

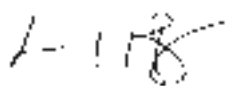
Consolidated Balance Sheets

As at December 31 (in thousands of dollars)

	2005	2004
Assets		
Cash and cash equivalents	\$ 1,068,061	\$ 864,990
Securities (Note 2)	178,011	126,310
Loans (Note 3)	512,989	496,652
Investment in affiliate (Note 5)	509,721	490,716
Deferred selling commissions	927,958	850,791
Other assets (Note 6)	336,473	371,717
Intangible assets (Note 7)	900,180	900,444
Goodwill (Note 7)	2,373,483	2,371,591
	\$ 6,806,876	\$ 6,473,211
Liabilities		
Deposits and certificates (Note 8)	\$ 692,770	\$ 710,950
Other liabilities (Note 9)	634,256	605,017
Future income taxes (Note 11)	449,717	422,848
Long-term debt (Note 12)	1,225,010	1,226,795
Preferred shares (Note 13)	360,000	360,000
	3,361,753	3,325,610
Shareholders' Equity		
Share capital (Note 13)	1,481,519	1,475,405
Contributed surplus	9,213	4,190
Retained earnings	1,954,391	1,668,006
	3,445,123	3,147,601
	\$ 6,806,876	\$ 6,473,211

(See accompanying notes to consolidated financial statements.)

On behalf of the Board



Murray J. Taylor
Director



Donald F. Mazankowski
Director

Consolidated Statements of Income

For the years ended December 31 <i>(in thousands of dollars, except shares and per share amounts)</i>	2005	2004
Fee and net investment income		
Management	\$ 1,644,737	\$ 1,491,657
Administration	307,391	299,612
Distribution	212,344	164,471
Net investment income and other	183,108	163,331
Total fee and net investment income	2,347,580	2,119,071
Operating expenses		
Commission expense	726,471	616,706
Non-commission expense	555,326	544,256
Interest expense <i>(Note 1)</i>	90,425	95,593
Total operating expenses	1,372,222	1,256,555
Income before income taxes and non-controlling interest	975,358	862,516
Income taxes <i>(Note 11)</i>	291,500	264,969
Income before non-controlling interest	683,858	597,547
Non-controlling interest	1,431	1,151
Net income	\$ 682,427	\$ 596,396
Average number of common shares <i>(in thousands)</i> <i>(Note 17)</i>		
– Basic	264,573	264,431
– Diluted	266,609	266,010
Earnings per share <i>(in dollars)</i> <i>(Note 17)</i> – Basic	\$ 2.58	\$ 2.26
– Diluted	\$ 2.56	\$ 2.24

(See accompanying notes to consolidated financial statements.)

Consolidated Statements of Retained Earnings

For the years ended December 31 <i>(in thousands of dollars)</i>	2005	2004
Balance, beginning of year		
As previously reported	\$ 1,668,006	\$ 1,414,705
Change in accounting policy <i>(Note 1)</i>	–	(1,093)
As restated	1,668,006	1,413,612
Net income	682,427	596,396
Common dividends	(353,207)	(304,159)
Common share cancellation excess <i>(Note 13)</i>	(20,067)	(22,732)
Other <i>(Note 5)</i>	(22,768)	(15,111)
Balance, end of year	\$ 1,954,391	\$ 1,668,006

(See accompanying notes to consolidated financial statements.)

Consolidated Statements of Cash Flows

For the years ended December 31 (in thousands of dollars)

	2005	2004
Operating activities		
Net income	\$ 682,427	\$ 596,396
Adjustments to determine net cash from operating activities		
Future income taxes	26,869	45,482
Commission amortization	260,209	226,715
Amortization of capital and intangible assets	22,431	22,856
Changes in operating assets and liabilities and other	(50,484)	(121,786)
	941,452	769,663
Commissions paid	(337,376)	(305,795)
	604,076	463,868
Financing activities		
Net decrease in deposits and certificates	(18,180)	(39,070)
Repayment of long-term debt	(1,785)	(199,829)
Issue of common shares	9,206	9,072
Common dividends paid	(341,321)	(292,122)
Common shares purchased for cancellation	(23,335)	(26,894)
	(375,415)	(548,843)
Investing activities		
Acquisition of Investment Planning Counsel, less cash and cash equivalents acquired (Note 21)	-	(62,583)
Acquisition of additional interest in Investment Planning Counsel	(1,089)	-
Purchase of securities	(102,217)	(61,686)
Proceeds from the sale of securities	95,934	78,475
Net increase in loans	(258,005)	(166,986)
Proceeds from securitizations (Note 4)	250,993	207,110
Additions to capital assets	(11,206)	(13,680)
	(25,590)	(19,350)
Increase (decrease) in cash and cash equivalents	203,071	(104,325)
Cash and cash equivalents, beginning of year	864,990	969,315
Cash and cash equivalents, end of year	\$ 1,068,061	\$ 864,990
Cash	\$ 174,338	\$ 171,498
Cash equivalents	893,723	693,492
	\$ 1,068,061	\$ 864,990
Supplemental disclosure of cash flow information		
Amount of interest paid during the year	\$ 131,899	\$ 132,321
Amount of income taxes paid during the year	\$ 239,407	\$ 222,056

(See accompanying notes to consolidated financial statements.)