

Quarterly Review

CONSOLIDATED STATEMENTS OF INCOME

For the years ended December 31
(\$ thousands except per share amounts)

	2006				2005			
	4	3	2	1	4	3	2	1
Fee and net investment income								
Management	\$ 493,194	\$ 456,481	\$ 455,907	\$ 452,307	\$ 427,109	\$ 420,516	\$ 406,462	\$ 390,650
Administration	79,586	77,097	76,520	80,042	78,029	74,481	75,396	79,485
Distribution	55,402	54,154	54,841	56,767	55,846	53,406	49,756	53,336
Net investment income and other	50,380	55,370	49,345	57,205	47,341	38,594	47,548	49,625
Total fee and net investment income	678,562	643,102	636,613	646,321	608,325	586,997	579,162	573,096
Operating expenses								
Commission expense	218,983	205,198	206,204	202,409	189,499	183,491	177,865	175,616
Non-commission expense	147,973	134,491	141,504	149,431	141,202	135,611	135,727	142,786
Interest expense	22,222	22,221	22,036	21,941	22,749	22,746	22,557	22,373
Total operating expenses	389,178	361,910	369,744	373,781	353,450	341,848	336,149	340,775
Income before undernoted	289,384	281,192	266,869	272,540	254,875	245,149	243,013	232,321
Income taxes	89,126	89,507	65,709	86,889	77,467	68,365	74,498	71,170
Income before non-controlling interest	200,258	191,685	201,160	185,651	177,408	176,784	168,515	161,151
Non-controlling interest	666	252	748	398	162	229	584	456
Net income								
In accordance with GAAP	\$ 199,592	\$ 191,433	\$ 200,412	\$ 185,253	\$ 177,246	\$ 176,555	\$ 167,931	\$ 160,695
Reconciliation of non-GAAP financial measures⁽¹⁾								
Adjusted net income (non-GAAP)	\$ 199,592	\$ 191,433	\$ 186,764	\$ 185,253	\$ 177,246	\$ 176,555	\$ 167,931	\$ 160,695
Non-cash income tax benefit	-	-	13,648	-	-	-	-	-
Net income (GAAP)	\$ 199,592	\$ 191,433	\$ 200,412	\$ 185,253	\$ 177,246	\$ 176,555	\$ 167,931	\$ 160,695
Diluted earnings per share ⁽²⁾								
In accordance with GAAP	75	72	75	69	66	66	63	60
Adjusted earnings per share	75	72	70	69	66	66	63	60
Dividends per share ⁽²⁾	39.75	39.75	37.0	37.0	34.5	34.5	32.25	32.25

STATISTICAL DATA (\$ millions)

Mutual funds

Investors Group								
Sales	\$ 1,497	\$ 1,245	\$ 1,453	\$ 1,995	\$ 1,377	\$ 1,205	\$ 1,254	\$ 1,652
Redemption rate (%)– total	9.0	9.3	9.6	9.7	10.0	10.4	10.5	10.5
– long-term funds	7.9	8.1	8.4	8.5	8.7	9.1	9.1	9.1
Net sales	335	127	165	718	254	56	40	428
Assets under management	58,216	53,993	51,831	53,846	50,701	49,045	46,922	45,508
Mackenzie Financial Corporation								
Sales	2,139	1,446	1,990	2,849	2,183	1,721	1,894	2,277
Redemption rate (%)– total	17.8	17.7	18.0	17.8	17.6	17.8	17.6	17.2
– long-term funds	15.2	15.1	15.3	15.1	14.8	15.1	14.7	14.3
Net sales (redemptions)	208	(194)	32	612	512	110	207	346
Assets under management	46,600	43,498	42,401	43,967	41,592	40,215	38,949	38,189
Investment Planning Counsel								
Sales	83	63	85	121	90	91	94	132
Redemption rate (%)– total	9.8	9.8	10.1	10.1	10.2	10.9	10.7	10.8
– long-term funds	9.4	9.5	9.7	9.7	9.7	10.3	9.9	9.6
Net sales	34	19	38	64	51	48	55	83
Assets under management	2,206	2,026	1,959	1,995	1,858	1,772	1,679	1,580
Combined mutual fund assets under management⁽²⁾	106,987	99,483	96,158	99,774	94,116	90,996	87,514	85,245
Total assets under management	119,364	110,431	103,732	107,179	100,233	96,585	92,494	89,805
Corporate assets	7,333	7,123	6,918	6,833	6,807	6,705	6,591	6,548
Consultants – Investors Group	3,917	3,860	3,766	3,676	3,668	3,560	3,537	3,503

(1) Refer to page 18 of the MD&A for an explanation of the Company's use of non-GAAP financial measures.

(2) Adjusted for inter-segment assets.