Crown Investments Corporation of Saskatchewan

Annual Report

1993

MANDATE

The Government Finance Office was established by Order-in-Council 535/47 dated April 2, 1947, and was continued under the provisions of ***The Crown Corporations Act, 1978*** *(the Act), as Crown Investments Corporation of Saskatchewan (CIC). CIC is an agent of Her Majesty in Right of the I … t assigns specific financial and … ng financial and operating inve … rporations whose activities have … of the Act. These investments ar … page 13 of this Annual Report.*

The Crown C *…* ***eals The Crown Corporations*** *… ative Assembly on June 22, 1993. …* ***3*** *was proclaimed and came into … Order-in-Council 914/93 dated … ther defines CIC's powers and mc …*

CIC's corporat … :

1. ***Supervisi … ions***

   - *To cont … dinate direction of subsidi …*

2. ***Asset Ma …***

   - *To continue to prudently manage new and existing investments.*

3. ***Economic Development and Diversification***

   - *To continue to enhance the long-term economic prosperity of the Province by pursuing economic development and diversification opportunities.*

CROWN INVESTMENTS CORPORATION

OF SASKATCHEWAN

ANNUAL REPORT 1993

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LETTER OF TRANSMITTAL

Regina, Saskatchewan
April 11, 1994

To Her Honour
The Honourable Sylvia O. Fedoruk, O.C., S.O.M.
Lieutenant Governor of the Province of Saskatchewan

Madam:

I have the honour to submit herewith the sixteenth Annual Report of Crown Investments Corporation of Saskatchewan for the year ended December 31, 1993 in accordance with **The Crown Corporations Act, 1978**. The Consolidated and Non-Consolidated Financial Statements included in this Annual Report are in the form approved by the Treasury Board and have been reported on by our auditors.

I have the honour to be, Madam,

Your obedient servant,

John Penner

John Penner
Minister Responsible
Crown Investments Corporation of Saskatchewan

BOARD OF DIRECTORS

Hon. John Penner
Chairperson and Minister Responsible
(after January 8, 1993)

Hon. Janice MacKinnon
Vice-Chairperson
(after January 8, 1993)
(Chairperson before January 8, 1993)

Hon. Dwain Lingenfelter

Hon. Bernhard Wiens

Hon. Doug Anguish
(after March 17, 1993)

Hon. Lorne Calvert
(before March 17, 1993)

Hon. Ed Tchorzewski
(after May 28, 1993)
(Vice-Chairperson before January 8, 1993)

Hon. Carol Teichrob
(before May 28, 1993)

Hon. Keith Goulet
(after September 30, 1993)

Hon. Ned Shillington
(before September 30, 1993)

SENIOR MANAGEMENT

Donald R. Ching
President

Donald F. Axtell
Vice-President, Corporate Services

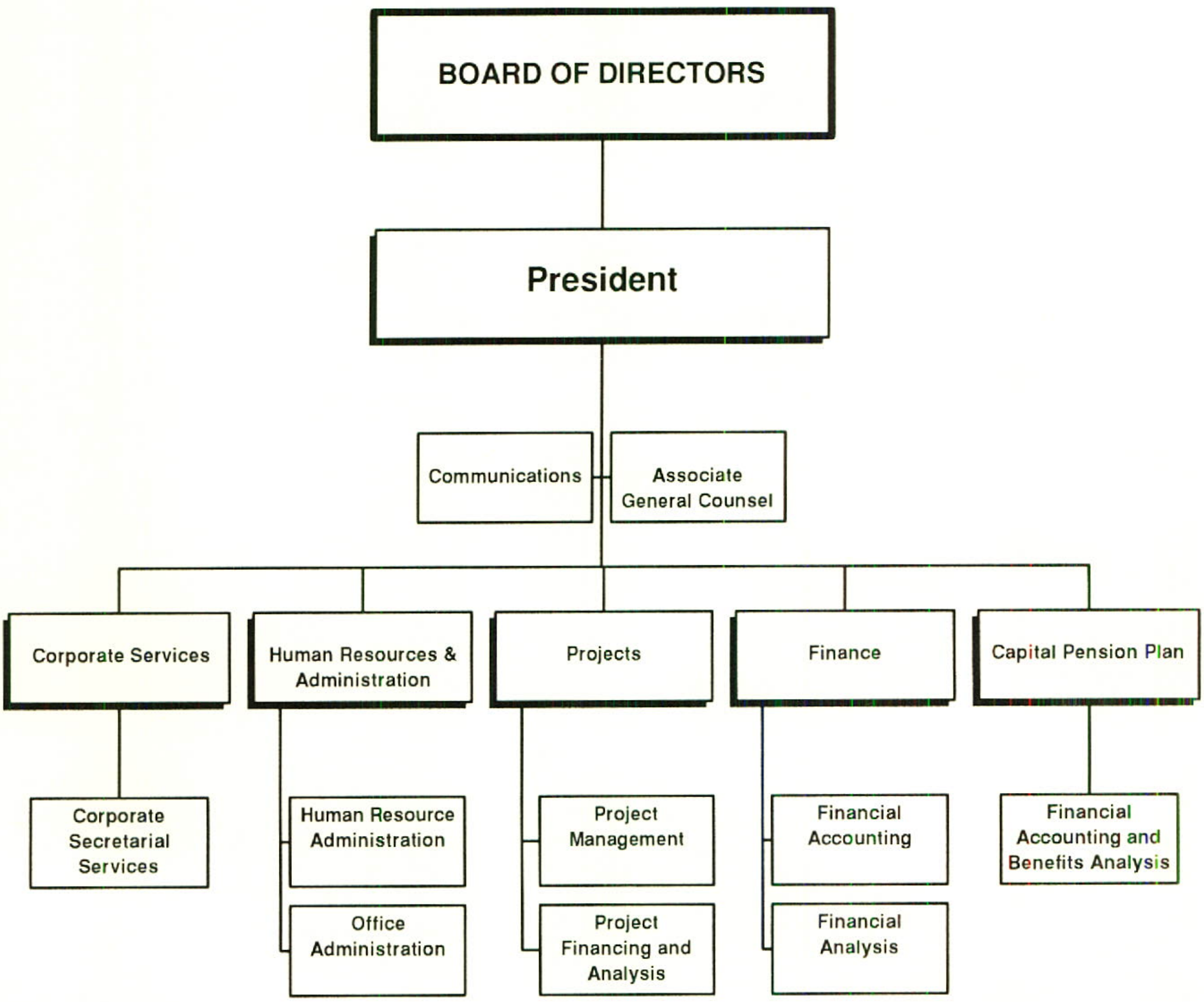
William P. Hyde
Vice-President, Human Resources/Administration

David G. Hughes
Vice-President, Projects

Richard A. Hornowski
Vice-President, Finance

Harvey E. McEwen
Director, Capital Pension Plan

ORGANIZATIONAL CHART



MANAGEMENT'S REPORT

Two years ago, the composition of the Board of the Crown Investments Corporation of Saskatchewan (CIC) underwent a significant change. There were also several changes in senior management. The new management team undertook to examine the problems and opportunities faced by the commercial Crown corporation sector in Saskatchewan. This examination revealed that:

- A series of asset sales and privatizations had resulted in a loss of cash flow from Crown corporations while leaving CIC with much of the underlying debt and a number of loan guarantees.

- Joint venture investments with the private sector were structured in a way that resulted in CIC bearing a disproportionate share of obligations and financial exposure. Some of these investments were in projects that were not economically viable.

- While major Crown corporations (SaskEnergy Incorporated (SaskEnergy), Saskatchewan Power Corporation (SaskPower), Saskatchewan Telecommunications (SaskTel) and Saskatchewan Government Insurance (SGI)) were in reasonably good financial condition, other corporations had been allowed to function without a clear mandate or proper management or accountability structures. The result was financial losses in Saskatchewan Transportation Company (STC), Saskatchewan Forest Products Corporation (SFPC) and Saskatchewan Economic Development Corporation (SEDCO).

- Many small holdings had been acquired that had little strategic focus or commercial viability. Management of these investments detracted from CIC's ability to concentrate on major holdings of strategic significance.

The first order of business in 1991 and the early part of 1992 was to begin an examination of CIC's holdings and develop a strategic plan for dealing with the problems faced by the corporation. Both the strengths and the weaknesses of the commercial Crown corporation sector had to be identified.

The strategic plan that was developed during this period had the following objectives:

1. **Keep strong performers strong.** CIC undertook to work with profitable commercial Crown corporations to maintain and improve their performance.

2. **Stem the losses of money losing Crown corporations**. In 1991, SEDCO, STC, and SFPC were all losing significant amounts of money. The goal was to either make these corporations profitable or stop their financial deterioration.

3. **Improve the return from CIC's investments.** CIC's major investments were not economically viable. CIC has been managing its investment portfolio and renegotiating arrangements in order to reduce and eventually eliminate losses in this area. The ultimate goal for these investments is to pay positive returns to taxpayers.

4. **Provide a strategic focus.** CIC has been consolidating its holdings in order to allow for the development of a strategic focus.

5. **Restructure CIC's financial position.** CIC had an accumulated deficit at December 31, 1991 of $583.9 million. To eliminate this deficit, an equivalent amount of equity advances from the General Revenue Fund were cancelled during 1992. CIC also had a significant amount of debt which was unsupportable because underlying assets no longer existed. As part of the restructuring, therefore, $875 million of CIC's debt was converted to non-interest bearing equity advances which enabled CIC to reduce its annual interest costs by approximately $90 million.

This plan was implemented at the same time as unnecessary expenditures in CIC were being eliminated.

1993 represented another major milestone in the implementation of this strategic plan. For the first time in three years, CIC made a profit and declared a dividend to the General Revenue Fund of the Province of Saskatchewan.

CIC's non-consolidated net income for 1993 was $35.4 million. This was an improvement of $40.3 million compared to 1992 when CIC required a subsidy from the Province of $4.9 million.

Dividends from subsidiary Crown corporations amounted to $201.9 million in 1993. These earnings were used to fund:

- losses of subsidiary Crown corporations. In 1993, SEDCO had losses of $47.0 million and STC had losses of $3.5 million;

- costs arising from investments. These consist of interest on the money borrowed to make investments, provisions for losses and write-downs and coverage of cash shortfalls. In 1993, CIC had net interest costs of $81.4 million, write-downs of $26.9 million, and covered cash shortfalls of $2.4 million, for a total of $110.7 million; and

- CIC's own operating and administrative expenses. In 1993, these totalled $5.3 million.

Any earnings that remain after funding CIC's operations can either be retained for future use, or declared as a dividend to the Province to provide a return on the $1.4 billion in equity that taxpayers have invested in their Crown corporation sector. In 1993, CIC declared a dividend to the Province equal to its profit of $35.4 million. While this is a marked improvement from previous years, it falls $17.5 million short of the 1993 target of $52.9 million set for CIC by Treasury Board.

The following provides an outline of the major activities undertaken by CIC in 1993 that led to the results detailed above.

IMPROVEMENTS IN PERFORMANCE OF SUBSIDIARY CROWN CORPORATIONS

Of the active subsidiary Crown corporations, four were profitable in 1991 (SaskPower, SaskEnergy, SaskTel, and SGI). Two Crown corporations were intended to be neutral in their financial impact on CIC (Saskatchewan Water Corporation and Saskatchewan Development Fund Corporation). SEDCO, STC and SFPC lost money.

SFPC has been transformed into a profitable corporation. Aided by increased prices for both dimensional lumber and plywood products, efficiency improvements and volume growth resulted in SFPC recording a very healthy profit of $9.3 million on sales of $40.4 million in 1993. Substantial progress has been made in eliminating SFPC's 1991 accumulated deficit of $23.4 million. Once the accumulated deficit is eliminated, SFPC will be in a position to pay dividends to CIC.

SEDCO's losses continued in 1993, totalling $47.0 million for the year. The corporation concentrated on cleaning up its asset portfolio by aggressively managing accounts that were in arrears. The affairs of the company are now being wound down. SEDCO will be replaced by a smaller scale, more focused, economic development agency.

STC has been engaged in an overhaul of its operations so that the corporation can continue to provide quality transportation services within Saskatchewan. In 1993, operating and administrative costs were cut by $815,000. This, together with a financial restructuring undertaken during the year, meant a reduction in operating losses from $5.0 million in 1992 to $3.5 million in 1993. Efforts to improve the corporation's efficiency are continuing.

The subsidiary Crown corporations that were profitable in 1991 remain so. They are working constantly to improve their operational efficiency. On a consolidated basis, operating costs of the Crown corporation sector have declined from 56.0 per cent of sales revenue in 1992, to 54.8 per cent of sales revenue in 1993.

The changing role of the commercial Crown corporations must also be noted. These corporations were originally created to provide

Saskatchewan people with services that private enterprise was economically unable or unwilling to provide. They still provide this function. However, as competition and international movement of capital increase, our Crown corporations are also providing a mechanism by which Saskatchewan people can compete at home and around the world.

Crown corporations are developing new markets both within and outside Saskatchewan. For example, SaskEnergy has expanded its business of underground storage of natural gas. SGI began offering general insurance products in the Manitoba market. SaskTel has expanded its overseas operations. It played a major role in the provision of telecommunications services for the "Chunnel" between Great Britain and France and has invested in innovative projects in England and the Philippines. These endeavours create jobs for Saskatchewan people, expand their expertise, and generate additional revenues that can be used in Saskatchewan.

REDUCTION AND ELIMINATION OF INVESTMENT LOSSES

The poor performance of CIC's investment portfolio is a major financial problem facing the commercial Crown corporation sector. Improving the performance of these investments continued to be a major effort on the part of CIC in 1993. In this respect, several significant events occurred.

Negotiations with Weyerhaeuser for the extinguishment of the Income Debenture arising from the 1986 sale of the Prince Albert Pulp Mill were concluded in 1993. Weyerhaeuser paid $150 million in cash as full settlement of the non-performing Income Debenture. The proceeds were used to pay down CIC's outstanding debt. In addition, the transaction resulted in the release of the Province of Saskatchewan from a loan guarantee of $40 million related to the construction of Weyerhaeuser's Prince Albert paper mill in 1988.

CIC devoted much attention to resolving problems facing the NewGrade Heavy Oil Upgrader in Regina. An Inquiry headed by Mr. Willard Estey issued its report in March 1993. The essential conclusion was that the project was incapable of generating enough income to support its outstanding debt. Mr. Estey recommended that the three partners in the project being CIC, Consumer's Co-operative Refineries Limited (CCRL), and the Government of Canada, all inject cash into the project to lower its debt load. When negotiations initially failed to result in a settlement of the problems facing this project, the Saskatchewan Legislature passed Bill 90 - "An Act to Protect the Financial Viability of NewGrade Energy Inc."

Further negotiations between CIC and CCRL resulted in a "Statement of Settlement Principles" on August 18, 1993. Under this Statement, both CIC and CCRL agreed to a staged injection of $75 million each into NewGrade. A formula to share any future cash deficiencies and to improve management relations was also agreed upon. Since the signing of this Statement, efforts have been directed at attempting to secure a

MANAGEMENT'S REPORT (continued)

federal contribution to this project along the lines recommended by Mr. Estey. If this can be obtained, CIC will have been successful both in placing NewGrade on a sound financial footing and in changing the previous practice of unilateral injections of money by Saskatchewan taxpayers.

The settlement with Weyerhaeuser and the efforts to resolve problems facing NewGrade were the most important initiatives undertaken during 1993 to improve the performance of CIC's investment portfolio. Other initiatives included:

- The sale of 99,990 shares in IPSCO Inc. for a gain of $1.3 million, and the sale of 578,558 shares in the Potash Corporation of Saskatchewan Inc. (PCS Inc.) for a gain of $6.4 million.

- The negotiation of the release of CIC from liabilities arising from the Crescent/Agdevco Joint Venture which was involved in two drainage projects in Pakistan. The potential liability was up to $15 million plus associated legal costs.

- The removal of approximately $39 million of guarantees for lease payments owed by PCS Inc.

- The decision to not participate in funding $30 million in cash shortfalls at the Bi-Provincial Upgrader.

During 1993, both the Saskferco nitrogen fertilizer plant and the Meadow Lake Pulp Mill experienced their first full year of operation. Both projects are operational successes and are operating above design capacity. However, both projects experienced normal start up financial losses. In the case of the Meadow Lake Pulp Mill, this was compounded by record low pulp prices. Despite these operational losses, the long-term prospects for these two investments are positive.

IMPROVEMENTS IN OPERATING EFFICIENCY AND ACCOUNTABILITY

The cornerstone of continuing improvements in accountability was the passage and proclamation of a new Crown corporations Act. The new Act provides a clear reporting structure for the commercial Crown corporation sector, ensures that the Legislature receives proper and timely information on the activities of Crown corporations, and spells out conflict of interest guidelines and standards of care for directors and officials of Crown corporations.

Dormant or unnecessary corporations have been wound down and consolidated into CIC in order to improve efficiency and simplify understanding and reporting.

MANAGEMENT'S REPORT (continued)

This year's Annual Report follows the precedent established in 1992 of reporting, under one cover, the Consolidated and the Non-Consolidated Financial Statements for CIC, and the Non-Consolidated Financial Statements for CIC III. In addition, this year, for the first time, the Annual Report provides a summary of major capital expenditures undertaken in the commercial Crown corporation sector.

In 1993, CIC strengthened its capacity to monitor its investments and provide analysis and support to both subsidiary Crown corporations and other Government entities.

Significant efficiency and accountability improvements also occurred in the review and timeliness of Crown corporations' Business Plans and reports. In addition, CIC's Board of Directors reviewed all of CIC's investments from a strategic perspective to determine how and if they fit in with the Province's overall priorities. These reviews led to much better integration of CIC's plans and activities with those of the subsidiary Crown corporations and the Province.

SUMMARY

1993 saw significant progress being made in restoring the financial integrity of the commercial Crown corporation sector and re-establishing a clear accountability and reporting structure.

Challenges remain and problems await. Our commercial Crown corporations face rapidly changing technologies and business environments. The long-term viability of CIC's investment portfolio is predicated on improvements in the prices of basic commodities such as oil and pulp. However, with the progress that has been made to date, CIC is once again making a positive contribution to Saskatchewan's financial recovery, and, on a modest scale, assisting with economic development and job creation in the Province.

For all those involved in what is now the third year of our difficult process of rebuilding, our sincere thanks. Without you, the significant progress we have made would not have been possible.

John Penner

John Penner, Chairperson and
Minister Responsible

Donald R. Ching

Donald R. Ching,
President

CORPORATE OBJECTIVES - 1993

There were four major objectives for CIC in 1993. Each of these had many sub-objectives, strategies, and targets. The major corporate objectives and results achieved against them are as follows:

OBJECTIVE 1

To continue the process of restoring the financial integrity of CIC.

RESULTS

- CIC reported non-consolidated net earnings of $35.4 million in 1993.
- The payment by Weyerhaeuser of $150 million as settlement for the Income Debenture and release of the guarantee.
- The reaching of a "Statement of Settlement Principles" with the Consumers Co-operative Refinery Ltd. for a financial restructuring of the NewGrade Heavy Oil Upgrader.
- A $5.3 million call as a result of cash deficiencies in the Bi-Provincial Upgrader project was declined.
- A gain of $1.3 million was realized from the sale of shares in IPSCO Inc. and $6.4 million from the sale of shares in PCS Inc.
- The release from a potential liability of up to $15 million plus associated legal costs arising from the Crescent/Agdevco Joint Venture project in Pakistan.
- The financial restructuring of non self-sustaining Crown corporations was completed.

OBJECTIVE 2

To continue improvements in the accountability of the commercial Crown corporation sector.

RESULTS

- ***The Crown Corporations Act, 1993*** was passed to establish a clear accountability system within the Crown corporation sector.
- The capacity of CIC to monitor its investments and provide analysis was significantly upgraded.
- Crown corporation business planning and overall reporting to Boards of Directors was significantly improved.
- Interaction and coordination with government departments was significantly improved.

OBJECTIVE 3

To provide assistance to the Province in its financial recovery.

RESULTS

- A $35.4 million dividend was declared to the General Revenue Fund.
- CIC played a central role in negotiating the removal of $40 million in loan guarantees to Weyerhaeuser and approximately $39 million in lease guarantees to PCS Inc.

OBJECTIVE 4

To assist with economic development and creation of jobs in Saskatchewan.

RESULTS

- CIC invested $2 million in the Canadian Western Bank. One result was the opening of a Regina branch office.
- CIC committed to invest in National Pig Development (Canada) Co. Ltd. to fund a capital expansion that will increase the competitive position of Saskatchewan's hog industry.
- CIC invested in Bioriginal Food & Science Corporation, a Saskatoon based company which develops and markets food and nutritional supplements using value-added

CORPORATE OBJECTIVES - 1993 (continued)

processing and manufacturing.

- CIC invested in BIOSTAR Inc., a Saskatoon based company which uses biotechnology to develop and produce biological products, notably vaccines, for the animal health sector.

- Significant, on-going capital expenditures ($393.0 million in 1993) by the Crown corporation sector. Crown corporations maintain a preference for the acquisition of Saskatchewan goods and services.

SUBSIDIARIES AND INVESTMENTS

SUBSIDIARIES

Active

Saskatchewan Development Fund Corporation

Saskatchewan Economic Development Corporation

Saskatchewan Forest Products Corporation

Saskatchewan Government Growth Fund Management Corporation

Saskatchewan Government Insurance

Saskatchewan Power Corporation

Saskatchewan Telecommunications and Saskatchewan Telecommunications Holding Corporation

Saskatchewan Transportation Company

Saskatchewan Water Corporation

SaskEnergy Incorporated

Inactive

Saskatchewan Computer Utility Corporation

Investment Holding Corporations

CIC Industrial Interests Inc.

CIC Mineral Interests Corporation

INVESTMENTS

Large-scale Projects

Bi-Provincial Upgrader Joint Venture

NewGrade Energy Inc.

Meadow Lake Pulp Limited Partnership

Saskferco Products Inc.

Loans, Mortgages and Debenture

HARO Financial Corporation

Cornwall Centre Mortgages

Dairy Producers Co-operative Limited

Canadian Western Bank

Sascable Services Inc.

Shares

Cameco Corporation

Wascana Energy Inc.
(formerly Saskatchewan Oil and Gas Corporation)

National Pig Development (Canada) Co. Ltd.

SGI CANADA Insurance Services Ltd.

Former Saskatchewan Diversification Corporation holdings

IPSCO Inc.

1993 OPERATIONS OVERVIEW

Crown Investments Corporation of Saskatchewan (CIC) is a Provincial Crown corporation, without share capital, operating under authority of **The Crown Corporations Act, 1978**. CIC is responsible for certain Provincial investments. These include Crown corporations and financial and operating investments. Crown corporations are designated as being under the purview of CIC by Order-in-Council. As at December 31, 1993, there were thirteen corporations so designated.

Each year since 1978, the financial statements of CIC have been consolidated with the aforementioned Crown corporations, as well as with other investments, to provide the Legislature with financial information relating to the aggregate results of these corporations. The corporations provide a wide variety of services and sell various commodities in both domestic and international markets. The diversified nature of the corporations within the consolidated group is such that the operating results can be affected by events and conditions occurring throughout the world. The Consolidated Financial Statements commence on page 32.

Non-Consolidated Financial Statements which report on the operations of CIC as a separate legal entity have also been included in this Annual Report. CIC's Non-Consolidated Financial Statements commence on page 58. In addition, Non-Consolidated Financial Statements which report on the operations of CIC's wholly-owned share capital subsidiary, CIC Industrial Interests Inc. (CIC III), have been included in this Annual Report, commencing on page 75.

The following pages of this overview provide narrative and financial information pertaining to CIC's subsidiaries and investments. Further information relating to the subsidiary Crown corporations is available in their individual annual reports.

On a consolidated basis, CIC reported net earnings of $116.0 million on total revenues of $2.0 billion. This compares to consolidated net earnings of $88.5 million in 1992 on total revenues of $1.9 billion. Total consolidated assets at December 31, 1993 remain relatively unchanged from 1992 at $7.2 billion. Capital expenditures increased $8.7 million from $384.3 million in 1992 to $393.0 million in 1993. Major capital expenditures of the Crown corporations and summary consolidated financial information are presented on pages 30 and 31 respectively.

Overall, total consolidated long-term debt has decreased by $158.3 million from $4.2 billion at December 31, 1992 to $4.0 billion at December 31, 1993. Accordingly, interest expense decreased by $8.5 million from 1992 levels.

SUBSIDIARIES

SASKATCHEWAN DEVELOPMENT FUND CORPORATION (SDFC)

SDFC was established in 1974 under **The Saskatchewan Development Fund Act** to perform the duties of trustee, custodian and manager for the Saskatchewan Development Fund, an open-end investment trust. In 1976, SDFC expanded its operations to include an annuity business which offered several different types of annuities to the public. SDFC continues to manage the affairs of the Saskatchewan Development Fund, although it no longer offers annuities to the public. SDFC's administration is conducted under the direction of its Board of Directors through the use of staff and facilities provided by CIC. SDFC reported net earnings in 1993 of $27 thousand compared to a net loss of $22 thousand in 1992.

SASKATCHEWAN ECONOMIC DEVELOPMENT CORPORATION (SEDCO)

SEDCO was established in 1963 pursuant to **The Industrial Development Act** as an agent for the Province to conduct lending and other programs which promote and facilitate economic development in Saskatchewan.

During its 30 years, SEDCO has enjoyed many successes. However, the corporation has seriously strained the Province's fiscal resources in recent years. A review of SEDCO's role and mandate undertaken in 1992 continued throughout 1993. As a result of this review, the government announced its decision to wind down SEDCO and establish a new provincial institution with a different mandate. Consequently, the corporation focused on plans to contain SEDCO's deficit, reduce administrative expenses, reorganize and downsize, decrease lending activity, implement a property divestiture strategy and restructure key client accounts.

The newly formed Special Accounts Division, established to concentrate on problem accounts, began operating in June with a total of 424 problem accounts to manage. By December 31, 1993, the number of special accounts had been reduced to 343.

The divestiture plan involves the disposition of rental assets, non-performing properties and community and industrial parks. In 1993, sales of 13 of SEDCO's 64 properties and six of the 11 SEDCO owned industrial parks were negotiated.

Innovation Place, the research park in Saskatoon owned by SEDCO, was established as a separate business unit in 1993. Late in the year, a special review of Innovation Place was initiated. The objective is to create a long-range strategy for management of the park.

SEDCO reported a loss of $47.0 million during 1993 compared to a loss of $47.3 million in 1992. The 1993 loss included provision for losses and write-downs of $25.7 million compared to $25.2 million in 1992.

Event Subsequent to Year End

Subsequent to year end, CIC approved a financial restructuring of SEDCO whereby $118 million of SEDCO's debt owing to CIC will be converted to equity advances. In addition, CIC will cancel $191 million of equity advances to SEDCO. This amount will be applied to reduce SEDCO's accumulated deficit.

SASKATCHEWAN FOREST PRODUCTS CORPORATION (SFPC)

SFPC produces dimensional lumber and studs at its Carrot River Sawmill and plywood sheathing at its Plywood Plant in Hudson Bay. SFPC directly employs approximately 300 permanent employees through its operations, and another 450 seasonal workers indirectly through forest harvestation contractors. In an effort to remain competitive and to enhance efficiencies, significant capital improvement projects were initiated at the Hudson Bay plant during 1993. Plans are proceeding on the restoration of the abandoned wood treatment plant site in Prince Albert.

Lumber sales volumes were comparable to 1992 levels of 51 million board feet. During the year, selling prices for lumber increased by 42 per cent. Plywood sales volumes were up 4.1 million square feet from 1992 levels of 76.5 million square feet. Plywood selling prices increased by 26 per cent over 1992 levels.

Increased selling prices, growth in sales volume and improved operating efficiencies resulted in SFPC recording net earnings of $9.3 million in 1993 compared to $1.3 million in 1992.

SASKATCHEWAN GOVERNMENT GROWTH FUND MANAGEMENT CORPORATION (SGGF)

During 1993, SGGF was designated as a Crown corporation under CIC's purview. The mission of SGGF is to participate in the Federal Government's Immigrant Investor Program. Through participation in the program, relatively low cost capital for investment in the Saskatchewan economy on commercial terms is acquired. SGGF is responsible for the management and administration of its subsidiaries, Saskatchewan Government Growth Fund Ltd. and Saskatchewan Government Growth Fund II Ltd. (collectively the Funds). During 1993, significant progress was made in establishing SGGF as an independent agency. Responsibility for managing the Funds was removed from SEDCO and vested with SGGF.

One of SGGF's most significant accomplishments is the unique way it has chosen to obtain investments. Innovative arrangements have been made with four private sector companies to assist in the investment management function. The investment advisors are responsible for identifying, analyzing and recommending commercially viable investment opportunities. As well, they are responsible for monitoring investments to ensure their eventual realization. As an indirect but important spin-off, the significant amount of capital available through the Funds and the innovative approaches adopted should encourage a more active venture capital industry in Saskatchewan. The Funds had total assets of $113.1 million at December 31, 1993.

SGGF reported net earnings of $65 thousand in 1993 compared to a breakeven performance in 1992. The Funds neither pay a dividend nor are a liability to CIC.

SASKATCHEWAN GOVERNMENT INSURANCE (SGI)

SGI consists of two divisions: the Auto Fund (the Province's compulsory automobile insurance program administered by SGI on behalf of the Provincial Government); and SGI CANADA (the competitive general insurance business). Through approximately 380 independent brokers throughout the Province, SGI CANADA offers a comprehensive line of home, tenant, farm, automobile extension and commercial coverages.

In 1993, SGI CANADA continued its emphasis on excellent customer service. The Policy Payment Pak was introduced to give customers the convenient option of paying for their insurance policies in monthly instalments. In 1993, 93 per cent of the people surveyed rated SGI CANADA's claims service as good or excellent, the highest rating ever.

One of the highlights of 1993 was the expansion of SGI CANADA's business into Manitoba under a separate company, SGI CANADA Insurance Services Ltd. (SCISL). In April, the government of Manitoba granted a licence to SCISL to sell general insurance products in that province. SCISL will expand its business slowly, initially targeting rural areas close to the Saskatchewan border. By the end of 1993, four Saskatchewan brokers and five new Manitoba brokers had been appointed to write business for SCISL. SCISL ended the year with a $71,000 net profit after taxes. The expansion of SGI CANADA's business will help spread its geographical risk base, reducing the company's exposure to major catastrophes, and contribute to the company's strength and stability.

SGI CANADA reported a profit of $22.4 million in 1993, up from $15.3 million in 1992. Especially noteworthy is SGI CANADA's $1.7 million underwriting profit, which occurs when premiums written exceed claims costs and expenses. Premiums written reached record levels in 1993, rising to $125.7 million from $119.1 million in 1992. During 1993, SGI CANADA declared a dividend to CIC of $13.4 million.

The Auto Fund is a self-contained fund administered by SGI. The Auto Fund is not under the purview of CIC. Consequently, it neither pays a dividend nor is a liability to CIC. The Auto Fund reported a loss of $18.8 million in 1993 and has an accumulated deficit of $15.1 million at December 31, 1993.

SASKATCHEWAN POWER CORPORATION (SaskPower)

SaskPower's main functions are the generation, purchase, transmission, distribution, and sale of electrical energy. SaskPower generates its electricity from 14 power stations which use coal, hydro, and natural gas. Power is delivered to customers along 146,093 kilometres of power lines.

Capital expenditures of $229 million for the year were down slightly from the $245 million spent in 1992. Reductions in expenditures related to the Shand project, which came on line late in 1992, were the main reason for the reduction in capital expenditures. However, these reductions were offset by increases in expenditures on the life extension of Boundary Dam and the purchase of gas properties to hedge the price of SaskPower's gas requirements for the future. Also, expenditures for the Rural Underground Distribution Program, which converts rural overhead lines to underground cable, increased from $33.2 million in 1992 to $40.8 million in 1993.

Electrical consumption in Saskatchewan increased by 5.4 per cent from 1992 levels to 13,104 Gigawatt hours. Increases were recorded in sales to most classes of customers. However, sales to industrial and commercial customers contributed the bulk of the increase.

Revenues increased from $712 million in 1992 to $790 million in 1993, primarily due to increased consumption, an overall four per cent increase in retail rates effective January 1, 1993, and a sharp increase of $7.4 million in short-term export sales.

Finance charges totalled $193 million in 1993 compared to $164 million in 1992. The increase was due to higher average debt outstanding, lower sinking fund earnings, a weaker Canadian dollar, and call premiums paid to redeem debt.

Net income for the year totalled $81 million compared to $107 million in 1992. This decline was due to a number of factors including increased operating and maintenance expenses, costs attributed to an enhanced retirement program, provisions for site restoration and PCB disposal, and increased finance charges as a result of a significant weakening of the Canadian dollar. Depreciation expenses also increased because of the full impact of the Shand Power Station which was commissioned in 1992. These increases in costs were partially offset by a gain on sale of Wascana Energy Inc. shares of $13 million during 1993. During the year, SaskPower declared a dividend to CIC of $53.6 million.

SASKATCHEWAN TELECOMMUNICATIONS AND SASKATCHEWAN TELECOMMUNICATIONS HOLDING CORPORATION (collectively SaskTel)

During the year, corporate ownership was restructured to better manage SaskTel's diverse holdings and to prepare for a more complex and increasingly competitive business environment. The Saskatchewan Telecommunications Holding Corporation began operations in May 1993. The restructuring will improve accountability, encourage a more competitive corporate culture and protect non-integral assets should provincial regulation of SaskTel be replaced with federal regulation.

SaskTel provides local and long distance voice, data, image and text services throughout Saskatchewan. As a member of Stentor, an alliance of Canada's major telecommunications companies, SaskTel provides a full range of national and world-wide long distance communications services. SaskTel develops and delivers advanced telecommunications products and services to some 450,000 residential and business customers.

Through SaskTel Mobility, SaskTel provides not only the most extensive cellular and paging coverage in Saskatchewan, but also a technologically advanced trunked mobile system called FleetNet 800 which is designed for commercial utilities and emergency uses.

As part of its diversification activities, SaskTel pursues investment opportunities that have a solid potential to make favourable long-term contributions. The company made an equity investment in Regional Cable TV (Western) Inc., one of North America's largest rural cable TV operators. In addition, SaskTel is now the major shareholder in LCL Cable Communications Ltd., which is building a multi-media network to provide both cable TV and telecommunications services to the communities of Leicester and Loughborough in the United Kingdom.

The corporation also shares its technical and management expertise in the pursuit of diversification opportunities in world-wide markets through its wholly-owned subsidiary, SaskTel International. Besides providing a wide range of management consulting and software services, SaskTel International expands its international operations through strategic partnerships.

Currently, SaskTel International's largest project is a $48 million contract to provide telecommunications services to 250 communities throughout the Philippines. SaskTel International also played a major role in the provision of telecommunications services for the "Chunnel" between Great Britain and France.

During 1993, under a long-term, capital-intensive modernization program, SaskTel continued to upgrade its switching and transmission networks to digital operation. Thirty-one communities received advanced digital switching systems in 1993. During 1995, when its $30 million facilities modernization program in northern Saskatchewan is completed, SaskTel will become one of the first companies in North America to have an all-digital network in place throughout its serving area.

Operating revenues for 1993 totalled $619.7 million, down $1.2 million from 1992 revenues of $620.9 million. The primary reason for the decrease is the continuing decline in long distance revenues.

Operating expenses for 1993 totalled $466.7 million, down $17.4 million from 1992, primarily due to decreases in salaries and benefits costs. Interest and related costs for 1993 totalled $73.8 million, down $13.4 million from 1992. During the past two years, the corporation has focused on early repayment of long-term debt to bring its debt ratio more in line with the industry average. As a result, at the end of 1993, the corporation's debt ratio had declined to 60.6 per cent and interest charges were reduced accordingly.

SaskTel's net earnings were $88.5 million in 1993, an increase of $8.6 million from 1992 earnings of $79.9 million. During 1993, SaskTel declared a dividend to CIC of $58.4 million.

SASKATCHEWAN TRANSPORTATION COMPANY (STC)

STC operates a scheduled bus transportation system within the Province that is linked to neighbouring provincial and national services through agency and interline agreements with other carriers. Comprehensive coverage of the Province is accomplished through a network of some 230 agencies providing depot services, and schedule coordination with regional operators.

Operating and administrative costs were $815 thousand lower in 1993 than in 1992, principally due to route and schedule changes implemented in 1993. These changes will reduce yearly scheduled miles by about one million. STC also reduced its charter services to only local and short haul trips thereby making more effective use of idle coaches. These changes permitted reduction of the fleet from 62 to 46 coaches by year end.

During 1993, CIC provided a $21.5 million equity advance to STC. STC used these funds to repay an equivalent amount of short-term loans owing to CIC. Largely as a result of this, STC's 1993 interest costs declined by $1.3 million from 1992 levels.

In 1993, STC logged 4.7 million miles on its coaches, 12.5 per cent fewer miles than in 1992. Fare passenger volume was 458 thousand, down 12 per cent from 1992. In spite of this loss of passengers and a $329 thousand drop in revenues, STC reduced its operating loss from $5.0 million in 1992 to $3.5 million in 1993.

Financial performance should continue to improve in 1994 as a result of cost savings from ongoing efficiency measures.

SASKATCHEWAN WATER CORPORATION (Sask Water)

Sask Water's mandate is to manage, administer, develop, control and protect the water and related land resources of Saskatchewan. Sask Water has its head office in Moose Jaw.

In 1993, water management was the operative phrase as Sask Water moved from drought conditions in the spring to record flows in many locations over the summer due to abnormally high summer rains. Although the runoff provided welcome relief to critically low water levels in many lakes and reservoirs, it also brought new problems with numerous road wash-outs and significant amounts of lake shore and river bank erosion. Unfortunately, the rains did not extend into the north and rivers and lakes in this area remained under the influence of a severe drought, which continued to bring hardship to many northern residents.

In the area of utility development, the cool, wet summer delayed the construction and substantial completion of the Melfort Regional Water Supply System. In 1993, a conceptual design and cost estimate was completed for a multi-user regional waste water facility in Nipawin. As well, construction began on a regional water supply system which will serve the Village of Bethune and surrounding area.

On January 1, 1993, Sask Water assumed responsibility for completion and operation of the Rafferty-Alameda project. During the year, Sask Water resolved the court action which had delayed completion of the project. Through negotiations and public consultation, an acceptable agreement was reached which will allow completion of construction in 1994.

Sask Water accounts for its operations under two broad divisions, Utility operations and Non-Utility operations. Utility operations consist of operation and development of raw and treated water supply services. Non-Utility operations entail strategic and operational management of the Province's water resource and delivery of various water based economic development grant programs.

Financially, Sask Water had a very good year in 1993. On revenues of $19 million, excluding grant program funding, earnings from operations were $3.8 million compared to $0.9 million during 1992. This increase is due mainly to the exceptionally high water flows and resulting higher **Water Power Act** revenue. This revenue, received from SaskPower for hydroelectrical power generation, increased by $2.4 million over 1992.

In addition to earnings from operations, Sask Water received $2.9 million more in grant revenue than was spent on grants to clients during the year. This amount will be expended in 1994. In 1992, grant expenditures exceeded grant revenue by $0.1 million.

Sask Water's combined net earnings for 1993 were $6.7 million compared to $0.8 million in 1992.

SASKENERGY INCORPORATED (SaskEnergy)

SaskEnergy's mandate is to promote, transport, store and distribute natural gas.

SaskEnergy faced a number of new challenges in 1993 that directly affected its distribution, transportation and storage businesses. Fluctuations in natural gas prices dramatically increased SaskEnergy's gas costs. Growth in natural gas drilling and production in Saskatchewan helped increase the number of requests to connect with the transmission system. The transmission system transported record volumes of natural gas and demand for storage services increased.

Through significant customer policy changes, supplemented by key system enhancements and competitive rates, SaskEnergy's transmission and storage business had a record-setting year of natural gas throughput on its system. The transmission system moved a record 324 billion cubic feet in 1993. This was an increase of six per cent from the 1992 record of 306 billion cubic feet.

The transmission systems' 1993 capital investment focused on initiatives that would enhance the Corporation's and its customers' competitiveness. These projects included initiatives with producers to increase reserve development, improve access to new markets and meet increasing demands for storage services.

SaskEnergy's partnerships with Indian bands have so far resulted in the provision of gas to 25 reserves. Approximately 25 more reserves in the Province have applied for natural gas service. SaskEnergy maintained the second lowest natural gas residential rates and one of the lowest transmission rates in the country, despite significant volatility in natural gas prices and a general two per cent rate increase for distribution and transmission customers, implemented on January 1, 1993.

SaskEnergy's long-term debt has been reduced to $599.1 million at the end of 1993 (a 79:21 debt to equity ratio) from $607.4 million at the end of 1992 (an 82:18 debt to equity ratio). SaskEnergy's commitment to increasing customer service efficiency, minimizing costs, making business and marketing decisions that improve SaskEnergy's financial position, and a $12 million reduction in interest payments resulting from a debt restructuring program in 1992, all contributed to increase SaskEnergy's net earnings in 1993 to $68.7 million. 1992 net earnings were $51.6 million. SaskEnergy declared a dividend of $41.2 million to CIC in 1993.

SASKATCHEWAN COMPUTER UTILITY CORPORATION (SaskCOMP)

SaskCOMP was inactive during 1993 as all of its assets and liabilities were sold in 1988 as part of the transactions that formed ISM Information Systems Management Corporation.

On May 4, 1993, the **Saskatchewan Computer Utility Corporation Repeal Act** was passed in the Legislature. This Act, if proclaimed, would wind up SaskCOMP into CIC.

CIC INDUSTRIAL INTERESTS INC. (CIC III)

CIC III was incorporated in 1979 under **The Business Corporations Act** (Saskatchewan) as a wholly-owned subsidiary of CIC . CIC III was created as a vehicle to own certain investments of a commercial nature which involved some degree of private ownership. All investments listed on page 13 are held by CIC III, with the exception of NewGrade Energy Inc. and Cameco Corporation. These two investments are held directly by CIC.

On December 31, 1993, Agdevco International Inc., (Ag.Inc.), a wholly-owned share capital subsidiary of CIC III, was wound up into CIC III. Ag.Inc. was transferred to CIC III as part of the wind-up of Agricultural Development Corporation of Saskatchewan (Agdevco). Ag.Inc. had a 25 per cent interest in the Crescent/Agdevco Joint Venture which was involved in two drainage projects in Pakistan. Ag.Inc. had issued performance guarantees with respect to the Joint Venture. During 1993, CIC successfully negotiated for the release of CIC, CIC III, Agdevco and Ag.Inc. from any liability under the guarantees. Ag.Inc. was inactive on the date of wind-up.

CIC III's Non-Consolidated Financial Statements are included in this Annual Report and begin on page 75. The investments held by CIC III are described below.

CIC III INVESTMENTS

BI-PROVINCIAL UPGRADER JOINT VENTURE (Bi-Provincial Upgrader)

The Government of Saskatchewan entered into a joint venture agreement with the Government of Canada, the Government of Alberta and Husky Oil Ltd. on September 2, 1988 to finance, build and operate a heavy oil upgrader to be located near Lloydminster, Saskatchewan. CIC III holds the Province's 17.5 per cent ownership interest in the project. The total construction cost of the upgrader (which is designed to produce approximately 16.8 million barrels of upgraded crude oil per year) was originally estimated to be $1.267 billion. The final cost is now expected to be $1.632 billion, an increase of $365 million.

CIC III's obligations under the agreements were to provide 17.5 per cent of $1.267 billion, or $221.7 million, in the form of non-interest bearing cash equity; 17.5 per cent of the first $175 million cost overrun, or $30.6 million, in the form of cash equity bearing interest at commercial bank prime lending rates; plus up to 17.5 per cent of a $50 million revolving operating line of credit, or $8.8 million, in the form of non-interest bearing cash advances, for a total commitment of $261.1 million. CIC III declined to participate in the funding of the remaining $190 million of the total cost overrun. The funding for that overrun was provided by the other three Joint Venturers in the form of a combination of interest and non-interest bearing cash equity. Due to continued cash operating losses during 1993, the other three Joint Venturers agreed to jointly fund an additional $30 million operating line in the form of non-interest bearing cash advances. CIC III declined to participate in the $30 million operating line. CIC III had funded its total commitment of $261.1 million to December 31, 1993.

Construction of the project, which began in late 1988, generated approximately 13 million manhours of employment in engineering, construction and project management. Operations of part of the plant commenced in July 1992 with all of the plant fully operational by November 1992. Currently the plant is operating very near to design capacity. As a fully operational plant, the Bi-Provincial Upgrader employs approximately 300 full-time positions, 200 contract positions and an additional 800 positions for a 20 day period every 18 months for plant turnaround.

Current economic projections indicate that CIC III's total investment will not be fully recouped after 25 years of operations. In order to recognize this, CIC III recorded a provision for decline in the value of the investment of $63.9 million at December 31, 1991. Forecasts of the Bi-Provincial Upgrader indicate improved heavy to light crude oil price differentials over the expected life of the project.

The Bi-Provincial Upgrader reported a loss from operations for 1993, as calculated under the provisions of the Joint Venture agreements. In 1993, CIC recorded a provision for decline in the value of its investment in CIC III of $26.9 million. This write-down is equivalent to CIC III's share of the non-recoverable operating losses of the Bi-Provincial Upgrader.

The short-term economic outlook for the Bi-Provincial Upgrader is poor due to the relatively low heavy to light crude oil price differential. This may necessitate additional annual write-downs in CIC equal to CIC III's share of the Bi-Provincial Upgrader's future operating losses.

MEADOW LAKE PULP LIMITED PARTNERSHIP (Meadow Lake Pulp Mill)

CIC Pulp Ltd., a wholly-owned share capital subsidiary of CIC III, and Millar Western Industries Ltd. (Millar Western), an Alberta-based corporation, formed a partnership in 1990 to construct and operate one of the world's first zero effluent chemi-thermomechanical pulp (CTMP) mills. The unique manufacturing process does not discharge any effluent into rivers and streams nor does it produce dioxins or noxious odours. The amount of water that is necessary to operate the mill is approximately 80 per cent less than normal requirements for a CTMP mill. The mill uses 100 per cent aspen as the fibre source to produce 240,000 tonnes per annum of hydrogen peroxide bleached CTMP. The wood pulp is sold in Canada, the United States and off-shore.

Construction of the facility commenced in March 1990. Construction and start-up costs were estimated at $361.5 million, with a significant portion of the costs committed to environmental protection. The final project costs were $356.3 million.

During construction, 1.65 million manhours of employment were provided. Over 190 new permanent jobs were created at the mill itself and an additional 170 jobs were created in the woodlands to supply timber requirements for the mill. Meadow Lake Pulp Mill and NorSask Forest Products Inc. have formed Mistik Management Ltd. to manage the forest resources for the benefit of the whole community.

CIC Pulp Ltd., a 49 per cent partner in the Meadow Lake Pulp Mill, contributed $9.8 million in equity, while Millar Western, owner of the remaining 51 per cent, contributed $10.2 million in equity. CIC III also provided $50 million to the Meadow Lake Pulp Mill in the form of a non-repayable infrastructure contribution. This amount was treated as a grant by CIC III in 1991.

In addition, CIC III agreed to provide a maximum of $191.5 million in long-term loans. CIC III had advanced $186.3 million of its long-term loan commitment by December 31, 1992. Further loan advances up to the maximum of $191.5 million were not required. The long-term loans mature in the year 2014. Payment of interest and repayment of principal on certain of these loans is subject to cash availability as defined in the loan agreements. The long-term loans are secured, through a Participating Debenture, by a second fixed charge and security interest on all assets owned or acquired by the pulp mill.

Although the mill commenced production in January 1992, it did not commence commercial operations until November 1, 1992. The pulp mill has incurred operating losses during its first year of operations which ended on October 31, 1993. Although losses in the first year of operations are normal, the current year's losses were compounded by record low pulp prices. The mill is currently operating in excess of design capacity.

Due to low pulp prices, the pulp mill experienced cash flow deficiencies. As a result, the pulp mill's Water Treatment Facility (WTF) was sold to Millar Western effective October 29, 1993 which provided the pulp mill with the funds required to cover the operations until the end of January 1994. The WTF was sold to Millar Western for $70 million and Millar Western will operate it until such time as the pulp mill has cash to repurchase it. Millar Western made a down payment of $4 million in December 1993. The remainder owing is in the form of a note receivable.

Event Subsequent to Year End

In February 1994, the Meadow Lake Pulp Mill experienced cash flow deficiencies which exceeded its bank line of credit. Subject to finalization of agreements, a chartered bank has agreed to fund a further $14.5 million to the Meadow Lake Pulp Mill. The funds will be used to finance $4.5 million in capital improvements as well as to cover operating cash flow deficiencies.

Subject to finalization of agreements, CIC III and Millar Western have further agreed, if required, to provide financing after the chartered bank's financing is entirely utilized. CIC III has committed to finance $9 million in cash flow deficiencies and Millar Western $1 million, on a pro-rata basis with CIC III.

SASKFERCO PRODUCTS INC. (Saskferco)

Saskferco is a company incorporated in Saskatchewan with its head office in Regina. Saskferco's manufacturing complex, located near Belle Plaine, produces nitrogen based fertilizer. It has been in operation since October 1992, which was only eight weeks later than the original target date. At full production the plant uses approximately 18 billion cubic feet of natural gas feedstock per year. The plant is designed for a daily capacity of 1,500 tonnes of anhydrous ammonia, most of which is upgraded at the plant to produce 2,000 tonnes of granular urea on a daily basis. At full capacity, the plant produces 125,000 tonnes of ammonia and 660,000 tonnes of urea annually for sale. The nitrogen fertilizers produced by Saskferco service the agricultural markets in Canada and the northern United States, as well as off-shore.

Capital costs to start-up were originally estimated to be $435.3 million. The actual capital costs to start-up are now estimated to be $439.9 million, $4.6 million higher than originally expected. Construction, which began in May 1990, generated 2.8 million manhours of employment. Now that operations have commenced, 117 permanent jobs and 25 contract jobs have been created at the plant, as well as 12 permanent positions at the head office in Regina. The plant is currently operating above design capacity.

CIC III owns 49 per cent of Saskferco in the form of Class B shares, Cargill Limited (Canada) owns 50 per cent in the form of Class A shares and Citibank Canada owns one per cent in the form of Class C shares. The Class A and B shares rank equally in all respects including voting rights and dividends. Class C shares also have voting rights and are entitled to a cumulative preferred dividend.

The initial capital costs of the project of $435 million were financed with 30 per cent equity capital totalling $130 million and 70 per cent long-term debt totalling $305 million. A further $10 million of equity may be financed by the shareholders on a pro-rata basis to the extent required to fund any construction cost overruns that may occur. Of this amount, only $4.6 million is expected to be required. CIC III has advanced $68.4 million of its maximum $68.7 million equity commitment to December 31, 1993. The maximum equity commitment includes CIC III's share of pre-construction feasibility costs of $2.5 million.

In May 1993, CIC III and Cargill Limited each provided additional equity financing of $2.5 million in the form of Class D shares to fund working capital deficiencies which could not be financed under Saskferco's unguaranteed $20 million operating line of credit. This equity is repayable to CIC III and Cargill Limited from future available cash flow.

Of the total long-term debt, a $38.2 million loan facility with a chartered bank was guaranteed by CIC. At December 31, 1993, $28.6 million was outstanding on this facility. The remaining long-term debt plus any outstanding interest, in the form of Medium Term Notes with a principal amount of $231 million U.S., is guaranteed by the Province. The agreements provide that cash flow will be allocated on a priority basis to the reduction of guaranteed debt. The Province and CIC receive commercially-based guarantee fees based on guaranteed debt outstanding.

In addition to guaranteeing the debt noted above, the Province may, in certain circumstances, be obligated to provide additional financial support by way of a loan to Saskferco, in an amount of up to an aggregate maximum of $30 million. Any such loan that may be necessary is to be repayable by Saskferco to the Province on a priority basis and will bear interest at a chartered bank's prime rate plus one per cent per annum. CIC does not currently expect that this additional financing will be required.

The repayment to the Province of any amounts that may be advanced under the guarantee or under any loan of the nature referred to above is secured by a first charge and security interest on the land, personal property and shares of Saskferco.

As is normal during the early start-up phases of such operations, Saskferco has incurred operating losses for the period October 14, 1992 (commencement of commercial operations) to December 31, 1993. Saskferco's year end is May 31.

HARO FINANCIAL CORPORATION (HARO)

HARO is a Regina based company created for the purpose of acquiring a significant ownership interest in Crown Life Insurance Company (Crown Life) and arranging for the relocation of the head office operations of Crown Life to Regina. CIC was designated by the Province to act as the lead agency to facilitate the HARO/Crown Life transaction.

Subject to Crown Life meeting certain milestones respecting its relocation, HARO agreed to pay Crown Life $250 million for $200 million of Convertible Preferred Shares and $50 million of Warrants, which are exercisable into Convertible Preferred Shares. The conversion of the Preferred Shares to common shares (or a non-voting equivalent) is to occur no later than June 30, 1996. HARO also received, for nominal consideration, a special class of preferred shares which enables HARO to veto any move of the head office operations of Crown Life to a place outside Saskatchewan until the year 2031.

CIC III advanced $271 million, out of a maximum $275 million loan facility, to HARO on December 15, 1992. These funds were used by HARO to repay a previous loan facility with a Canadian chartered bank, and to pay interest and initial operating costs of HARO. HARO's previous loan facility was obtained to finance the acquisition of the ownership interest in Crown Life. CIC III's loan replaced a $305 million guarantee previously provided by the Province to support HARO's credit facility with the bank, and a $50 million Provincial guarantee to Crown Life to support purchase of the Warrants.

CIC III's loan is for an initial five-year term commencing on December 15, 1992 with a maximum of four five-year renewal terms at the option of HARO. The agreements provide that under certain conditions, the principal amount of the loan may be increased after the first five-year term if no refinancing has occurred. It is the intent of both parties that the government loan be replaced by private investment within the first five years if market conditions are appropriate.

Payment of principal and interest is subject to available cash flow as specifically defined in the agreements. It should be noted that HARO's only cash flow will be dividends from Crown Life and interest income (if any) on amounts in escrow. Six per cent of the cash flow will be reserved for the shareholders of HARO. The remaining 94 per cent of the cash flow will go to CIC III. All amounts outstanding are due and payable on December 15, 2017. On that date, the balance of the principal and interest outstanding, if any, will be converted into a maximum of 94 per cent of HARO equity shares at that time. The type of HARO equity shares will be subject to certain regulatory approvals and is not presently determinable.

CIC III's security consists of all of HARO's assets which are currently comprised of Crown Life shares and warrants. Subject to regulatory compliance, CIC III can exercise its unilateral right to 94 per cent of HARO's assets at any time after conversion of the Crown Life Preferred Shares to common shares. CIC III's realization options in respect of its security are limited because of certain contractual provisions and certain regulatory provisions in U.S. and Canadian law.

Crown Life commenced the relocation of its head office from Toronto to Regina in the summer of 1992. During 1993, construction of Crown Life Place was completed and by October 1993, the relocation was complete. Consistent with the agreement, Crown Life now employs over 1,000 employees located in Regina. This marks the successful completion of one of the largest corporate relocations in Canadian history.

Event Subsequent to Year End

On February 17, 1994, Crownx Incorporated (the publicly traded part-owner of Crown Life) and HARO jointly announced an agreement which finalized the ownership interests of each of them in Crown Life.

Upon completion of the proposed transactions, Crownx will hold 32.24 per cent of the common equity of Crown Life, HARO will hold 64.48 per cent and the public's ownership will remain unchanged at 3.28 per cent. The transactions are subject to regulatory approvals, the execution of definitive agreements and, in due course, the amendment of Crown Life's capital structure. Both HARO and Crownx believe that clarifying the ownership interest now rather than in 1996 will be very positive for Crown Life.

CORNWALL CENTRE MORTGAGES

CIC III owns two mortgages due from Cadillac Fairview Corporation Limited. These mortgages, due December 1, 2001, were advanced in two phases as part of the development and construction of the Cornwall Centre in downtown Regina. $35.4 million of the mortgage funds were advanced in December 1981 for Phase I of the project, which represented the development of an Eaton's department store, SaskTel's head office, and a retail mall. $8.2 million was advanced in April 1984 for Phase II of the project, which represented the development of a Sears department store, parkade, and cinema complex. At December 31, 1993, the total principal outstanding on these mortgages was $40.5 million. Both mortgages continue to be current.

DAIRY PRODUCERS CO-OPERATIVE LIMITED (DPCL)

In July 1990, CIC III provided a loan of $10 million to DPCL to help in financing the purchase of certain dairy assets located in Manitoba. DPCL is a dairy farmers co-operative which uses milk produced by its members for processing fluid milks and creams and the manufacturing of a full line of dairy products. The loan is secured by a specific charge on certain of DPCL's properties and a fixed and floating debenture on all other of DPCL's assets, subject to first charges by two other lenders. Interest and principal payments to January 1, 1995 are subject to certain, complex, cash availability and cash flow formulas as defined in the Loan Agreement and are also subject to complying with certain financial ratios.

Any deficiency with respect to interest payments are to be compounded into the principal balance. On September 20, 1993, a payment was received and applied against loan interest outstanding at that date. Prior to this, no interest or principal payments were required on this loan.

CANADIAN WESTERN BANK

On February 17, 1993, CIC III purchased a $2 million convertible subordinated debenture issued by the Canadian Western Bank (the Bank). The Bank, with its head office in Edmonton, is a full service, western based bank. It was formed in 1988 through an amalgamation of the Bank of Alberta and the Western and Pacific Bank of Canada. The Bank's concentration is on small to medium sized businesses in Western Canada. In 1991, CIC committed to the purchase of a $2 million convertible debenture. The investment was subject to the Bank assuming the former Saskatchewan Trust's office premises in Saskatoon, offering employment to certain Saskatchewan Trust personnel and committing to open another office in Regina within 20 months.

The Bank opened a full service branch in Regina on June 14, 1993. The Bank is required to maintain a significant business presence in Saskatchewan, including maintaining a full service branch in Saskatchewan, for as long as any amount remains outstanding on the debenture.

The debenture matures on March 1, 2003. Principal cannot be repaid to CIC III prior to February 17, 1998, except in the event of the insolvency or winding up of the Bank. CIC III has the option to convert all (but not less than all) of the debenture into common shares of the Bank. This option is available at any time prior to maturity. The debenture ranks subordinate to all deposit liabilities of the Bank and equally with all other unsecured liabilities and debentures of the Bank, except for sinking fund provisions, if any, applicable to such debentures.

SASCABLE SERVICES INC. (Sascable)

CIC III has a $153 thousand note receivable from Sascable. The note bears interest at a rate of 14 per cent, is repayable in annual instalments of $40 thousand blended principal and interest, and matures on February 28, 1998. Sascable is an association of Saskatchewan Pay T.V. operators. The note was issued in 1983 when Sascable purchased all of the physical assets of Cablecom Corporation, a former subsidiary of CIC III which was amalgamated with CIC III in 1988. Until 1983, Cablecom Corporation acted as a distributor of feature length films and other entertainment to affiliated Teletheatre companies in Regina, Saskatoon and Moose Jaw.

WASCANA ENERGY INC.
(formerly Saskatchewan Oil and Gas Corporation)

Wascana Energy Inc. is a Saskatchewan based senior Canadian oil and gas producer. Prior to December 1985, Wascana Energy Inc., then Saskoil, was a provincial Crown corporation operating under **The Saskatchewan Oil and Gas Corporation Act**. In December 1985, Saskoil was continued under **The Business Corporations Act (Saskatchewan)** and became a share capital corporation. Wascana Energy Inc. has had several public share issues since December 1985. This, along with the sale of 10 million shares in 1990 by CIC III, has reduced CIC III's interest in Wascana Energy Inc. to 5.8 million shares, representing a 7.4 per cent voting interest at December 31, 1993.

NATIONAL PIG DEVELOPMENT (CANADA) CO. LTD. (NPD)

NPD was incorporated in the early 1980s as a privately owned pig breeding stock company. As a result of the wind-up of Agdevco in 1990, CIC III holds the investment initially made by that corporation in NPD. CIC III's investment at December 31, 1993 includes voting common shares, non-voting preferred shares and long-term debt.

CIC III also held warrants which were granted by NPD for providing a shareholder loan in 1990. These warrants were exercised in September 1993 and, as a result, CIC III obtained a controlling interest in NPD with 60 per cent of the voting common shares.

On December 22, 1993, CIC III entered into an agreement with NPD which provides for up to $4 million in additional common and preferred equity funding to facilitate an expansion.

SGI CANADA INSURANCE SERVICES LTD. (SCISL)

SCISL was incorporated pursuant to **The Business Corporations Act (Saskatchewan)** in 1990. SCISL acts as the corporate vehicle for SGI CANADA to pursue its expansion interests and to attain a broader geographic spread of risk.

SCISL is owned 40 percent by CIC III, 30 percent by SGI CANADA and 30 percent by the Saskatchewan Auto Fund. SCISL is administered by SGI CANADA.

Further information on the operating results of SCISL can be found on page 16 of this Annual Report.

FORMER SASKATCHEWAN DIVERSIFICATION CORPORATION (SDC) HOLDINGS

CIC III is managing the investments inherited from the former SDC to minimize financial exposure and maximize possible returns. SDC was a wholly-owned subsidiary of CIC III which was amalgamated with CIC III on September 3, 1992.

SDC had invested or committed to invest in 21 projects. Of the 21 projects, nine have either gone into receivership or are near bankruptcy, and three commitments did not require disbursement of funds and have ceased to be potential liabilities. In addition, CIC III has sold its interests in two of the 21 projects. A total of $1.9 million is invested in the remaining seven projects which have various levels of profitability. The investments are concentrated in two main sectors, the agricultural/biotechnology sector (i.e.: BIOSTAR Inc., Bioriginal Food & Science Corporation, Philom Bios Inc.) and the manufacturing sector (i.e.: Brandt Road Rail Corporation, Sci-Tec Instruments Inc., Excel Fiberglas Manufacturing Inc., Rotary Air Force Management Inc.).

During 1993, $1.2 million was invested based on prior commitments. Of this, $500 thousand was returned to CIC III from selling its interests at its original purchase price. Another $985 thousand has been committed to one project subject to the company meeting certain milestones.

IPSCO INC.

CIC III owns 10 common shares of IPSCO Inc. at December 31, 1993. These shares remain after 99,990 shares were sold by CIC III in 1993. CIC III realized total proceeds of $2.5 million from the sale which resulted in a gain of $1.3 million.

CIC has unconditionally guaranteed the payment of indebtedness incurred by IPSCO Inc. under the terms of an operating lease which expires in 2007. The liability of CIC under the guarantee is limited to $65 million. IPSCO Inc. has the option to purchase the leased equipment at certain times during the lease term. In the event that IPSCO Inc. does not purchase the equipment by the end of the lease term, CIC is obligated to purchase the equipment for $13 million.

CIC continues to review these lease guarantees with the objective of improving the Province's position.

OTHER INVESTMENTS

CIC MINERAL INTERESTS CORPORATION (CIC MIC)

Until late in 1989, CIC MIC, previously the Potash Corporation of Saskatchewan, was an active mining company. On November 9, 1989, most of the assets and liabilities of CIC MIC were transferred to PCS Inc. in exchange for 100 per cent of PCS Inc.'s common shares. CIC MIC immediately sold 37 per cent of these shares in an initial public offering by secondary distribution and placed a further 31.7 per cent in trust to fulfil the exchangeability feature of the Potash Ownership Bonds issued by the Province of Saskatchewan in 1989. A share issue by PCS Inc. in 1990 and a sale of shares by CIC MIC in 1991 further reduced CIC MIC's ownership interest in PCS Inc.

Of the 11,100,000 PCS Inc. common shares placed in trust for the exchange of the Potash Ownership Bonds, all but 578,558 were disposed of by December 1, 1992, the maturity date of the Bonds. The remaining shares were transferred back to CIC MIC. On December 23, 1993, CIC MIC sold the remaining 578,558 shares, resulting in a gain of $6.4 million. As a result, CIC MIC owned one unencumbered share of PCS Inc. at December 31, 1993 in addition to 3.6 million common shares held in trust to satisfy the possible exercise of common share purchase warrants sold in 1991. The common share purchase warrants expire September 30, 1994. Any remaining shares held in trust after expiry will be returned to CIC MIC.

CIC MIC's administration is conducted under the direction of its Board of Directors through the use of staff and facilities provided by CIC. CIC MIC reported net earnings of $9.3 million in 1993 compared to $8.2 million in 1992. CIC MIC declared and paid a dividend of $9.3 million to CIC in 1993. This dividend to CIC included the gain of $6.4 million realized on the sale of PCS Inc. shares during the year.

PCS Inc., with its corporate head office located in Saskatoon, is the world's largest publicly traded supplier of potash.

CAMECO CORPORATION (Cameco)

At December 31, 1993, CIC owns 17,541,067 unencumbered Cameco voting common shares representing a 33.7 per cent ownership interest. CIC also has beneficial ownership of 2,657,367 voting common shares which are held in trust to satisfy the possible exercise of outstanding common share purchase warrants. In addition to these shares held directly by CIC, CIC III owns 2,556 voting common shares of Cameco.

CIC's investment in Cameco was previously owned by Saskatchewan Mining Development Corporation (SMDC). On May 24, 1993, the **Saskatchewan Mining Development Corporation Repeal Act** (the Repeal Act) was passed by the Legislative Assembly. Pursuant to the Repeal Act, proclaimed on December 31, 1993, SMDC was wound up and all of its assets and liabilities were transferred to CIC effective December 31, 1993.

SMDC reported net earnings of $25.9 million in 1993 compared to $3.9 million in 1992. Immediately prior to wind-up, SMDC declared a dividend to CIC of $25.9 million.

Cameco was created in 1988 through the merger of SMDC's operations and those of Eldorado Nuclear Limited, a Federal Crown corporation. SMDC initially owned a 61.5 per cent interest in Cameco. However, in July 1991, Cameco issued 10.4 million common shares pursuant to an initial public offering. In September 1991, SMDC sold 5.3 million of its Cameco common shares through a private placement. SMDC also placed 2.7 million of the remaining shares in trust to satisfy the possible exercise of common share purchase warrants issued in 1991. During 1993, 9,300 Cameco common shares were sold upon the exercise of the common share purchase warrants. The common share purchase warrants expire October 1, 1994.

Cameco, with its corporate office located in Saskatoon, is one of the world's largest, low-cost, integrated uranium producers. Cameco reported net earnings in 1993 of $73.0 million, compared to $8.0 million in 1992. The 1992 net earnings included a non-recurring loss of $59.5 million.

NEWGRADE ENERGY INC. (NewGrade) HEAVY OIL UPGRADER

NewGrade was established to construct, own and operate a heavy oil upgrader in Regina. NewGrade's outstanding voting shares are owned 50 per cent by the Province of Saskatchewan through CIC and 50 per cent by Consumer's Co-operative Refineries Limited (CCRL).

NewGrade is designed to process 15.75 million barrels per year of heavy crude oil to provide upgraded crude oil (Reconstituted Crude) to CCRL as a feedstock to their refinery for processing into refined products. The Reconstituted Crude meets CCRL's feedstock requirements to produce refined products, including propane, butane, gasoline, diesel fuel and furnace oil, as well as anode-grade quality coke as a by-product. Any excess Reconstituted Crude not required by CCRL to produce refined products is further processed into synthetic crude for sale by NewGrade to other refineries.

The project cost was initially budgeted at $793.8 million, of which 80 per cent, or $635 million, was in the form of debt and $158.8 million was in the form of equity.

Construction of the upgrader was substantially completed in 1988 and was essentially on time and on budget. Operation of the plant started in November 1988 and, although it was anticipated that consistent full production capacity would be achieved in 1989, various operational difficulties encountered throughout 1989 and 1990 prevented this goal from being met. The complex has been operating more or less consistently at full production capacity since July 1991.

The start-up problems in 1989 and 1990 resulted in material cash deficiencies which were rectified exclusively by CIC through additional financing totalling $75.7 million. As well, an additional $7.0 million in financing has been provided by CIC ($2.3 million in 1991, $2.3 million in 1992 and $2.4 million in 1993) to cover year-end cash deficiencies. CIC has made total investments in NewGrade of $236.7 million to December 31, 1993. This includes 100 per cent of the subscription price for the Securities as well as the incremental $82.7 million noted above. The continued operating difficulties and cash losses have resulted in CIC having written down its entire investment in NewGrade to nil at December 31, 1993.

An equal number of voting non-participating shares have been issued to each of CIC and CCRL for a nominal subscription price. CIC has contributed $154 million of equity through the subscription to participating non-voting shares and other securities (collectively the "Securities") in NewGrade. CCRL has been granted an option to purchase certain of these Securities from CIC at cost by utilizing dividends, or other like distributions, from NewGrade. In effect, such an acquisition of these Securities by CCRL would result in any NewGrade profits which may be available for distribution to shareholders being shared equally between CCRL and CIC.

The total term debt of $635 million is guaranteed 56.693 per cent by the Province to a maximum of $360 million, and 43.307 per cent by the Government of Canada to a maximum of $275 million. CIC has guaranteed the exchange risk that exists upon default of NewGrade's U.S. denominated debt to the extent that the default amount would exceed the $360 million guaranteed by the Province.

In the event of default, the Province would be called on its guarantee of $360 million. The Government of Canada may, in the event of default, make a claim against the Province for a portion of Canada's exposure under its guarantee. The Province's only recourse is to the assets of NewGrade which, for realization, would have to be removed from CCRL's property and sold. As a result, the Province would likely only re-coup a fraction of its guaranteed obligation. The significant losses generated by this investment and the economic viability of the project continue to be of grave concern to CIC and the Province.

On November 17, 1992, the Province announced plans to hold a public review into the deal that created NewGrade. The Province appointed Mr. Willard Estey to carry out the review of the deal, make recommendations about changes to it and act as a mediator between CCRL and the Province. Mr. Estey concluded his report in March 1993.

Mr. Estey's recommendations formed the basis of a proposal from the Province to CCRL with respect to the financial restructuring and governance provisions of NewGrade. Subsequent negotiations did not result in a resolution and, as a result, the Saskatchewan Legislature passed Bill 90 - "An Act to Protect the Financial Viability of NewGrade Energy Inc." in June 1993. However, it has not yet been proclaimed. Negotiations between the Province and CCRL continued through July and August and resulted in a "Statement of Settlement Principles" on August 18, 1993 (the Statement). Under the Statement, the Province and CCRL would each contribute $75 million through a combination of equity subscriptions, grants, asset purchases and interest free loans. The funds would be used to reduce NewGrade's long-term debt. The consent of the Federal Government is required to implement the Statement. The Statement also contemplates a significant Federal Government financial contribution. The Province and CCRL are currently in discussions with the Federal Government with respect to their proposed role in the financial restructuring.

Under current conditions, the project will continue to be in a precarious financial situation for the foreseeable future. It is currently estimated that NewGrade will have exhausted all of its available financing by April 1994.

1993 MAJOR CAPITAL EXPENDITURES

The following represents capital expenditures in excess of $2 million undertaken by CIC's subsidiaries during 1993 (in millions of dollars):

SaskPower

Customer Connections and System Improvements	69.8
Rural Underground Distribution (RUD)	40.8
Channel Lake Gas Properties	25.0
Shand Power Station Unit #1	15.3
Boundary Dam #1 Boiler Rehabilitation	14.7
Boundary Dam Unit 4 Superheater Replacement	8.2
Transformer Replacements	5.3
Coronach Land Purchase	4.1
Condie-Queen Elizabeth 230KV Line	3.3
Boundary Dam Units 3 & 4 Asbestos Removal	3.0
Island Falls "A" Dam Repair	3.0

SaskEnergy

Transmission System Tie-ins	5.8
Moosomin Cavern Compressor	5.7
Transmission Line - Moosomin Cavern	4.3
Moosomin Cavern	2.2
Manville Pool Blowdown	2.1

SaskTel

Network Growth	33.0
Digital Network Modernization Program	13.8
Customer Equipment Demand	12.6
Cellular and Fleetnet	11.8
Leicester Communications Limited	8.7
North Saskatchewan Modernization	5.5
Stentor Fibre Optics Routes	2.3

Sask Water

Melfort Regional Water Supply	18.1

FIVE YEAR CONSOLIDATED FINANCIAL SUMMARY

	1993	1992	1991	1990	1989
Total Assets (in millions)	**$ 7,221**	**$ 7,239**	**$ 7,085**	**$ 6,864**	**$ 6,824**
Total Revenues (in millions)	**$ 1,968**	**$ 1,885**	**$ 1,785**	**$ 1,750**	**$ 2,042**
Net Income (Loss)(in millions)	**$ 116**	**$ 88**	**$ (379)**	**$ 117**	**$ (161)**
Interest Costs as a per cent of Total Revenues (%)	**23.5**	**24.9**	**29.4**	**27.0**	**22.5**
Long-term Debt as a per cent of Total Assets (%)	**55.5**	**57.6**	**71.1**	**62.5**	**65.5**
Debt to Equity Ratio	**2.1:1**	**2.2:1**	**5.8:1**	**3.8:1**	**3.2:1**

Responsibility for Financial Statements

The accompanying Consolidated Financial Statements have been prepared by management of Crown Investments Corporation of Saskatchewan. They have been prepared in accordance with generally accepted accounting principles in Canada, consistently applied, using management's best estimates and judgements where appropriate. Management is responsible for the reliability and integrity of the Consolidated Financial Statements and other information contained in this Annual Report.

The integrity of the financial records from which these financial statements are prepared is largely dependent on the systems of internal accounting controls. The purpose of such systems is to provide reasonable assurance that transactions are executed in accordance with proper authorization, transactions are appropriately recorded in order to permit preparation of accurate financial statements and assets are properly accounted for and safeguarded against loss from unauthorized use. Underlying this concept of reasonable assurance is the fact that limitations exist in any system of internal accounting controls based on the premise that the cost of such controls should not exceed the benefits derived therefrom.

The Provincial Auditor of Saskatchewan has audited the Consolidated Financial Statements and conducted a review of internal accounting policies and procedures to the extent required to enable him to express an opinion on the Consolidated Financial Statements. His report to the Members of the Legislative Assembly, stating the scope of his examination and opinion on the Consolidated Financial Statements, appears on the next page.

The Board of Directors has reviewed and approved these Consolidated Financial Statements. The Board meets periodically with management and with the independent auditors to review internal accounting controls, audit results and accounting principles and practices.

Donald R. Ching
President

Richard A. Hornowski
Vice-President Finance

March 30, 1994

CROWN INVESTMENTS CORPORATION OF SASKATCHEWAN

CONSOLIDATED FINANCIAL STATEMENTS 1993

Auditor's Report

To the Members of the Legislative Assembly
of Saskatchewan

I have audited the consolidated statement of financial position of **Crown Investments Corporation of Saskatchewan** as at December 31, 1993 and the consolidated statements of operations and reinvested earnings and cash flows for the year then ended. These financial statements are the responsibility of the corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the corporation as at December 31, 1993 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

Wayne Strelioff

Regina, Saskatchewan
March 30, 1994

W. K. Strelioff, C.A.,
Provincial Auditor

CROWN INVESTMENTS CORPORATION OF SASKATCHEWAN
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31

	1993	1992
	(thousands of dollars)	
ASSETS		
Current		
Cash	$ 70,399	$ 62,499
Short-term investments	159,092	112,365
Accounts receivable	314,230	452,312
Inventories	22,071	22,590
Prepaid expenses	94,596	86,944
	660,388	736,710
Long-term investments (Note 3)	1,604,042	1,679,404
Capital assets (Note 4)	4,692,352	4,562,095
Other assets (Note 5)	264,122	260,352
	$ 7,220,904	$ 7,238,561
LIABILITIES AND PROVINCE'S EQUITY		
Current		
Accounts payable and accrued liabilities	$ 440,359	$ 428,334
Notes payable (Note 6)	351,354	351,643
Dividend payable	35,434	-
Deferred revenue	82,417	88,870
Long-term debt due within one year (Note 7)	450,480	532,141
	1,360,044	1,400,988
Long-term debt (Note 7)	3,558,204	3,634,844
Deferred revenue and other liabilities (Note 8)	369,983	350,629
	5,288,231	5,386,461
Province of Saskatchewan's Equity		
Equity advances (Note 9)	1,447,452	1,447,452
Reinvested earnings	485,221	404,648
	1,932,673	1,852,100
	$ 7,220,904	$ 7,238,561

Commitments and contingencies (Note 10)

(See accompanying notes)

On behalf of the Board: ____________, Director ____________, Director

CROWN INVESTMENTS CORPORATION OF SASKATCHEWAN

CONSOLIDATED STATEMENT OF OPERATIONS AND REINVESTED EARNINGS

For the Year Ended December 31

	1993	1992
	(thousands of dollars)	
REVENUE		
Sales of products and services	$ 1,910,573	$ 1,789,612
Investment income	25,907	69,222
Other	31,235	26,065
	1,967,715	1,884,899
EXPENSES		
Operating costs other than those listed below	1,046,773	1,002,425
Interest (Note 11)	461,557	470,008
Amortization of capital assets	289,973	267,514
Saskatchewan taxes and resource payments (Note 12)	80,687	73,435
	1,878,990	1,813,382
Income before the following	88,725	71,517
Non-recurring items (Note 13)	34,887	24,669
Public policy expenditures adjustment (Note 14)	(7,605)	(7,705)
NET INCOME	116,007	88,481
REINVESTED EARNINGS (DEFICIT), BEGINNING OF YEAR	404,648	(267,780)
	520,655	(179,299)
CANCELLATION OF EQUITY ADVANCES (NOTE 9)	-	583,947
DIVIDEND TO GENERAL REVENUE FUND	(35,434)	-
REINVESTED EARNINGS, END OF YEAR	$ 485,221	$ 404,648

(See accompanying notes)

CROWN INVESTMENTS CORPORATION OF SASKATCHEWAN
CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended December 31

	1993	1992
	(thousands of dollars)	
OPERATING ACTIVITIES		
Net income	$ 116,007	$ 88,481
Add (deduct) non-cash items		
Amortization of capital assets	289,973	267,514
Sinking fund earnings	(42,037)	(53,167)
Gain on investments (Note 13)	(34,887)	(24,669)
Other non-cash items	77,314	(10,593)
	406,370	267,566
Net change in non-cash working capital balances related to operations	(62,574)	240,495
Cash provided by operating activities	343,796	508,061
INVESTING ACTIVITIES		
Purchase of investments	(143,150)	(532,731)
Proceeds from sales and collections of investments	338,739	362,914
Purchase of capital assets	(392,998)	(384,281)
Proceeds from sale of capital assets	2,343	10,661
Decrease (increase) in other assets	1,122	(9,353)
Cash used in investing activities	(193,944)	(552,790)
FINANCING ACTIVITIES		
Increase (decrease) in notes payable	(289)	2,786
Increase in deferred revenue and other liabilities	14,204	73,018
Long-term debt proceeds from General Revenue Fund	682,916	785,398
Long-term debt proceeds from other lenders	9,528	4,732
Long-term debt repayments to General Revenue Fund	(678,106)	(1,565,574)
Long-term debt repayments to other lenders	(170,205)	(121,476)
Equity advances received from General Revenue Fund	-	888,528
Cash (used in) provided by financing activities	(141,952)	67,412
NET INCREASE IN CASH DURING YEAR	7,900	22,683
CASH POSITION, BEGINNING OF YEAR	62,499	39,816
CASH POSITION, END OF YEAR	$ 70,399	$ 62,499

(See accompanying notes)

December 31, 1993

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with generally accepted accounting principles applied on a consistent basis. The preparation of periodic financial statements necessarily involves the use of estimates and approximations because the precise determination of financial data frequently depends upon future events. These consolidated financial statements have been prepared by management within reasonable limits of materiality and within the framework of the accounting policies summarized below:

a) Consolidation principles and basis of presentation

Certain Saskatchewan provincial Crown corporations are designated as subject to Part II of **The Crown Corporations Act, 1978** (the Act). The Act assigns specific financial and other responsibilities regarding these corporations to Crown Investments Corporation of Saskatchewan (CIC). A list of the Crown corporations designated as subject to Part II of the Act by Order-in-Council is presented below. These Crown corporations do not have share capital. However, due to their relationship to CIC, the inclusion of their accounts in the consolidated financial statements of CIC is considered to be the appropriate basis of presentation of the financial position and operations of CIC.

In addition to the Crown corporations listed below, the accounts of CIC Industrial Interests Inc. (CIC III), a wholly-owned share capital subsidiary of CIC, are also consolidated in these financial statements.

Separate financial statements for CIC and for CIC III have been prepared on a non-consolidated basis to show the financial position and results of operations of these corporate entities. In addition, separate financial statements for each of the undernoted Crown corporations are prepared and submitted annually to the Legislative Assembly.

The following Crown corporations have been designated as subject to Part II of the Act:

CIC Mineral Interests Corporation
SaskEnergy Incorporated
Saskatchewan Computer Utility Corporation
Saskatchewan Development Fund Corporation
Saskatchewan Economic Development Corporation
Saskatchewan Forest Products Corporation
Saskatchewan Government Growth Fund Management Corporation
Saskatchewan Government Insurance
Saskatchewan Mining Development Corporation (1)
Saskatchewan Power Corporation
Saskatchewan Telecommunications
Saskatchewan Telecommunications Holding Corporation
Saskatchewan Transportation Company
Saskatchewan Water Corporation

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

(1) Saskatchewan Mining Development Corporation was wound up effective December 31, 1993 upon the proclamation of **The Saskatchewan Mining Development Corporation Repeal Act**.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Inventories

Inventories for resale are generally valued at the lower of average cost and net realizable value. Other supplies inventories are valued at the lower of cost and replacement cost.

c) Investments

Short-term investments are valued at cost which approximates their market value.

Long-term investments in bonds, debentures and mortgages are recorded at amortized cost. Long-term investments in shares of private and public companies are recorded at cost and dividends from these shares are recorded as income when receivable. Other long-term investments are recorded at cost.

Where the Corporation has investments in shares and exercises significant influence but has less than a controlling interest, the investments are accounted for by the equity method whereby the carrying value of the Corporation's investment is adjusted for the Corporation's share of the investee's net earnings or losses and reduced by dividends received from these shares.

Where there is evidence of a permanent decline in the value of a long-term investment, the investment is written down to its net realizable value.

d) Capital assets

Capital assets are recorded at cost and include materials, services, direct labour and overhead costs which are readily identifiable with the construction activity or asset acquisition. Interest associated with major capital and development projects is capitalized during the construction period at a weighted average interest rate of long-term borrowings in the current year.

The costs of maintenance, repairs, renewals or replacements which do not extend productive life are charged to operations as incurred. The costs of replacements and improvements which extend productive life are capitalized.

When capital assets are disposed of or retired, the related costs and accumulated amortization are eliminated from the accounts. Any resulting gains or losses are reflected in the Consolidated Statement of Operations with three exceptions. Saskatchewan Power Corporation and SaskEnergy Incorporated apply this general policy only to complete asset units. Gains or losses on the disposal or retirement of incomplete asset units are included in accumulated amortization. Saskatchewan Telecommunications includes all gains or losses in accumulated amortization.

e) Amortization of capital assets

Amortization is recorded on machinery and equipment, buildings and improvements, as well as equipment under capital leases, primarily on the straight-line basis over the estimated productive life of each asset.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Deferred charges

Deferred charges include natural gas in storage, deferred financing charges, and unamortized differences arising from translation of long-term debt denominated in foreign currencies to Canadian dollars.

Natural gas in storage is stated at the lower of cost or net realizable value. Gas removed from storage is accounted for on an average cost basis.

Unamortized financing charges applicable to the issue of long-term debt are amortized on a straight-line basis over the respective term of each obligation.

g) Deferred revenue

Non-current deferred revenue includes contributions in aid of construction relating to new service connections. These contributions are amortized over the estimated service life of the related asset.

h) Revenue recognition

Revenue from utility services is recognized when the services are delivered to customers. The estimate of services rendered but not billed is included in accounts receivable.

i) Foreign exchange translation

Monetary assets and liabilities denominated in a foreign currency are translated at the rate of exchange in effect at year end. Revenues, expenses and non-monetary items are translated at rates prevailing at the transaction date. Exchange gains and losses are included in the Consolidated Statement of Operations in the current year.

Long-term debt and related accrued interest payable in foreign currencies are recorded at exchange rates prevailing at the year end. Where the translation of long-term debt results in a difference from the previously recorded amount (i.e. translation gains and losses), the difference is deferred and amortized on a straight-line basis over the remaining term of the debt.

The Corporation's foreign subsidiary is considered self-sustaining and its financial statements are translated in accordance with the current rate method. Assets and liabilities are reflected at their Canadian dollar equivalent at the exchange rate prevailing at the balance sheet date. Income items are reflected at their Canadian dollar equivalent at the average exchange rate for the year.

j) Leases

As lessee, where the Corporation has substantially all of the benefits and risks incident to the ownership of property, plant and equipment, the lease is classified as a capital lease. Property, plant and equipment recorded as capital leases are amortized on a basis similar to other assets in the same amortization category. All other leases are classified as operating leases and lease payments are expensed as incurred.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

As lessor, where the Corporation transfers substantially all of the benefits and risks incident to the ownership of the property, plant and equipment to the lessee, the lease is classified as a sales-type lease or direct financing lease. All other leases are classified as operating leases and lease payments are recorded as income.

2. STATUS OF CROWN INVESTMENTS CORPORATION OF SASKATCHEWAN

The Government Finance Office was established by Order-in-Council 535/47 dated April 2, 1947, and was continued under the provisions of **The Crown Corporations Act, 1978**, as Crown Investments Corporation of Saskatchewan. The Corporation is an agent of Her Majesty in Right of the Province of Saskatchewan and as a Provincial Crown corporation is subject to neither Federal nor Provincial income tax.

The Crown Corporations Act, 1993, which repeals **The Crown Corporations Act, 1978**, was passed by the Legislative Assembly on June 22, 1993. **The Crown Corporations Act, 1993** was proclaimed and came into force on January 1, 1994 pursuant to Order-in-Council 914/93 dated December 21, 1993.

3. LONG-TERM INVESTMENTS

	Voting Percentages	1993	1992
		(thousands of dollars)	
Equity Investments			
Cameco Corporation (a) 17,543,623 (1992 - 17,543,623) common shares;	33.7%	**$ 325,506**	$ 309,664
2,657,367 (1992 - 2,666,667) common shares held in trust	5.1%	**39,196**	39,333
Bi-Provincial Upgrader Joint Venture (b)	17.5%	**170,368**	185,089
Potash Corporation of Saskatchewan Inc. (c) 1 (1992 - 578,559) common shares;	-	**-**	10,414
3,630,566 (1992 - 3,630,566) common shares held in trust	8.5%	**65,641**	65,641
Saskferco Products Inc. (d) 68,449,080 (1992 - 66,692,212) Class B common shares; 2,500,000 (1992 - Nil) Class D shares	49.0%	**63,740**	66,692
Wascana Energy Inc. (formerly Saskatchewan Oil and Gas Corporation) (e) 5,842,910 (1992 - 8,148,649) common shares	7.4%	**47,044**	51,791

3. LONG-TERM INVESTMENTS (continued)

	Voting Percentages	1993	1992
		(thousands of dollars)	
Equity Investments (continued)			
ISM Information Systems Management Corporation (f) 891,206 (1992 - 891,206) common shares	4.4%	**2,180**	2,180
Meadow Lake Pulp Limited Partnership partnership interest	49.0%	**(21,435)**	9,072
NewGrade Energy Inc. (g) common shares and debentures	50.0%	**-**	-
Other share investments - cost basis		**62,421**	64,082
Other share investments - equity basis		**8,120**	14,575
		762,781	818,533
Bonds and Debentures			
HARO Financial Corporation (h)		**271,000**	271,000
Meadow Lake Pulp Limited Partnership (i)		**187,009**	186,454
Other bonds and debentures		**106,926**	94,942
		564,935	552,396
Loans, Notes and Mortgages Receivable			
Cadillac Fairview Corporation Limited		**40,064**	40,535
Dairy Producers Co-operative Limited		**10,500**	10,500
Other loans and notes receivable		**123,839**	152,094
		174,403	203,129
Property Holdings		**82,096**	87,759
Leases Receivable		**19,827**	17,587
		$ 1,604,042	$ 1,679,404

3. LONG-TERM INVESTMENTS (continued)

a) The Corporation owns, as an unencumbered investment, 17,543,623 voting common shares of Cameco Corporation (Cameco) representing a 33.7 per cent interest. The Corporation uses the equity method to account for these shares.

In addition, the Corporation holds 2,657,367 voting common shares of Cameco in trust to satisfy the possible exercise of Common Share Purchase Warrants (Purchase Warrants) sold by the Corporation in September 1991. The holder of each full Purchase Warrant may purchase one Cameco voting common share from the Corporation for $14.75 on or before October 1, 1994. The Corporation maintains beneficial ownership of these shares. Any shares remaining in trust after the close of business on October 1, 1994 will be transferred by the trustee to the Corporation. These shares, which represent a 5.1 per cent interest in Cameco, are accounted for using the cost method.

Included in the investment in Cameco is one Class B share which provides the Corporation with the ability to exercise special voting rights with respect to the location of Cameco's head office.

b) The Corporation owns a 17.5 per cent equity interest in the Bi-Provincial Upgrader Joint Venture (the Joint Venture) established to construct and operate a heavy oil upgrader located near Lloydminster, Saskatchewan. The Corporation's initial commitment was to fund its proportionate share, or $221.7 million, of the original estimated capital cost of the project of $1,267 million. During 1991 and 1992, cost overruns of $365 million were identified. The Corporation's proportionate share of these overruns would have been $63.9 million. The Corporation recorded a write-down of $63.9 million in 1991 to reflect these overruns. However, the Corporation agreed to fund only $30.6 million of this amount while the remaining $33.3 million would be funded by the other joint venturers. The Corporation has fully funded its initial commitment of $221.7 million in addition to the $30.6 million for the cost overrun. The Corporation has also agreed to fund up to 17.5 per cent of a $50 million revolving operating line of credit, or $8.8 million, in the form of non-interest bearing cash advances. To December 31, 1993, the entire amount (1992 - $3.9 million) had been advanced under this facility.

The Joint Venture has experienced lower than anticipated price differentials between heavy and light crude oil. Price differentials have fluctuated in recent years and, at present, are unable to support the cash flow needs of the Joint Venture. Until positive cash flows from operations are achieved, the Joint Venture is dependent upon the continued support of the joint venturers. Forecasts of the Joint Venture indicate improved price differentials over the expected life of the project.

c) As at December 31, 1992, the Corporation owned 578,559 unencumbered common shares of Potash Corporation of Saskatchewan Inc. (PCS Inc.). On December 23, 1993, the Corporation sold 578,558 of these shares for proceeds of $16.9 million, resulting in a gain on sale of $6.4 million. The Corporation continues to own one unencumbered share.

3. LONG-TERM INVESTMENTS (continued)

In addition, the Corporation holds 3,630,566 voting common shares of PCS Inc. in trust to satisfy the possible exercise of Common Share Purchase Warrants (Purchase Warrants) sold by the Corporation in September 1991. The holder of each full Purchase Warrant may purchase one PCS Inc. voting common share from the Corporation for $18.75 on or before September 30, 1994. The Corporation maintains beneficial ownership of these shares. Any shares remaining in trust after the close of business on September 30, 1994 will be transferred by the trustee to the Corporation. These shares, representing an 8.5 per cent interest, are accounted for using the cost method.

d) The Corporation owns all of the outstanding Class B common shares of Saskferco Products Inc. (Saskferco) representing a 49 per cent voting interest. The Corporation has fully funded its obligations to provide initial equity to Saskferco of $66.4 million. The Corporation may, in certain circumstances, be obligated to provide additional financial support for Saskferco. This includes the Corporation's pro-rata share (49 per cent) of up to $10 million of further equity to the extent required to fund any construction cost overruns that may occur. Saskferco has determined that construction cost overruns will be to a maximum of $4.6 million. The Corporation is also committed to funding 50 per cent of up to $5 million of other equity to the extent required to fund any working capital deficiencies that may occur during the first two years of operation. To December 31, 1993, the Corporation had advanced $2.0 million (1992 - $0.2 million) in the form of Class B shares under the construction cost overrun facility and $2.5 million (1992 - Nil) in the form of Class D shares to fund working capital deficiencies.

Saskferco commenced commercial operations on October 14, 1992. Results from Saskferco's operations for the period October 14, 1992 to December 31, 1993 are reflected in the Corporation's financial statements in the current year.

e) The Corporation sold 2,305,739 voting common shares of Wascana Energy Inc. during 1993 resulting in a gain of $13.0 million. The sale reduced the Corporation's ownership in Wascana Energy Inc. to 5,842,910 voting common shares representing a 7.4 per cent voting interest. These shares are accounted for using the cost method.

f) The Corporation owns a 4.4 per cent interest in ISM Information Systems Management Corporation (ISM). The Corporation's investment also includes one special share of ISM that enables it to determine the location of ISM's head office and principal place of business.

g) The Corporation owns 50 per cent of the outstanding voting non-participating shares, 100 per cent of the non-voting participating shares and 100 per cent of the outstanding subordinated debentures of NewGrade Energy Inc. (NewGrade). The Corporation also holds certain promissory notes due from NewGrade.

The Corporation had initially agreed to provide funding to NewGrade, to a maximum of $158.8 million, for the purpose of assisting NewGrade in the construction and start-up of a heavy oil upgrader located in Regina, Saskatchewan. The Corporation has further agreed to provide additional amounts to NewGrade to fund cash deficiencies experienced as a result of start-up difficulties. The Corporation has made total investments in NewGrade of $236.7 million to December 31, 1993 (1992 - $234.4 million).

3. LONG-TERM INVESTMENTS (continued)

NewGrade has recorded accumulated losses of $341.6 million to October 31, 1993. Accordingly, the Corporation has reduced the carrying value of its investment to nil to reflect the decline in value of this investment. In future, any additional funding provided to NewGrade by the Corporation to cover operational shortfalls will be written off as the funding is provided.

The subordinated debentures bear interest at the Royal Bank of Canada's prime rate plus 2 per cent. The promissory notes bear interest at fixed rates ranging from 5.75 per cent to 9.00 per cent. However, due to the uncertainty of receipt of these amounts, no interest income has been accrued in these financial statements. The total interest owing to the Corporation at December 31, 1993 was $97.5 million (1992 - $79.7 million) on the subordinated debentures and $0.7 million (1992 - $0.3 million) on the promissory notes.

The Corporation has pledged all of the shares and debentures purchased from NewGrade as collateral security for NewGrade's loans. In addition, the Province of Saskatchewan's General Revenue Fund has guaranteed indebtedness of NewGrade to a maximum of $360.0 million.

On August 18, 1993, the Province of Saskatchewan (the Province), the Corporation and Consumers Co-operative Refineries Ltd. (CCRL) agreed to a Statement of Settlement Principles (the Statement) for the financial restructuring of NewGrade. Under the Statement, the Province and CCRL would each contribute $75 million through a combination of equity subscriptions, grants, asset purchases and interest free loans. The funds would be used to reduce NewGrade's long-term debt. The consent of the Government of Canada is required to implement the Statement. To December 31, 1993, no agreements had been completed regarding the terms of the Statement, pending further negotiations between all parties. The impact of the negotiations on the Corporation's financial statements is not determinable at this time. Any impact will be reflected in the Corporation's financial statements in the year the final agreements are completed.

h) The Corporation entered into various agreements with HARO Financial Corporation (HARO) to provide a loan to HARO up to a maximum initial principal amount of $275 million. The funds were used by HARO to repay a previous loan facility used to finance the acquisition of an ownership interest in Crown Life Insurance Company (Crown Life). The Corporation had advanced $271 million to December 31, 1993 (1992 - $271 million). The loan is for an initial five-year term commencing on December 15, 1992 with a maximum of four five-year renewal terms at the option of HARO. Provision is made whereby, under certain conditions, the initial principal amount of the loan may be increased after the first five-year term if no refinancing has occurred.

Interest during the initial five-year term is calculated at the Royal Bank of Canada's Bankers' Acceptance rate, determined on a quarterly basis, plus 1 3/8 per cent per annum. Interest for each subsequent five-year renewal term, as established at the beginning of each renewal term, shall be the effective yield rate for five-year Province of Saskatchewan bonds plus one per cent per annum.

Payment of principal and interest is subject to available cash flow as specifically defined in the loan agreement. Any accrued interest not paid will be compounded annually and added to the principal balance. Due to the uncertainty of the timing of future cash payments, interest income earned will be recorded when payments are received under the cash flow formula. There were no payments made during the year. Total interest owing to the Corporation at December 31, 1993 was $19.6 million (1992 - $1.1 million).

3. LONG-TERM INVESTMENTS (continued)

All amounts outstanding are due and payable on December 15, 2017. On December 15, 2017, the balance of principal and interest outstanding, if any, will be converted into a maximum of 94 per cent of HARO equity shares at the time. The type of HARO equity shares will be subject to certain regulatory approvals and is not presently determinable. In addition, the Corporation can exercise a unilateral right, prior to December 15, 2017, to 94 per cent of HARO's assets (which are held as security for the loan) at any time after HARO's preferred shares in Crown Life are converted into common shares (or a non-voting equivalent). The conversion of HARO's preferred shares is to occur no later than June 30, 1996. The Corporation's unilateral right to 94 per cent of HARO's assets is subject to regulatory compliance.

i) The Corporation has entered into various agreements with Meadow Lake Pulp Limited Partnership (MLPLP) and its agent, Millar Western Pulp (Meadow Lake) Ltd., to provide loans to MLPLP up to a maximum of $191.5 million to assist in the construction of a chemi-thermomechanical pulp mill located near Meadow Lake, Saskatchewan. The total loan commitment is comprised of a Participating Debenture with a maximum principal of $159 million, a Term Loan with a maximum principal of $20.0 million and a Contingency Loan with a maximum principal of $12.5 million. To December 31, 1993, the Corporation has advanced $186.3 million (1992 - $186.3 million) under these loan facilities. Due to completion of construction, the Corporation is no longer committed to provide the remainder of the funds available under the initial agreements.

Interest on the loans is calculated at rates varying from the Canadian Imperial Bank of Commerce's prime rate plus 1/4 per cent to a fixed rate of 11.15 per cent. Accrued interest on the Term Loan is paid monthly. Accrued interest on the Participating Debenture and Contingency Loan is calculated annually and is compounded if payment is not made. Certain interest and principal payments to be made by MLPLP are subject to MLPLP achieving certain cash flows as specifically defined in the loan agreements. The application of such payments towards outstanding principal or interest is specified in the agreements. Total interest owing to the Corporation at December 31, 1993 was $45.3 million (1992 - $24.9 million).

All loans mature in the year 2014. A special cash flow calculation shall be performed on the maturity date and 90 per cent of the result of this calculation will be applied to any loans outstanding. Any unpaid interest outstanding on the Participating Debenture, after application of this payment, will be forgiven. Any other amounts outstanding will bear interest at a rate of prime plus 5 per cent, compounded monthly, until paid.

j) The market values of the Corporation's publicly traded investments in securities not held in trust at December 31, 1993 were as follows (millions of dollars):

Cameco	**$**	**499.9**
Wascana Energy Inc.	**$**	**48.2**
ISM	**$**	**12.2**

k) Other loans and notes receivable include amounts due from Cameco of $32.8 million (1992 - $35.8 million) and from ISM of $1.8 million (1992 - $1.8 million).

3. LONG-TERM INVESTMENTS (continued)

l) Included in investment income are earnings (losses) from equity investments as follows:

	1993	1992
	(thousands of dollars)	
Cameco	$ 24,612	$ 2,694
MLPLP	(30,013)	-
Bi-Provincial Upgrader Joint Venture	(19,620)	(7,237)
Saskferco	(7,209)	-
NewGrade	(2,376)	(2,333)
Other	609	543
	$ (33,997)	$ (6,333)

m) Included in other loans and notes receivable, net of accumulated provision, are non-performing loans in the amount of $23.1 million (1992 - $35.0 million). Loans are identified as non-performing if interest is contractually past due in excess of 90 days. Property holdings include interest capitalized during the year of $0.1 million (1992 - $0.7 million).

n) On January 12, 1993, the Corporation entered into various agreements which provided for the extinguishment of the Weyerhaeuser Canada Ltd. income debenture in exchange for the lump sum payment from Weyerhaeuser Canada Ltd. of $150 million. The transaction resulted in a gain of $7.7 million.

4. CAPITAL ASSETS

	1993	1992
	(thousands of dollars)	
Machinery and equipment	$ 6,023,278	$ 5,744,969
Buildings and improvements	691,607	671,720
Plant under construction	72,640	74,675
Deferred development costs	561	1,428
Equipment under capital leases	24,874	24,581
Land	154,052	137,330
	6,967,012	6,654,703
Accumulated amortization	(2,274,660)	(2,092,608)
	$ 4,692,352	$ 4,562,095

5. OTHER ASSETS

	1993	1992
	(thousands of dollars)	
Natural gas in storage	$ 74,586	$ 71,101
Deferred financing charges, net of amortization	36,030	49,505
Deferred foreign exchange translation losses, net of amortization	103,787	80,941
Other deferred charges	49,719	58,805
	$ 264,122	$ 260,352

6. NOTES PAYABLE

Notes payable are primarily due to the General Revenue Fund. These notes are generally interest-bearing, having an average annual interest rate of 3.93 per cent (1992 - 7.28 per cent).

7. LONG-TERM DEBT

	1993			1992	
	(thousands of dollars)				
	Principal Outstanding		Average Interest Rate	Principal Outstanding	Average Interest Rate
Years to Maturity	U.S. Dollars	Canadian Dollars			
A. General Revenue Fund					
Canadian Dollar Issues					
1 - 5 years		$ 665,316	9.37	$ 734,501	9.10
6 - 10 years		1,364,571	10.91	1,088,738	10.00
11 - 15 years		691,719	10.66	1,051,066	11.28
16 - 20 years		42,359	9.53	194,102	9.74
21 - 25 years		15,000	9.60	-	-
26 - 30 years		250,000	9.60	150,000	9.60
		3,028,965		3,218,407	
United States Dollar Issues					
6 - 10 years	$ 50,000	66,085	6.63	-	-
11 - 15 years	250,000	330,425	7.13	304,543	8.66
16 - 20 years	75,000	99,128	7.38	146,109	9.25
26 - 30 years	400,000	528,680	9.08	508,360	9.08
	$ 775,000	1,024,318		959,012	
		4,053,283		4,177,419	
Less sinking fund balance		(338,004)		(409,529)	
Total due to General Revenue Fund		3,715,279		3,767,890	
B. Other long-term debt					
Saskatchewan Power Corporation Savings Bonds (due July 6, 1994)		166,094	9.125	276,440	9.125-12.75
Saskatchewan Telecommunications TeleBonds (due March 1, 1994)		93,859	11.00 & 14.00	94,715	11.00 & 14.00
Capital lease obligations (Note 15)		10,562	Various	12,404	Various
Other (due 1994 to 2013)		22,890	Various	15,536	Various
Total other long-term debt		293,405		399,095	
		4,008,684		4,166,985	
Less due within one year		(450,480)		(532,141)	
TOTAL LONG-TERM DEBT		$ 3,558,204		$ 3,634,844	

7. LONG-TERM DEBT (continued)

There is a requirement attached to certain interest-bearing issues from the General Revenue Fund to make annual payments into sinking funds administered by the Department of Finance in amounts representing one per cent to three per cent of the original issue. These annual payments are invested with the cumulative aggregate being available for the retirement of the issues on their maturity dates.

Certain issues received from the General Revenue Fund totalling $536.7 million (1992 - $545.3 million) are subject to redemption on six months notice.

The interest rate on the Saskatchewan Power Corporation Savings Bonds can be increased at the discretion of the Minister of Finance. The bonds are subject to early redemption semi-annually until maturity at the option of the bondholder.

Saskatchewan Telecommunications issued its initial offering of TeleBonds in 1989. Interest TeleBonds pay interest annually while Credit TeleBonds pay interest monthly by way of credit to the designated customer's telephone account. At December 31, 1993, there were $62.5 million (1992 - $62.6 million) of Interest TeleBonds (interest at 11 per cent) outstanding and $31.4 million (1992 - $32.1 million) of Credit TeleBonds (interest at 14 per cent) outstanding. Upon maturity, all TeleBond holders are eligible to reinvest in credit bonds to mature in 1999.

Sinking fund and debt retirement requirements for the next five years are as follows (thousands of dollars):

1994 - $	**453,050**
1995 - $	**25,342**
1996 - $	**171,280**
1997 - $	**72,340**
1998 - $	**326,923**

Long-term debt payable in United States dollars (excluding debt subject to cross currency swaps and hedging agreements) has been translated into Canadian dollars at a year-end exchange rate of 1.3217 (1992 - 1.2710).

8. DEFERRED REVENUE AND OTHER LIABILITIES

	1993	1992
	(thousands of dollars)	
Contributions in aid of construction	**$ 228,305**	$ 228,157
Other liabilities	**102,634**	78,585
Deferred income	**37,133**	41,593
Unamortized foreign exchange gains	**1,911**	2,294
	$ 369,983	$ 350,629

Other liabilities include an amount due to Cameco of $39.0 million (1992 - $39.0 million).

9. EQUITY ADVANCES

CIC does not have share capital. However, CIC has received advances from the General Revenue Fund. The advances are non-interest bearing and are repayable at the discretion of the General Revenue Fund. The advances are considered to be an equity investment in CIC by the General Revenue Fund.

As part of a financial restructuring of CIC (the legal entity) in 1992, $875.0 million of CIC's long-term debt obligations to the General Revenue Fund were converted to non-interest bearing equity advances. In addition, $583.9 million of equity advances from the General Revenue Fund were cancelled and an identical amount applied to eliminate CIC's accumulated deficit at December 31, 1991.

10. COMMITMENTS AND CONTINGENCIES

The following significant commitments and contingencies exist at December 31, 1993:

a) The Corporation has forward purchase commitments of $1,889.0 million for coal and $1,174.2 million for natural gas contracted for future minimum deliveries valued at current prices.

b) The Corporation has capital expenditure commitments amounting to $372.0 million.

c) The Corporation has entered into an agreement whereby it has guaranteed the lease payments and other specified payments on certain equipment leased by PCS Inc. During the year, the Corporation obtained a release from two individual guarantees. The present value of the remaining capital lease payments is $32 million. However, pursuant to the agreement, PCS Inc. has assumed the lease obligations and indemnified the Corporation from further liability.

d) The Corporation has a contingent liability as endorser of certain promissory notes due in 2003, arising from the sale of a dragline. In addition, there is a contingent liability for lease payments on certain leased mining equipment. The lease expires in 2005. The total amount of these contingencies is $115 million.

e) The Corporation has unconditionally guaranteed payment of indebtedness incurred by IPSCO Inc. (IPSCO) under the terms of an operating lease which expires in 2007. The liability of the Corporation under the guarantee is limited to $65 million. IPSCO has the option to purchase the leased equipment at certain times during the lease term. In the event that IPSCO does not purchase the equipment by the end of the lease term, CIC is obligated to purchase the equipment for $13 million.

f) The Corporation has guaranteed a Saskferco Products Inc. loan facility with a chartered bank to a maximum of $38.2 million. As at December 31, 1993, $28.6 million was outstanding on the loan facility.

g) The Corporation is contingently liable for loan guarantees totalling $1.6 million.

h) The Corporation has guaranteed the indebtedness of ISM to a chartered bank to a maximum of $4 million.

10. COMMITMENTS AND CONTINGENCIES (continued)

i) The Corporation has guaranteed the exchange risk that exists upon default of NewGrade's U.S. denominated debt to the extent that the default amount would exceed the $360 million guaranteed by the General Revenue Fund.

j) The Corporation is the defendant to several unresolved statements of claim, and has provided for these claims in its accounts in accordance with the advice received from legal counsel. The Corporation intends to account for any differences which may arise, between amounts provided and amounts expended, in the period in which the claims are resolved.

11. INTEREST EXPENSE

	1993	1992
	(thousands of dollars)	
Interest on long-term debt	$ 464,126	$ 519,251
Amortization of foreign exchange gains and losses	20,121	(1,439)
Amortization of deferred financing costs	8,814	16,973
	493,061	534,785
Less:		
Sinking fund earnings	(42,037)	(53,167)
Interest capitalized	(4,655)	(26,286)
	(46,692)	(79,453)
Long-term debt interest expense	446,369	455,332
Short-term debt interest expense	15,188	14,676
	$ 461,557	$ 470,008

12. SASKATCHEWAN TAXES AND RESOURCE PAYMENTS

	1993	1992
	(thousands of dollars)	
Oil, gas and coal royalties	$ 23,208	$ 21,676
Timber dues	2,230	2,099
	25,438	23,775
Grants in lieu of taxes to municipalities	26,795	25,226
Capital tax	21,702	20,405
Insurance premium tax	5,210	4,975
Other	1,660	1,358
	80,805	75,739
Less:		
Amounts inventoried	(118)	(605)
Amounts capitalized	-	(1,699)
	$ 80,687	$ 73,435

Saskatchewan taxes and resource payments as stated above do not include Saskatchewan Education and Health Tax payments.

13. NON-RECURRING ITEMS

Non-recurring items include the following:

	1993	1992
	(thousands of dollars)	
Gain on sale of Wascana Energy Inc. shares (a)	$ 12,973	$ -
Gain on sale of PCS Inc. shares (Note 3(c))	6,441	-
Gain on sale of assets to Wascana Energy Inc. (b)	6,436	-
Gain on extinguishment of Weyerhaeuser debenture (Note 3(n))	7,709	-
Gain on sale of IPSCO Inc. shares (c)	1,328	-
Gain on sale of ISM shares	-	27,734
Write-down of loan receivable from Promavia International Corp.	-	(2,268)
Loss on other share investments - cost basis	-	(797)
	$ 34,887	$ 24,669

a) The Corporation sold 2,305,769 common shares of Wascana Energy Inc. during 1993 for net proceeds of $25 million. The net proceeds from the sale exceeded the book value of these shares resulting in a gain of $13.0 million.

13. NON-RECURRING ITEMS (continued)

b) On May 1, 1988, certain interests in petroleum and natural gas properties and related equipment were sold to Wascana Energy Inc. with part of the consideration received consisting of Wascana Energy Inc. common shares. The Corporation's gain on the sale of the properties is included in income to the extent that the Corporation's Wascana Energy Inc. common shares are sold to parties external to the consolidated group.

c) The Corporation sold 99,990 common shares of IPSCO Inc. during 1993 for net proceeds of \$2.5 million. The net proceeds from the sale exceeded the book value of these shares resulting in a gain of \$1.3 million.

14. PUBLIC POLICY EXPENDITURES ADJUSTMENT

The Corporation incurs expenditures for various physical works for which it retains ownership. A public policy expenditure is recorded when such works do not directly produce sufficient revenue to finance their costs.

Construction costs of the Rafferty and Alameda dams are funded by the Corporation, the General Revenue Fund and the U.S. Government. Amounts received from the General Revenue Fund and the U.S. Government in excess of expenditures incurred are recorded as deferred revenue.

The following table summarizes the construction costs and related funding incurred primarily on the Rafferty and Alameda dams and major irrigation projects:

	1993	1986 to 1992	Total
	(thousands of dollars)		
Construction costs	**$ 16,834**	$ 250,910	$ 267,744
Funded by:			
General Revenue Fund	**-**	197,049	197,049
U. S. Government	**699**	61,550	62,249
Deferred revenue	**8,530**	(15,394)	(6,864)
	9,229	243,205	252,434
Public policy expenditure representing amount funded by the Corporation	**$ 7,605**	$ 7,705	$ 15,310

15. LEASES

a) The Corporation, as lessee, has entered into capital leases whereby substantially all of the benefits and risks of ownership have been transferred to the Corporation from the lessor. Commitment information related to these leases is as follows:

	1993	1992
	(thousands of dollars)	
Future minimum lease payments		
1993	$ -	$ 8,742
1994	6,930	4,714
1995	431	349
1996	3,636	146
1997	108	39
1998	-	-
Total minimum lease payments	11,105	13,990
Less amount representing interest and executory costs	(543)	(1,586)
Balance of obligation	10,562	12,404
Less current portion	(6,738)	(7,580)
	$ 3,824	$ 4,824

b) All other leases entered into by the Corporation, as lessee, are operating leases with future minimum lease payments as follows (thousands of dollars):

1994	$ 26,432
1995	26,472
1996	25,414
1997	24,276
1998	23,275
Thereafter	2,822
	$ 128,691

16. RELATED PARTY TRANSACTIONS

Included in these consolidated financial statements are income and expense amounts resulting from routine operating transactions conducted at prevailing market prices with various Saskatchewan Crown controlled departments, agencies and non-Part II Crown corporations to which the Corporation is related. Account balances resulting from these transactions are included in the consolidated statement of financial position and are settled on normal trade terms.

Other amounts due to and from related parties and the terms of settlement are described separately in the consolidated financial statements and the notes thereto.

16. RELATED PARTY TRANSACTIONS (continued)

During 1993, the Corporation received \$7.5 million (1992 - \$9.4 million) in grants from the General Revenue Fund.

As at December 31, 1993, \$73.3 million (1992 - \$30.8 million) was invested with the General Revenue Fund and is included in short-term investments.

17. PENSIONS

Substantially all employees of the Corporation are participants in either defined contribution or defined benefit pension plans.

Based on the latest actuarial valuations, the present value of the accrued pension benefits of the defined benefit pension plans is \$971.8 million, which approximates the estimated market value of the pension funds' assets.

18. COMPARATIVE FIGURES

Certain of the 1992 comparative figures have been reclassified to conform with the current year's presentation.

CROWN INVESTMENTS CORPORATION OF SASKATCHEWAN

NON-CONSOLIDATED FINANCIAL STATEMENTS OVERVIEW

CIC, as a legal entity, makes investments, borrows money, receives dividends and interest income and pays interest and other expenses. The results of these transactions are reflected in the following Non-Consolidated Financial Statements.

CIC is the successor to The Government Finance Office which was established by Order-in-Council 535/47 dated April 2, 1947 and was continued under the provisions of **The Crown Corporations Act, 1978** (the Act). The Act assigns specific financial and other responsibilities to CIC regarding the corporations subject to Part II of the Act. During 1993, **The Crown Corporations Act, 1993** was passed by the Legislature. This new Act, which is effective January 1, 1994, further defines CIC's powers and mandate. The new Act does not have any direct financial impact on CIC. The Crown corporations under CIC's purview are listed in Note 2 to the Non-Consolidated Financial Statements.

Readers of the Non-Consolidated Financial Statements are cautioned that the Non-Consolidated Financial Statements have not been prepared for general purposes and should be interpreted in the context of the accounting principles used in their preparation (see Note 1 to the Non-Consolidated Financial Statements for a description of these principles).

1993 Financial Results

1993 was a year of substantial financial turnaround for CIC. CIC reported non-consolidated net earnings of $35.4 million in 1993, compared to a 1992 net loss of $4.9 million. The 1992 loss was covered by a subsidy in the same amount from the Province. In 1991, CIC reported a net loss in excess of $615 million. As a result of positive net earnings, CIC was in a position to pay a dividend to the General Revenue Fund for the first time since 1990. The 1993 dividend declared was equal to CIC's non-consolidated net earnings, or $35.4 million.

During 1993, CIC received dividends from certain Crown corporations under its purview totalling $201.9 million compared to $178.8 million in 1992. Note 11 to the Non-Consolidated Financial Statements lists the sources of these dividends. CIC's net interest expense decreased by $40.8 million in 1993. Interest expense in 1992 was $122.8 million compared to $82.0 million in 1993. This decrease is largely attributable to the financial restructuring in 1992 and lower interest rates. Since 1991, net interest expense has decreased by $78.6 million, or 48.9 per cent.

CIC's long-term debt decreased from more than $2.9 billion in 1991 to $1 billion in 1992 and by a further $236.8 million to $799.7 million at December 31, 1993. These significant reductions are mainly as a result of debt transfers and debt conversions in 1992.

The 1993 write-down in value of CIC's investments was $79.7 million, compared to $56.0 million in 1992. Write-downs are listed in Note 12 to the Non-Consolidated Financial Statements. The 1993 write-downs are mainly due to CIC's investments in SEDCO and CIC III. These write-downs represent CIC's estimate of the decline in value of its investment in SEDCO and CIC III. For SEDCO, the write-down is equivalent to SEDCO's 1993 operating loss of $47.0 million. The write-down for CIC III is equivalent to non-recoverable losses incurred as a result of its investment in the Bi-Provincial Upgrader.

On December 31, 1993, the assets, liabilities and operations of Saskatchewan Mining Development Corporation (SMDC) were transferred to CIC as part of the wind-up of SMDC. Assets transferred consisted mainly of a 33.7 per cent unencumbered ownership interest in Cameco.

On March 19, 1993, SGGF was designated by Order-in-Council as a corporation subject to Part II of the Act.

Event Subsequent to Year End

Subsequent to CIC's year end, CIC approved a financial restructuring of SEDCO whereby $118 million of SEDCO's debt owing to CIC will be converted to equity advances. The conversion of debt to equity is part of a reorganization plan to reduce SEDCO's debt exposure and its interest costs. In addition, CIC will cancel $191 million of equity advances to SEDCO. This amount will be applied to reduce SEDCO's accumulated deficit.

Responsibility for Financial Statements

The accompanying Non-Consolidated Financial Statements have been prepared by management of Crown Investments Corporation of Saskatchewan to illustrate the financial position and results of operations of the corporate entity only. They have been prepared, on a non-consolidated basis, in accordance with generally accepted accounting principles in Canada, consistently applied, using management's best estimates and judgements where appropriate. Management is responsible for the reliability and integrity of the Non-Consolidated Financial Statements, the notes to the Non-Consolidated Financial Statements and other information contained in this Annual Report.

The integrity of the financial records from which these financial statements are prepared is largely dependent on the systems of internal accounting controls. The purpose of such systems is to provide reasonable assurance that transactions are executed in accordance with proper authorization, transactions are appropriately recorded in order to permit preparation of accurate financial statements and assets are properly accounted for and safeguarded against loss from unauthorized use. Underlying this concept of reasonable assurance is the fact that limitations exist in any system of internal accounting controls based on the premise that the cost of such controls should not exceed the benefits derived therefrom.

The Provincial Auditor of Saskatchewan has audited the Non-Consolidated Financial Statements and conducted a review of internal accounting policies and procedures to the extent required to enable him to express an opinion on the Non-Consolidated Financial Statements. His report to the Members of the Legislative Assembly, stating the scope of his examination and opinion on the Non-Consolidated Financial Statements, appears on the next page.

The Board of Directors has reviewed and approved these Non-Consolidated Financial Statements. The Board meets periodically with management and with the independent auditors to review internal accounting controls, audit results and accounting principles and practices.

Donald R. Ching
President

Richard A. Hornowski
Vice-President Finance

March 10, 1994

CROWN INVESTMENTS CORPORATION OF SASKATCHEWAN

NON-CONSOLIDATED FINANCIAL STATEMENTS 1993

Auditor's Report

To the Members of the Legislative Assembly
of Saskatchewan

I have audited the non-consolidated statement of financial position of **Crown Investments Corporation of Saskatchewan** as at December 31, 1993 and the non-consolidated statements of operations and reinvested earnings and cash flows for the year then ended. These financial statements are the responsibility of the corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these non-consolidated financial statements present fairly, in all material respects, the financial position of the corporation as at December 31, 1993 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles except that they are prepared on a non-consolidated basis and use the cost method to account for investments that would normally be accounted for by the equity method as explained in Note 1.

Wayne Strelioff

Regina, Saskatchewan
March 10, 1994

W. K. Strelioff, C.A.,
Provincial Auditor

CROWN INVESTMENTS CORPORATION OF SASKATCHEWAN

NON-CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31

	1993	1992
	(thousands of dollars)	
ASSETS		
Current		
Cash	$ 40	$ 31
Interest and accounts receivable	7,505	9,405
Dividends receivable	156,258	147,164
Loans and notes receivable due within one year (Note 3)	188,955	111,049
Subsidy receivable from General Revenue Fund	-	4,879
	352,758	272,528
Loans and notes receivable (Note 3)	607,157	878,339
Equity advances to Crown corporations (Note 4)	1,143,536	1,482,969
Investments in share capital corporations (Note 5)	551,976	214,132
Other assets (Note 6)	17,446	20,644
	$ 2,672,873	$ 2,868,612
LIABILITIES AND PROVINCE'S EQUITY		
Current		
Interest and accounts payable	$ 38,395	$ 32,065
Dividend payable to General Revenue Fund	35,434	-
Notes payable to General Revenue Fund	351,203	351,643
Long-term debt due within one year (Note 7)	102,383	390,903
	527,415	774,611
Long-term debt (Note 7)	697,291	645,566
Deferred revenue (Note 8)	715	983
	1,225,421	1,421,160
Province of Saskatchewan's Equity		
Equity advances (Note 9)	1,447,452	1,447,452
Reinvested earnings	-	-
	1,447,452	1,447,452
	$ 2,672,873	$ 2,868,612

Contingencies (Note 10)

(See accompanying notes)

On behalf of the Board: John Penner, Director Janice MacKinnon, Director

CROWN INVESTMENTS CORPORATION OF SASKATCHEWAN

NON-CONSOLIDATED STATEMENT OF OPERATIONS AND REINVESTED EARNINGS

For the Year Ended December 31

	1993	1992
	(thousands of dollars)	
INCOME		
Dividends (Note 11)	$ 201,903	$ 178,767
Interest	26,538	116,714
Other	550	516
	228,991	295,997
EXPENSES		
Interest - long-term debt	97,336	236,088
Interest - short-term debt	11,182	3,394
General, administrative and other	5,283	5,368
Amortization of capital assets	35	32
	113,836	244,882
Income before the following	115,155	51,115
Write-down of investments (Note 12)	(79,721)	(55,994)
Subsidy from General Revenue Fund	-	4,879
NET INCOME	35,434	-
REINVESTED EARNINGS (DEFICIT), BEGINNING OF YEAR	-	(583,947)
ELIMINATION OF DEFICIT PURSUANT TO REORGANIZATION (NOTE 9)	-	583,947
	35,434	-
DIVIDEND TO GENERAL REVENUE FUND	35,434	-
REINVESTED EARNINGS, END OF YEAR	$ -	$ -

(See accompanying notes)

CROWN INVESTMENTS CORPORATION OF SASKATCHEWAN

NON-CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended December 31

	1993	1992
	(thousands of dollars)	
OPERATING ACTIVITIES		
Net income	$ 35,434	$ -
Add non-cash items		
Amortization of capital assets	35	32
Write-down of investments	79,721	55,994
Other non-cash items	2,938	9,766
	118,128	65,792
Net change in non-cash working capital balances related to operations (Note 13)	4,015	(134,279)
Cash provided by (used in) operating activities	122,143	(68,487)
INVESTING ACTIVITIES		
Decrease (increase) in due from CIC Industrial Interests Inc.	146,766	(405,701)
Increase in notes receivable	(58,974)	(6,419)
Loans to Crown corporations	-	(115,566)
Loan repayments by Crown corporations	65,000	644,008
Equity advances to Crown corporations	(21,501)	(77,000)
Equity advance repayments by Crown corporations	350,930	404,424
Purchase of investments in share capital corporations	(367,077)	(2,332)
Purchase of capital assets	(43)	(40)
Increase in deferred revenue	-	787
Cash provided by investing activities	115,101	442,161
FINANCING ACTIVITIES		
Increase in deferred charges	-	(787)
Increase (decrease) in notes payable	(440)	322,718
Long-term debt proceeds	154,108	115,566
Long-term debt repayments	(390,903)	(2,013,397)
Equity advances received	-	888,528
Cash used in financing activities	(237,235)	(687,372)
NET INCREASE (DECREASE) IN CASH DURING YEAR	9	(313,698)
CASH POSITION, BEGINNING OF YEAR	31	313,729
CASH POSITION, END OF YEAR	$ 40	$ 31

(See accompanying notes)

CROWN INVESTMENTS CORPORATION OF SASKATCHEWAN

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

December 31, 1993

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with generally accepted accounting principles except as noted in a), b) and c) below.

a) Basis of presentation

These financial statements have been prepared on a non-consolidated basis to illustrate the financial position and results of operations of the corporate entity only. These non-consolidated financial statements have been prepared for this specific purpose. Therefore, for further information, users should refer to the Crown Investments Corporation of Saskatchewan (CIC) consolidated financial statements. The consolidated financial statements include the accounts of CIC, the subsidiary Crown corporations listed in Note 2, and CIC Industrial Interests Inc., a wholly-owned share capital subsidiary.

b) Equity advances to Crown corporations

Crown corporations do not have share capital. However, eleven Crown corporations have received non-interest bearing advances from CIC. These advances are considered to be long-term equity investments by CIC and are therefore referred to as equity advances. The equity advances are initially recorded at cost, but are written down to their estimated realizable value where there is evidence of a permanent decline in value below cost. Dividends from these corporations are recognized as income when receivable.

c) Investments in share capital corporations

Investments in shares of corporations are accounted for on the cost method regardless of whether significant influence exists or there is a parent-subsidiary relationship. The investments in shares are written down to their estimated realizable value where there is evidence of a permanent decline in value below cost. Dividends from these share investments are recognized as income when receivable.

d) Notes, loans and debentures receivable

Notes, loans and debentures receivable are initially recorded at cost, but are written down to their estimated realizable value where there is evidence of a permanent decline in value below cost.

e) Capital assets

Capital assets are recorded at cost. When capital assets are disposed of or retired, the related costs and accumulated amortization are eliminated from the accounts. Any resulting gains or losses are reflected in the statement of operations.

Capital assets are amortized over their estimated useful lives using the declining balance method at rates of 20 to 30 per cent per annum.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Deferred charges

Issue costs and discounts incurred on the issue of long-term debt are recorded at cost less accumulated amortization. These deferred charges are amortized over the term of the related debt on a straight-line basis.

g) Deferred revenue

Issue costs and discounts charged on the issue of long-term loans to Crown corporations are recorded net of accumulated amortization. Deferred revenue is amortized over the term of the related loans receivable on a straight-line basis.

2. STATUS OF CROWN INVESTMENTS CORPORATION OF SASKATCHEWAN

The Government Finance Office was established by Order-in-Council 535/47 dated April 2, 1947, and was continued under the provisions of **The Crown Corporations Act, 1978** (the Act), as Crown Investments Corporation of Saskatchewan. CIC is an agent of Her Majesty in Right of the Province of Saskatchewan and as a Provincial Crown corporation is subject to neither Federal nor Provincial income tax.

The Act assigns specific financial and other responsibilities to CIC regarding Provincial Crown corporations whose activities have been designated as subject to Part II of the Act. The following corporations have been designated as subject to the Act by Order-in-Council:

CIC Mineral Interests Corporation
SaskEnergy Incorporated
Saskatchewan Computer Utility Corporation
Saskatchewan Development Fund Corporation
Saskatchewan Economic Development Corporation
Saskatchewan Forest Products Corporation
Saskatchewan Government Growth Fund Management Corporation (Note 4(a))
Saskatchewan Government Insurance
Saskatchewan Mining Development Corporation (Note 4(b))
Saskatchewan Power Corporation
Saskatchewan Telecommunications
Saskatchewan Telecommunications Holding Corporation
Saskatchewan Transportation Company
Saskatchewan Water Corporation

The Crown Corporations Act, 1993, which repeals **The Crown Corporations Act, 1978**, was passed by the Legislative Assembly on June 22, 1993. **The Crown Corporations Act, 1993**, was proclaimed and came into force on January 1, 1994 pursuant to Order-in-Council 914/93 dated December 21, 1993.

3. LOANS AND NOTES RECEIVABLE

	1993	1992
	(thousands of dollars)	
Due from CIC Industrial Interests Inc.	**$ 628,208**	$ 774,974
Saskatchewan Economic Development Corporation		
short-term notes	**110,572**	30,598
long-term loans	**195,566**	260,566
Saskatchewan Transportation Company - short-term notes	**1,000**	22,000
	935,346	1,088,138
Less: Write-down of investments:		
Saskatchewan Economic Development Corporation	**(139,234)**	(92,201)
Saskatchewan Transportation Company	**-**	(6,549)
Less: Due within one year	**(188,955)**	(111,049)
	$ 607,157	$ 878,339

a) On March 15, 1993, CIC provided an equity advance of $21.5 million to Saskatchewan Transportation Company (STC). STC repaid an equivalent amount of short-term notes owing to CIC. As a result, the cumulative write-down provision against notes receivable at December 31, 1992 was transferred to the write-down provision against equity advances (Note 4).

b) Loans receivable are primarily interest-bearing at various rates and mature at various dates from 1994 to 2008. The amount due from CIC Industrial Interests Inc. is non-interest bearing with no set repayment terms.

c) Principal repayments due in the next five years are as follows (thousands of dollars):

1994	**$ 188,955**
1995	**$ 3,857**
1996	**$ 10,000**
1997	**$ -**
1998	**$ 8,407**

4. EQUITY ADVANCES TO CROWN CORPORATIONS

Equity advances represent CIC's investments in Crown corporations. The equity advances are non-interest bearing and repayable at the discretion of CIC.

	1993	1992
	(thousands of dollars)	
Saskatchewan Power Corporation	**$ 660,000**	$ 660,000
Saskatchewan Telecommunications	**250,000**	250,000
CIC Mineral Interests Corporation	**76,810**	76,810
Saskatchewan Economic Development Corporation	**73,000**	73,000
SaskEnergy Incorporated	**71,531**	71,531
Saskatchewan Transportation Company (Note 3(a))	**55,485**	33,985
Saskatchewan Government Insurance	**55,000**	55,000
Saskatchewan Forest Products Corporation	**40,200**	40,200
Saskatchewan Development Fund Corporation	**1,150**	1,150
Saskatchewan Water Corporation	**700**	700
Saskatchewan Government Growth Fund Management Corporation	**1**	-
Saskatchewan Mining Development Corporation	**-**	350,930
	1,283,877	1,613,306
Less: Write-down of investments:		
Saskatchewan Economic Development Corporation	**(73,000)**	(73,000)
Saskatchewan Transportation Company	**(43,989)**	(33,985)
Saskatchewan Forest Products Corporation	**(23,352)**	(23,352)
	$ 1,143,536	$ 1,482,969

a) On March 19, 1993, Saskatchewan Government Growth Fund Management Corporation (SGGF Management Corporation) was designated by Order-in-Council 214/93 as a Crown corporation subject to Part II of the Act.

b) The **Saskatchewan Mining Development Corporation Repeal Act** (SMDC Repeal Act) was passed by the Legislative Assembly on May 4, 1993. The SMDC Repeal Act came into force December 31, 1993, pursuant to Order-in-Council 907/93 dated December 21, 1993. The SMDC Repeal Act wound up the affairs of SMDC and transferred all of SMDC's assets and liabilities to CIC at December 31, 1993, at their carrying value as follows:

	(thousands of dollars)
Investment in Cameco Corporation	$ 364,701
Dividends receivable	2,525
Other working capital items (net)	(16,296)
Net assets transferred representing equity advances repaid	$ 350,930

5. INVESTMENTS IN SHARE CAPITAL CORPORATIONS

Investee	Description of Investment	Voting Percentage	1993	1992
			(thousands of dollars)	
CIC Industrial Interests Inc.	34,000,000 common shares	100%	**$ 374,749**	$ 374,749
NewGrade Energy Inc.	1 Class B voting non-participating common share	50%	**1**	1
	4,932 Class C non-voting participating common shares		**4,932**	4,932
	81,950 Class D non-voting participating common shares		**81,950**	81,950
	Subordinated debentures - C		**33,577**	33,577
	Subordinated debentures - D		**33,577**	33,577
	Subordinated debentures - E		**75,675**	75,675
	Promissory notes		**7,014**	4,638
			236,726	234,350
Cameco Corporation	20,198,434 common shares	38.8%	**364,701**	-
			976,176	609,099
Less: Write-down of investments:				
CIC Industrial Interests Inc.			**(187,474)**	(160,617)
NewGrade Energy Inc.			**(236,726)**	(234,350)
			$ 551,976	$ 214,132

a) CIC owns 50 per cent of the outstanding voting non-participating shares, 100 per cent of the non-voting participating shares and 100 per cent of the outstanding subordinated debentures of NewGrade Energy Inc. (NewGrade). CIC also holds certain promissory notes due from NewGrade.

CIC had initially agreed to provide funding to NewGrade, to a maximum of $158.8 million, for the purpose of assisting NewGrade in the construction and start-up of a heavy oil upgrader located in Regina, Saskatchewan. CIC has further agreed to provide additional amounts to NewGrade to fund cash deficiencies experienced as a result of start-up difficulties.

NewGrade has recorded accumulated losses of $341.6 million to October 31, 1993. Accordingly, CIC has reduced the carrying value of its investment to nil to reflect the decline in value of this investment. In future, any additional funding provided to NewGrade by CIC to cover operational shortfalls will be written off as the funding is provided.

5. INVESTMENTS IN SHARE CAPITAL CORPORATIONS (continued)

The subordinated debentures bear interest at Royal Bank prime plus two per cent. The promissory notes bear interest at fixed rates ranging from 5.75 per cent to 9.00 per cent. However, due to the uncertainty of receipt of these amounts, no interest income has been accrued in these financial statements. The total interest owing to CIC at December 31, 1993 was $97.5 million (1992 - $79.7 million) on the subordinated debentures and $0.7 million (1992 - $0.3 million) on the promissory notes.

CIC has pledged all of the shares and debentures purchased from NewGrade as collateral security for NewGrade's loans. The Province of Saskatchewan's General Revenue Fund (formerly Consolidated Fund) has also guaranteed indebtedness of NewGrade to a maximum of $360.0 million.

On August 18, 1993, the Province of Saskatchewan (the Province), CIC and Consumers Co-operative Refineries Ltd. (CCRL) agreed to a Statement of Settlement Principles (the Statement) for the financial restructuring of NewGrade. Under the Statement, the Province and CCRL would each contribute $75 million through a combination of equity subscriptions, grants, asset purchases and interest free loans. The funds would be used to reduce NewGrade's long-term debt. The consent of the Government of Canada is required to implement the Statement. To December 31, 1993, no agreements had been completed regarding the terms of the Statement, pending further negotiations between all parties. The impact of the negotiations on CIC's financial statements is not determinable at this time. Any impact will be reflected in CIC's financial statements in the year the final agreements are completed.

b) As described in Note 4(b), all assets owned by SMDC on December 31, 1993 were transferred to CIC under authority of the SMDC Repeal Act. Included in the assets transferred was an investment in Cameco Corporation (Cameco). The investment in Cameco includes 17,541,067 unencumbered voting common shares with a carrying value of $325.5 million, representing a 33.7 per cent interest in Cameco. The quoted market value of these shares at December 31, 1993 was $499.9 million.

The investment in Cameco also consists of 2,657,367 voting common shares with a carrying value of $39.2 million, which are held in trust to satisfy the possible exercise of common share purchase warrants (Purchase Warrants) which were sold by SMDC in 1991. The holder of each full Purchase Warrant may purchase one Cameco voting common share from CIC for $14.75 on or before October 1, 1994. CIC maintains beneficial ownership of these shares and any shares remaining in trust after the close of business on October 1, 1994 will be transferred to CIC by the trustee. The shares in trust represent a 5.1 per cent interest in Cameco. The quoted market value of these shares at December 31, 1993 was $75.7 million.

Also included in the investment in Cameco is one Class B share which provides CIC with the ability to exercise special voting rights with respect to the location of Cameco's head office.

c) The securities of CIC Industrial Interests Inc. and NewGrade Energy Inc. are not publicly traded and therefore have no quoted market values.

6. OTHER ASSETS

	Cost	Accumulated Amortization	Net Book Value 1993	Net Book Value 1992
		(thousands of dollars)		
Deferred charges	**$ 29,766**	**$ 12,429**	**$ 17,337**	$ 20,543
Capital assets	**1,029**	**920**	**109**	101
	$ 30,795	**$ 13,349**	**$ 17,446**	$ 20,644

7. LONG-TERM DEBT

Maturity Date	Interest Rate	1993	1992
	(per cent)	(thousands of dollars)	
Feb. 25, 1993	9.750	**$ -**	$ 100,000
Mar. 24, 1993	9.250	**-**	100,000
May 29, 1993	8.653	**-**	40,903
Nov. 10, 1993	10.250	**-**	150,000
Apr. 15, 1994	10.500	**50,000**	50,000
Jun. 3, 1994	8.460	**7,383**	7,383
Jun. 10, 1994	10.000	**25,000**	25,000
Nov. 21, 1994	10.000	**20,000**	20,000
Oct. 1, 1995	9.340	**3,857**	3,857
Apr. 16, 1996	9.750	**35,000**	35,000
Jun. 1, 1998	9.410	**8,407**	8,407
Jul. 3, 1998	10.125	**250,000**	250,000
Jul. 6, 1999	9.875	**25,000**	25,000
Jul. 12, 2000	11.250	**25,000**	25,000
Jan. 9, 2001	11.000	**25,000**	25,000
Jun. 1, 2001	8.750	**150,000**	150,000
Feb. 12, 2003	9.055	**154,108**	-
Jun. 2, 2006	9.620	**10,000**	10,000
Jul. 10, 2007	9.830	**4,000**	4,000
Mar. 3, 2008	9.620	**3,000**	3,000
Aug. 10, 2008	10.060	**3,919**	3,919
		799,674	1,036,469
Less: Due within one year		**102,383**	390,903
		$ 697,291	$ 645,566

7. LONG-TERM DEBT (continued)

a) All of the above noted long-term debt is payable to the General Revenue Fund.

b) Certain issues totalling $40.6 million (1992 - $40.6 million) are subject to redemption on six months notice.

c) Principal repayments due in each of the next five years are as follows:

	(thousands of dollars)
1994	$ 102,383
1995	$ 3,857
1996	$ 35,000
1997	$ -
1998	$ 258,407

8. DEFERRED REVENUE

	Original Value	Accumulated Amortization	Net Book Value 1993	Net Book Value 1992
	(thousands of dollars)			
Deferred revenue	$ 1,455	$ 740	$ 715	$ 983

9. EQUITY ADVANCES

CIC does not have share capital. However, CIC has received advances from the General Revenue Fund. The advances are non-interest bearing and are repayable at the discretion of the General Revenue Fund. The advances are considered to be an equity investment in CIC by the General Revenue Fund. Changes in equity advances were as follows:

	1993	1992
	(thousands of dollars)	
Balance, beginning of year	$1,447,452	$ 1,142,871
Equity advances received	-	13,528
Equity advances received on conversion of long-term debt	-	875,000
Equity advances cancelled	-	(583,947)
Balance, end of year	$1,447,452	$ 1,447,452

As part of CIC's financial restructuring in 1992, $875.0 million of CIC's long-term debt obligations to the General Revenue Fund were converted to non-interest bearing equity advances. In addition, $583.9 million of equity advances from the General Revenue Fund were cancelled and an identical amount applied to eliminate CIC's accumulated deficit at December 31, 1991.

10. CONTINGENCIES

a) CIC has unconditionally guaranteed payment of indebtedness incurred by IPSCO Inc. (IPSCO) under the terms of an operating lease which expires in 2007. The liability of CIC under the guarantee is limited to $65.0 million. IPSCO has the option to purchase the leased equipment at certain times during the lease term. In the event that IPSCO does not purchase the equipment by the end of the lease term, CIC is obliged to purchase the equipment for $13 million.

b) CIC has guaranteed a Saskferco Products Inc. loan facility with a chartered bank to a maximum amount of $38.2 million. At December 31, 1993, $28.6 million was outstanding on the loan facility.

c) CIC has guaranteed the exchange risk that exists upon default of NewGrade's U.S. denominated debt to the extent that the default amount would exceed the $360.0 million guaranteed by the General Revenue Fund.

11. DIVIDEND INCOME

Dividends were declared to CIC as follows:

	1993	1992
	(thousands of dollars)	
Saskatchewan Telecommunications Holding Corporation	**$ 58,400**	$ 51,700
Saskatchewan Power Corporation	**53,637**	58,697
SaskEnergy Incorporated	**41,221**	28,375
Saskatchewan Mining Development Corporation	**25,864**	3,945
Saskatchewan Government Insurance	**13,448**	8,392
CIC Mineral Interests Corporation	**9,333**	27,658
	$ 201,903	$ 178,767

Included in dividends receivable are dividends of $153.7 million (1992 - $147.2 million) receivable from certain of the corporations listed above.

12. WRITE-DOWN OF INVESTMENTS

The write-down of investments represents management's best estimate of the decline in value of the investments in certain corporations.

	1993	1992
	(thousands of dollars)	
Saskatchewan Economic Development Corporation	$ 47,033	$ 48,939
CIC Industrial Interests Inc.	26,857	-
Saskatchewan Transportation Company	3,455	4,722
NewGrade Energy Inc.	2,376	2,333
	$ 79,721	$ 55,994

13. NET CHANGE IN NON-CASH WORKING CAPITAL BALANCES RELATED TO OPERATIONS

	1993	1992
	(thousands of dollars)	
Decrease (increase) in subsidy receivable	$ 4,879	$ (4,879)
Decrease in interest and accounts receivable	1,900	25,093
Increase in dividends receivable	(9,094)	(87,164)
Increase (decrease) in interest and accounts payable	6,330	(67,329)
	$ 4,015	$ (134,279)

14. RELATED PARTY TRANSACTIONS

Included in these non-consolidated financial statements are income and expense amounts resulting from routine operating transactions conducted at prevailing market prices with various Saskatchewan Crown controlled departments, agencies and Crown corporations to which CIC is related.

Account balances resulting from these transactions are included in the non-consolidated statement of financial position and are settled on normal trade terms.

Other amounts due to and from related parties and the terms of settlement are described separately in the non-consolidated financial statements and the notes thereto. Included in accounts payable is $10.5 million owing to CIC Mineral Interests Corporation, without interest.

15. PENSION PLAN

CIC's employees participate in the Capital Pension Plan (the Plan), a defined contribution pension plan. The Plan is administered by CIC. CIC's contributions to the Plan include making regular payments into the Plan to match the required amounts contributed by employees for current service. Included in the Plan is a Retirement Annuity Fund (the Fund). The Fund provides retirement annuities at the option of retiring members of the Plan. An actuarial valuation of the Fund is performed annually. The assets of the Fund at December 31, 1993 exceeded the actuarially-determined net present value of retirement annuities.

16. COMPARATIVE FIGURES

Certain of the 1992 comparative figures have been reclassified to conform with the current year's presentation.

17. SUBSEQUENT EVENT

Subsequent to year end, CIC approved a financial restructuring of the Saskatchewan Economic Development Corporation (SEDCO) whereby $118 million of SEDCO's debt owing to CIC will be converted to equity advances. In addition, CIC will cancel $191 million of equity advances to SEDCO. This amount will be applied to reduce SEDCO's accumulated deficit.

CIC INDUSTRIAL INTERESTS INC.

NON-CONSOLIDATED FINANCIAL STATEMENTS OVERVIEW

CIC III was incorporated under **The Business Corporations Act** (Saskatchewan) on November 14, 1979, as a wholly-owned subsidiary of CIC. As a share capital corporation, CIC III acts as a vehicle, on behalf of CIC, to participate in economic development and diversification initiatives of a commercial nature which also involve some degree of private ownership. Over the years, the number of these investments and the dollar investment involved have increased substantially.

Readers of CIC III's Non-Consolidated Financial Statements are cautioned that the Non-Consolidated Financial Statements have not been prepared for general purposes and should be interpreted in the context of the accounting principles used in their preparation (see Note 1 to the CIC III Non-Consolidated Financial Statements for a description of these principles).

1993 Financial Results

CIC III reported a net loss of $42.0 million in 1993 compared to a net loss of $5.5 million in 1992. The 1993 loss is primarily due to losses from equity investments of $57.5 million. This compares with losses from equity investments in 1992 of $7.1 million. Losses from equity investments are listed in Note 5 to the Non-Consolidated Financial Statements. These losses were incurred partly because a number of the investments are in early stages of commercial operations. In addition, commodity prices for products from the Bi-Provincial Upgrader and CIC Pulp (i.e., MLPLP) are at cyclically low levels.

Losses from equity investments were offset somewhat by the $1.3 million gain realized in 1993 on the sale of IPSCO Inc. shares and the gain of $7.7 million on the extinguishment of the Weyerhaeuser debenture.

CIC III's total assets decreased by $188.8 million from $985.0 million at December 31, 1992 to $796.2 million at December 31, 1993. The decrease is mainly attributable to the extinguishment of the Weyerhaeuser debenture which had a carrying value of $142.3 million. Losses from equity investments also reduced the carrying value of related investments. Increases in investments were nominal compared to prior years and consisted of further advances to the Bi-Provincial Upgrader of $4.9 million, further equity funding to Saskferco of $4.3 million and a debenture purchased from the Canadian Western Bank of $2.0 million.

During 1993, CIC III was amalgamated with three wholly-owned subsidiaries, Agdevco International Inc., CMB Fertilizer Inc. and 586643 Saskatchewan Ltd.

CIC INDUSTRIAL INTERESTS INC.
NON-CONSOLIDATED FINANCIAL STATEMENTS 1993

Responsibility for Financial Statements

The accompanying Non-Consolidated Financial Statements have been prepared by management of CIC Industrial Interests Inc. to illustrate the financial position and results of operations of the corporate entity only. They have been prepared, on a non-consolidated basis, in accordance with generally accepted accounting principles in Canada, consistently applied, using management's best estimates and judgements where appropriate. Management is responsible for the reliability and integrity of the Non-Consolidated Financial Statements, the notes to the Non-Consolidated Financial Statements and other information contained in this Annual Report.

The integrity of the financial records from which these financial statements are prepared is largely dependent on the systems of internal accounting controls. The purpose of such systems is to provide reasonable assurance that transactions are executed in accordance with proper authorization, transactions are appropriately recorded in order to permit preparation of accurate financial statements and assets are properly accounted for and safeguarded against loss from unauthorized use. Underlying this concept of reasonable assurance is the fact that limitations exist in any system of internal accounting controls based on the premise that the cost of such controls should not exceed the benefits derived therefrom.

The Provincial Auditor of Saskatchewan has audited the Non-Consolidated Financial Statements and conducted a review of internal accounting policies and procedures to the extent required to enable him to express an opinion on the Non-Consolidated Financial Statements. His report to the Members of the Legislative Assembly, stating the scope of his examination and opinion on the Non-Consolidated Financial Statements, appears on the next page.

The Board of Directors has reviewed and approved these Non-Consolidated Financial Statements. The Board meets periodically with management and with the independent auditors to review internal accounting controls, audit results and accounting principles and practices.

Donald R. Ching
President

Richard A. Hornowski
Vice-President Finance

March 10, 1994

CIC INDUSTRIAL INTERESTS INC.
NON-CONSOLIDATED FINANCIAL STATEMENTS 1993

Auditor's Report

To the Members of the Legislative Assembly
of Saskatchewan

I have audited the non-consolidated statement of financial position of **CIC Industrial Interests Inc.** as at December 31, 1993 and the non-consolidated statements of operations and deficit and cash flows for the year then ended. These financial statements are the responsibility of the corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these non-consolidated financial statements present fairly, in all material respects, the financial position of the corporation as at December 31, 1993 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles except that they are prepared on a non-consolidated basis as explained in Note 1.

Wayne Strelioff

Regina, Saskatchewan
March 10, 1994

W. K. Strelioff, C.A.,
Provincial Auditor

CIC INDUSTRIAL INTERESTS INC.
NON-CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31

	1993	1992
	(thousands of dollars)	
ASSETS		
Current		
Cash	$ 3	$ 1
Interest and accounts receivable	1,155	954
Debentures and loans receivable due within one year (Note 3)	48	142,711
Mortgages receivable due within one year (Note 4)	471	428
Other assets	325	325
	2,002	144,419
Advances due from Bi-Provincial Upgrader (Note 5(a))	8,750	3,850
Due from CIC Pulp Ltd., without interest (Note 5(d))	10,425	9,954
Debentures and loans receivable (Note 3)	471,143	468,636
Mortgages receivable (Note 4)	40,064	40,535
Investments - equity basis (Note 5)	198,622	251,847
Investments - cost basis (Note 6)	65,206	65,812
	$ 796,212	$ 985,053
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current		
Accounts payable	$ 20	$ 76
Due to Crown Investments Corporation of Saskatchewan (CIC), without interest	628,208	774,974
Shareholder's Equity		
Share capital (Note 7)	340,000	340,000
Deficit	(172,016)	(129,997)
	167,984	210,003
	$ 796,212	$ 985,053

Commitments (Note 8)

(See accompanying notes)

On behalf of the Board: John Penner, Director ______, Director

CIC INDUSTRIAL INTERESTS INC.

NON-CONSOLIDATED STATEMENT OF OPERATIONS AND DEFICIT

For the Year Ended December 31

	1993	1992
	(thousands of dollars)	
INCOME		
Interest and other income	$ 6,716	$ 6,163
Dividend income	48	391
Gain on sale of investments (Note 9)	1,376	-
Gain on extinguishment of debenture (Note 3(f))	7,709	-
	15,849	6,554
EXPENSES		
Administrative	351	2,640
Loss from equity investments (Note 5(f))	57,517	7,143
	57,868	9,783
Loss before the following	42,019	3,229
Write-down of loan receivable from Promavia International Corp.	-	2,268
NET LOSS	42,019	5,497
DEFICIT, BEGINNING OF YEAR	129,997	124,500
DEFICIT, END OF YEAR	$ 172,016	$ 129,997

(See accompanying notes)

CIC INDUSTRIAL INTERESTS INC.

NON-CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended December 31

	1993	1992
	(thousands of dollars)	
OPERATING ACTIVITIES		
Net loss	$ (42,019)	$ (5,497)
Dividends received from equity accounted investment	106	86
Add (deduct) non-cash items:		
Gain on extinguishment of debenture	(7,709)	-
Gain on sale of investments	(1,376)	-
Loss from equity investments	57,517	7,143
Other non-cash items	(555)	(177)
Write-down of loan receivable	-	2,268
	5,964	3,823
Net change in non-cash working capital balances related to operations	(257)	(251)
Cash provided by operating activities	5,707	3,572
INVESTING ACTIVITIES		
Increase in debentures and loans receivable	(2,000)	(325,632)
Debenture and loan repayments received	150,420	1,238
Mortgage repayments received	428	388
Purchase of investments	(5,614)	(85,527)
Proceeds from sale of investments	3,198	-
Advances to Bi-Provincial Upgrader	(4,900)	(3,850)
Increase in due from CIC Pulp Ltd.	(471)	(154)
Cash provided by (used in) investing activities	141,061	(413,537)
FINANCING ACTIVITIES		
(Decrease) increase in due to CIC	(146,766)	405,701
NET INCREASE (DECREASE) IN CASH	2	(4,264)
CASH POSITION, BEGINNING OF YEAR	1	4,265
CASH POSITION, END OF YEAR	$ 3	$ 1

(See accompanying notes)

CIC INDUSTRIAL INTERESTS INC.

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

December 31, 1993

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with generally accepted accounting principles except as noted in a) below.

a) Basis of Presentation

CIC Industrial Interests Inc. (the Corporation) is a wholly-owned subsidiary of Crown Investments Corporation of Saskatchewan (CIC) as discussed in Note 2. These financial statements have been prepared on a non-consolidated basis to illustrate the financial position and results of operations of the corporate entity only. These non-consolidated financial statements have been prepared for this specific purpose. Therefore, for further information, users should refer to the CIC consolidated financial statements. The financial results of the Corporation and its subsidiaries are included in CIC's consolidated financial statements.

In addition, these financial statements have been prepared in accordance with the continuity of interests method for the amalgamation, on December 31, 1993, of the Corporation, CMB Fertilizer Inc., Agdevco International Inc., and 586643 Saskatchewan Ltd. Consequently, these financial statements, including the 1992 comparative figures, reflect the combined assets, liabilities, equity, revenues and expenses of the Corporation, CMB Fertilizer Inc., Agdevco International Inc., and 586643 Saskatchewan Ltd. All intercompany balances and transactions have been eliminated (Note 10).

b) Advances, Debentures, Loans and Mortgages Receivable

Advances, debentures, loans and mortgages receivable are recorded at the lower of cost and net realizable value.

c) Investments - Equity Basis

The Corporation's investments in its subsidiaries, CIC Pulp Ltd. and National Pig Development (Canada) Co. Ltd., are accounted for by the equity method. The original cost of the Corporation's investment is adjusted for the Corporation's proportionate share of the subsidiaries' net earnings or losses and decreased by dividends received. The Corporation also uses the equity method to account for its investment in the Bi-Provincial Upgrader Joint Venture and in corporations over which it has the ability to exercise significant influence.

Where there has been a decline in the value of an investment that is not considered temporary, the investment is written down to its estimated realizable value.

d) Investments - Cost Basis

The Corporation's long-term investments in corporations in which it does not have significant influence are recorded at the lower of cost and net realizable value. Dividends from these investments are recorded as income when receivable.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Interest Income

Interest income on debentures, loans and mortgages receivable is recognized on the accrual basis except where uncertainty exists as to ultimate collection. In cases where collectibility of interest is not reasonably assured, interest income is recorded when it is received. Any accrued interest receivable is offset by deferred interest income.

2. STATUS OF THE CORPORATION

CIC Industrial Interests Inc. was incorporated under **The Business Corporations Act** (Saskatchewan) on November 14, 1979, as a wholly-owned subsidiary of CIC, a Provincial Crown corporation. The Corporation is not subject to Federal or Provincial income taxes by virtue of this ownership. The financial results of the Corporation are included in the consolidated financial statements of CIC.

During 1993, the Corporation was amalgamated with CMB Fertilizer Inc., Agdevco International Inc., and 586643 Saskatchewan Ltd. These corporations, prior to amalgamation, were wholly-owned subsidiaries of the Corporation. CIC Industrial Interests Inc. is the continuing corporation.

3. DEBENTURES AND LOANS RECEIVABLE

	1993	1992
	(thousands of dollars)	
Loan receivable from HARO Financial Corporation (a)	**$ 289,955**	$ 271,000
Interest receivable	**691**	1,070
Less: Deferred interest income	**(19,646)**	(1,070)
	271,000	271,000
Loans receivable from Meadow Lake Pulp Limited Partnership (b):		
Participating Debenture	**159,000**	159,000
Interest Loan	**41,564**	21,453
Term Loan	**20,000**	20,000
Contingency Loan	**8,009**	7,454
6% Debenture	**-**	378
Accrued interest on Participating Debenture and Interest Loan	**3,737**	3,400
Less: Deferred interest income	**(45,301)**	(24,853)
	187,009	186,832
Floating rate loan receivable from Dairy Producers Co-operative Limited; interest is payable annually and principal is repayable in five equal annual instalments commencing in 1996 (c)	**11,631**	10,617
Interest receivable	**837**	1,768
Less: Deferred interest income	**(1,968)**	(1,885)
	10,500	10,500

3. DEBENTURES AND LOANS RECEIVABLE (continued)

	1993	1992
	(thousands of dollars)	
Variable rate convertible debenture receivable from Canadian Western Bank due March 1, 2003; interest is payable semi-annually (d)	**2,000**	-
12.5% loan receivable from National Pig Development (Canada) Co. Ltd. repayable in quarterly instalments of $22,264 blended principal and interest with the balance due December 1, 2004	**529**	550
14% note receivable from Sascable Services Inc. repayable in annual instalments of $40,000 blended principal and interest with the balance due February 28, 1998	**153**	174
Loan receivable from Promavia International Corporation, with interest at Royal Bank of Canada's floating prime rate plus 2% (e)	**2,268**	2,268
Interest receivable	**470**	258
Less: Deferred interest income	**(470)**	(258)
Write-down of loan receivable	**(2,268)**	(2,268)
	-	-
Income debenture receivable from Weyerhaeuser Canada Ltd. (f)	**-**	142,291
	471,191	611, 347
Less: Due within one year	**48**	142,711
	$ 471,143	$ 468,636

a) On December 15, 1992, the Corporation entered into various agreements with HARO Financial Corporation (HARO) to provide a loan to HARO up to a maximum initial principal amount of $275 million. The funds were used by HARO to repay a previous loan facility used to finance the acquisition of an ownership interest in Crown Life Insurance Company (Crown Life). The Corporation had advanced $271 million of its initial commitment to December 31, 1993 (1992 - $271 million). The loan is for an initial five-year term commencing on December 15, 1992 with a maximum of four five-year renewal terms at the option of HARO. Provision is made whereby under certain conditions the initial principal amount of the loan may be increased after the first five-year term if no refinancing has occurred.

3. DEBENTURES AND LOANS RECEIVABLE (continued)

Interest during the initial five-year term is calculated at the Royal Bank of Canada's Bankers' Acceptance Rate, determined on a quarterly basis, plus 1 3/8% per annum. Interest for each subsequent five-year renewal term, as established at the beginning of each renewal term, shall be the effective yield rate for five-year Province of Saskatchewan bonds plus 1% per annum.

Payment of principal and interest is subject to available cash flow as specifically defined in the loan agreement. Such payments, if any, will be paid to the Corporation on a quarterly basis and will firstly be applied to interest outstanding and secondly to principal. Any accrued interest not paid will be compounded annually and added to the principal balance. Due to the uncertainty of the timing of future cash payments, interest income earned is recorded as deferred interest income. The deferred interest income will be recorded as income when payments are received under the cash flow formula. There were no payments made during the year under this agreement.

All amounts outstanding are due and payable on December 15, 2017. On December 15, 2017, the balance of principal and interest outstanding, if any, will be converted into a maximum of 94% of HARO equity shares at the time. The type of HARO equity shares will be subject to certain regulatory approvals and is not presently determinable. In addition, the Corporation can exercise a unilateral right, prior to December 15, 2017, to 94% of HARO's assets (which are held as security for the loan) at any time after HARO's preferred shares in Crown Life are converted into common shares (or a non-voting equivalent). The conversion of HARO's preferred shares is to occur no later than June 30, 1996. The Corporation's unilateral right to 94% of HARO's assets is subject to regulatory compliance.

b) The Corporation has entered into various agreements with Meadow Lake Pulp Limited Partnership (MLPLP) and its agent, Millar Western Pulp (Meadow Lake) Ltd., to provide loans to MLPLP up to a maximum of $191.5 million to assist in the construction of a chemi-thermomechanical pulp mill located near Meadow Lake, Saskatchewan. The total loan commitment is comprised of three distinct loans.

- The Participating Debenture has a maximum principal amount of $159 million. This facility has been completely advanced. Interest on the Participating Debenture, at 11.15%, is calculated on October 31 of each year.

- The Term Loan has a maximum principal amount of $20 million. The maximum amount has been advanced. Interest on the Term Loan, currently at the Canadian Imperial Bank of Commerce (CIBC) prime interest rate plus 1/4%, is paid monthly.

- The Contingency Loan had a maximum principal amount of $12.5 million. Upon completion of construction on October 31, 1992, $7.3 million had been advanced on this loan. The Corporation is no longer committed to provide the remainder of the funds available under the Contingency Loan facility. Interest on the Contingency Loan, at the CIBC prime interest rate plus 1%, is calculated annually. Any interest outstanding and not paid on October 31 of each year is added to the principal balance.

3. DEBENTURES AND LOANS RECEIVABLE (continued)

Contemporaneously with the interest calculation on the Participating Debenture, the Corporation records an equal amount as a separate loan (Interest Loan) to MLPLP. Interest on the Interest Loan, at 11.15%, is calculated on October 31 of each year and is also added to the principal balance outstanding on the loan. Interest income earned and subsequently forming part of the Interest Loan is recorded as deferred interest income due to the uncertainty of the timing of future cash payments. The deferred interest income will be recorded as income when payments are received under the cash availability formula.

Any payments to be made respecting the Participating Debenture, the Contingency Loan and the Interest Loan are subject to MLPLP achieving certain cash flows as specifically defined in the loan agreements. Any payments due to the Corporation are applied firstly to repay interest and principal outstanding under the Contingency Loan. After repayment of the Contingency Loan, payments will be applied to repay amounts outstanding under the Participating Debenture. After repayment of the Participating Debenture, payments will be applied to the Interest Loan. Payments towards principal outstanding on the Term Loan are due in two equal annual payments after MLPLP has fully repaid an external bank loan. All of the loans mature in the year 2014. A special cash flow availability calculation shall be performed on the maturity date and 90% of the result of this calculation shall be applied to any amounts still outstanding firstly under the Contingency Loan, secondly under the Term Loan, thirdly under the Participating Debenture and fourthly under the Interest Loan. Any Interest Loan balance outstanding after application of this repayment will be forgiven. Amounts outstanding under the other three loans shall bear interest at a rate of prime plus 5%, compounded monthly, until paid.

c) On July 11, 1990, the Corporation entered into an agreement with Dairy Producers Co-operative Limited (DPCL) to provide a loan to DPCL, with an initial principal balance of $10 million, for expansion of operations. During 1990, interest was accrued and recorded as revenue by the Corporation and subsequently added to the principal balance. Since 1991 interest has been deferred and will be recognized as revenue when cash is received.

d) On February 17, 1993, the Corporation purchased a $2 million convertible Subordinated Debenture from Canadian Western Bank (the Bank). Principal on the debenture cannot be repaid until February 17, 1998. The debenture matures on March 1, 2003. Interest is payable semi-annually. The interest rate is based on a formula whereby the rate cannot fall below 5% or exceed 15% per annum. At the discretion of the Corporation, the debenture can be converted into common shares of the Bank.

e) The Corporation entered into an agreement with Promavia International Corporation to provide interim loans to a maximum of $2.3 million. The loans matured and demand for payment was made in 1992. The Corporation is currently pursuing payment of the entire balance owing plus accrued interest. A write-down was recorded in 1992 for the entire principal amount outstanding.

f) Certain Meadow Lake Sawmill Ltd. (MLS) operating assets were sold on September 9, 1986 to Weyerhaeuser Canada Ltd. (Weyerhaeuser) in exchange for an income debenture. On January 12, 1993 the Corporation entered into various agreements which provided for the extinguishment of the debenture in exchange for the lump sum payment from Weyerhaeuser of $150 million. The transaction resulted in a gain of $7.7 million.

4. MORTGAGES RECEIVABLE

	1993	1992
	(thousands of dollars)	
9 5/8% mortgage receivable from Cadillac Fairview Corporation Limited, repayable in monthly instalments of $289,177 blended principal and interest, compounded semi-annually and not in advance, with the unamortized balance due December 1, 2001	**$ 32,571**	$ 32,948
11 5/8% mortgage receivable from Cadillac Fairview Corporation Limited, repayable in monthly instalments of $79,866, blended principal and interest, compounded semi-annually and not in advance, with the unamortized balance due December 1, 2001	**7,964**	8,015
	40,535	40,963
Less: Due within one year	**471**	428
	$ 40,064	$ 40,535

5. INVESTMENTS - EQUITY BASIS

	Percentage Ownership	Fiscal Year End	1993	1992
			(thousands of dollars)	
Joint Venture interest in the Bi-Provincial Upgrader: Class A - original cost $221,725,570 (1992 - $221,725,570); Class C - original cost $30,625,000 (1992 - $30,625,000); no quoted market values (a)	17.5%	Dec. 31	**$ 161,618**	$ 181,239
Saskferco Products Inc. (Saskferco): 68,449,080 (1992 - 66,692,212) Class B common shares original cost $68,449,080 (1992 - $66,692,212); 2,500,000 (1992 - Nil) Class D common shares - original cost $2,500,000 (1992 - Nil); no quoted market values (b)	49.0%	May 31	**63,740**	66,692

5. INVESTMENTS - EQUITY BASIS (continued)

	Percentage Ownership	Fiscal Year End	1993	1992
			(thousands of dollars)	
National Pig Development (Canada) Co. Ltd. (NPD): 885,783 (1992 - 603,253) Class A common shares; original cost $723,328 (1992 - $582,063); 662,500 (1992 - 662,500) Class B non-voting preferred shares; original cost $1,325,000 (1992 - $1,325,000); no quoted market values (c)	60.0%	Sep. 30	**2,493**	1,943
SGI Canada Insurance Services Ltd.: 320,100 (1992 - 320,100) Class A common shares; original cost $2,000,100 (1992 - $2,000,100); no quoted market values	40.0%	Dec. 31	**2,002**	1,973
Millar Western Pulp (Meadow Lake) Ltd.: 49 (1992 - 49) common shares; original cost $49 (1992 - $49); no quoted market values	49.0%	Oct. 31	-	-
CIC Pulp Ltd.: 100 (1992 - 100) common shares; original cost $100 (1992 - $100); no quoted market values (d)	100.0%	Dec. 31	**(31,231)**	-
			$ 198,622	$ 251,847

a) The Corporation owns a 17.5% equity interest in the Bi-Provincial Upgrader Joint Venture (the Joint Venture) established to construct and operate a heavy oil upgrader located near Lloydminster, Saskatchewan. The Corporation's initial commitment was to fund its proportionate share, or $221.7 million, of the original estimated capital cost of the project of $1,267 million. This initial investment is represented by Class A equity in the Joint Venture.

During 1991 and 1992, cost overruns of $365 million, representing approximately 30% of the original cost estimates, were identified. The Corporation's proportionate share of these overruns would have been $63.9 million. The Corporation recorded a write-down of $63.9 million in 1991 to reflect these overruns. However, the Corporation agreed to fund only $30.6 million of this amount while the remaining $33.3 million was funded by the other joint venturers. The additional $30.6 million is represented by Class C equity.

5. INVESTMENTS - EQUITY BASIS (continued)

In addition, the Corporation has agreed to fund up to 17.5% of a $50 million revolving operating line of credit, or $8.8 million, in the form of non-interest bearing cash advances. To December 31, 1993, the entire amount had been advanced under this facility (1992 - $3.9 million).

The Joint Venture has experienced lower than anticipated price differentials between heavy and light crude oil. Price differentials have fluctuated in recent years and, at present, are unable to support the cash flow needs of the joint venture. Until positive cash flows from operations are achieved, the Joint Venture is dependent upon the continued support of the joint venturers. Forecasts of the Joint Venture indicate improved price differentials over the expected life of the project.

b) The Corporation has fully funded its obligations to provide initial equity to Saskferco of $66.4 million. The Corporation may, in certain circumstances, be obligated to provide additional financial support for Saskferco. This includes the Corporation's pro-rata share (49%) of up to $10 million of further equity to the extent required to fund any construction cost overruns that may occur. Saskferco has determined that construction cost overruns will be to a maximum of $4.6 million. The Corporation is also committed to funding 50% of up to $5 million of other equity to the extent required to fund any working capital deficiencies that may occur during the first two years of operations. To December 31, 1993, the Corporation had advanced $2.0 million in the form of Class B shares under the construction cost overrun facility (1992 - $0.2 million), and $2.5 million (1992 - Nil) in the form of Class D shares to fund working capital deficiencies.

Saskferco commenced commercial operations on October 14, 1992. Results from Saskferco's operations for the period October 14, 1992 to December 31, 1993 are reflected in the Corporation's financial statements in the current year.

c) On September 30, 1993, the Corporation exercised its right to convert share purchase warrants obtained by the Corporation in December 1990 from NPD. As a result, shareholder loans of $141,265 payable by NPD to the Corporation were converted into common shares at a rate of 50 cents per share. The transaction increased the Corporation's ownership to 885,783 class A common shares (1992 - 603,253) which represents a 60.0% interest (1992 - 49.3%) in NPD.

The Class B preferred shares in NPD bear a cumulative dividend of 8% per annum payable quarterly.

During the year, the Corporation entered into agreements to fund expansion of NPD. The funding, in the form of equity, will be to a maximum of $4 million. To December 31, 1993, no equity had been advanced to NPD under these agreements.

d) The Corporation owns a 49% interest in MLPLP through its wholly-owned subsidiary, CIC Pulp Ltd. The Corporation has provided loans to MLPLP as further described in Note 3(b).

Due to lower than expected prices for pulp, MLPLP has incurred cash deficiencies in its first year of operations. Therefore, MLPLP has obtained, subject to finalization of agreements, additional financial support from its creditors and investors.

e) The Corporation owns one special share of ISM Information Systems Management Corporation (ISM) that enables it to determine the location of ISM's head office and principal place of business.

5. INVESTMENTS - EQUITY BASIS (continued)

f) Earnings (losses) from equity investments are comprised as follows:

	1993	1992
	(thousands of dollars)	
SGI Canada Insurance Services Ltd.	$ 29	$ (32)
National Pig Development (Canada) Co. Ltd.	514	126
Saskferco Products Inc.	(7,209)	-
Bi-Provincial Upgrader	(19,620)	(7,237)
CIC Pulp Ltd.	(31,231)	-
	$ (57,517)	$ (7,143)

6. INVESTMENTS - COST BASIS

	1993	1992
	(thousands of dollars)	
Wascana Energy Inc. (formerly Saskatchewan Oil and Gas Corporation): 5,842,910 (1992 - 5,842,910) common shares; original cost $63,355,000 (1992 - $63,355,000); quoted market value $48,204,008 (1992 - $28,338,114)	$ 63,355	$ 63,355
IPSCO Inc.: 10 (1992 - 100,000) common shares; original cost $117 (1992 - $1,171,954); quoted market value $260 (1992 - $2,025,000)	-	1,172
Other cost basis investments	1,851	1,285
	$ 65,206	$ 65,812

7. SHARE CAPITAL

	1993	1992
	(thousands of dollars)	
Authorized - Unlimited number of one class of shares with no par value		
Issued and outstanding - 34,000,000 shares (1992 - 34,000,000 shares)	$ 340,000	$ 340,000

8. COMMITMENTS

The following commitments existed at December 31, 1993:

	(thousands of dollars)
HARO (Note 3(a))	$ 4,000
Saskferco (Note 5(b))	238
NPD (Note 5(c))	4,000
Other	985
	$ 9,223

9. GAIN ON SALE OF INVESTMENTS

Gain on sale of investments includes the following:

	(thousands of dollars)
IPSCO Inc. shares	$ 1,328
Other cost accounted shares	48
	$ 1,376

10. AMALGAMATIONS

During the year, the Corporation amalgamated with its wholly-owned subsidiaries CMB Fertilizer Inc., Agdevco International Inc., and 586643 Saskatchewan Ltd. These wholly-owned subsidiaries were inactive. The amalgamation had no financial impact on the Corporation after elimination of inter-company items.

11. RELATED PARTY TRANSACTIONS

Included in these non-consolidated financial statements are income and expense amounts resulting from routine operating transactions conducted at prevailing market prices with various Saskatchewan Crown controlled departments, agencies and Crown corporations to which the Corporation is related.

Account balances resulting from these transactions are included in the non-consolidated statement of financial position and are settled on normal trade terms.

Other amounts due to and from related parties and the terms of settlement are described separately in the non-consolidated financial statements and the notes thereto.

12. COMPARATIVE FIGURES

Certain of the 1992 comparative figures have been reclassified to conform with the current year's presentation.

13. SUBSEQUENT EVENT

Subsequent to year end, the Corporation agreed, subject to finalization of agreements and exhaustion of other credit facilities, to provide additional loans to Meadow Lake Pulp Limited Partnership, to a maximum of $9 million, to fund future cash deficiencies, if any.

CROWN INVESTMENTS CORPORATION OF SASKATCHEWAN

CORPORATE DIRECTORY

Crown Investments Corporation of Saskatchewan
2400 College Avenue
Regina, Saskatchewan
S4P 1C8

Inquiry No.: (306) 787-6851
Chairperson: Hon. John Penner
President: Donald R. Ching

Subsidiaries

CIC Industrial Interests Inc.
2400 College Avenue
Regina, Saskatchewan S4P 1C8
Inquiry: (306) 787-6851
Chairperson: Hon. John Penner
President: D. R. Ching

CIC Mineral Interests Corporation
2400 College Avenue
Regina, Saskatchewan S4P 1C8
Inquiry: (306) 787-6851
Chairperson: Hon. John Penner
President: D. R. Ching

Saskatchewan Computer Utility Corporation
2400 College Avenue
Regina, Saskatchewan S4P 1C8
Inquiry: (306) 787-6851
Chairperson: Hon. John Penner

Saskatchewan Development Fund Corporation
2400 College Avenue
Regina, Saskatchewan S4P 1C8
Inquiry: (306) 787-1645
Chairperson: Hon. Janice MacKinnon
General Manager: D. Axtell

Saskatchewan Economic Development Corporation
1106 Winnipeg Street
Regina, Saskatchewan S4P 3W2
Inquiry: (306) 787-7200
Chairperson: Hon. Dwain Lingenfelter
Acting President: Z. Douglas

Saskatchewan Forest Products Corporation
P.O. Box 40
Hudson Bay, Saskatchewan S0E 0Y0
Inquiry: (306) 865-2201
Chairperson: Hon. Eldon Lautermilch
President: F. Mattus

Saskatchewan Government Growth Fund Management Corporation
1170 - 1801 Hamilton Street
Regina, Saskatchewan S4P 3R8
Inquiry: (306) 787-2994
Chairperson: D. R. Ching
President: G. Benson

Saskatchewan Government Insurance
2260 - 11th Avenue
Regina, Saskatchewan S4P 0J9
Inquiry: (306) 565-1200
Chairperson: Hon. Keith Goulet
President: B. Heidt

Saskatchewan Power Corporation
2025 Victoria Avenue
Regina, Saskatchewan S4P 0S1
Inquiry: (306) 566-2121
Chairperson: Hon. Doug Anguish
President: J. Messer

Saskatchewan Telecommunications
2121 Saskatchewan Drive
Regina, Saskatchewan S4P 3Y2
Inquiry: (306) 777-3737
Chairperson: Hon. Ed Tchorzewski
President: F. Van Parys

Subsidiaries (continued)

Saskatchewan Transportation Company
2041 Hamilton Street
Regina, Saskatchewan S4P 2E2
Inquiry: (306) 787-1161
Chairperson: Hon. Andy Renaud
President: P. Glendinning

Saskatchewan Water Corporation
111 Fairford Street East
Moose Jaw, Saskatchewan S6H 7X9
Inquiry: (306) 694-3900
Chairperson: Hon. Andy Renaud
President: B. Kaukinen

SaskEnergy Incorporated
1100 - 1945 Hamilton Street
Regina, Saskatchewan S4P 2C7
Inquiry: (306) 777-9408
Chairperson: Hon. Doug Anguish
Acting President: J. Olenick