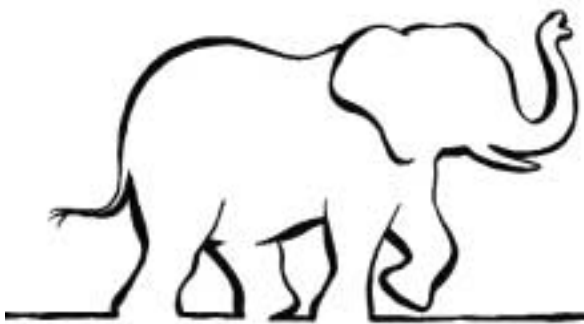


Consolidated Financial Statements

as at September 30, 2004 and 2003

These consolidated financial statements have not been reviewed by the external auditors.



IN LINE WITH YOUR LIFE®



INDUSTRIAL ALLIANCE
INSURANCE AND FINANCIAL SERVICES INC.

TABLE OF CONTENTS

CONSOLIDATED INCOME STATEMENTS	2
CONSOLIDATED BALANCE SHEETS	3
CONSOLIDATED PARTICIPATING POLICYHOLDERS' ACCOUNT	4
CONSOLIDATED CONTRIBUTED SURPLUS	4
CONSOLIDATED SHAREHOLDERS' RETAINED EARNINGS	4
CONSOLIDATED CASH FLOWS STATEMENTS	5
CONSOLIDATED FINANCIAL STATEMENTS OF SEGREGATED FUNDS	6
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS	7

INDUSTRIAL ALLIANCE INSURANCE AND FINANCIAL SERVICES INC.
CONSOLIDATED INCOME STATEMENTS
(in millions of dollars, unless otherwise indicated)

2

	Quarters ended September 30		Nine months ended September 30	
	2004	2003	2004	2003
	\$	\$	\$	\$
	(unaudited)			
REVENUES				
Premiums (note 9)	659.1	549.8	2,118.1	1,921.1
Net investment income	140.1	174.4	489.2	463.9
Fees and other revenues	36.2	26.7	105.8	77.0
	835.4	750.9	2,713.1	2,462.0
POLICY BENEFITS AND EXPENSES				
Change in provisions for future policy benefits	97.9	135.9	334.2	359.3
Payments to policyholders and beneficiaries	315.0	292.5	964.7	903.8
Net transfer to segregated funds	183.4	109.2	700.7	568.4
Dividends, experience refunds and interest on amounts on deposit	8.3	6.3	32.2	28.1
Commissions	90.5	79.4	266.8	235.4
Premium and other taxes	11.3	10.8	34.6	32.2
General expenses	62.1	58.6	191.1	173.8
Net financing expenses	4.2	4.9	12.3	11.1
Minority interest	(0.1)	---	(0.2)	---
	772.6	697.6	2,536.4	2,312.1
INCOME BEFORE INCOME TAXES	62.8	53.3	176.7	149.9
Income taxes	(19.1)	(16.4)	(54.6)	(47.9)
NET INCOME	43.7	36.9	122.1	102.0
Net income attributable to participating policyholders	0.9	0.6	2.8	2.6
Net income attributable to shareholders	42.8	36.3	119.3	99.4
Earnings per share (in dollars) (note 6)				
basic	1.08	0.92	3.01	2.56
diluted	1.07	0.92	3.00	2.53

INDUSTRIAL ALLIANCE INSURANCE AND FINANCIAL SERVICES INC.
CONSOLIDATED BALANCE SHEETS
(in millions of dollars)

3

	As at September 30 2004 \$ (unaudited)	As at December 31 2003 \$	As at September 30 2003 \$ (unaudited)
ASSETS			
Invested assets			
Bonds	5,953.3	5,527.9	5,377.1
Mortgages	2,501.4	2,490.4	2,469.2
Stocks	1,017.0	930.3	873.7
Real estate	444.6	425.7	426.8
Policy loans	168.4	154.9	165.7
Cash and cash equivalents	266.9	280.1	345.4
Short-term investments	34.8	24.7	25.4
Other invested assets	18.4	91.5	75.8
	10,404.8	9,925.5	9,759.1
Goodwill	61.4	56.5	52.1
Other assets	395.7	325.6	380.3
	457.1	382.1	432.4
TOTAL GENERAL FUND ASSETS	10,861.9	10,307.6	10,191.5
SEGREGATED FUNDS NET ASSETS	5,549.2	5,042.2	4,706.9
LIABILITIES			
Policy liabilities			
Provisions for future policy benefits	8,002.5	7,668.3	7,574.6
Provisions for dividends to policyholders and experience rating refunds	58.2	44.4	34.3
Benefits payable and provision for unreported claims	132.4	136.1	131.9
Policyholders' amounts on deposit	156.0	145.6	150.8
	8,349.1	7,994.4	7,891.6
Other liabilities	633.8	579.3	576.2
Deferred net realized gains	374.7	347.2	310.4
Subordinated debentures (note 3)	150.0	135.0	185.0
Other debts (note 2)	150.0	150.0	150.0
Participating policyholders' account	67.6	64.8	62.1
EQUITY			
Shareholders' equity			
Share capital (note 5)	457.4	457.0	457.0
Contributed surplus	8.8	6.5	5.6
Retained earnings	673.0	575.9	547.8
Currency translation account	(2.5)	(2.5)	5.8
	1,136.7	1,036.9	1,016.2
TOTAL GENERAL FUND LIABILITIES AND EQUITY	10,861.9	10,307.6	10,191.5
SEGREGATED FUNDS LIABILITIES	5,549.2	5,042.2	4,706.9

CONSOLIDATED PARTICIPATING POLICYHOLDERS' ACCOUNT
(in millions of dollars)

	Nine months ended September 30	
	2004	2003
	\$	\$
	(unaudited)	
Participating policyholders' account at beginning of period	64.8	59.5
Income for the period	6.4	6.5
Dividends	(3.4)	(3.4)
Transfer to the shareholders' account	(0.2)	(0.5)
Net income attributable to participating policyholders	2.8	2.6
Participating policyholders' account at end of period	67.6	62.1

CONSOLIDATED CONTRIBUTED SURPLUS
(in millions of dollars)

	Nine months ended September 30	
	2004	2003
	\$	\$
	(unaudited)	
Contributed surplus at beginning of period	6.5	3.3
Current period contribution for the stock option plan	2.5	2.3
Stock option exercised	(0.2)	---
Contributed surplus at end of period	8.8	5.6

CONSOLIDATED SHAREHOLDERS' RETAINED EARNINGS
(in millions of dollars)

	Nine months ended September 30	
	2004	2003
	\$	\$
	(unaudited)	
Retained earnings at beginning of period	575.9	470.2
Net income attributable to shareholders	119.3	99.4
Issue costs of IATS, net of taxes	---	(1.8)
Cancellation of common shares issued at demutualization (note 5)	1.7	---
Dividends	(23.9)	(20.0)
Retained earnings at end of period	673.0	547.8

INDUSTRIAL ALLIANCE INSURANCE AND FINANCIAL SERVICES INC.
CONSOLIDATED CASH FLOWS STATEMENTS
(in millions of dollars)

5

	Quarters ended September 30		Nine months ended September 30	
	2004	2003	2004	2003
	\$	\$	\$	\$
			(unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income	43.7	36.9	122.1	102.0
Items not affecting cash and cash equivalents:				
Change in provision for future policy benefits	97.9	138.3	334.2	578.2
Share of net results of significantly influenced entity	(0.1)	0.3	(0.7)	(0.2)
Amortization of realized and unrealized gains (losses)	28.0	(7.0)	(24.2)	(15.4)
Amortization of premiums and discounts	(46.1)	(33.2)	(111.2)	(98.1)
Future income taxes	8.3	13.5	29.0	20.8
Stock option plan	1.0	0.7	2.5	2.3
Other	4.5	1.9	10.8	6.7
	137.2	151.4	362.5	596.3
Other changes in other assets and liabilities	5.6	3.7	38.9	(23.6)
Cash flows from operating activities	142.8	155.1	401.4	572.7
CASH FLOWS FROM INVESTING ACTIVITIES				
Sales, maturities and repayments of:				
Bonds	313.5	485.1	1,130.9	859.7
Mortgages	156.3	142.3	565.5	422.5
Stocks	51.1	63.7	222.2	283.4
Real estate	0.8	1.7	15.9	9.9
Policy loans	17.0	14.1	52.1	44.6
Short-term investments and other invested assets	22.7	47.0	94.4	111.8
	561.4	753.9	2,081.0	1,731.9
Purchases of:				
Bonds	(347.1)	(696.1)	(1,398.3)	(1,447.3)
Mortgages	(161.4)	(148.4)	(570.9)	(362.7)
Stocks	(98.3)	(105.5)	(292.4)	(424.0)
Real estate	(0.2)	(0.4)	(31.5)	(0.7)
Policy loans	(9.0)	(8.0)	(63.7)	(55.3)
Short-term investments and other invested assets	(39.9)	(45.3)	(126.6)	(101.6)
Acquisition, net of cash and short term	---	---	(4.1)	---
	(655.9)	(1,003.7)	(2,487.5)	(2,391.6)
Cash flows from investing activities	(94.5)	(249.8)	(406.5)	(659.7)
CASH FLOWS FROM FINANCING ACTIVITIES				
Issue of common shares	0.5	---	2.2	---
Issue of debenture	---	---	150.0	---
Redemption of debenture	---	---	(135.0)	---
Issue of other debts	---	150.0	---	150.0
Issuance cost of other debts	---	(1.8)	---	(1.8)
Dividends paid on preferred shares	---	(0.1)	(0.1)	(0.3)
Dividends paid on common shares	(8.8)	(6.6)	(23.8)	(19.7)
Decrease in debt	(0.3)	(0.3)	(1.4)	(0.9)
Cash flows from financing activities	(8.6)	141.2	(8.1)	127.3
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	39.7	46.5	(13.2)	40.3
CASH AND CASH EQUIVALENTS AT BEGINNING	227.2	298.9	280.1	305.1
CASH AND CASH EQUIVALENTS AT END	266.9	345.4	266.9	345.4

Supplementary Information

Interest paid	5.7	3.4	17.9	12.0
Income taxes paid	5.6	13.2	28.8	44.4

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS
(in millions of dollars)

	Nine months ended September 30 2004	Twelve months ended December 31 2003	Nine months ended September 30 2003
	\$	\$	\$
	(unaudited)		(unaudited)
Net assets at beginning of period	5,042.2	4,173.5	4,173.5
Additions:			
Amounts received from policyholders	808.8	982.9	770.5
Investment income	82.6	139.0	94.7
Net realized gain (loss)	61.9	(28.6)	(31.6)
Net increase in market value	91.3	534.3	251.6
	6,086.8	5,801.1	5,258.7
Deductions:			
Amounts withdrawn by policyholders	455.3	667.2	484.6
Operating expenses	82.3	91.7	67.2
	537.6	758.9	551.8
Net assets at end of period	5,549.2	5,042.2	4,706.9

CONSOLIDATED STATEMENTS OF NET ASSETS
(in millions of dollars)

	As at September 30 2004	As at December 31 2003	As at September 30 2003
	\$	\$	\$
	(unaudited)		(unaudited)
Assets			
Bonds	1,549.0	1,421.5	1,401.1
Mortgages and mortgage back securities	42.3	49.8	47.5
Stocks	1,610.8	1,500.8	1,373.1
Units	1,977.3	1,725.5	1,549.8
Cash and short-term investments	350.3	331.8	320.2
Other assets	39.9	23.3	35.3
	5,569.6	5,052.7	4,727.0
Liabilities			
Accounts payable	20.4	10.5	20.1
Net assets	5,549.2	5,042.2	4,706.9

INDUSTRIAL ALLIANCE INSURANCE AND FINANCIAL SERVICES INC.
Notes to Consolidated Financial Statements
Nine months ended September 30, 2004 and 2003 (unaudited)
(in millions of dollars, unless otherwise indicated)

1- ACCOUNTING POLICIES

These interim Consolidated Financial Statements should be read in conjunction with the Consolidated Financial Statements for the year ended December 31, 2003, as set out in the 2003 Annual Report. The significant accounting policies followed in the preparation of these interim Consolidated Financial Statements are consistent with those found in the 2003 Annual Report, except as described in note 2 below.

2- CHANGE IN ACCOUNTING POLICIES

Impact of a proposed amendment to accounting standards—financial instruments disclosure and presentation

On January 1, 2004, the Company decided to adopt the proposed accounting amendments outlined by CICA for financial instruments disclosure and presentation required for fiscal years beginning on or after November 1, 2004. Securities issued by the Company and that give the Company an unrestricted option to settle the principal in cash or in the equivalent value of its own shares, must be classified as debt. Consequently, the Company has reclassified on a prospective basis the Industrial Alliance Trust Securities (IATS) from non-controlling interest to other debts and the interest is presented in the net financing expenses.

Hedging Relationships

The Company adopted Hedging Relationships, CICA Handbook Accounting Guideline 13, effective January 1, 2004. This Accounting Guideline requires that all conditions with respect to identification, documentation, designation and effectiveness of hedges be satisfied before companies choose to use hedge accounting. There is no impact on these interim financial statements because the Company has already applied this Guideline and is in compliance with all the requirements.

Generally Accepted Accounting Principles

On January 1, 2004, the Company adopted Generally Accepted Accounting Principles (GAAP), CICA section 1100. This section establishes the standard for financial reporting in accordance with GAAP, and provides guidance on sources to consult when selecting accounting policies and determining appropriate disclosures. There is no impact on these interim consolidated financial statements but the Company is continuing to evaluate the impact of this section.

3- SUBORDINATED DEBENTURES

Subordinated debenture Series 1

On April 29, 2004, the Company redeemed the subordinated debenture, Series 1 of \$60.0. This redemption reduced the investment securities fund included in the other invested assets and the accounts payable related to this item.

Subordinated debenture Series 3

On March 24, 2004, the Company redeemed the subordinated debenture, Series 3 of \$75.0 at par from Capital d'Amérique CDPQ inc.

Subordinated debenture

On March 11, 2004, the Company issued a new subordinated debenture of \$150.0, with a maturity of June 30, 2019 and bearing interest of 5.13% payable semi-annually from June 30, 2004 to June 30, 2014. After that date, the interest rate will be equal to the 90-day Bankers' Acceptance rate plus 1% payable quarterly.

This subordinated debenture is redeemable by the Company before June 30, 2014, wholly or partially, with the prior approval of the Autorité des marchés financiers at a redemption price that is equal to the higher of the Canada yield price and par. After June 30, 2014, the Company may redeem in whole, but not in part, on each quarterly interest payment date, at the par value, with the prior approval of the Autorité des marchés financiers.

INDUSTRIAL ALLIANCE INSURANCE AND FINANCIAL SERVICES INC.
Notes to Consolidated Financial Statements
Nine months ended September 30, 2004 and 2003 (unaudited)
(in millions of dollars, unless otherwise indicated)

4- ACQUISITION OF BUSINESS

On June 30, 2004 Industrial Alliance Securities Inc. purchased 100% of the common shares of Lynch Investments Limited, a securities broker, for a consideration of \$0.4 in cash. The transaction added \$65.9 of assets under administration.

On May 5, 2004, the Company purchased 100% of the common shares of Services de Gestion Évolution FM inc., an investment management company, for a consideration of \$0.1 in cash and changed its name to Industrial Alliance Investment Management Inc.

On April 27, 2004, the Company completed the acquisition of an additional 50.25% of the common shares of FundEX Investments Inc., increasing its ownership in FundEX to 75.25%, for a cash consideration of \$3.6 and an issuance of 9,963 of its own common shares for a total amount of \$4.0. The value of the 25% already held by the Company is \$0.6. The purchase price with respect to the future transaction for the remaining 24.75% has been set at an amount per share plus adjustment tied to the net growth in the number of brokers under contract. This acquisition added approximately \$3.9 billion of assets under administration.

	2004		
	<u>Lynch Investments Limited</u>	<u>Services de Gestion Évolution FM inc.</u>	<u>FundEX</u>
	\$	\$	\$
Assets acquired			
Cash and cash equivalents	---	0.1	0.9
Other assets	0.1	---	3.5
	<u>0.1</u>	<u>0.1</u>	<u>4.4</u>
Liabilities assumed			
Other liabilities	0.1	0.1	3.3
Subordinated debt	---	---	0.9
	<u>0.1</u>	<u>0.1</u>	<u>4.2</u>
Net assets acquired	---	---	0.2
Minority interests	---	---	--- *
Goodwill	0.4	0.1	4.4
Purchase price	0.4	0.1	4.6

* Less than \$0.1

INDUSTRIAL ALLIANCE INSURANCE AND FINANCIAL SERVICES INC.
Notes to Consolidated Financial Statements
Nine months ended September 30, 2004 and 2003 (unaudited)
(in millions of dollars, unless otherwise indicated)

5- SHARE CAPITAL

The authorized share capital consists of the following:

Common shares

Unlimited common shares without par value, with voting rights.

Preferred shares

10,000,000 preferred shares with a par value of 25 dollars each, without voting rights, with a non-cumulative preferential dividend of 1% until 2004, to be subsequently revised at a rate that will be based on market prices, issuable in series with equal ranking as for dividend and capital.

3,000,000 Series 1 preferred shares, redeemable at the issuing value at the Company's option under certain conditions, including approval by the Autorité des marchés financiers, convertible at the option of the holder over a period of 4 years starting in 2001 into common shares at 95% of the market value of these shares. This conversion option may itself lead to a conversion of the series 1 preferred shares into series 2 preferred shares at the Company's option.

3,000,000 Series 2 preferred shares, issuable for the sole purpose of converting the series 1 preferred shares, redeemable at the option of the Company at the issuing value increased by a 5.26% premium under certain conditions, including the necessity to proceed with the issue of series 3 preferred shares.

3,000,000 Series 3 preferred shares, redeemable after 5 years at their issue value subject to approval by the Autorité des marchés financiers or convertible into common shares at their market value.

An unlimited number of class A – Series A preferred shares, without par value, without voting rights, non-cumulative semi-annual dividend in cash of 0.5625 dollars per share, redeemable at the option of the Company after December 31, 2008, subject to approval by the Autorité des marchés financiers, for 25 dollars per share.

An unlimited number of class A – Series YY preferred shares, without par value, without voting rights, non-cumulative semi-annual dividend in cash of 0.450 dollars per share, redeemable at the option of the Company for 25 dollars per share or convertible into common shares after December 31, 2008, subject to approval by the Autorité des marchés financiers. Also, convertible at the option of the shareholders into common shares at each conversion date, the last day of June and December of each year after June 30, 2014.

An unlimited number of class A – Series ZZ preferred shares, without par value, without voting rights, non-cumulative semi-annual dividend in cash of 0.5625 dollars per share, redeemable at the option of the Company for 25 dollars per share or convertible into common shares after December 31, 2008, subject to approval by the Autorité des marchés financiers. Also, convertible at the option of the shareholders into common shares at each conversion date, the last day of June and December of each year after June 30, 2014.

INDUSTRIAL ALLIANCE INSURANCE AND FINANCIAL SERVICES INC.
Notes to Consolidated Financial Statements
Nine months ended September 30, 2004 and 2003 (unaudited)
(in millions of dollars, unless otherwise indicated)

5- SHARE CAPITAL (continued)

	2004		2003	
	Number of shares (in thousands)	Amount \$	Number of shares (in thousands)	Amount \$
Common shares				
Balance at beginning	39,345.6	438.5	37,648.2	382.2
Shares issued on exercise of stock options	44.2	1.7	---	---
Shares issued on acquisition of business	10.0	0.4	---	---
Shares issued on conversion of preferred shares – Series 1	444.6	18.7	1,697.4	56.3
Cancellation of common shares issued at demutualization	(108.2)	(1.7)		
Balance at end	39,736.2	457.6	39,345.6	438.5
Shares held in treasury	(10.8)	(0.2)	(10.8)	(0.2)
	<u>39,725.4</u>	<u>457.4</u>	<u>39,334.8</u>	<u>438.3</u>
Preferred shares - Series 1				
Balance at beginning	750.0	18.7	3,000.0	75.0
Shares converted into common shares	(750.0)	(18.7)	(2,250.0)	(56.3)
Balance at end	---	---	750.0	18.7
Preferred shares - Series A				
Balance at beginning	4.0	0.1	---	---
Shares issued	---	---	4.0	0.1
Balance at end	4.0	0.1	4.0	0.1
Shares held in treasury	(4.0)	(0.1)	(4.0)	(0.1)
	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>
Total share capital		<u>457.4</u>		<u>457.0</u>

The number of outstanding stock options (in thousands) as at September 30, 2004 is 1,317.8 (1,145.8 in 2003).

On July 27, 2004, following Board approval, the Company cancelled the outstanding common shares issued at the time of the demutualization that have not been claimed. The impact of this cancellation is a decrease in the share capital and an increase in the retained earnings.

On March 17, 2004, the Company converted 750,000 Series 1 preferred shares, being the balance of the Series 1 preferred shares, into 444,587 common shares, for an amount of \$18.7, that were held by Capital d'Amérique CDPQ inc.

On April 22, 2003, the Company converted 2,250,000 of its Series 1 preferred shares, being 75% of the Series 1 preferred shares portfolio into 1,697,447 common shares for an aggregate amount of \$56.3 that were held by Capital d'Amérique CDPQ inc.

INDUSTRIAL ALLIANCE INSURANCE AND FINANCIAL SERVICES INC.
Notes to Consolidated Financial Statements
Nine months ended September 30, 2004 and 2003 (unaudited)
(in millions of dollars, unless otherwise indicated)

7- EMPLOYEE FUTURE BENEFITS

	Quarters ended September 30		Nine months ended September 30	
	2004	2003	2004	2003
	\$	\$	\$	\$
				(unaudited)
PENSION PLAN				
Benefit plan expense				
Current service cost	2.8	2.7	8.3	7.0
Interest cost	4.1	3.7	12.4	11.1
Actual return on plan assets	(4.4)	(3.8)	(13.3)	(11.4)
Actuarial loss (gain) on plan	---	(0.2)	0.9	1.1
Elements of employee future benefit costs before adjustment to recognize the long-term nature of employee future benefit costs	2.5	2.4	8.3	7.8
Adjustments to recognize the long-term nature of employee future benefit costs:				
Difference between actuarial loss (gain) recognized for year and actuarial loss (gain) on accrual benefit obligation for year	1.2	1.5	0.9	0.7
Difference between amortization of past service costs for year and actual plan amendments for year	0.1	0.1	0.3	0.3
Amortization of the transitional obligation	(0.1)	(0.1)	(0.3)	(0.3)
	1.2	1.5	0.9	0.7
Benefit costs recognized	3.7	3.9	9.2	8.5
OTHER PLANS				
Benefit plan expense				
Current service cost	0.1	---	0.4	0.2
Interest cost	0.2	0.2	0.7	0.7
Actuarial loss (gain) on plan	0.6	---	0.6	(0.7)
Elements of employee future benefits costs before adjustment to recognize the long-term nature of employee future benefit costs	0.9	0.2	1.7	0.2
Adjustments to recognize the long-term nature of employee future benefit costs:				
Difference between actuarial (gain) loss recognized for year and actuarial (gain) loss on accrual benefit obligation for year	0.1	(0.4)	---	(0.2)
Benefit costs recognized	1.0	(0.2)	1.7	---

INDUSTRIAL ALLIANCE INSURANCE AND FINANCIAL SERVICES INC.

Notes to Consolidated Financial Statements

Nine months ended September 30, 2004 and 2003 (unaudited)

(in millions of dollars, unless otherwise indicated)

8- SEGMENTED INFORMATION

The Company operates principally in one dominant industry segment, the life and health insurance industry, and offers individual and group life and health insurance products, savings and retirement plans, and segregated funds.

Segmented income statements

	Individual		Group		Other activities*	Total
	Life and Health	Annuities	Life and Health	Pensions		
Quarter ended September 30, 2004 (unaudited)	\$	\$	\$	\$	\$	\$
Revenues						
Premiums	182.4	184.2	162.7	107.8	22.0	659.1
Net investment income	47.8	32.3	15.9	43.7	0.4	140.1
Fees and other revenues	0.8	21.3	2.7	3.4	8.0	36.2
	231.0	237.8	181.3	154.9	30.4	835.4
Operating expenses						
Cost of commitments to policyholders	123.0	59.2	116.1	108.2	14.7	421.2
Net transfer to segregated funds	---	146.1	---	37.3	---	183.4
Commissions, general and other expenses	81.0	20.7	48.8	4.2	13.3	168.0
	204.0	226.0	164.9	149.7	28.0	772.6
Income before income taxes	27.0	11.8	16.4	5.2	2.4	62.8
Income taxes	(7.9)	(3.8)	(5.3)	(1.3)	(0.8)	(19.1)
Net income before allocation of other activities	19.1	8.0	11.1	3.9	1.6	43.7
Allocation of other activities	0.9	0.4	0.1	0.2	(1.6)	---
Net income for the period	20.0	8.4	11.2	4.1	---	43.7
Attributable to shareholders	19.4	8.4	11.2	3.8	---	42.8
Attributable to participating policyholders' account	0.6	---	---	0.3	---	0.9

	Individual		Group		Other activities*	Total
	Life and Health	Annuities	Life and Health	Pensions		
Quarter ended September 30, 2003 (unaudited)	\$	\$	\$	\$	\$	\$
Revenues						
Premiums	168.2	135.4	158.2	71.1	16.9	549.8
Net investment income	79.9	36.4	14.9	43.5	(0.3)	174.4
Fees and other revenues	0.6	17.6	2.9	0.8	4.8	26.7
	248.7	189.4	176.0	115.4	21.4	750.9
Operating expenses						
Cost of commitments to policyholders	148.9	66.8	119.8	88.9	10.3	434.7
Net transfer to segregated funds	---	92.6	---	16.6	---	109.2
Commissions, general and other expenses	73.7	18.9	48.6	4.1	8.4	153.7
	222.6	178.3	168.4	109.6	18.7	697.6
Income before income taxes	26.1	11.1	7.6	5.8	2.7	53.3
Income taxes	(7.9)	(4.2)	(1.8)	(1.4)	(1.1)	(16.4)
Net income before allocation of other activities	18.2	6.9	5.8	4.4	1.6	36.9
Allocation of other activities	0.8	0.3	0.2	0.3	(1.6)	---
Net income for the period	19.0	7.2	6.0	4.7	---	36.9
Attributable to shareholders	18.4	7.1	6.0	4.8	---	36.3
Attributable to participating policyholders' account	0.6	0.1	---	(0.1)	---	0.6

* Includes other segments and intercompany eliminations.

INDUSTRIAL ALLIANCE INSURANCE AND FINANCIAL SERVICES INC.

Notes to Consolidated Financial Statements

Nine months ended September 30, 2004 and 2003 (unaudited)

(in millions of dollars, unless otherwise indicated)

8- SEGMENTED INFORMATION (continued)

Nine months ended September 30, 2004 (unaudited)	Individual		Group		Other activities*	Total
	Life and Health	Annuities	Life and Health	Pensions		
	\$	\$	\$	\$	\$	\$
Revenues						
Premiums	540.9	709.3	474.6	332.4	60.9	2,118.1
Net investment income	209.7	99.9	47.5	130.9	1.2	489.2
Fees and other revenues	2.1	63.2	7.8	9.6	23.1	105.8
	752.7	872.4	529.9	472.9	85.2	2,713.1
Operating expenses						
Cost of commitments to policyholders	433.2	184.4	346.9	324.1	42.5	1,331.1
Net transfer to segregated funds	---	580.9	---	119.8	---	700.7
Commissions, general and other expenses	236.5	70.8	145.3	13.4	38.6	504.6
	669.7	836.1	492.2	457.3	81.1	2,536.4
Income before income taxes	83.0	36.3	37.7	15.6	4.1	176.7
Income taxes	(25.3)	(11.5)	(12.4)	(4.1)	(1.3)	(54.6)
Net income before allocation of other activities	57.7	24.8	25.3	11.5	2.8	122.1
Allocation of other activities	1.5	0.6	0.3	0.4	(2.8)	---
Net income for the period	59.2	25.4	25.6	11.9	---	122.1
Attributable to shareholders	57.2	25.4	25.6	11.1	---	119.3
Attributable to participating policyholders' account	2.0	---	---	0.8	---	2.8

Nine months ended September 30, 2003 (unaudited)	Individual		Group		Other activities*	Total
	Life and Health	Annuities	Life and Health	Pensions		
	\$	\$	\$	\$	\$	\$
Revenues						
Premiums	507.0	500.5	446.6	419.9	47.1	1,921.1
Net investment income	192.1	106.5	42.2	124.3	(1.2)	463.9
Fees and other revenues	1.7	51.6	7.9	2.7	13.1	77.0
	700.8	658.6	496.7	546.9	59.0	2,462.0
Operating expenses						
Cost of commitments to policyholders	402.0	244.7	338.7	273.6	32.2	1,291.2
Net transfer to segregated funds	---	323.2	---	245.2	---	568.4
Commissions, general and other expenses	220.0	60.9	137.1	12.8	21.7	452.5
	622.0	628.8	475.8	531.6	53.9	2,312.1
Income before income taxes	78.8	29.8	20.9	15.3	5.1	149.9
Income taxes	(25.1)	(9.3)	(7.1)	(4.3)	(2.1)	(47.9)
Net income before allocation of other activities	53.7	20.5	13.8	11.0	3.0	102.0
Allocation of other activities	1.6	0.6	0.3	0.5	(3.0)	---
Net income for the period	55.3	21.1	14.1	11.5	---	102.0
Attributable to shareholders	53.3	21.0	14.1	11.0	---	99.4
Attributable to participating policyholders' account	2.0	0.1	---	0.5	---	2.6

* Includes other segments and intercompany eliminations.

INDUSTRIAL ALLIANCE INSURANCE AND FINANCIAL SERVICES INC.
Notes to Consolidated Financial Statements
Nine months ended September 30, 2004 and 2003 (unaudited)
(in millions of dollars, unless otherwise indicated)

8- SEGMENTED INFORMATION (continued)

Segmented assets

As at September 30, 2004 (unaudited)	Individual		Group		Other activities*	Total
	Life and Health	Annuities	Life and Health	Pensions		
	\$	\$	\$	\$	\$	\$
Assets						
Investments	4,665.0	2,094.8	1,046.7	2,434.6	163.7	10,404.8
Goodwill	30.5	---	19.9	---	11.0	61.4
Other assets	125.5	43.3	68.6	59.3	99.0	395.7
Total	4,821.0	2,138.1	1,135.2	2,493.9	273.7	10,861.9

As at December 31, 2003 (unaudited)	Individual		Group		Other activities*	Total
	Life and Health	Annuities	Life and Health	Pensions		
	\$	\$	\$	\$	\$	\$
Assets						
Investments	4,299.3	2,092.2	975.1	2,414.1	144.8	9,925.5
Goodwill	30.5	---	19.9	---	6.1	56.5
Other assets	105.7	34.9	56.0	48.5	80.5	325.6
Total	4,435.5	2,127.1	1,051.0	2,462.6	231.4	10,307.6

As at September 30, 2003 (unaudited)	Individual		Group		Other activities*	Total
	Life and Health	Annuities	Life and Health	Pensions		
	\$	\$	\$	\$	\$	\$
Assets						
Investments	4,121.6	2,136.9	987.4	2,377.3	135.9	9,759.1
Goodwill	30.5	---	19.9	---	1.7	52.1
Other assets	126.9	40.2	67.0	57.9	88.3	380.3
Total	4,279.0	2,177.1	1,074.3	2,435.2	225.9	10,191.5

* Includes other segments and intercompany eliminations.

INDUSTRIAL ALLIANCE INSURANCE AND FINANCIAL SERVICES INC.
Notes to Consolidated Financial Statements
Nine months ended September 30, 2004 and 2003 (unaudited)
(in millions of dollars, unless otherwise indicated)

9- PREMIUMS

Quarter ended September 30, 2004 (unaudited)	Individual		Group		General insurance	Total
	Life and Health	Annuities	Life and Health	Pensions		
	\$	\$	\$	\$	\$	\$
Invested in general fund	182.4	54.4	162.7	33.6	22.0	455.1
Invested in segregated funds	---	129.8	---	74.2	---	204.0
Total	182.4	184.2	162.7	107.8	22.0	659.1

Quarter ended September 30, 2003 (unaudited)	Individual		Group		General insurance	Total
	Life and Health	Annuities	Life and Health	Pensions		
	\$	\$	\$	\$	\$	\$
Invested in general fund	168.2	48.8	158.2	29.1	16.9	421.2
Invested in segregated funds	---	86.6	---	42.0	---	128.6
Total	168.2	135.4	158.2	71.1	16.9	549.8

Nine months ended September 30, 2004 (unaudited)	Individual		Group		General insurance	Total
	Life and Health	Annuities	Life and Health	Pensions		
	\$	\$	\$	\$	\$	\$
Invested in general fund	540.9	184.4	474.6	115.5	60.9	1,376.3
Invested in segregated funds	---	524.9	---	216.9	---	741.8
Total	540.9	709.3	474.6	332.4	60.9	2,118.1

Nine months ended September 30, 2003 (unaudited)	Individual		Group		General insurance	Total
	Life and Health	Annuities	Life and Health	Pensions		
	\$	\$	\$	\$	\$	\$
Invested in general fund	507.0	179.4	446.6	81.1	47.1	1,261.2
Invested in segregated funds	---	321.1	---	338.8	---	659.9
Total	507.0	500.5	446.6	419.9	47.1	1,921.1

10- COMPARATIVE FIGURES

Certain comparative figures have been reclassified to comply with the current year's presentation.