

## QUARTERLY REVIEW

### CONSOLIDATED STATEMENTS OF INCOME

FOR THE YEARS ENDED DECEMBER 31 (\$ thousands except per share amounts)	2004				2003			
	4	3	2	1	4	3	2	1
<b>Fee and net investment income</b>								
Management	\$ 383,190	\$ 371,686	\$ 371,701	\$ 365,080	\$ 341,836	\$ 330,119	\$ 313,830	\$ 310,329
Administration	71,588	74,228	75,768	78,028	72,339	70,433	70,116	73,889
Distribution	46,196	44,448	38,892	34,935	32,644	31,569	33,144	34,125
Net investment income and other	47,093	36,756	37,121	42,361	37,951	42,255	43,061	36,541
<b>Total fee and net investment income</b>	<b>548,067</b>	<b>527,118</b>	<b>523,482</b>	<b>520,404</b>	<b>484,770</b>	<b>474,376</b>	<b>460,151</b>	<b>454,884</b>
<b>Operating expenses</b>								
Commission expense	163,777	155,305	153,802	143,822	126,355	117,143	115,772	116,065
Non-commission expense	154,210	126,553	126,692	136,801	120,601	122,255	121,190	130,096
Interest expense	18,925	18,714	18,532	18,722	23,623	19,302	21,521	20,931
Restructuring (reversal) costs	–	–	–	–	(24,832)	–	–	–
<b>Total operating expenses</b>	<b>336,912</b>	<b>300,572</b>	<b>299,026</b>	<b>299,345</b>	<b>245,747</b>	<b>258,700</b>	<b>258,483</b>	<b>267,092</b>
	211,155	226,546	224,456	221,059	239,023	215,676	201,668	187,792
Dilution gain	–	–	–	–	–	14,820	–	–
Income before undernoted	211,155	226,546	224,456	221,059	239,023	230,496	201,668	187,792
Income taxes	63,470	66,969	66,535	67,995	99,286	69,899	67,143	62,870
	147,685	159,577	157,921	153,064	139,737	160,597	134,525	124,922
Non-controlling interest	420	571	160	–	–	–	–	–
Net income	147,265	159,006	157,761	153,064	139,737	160,597	134,525	124,922
Preferred dividends	5,175	5,175	5,175	5,175	5,175	5,175	5,175	5,175
<b>Net income available to common shareholders</b>								
In accordance with GAAP	\$ 142,090	\$ 153,831	\$ 152,586	\$ 147,889	\$ 134,562	\$ 155,422	\$ 129,350	\$ 119,747
<b>Reconciliation of non-GAAP financial measures <sup>(1)</sup></b>								
<b>Net income available to common shareholders (non-GAAP)</b>	<b>\$ 161,271</b>	<b>\$ 153,831</b>	<b>\$ 152,586</b>	<b>\$ 147,889</b>	<b>\$ 143,864</b>	<b>\$ 140,602</b>	<b>\$ 129,350</b>	<b>\$ 119,747</b>
Unitholder compensation (net of tax)	(19,181)	–	–	–	–	–	–	–
Dilution gain	–	–	–	–	–	14,820	–	–
Restructuring reversal (net of tax)	–	–	–	–	15,551	–	–	–
Non-cash income tax charge	–	–	–	–	(24,853)	–	–	–
<b>Net income available to common shareholders (GAAP)</b>	<b>\$ 142,090</b>	<b>\$ 153,831</b>	<b>\$ 152,586</b>	<b>\$ 147,889</b>	<b>\$ 134,562</b>	<b>\$ 155,422</b>	<b>\$ 129,350</b>	<b>\$ 119,747</b>
<b>Diluted earnings per share (e)</b>								
In accordance with GAAP	53	58	57	56	51	59	49	45
Excluding unitholder compensation, dilution gain, restructuring reversal related to Mackenzie and non-cash income tax charge <sup>(1)</sup>	61	58	57	56	54	53	49	45
<b>Dividends per share (e)</b>	<b>30.0</b>	<b>30.0</b>	<b>27.5</b>	<b>27.5</b>	<b>25.5</b>	<b>25.5</b>	<b>24.0</b>	<b>24.0</b>

### STATISTICAL DATA (\$ millions)

<b>Mutual funds</b>								
<b>Investors Group</b>								
Sales	\$ 1,102	\$ 995	\$ 1,064	\$ 1,561	\$ 998	\$ 888	\$ 914	\$ 1,221
Redemption rate (%) – total	10.6	10.7	11.2	12.0	12.8	13.9	13.9	13.4
– long-term funds	9.1	9.2	9.6	10.2	10.7	11.4	11.3	10.9
Net sales (redemptions)	(46)	(51)	(71)	386	(93)	(283)	(382)	(81)
Assets under management	44,510	42,296	42,536	42,675	40,904	38,448	37,594	35,655
<b>Mackenzie Financial Corporation</b>								
Sales	1,694	1,438	1,633	2,021	1,618	1,124	1,041	1,499
Redemption rate (%) – total	16.9	16.9	16.9	17.2	17.3	17.3	17.6	17.9
– long-term funds	13.8	13.7	13.5	13.2	13.0	12.5	12.7	12.7
Net sales (redemptions)	123	110	219	343	189	(39)	(220)	1
Assets under management	37,298	34,979	35,847	35,383	33,770	31,498	30,271	28,762
<b>Investment Planning Counsel <sup>(2)</sup></b>								
Sales	98	90	71	–	–	–	–	–
Redemption rate (%) – total	10.5	9.5	9.6	–	–	–	–	–
– long-term funds	9.5	8.3	8.2	–	–	–	–	–
Net sales (redemptions)	52	60	49	–	–	–	–	–
Assets under management	1,497	1,359	1,326	–	–	–	–	–
Combined assets under management <sup>(3)</sup>	83,273	78,605	79,680	78,058	74,674	69,946	67,865	64,417
Insurance in force (face amount)	35,897	35,217	34,513	33,012	31,307	30,296	29,320	28,318
Securities operations assets under administration	7,107	6,618	6,626	5,925	5,785	5,347	5,096	4,675
Mortgages serviced	6,010	6,102	6,217	6,327	6,425	6,529	6,668	6,794
Deposits and certificates	711	669	713	742	729	714	738	759
Corporate assets	6,473	6,548	6,456	6,338	6,292	6,246	6,126	6,162
Consultants – Investors Group	3,496	3,391	3,207	3,219	3,223	3,192	3,186	3,246

<sup>(1)</sup> Refer to page 23 of the MD&A for an explanation of the Company's use of non-GAAP financial measures. <sup>(2)</sup> From the date of acquisition. <sup>(3)</sup> Adjusted for inter-segment assets.