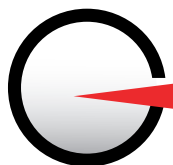


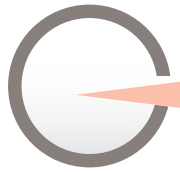


Third Quarter Report. September 30, 2005



SASKATCHEWAN GOVERNMENT GROWTH FUND
MANAGEMENT CORPORATION





SASKATCHEWAN GOVERNMENT GROWTH FUND
MANAGEMENT CORPORATION

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Introduction

Mandate

The Saskatchewan Government Growth Fund Management Corporation (SGGF MC) was established in 1989 under Order-in-Council to create and manage investment funds that have been accepted as government administered venture capital funds under the Federal government's Immigrant Investor Program.

Vision

SGGF MC envisions the creation of economic wealth and diversification through investment of immigrant investor capital in Saskatchewan.

Mission

The mission of SGGF MC is to participate in the Federal government's Immigrant Investor Program for the purpose of acquiring relatively low cost capital for investment in the Saskatchewan economy on commercial terms, thereby creating wealth and diversification, while also ensuring a return of capital and nominal investment income to the immigrant investor.

Profile

SGGF MC participates in the Federal government's Immigrant Investor Program (IIP). This program acquires lower cost capital for the commercial investment in Saskatchewan, providing small and medium-sized businesses with capital to grow and prosper, and thereby facilitating long-term economic growth and development for the Province.

The ability of SGGF MC to raise additional funds under the IIP ended on March 31, 1999, when a new Federal program was launched and SGGF MC declined to participate. In 2003, the fund companies were closed to new deposits and all investors were required to pay their subscriptions in full by December 15, 2003. The capital currently under management and from the three funds launched in 1999 will require administration for at least the next six years.

SGGF MC manages eight government administered venture capital funds under the old IIP, specifically:

- Saskatchewan Government Growth Fund Ltd. (SGGF I);
- Saskatchewan Government Growth Fund II Ltd. (SGGF II);
- Saskatchewan Government Growth Fund III Ltd. (SGGF III);
- Saskatchewan Government Growth Fund IV Ltd. (SGGF IV);
- Saskatchewan Government Growth Fund V (1997) Ltd. (SGGF V);
- Saskatchewan Government Growth Fund VI Ltd. (SGGF VI);
- Saskatchewan Government Growth Fund VII Ltd. (SGGF VII);
- Saskatchewan Government Growth Fund VIII Ltd. (SGGF VIII).

SGGF fund companies have provided an important source of venture capital financing in Saskatchewan to assist in economic development in the Province.



Third Quarter Results

SGGF MC's consolidated loss for the nine months ending September 30, 2005 of \$30 thousand declined from the same period in 2004 (earnings of \$587 thousand) by \$617 thousand. The loss is primarily related to a decrease in revenue from the sale of assets. In 2004, the Corporation sold its interest in Prairie Plant Systems Inc. for a gain on sale of \$332 thousand. In addition the corporation received \$62 thousand in investment earnings prior to its divestiture of the investment. The corporation also recovered certain expenses on the sale of Prairie Plant Systems Inc. that are included in interest and other income.

Management fee revenue for the first nine months of 2005 was \$1,523 thousand down \$215 thousand from the same period in 2004. Management fee revenue consists of two components. The first component is a recovery of investment management fees. The second component is a modest mark-up on these management fees used to fund administrative expenditures that are not charged back to the Fund companies. Investment management fees declined by \$191 in 2005 over the same period in 2004, resulting in a commensurate decline in management fee revenue. Management fees are declining due to a decrease in the asset base on which the fund management fee is calculated. As SGGF Fund companies continue to wind-down operations SGGF MC will continue to experience revenue reductions.

In addition to declining revenue SGGF MC expects that expenses will decline over the wind-down period. The overall expenditures will depend on the legal and administrative costs of winding-up each fund company.

Outlook

SGGF MC is forecasting a small loss for 2005. SGGF MC currently is primarily focused on maintaining operations at a break-even level.

Key Factors Affecting Performance

- Ability of the fund companies to place investor capital in eligible investments as defined by the IIP within nine months of receipt.
- Ability of the fund companies to liquidate their investment portfolios at values and in the timeframe necessary to provide for full repayment of investor capital at maturity.
- Ability of the fund companies to recover their costs of operation from the revenues earned on investment funds under management.
- SGGF operates primarily on a cost-recovery basis and hence operates at or near break-even.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (unaudited)
As At

	September 30 2005	December 31 2004
Assets		
Current Assets		
Cash and short-term deposits	\$ 2,650,808	\$ 1,316,235
Funds in trust	1,200,000	1,200,000
Accounts receivable	13,739	247,373
Note receivable	-	1,184,469
	3,864,547	3,948,077
Investments	107,057	178,070
Investments in Fund companies	8,000	8,000
	\$ 3,979,604	\$ 4,134,147
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 143,341	\$ 267,843
Commissions payable	58,050	58,050
	201,391	325,893
Province of Saskatchewan's Equity		
Equity advances	1,031	1,031
Retained earnings	3,777,182	3,807,223
	3,778,213	3,808,254
	\$ 3,979,604	\$ 4,134,147

(see accompanying notes)

CONSOLIDATED STATEMENT OF OPERATIONS AND RETAINED EARNINGS (unaudited)
For the Period

	2005		2004	
	July 1 To September 30	Year To Date	July 1 To September 30	Year To Date
Revenue				
Management fees	\$ 479,106	\$ 1,522,969	\$ 546,478	\$ 1,737,562
Interest and other income	14,856	52,838	157,318	215,634
Gain on sale of investment	-	-	332,085	332,085
Investment income	-	1,302	-	77,833
	493,962	1,577,109	1,035,881	2,363,114
Expenses				
Fund manager fees	376,690	1,199,101	450,173	1,390,158
General administration	1,726	2,358	267	3,137
Legal fees and professional fees	114,023	357,804	48,812	317,611
Amortization expense	-	-	521	1,564
Directors fees and expenses	18,152	47,887	23,763	63,344
	510,591	1,607,150	523,536	1,775,814
Net (loss) earnings	\$ (16,629)	\$ (30,041)	\$ 512,345	\$ 587,300
Retained earnings, beginning of period		3,807,223		3,267,176
Retained earnings, end of period		\$ 3,777,182		\$ 3,854,476

(see accompanying notes)

CONSOLIDATED STATEMENT OF CASH FLOWS (unaudited)
For the Period Ended

	2005		2004	
	July 1 To September 30	Year To Date	July 1 To September 30	Year To Date
Operating activities				
Net (loss) earnings	\$ (16,629)	\$ (30,041)	\$ 512,345	\$ 587,300
Items not affecting cash from operations:				
Gain on sale of investment	-	-	(332,085)	(332,085)
Amortization expense	-	-	521	1,564
Net change in non-cash balances related to operations	45,056	1,293,601	(210,068)	(235,711)
Cash provided by (used in) operating activities	28,427	1,263,560	(29,287)	21,068
Investing activities				
Proceeds on sale of investment	-	71,013	332,085	332,085
Net increase in cash during the period	28,427	1,334,573	302,798	353,153
Cash position, beginning of period	2,622,381	1,316,235	779,448	729,093
Cash position, end of period	\$ 2,650,808	\$ 2,650,808	\$ 1,082,246	\$ 1,082,246

(see accompanying notes)



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

1. Status of the Corporation

Saskatchewan Government Growth Fund Management Corporation (the Corporation) was established for the purpose of creating and managing fund companies that have been accepted as government administered venture capital funds under the Federal government's Immigrant Investor Program.

These consolidated financial statements include the accounts of the Corporation and its subsidiary, Saskatchewan Government Growth Fund Ltd. (SGGF I). All inter-company transactions have been eliminated on consolidation. The statements are unaudited.

2. Summary of significant accounting policies

The interim financial statements do not include all of the disclosures included in the Corporation's annual consolidated financial statements. Accordingly, these interim financial statements should be read in conjunction with the Corporation's most recent annual consolidated financial statements released on April 28, 2005.

These consolidated financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles. The timely preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Actual results could differ from those estimates which may impact the actual transactions and events reported in future periods.

The accounting policies used in the preparation of these interim financial statements conform with those used in the Corporation's most recent annual consolidated financial statements.

3. Comparative figures

Certain comparative figures have been reclassified to conform with the current presentation.

