Interim Condensed Consolidated Financial Statements

Consolidated Statements of Earnings

(unaudited) *(in thousands of Canadian dollars, except shares and per share amounts)*	THREE MONTHS ENDED JUNE 30 **2012**	2011	SIX MONTHS ENDED JUNE 30 **2012**	2011
Revenues				
Management fees	**$ 443,537**	$ 491,787	**$ 900,155**	$ 983,902
Administration fees	**83,973**	87,924	**169,237**	175,424
Distribution fees	**80,534**	83,556	**165,713**	172,917
Net investment income and other	**12,837**	16,293	**39,168**	41,726
Proportionate share of affiliate's earnings	**16,726**	18,111	**36,423**	35,091
	637,607	697,671	**1,310,696**	1,409,060
Expenses				
Commission	**213,719**	228,679	**435,103**	462,329
Non-commission	**170,109**	164,133	**340,200**	326,097
Interest	**22,912**	26,139	**45,823**	56,410
	406,740	418,951	**821,126**	844,836
Earnings before income taxes and discontinued operations	**230,867**	278,720	**489,570**	564,224
Income taxes	**56,027**	63,693	**112,866**	135,820
Net earnings from continuing operations	**174,840**	215,027	**376,704**	428,404
Net earnings from discontinued operations *(Note 3)*	**–**	1,055	**–**	2,023
Net earnings	**174,840**	216,082	**376,704**	430,427
Perpetual preferred share dividends	**2,212**	2,212	**4,425**	4,425
Net earnings available to common shareholders	**$ 172,628**	$ 213,870	**$ 372,279**	$ 426,002
Average number of common shares *(in thousands) (Note 12)*				
– Basic	**255,835**	258,296	**256,202**	258,792
– Diluted	**256,454**	259,559	**256,900**	259,892
Earnings per share *(in dollars) (Note 12)*				
Net earnings from continuing operations				
– Basic	**$ 0.67**	$ 0.83	**$ 1.45**	$ 1.64
– Diluted	**$ 0.67**	$ 0.82	**$ 1.45**	$ 1.63
Net earnings available to common shareholders				
– Basic	**$ 0.67**	$ 0.83	**$ 1.45**	$ 1.65
– Diluted	**$ 0.67**	$ 0.82	**$ 1.45**	$ 1.64

(See accompanying notes to interim condensed consolidated financial statements.)

Consolidated Statements of Comprehensive Income

(unaudited) *(in thousands of Canadian dollars)*	THREE MONTHS ENDED JUNE 30 **2012**	2011	SIX MONTHS ENDED JUNE 30 **2012**	2011
Net earnings	**$ 174,840**	$ 216,082	**$ 376,704**	$ 430,427
Other comprehensive income (loss), net of tax				
Employee benefits				
Net actuarial gains (losses), *net of tax of $1,815, $3,252, $4,024 and $1,471*	**(4,889)**	(8,792)	**(10,870)**	(3,978)
Available for sale securities				
Net unrealized gains (losses), *net of tax of $528, $(280), $107 and $(260)*	**(1,473)**	1,281	**(73)**	790
Reclassification of realized (gains) losses to net earnings, *net of tax of $(133), $162, $(56) and $490*	**372**	(366)	**(71)**	(1,256)
	(1,101)	915	**(144)**	(466)
Investment in affiliate and other				
Other comprehensive income (loss), *net of tax of $447, $(83), $284 and $(183)*	**(4,567)**	(3,550)	**(11,638)**	(19,253)
	(10,557)	(11,427)	**(22,652)**	(23,697)
Comprehensive income	**$ 164,283**	$ 204,655	**$ 354,052**	$ 406,730

(See accompanying notes to interim condensed consolidated financial statements.)

Consolidated Balance Sheets

(unaudited) *(in thousands of Canadian dollars)*	JUNE 30 2012	DECEMBER 31 2011
Assets		
Cash and cash equivalents	**$ 937,588**	$ 1,052,423
Securities *(Note 4)*	**294,311**	292,432
Accounts and other receivables	**316,885**	281,982
Income taxes recoverable	**45,155**	27,796
Loans *(Note 5)*	**4,647,250**	4,085,929
Derivative instruments	**75,738**	88,092
Other assets	**41,291**	40,228
Investment in affiliate	**613,450**	612,480
Capital assets	**113,659**	109,953
Deferred selling commissions	**732,485**	750,763
Deferred income taxes	**66,390**	59,612
Intangible assets	**1,114,635**	1,117,858
Goodwill	**2,640,523**	2,640,523
	$ 11,639,360	$ 11,160,071
Liabilities		
Accounts payable and accrued liabilities	**$ 275,305**	$ 300,094
Income taxes payable	**40,080**	62,816
Repurchase agreements *(Note 4)*	**227,700**	227,280
Derivative instruments	**97,827**	111,424
Deposits and certificates	**153,599**	150,716
Other liabilities	**365,425**	357,959
Obligations to securitization entities *(Note 6)*	**4,345,396**	3,827,339
Deferred income taxes	**316,451**	308,968
Long-term debt	**1,325,000**	1,325,000
	7,146,783	6,671,596
Shareholders' Equity		
Share capital		
Perpetual preferred shares	**150,000**	150,000
Common shares	**1,577,576**	1,578,270
Contributed surplus	**36,746**	35,842
Retained earnings	**2,741,959**	2,726,285
Accumulated other comprehensive income (loss)	**(13,704)**	(1,922)
	4,492,577	4,488,475
	$ 11,639,360	$ 11,160,071

These interim condensed consolidated financial statements were approved and authorized for issuance by the Board of Directors on August 2, 2012.

(See accompanying notes to interim condensed consolidated financial statements.)

Consolidated Statements of Changes in Shareholders' Equity

(unaudited) (in thousands of Canadian dollars)	Share Capital: Perpetual Preferred Shares (Note 7)	Share Capital: Common Shares (Note 7)	Contributed Surplus	Retained Earnings	Accumulated Other Comprehensive Income (Loss) (Note 10)	Total Shareholders' Equity
						SIX MONTHS ENDED JUNE 30
2012						
Balance, beginning of period	**$ 150,000**	**$1,578,270**	**$ 35,842**	**$2,726,285**	**$ (1,922)**	**$4,488,475**
Net earnings	**–**	**–**	**–**	**376,704**	**–**	**376,704**
Net actuarial losses on employee benefit plans, net of tax	**–**	**–**	**–**	**(10,870)**	**–**	**(10,870)**
Other comprehensive income (loss), net of tax	**–**	**–**	**–**	**–**	**(11,782)**	**(11,782)**
Total comprehensive income (loss)	**–**	**–**	**–**	**365,834**	**(11,782)**	**354,052**
Common shares						
Issued under stock option plan	**–**	**11,113**	**–**	**–**	**–**	**11,113**
Purchased for cancellation	**–**	**(11,807)**	**–**	**–**	**–**	**(11,807)**
Stock options						
Current period expense	**–**	**–**	**2,456**	**–**	**–**	**2,456**
Exercised	**–**	**–**	**(1,552)**	**–**	**–**	**(1,552)**
Perpetual preferred share dividends	**–**	**–**	**–**	**(4,425)**	**–**	**(4,425)**
Common share dividends	**–**	**–**	**–**	**(274,789)**	**–**	**(274,789)**
Common share cancellation excess and other *(Note 7)*	**–**	**–**	**–**	**(70,946)**	**–**	**(70,946)**
Balance, end of period	**$ 150,000**	**$1,577,576**	**$ 36,746**	**$2,741,959**	**$ (13,704)**	**$4,492,577**
2011						
Balance, beginning of period	$ 150,000	$ 1,567,725	$ 37,785	$ 2,559,238	$ 2,538	$ 4,317,286
Net earnings	–	–	–	430,427	–	430,427
Net actuarial losses on employee benefit plans, net of tax	–	–	–	(3,978)	–	(3,978)
Other comprehensive income (loss), net of tax	–	–	–	–	(19,719)	(19,719)
Total comprehensive income (loss)	–	–	–	426,449	(19,719)	406,730
Common shares						
Issued under stock option plan	–	29,749	–	–	–	29,749
Purchased for cancellation	–	(16,497)	–	–	–	(16,497)
Stock options						
Current period expense	–	–	2,589	–	–	2,589
Exercised	–	–	(3,419)	–	–	(3,419)
Perpetual preferred share dividends	–	–	–	(4,425)	–	(4,425)
Common share dividends	–	–	–	(264,645)	–	(264,645)
Common share cancellation excess and other *(Note 7)*	–	–	–	(105,381)	–	(105,381)
Balance, end of period	$ 150,000	$ 1,580,977	$ 36,955	$ 2,611,236	$ (17,181)	$ 4,361,987

(See accompanying notes to interim condensed consolidated financial statements.)

Consolidated Statements of Cash Flows

(unaudited) *(in thousands of Canadian dollars)*	SIX MONTHS ENDED JUNE 30 **2012**	 2011
Operating activities – continuing operations		
Earnings before income taxes and discontinued operations	**$ 489,570**	$ 564,224
Income taxes paid	**(147,872)**	(182,418)
Adjustments to determine net cash from operating activities		
Commission amortization	**136,706**	143,137
Amortization of capital and intangible assets	**17,160**	16,321
Changes in operating assets and liabilities and other	**(91,011)**	(77,407)
	404,553	463,857
Commissions paid	**(118,428)**	(143,796)
	286,125	320,061
Financing activities – continuing operations		
Net increase (decrease) in deposits and certificates	**2,883**	(5,052)
Net increase (decrease) in obligations related to assets sold under repurchase agreements	**420**	(421,002)
Net increase (decrease) in obligations to securitization entities	**517,266**	(110)
Repayment of long-term debt	**–**	(450,000)
Issue of common shares	**10,384**	27,532
Common shares purchased for cancellation	**(81,400)**	(121,479)
Perpetual preferred share dividends paid	**(4,425)**	(4,425)
Common share dividends paid	**(275,619)**	(265,531)
	169,509	(1,240,067)
Investing activities – continuing operations		
Purchase of securities	**(8,506)**	(5,545)
Proceeds from the sale of securities	**10,173**	439,424
Net increase in loans	**(556,852)**	(160,066)
Net additions to capital assets	**(10,737)**	(7,744)
Net additions to intangible assets	**(4,547)**	(3,624)
	(570,469)	262,445
Decrease in cash and cash equivalents from continuing operations	**(114,835)**	(657,561)
Decrease in cash and cash equivalents from discontinued operations *(Note 3)*	**–**	(19,248)
Cash and cash equivalents from continuing and discontinued operations, beginning of period	**1,052,423**	1,573,626
Cash and cash equivalents, end of period	**937,588**	896,817
Less: Cash and cash equivalents from discontinued operations, end of period	**–**	(268,587)
Cash and cash equivalents, end of period – continuing operations	**$ 937,588**	$ 628,230
Cash	**$ 78,354**	$ 69,370
Cash equivalents	**859,234**	558,860
	$ 937,588	$ 628,230
Supplemental disclosure of cash flow information related to operating activities		
Amount of interest and dividends received	**$ 100,357**	$ 102,310
Amount of interest paid during the period	**$ 90,967**	$ 101,716

(See accompanying notes to interim condensed consolidated financial statements.)

Notes to the Interim Condensed Consolidated Financial Statements

JUNE 30, 2012 *(unaudited) (In thousands of Canadian dollars, except shares and per share amounts)*

1. CORPORATE INFORMATION

IGM Financial Inc. (the Company) is a publicly listed company (TSX: IGM), incorporated and domiciled in Canada. The registered address of the Company is 447 Portage Avenue, Winnipeg, Manitoba, Canada, R3C 3B6. The Company is controlled by Power Financial Corporation.

IGM Financial Inc. is a financial services company which serves the financial needs of Canadians through its principal subsidiaries, each operating distinctly within the advice segment of the financial services market. The Company's principal subsidiaries are Investors Group Inc. and Mackenzie Financial Corporation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The unaudited interim Condensed Consolidated Financial Statements of the Company (Interim Financial Statements) have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting*, using the same accounting policies as set out in Note 2 to the Consolidated Financial Statements for the year ended December 31, 2011. The Interim Financial Statements should be read in conjunction with the Consolidated Financial Statements in the 2011 IGM Financial Inc. Annual Report.

Changes in accounting policies

IFRS 7 Financial Instruments Disclosures
On January 1, 2012, the Company adopted *Disclosures – Transfers of Financial Assets* (Amendments to IFRS 7). The amendments require additional disclosures related to the Company's securitization transactions (Note 6).

Future accounting changes

The Company continuously monitors the potential changes proposed by the International Accounting Standards Board (IASB) and analyzes the effect that changes in the standards may have on the Company's operations.

IAS 19 Employee Benefits
The IASB issued IAS 19 that amends the measurement, presentation and disclosure requirements for defined benefit plans. The standard is applied retroactively and is effective for periods beginning on or after January 1, 2013. The Company intends to adopt the standard effective January 1, 2013. Amendments include:

- The elimination of the deferral and amortization approach (corridor approach) for recognizing actuarial gains and losses in net earnings. Actuarial gains and losses are to be recognized immediately in Other comprehensive income (OCI). Actuarial gains and losses recognized in OCI are not reclassified to net earnings in subsequent periods. This amendment will have no impact on the Company as actuarial gains and losses are currently recognized in OCI.
- Changes in the recognition of past service costs. Past service costs resulting from plan amendments or curtailments are recognized in net earnings in the period in which the plan amendments or curtailment occurs, without regard to vesting.
- The elimination of the concept of an expected return on assets (EROA). Amended IAS 19 requires the use of the discount rate in the place of EROA in the determination of the net interest component of the pension expense.

The adoption of this standard is not expected to have a significant impact on the Company's financial position or results of operations.

3. DISCONTINUED OPERATIONS

On November 16, 2011, the Company completed the sale of 100% of the common shares of M.R.S. Trust Company and M.R.S Inc. (MRS). Cash consideration was $198.7 million in addition to the repayment of $20 million of subordinated debt and the assumption of the liability related to amounts held on deposit with MRS by Investors Group Securities Inc.

In accordance with IFRS 5 – *Non-Current Assets Held for Sale and Discontinued Operations*, the operating results and cash flows of MRS, which were previously included in the Mackenzie reportable segment, have been classified as discontinued operations.

3. DISCONTINUED OPERATIONS *(continued)*

Net earnings from discontinued operations

	2011	
	THREE MONTHS ENDED JUNE 30	SIX MONTHS ENDED JUNE 30
Revenues	$ 9,117	$ 18,236
Expenses	7,639	14,637
Earnings before income taxes	1,478	3,599
Income taxes	423	1,576
Net earnings from discontinued operations	$ 1,055	$ 2,023

Cash flows from discontinued operations

Included within the Company's cash flows are the following amounts attributable to discontinued operations:

	SIX MONTHS ENDED JUNE 30, 2011
Net cash flows	
Operating activities	$ 7,386
Financing activities	(52,248)
Investing activities	25,614
Net decrease in cash and cash equivalents	$ (19,248)

4. SECURITIES

	JUNE 30, 2012		DECEMBER 31, 2011	
	COST	FAIR VALUE	COST	FAIR VALUE
Available for sale:				
Common shares	**$ –**	**$ –**	$ 4,876	$ 4,876
Proprietary investment funds	**30,208**	**30,465**	30,725	31,173
	30,208	**30,465**	35,601	36,049
Fair value through profit or loss:				
Common shares	**5,297**	**4,670**	–	–
Canada Mortgage Bonds	**220,432**	**227,140**	220,432	227,206
Fixed income securities	**30,576**	**32,036**	30,817	29,177
	256,305	**263,846**	251,249	256,383
	$ 286,513	**$ 294,311**	$ 286,850	$ 292,432

Fair value through profit or loss

Canada Mortgage Bonds

As part of the Company's interest rate risk management activities relating to its mortgage banking operations, Canada Mortgage Bonds were purchased and subsequently sold under repurchase agreements. These activities represent short-term funding transactions whereby the Company sells securities that it owns and commits to repurchase these securities at a specified price on a specified date in the future.

These securities had a fair value of $227.1 million at June 30, 2012. The obligation to repurchase the securities is recorded at amortized cost and had a carrying value of $227.7 million. The interest expense related to these obligations is recorded in Net investment income and other in the Consolidated Statements of Earnings.

4. SECURITIES *(continued)*

Fixed income securities
Fixed income securities of $32.0 million at June 30, 2012 (December 31, 2011 – $29.2 million) were comprised of the restructured notes of the master asset vehicle (MAV) conduits. The Company's valuation of the restructured notes of the MAV conduits was based on its assessment of the prevailing conditions at June 30, 2012.

5. LOANS

	Contractual maturity				
	1 year or less	1 – 5 years	Over 5 years	June 30 2012 Total	December 31 2011 Total
Loans and receivables					
Residential mortgages	**$ 556,798**	**$ 3,719,082**	**$ 6,159**	**$ 4,282,039**	$ 3,794,613
Less: Collective allowance				**648**	793
				4,281,391	3,793,820
Held for trading				**365,859**	292,109
				$ 4,647,250	$ 4,085,929

Total impaired loans as at June 30, 2012 were $1,959 (December 31, 2011 – $1,078).

Total interest income on loans classified as loans and receivables was $72.8 million (2011 – $73.6 million). Total interest expense on obligations to securitization entities, related to securitized loans, was $45.9 million (2011 – $41.0 million). These amounts were included in Net investment income and other. Net investment income and other also includes mortgage banking related gains on sales and fair value adjustments, and other items.

6. SECURITIZATIONS

The Company securitizes residential mortgages through the Canada Mortgage and Housing Corporation (CMHC) sponsored National Housing Act Mortgage-Backed Securities (NHA MBS) Program and Canada Mortgage Bond (CMB) Program and through Canadian bank-sponsored asset-backed commercial paper (ABCP) programs. These transactions do not meet the requirements for derecognition as the Company retains prepayment risk and certain elements of credit risk. Accordingly, the Company has retained these mortgages on its balance sheets and has recorded an offsetting liability for the net proceeds received as Obligations to securitization entities which is carried at amortized cost.

The Company earns interest on the mortgages and pays interest on the obligations to securitization entities. As part of the CMB transactions, the Company enters into a swap whereby the Company pays coupons on CMBs and receives investment returns on the NHA MBS and the reinvestment of repaid mortgage principal. A component of this swap, related to the obligation to pay CMB coupons and receive investment returns on repaid mortgage principal, is recorded as a derivative and had a negative fair value of $70.1 million at June 30, 2012.

Under the NHA MBS and CMB Program, the Company has an obligation to make timely payments to security holders regardless of whether amounts are received from mortgagors. All mortgages securitized under the NHA MBS and CMB Program are insured by CMHC or another approved insurer under the program. As part of the ABCP transactions, the Company has provided cash reserves for credit enhancement which are carried at cost. Credit risk is limited to these cash reserves and future net interest income as the ABCP Trusts have no recourse to the Company's other assets for failure to make payments when due. Credit risk is further limited to the extent these mortgages are insured.

6. SECURITIZATIONS *(continued)*

			JUNE 30, 2012
	SECURITIZED MORTGAGES	OBLIGATIONS TO SECURITIZATION ENTITIES	NET
Carrying value			
NHA MBS and CMB Program	**$ 2,888,625**	**$ 2,929,580**	**$ (40,955)**
Bank sponsored ABCP	**1,368,379**	**1,415,816**	**(47,437)**
Total	**$ 4,257,004**	**$ 4,345,396**	**$ (88,392)**
Fair value	**$ 4,308,842**	**$ 4,446,264**	**$ (137,422)**

The carrying value of Obligations to securitization entities, which are recorded net of issue costs, includes principal payments received on securitized mortgages that are not due to be settled until after the reporting period. Issue costs are amortized over the life of the obligation on an effective interest rate basis.

7. SHARE CAPITAL

Authorized

Unlimited number of:

First preferred shares, issuable in series
Second preferred shares, issuable in series
Class 1 non-voting shares
Common shares

Issued and outstanding

	JUNE 30, 2012		JUNE 30, 2011	
	SHARES	STATED VALUE	SHARES	STATED VALUE
Perpetual preferred shares:				
First preferred shares, 5.90%, Series B	**6,000,000**	**$ 150,000**	6,000,000	$ 150,000
Common shares:				
Balance, beginning of period	**256,658,488**	**$ 1,578,270**	259,717,507	$ 1,567,725
Issued under Stock Option Plan	**317,480**	**11,113**	924,622	29,749
Purchased for cancellation	**(1,912,300)**	**(11,807)**	(2,711,300)	(16,497)
Balance, end of period	**255,063,668**	**$ 1,577,576**	257,930,829	$ 1,580,977

Normal course issuer bid

In the second quarter of 2012, 1,067,300 (2011 – 711,300) shares were purchased at a cost of $42.4 million (2011 – $35.2 million). In the six months ended June 30, 2012, 1,912,300 (2011 – 2,711,300) shares were purchased at a cost of $81.4 million (2011 – $121.5 million). The premium paid to purchase the shares in excess of the stated value was charged to Retained earnings.

The Company commenced a normal course issuer bid, effective for one year, on April 12, 2012. Pursuant to this bid, the Company may purchase up to 12.8 million or 5% of its common shares outstanding as at March 31, 2012. On April 12, 2011, the Company commenced a normal course issuer bid, effective for one year, authorizing it to purchase up to 12.9 million or 5% of its common shares outstanding as at March 31, 2011.

8. CAPITAL MANAGEMENT

The capital management policies, procedures and activities of the Company are discussed in the Capital Resources section of the Company's Management's Discussion and Analysis (MD&A) contained in the Second Quarter 2012 Report to Shareholders and have not changed significantly since December 31, 2011.

9. SHARE-BASED PAYMENTS

Stock option plan

	JUNE 30 2012	DECEMBER 31 2011
Common share options		
– Outstanding	**8,767,612**	8,414,392
– Exercisable	**4,072,530**	3,737,122

In the second quarter of 2012, the Company did not grant options to employees (2011 – nil). In the six months ended June 30, 2012, the Company granted 1,120,855 options to employees (2011 – 872,085). The weighted-average fair value of options granted during the six months ended June 30, 2012 has been estimated at $5.23 per option (2011 – $6.59) using the Black-Scholes option pricing model. The weighted-average share price at the grant dates was $45.20. The assumptions used in the valuation model include:

	2012	2011
Exercise price	**$ 45.63**	$ 46.72
Risk-free interest rate	**1.80%**	3.02%
Expected option life	**6 years**	6 years
Expected volatility	**22.00%**	22.00%
Expected dividend yield	**4.71%**	4.39%

Expected volatility has been estimated based on the historic volatility of the Company's share price over six years which is reflective of the expected option life. Options vest over a period of up to 7.5 years from the grant date and are exercisable no later than 10 years after the grant date. A portion of the outstanding options can only be exercised if certain performance targets are met.

10. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

Six months ended June 30	AVAILABLE FOR SALE SECURITIES	INVESTMENT IN AFFILIATE AND OTHER	TOTAL
2012			
Balance, beginning of period	**$ 323**	**$ (2,245)**	**$ (1,922)**
Other comprehensive income (loss)	**(144)**	**(11,638)**	**(11,782)**
Balance, end of period	**$ 179**	**$ (13,883)**	**$ (13,704)**
2011			
Balance, beginning of period	$ 5,600	$ (3,062)	$ 2,538
Other comprehensive income (loss)	(466)	(19,253)	(19,719)
Balance, end of period	$ 5,134	$ (22,315)	$ (17,181)

11. RISK MANAGEMENT

The risk management policies and procedures of the Company are discussed in the Financial Instruments section of the Company's MD&A contained in the Second Quarter 2012 Report to Shareholders and have not changed significantly since December 31, 2011.

12. EARNINGS PER COMMON SHARE

	THREE MONTHS ENDED JUNE 30		SIX MONTHS ENDED JUNE 30	
	2012	2011	**2012**	2011
Earnings				
Net earnings from continuing operations	**$ 174,840**	$ 215,027	**$ 376,704**	$ 428,404
Net earnings from discontinued operations	**–**	1,055	**–**	2,023
Net earnings	**174,840**	216,082	**376,704**	430,427
Perpetual preferred share dividends	**2,212**	2,212	**4,425**	4,425
Net earnings available to common shareholders	**$ 172,628**	$ 213,870	**$ 372,279**	$ 426,002
Number of common shares *(in thousands)*				
Average number of common shares outstanding	**255,835**	258,296	**256,202**	258,792
Add:				
– Potential exercise of outstanding stock options	**619**	1,263	**698**	1,100
Average number of common shares outstanding – diluted basis	**256,454**	259,559	**256,900**	259,892
Earnings per common share *(in dollars)*				
Basic				
From continuing operations	**$ 0.67**	$ 0.83	**$ 1.45**	$ 1.64
From discontinued operations	**–**	–	**–**	0.01
Net earnings available to common shareholders	**$ 0.67**	$ 0.83	**$ 1.45**	$ 1.65
Diluted				
From continuing operations	**$ 0.67**	$ 0.82	**$ 1.45**	$ 1.63
From discontinued operations	**–**	–	**–**	0.01
Net earnings available to common shareholders	**$ 0.67**	$ 0.82	**$ 1.45**	$ 1.64

13. RELATED PARTY TRANSACTIONS

Transactions and balances with related entities

The Company entered into tax loss consolidation transactions with its parent company, Power Financial Corporation, after obtaining advance tax rulings:

- On February 23, 2011, the Company acquired $1.0 billion of 6.01% preferred shares of a wholly-owned subsidiary of Power Financial Corporation. As sole consideration for the preferred shares, the Company issued $1.0 billion of 6.00% secured demand debentures to Power Financial Corporation.
- On January 10, 2012, the Company acquired $250 million of 6.01% preferred shares of a wholly-owned subsidiary of Power Financial Corporation. As sole consideration for the preferred shares, the Company issued $250 million of 6.00% secured demand debentures to Power Financial Corporation.

The Company has legally enforceable rights to settle these financial instruments on a net basis and the Company intends to exercise these rights. Accordingly, the preferred shares and debentures and related dividend income and interest expense are offset in the Consolidated Financial Statements of the Company. Tax savings arise due to the tax deductibility of the interest expense.

14. SEGMENTED INFORMATION

The Company's reportable segments are:

- Investors Group
- Mackenzie
- Corporate and Other

These segments reflect the current organizational structure and internal financial reporting. Management measures and evaluates the performance of these segments based on earnings before interest and taxes.

Investors Group and Mackenzie earn fee-based revenues in the conduct of their core business activities which are primarily related to the distribution, management and administration of their mutual funds. Fee revenues are also derived from the provision of brokerage services. Intermediary revenues are derived primarily from mortgage banking and servicing activities and from the assets funded by deposit and certificate products. In addition, Investors Group earns fee revenue from the distribution of insurance products.

The operating results of Mackenzie for 2011 exclude discontinued operations (Note 3).

Corporate and Other includes Investment Planning Counsel, equity income from the Company's investment in Great-West Lifeco Inc., net investment income on unallocated investments, and also includes consolidation elimination entries.

				2012
Three months ended June 30	INVESTORS GROUP	MACKENZIE	CORPORATE AND OTHER	TOTAL
Revenues				
Management fees	$ 274,810	$ 157,317	$ 11,410	$ 443,537
Administration fees	54,386	26,963	2,624	83,973
Distribution fees	48,776	4,191	27,567	80,534
Net investment income and other	10,334	142	19,087	29,563
	388,306	188,613	60,688	637,607
Expenses				
Commission	122,116	64,732	26,871	213,719
Non-commission	97,089	61,525	11,495	170,109
	219,205	126,257	38,366	383,828
Earnings before undernoted	$ 169,101	$ 62,356	$ 22,322	253,779
Interest expense				22,912
Earnings before income taxes				230,867
Income taxes				56,027
Net earnings				174,840
Perpetual preferred share dividends				2,212
Net earnings available to common shareholders				$ 172,628

14. SEGMENTED INFORMATION *(continued)*

				2011
Three months ended June 30	INVESTORS GROUP	MACKENZIE	CORPORATE AND OTHER	TOTAL
Revenues				
Management fees	$ 298,660	$ 181,678	$ 11,449	$ 491,787
Administration fees	58,297	26,999	2,628	87,924
Distribution fees	47,315	4,829	31,412	83,556
Net investment income and other	12,556	167	21,681	34,404
	416,828	213,673	67,170	697,671
Expenses				
Commission	124,496	74,052	30,131	228,679
Non-commission	92,094	60,514	11,525	164,133
	216,590	134,566	41,656	392,812
Earnings before undernoted	$ 200,238	$ 79,107	$ 25,514	304,859
Interest expense				26,139
Earnings before income taxes				278,720
Income taxes				63,693
Net earnings from continuing operations				215,027
Net earnings from discontinued operations				1,055
Net earnings				216,082
Perpetual preferred share dividends				2,212
Net earnings available to common shareholders				$ 213,870

14. SEGMENTED INFORMATION *(continued)*

				2012
Six months ended June 30	INVESTORS GROUP	MACKENZIE	CORPORATE AND OTHER	TOTAL
Revenues				
Management fees	$ 555,794	$ 321,360	$ 23,001	$ 900,155
Administration fees	109,855	53,817	5,565	169,237
Distribution fees	98,058	9,240	58,415	165,713
Net investment income and other	31,858	(54)	43,787	75,591
	795,565	384,363	130,768	1,310,696
Expenses				
Commission	245,724	132,950	56,429	435,103
Non-commission	189,131	127,246	23,823	340,200
	434,855	260,196	80,252	775,303
Earnings before undernoted	$ 360,710	$ 124,167	$ 50,516	535,393
Interest expense				45,823
Earnings before income taxes				489,570
Income taxes				112,866
Net earnings				376,704
Perpetual preferred share dividends				4,425
Net earnings available to common shareholders				$ 372,279
Identifiable assets	$ 5,969,958	$ 1,325,888	$ 1,702,991	$ 8,998,837
Goodwill	1,347,781	1,170,149	122,593	2,640,523
Total assets	$ 7,317,739	$ 2,496,037	$ 1,825,584	$11,639,360

14. SEGMENTED INFORMATION *(continued)*

Six months ended June 30	INVESTORS GROUP	MACKENZIE	CORPORATE AND OTHER	TOTAL
				2011
Revenues				
Management fees	$ 596,339	$ 364,981	$ 22,582	$ 983,902
Administration fees	116,187	54,003	5,234	175,424
Distribution fees	95,000	10,729	67,188	172,917
Net investment income and other	33,847	950	42,020	76,817
	841,373	430,663	137,024	1,409,060
Expenses				
Commission	248,557	150,051	63,721	462,329
Non-commission	177,851	124,002	24,244	326,097
	426,408	274,053	87,965	788,426
Earnings before undernoted	$ 414,965	$ 156,610	$ 49,059	620,634
Interest expense				56,410
Earnings before income taxes				564,224
Income taxes				135,820
Net earnings from continuing operations				428,404
Net earnings from discontinued operations				2,023
Net earnings				430,427
Perpetual preferred share dividends				4,425
Net earnings available to common shareholders				$ 426,002
Identifiable assets	$ 4,958,722	$ 2,264,509	$ 1,359,164	$ 8,582,395
Goodwill	1,347,781	1,172,749	122,593	2,643,123
Total assets	$ 6,306,503	$ 3,437,258	$ 1,481,757	$ 11,225,518