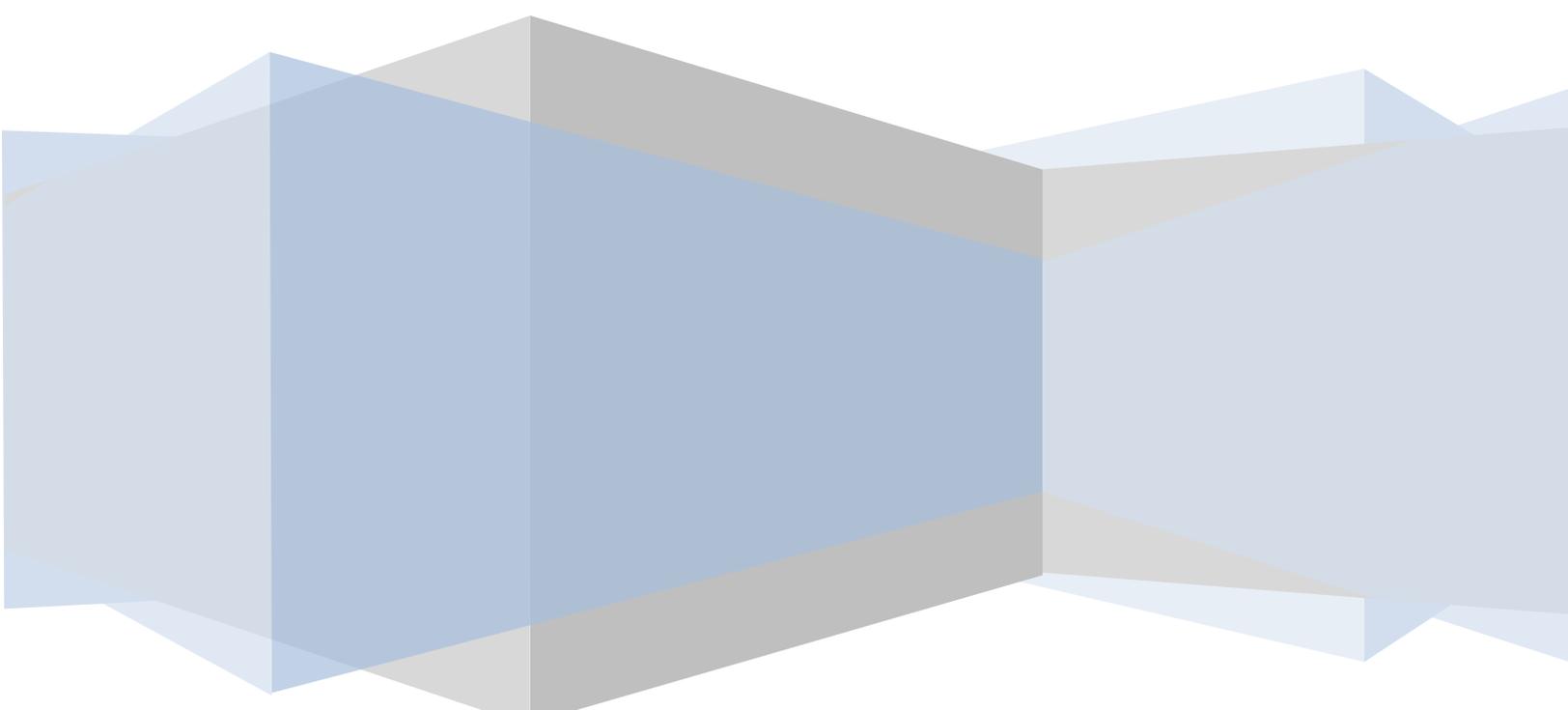


Quarter 3 Financial Report

For the period ended December 31, 2018

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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 2018-19 third quarter financial results should be read in conjunction with the March 31, 2018 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, 2018 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 Telecommunications
Saskatchewan Gaming Corporation (SGC)	Holding Corporation and Saskatchewan
Saskatchewan Government Insurance (SGI CANADA)	Telecommunications (collectively SaskTel)
Saskatchewan Opportunities Corporation (SOCO)	Saskatchewan Transportation Company (STC) ¹
Saskatchewan Power Corporation (SaskPower)	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, 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

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, 2018. 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, 2018 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, 2018 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 operations ceased in 2017-18. See Note 6 of the condensed consolidated interim financial statements.

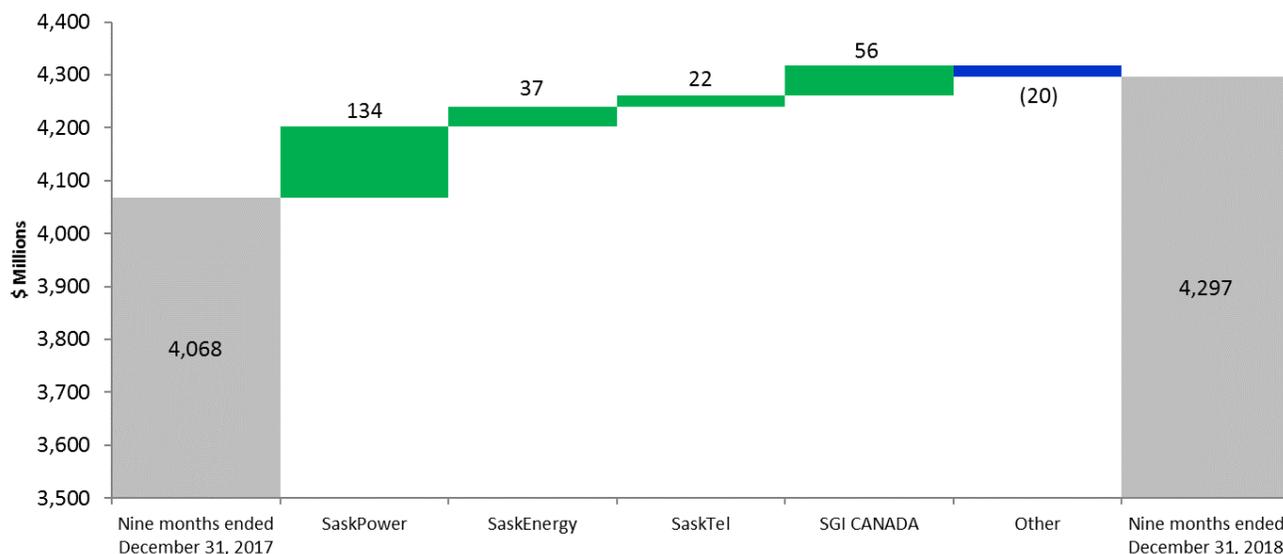
Subsidiary Corporation Earnings (millions of dollars) (unaudited)	For the nine months ended	
	December 31 2018	December 31 2017
SaskPower	\$ 156.7	\$ 82.9
SaskTel	99.0	87.4
SaskEnergy	99.6	63.2
SGC	17.3	18.4
SaskWater	5.6	7.0
SOCO	2.7	3.1
CIC AMI	0.7	1.0
STC	(0.1)	7.1
SIIF	(1.7)	(1.2)
SGI CANADA	(4.3)	36.7
CIC (Separate)	133.9	122.3
Other²	<u>(136.7)</u>	<u>(136.6)</u>
Net earnings	<u>\$ 372.7</u>	<u>\$ 291.3</u>

² Includes First Nations and Métis Fund Inc., Gradworks Inc. (dissolved on March 31, 2018), 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's consolidated net earnings for the nine months ended December 31, 2018 were \$372.7 million (2017 - \$291.3 million) or \$81.4 million higher than the same period in 2017. The Corporation experienced higher net earnings in the period primarily due to increased earnings at SaskPower, SaskTel and SaskEnergy, partially offset by decreased 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, 2018 was \$4,297.0 million (2017 - \$4,068.2 million) or a \$228.8 million increase over the same period in 2017 primarily related to increases at SaskPower, SaskEnergy, SaskTel and SGI CANADA.

SaskPower revenue increased by \$133.8 million primarily due to a 3.5 per cent system-wide average rate increase which became effective March 1, 2018. Increased electricity sales volumes to Saskatchewan customers also contributed to the additional revenue.

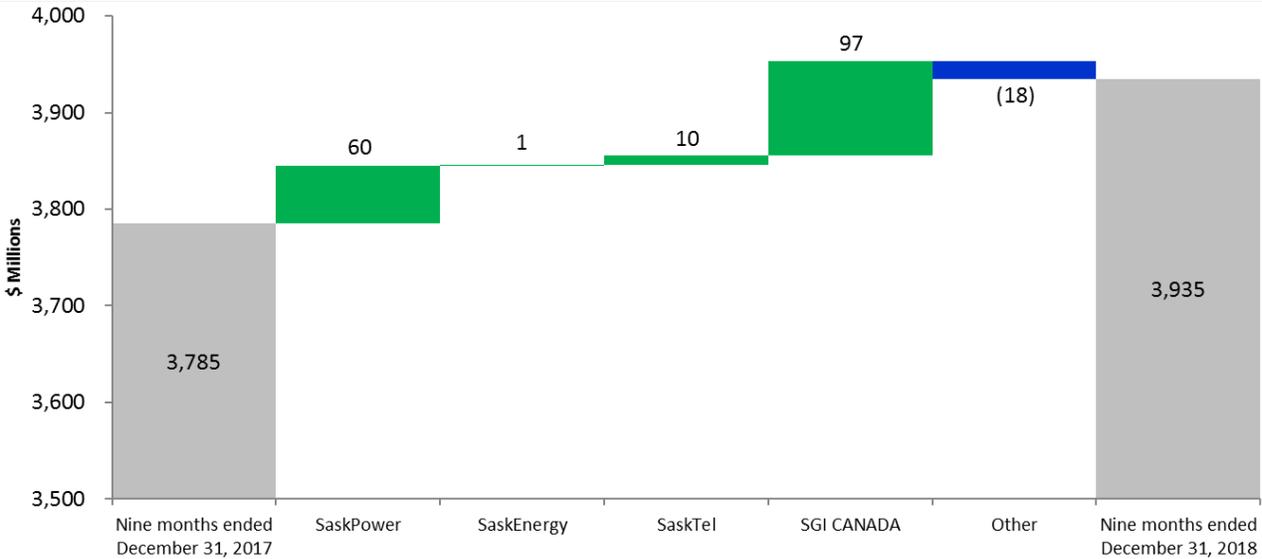
SaskEnergy revenue increased by \$37.2 million primarily due to increased demand as a result of colder weather. Delivery revenue also increased due to rate increases effective November 1, 2017 and November 1, 2018.

SaskTel revenue increased by \$21.7 million primarily due to changes in accounting standards (IFRS 15, *Revenue from Contracts with Customers*).

SGI CANADA revenue increased by \$56.4 million primarily due to increased premiums written in Saskatchewan, Alberta, and British Columbia. Saskatchewan experienced growth in all business lines due to customer growth and rate increases due to inflation. Customer growth in personal lines, personal auto, and commercial auto contributed to the majority of the increase in Alberta. British Columbia premiums written increased due to additional broker partnerships entered in the first nine months of the year.

Management’s Discussion and Analysis (continued)

Changes in Total Operating Expenses and Net Finance Expense



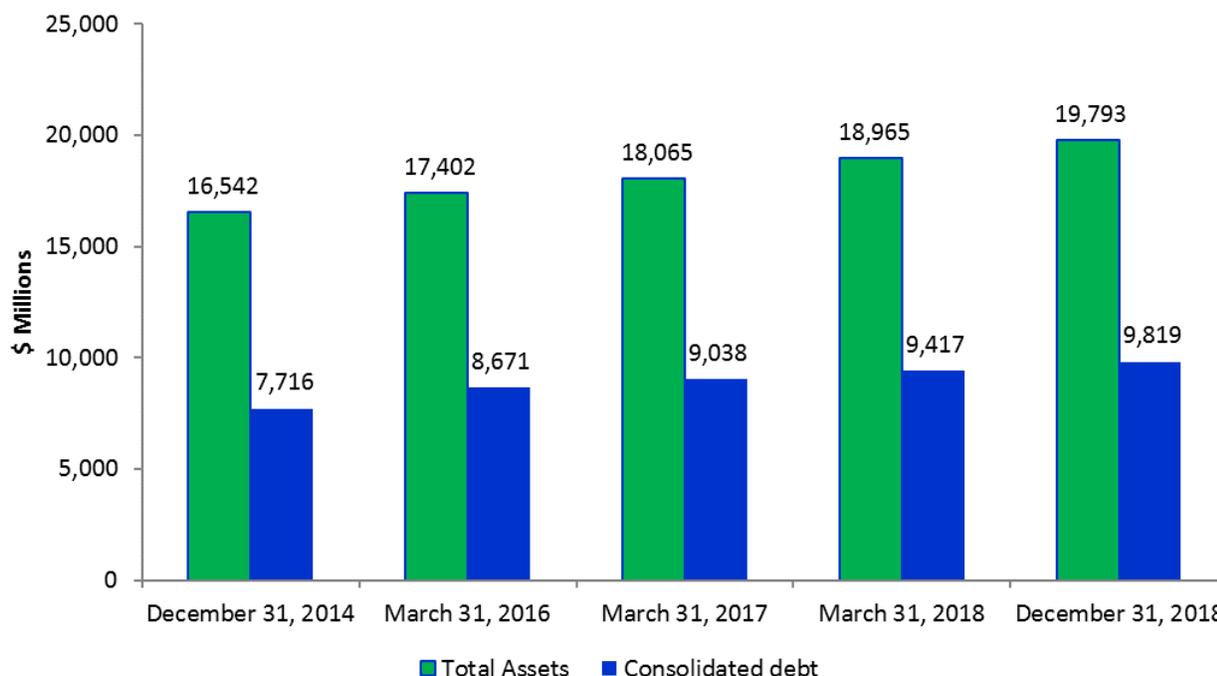
Total operating and net finance expense for the nine months ended December 31, 2018 were \$3,934.8 million (2017 - \$3,785.1 million) or a \$149.7 million increase from the same period in 2017 primarily related to increases at SaskPower and SGI CANADA.

Total operating and net finance expense increased at SaskPower by \$60.2 million primarily due to increased facility maintenance as a result of severe weather and increased depreciation due to continued infrastructure investment.

Total operating and net finance expense increased at SGI CANADA by \$97.4 million primarily due to increased claims as a result of premium growth in all jurisdictions and higher frequency and severity of commercial lines claims in Saskatchewan. Decreased investment earnings due to negative equity returns and increased commissions and premium taxes due to premium growth also contributed to the increase.

Management's Discussion and Analysis (continued)

Capital Spending



For the nine months ended December 31, 2018, property, plant and equipment, intangible asset and investment property purchases were \$1,080.4 million (2017 - \$1,099.2 million) or an \$18.8 million decrease from the same period in 2017. Major capital expenditures included:

- \$621.4 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;
- \$232.9 million at SaskEnergy primarily related to customer connections, system expansions to meet industrial customer growth, and spending to ensure the safety and integrity of its extensive distribution and transmission systems; and
- \$190.1 million at SaskTel on Fibre to the Premises, wireless network enhancements and basic network growth and enhancements.

Consolidated debt at December 31, 2018 was \$9,819.0 million (March 2018 - \$9,416.8 million) or an \$402.2 million increase from March 31, 2018. 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, 2018

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

Cash Flow Highlights

(millions of dollars)
(unaudited)

For the nine months ended
December 31
2018

December 31
2017

Net cash from operating activities	\$ 875.2	\$ 911.1
Net cash used in investing activities	(993.2)	(1,084.1)
Net cash from financing activities	314.8	312.8
Change in cash and cash equivalents	\$ 196.8	\$ 139.8

Operating, Investing and Financing Activities

Net cash from operating activities for the nine months ended December 31, 2018 was \$875.2 million (2017 - \$911.1 million) or a decrease of \$35.9 million. Cash from operating activities decreased primarily due to increased unfavourable changes in non-cash working capital balances and increased interest paid due to higher debt. These cash decreases were partially offset by increased net earnings.

Net cash used in investing activities for the nine months ended December 31, 2018 was \$993.2 million (2017 - \$1,084.1 million). The \$90.9 million decrease is primarily due to lower capital spending and decreased investment purchases at SIIF as cash was required to repay the Government of Canada pursuant to the Immigrant Investor Program.

Net cash from financing activities for the nine months ended December 31, 2018 was \$314.8 million (2017 - \$312.8 million). The increase of \$2.0 million was due to increased long-term debt partially offset by decreased notes payable and increased net sinking fund installments.

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; 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 2018	(Audited*) March 31 2018
ASSETS			
Current			
Cash and cash equivalents		\$ 359,543	\$ 170,616
Short-term investments		120,924	165,953
Short-term investments under securities lending program		31,431	58,200
Accounts receivable		1,114,088	1,073,333
Restricted cash and cash equivalents		6,123	70,196
Derivative financial assets		60,760	30,068
Inventories		302,991	275,203
Prepaid expenses		185,231	218,482
Assets classified as held for sale	6	2,090	10,022
Contract assets		60,886	-
Contract costs		16,699	-
		2,260,766	2,072,073
Restricted cash and cash equivalents		4,663	4,663
Long-term investments		1,693,177	1,621,896
Long-term investments under securities lending program		263,872	198,912
Contract assets		22,362	-
Contract costs		45,164	-
Investments in equity accounted investees		139,900	140,959
Property, plant and equipment		14,763,529	14,276,125
Investment property		173,807	174,637
Intangible assets		404,524	457,531
Other assets		21,223	18,629
		\$ 19,792,987	\$ 18,965,425
LIABILITIES AND PROVINCE'S EQUITY			
Current			
Bank indebtedness		\$ 7,299	\$ 15,218
Trade and other payables		761,755	919,293
Derivative financial liabilities		185,133	216,786
Notes payable		1,434,602	1,563,495
Deferred revenue		529,615	572,589
Provisions		258,721	245,109
Finance lease obligations		25,450	20,167
Long-term debt due within one year		121,330	125,412
Contract liabilities		118,690	-
		3,442,595	3,678,069
Contract liabilities		647	-
Provisions		821,893	713,366
Finance lease obligations		1,091,493	1,110,260
Long-term debt		8,263,042	7,727,862
Employee future benefits		238,767	248,588
Other liabilities		210,755	223,656
		14,069,192	13,701,801
Province of Saskatchewan's Equity			
Equity advances		908,889	908,889
Contributed surplus		85	85
Retained earnings		4,764,911	4,303,094
Accumulated other comprehensive income	8	49,910	51,556
		5,723,795	5,263,624
		\$ 19,792,987	\$ 18,965,425

Commitments and contingencies 9

(See accompanying notes)

*As presented in the audited March 31, 2018 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 2018	October 1 to December 31 2017	April 1 to December 31 2018	April 1 to December 31 2017
INCOME FROM OPERATIONS					
Revenue		\$ 1,535,650	\$ 1,469,337	\$ 4,297,025	\$ 4,068,223
Other income		128	897	3,886	4,113
		1,535,778	1,470,234	4,300,911	4,072,336
EXPENSES					
Operating		734,689	695,640	2,053,524	1,931,513
Salaries, wages and short-term employee benefits		216,121	211,633	663,977	656,795
Employee future benefits		14,060	15,064	35,409	35,788
Depreciation and amortization		218,759	218,172	661,316	648,999
(Gain) loss on disposal of property, plant and equipment		(6,497)	8,137	2,356	46,381
Impairment losses (reversals)		12,202	1,472	2,234	(3,431)
Research and development		68	29	138	104
Provision for decommissioning and environmental remediation		-	-	28,000	-
Saskatchewan taxes and fees		41,562	39,693	131,759	128,956
		1,230,964	1,189,840	3,578,713	3,445,105
RESULTS FROM OPERATING ACTIVITIES					
		304,814	280,394	722,198	627,231
Finance income		10,519	37,173	66,403	77,954
Finance expenses		(139,949)	(137,096)	(422,520)	(417,902)
NET FINANCE EXPENSES					
		(129,430)	(99,923)	(356,117)	(339,948)
Share of net earnings from equity accounted investees		1,589	6,650	6,674	9,418
EARNINGS FROM CONTINUING OPERATIONS					
		176,973	187,121	372,755	296,701
Gain (loss) from discontinued operations	6	109	(448)	(55)	(5,360)
NET EARNINGS					
		177,082	186,673	372,700	291,341
OTHER COMPREHENSIVE INCOME					
Defined benefit plan actuarial (losses) gains		(36,184)	103,918	11,061	111,407
Unrealized losses on cash flow hedges		(11,117)	(26,774)	(7,207)	(51,367)
Unrealized gains (losses) on sinking funds		7,605	19,099	(5,844)	11,434
Realized gains on cash flow hedges		-	-	-	10,421
Amounts amortized to net earnings and included in net finance expenses		115	115	344	451
OTHER COMPREHENSIVE (LOSS) INCOME					
		(39,581)	96,358	(1,646)	82,346
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO THE PROVINCE OF SASKATCHEWAN					
		\$ 137,501	\$ 283,031	\$ 371,054	\$ 373,687

(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, 2017	\$ 908,889	\$ 85	\$ 4,005,105	\$ (50,699)	\$ 4,863,380
Total comprehensive income	-	-	291,496	82,346	373,842
Dividends to the GRF	-	-	-	-	-
Balance at December 31, 2017	<u>\$ 908,889</u>	<u>\$ 85</u>	<u>\$ 4,296,601</u>	<u>\$ 31,647</u>	<u>\$ 5,237,222</u>
Balance at January 1, 2018	\$ 908,889	\$ 85	\$ 4,296,601	\$ 31,647	\$ 5,237,222
Total comprehensive income	-	-	211,493	19,909	231,402
Dividends to the GRF	-	-	(205,000)	-	(205,000)
Balance at March 31, 2018	<u>\$ 908,889</u>	<u>\$ 85</u>	<u>\$ 4,303,094</u>	<u>\$ 51,556</u>	<u>\$ 5,263,624</u>
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 (Note 3)	-	-	<u>89,117</u>	-	<u>89,117</u>
As restated	908,889	85	4,392,211	51,556	5,352,741
Total comprehensive income (loss)	-	-	372,700	(1,646)	371,054
Dividends to the GRF	-	-	-	-	-
Balance at December 31, 2018	<u>\$ 908,889</u>	<u>\$ 85</u>	<u>\$ 4,764,911</u>	<u>\$ 49,910</u>	<u>\$ 5,723,795</u>

(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 2018	April 1 to December 31 2017
OPERATING ACTIVITIES			
Net earnings		\$ 372,700	\$ 291,341
Adjustments to reconcile net earnings to cash from operating activities	10	990,720	997,161
		1,363,420	1,288,502
Net change in non-cash working capital balances related to operations		(63,827)	18,044
Interest paid		(424,374)	(395,476)
Net cash from operating activities		875,219	911,070
INVESTING ACTIVITIES			
Interest received		42,339	37,533
Dividends received		4,318	710
Purchase of investments		(813,169)	(715,249)
Proceeds from sale and collection of investments		801,689	681,912
Purchase of property, plant and equipment		(1,032,920)	(1,008,721)
Proceeds related to sale of property, plant and equipment		28,171	1,641
Purchase of intangible assets		(41,546)	(76,639)
Purchase of investment property		(5,905)	(13,845)
Decrease in restricted cash and cash equivalents		23,945	5,525
(Increase) decrease in other assets		(160)	3,059
Net cash used in investing activities		(993,238)	(1,084,074)
FINANCING ACTIVITIES			
(Decrease) increase in notes payable		(128,894)	151,324
(Decrease) increase in other liabilities		(15,661)	12,766
Debt proceeds from the GRF		597,092	395,170
Debt repayments to the GRF		-	(161,591)
Debt proceeds from other lenders		-	414
Debt repayments to other lenders		(77,671)	(39,276)
Sinking fund instalments		(60,001)	(55,417)
Sinking fund redemptions		-	9,462
Dividends paid		-	-
Net cash from financing activities		314,865	312,852
NET CHANGE IN CASH AND CASH EQUIVALENTS DURING PERIOD		196,846	139,848
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD		155,398	143,803
CASH AND CASH EQUIVALENTS, END OF PERIOD		\$ 352,244	\$ 283,651
Cash and cash equivalents consists of:			
Cash and cash equivalents from continuing operations		\$ 359,543	\$ 295,180
Bank indebtedness from continuing operations		(7,299)	(11,529)
		\$ 352,244	\$ 283,651

(See accompanying notes)

Crown Investments Corporation of Saskatchewan
Notes to Condensed Consolidated Interim Financial Statements
December 31, 2018
(thousands of dollars)
(unaudited)

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, 2018 audited consolidated financial statements.

The condensed consolidated interim financial statements were authorized for issue by the Board of Directors on March 6, 2019.

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, 2018, have been applied in preparing these interim condensed consolidated financial statements:

IFRS 15, Revenue from Contracts with Customers

The Corporation has adopted IFRS 15, *Revenue from Contracts with Customers* with a date of initial application of April 1, 2018. In accordance with the transition provisions of IFRS 15, the Corporation has applied IFRS 15 using the cumulative effect method i.e. by recognizing the cumulative effect of initially applying IFRS 15 as an adjustment to the opening balance of retained earnings at April 1, 2018. As a result, comparative information has not been restated and continues to be reported under IAS 18, *Revenue*, IAS 11, *Construction Contracts* and IFRIC 18, *Transfers of Assets from Customers*, the standards in effect at the time. In adopting IFRS 15, the Corporation has elected to apply the following expedients:

- a) The Corporation applied the standard retrospectively only to contracts that are not completed contracts at the date of initial application.
- b) The Corporation did not retrospectively restate contract modifications that occurred before April 1, 2018 when:
 - i. Identifying the satisfied and unsatisfied performance obligations;
 - ii. Determining the transaction price; and
 - iii. Allocating the transaction price to the satisfied and unsatisfied performance obligations.
- c) The Corporation will recognize revenue from contracts where the right to consideration from a customer corresponds directly with the value to the customer of the Corporation's performance completed to date in the amount to which the Corporation has the right to invoice.
- d) The Corporation will not disclose the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied (or partially satisfied) as of the end of the reporting period for contracts that have an original expected duration of one year or less and contracts where the right to consideration from a customer corresponds directly with the value to the customer of the Corporation's performance completed to date in the amount to which the Corporation has the right to invoice.
- e) The Corporation will not adjust the promised amount of consideration for the effects of a significant financing component if the Corporation expects, at the contract inception, that the period between when the Corporation transfers the good or service to the customer and when the customer pays for the service will be one year or less.

Crown Investments Corporation of Saskatchewan
Notes to Condensed Consolidated Interim Financial Statements
December 31, 2018
(thousands of dollars)
(unaudited)

3. Application of revised accounting standards (continued)

IFRS 15, Revenue from Contracts with Customers (continued)

- f) The Corporation may apply the standard to a portfolio of contracts. Specific contract types will be assessed to determine if the portfolio method is most appropriate.

The application of IFRS 15 has significant impacts on the recognition of revenue, specifically from wireless contracts, and the treatment of costs incurred to acquire customer contracts. The impact to retained earnings at April 1, 2018 was an increase of \$89.1 million.

Impact on the statement of financial position (select lines)

As at December 31, 2018 (thousands of dollars)

	Excluding the impacts of IFRS 15	Impact of IFRS 15	Reclassifications	As reported upon adoption of IFRS 15
ASSETS				
Current				
Prepaid expenses	\$ 191,320	\$ (6,089)	\$ -	\$ 185,231
Contract assets	-	60,886	-	60,886
Contract costs	-	7,203	9,496	16,699
Total current assets	2,189,270	62,000	9,496	2,260,766
Contract assets	-	22,362	-	22,362
Contract costs	-	9,799	35,365	45,164
Intangible assets	454,723	(5,338)	(44,861)	404,524
Other assets	25,472	(4,249)	-	21,223
Total assets	\$ 19,708,413	\$ 84,574	\$ -	\$ 19,792,987
LIABILITIES AND PROVINCE'S EQUITY				
Current				
Deferred revenue	\$ 653,073	\$ 4,541	\$ (127,999)	\$ 529,615
Contract liabilities	-	(9,309)	127,999	118,690
Total current liabilities	3,447,363	(4,768)	-	3,442,595
Contract liabilities	-	(624)	1,271	647
Other liabilities	216,063	(4,037)	(1,271)	210,755
Total liabilities	14,078,621	(9,429)	-	14,069,192
Retained earnings	4,670,908	94,003	-	4,764,911
Total liabilities and Province's equity	\$ 19,708,413	\$ 84,574	\$ -	\$ 19,792,987

Impact on the statement of comprehensive income (select lines)

For the period ended December 31, 2018 (thousands of dollars)

	Excluding the impacts of IFRS 15	Impact of IFRS 15	As reported upon adoption of IFRS 15
INCOME FROM OPERATIONS			
Revenue	\$ 4,271,794	\$ 25,231	\$ 4,297,025
EXPENSES			
Operating	2,026,833	26,691	2,053,524
Depreciation and amortization	667,662	(6,346)	661,316
Total operating expenses	3,558,368	20,345	3,578,713
NET EARNINGS	\$ 367,814	\$ 4,886	\$ 372,700

Crown Investments Corporation of Saskatchewan
Notes to Condensed Consolidated Interim Financial Statements
December 31, 2018
(thousands of dollars)
(unaudited)

3. Application of revised accounting standards (continued)

IFRS 15, Revenue from Contracts with Customers (continued)

Impact on the statement of cash flows (select lines)

For the period ended December 31, 2018 (thousands of dollars)

	Excluding the impacts of IFRS 15	Impact of IFRS 15	As reported upon adoption of IFRS 15
OPERATING ACTIVITIES			
Net earnings	\$ 367,814	\$ 4,886	\$ 372,700
Adjustments to reconcile net earnings to cash from operating activities	997,066	(6,346)	990,720
Net change in non-cash working capital balances related to operations	(53,342)	(10,485)	(63,827)
Net cash from operating activities	887,164	(11,945)	875,219
INVESTING ACTIVITIES			
Purchase of intangible assets	(53,491)	11,945	(41,546)
Net cash used in investing activities	\$ (1,005,183)	\$ 11,945	\$ (993,238)

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, 2018 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 that was dissolved on March 31, 2018, 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) (Note 6)	Passenger and freight transportation

**Crown Investments Corporation of Saskatchewan
Notes to Condensed Consolidated Interim Financial Statements
December 31, 2018
(thousands of dollars)
(unaudited)**

4. Significant accounting policies (continued)

a) Basis of consolidation (continued)

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.

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 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 December 31, 2018, and have not been applied in preparing these condensed consolidated interim 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

Crown Investments Corporation of Saskatchewan
Notes to Condensed Consolidated Interim Financial Statements
December 31, 2018
(thousands of dollars)
(unaudited)

4. Significant accounting policies (continued)

b) New standards not yet adopted (continued)

IFRS 16, Leases (continued)

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 in the process of assessing the impact of the new proposed standard.

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 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. The Corporation has one remaining property that is expected to be disposed of by sale within the next twelve month period and is classified as assets held-for-sale. Depreciation of the asset ceased effective May 31, 2017. The carrying amount of the asset 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:

	December 31	March 31
	2018	2018
Property, plant and equipment	\$ 2,090	\$ 10,022

Crown Investments Corporation of Saskatchewan
Notes to Condensed Consolidated Interim Financial Statements
December 31, 2018
(thousands of dollars)
(unaudited)

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 2018	April 1 to December 31 2017
Revenue	\$ -	\$ 2,059
Other income	-	311
	-	2,370
Operating	248	3,168
Salaries, wages and short-term employee benefits	(150)	4,440
Employee future benefits	-	305
Depreciation and amortization	-	441
Gain on disposal of property, plant and equipment	-	(1,087)
Impairment losses	-	41
Saskatchewan taxes and fees	45	422
	143	7,730
Results from operating activities	(143)	(5,360)
Finance income	88	-
Loss from discontinued operations	\$ (55)	\$ (5,360)
	April 1 to December 31 2018	April 1 to December 31 2017
Cash provided by (used in) operating activities	\$ 2,454	\$ (10,075)
Cash provided by investing activities	-	6,437
Net change in cash and cash equivalents	\$ 2,454	\$ (3,638)

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.

Crown Investments Corporation of Saskatchewan
Notes to Condensed Consolidated Interim Financial Statements
December 31, 2018
(thousands of dollars)
(unaudited)

7. Equity advances and capital disclosures (continued)

The debt ratio is as follows:

	December 31 2018	March 31 2018
Total debt (a)	\$ 9,818,974	\$ 9,416,769
Less: Sinking funds	(1,007,086)	(935,587)
Net debt	8,811,888	8,481,182
Equity	5,723,795	5,263,624
Capitalization	\$ 14,535,683	\$ 13,744,806
Debt ratio	60.6%	61.7%

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

8. Accumulated other comprehensive income

	December 31 2018	March 31 2018
Items that may be reclassified to net earnings:		
Unrealized losses on sinking funds	\$ (21,650)	\$ (15,806)
Unrealized losses on cash flow hedges	(50,664)	(43,457)
Realized losses on cash flow hedges	(11,810)	(12,154)
	(84,124)	(71,417)
Items that will not be reclassified to net earnings:		
Impact of changes in defined benefit plan actuarial assumptions	134,034	122,973
	\$ 49,910	\$ 51,556

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 2018	April 1 to December 31 2017
Adjustments to reconcile net earnings to cash provided from operating activities		
Depreciation and amortization	\$ 661,316	\$ 649,440
Share of net earnings from equity accounted investees	(6,674)	(9,418)
Defined benefit pension plan expense	854	989
Provision for decommissioning and environmental remediation liabilities	28,000	-
Unrealized gains on derivative financial instruments	(14,058)	(16,501)
Inventory (recoveries) write-downs	(11,939)	10,587
Loss on disposal of property, plant and equipment	2,356	45,294
Impairment losses (reversals)	2,234	(3,390)
Net finance expenses	356,117	339,948
Reclassification of natural gas hedges transitional market value losses	(19,262)	(14,896)
Other non-cash items	(8,224)	(4,892)
	\$ 990,720	\$ 997,161

Crown Investments Corporation of Saskatchewan
Notes to Condensed Consolidated Interim Financial Statements
December 31, 2018
(thousands of dollars)
(unaudited)

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, 2018			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 359,543	\$ -	\$ -	\$ 359,543
Restricted cash and cash equivalents	10,786	-	-	10,786
Bank indebtedness	7,299	-	-	7,299
Notes payable	1,434,602	-	-	1,434,602
Investments carried at fair value through profit or loss	286,806	563,657	174,639	1,025,102
Investments carried at fair value through other comprehensive income	-	1,007,086	-	1,007,086
Investments - amortized cost	-	77,208	-	77,208
Long-term debt	-	9,314,708	-	9,314,708
Physical natural gas contracts - net	-	24,281	-	24,281
Natural gas price swaps - net	-	(152,919)	-	(152,919)
Physical electric forwards - net	-	4,265	-	4,265
Electricity contracts for differences - net	-	-	-	-
Foreign exchange forwards - net	-	-	-	-

March 31, 2018

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 170,616	\$ -	\$ -	\$ 170,616
Restricted cash and cash equivalents	34,731	-	-	34,731
Bank indebtedness	15,218	-	-	15,218
Notes payable	1,563,495	-	-	1,563,495
Investments carried at fair value through profit or loss	387,719	431,926	172,911	992,556
Investments carried at fair value through other comprehensive income	-	935,587	-	935,587
Investments - amortized cost	-	116,448	-	116,448
Long-term debt	-	9,027,902	-	9,027,902
Physical natural gas contracts - net	-	10,182	-	10,182
Natural gas price swaps - net	-	(164,974)	-	(164,974)
Physical electricity forwards - net	-	8,464	-	8,464
Electricity contracts for differences - net	-	(215)	-	(215)
Foreign exchange forwards - net	-	(47)	-	(47)

12. Comparative information

Certain of the comparative information has been reclassified to conform to the current period's presentation.

CIC SEPARATE FINANCIAL STATEMENTS

Separate Financial Statements

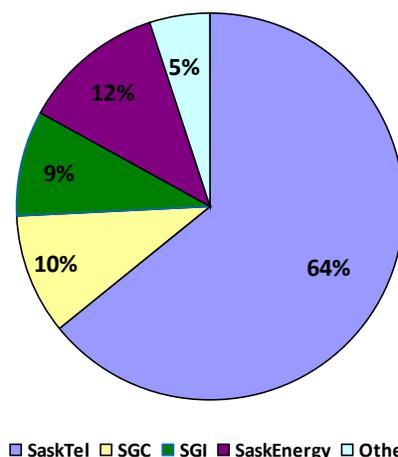
Management's Discussion and Analysis

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, 2018 third quarter results should be read in conjunction with the March 31, 2018 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 Third Quarter Earnings (millions of dollars) (unaudited)	For the nine months ended	
	December 31 2018	December 31 2017
Dividend revenue	\$ 138.8	\$ 137.0
Add: Finance and other revenue	1.8	0.9
Less: Operating, salaries and other expenses	(6.7)	(7.6)
Grants to Saskatchewan Transportation Company (STC)	-	(8.0)
Total Separate Earnings	<u>\$ 133.9</u>	<u>\$ 122.3</u>

Net Earnings

Net earnings for the nine months ended December 31, 2018 were \$133.9 million (2017 - \$122.3 million), an increase of \$11.6 million. The increase in net earnings is primarily due to a decrease in grants to STC of \$8.0 million, higher dividend revenue of \$1.8 million and an increase in finance and other revenue of \$0.9 million. A more detailed discussion of the net earnings is included on the pages following.

Dividend Revenue

Dividend revenue for the nine months ended December 31, 2018 was \$138.8 million (2017 - \$137.0 million). The \$1.8 million increase is primarily due to SaskTel declaring a \$7.4 million higher dividend compared to the same period of 2017-18 resulting from stronger financial performance and more capacity to pay a higher dividend. This increase from SaskTel is offset by SGI paying a \$6.3 million lower dividend compared to the same period of 2017-18 as result of significantly higher than budgeted claim costs and lower investment income.

Crown dividend capacity considers infrastructure reinvestment requirements and financial performance.

Management's Discussion and Analysis (continued)

Dividend Revenue (continued)

For the first nine months of each fiscal period, dividends from subsidiary Crown corporations are based on 75 per cent of forecast dividends for the period. However, impacts on Crowns, such as weather, can result in insufficient earnings to provide dividends. 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 2018-19 budgeted dividends and per cent of operating earnings are as follows:

CIC Crown Corporations 2018-19 Earnings & Dividend Budget (millions of dollars)			
	Earnings (Loss)	Dividend to CIC	Dividend % of Operating Earnings¹
SaskPower	\$ 176.7	\$ -	-
SaskTel	133.0	119.7	90%
SaskEnergy	68.4	23.9	35%
SGI CANADA ²	60.7	39.0	N/A
SGC	23.0	18.4	80%
CIC AMI	7.6	-	-
SaskWater	6.2	1.6	25%
SOCO	3.4	3.0	90%
SIIF	0.1	-	-
STC ³	(0.5)	6.4	N/A
CIC (separate) and other ⁴	(9.1)	4.3	N/A

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 minimum capital test target of 242 per cent.

³ Due to wind up of STC, the dividend will include all remaining cash at year end estimated at \$6.4 million.

⁴ Includes FNMF, CIC Economic Holdco Ltd., other interagency adjustments and dividend from 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, 2018 were \$6.7 million (2017 - \$7.6 million). CIC continues to show restraint and these expenses are consistent with the same period of 2017-18.

Grants to STC

In the nine months ended December 31, 2018, CIC provided Nil (2017 - \$8.0 million) in grants to STC. In 2017-18, STC received \$8.0 million in grants to support operations and wind-up activities.

Management's Discussion and Analysis (continued)

Liquidity and Capital Resources

Cash Flow Highlights (millions of dollars) (unaudited)	For the nine months ended	
	December 31 2018	December 31 2017
Net cash from operating activities	\$ 151.4	\$ 126.9
Net cash used in investing activities	2.5	2.7
Net cash used in financing activities	<u>-</u>	<u>-</u>
Net change in cash	<u>\$ 153.9</u>	<u>\$ 129.6</u>

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, 2018 was \$151.4 million (2017 - \$126.9 million), an increase of \$24.5 million. Cash from operating activities increased primarily due to higher earnings before the impacts of non-cash items as a result of higher dividend revenue, lower grants to STC and decreased operating expenses.

Net cash from investing activities for the nine months ended December 31, 2018 was \$2.5 million (2017 - \$2.7 million), a decrease of \$0.2 million. Cash from investing activities was lower due to a decrease in investment repayments partially offset by increased interest received. In 2017, CIC received a repayment from First Nations and Métis Fund Inc. of \$2.0 million compared to a \$0.9 million dollar repayment in the current period from CIC Economic Holdco Ltd.

Debt Management

CIC as a legal entity has no debt. Currently, CIC does not expect to borrow in 2018-19.

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.

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 in 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) December 31 2018	(Audited*) March 31 2018
ASSETS			
Current			
Cash and cash equivalents		\$ 213,538	\$ 59,586
Interest and accounts receivable		1,536	36
Dividends receivable		52,108	73,521
		267,182	133,143
Equity advances to Crown corporations	6	1,168,074	1,168,074
Investments in share capital corporations		1,550	2,428
Equipment		190	248
		\$ 1,436,996	\$ 1,303,893
LIABILITIES AND PROVINCE'S EQUITY			
Current			
Interest and accounts payable		\$ 1,517	\$ 2,344
Province of Saskatchewan's Equity			
Equity advances		908,889	908,889
Retained earnings		526,590	392,660
		1,435,479	1,301,549
		\$ 1,436,996	\$ 1,303,893

(See accompanying notes)

*As presented in the audited March 31, 2018 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 2018	October 1 to December 31 2017	April 1 to December 31 2018	April 1 to December 31 2017
INCOME FROM OPERATIONS					
Dividend revenue	7	\$ 53,193	\$ 56,160	\$ 138,818	\$ 136,954
Other income		172	-	186	-
		53,365	56,160	139,004	136,954
EXPENSES					
Operating		720	1,233	2,169	3,034
Salaries and short-term employee benefits		1,367	1,367	4,146	4,156
Employee future benefits		137	150	318	327
Depreciation and amortization		21	20	62	50
		2,245	2,770	6,695	7,567
EARNINGS FROM OPERATIONS					
		51,120	53,390	132,309	129,387
Finance income		738	434	1,627	890
Finance expenses		(2)	(2)	(6)	(6)
NET FINANCE INCOME					
		736	432	1,621	884
EARNINGS BEFORE PUBLIC POLICY INITIATIVES					
		51,856	53,822	133,930	130,271
Grants to Saskatchewan Transportation Company		-	(1,000)	-	(8,000)
NET EARNINGS					
		51,856	52,822	133,930	122,271
OTHER COMPREHENSIVE INCOME					
		-	-	-	-
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO THE PROVINCE OF SASKATCHEWAN					
		\$ 51,856	\$ 52,822	\$ 133,930	\$ 122,271

(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, 2017	\$ 908,889	\$ 384,495	\$ 1,293,384
Total comprehensive income	-	122,271	122,271
Balance at December 31, 2017	\$ 908,889	\$ 506,766	\$ 1,415,655
Balance at January 1, 2018	\$ 908,889	\$ 506,766	\$ 1,415,655
Total comprehensive income	-	90,894	90,894
Dividends to the General Revenue Fund	-	(205,000)	(205,000)
Balance at March 31, 2018	\$ 908,889	\$ 392,660	\$ 1,301,549
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

(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 2018	April 1 to December 31 2017
OPERATING ACTIVITIES			
Net earnings		\$ 133,930	\$ 122,271
Items not affecting cash from operations			
Depreciation and amortization		62	50
Net finance income		(1,621)	(884)
		132,371	121,437
Net change in non-cash working capital balances related to operations	8	19,086	5,439
Interest paid		(6)	(6)
Net cash from operating activities		151,451	126,870
INVESTING ACTIVITIES			
Interest received		1,627	890
Repayment of due from CIC Economic Holdco Ltd.		878	-
Repayment of due from First Nations and Métis Fund Inc.		-	1,950
Purchase of equipment		(4)	(150)
Net cash provided by investing activities		2,501	2,690
FINANCING ACTIVITIES			
Dividend paid to General Revenue Fund		-	-
Net cash used in financing activities		-	-
NET CHANGE IN CASH AND CASH EQUIVALENTS DURING PERIOD		153,952	129,560
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD		59,586	52,628
CASH AND CASH EQUIVALENTS, END OF PERIOD		\$ 213,538	\$ 182,188

(See accompanying notes)

Crown Investments Corporation of Saskatchewan
Notes to Condensed Separate Interim Financial Statements
December 31, 2018
(thousands of dollars)
(unaudited)

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, 2018 audited separate financial statements.

The condensed separate interim financial statements were authorized for issue by the CIC Board of Directors on March 6, 2019.

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, 2018, have been applied in preparing these interim condensed separate financial statements:

IFRS 15, Revenue from Contracts with Customers

The Corporation has adopted IFRS 15, *Revenue from Contracts with Customers* with a date of initial application of April 1, 2018. In accordance with the transition provisions of IFRS 15, the Corporation has applied IFRS 15 using the cumulative effect method, which recognizes the cumulative effect of initially applying IFRS 15 as an adjustment to the opening balance of retained earnings at April 1, 2018. As a result, comparative information has not been restated.

The standard does not have a material impact on the condensed separate financial statements.

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, 2018 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 have been consistently applied by CIC's subsidiary corporations.

CIC prepares condensed consolidated interim financial statements. The unaudited condensed consolidated interim financial statements were authorized by the CIC Board of Directors on March 6, 2019. CIC's condensed consolidated interim financial statements should be referenced for further information.

a) 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. IFRS 16 will affect the classification, measurement and valuation of leases. This standard will not have a material impact on the condensed separate interim financial statements.

Crown Investments Corporation of Saskatchewan
Notes to Condensed Separate Interim Financial Statements
December 31, 2018
(thousands of dollars)
(unaudited)

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	Saskatchewan Telecommunications
SaskEnergy Incorporated	Saskatchewan Telecommunications
Saskatchewan Water Corporation	Holding Corporation
Saskatchewan Government Insurance	Saskatchewan Gaming Corporation
Saskatchewan Opportunities Corporation	Saskatchewan Transportation Company ¹

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

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.

6. Equity advances to Crown corporations

	December 31		March 31
	2018		2018
Saskatchewan Power Corporation	\$ 659,993	\$	659,993
Saskatchewan Telecommunications Holding Corporation	250,000		250,000
Saskatchewan Opportunities Corporation	97,850		97,850
Saskatchewan Government Insurance	80,000		80,000
SaskEnergy Incorporated	71,531		71,531
Saskatchewan Water Corporation	8,700		8,700
	\$ 1,168,074	\$	1,168,074

7. Dividend revenue

	April 1		April 1
	to December 31		to December 31
	2018		2017
Saskatchewan Telecommunications Holding Corporation	\$ 89,808	\$	82,425
SaskEnergy Incorporated	16,627		15,940
Saskatchewan Gaming Corporation	13,392		13,428
Saskatchewan Government Insurance	12,500		18,750
Information Services Corporation	3,255		3,255
Saskatchewan Opportunities Corporation	2,000		1,801
Saskatchewan Water Corporation	1,236		1,355
	\$ 138,818	\$	136,954

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

	April 1		April 1
	to December 31		to December 31
	2018		2017
Increase in interest and accounts receivable	\$ (1,500)	\$	(117)
Decrease in dividends receivable	21,413		6,351
Decrease in interest and accounts payable	(827)		(795)
	\$ 19,086	\$	5,439