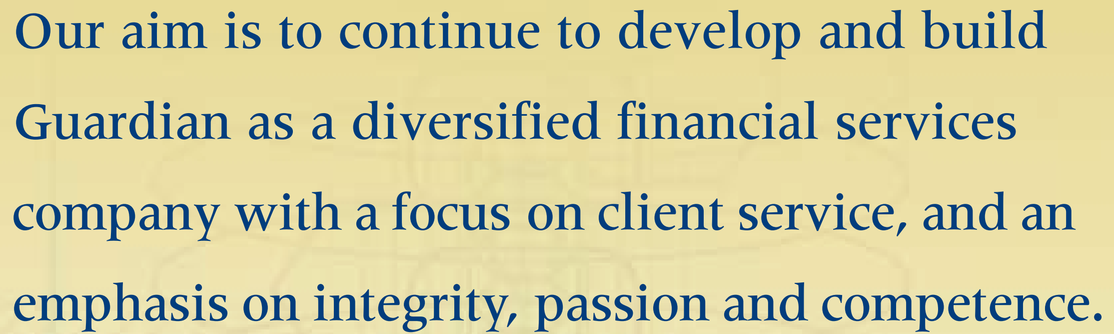
Guardian Capital Group Limited

2009 Annual Report

GUARDIAN CAPITAL
GROUP LIMITED



Our aim is to continue to develop and build Guardian as a diversified financial services company with a focus on client service, and an emphasis on integrity, passion and competence.

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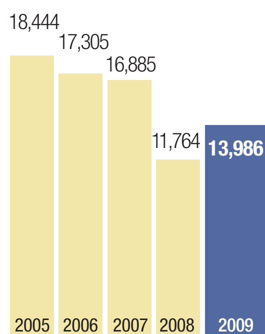
Financial Highlights

Assets Under Management

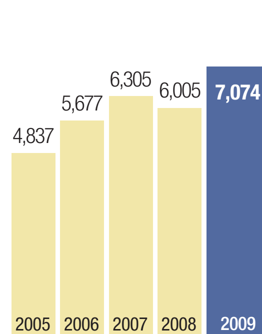
As at December 31 ($ in millions)



Assets under management increased significantly in 2009, mainly as a result of the broad recovery in financial markets.

Assets Under Administration†

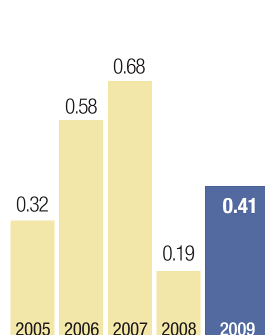
As at December 31 ($ in millions)



Assets under administration increased in 2009, as a result of the broad recovery in the financial markets.

Earnings Per Share, Diluted*

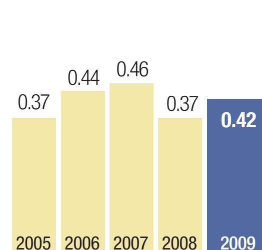
For the years ended December 31 (in $)



Earnings per share in 2009 increased, reflecting better operating results, as well as a favourable impact of $0.06 per share due to a decline in future income tax rates.

Cash Flow from Operations before Changes in Non-Cash Working Capital, Per Share, Diluted*

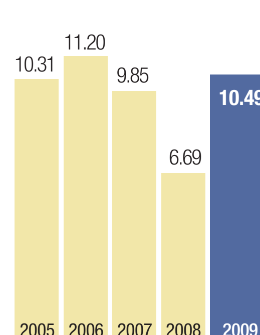
For the years ended December 31 (in $)



Cash flow from operations Increase in 2009, reflecting improved operating results.

Corporate Holdings of Securities Per Share, Diluted*

As at December 31 (in $)



Corporate holdings of securities per share at fair value increased in 2009, reflecting the broad recovery in the financial markets and, more specifically, in the financial services sector.

† Restated to include segregated funds under administration.

* Comparative figures retrospectively amended to reflect consolidation of EPSP Trust.

Who We Are

Guardian Capital Group Limited is a diversified financial services company, which serves the needs of a range of clients.

Institutional
Institutional investment management services to clients, which include pension plan sponsors, open and closed-end mutual funds, operating and endowment funds, and wrap programs.

High Net Worth
Investment and asset management services to high net worth clients, foundations and endowment funds.

clients

Financial Advisory
Horizontally integrated financial advisory platform, which includes a mutual fund dealer, a securities dealer, and an insurance managing general agency.

International
Trust and corporate administration, as well as investment and advisory services to international clients.

Report to Shareholders

Dear Shareholder,

The past year has seen a significant improvement in the stock market performance since the panic lows of early 2009. The stock markets around the world had strong rebounds, with the S&P/TSX Composite increasing 35.1%, the S&P 500 up 8.6%, and the MSCI EAFE and World indices increasing 13.8% and 12.4%, respectively (all returns in Canadian dollars).

By most accounts, the crisis of 2008-2009 was accompanied by one of the most severe global recessions in the postwar period. Stock markets everywhere suffered substantial declines. The world economy is now in the process of recovering and, globally, equity markets have had powerful returns driven by massive fiscal and monetary stimulus.

During the year, we undertook a strategic review of each of our businesses. In 2009, market conditions presented an opportunity for a strongly capitalized and long-term focused company to attract talented people and to enable us to build foundations for future growth. The ability of your company to adjust quickly to the changing investment environment is reflected through the development of new investment strategies and distribution channels.

Assets under management within **Guardian Capital LP**, our institutional investment management division, were positively affected by the improvement in the equity markets. Strong relative performance in most of our investment strategies, both in the weak markets of 2008 and the strong ones of 2009, have led to increasing interest from consultants and potential clients. We continue to broaden and strengthen our investment capabilities by attracting new talent and developing new investment strategies. We have also focused our efforts on improving our servicing and penetration into existing institutional and retail intermediary distribution channels and, as a result, we continue to expand our existing client base.

Guardian Capital Advisors LP, our high net worth investment management division, benefitted from strong security selection and the successful protection of client capital in severe market declines, while also positioning the clients to participate from the improvement in the markets. The success in managing our high net worth client assets during these volatile markets has positioned us to attract new clients and add new investment professionals.

During the year, the financial advisory service industry had a challenging period and revenues were affected by substantially decreased commissions, as economic uncertainty resulted in decreased transaction activity. **Worldsource Wealth Management Inc.** was not immune to this environment, but we made strides in deploying new technology and strengthened our relationship with the advisors.

In 2009, net earnings were $0.41 per share, diluted. This compares with $0.19 per share, diluted in 2008. The 2009 results included the benefit of $0.06 per share, reflecting reduced income taxes as a result of a decline in future Ontario income tax rates. Cash flow from operations, before changes in noncash working capital, was $0.42 per share in 2009, diluted, versus $0.37 in 2008. The Board of Directors has declared a $0.15 per share dividend, the same as last year.

In closing, I would like to express my sincere appreciation for the hard work, creativity, dedication and loyalty of all of our Associates.

Warmest regards,

John Christodoulou,
Chairman and Chief Executive Officer

February 25, 2010

Review of Operations

Institutional Investment Management

Institutional investment management services are provided by **Guardian Capital LP** ("GCLP"), which serves pension plan sponsors, wrap and third-party platforms, closed-end funds and mutual funds, operating and endowment funds, and foundations. GCLP's capabilities span a range of asset classes, geographic regions, and specialty mandates. GCLP is one of the largest, independent investment management firms in Canada.

Assets under management in GCLP were $12.8 billion at the end of 2009, compared to $10.8 billion at the end of 2008. The increase in assets under management was across institutional and retail intermediary segments and was primarily due to the broad recovery in the financial markets during 2009 as well as investment performance.

In 2009, GCLP strengthened its business development capabilities and focussed on achieving growth in its Canadian and non-Canadian investment strategies through both the traditional institutional and retail intermediary distribution channels. As a result, GCLP achieved improved coverage of the consultant community resulting in a significant increase in the number of client presentations undertaken. In addition, GCLP continued with its success in adding new investment strategies to the top broker-dealer wrap programs, which led to growth in new assets from this segment of its business.

Despite the partial recovery in the financial markets in 2009, the market uncertainty that existed then still remains and will likely do so throughout 2010. As such, GCLP will manage its growth while remaining fiscally prudent. With relatively strong value-add in several strategies across both equity and fixed-income asset classes, GCLP will continue to focus on expanding its relationships in both institutional and retail intermediary distribution channels. In addition, GCLP plans to continue its efforts to extend the strengths in its investment teams by recruiting talented investment professionals. Good progress was made in 2009 in enhancing both GCLP's capabilities, and the awareness of those capabilities within the various distribution channels. GCLP will continue to build on that progress in 2010.

High Net Worth

Guardian Capital Advisors LP ("GCA") provides investment management and advisory services across Canada to high net worth clients, foundations, and endowments. GCA is focused on assisting high net worth clients achieve their investment objectives by constructing tailored and tax efficient investment solutions through fully discretionary segregated accounts and pooled funds. GCA's investment process combines a global proprietary research tool with the experience of its portfolio managers.

GCA differentiates itself through its unique investment management capabilities and through the quality and level of service provided in delivering investment solutions to clients. GCA works not only with the clients themselves, but also with their legal, accounting, and other advisors to ensure that the services provided by GCA properly integrate with the overall objectives of the clients. Through offices in Vancouver, Calgary and Toronto, clients and their advisors have direct access to experienced portfolio managers supported by a strong administrative team.

GCA's assets under management and supervision amounted to $1.1 billion at the end of 2009, compared to $815 million at the end of 2008. In 2009, GCA achieved significant growth in assets under management reflecting success in attracting new clients as well as investment performance and market growth. GCA attracts new clients both directly and through referrals from financial advisors. In addition, GCA has strengthened the awareness of its capabilities in the markets in which it has offices.

In 2010, GCA will continue to build on the progress achieved in 2009, while adding resources to enhance its business development abilities. GCA will also continue to enhance awareness in the legal, accounting and financial advisory communities. GCA's growing reputation for good client service and for its ability to preserve clients' capital while delivering strong relative investment performance are expected to result in success in attracting new clients and achieving growth in assets under management.

Financial Advisory

Worldsource Wealth Management Inc. ("Worldsource") is a horizontally integrated financial advisory platform, with independent advisors offering mutual funds, securities and life insurance products to Canadians from coast to coast. Assets under administration ("AUA") within Worldsource amounted to $7.1 billion at the end of 2009, compared to $6.0 billion at the end of 2008.

Worldsource is committed to being a dealership of choice for financial advisors who deal in mutual funds, securities or insurance. Worldsource provides financial advisors with independence in choosing the best investment solutions for their clients. In addition, Worldsource supports financial advisors with high quality reporting and administration and with a professional approach to sales compliance and product suitability. Worldsource also partners with advisors to provide a range of wealth management solutions to their clients.

Worldsource Financial Management Inc. ("WFM") is a national mutual fund dealer with assets under administration of $5.9 billion at the end of 2009, compared to $5.1 billion at the end of 2008. The growth in assets under administration was primarily attributable to the broad recovery in the financial markets. The uncertainty in the financial markets at the end of 2008 and beginning of 2009 had an adverse impact on WFM's revenue throughout the year, as clients were hesitant to conduct trades in their portfolios or to change their asset mix. There are indications that there will be increased activity in this area, which should have a positive impact on revenue. In 2010, WFM will focus on recruiting new financial advisors and increasing AUA. In addition, WFM will work with existing advisors to identify opportunities to increase assets under administration and revenue within their practices.

Worldsource Securities Inc. ("WSI") is Worldsource's securities dealer. WSI operates its branch network under the Agency Model, under which investment advisors are permitted a higher degree of independence than traditionally afforded. WSI is focussed on providing the highest possible level of technological and administrative support to its branch network. During 2009, WSI continued to attract new financial advisors. This, together with the market recovery, resulted in a significant increase in assets under administration. 2010 appears promising with respect to recruiting opportunities for WSI. In addition, as clients begin to move back into the markets, trading activity is expected to increase.

Worldsource Insurance Network Inc. ("WIN") is a Life Insurance Managing General Agency which, from its Head Office in Vancouver, B.C., provides administration and support services to contracted insurance advisors nationwide. WIN earns service fees for "in-force" premiums, a portion of the first year commissions on new policies, and commissions related to segregated funds sold by life insurance advisors under contract. WIN increased revenues during 2009, reflecting an increase in the volume of business and the fact that its revenue is not as sensitive to the financial markets as that of the other Worldsource businesses. WIN will focus on business development in 2010, with the objective of continuing to achieve growth in revenue by increasing the volume of business from existing insurance advisors and by attracting new insurance advisors.

In 2009, Worldsource made progress in building awareness within its existing advisor group of all of the capabilities within the Worldsource group of companies, as well as within Guardian. As an example, Worldsource has been able to accommodate advisors in WFM who were interested in moving to a securities platform. In addition, there has been some early success for a few select Worldsource advisors who have chosen to focus on the growing segment of high net worth clients by working closely with GCA, Guardian's private client division. These efforts will continue in 2010, as there is significant opportunity for the advisors to improve on practice management and further increase business development in the fast growing private client segment.

International

Alexandria Bancorp Limited ("ABL") is a high quality international bank based in the Cayman Islands. ABL provides banking, trust and corporate administration, and investment management services to international clients. ABL has substantial investment management capabilities, both through its in-house funds and through its ability to manage segregated accounts. In 2009, ABL strengthened its staff complement in order to better position it for growth. In 2010, ABL plans to continue to develop a referral network of professional accountants, lawyers and other "centres of influence" around the world, with a focus on building awareness of ABL in general and, in particular, its investment management capabilities.

Alexandria Trust Corporation ("ATC"), is a trust company based in Barbados. ATC provides trust and corporate administration services to international clients and is able to act as a corporate trustee, resident in Barbados. During 2009, ATC worked with ABL to better integrate the offerings of ABL and ATC to provide a multi-jurisdictional offering to international clients and to better facilitate the provision of investment management services to clients of ATC.

Management's Discussion and Analysis

In accordance with securities regulatory requirements, the discussion and analysis which follows pertains to the year ended December 31, 2009, with comparatives for the year 2008 and, in some cases, the year 2007. Readers are encouraged to refer to the discussions and analyses contained in the 2008 Annual Report and the First, Second and Third Quarter 2009 Reports. This discussion and analysis has been prepared as of February 25, 2010.

Because of the consolidation of the EPSP Trust referred to under "Amendment of Financial Statements" below, all per share amounts referred to in this discussion and analysis have been calculated on the basis of the net Guardian shares outstanding, after deducting the Guardian shares owned by the EPSP Trust.

Additional information relating to Guardian and its business, including Guardian's Annual Information Form, is available on "SEDAR" at www.sedar.com.

Caution Concerning Forward-Looking Statements

Guardian may, from time to time, make "forward-looking statements" in annual and quarterly reports, and in other documents prepared for shareholders or filed with securities regulators. These statements, characterized by such words as "goal", "outlook", "intends", "expects", "plan", "prospects", "are confident", "believe" and "anticipate", are intended to reflect Guardian's objectives, plans, expectations, estimates, beliefs and intentions.

By their nature, forward-looking statements involve risks and uncertainties. There is a risk that these forward-looking statements will not be achieved. Undue reliance should not be placed on these statements, as a number of factors could cause actual results to differ from Guardian's objectives, plans, expectations and estimates reflected in the forward-looking statements.

Overview of Guardian's Business

Guardian Capital Group Limited ("Guardian") is a diversified financial services company. Guardian serves the wealth management needs of a range of clients through its various business segments. The areas in which Guardian operates are: institutional and high net worth investment management; financial advisory; and corporate investments and activities. As at December 31, 2009, Guardian had $14.0 billion of assets under management ("AUM") and $ 7.1 billion of assets under administration ("AUA"). In addition, Guardian has a diversified portfolio of securities which, together with its investment in Bank of Montreal shares, had a fair value of approximately $363 million at the end of the year.

Impact of Key Events

As reported in the Management's Discussion and Analysis contained in Guardian's 2008 Annual Report and in the 2009 Quarterly Reports, Guardian was adversely affected by the major worldwide market declines during the latter part of 2008 and the first quarter of 2009. In the last three quarters of 2009, the financial markets experienced a partial broad-based recovery from the lowest point they reached in March of 2009. The impact of the market declines and the recoveries to date is reflected in quarterly recoveries in Guardian's 2009 revenues from management fees and commissions, although they are still below the 2008 levels for the year. Due to a significant increase in net income from securities in 2009, Guardian's revenues, net of commissions paid to advisors, for the year 2009 were almost equal to the 2008 level. Largely as a result of operating cost efficiencies implemented in the fourth quarter of 2008, also reported in the 2008 Annual Report Management's Discussion and Analysis, Guardian's total expenses in 2009 were approximately 11% lower than in 2008. As a result of improved operating earnings, coupled with a significant income tax recovery from the reduction in future income taxes substantively enacted late in 2009, Guardian's Net Earnings for 2009 were $14.3 million, compared to $7.3 million in 2008.

Amendment of Financial Statements

As described in note 2 to the Consolidated Financial Statements contained in Guardian's 2009 Annual Report, during the year, Guardian reevaluated its arrangements with its Employee Profit Sharing Plan Trust (the "EPSP Trust") and, as a result, has consolidated the EPSP Trust in its 2009 Annual Report. In doing so, Guardian has recorded the EPSP Trust bank loan and the Guardian shares owned by the EPSP Trust; has recorded compensation cost based on the values of share entitlements provided to employees; and has amended its past financial statements retrospectively.

The amounts described in note 2, which have been retrospectively recorded, are not considered material in any applicable past periods or the current period, and have been reflected, where applicable, in this discussion and analysis.

Use of Non-GAAP Measures

Guardian's management uses certain measures to evaluate and assess the performance of its business. One of the measures that Guardian uses is not in accordance with Generally Accepted Accounting Principles ("GAAP"). Non-GAAP measures do not have standardized meanings prescribed by GAAP, and are therefore unlikely to be strictly comparable to similar measures presented by other companies. However, Guardian's management believes that most shareholders, creditors, other stakeholders and investment analysts prefer to include the use of this measure in analyzing Guardian's results.

Guardian management measures the performance of Guardian's business by using "Cash flow from operations before changes in non-cash working capital", which is disclosed in the table under "Consolidated Financial Results", below. This non-GAAP measure is used by management to indicate the amount of cash either provided by or used in Guardian's operating activities, and many companies similar to Guardian use this measure in a similar manner. The most comparable GAAP measure is "Cash from operating activities", which is disclosed on Guardian's Statements of Cash Flows. The following is a reconciliation of this non-GAAP measure to the GAAP measure:

For the years ended December 31 ($ in thousands)	2009	2008 (amended)
Net cash from operating activities, as reported	**$ 10,527**	$ 11,241
Net change in non-cash working capital	**4,176**	2,903
Cash flow from operations before changes in non-cash working capital	**$ 14,703**	$ 14,144

Consolidated Financial Results

The comparative financial results of Guardian on a consolidated basis are summarized in the following table:

For the years ended December 31 ($ in thousands, except per share amounts)	2009	2008 (amended)	% change
Revenues, net of commissions paid to advisors	**$ 62,364**	$ 62,434	- 0%
Other expenses, excluding restructuring costs	**52,338**	56,041	- 7%
Restructuring costs	**–**	2,344	- 100%
Earnings before income taxes	**10,026**	4,049	+ 148%
Income tax (recovery)	**(4,248)**	(3,250)	+ 31%
Net earnings	**$ 14,274**	$ 7,299	+ 96%
Cash flow from operations before changes in non-cash working capital	**$ 14,703**	$ 14,144	+ 4%
Diluted per share amounts			
Net earnings	**$ 0.41**	$ 0.19	+ 116%
Cash flow from operations before changes in non-cash working capital	**$ 0.42**	$ 0.37	+ 14%

As at December 31 ($ in millions, except per share amounts)	2009	2008 (amended)	% change
Assets under management	**$ 13,986**	$ 11,764	+ 21%
Assets under administration	**$ 7,074**	$ 6,005	+ 18%
Fair value of corporate holdings of securities	**$ 363**	$ 242	+ 50%
Fair value of corporate holdings of securities per share, diluted	**$ 10.49**	$ 6.69	+ 57%

Revenue, net of commissions paid to advisors, was substantially the same in 2009 as in 2008. A reduction in management fee revenue during the year was offset by an increase in income from securities, while revenue from the financial advisory segment was substantially the same on a year-over-year basis. Net earnings for the year were $14.3 million, compared to $7.3 million for 2008. Net earnings in 2009 benefited from a reduction of $2.0 million in future income taxes, reflecting the reduced Ontario income tax rates substantively enacted in December. Net earnings in 2008 were reduced by the recording of $2.3 million of restructuring costs, offset by a reduction of $1.3 million in income taxes as a result of a reversal of a liability for future taxes relating to foreign subsidiaries.

Cash flow from operations, before changes in non-cash working capital, for the year amounted to $14.7 million, compared to $14.1 million in 2008. The differences between earnings per share and cash flow per share arise primarily due to the impact of future income taxes, amortization expenses, stock-based compensation, and a portion of the restructuring costs in 2008, as well as the exclusion of gains or losses on the sales of securities, and the writedowns of securities, from the calculation of cash flow from operations.

Revenues and Expenses

Investment Management Revenues

The largest source of revenue at Guardian is management fees received from clients, which vary as a result of changes in the amounts of assets managed, and variations in the rates of management fees charged. The following is a summary of the assets under management:

Years ended December 31 ($ in millions)	2009	2008
Assets under management, beginning of year	$ 11,764	$ 16,885
Net reductions from clients during year	(115)	(1,304)
Market appreciation (depreciation)	2,337	(3,817)
Assets under management, end of year	$ 13,986	$ 11,764
Composed of:		
Institutional	$ 12,825	$ 10,836
High net worth	1,050	815
International	111	113
Total	$ 13,986	$ 11,764

Total AUM at Guardian at the end of 2009 was 19% higher than at the end of 2008. This increase occurred mainly as a result of the significant recoveries in the world stock markets since the low point in early 2009. Due to the significant decrease in AUM in the first quarter, and the slow recovery which gained momentum in the last quarter, the average AUM for the year was about 19% lower than in 2008. As a result, management fees for the year 2009 were $31.3 million, 14% lower than the $36.5 million for 2008.

Institutional management fees decreased to $23.5 million in 2009 from $29.1 million in 2008, reflecting the reduction in the average AUM. High net worth management fees increased during the year to $5.8 million from $5.3 million in 2008, reflecting the increased AUM in this area, with total assets exceeding $1 billion for the first time. Management fees earned from international clients during the year were unchanged, at $2.0 million for the year.

Financial Advisory Commission Revenues

Net sales commissions revenue earned from the financial advisory business is generated from the sale of mutual funds, other securities and insurance, as well as from continuing fees related to AUA. This revenue amounted to $8.9 million in 2009, 11% lower than the $10 million in 2008, as the average AUA for the year had not recovered to the 2008 level, coupled with lower trading activity related to the sale of mutual funds and securities, resulting from the carryover of negative investor sentiment from the depressed market conditions of 2008 - 2009.

Administrative Services Income

Administrative services income was composed of $4.4 million of registered plan and other fees earned in the financial advisory area, and $1.2 million of trust and corporate administration fees earned in the international area, for a total of $5.6 million in 2009, compared to $4.6 million in 2008. These fees are not directly impacted by fluctuations in the financial markets.

Corporate Securities Revenues

The following is a summary of Guardian's income from securities:

For the years ended December 31 ($ in thousands)	2009	2008	% change
Dividend and interest income	**$ 15,375**	$ 15,824	- 3%
Net realized gains (losses)	**1,397**	(3,045)	+ 146%
Writedowns of securities	**(180)**	(1,439)	+ 87%
	$ 16,592	$ 11,340	+ 46%

Dividend and interest income remained substantially unchanged in 2009, compared to 2008, with no change in the dividend rate on the Bank of Montreal shares, while the net realized capital gains in the year resulted partly from the trading by discretionary managers of some of Guardian's corporate investment portfolios, and gains realized on sales of mutual fund holdings. The recoveries of the markets also resulted in a reduction in the writedown of investments, in accordance with Guardian's accounting policy.

Expenses

Guardian's operating expenses, excluding commissions, interest, amortization and restructuring costs, were $48.3 million in 2009, compared with $50.7 million in 2008. Restructuring costs in 2008, amounting to $2.3 million, consisted of costs incurred by Guardian, as part of the achievement of cost efficiencies, as well as the writeoff of the software development costs associated with an investment management business set up in 2007, which had been referred to under "Key Events" in the discussion and analysis contained in Guardian's 2008 Annual Report. These restructuring costs, and the other efficiencies implemented, have resulted in the reduced operating costs in 2009 referred to above.

Interest expense amounted to $1.2 million in 2009, compared to $2.1 million in 2008, reflecting the lower interest rates in effect during the year.

Liquidity and Capital Resources

The strength of Guardian's balance sheet has enabled Guardian to attract Associates, provide clients with a high comfort level, make appropriate use of borrowings, and develop its businesses. It has also allowed Guardian to maintain the appropriate levels of working capital in each of its areas of operations. The strong cash flow enables Guardian to meet all of its financial commitments, to finance the expansion of its businesses and to purchase the capital assets necessary for the development of those businesses. In 2009, under its Issuer Bid, Guardian purchased and cancelled 1.6 million of its Class A shares, for a total cost of $8.7 million. Guardian's total bank borrowings at the end of the year amounted to $46.1 million, compared with $46.6 million at the end of 2008. The year end borrowings included $30 million under Bankers' Acceptances, $2.3 million under an operating line of credit, and $13.8 through the EPSP Trust. The total credit available under these arrangements amounts to $66.0 million. We are confident that the strength of Guardian's balance sheet will continue to provide benefits in the future. Guardian's holdings of securities as at December 31, 2009 had a fair value of $362.5 million, or $10.49 per share, diluted, compared with $241.5 million, or $6.69 per share, diluted, as at December 31, 2008. The increase in the fair value of the securities holdings was primarily due to the increase in the market value of the shares of the Bank of Montreal during the year, as a result of the recovery in the stock markets in the last three quarters of the year. The following is a summary of Guardian's securities holdings:

Corporate Holdings of Securities

As at December 31 ($ in thousands, except per share amounts)	Fair Value 2009	2008
Short-term securities	**$ 12,392**	$ 19,810
Mutual funds	**52,926**	44,450
Bonds	**–**	1,190
Bank of Montreal shares	**276,627**	154,856
Other marketable securities	**18,433**	18,977
Unquoted securities	**2,134**	2,266
Total securities	**$ 362,512**	$ 241,549
		(amended)
Total securities per share, diluted	**$ 10.49**	$ 6.69

Contractual Obligations

Guardian has contractual commitments for the payment of certain obligations over a period of time. A summary of those commitments, including a summary of the periods during which they are payable, is shown in the following table:

		Payments due by period			
As at December 31 ($ in thousands)	Total	Less than one year	One to three years	Three to five years	After five years
Bankers' acceptances payable	$ 30,000	$ 30,000	$ –	$ –	$ –
Operating lease obligations	4,284	1,175	2,099	1,010	–
Total contractual obligations	$ 34,284	$ 31,175	$ 2,099	$ 1,010	$ –

Selected Annual Information

Years ended December 31 ($ in thousands, except per share amounts)	2009	2008 (amended)	2007 (amended)
Revenues, net of commissions paid to advisors	**$ 62,364**	$ 62,434	$ 73,822
Net earnings	**14,274**	7,299	26,492
Per share			
Net earnings			
Basic	**$ 0.41**	$ 0.19	$ 0.69
Diluted	**0.41**	0.19	0.68
Dividends paid	**0.15**	0.15	0.135
As at December 31			
Total assets	**$ 438,795**	$ 311,125	$ 453,269
Long-term debt	**–**	–	199

The fluctuations in Total Assets over the past two years reflect the changes in the value of the corporate holdings of securities, caused by the market changes referred to under "Impact of Key Events", above.

Quarterly Results

The following table summarizes the financial results of the Company for the past eight quarters:

	Dec. 31 2009	Sep. 30 2009	Jun. 30 2009 (amended)	Mar. 31 2009 (amended)	Dec. 31 2008 (amended)	Sep. 30 2008 (amended)	Jun. 30 2008 (amended)	Mar. 31 2008 (amended)
($ in thousands)								
Revenues, net of commissions paid to advisors	**$ 18,207**	**$ 16,271**	**$ 14,501**	**$ 13,385**	$ 10,499	$ 16,578	$ 17,490	$ 17,867
Net earnings (loss)	**6,934**	**3,443**	**2,336**	**1,561**	(1,006)	1,885	2,900	3,520
Shareholders' equity	**317,784**	**306,572**	**276,428**	**200,934**	204,051	273,101	269,966	285,747
(in $)								
Per average common and Class A share								
Net earnings								
- Basic	**$ 0.20**	**$ 0.10**	**$ 0.07**	**$ 0.04**	$ (0.03)	$ 0.05	$ 0.08	$ 0.09
- Diluted	**0.20**	**0.10**	**0.07**	**0.04**	(0.03)	0.05	0.08	0.09
Shareholders' equity								
- Basic	**$ 9.37**	**$ 8.87**	**$ 8.00**	**$ 5.81**	$ 5.69	$ 7.36	$ 7.15	$ 7.51
- Diluted	**9.19**	**8.72**	**7.88**	**5.73**	5.65	7.28	7.08	7.41

Management fees earned in the investment management segment are generally not subject to seasonal fluctuations. There is a degree of seasonality in the financial advisory segment, with some concentration of commission revenue in the first quarter of each year, relating to the traditional "RSP season". However, due to the market volatility, this was not the case in 2009. The declines in markets and economic activity during the latter part of 2008 and the first part of 2009 had a significant dampening effect on Guardian's revenues, earnings and shareholders' equity, although revenues improved during the latter part of 2009, reflecting the recovery in the financial markets. That recovery has also caused the 2009 quarterly increases in shareholders' equity shown above. As well, since gains and losses on disposal of securities are recorded when realized, and such realizations can vary from quarter to quarter, the amounts included in net income from securities each quarter can fluctuate. This effect was exacerbated by the market declines in late 2008, which resulted in the realization of capital losses in Guardian's investment portfolio, and the writedown of certain investments. The net earnings for the fourth quarter of 2009 reflects the reduction in future taxes resulting from reduced Ontario income taxes substantively enacted in December, 2009. These reductions amount to $2.0 million ($0.06 per share, diluted).

Critical Accounting Estimates

Guardian periodically assesses its assets for any impairment in their value. If it is determined that there has been a material impairment in the value of an asset which is other than temporary, the difference between current fair value and the original cost less any previous writedowns is included in Guardian's operating results. Included in this assessment are intangible assets and securities. Intangible assets amounting to $0.9 million, consisting of a computer software license, were written off in 2009, and are included in Amortization on the Statement of Operations (2008 - $1.1 million, included in Restructuring Costs). For securities, such amounts are included in the category of "Writedowns of securities". Under this policy, writedowns of securities of $180,000 occurred during the year, and writedowns of securities of $1.4 million occurred in 2008.

Changes in Accounting Policies

Effective January 1, 2009, Guardian adopted the new Canadian Institute of Chartered Accountants ("CICA") Handbook section 3064, "Goodwill and Intangible Assets". In addition, in June, 2009, the Canadian Institute of Chartered Accountants issued amendments to Handbook section 3862 "Financial Instruments – Disclosures", which have been adopted for Guardian's December 31, 2009 year end. Additional information about these accounting policy changes are contained in Notes 3a, 9 and 21 to the Consolidated Financial Statements, contained in Guardian's 2009 Annual Report.

On January 1, 2008, Guardian adopted the new CICA Handbook section 3862, "Financial Instruments-Disclosures", 3863, "Financial Instruments-Presentation", and 1535, "Capital Disclosures". Descriptions of the changes and the resulting new disclosures are contained in Notes 3a, 14, 19 and 20 to the Consolidated Financial Statements, contained in Guardian's 2009 Annual Report.

In October, 2008, the CICA issued amendments to Handbook section 3855 "Financial Instruments – Recognition and Measurement", and section 3862 "Financial Instruments – Disclosure". The amendments permitted, in rare circumstances, certain reclassification of non-derivative financial assets. The details of such a reclassification carried out by Guardian, and its impact, are described in Notes 3a and 6 to the Consolidated Financial Statements, contained in Guardian's 2009 Annual Report.

Future Changes in Accounting Policies

In February 2008, the CICA announced that Canadian generally accepted accounting principles (GAAP) for publicly accountable enterprises will be replaced by International Financial Reporting Standards (IFRS) for fiscal years beginning on or after January 1, 2011. Companies will be required to provide IFRS comparative information for the previous fiscal year. Accordingly, the conversion from Canadian GAAP to IFRS will be applicable to Guardian's reporting for the first quarter of 2011, for which the current and comparative information will be prepared under IFRS. Guardian commenced its transition from Canadian GAAP to IFRS during the year 2008.

The scoping and diagnostics phase of the transition to IFRS was completed by Guardian during the second quarter of 2009. The impact analysis, evaluation and design phase commenced during the second quarter of 2009. This phase involves the specification of changes required to existing accounting policies, information systems and business processes, together with an analysis of policy alternatives allowed under IFRS and a development of draft IFRS financial statement content. This phase was substantially completed by year end. However, this phase will continue to evolve in 2010, as many of the standards are in the process of being amended. Based on the work to date, the more significant impacts of adopting IFRS on Guardian's financial statements are anticipated to be as follows:

- Under Canadian GAAP, certain available for sale equity securities holdings which do not have a quoted market price in an active market are currently being carried by Guardian at cost, less any writedown for impairment. Under IFRS, these securities will be accounted for at fair value, which will be determined using a valuation technique.
- Under Canadian GAAP, the financial statements do not include equity, net earnings and other comprehensive income attributable to non-controlling shareholders. Under IFRS, the financial statements will include equity, net earnings, and other comprehensive income attributable to the non-controlling shareholders.
- Under Canadian GAAP, goodwill and intangible assets are assessed for impairment at the reporting unit level. Under IFRS these impairment assessments are carried out at the level of the "Cash Generating Unit", which is the smallest group of assets that generates cash inflows. This could result in more frequent and earlier recognition of impairment under IFRS.
- The criteria for recognition of provisions and impairment of assets are more onerous under IFRS, which could result in more frequent and earlier recognition of provisions and impairment of those assets.
- Under Canadian GAAP, share-based compensation with graded vesting can be pooled and expensed on a straight-line basis over the vesting period. Under IFRS, each graded vesting amount is expensed separately. This will result in an accelerated amortization of share-based compensation expenses under IFRS.
- Under IFRS, a Statement of Changes in Equity is required. This is currently not mandatory under Canadian GAAP.
- Under IFRS, the disclosures in the financial statements are expected to increase significantly.

In addition to the above, to facilitate the transition, IFRS 1, "First-time Adoption of International Financial Reporting Standards", provides certain exemptions and elections. It is anticipated that Guardian will elect to:

- Use the Canadian GAAP carrying values as the deemed costs for most fixed assets and intangible assets for its opening balance sheet under IFRS;
- Not apply IFRS 3, "Business Combinations" retrospectively to any business combinations that occurred prior to the transition date;
- Set the cumulative foreign currency translation differences to zero and reclassify to retained earnings the balances under Canadian GAAP at the date of transition; and
- Not apply IFRS 2, "Share-Based Payments" to equity instruments issued on or before November 7, 2002 or those which vested before the transition date.

These IFRS 1 elections will have the effect of minimizing the adjustments to the opening IFRS balance sheet.

Although the current assessment has identified the above as the more significant impacts of adopting IFRS, Guardian will continue to assess the impact as IFRS changes during the year 2010.

The implementation and review phase will commence in the second quarter of 2010. This phase includes the execution of changes to information systems and business processes, completing formal authorization processes to approve recommended accounting policy changes and training programs across the company's finance and other staff, as necessary. It will culminate in the collection of financial information necessary to compile IFRS-compliant financial statements, embedding IFRS into business processes, and audit committee approval of Guardian's IFRS financial statements.

Risk Factors

The largest business segment at Guardian is investment management, in which clients look to Guardian to manage risks within their portfolios. Guardian applies many of the same risk management principles to its business as a whole. One of the principles is that risk can pose challenges, as well as provide opportunities, depending upon the effectiveness of the way in which it is managed. Readers are encouraged to refer to note 19 to the Consolidated Financial Statements, contained in Guardian's 2009 Annual Report, for additional information on risk management.

Market Risk

Market fluctuations can have a significant effect on the value of both clients' portfolios and our earnings, since management fees are generally based on market values. Additionally, market fluctuations have a significant impact on the amounts being invested by the clients of our financial advisory businesses, increasing or reducing their commission revenues. We manage the risk of market fluctuations by having a diversified client base with different investment needs, and by having a variety of products and services, which may be attractive in different market environments and which have different correlations to equity and other financial markets and to each other. Guardian's holdings of securities are managed independently of clients' assets, except for those of our assets that are invested in Guardian's pooled funds, or mutual funds for which Guardian is an advisor.

Portfolio Value and Concentration Risk

Guardian's corporate holdings of securities are subject to price fluctuation risk. Guardian manages this risk through professional third-party portfolio managers or in-house expertise, each of which take a disciplined approach to investment management. All securities are held by well-known independent custodians chosen by Guardian. With the exception of the investment of $276.7 million in the Bank of Montreal shares, which is a significant portion of Guardian's securities holdings, the holdings are diversified, from both an asset class and a geographical perspective. Guardian has accepted the concentration risk associated with its holding of Bank of Montreal shares, as the bank is a diversified company, with a history of steady dividend payments.

Foreign Currency Risk

Guardian's investments in its foreign subsidiaries are subject to the risk of foreign currency exchange rate fluctuations. The effects of changes in foreign currency exchange rates on the values of these investments are not included in Net Earnings, but are recorded as changes in the "Foreign Currency Translation Adjustment" in Guardian's Statements of Comprehensive Income (Loss), and the cumulative effect is included in Accumulated

Other Comprehensive Income (Loss) in the Shareholders' Equity section of the Consolidated Balance Sheets. This foreign currency exposure is not actively managed, due to the long-term nature of these investments, but is closely monitored by the Company.

Credit Risk

Guardian's credit risk is generally considered to be low. Because of the nature of Guardian's business, its receivables are mainly from large institutions, which are considered to pose a relatively low credit risk, or from individuals, which are secured by marketable securities. In light of the recent economic situation, the Company has reviewed the financial strength of all of its counterparties, and has appropriately reduced its exposure to certain counterparties.

Interest Rate Risk

Guardian manages interest rate risk in its international banking operations, through matching the interest rates and maturity dates of client deposit liabilities with the assets, interest-bearing deposits with banks.

Liquidity Risk

Guardian manages liquidity risk through the monitoring and managing of cash flows from various segments of the business, and by establishing sufficient cash borrowing facilities with major Canadian banks, which currently total $66 million through three credit facilities. The maturities of Guardian's contractual commitments are outlined under "Contractual Commitments" in this discussion and analysis. The combination of the cash flows from operations and the borrowing facilities provides sufficient cash resources to manage its liquidity risk.

Regulatory Change Risk

Changes to government regulations, including those related to income taxes, can have an effect on Guardian's business. Examples are the changes in future income tax rates, which have had significant effects on Guardian's income tax expense, and net earnings, in 2006, 2007 and 2009. Because there has been a downward trend in income tax rates, the effects on earnings have been positive, but negative effects could result if tax rates increase in the future. Additionally, Guardian is reviewing the possible effect of the announced harmonization of taxes in the provinces of Ontario and British Columbia.

Performance Risk

Product performance presents another risk. It is a relative, as well as an absolute measure, because the risk is that we will not perform as well as the market, our peers, or in line with our clients' expectations. We manage this risk by having a disciplined approach to investment management, and by ensuring that our compliance capabilities are strong. With respect to clients' expectations, we also ensure that we are fully aware of all of those expectations, and that we properly communicate with our clients to develop, report on and comply with client mandates on a continuous basis.

Competition Risk

Another risk is competition. Our ability to compete is enhanced by the high quality of our management team, the substantial depth in personnel and resources and a strong balance sheet, which provide us with the flexibility to make the changes necessary to be competitive. In addition, we manage competition risk by tailoring our product and service offerings to market conditions and client needs.

Internal Control Over Financial Reporting and Disclosure Controls

Management is responsible for establishing and maintaining adequate internal controls over financial reporting, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP. There have been no changes in Guardian's internal control over financial reporting during the quarter ended December 31, 2009 that have materially affected, or are reasonably likely to materially affect, Guardian's internal control over financial reporting.

Management of Guardian has evaluated the effectiveness of its disclosure controls and procedures and internal controls over financial reporting (as defined under National Instrument 52-109) as of December 31, 2009, under the supervision of the Chief Executive Officer and the Vice-President, Finance, who is the Chief Financial Officer. Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer have concluded that the design and operation of those disclosure controls and procedures and internal controls over financial reporting were effective.

Outlook

Although economic conditions created challenges in 2009, we have taken steps to respond to the challenges, and to look for opportunities. We believe that, because of the strength of our balance sheet and the diversification of the segments in which we conduct our business, we are in a good position to withstand market volatility and to take advantage of opportunities created by that volatility. Our view is that the efforts made during 2008, which have borne fruit in 2009, coupled with the continued execution of prudent management, will support our goal of creating sustainable value in the years to come.

Ten Year Review

Notes 1, 2 and 3	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
($ in millions)										
Assets under management	**13,986**	11,764	16,885	17,305	18,444	16,085	13,444	10,031	10,010	10,328
Assets under administration[4]	**7,074**	6,005	6,303	5,677	4,837	3,708	2,731	2,308	2,369	2,069
($ in thousands)										
Revenues, net of commissions paid to advisors	**62,364**	62,434	73,822	70,381	60,505	50,821	38,203	34,911	44,665	61,723
Operating expenses[5]	**48,318**	50,749	48,574	45,384	41,930	35,748	29,771	26,988	32,026	37,485
Gain on sale of subsidiary		–	–	–	–	–	–	–	160,326	–
Net earnings	**14,274**[6]	7,299[7]	26,492[6]	22,959[6]	12,821	10,559	6,653	7,378	129,816	7,439
Shareholders' equity	**317,784**[8]	204,051[8]	334,696[8]	212,016	192,240	196,273	192,332	196,730	192,886	60,322
Corporate holdings of securities (at fair value)	**362,512**	241,549	380,433	443,108	407,117	364,318	335,205	271,989	247,216	74,482
(In dollars)										
Per average common and Class A share										
Net earnings for the year										
Basic	**0.41**[6]	0.19[7]	0.69[6]	0.60[6]	0.33	0.27	0.17	0.18	3.36	0.20
Diluted	**0.41**[6]	0.19[7]	0.68[6]	0.58[6]	0.32	0.26	0.17	0.18	3.31	0.20
Per common and Class A share										
Dividends paid	**0.150**	0.150	0.135	0.120	0.105	0.0875	0.075	0.065	0.060	0.060
Shareholders' equity										
Basic	**9.37**[8]	5.69[8]	8.79[8]	5.48	5.04	4.98	4.86	4.98	4.89	1.59
Diluted	**9.19**[8]	5.65[8]	8.67[8]	5.36	4.87	4.89	4.78	4.92	4.83	1.58
Share prices										
Common high	**9.97**	11.10	15.50	14.00	13.00	11.01	8.00	8.25	6.50	6.50
low	**4.65**	4.26	10.65	11.25	9.63	7.37	5.70	6.00	4.50	4.38
Class A high	**8.25**	11.02	13.50	13.13	12.13	12.00	7.25	6.20	6.58	4.75
low	**3.00**	3.02	10.33	10.12	9.00	6.75	5.15	4.25	4.05	2.13
(In thousands)										
Year end common and Class A shares outstanding										
Basic	**33,932**	35,874	38,095	38,669	38,149	39,552	39,568	39,494	39,440	38,220
Diluted	**34,563**	36,104	38,605	39,576	39,492	40,538	40,284	39,968	39,988	38,356

1 Comparative figures reflect the May, 2006 2-for-1 stock split.

2 Comparative figures include the results of Guardian Group of Funds Ltd. to the date of sale in July, 2001.

3 Certain comparative figures have been retrospectively amended to reflect the consolidation in 2009 of the EPSP Trust – See note 2 to the consolidated financial statements.

4 Assets under administration for 2004 to 2008 have been restated to include segregated funds assets administered by Guardian's insurance agency subsidiary.

5 Before interest, financing fees, income taxes, amortization and, in 2008, restructuring costs.

6 Net earnings reflect a reduction in future income taxes, resulting from the reduced income tax rates enacted during the year, as follows: 2009 - $2.0 million, $0.06 per share diluted; 2007 - $6.6 million, $0.16 per share diluted; 2006 - $3.3 million, $0.08 per share diluted.

7 Net earnings in 2008 reflect a $1.3 million ($0.03 per share) reduction in future income taxes, resulting from the reversal of future income taxes relating to Guardian's foreign subsidiaries, as well as the recording of restructuring costs of $2.3 million ($0.06 per share).

8 Shareholders' equity in 2007, 2008 and 2009 reflects the recording of the corporate holdings of securities at fair value, in accordance with new accounting policies adopted effective January 1, 2007.

Financial Statements

Management's Statement on Financial Reporting

The following financial statements, which consolidate the financial results of Guardian Capital Group Limited, its subsidiaries and other controlled entities, and the Company's proportionate share of a joint venture, and all other information in this annual report, are the responsibility of management. The financial statements and Management's Discussion and Analysis have been approved by the Board of Directors.

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles. Financial information presented elsewhere in this annual report is consistent with that in the financial statements.

In management's opinion, the financial statements have been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized on pages 25 to 27. Management maintains a system of internal controls over the financial reporting process designed to provide reasonable assurance that relevant and reliable financial information is produced. Management also administers a program of ethical business conduct compliance.

KPMG LLP, the Company's independent auditors, have audited the accompanying financial statements. Their report follows. The Audit Committee of the Board of Directors, composed of independent directors, meets regularly with management and KPMG LLP to review their activities and to discuss the external audit process, internal controls, accounting policies and financial reporting matters. KPMG LLP has unrestricted access to the Company, the Audit Committee and the Board of Directors.

The Audit Committee and the Board of Directors review financial statements prior to their release. The Audit Committee has reviewed the financial statements and Management's Discussion and Analysis and recommended their approval to the Board of Directors.

John Christodoulou,
Chairman and Chief Executive Officer
February 25, 2010

C. Verner Christensen,
Senior Vice-President, Finance

Auditors' Report to The Shareholders

We have audited the consolidated balance sheets of Guardian Capital Group Limited as at December 31, 2009 and 2008 and the consolidated statements of operations, retained earnings, comprehensive income (loss) and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2009 and 2008 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

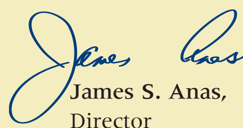
Chartered Accountants, Licensed Public Accountants Toronto, Canada February 25, 2010

Consolidated Balance Sheets

As at December 31 ($ in thousands)		2009		2008 (amended-note 2)
Assets				
Current Assets:				
Cash	$	8,227	$	9,033
Interest-bearing deposits with banks		10,469		2,404
Accounts receivable		21,592		19,235
Receivables from clients and broker		21,591		21,262
Prepaid expenses		1,133		1,220
		63,012		53,154
Securities holdings (note 6)		362,512		241,549
Capital assets (note 7)		1,953		2,791
Goodwill (note 8)		5,249		5,249
Intangible assets (note 9)		6,069		8,382
	$	438,795	$	311,125
Liabilities				
Current Liabilities:				
Bank indebtedness (note 10)	$	2,314	$	8,809
Bank loan (note 10)		13,783		12,768
Due on securities sold short		804		1,419
Accounts payable and accrued expenses		14,337		15,524
Client deposits		10,488		5,983
Payable to clients		21,591		21,262
Bankers' acceptances payable (note 10)		30,000		25,000
		93,317		90,765
Future income taxes (note 11)		27,608		15,064
Non-controlling interests (note 12)		86		1,245
		121,011		107,074
Shareholders' Equity				
Capital stock (note 13)		24,132		25,377
Treasury stock (note 13)		(13,783)		(12,768)
Contributed surplus (note 13)		6,602		5,241
Retained earnings		201,332		199,826
Accumulated other comprehensive income (loss) (note 4)		99,501		(13,625)
		317,784		204,051
	$	438,795	$	311,125

See accompanying notes to consolidated financial statements.

On behalf of the Board:



James S. Anas,
Director

John M. Christodoulou,
Director

Consolidated Statements of Operations

For the years ended December 31 ($ in thousands, except per share amounts)	2009	2008 (amended-note 2)
Gross Revenue	**$ 107,193**	$ 111,014
Gross commission revenue	**$ 53,708**	$ 58,536
Commissions paid to advisors	**(44,829)**	(48,580)
	8,879	9,956
Management fee income	**31,288**	36,524
Net income from securities, before writedowns (note 14a)	**16,771**	12,779
Writedowns of securities (note 14b)	**(180)**	(1,439)
Administrative services income	**5,606**	4,614
Revenues, net of commissions paid to advisors	**62,364**	62,434
Expenses		
Expenses, exclusive of commissions and the undernoted items	**48,318**	50,749
Amortization	**2,896**	3,473
Interest	**1,205**	2,099
Restructuring costs (note 15)	**–**	2,344
	52,419	58,665
Earnings before non-controlling interest and income taxes	**9,945**	3,769
Non-controlling interests (note 12)	**81**	280
Earnings before income taxes	**10,026**	4,049
Recovery of income taxes (note 11)	**(4,248)**	(3,250)
Net Earnings	**$ 14,274**	$ 7,299
Net earnings per Class A and Common share:		
Basic	**$ 0.41**	$ 0.19
Diluted	**0.41**	0.19
Weighted average number of Class A and Common shares outstanding (in thousands):		
Basic	**34,690**	37,569
Effect of outstanding stock options and stock-based entitlements	**523**	393
Diluted	**35,212**	37,962

See accompanying notes to consolidated financial statements.

Consolidated Statements of Retained Earnings

For the years ended December 31 ($ in thousands, except per share amounts)	2009	2008 (amended- note 2)
Retained Earnings, Beginning of Year	$ 199,826	$ 208,708
Net earnings	14,274	7,299
	214,100	216,007
Less:		
Dividends paid	5,320	5,715
Excess of purchase price over issue price of Company's capital stock acquired (note 13d)	7,448	10,466
	12,768	16,181
Retained earnings, end of year	$ 201,332	$ 199,826

See accompanying notes to consolidated financial statements.

Consolidated Statements of Comprehensive Income (Loss)

(note 4)

For the years ended December 31 ($ in thousands, except per share amounts)	2009	2008 (amended- note 2)
Net earnings	$ 14,274	$ 7,299
Other comprehensive (loss) income:		
Increase (decrease) in net unrealized gain on available for sale securities	139,580	(153,133)
Less: (Provision for) recovery of income taxes	(15,785)	19,006
	123,795	(134,127)
Reversal of unrealized gains (losses) upon disposal or writedown of available for sale securities	(1,630)	631
Less: Reversal of income taxes	(156)	(113)
	(1,786)	518
Change in foreign currency translation adjustment	(8,883)	13,426
Total other comprehensive income (loss)	113,126	(120,183)
Comprehensive income (loss)	$ 127,400	$ (112,884)

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flow

For the years ended at December 31 ($ in thousands)	2009	2008 (amended- note 2)
Operating Activities		
Net earnings	$ 14,274	$ 7,299
Add (deduct) items not involving cash:		
Future income taxes	(3,397)	(3,268)
Amortization of capital assets	808	980
Amortization of intangible assets	2,088	2,493
Net (gain) loss on sale of securities	(1,397)	3,045
Writedowns of securities	180	1,439
Stock-based compensation	1,361	1,375
Restructuring costs	–	1,061
Writedown of intangible and capital assets	867	–
Non-controlling interests	(81)	(280)
	14,703	14,144
Net change in non-cash working capital	(4,176)	(2,903)
Net cash from operating activities	10,527	11,241
Financing Activities		
Change in client deposits	5,092	(5,600)
Acquisition of capital stock	(8,693)	(12,019)
Acquisition of treasury stock	(1,015)	(1,403)
Increase in bank loan	1,015	1,403
Dividends paid	(5,320)	(5,715)
Issuance of bankers' acceptances	5,000	8,000
Non-controlling interests	(1,077)	1,525
Increase (reduction) in long-term debt	–	(199)
Net cash used in financing activities	(4,998)	(14,008)
Investing Activities		
Acquisition of securities	(63,153)	(51,182)
Proceeds on sale of securities	72,925	47,666
Change in interest-bearing deposits with banks	(8,710)	7,674
Acquisition of intangible assets	(637)	(5,713)
Acquisition of capital assets	(86)	(649)
Net cash from (used in) investing activities	339	(2,204)
Foreign Exchange		
Net effect of foreign exchange rate changes on cash balances	(179)	515
Net change in cash, net of bank indebtedness	5,689	(4,456)
Cash, net of bank indebtedness, beginning of year	224	4,680
Cash, net of bank indebtedness, end of year	$ 5,913	$ 224

As at December 31 ($ in thousands)		
Represented by:		
Cash	$ 8,227	$ 9,033
Bank indebtedness	(2,314)	(8,809)
	$ 5,913	$ 224
Supplemental cash flow information:		
Interest paid	$ 1,205	$ 2,099
Taxes paid (refunded)	(914)	2,225

See accompanying notes to consolidated financial statements.

Notes to Financial Statements

1. Significant Accounting Policies

(a) Principles of consolidation

These consolidated financial statements include the accounts of Guardian Capital Group Limited and its subsidiaries and other controlled entities (the "Company"), including variable interest entities ("VIEs") of which the Company is considered the primary beneficiary, and the Company's proportionate share of the individual assets, liabilities, revenue and expenses of a joint venture. All intercompany transactions and balances have been eliminated.

In these notes, all dollar amounts and numbers of shares are stated in thousands. Per share amounts and option exercise prices are stated in dollars and cents.

(b) Financial instruments

All financial instruments held by the Company are recorded, at inception, at fair value. For financial instruments with quoted market prices from an active market, fair value is determined using such quoted market prices. For securities of mutual funds, net asset value per share or unit ("NAV") is considered to represent fair value, if such NAV is regularly calculated, published and used as the basis for regularly occurring capital transactions. Depending upon the designation of the instruments, subsequent changes in fair value are reflected either in net earnings or other comprehensive income. The Company capitalizes transaction costs related to all financial instruments, other than those designated as held for trading, which are expensed as incurred. The categories which have been used for the designation of financial instruments, and the resulting accounting treatment of changes in fair values, are as follows:

i) Loans and receivables

All loans and receivables are designated into this category. The subsequent measurements of these instruments are at amortized cost, using the effective interest rate method, and changes are reflected in net earnings.

ii) Held for trading

All derivative instruments, securities sold short and certain financial instruments acquired by two of the Company's subsidiaries, a securities dealer and a mutual fund dealer, consistent with the requirements of the regulatory authorities, are designated into this category. Subsequent changes in fair value are reflected in net earnings.

iii) Other liabilities

All financial liability instruments, other than derivative instruments and the liability for securities sold short, are designated into this category. Subsequent measurements of these instruments are at amortized cost, using the effective interest rate method, and changes are reflected in net earnings.

iv) Available for sale

All other financial instruments, including substantially all of the Company's securities portfolio, are designated into this category. Subsequent changes in fair value are taken into other comprehensive income, net of any applicable income taxes. Equity investment instruments without a quoted market price in an active market are measured at cost.

(c) Receivables from clients and broker

Included in receivable from clients and broker are amounts representing client cash held on deposit with the carrying broker, amounts receivable from clients on unsettled trades and receivable from clients on margin loans. The balances are recorded on a trade date basis. The offsetting liabilities are reflected in payable to clients.

(d) Securities holdings

The fair value of securities priced based on market transactions is derived from publicly-available values for those securities. The fair value of securities and other assets not having a quoted market value is recorded at cost, less any writedowns.

Securities are designated as "available for sale" securities, with the exception of those held by securities dealer and mutual fund dealer subsidiaries, derivative instruments and certain other securities, which are classified as "held for trading". Changes in the values of available for sale securities are included in comprehensive income (loss) for the year, while changes in the values of held for trading securities are recorded in income or loss from securities. The trade date is used for purposes of calculating gains and losses on sale of securities.

Available for sale securities are assessed quarterly by management for other than temporary impairments, by reference to quoted market values, or other valuation techniques when no quoted values are available. Such securities are written down, if there is an impairment of their values which is considered to be other than temporary. Factors considered in determining whether an impairment is other than temporary include the length of time and the extent of the unrealized loss, the financial condition and near-term prospects of the issuer and the Company's ability and intent to hold the investment for a period of time sufficient to allow for any anticipated recovery. Such writedown is included in writedowns of securities.

(e) Capital assets
Capital assets are recorded at cost, less accumulated amortization. The majority of computer hardware is amortized on a straight-line basis over three years. The majority of the furniture and equipment is amortized on a diminishing-balance basis at a rate of 20% per annum. Leasehold improvements are amortized on a straight-line basis over the terms of the leases.

(f) Goodwill
Goodwill represents the excess of the purchase price over the fair value of tangible and intangible net assets acquired. Goodwill is not amortized but is reviewed for impairment at least annually.

(g) Intangible assets
Intangible assets represent new business costs (costs respecting new advisors and branches joining the Company, and account transfer costs), computer software and the Company's rights to future revenues. The amortization policies for these assets are as follows:
i) New business costs – Where there is a commitment by advisors to stay with the Company for a specified number of years, they are amortized over that number of years;
ii) Computer software – The initial cost of the main computer processing system used by the mutual fund dealer subsidiary is amortized on a straight-line basis over ten years, with subsequent improvements to this system being amortized over five years, and other computer software being amortized over three years; and
iii) The rights to future revenues are amortized over their estimated useful lives of 15 years.

The Company reviews the intangible assets annually for impairment. If such impairment occurs, or other events and changes in circumstances warrant, the Company reduces the recorded value, or adjusts the amortization method or estimate of useful life on such intangible assets. When intangible assets are fully amortized, their cost and accumulated amortization are written off.

(h) Leasehold inducements
Leasehold inducements when provided by the lessor for refurbishment of new premises are amortized over the term of the lease as reductions of operating expenses.

(i) Revenue recognition
i) The Company provides management and investment advisory services to clients, in consideration for management fees, which are generally calculated based on the fair value of the assets managed, in accordance with the agreements with the clients. The fees are earned over the time during which the assets are managed or advised on by the Company. Certain clients also pay performance fees, if the performance of such clients' assets under management exceed that of certain performance benchmarks by an agreed level over a stated time period. Such fees are recorded when the services have been provided, the amount of the fees can be reliably measured, and it is probable that the fees will be received.
ii) Gross commission revenue earned in the financial advisory area is recorded on a trade date basis.
iii) Income from securities is composed of dividends and interest earned, plus or minus any gains or losses related to changes in the fair value of held for trading securities, or on disposal of available for sale securities, and adjustments to record any impairment in value. Dividends are recorded as earned on the record date. Interest is recorded as earned over the period of time during which the interest-paying investment is held, on an effective yield basis.
iv) Administrative services income is earned by the Company from certain clients, associated with the maintenance of accounts opened with the Company, and the provision of general corporate services to other clients. Such income is recognized, on an accrual basis, as the services continue to be performed on an ongoing basis, all as based on agreements with the clients.

(j) Translation of foreign currencies
Amounts denominated in foreign currencies included in these financial statements are translated into Canadian dollars as follows:
i) Foreign currency financial assets and liabilities are translated at the year-end exchange rates, and purchases and sales of securities and income and expenses are translated at the rates of exchange prevailing on the respective dates of such transactions. Foreign exchange gains and losses, if any, resulting from the foregoing are included in the statements of operations.
ii) The accounts of certain subsidiaries of the Company are maintained in foreign currencies and represent self-sustaining foreign operations. Assets and liabilities have been translated into Canadian dollars at exchange rates prevailing at the end of the year and income and expenses at average monthly rates. Adjustments resulting from the exchange gains and losses on the translation of balance sheets of the Company's self-sustaining foreign operations are recorded as a foreign currency translation adjustment in the statements of comprehensive income (loss), and the cumulative balance is included in accumulated other comprehensive income (loss) in the shareholders' equity section of the balance sheets.

(k) Stock-based compensation
Options awarded under the Company's Stock Option Plan, and stock-based entitlements provided under the Company's Employee Profit Sharing Plan,are accounted for using the fair value based method, under which compensation cost is measured at the fair value at the date of grant or provision, and is expensed over the vesting period.

(l) Income taxes
The Company follows the asset and liability method of accounting for income taxes, whereby future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amount of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Future tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those assets and liabilities are expected to be recovered or settled.

(m) Earnings per share
The calculation of basic earnings per share is based on the weighted average of Class A and common shares outstanding during each year and on earnings available to the holders of the Class A and common shares. Diluted earnings per share are calculated by adjusting for the effect of outstanding in-the-money stock options and stock-based entitlements, using the treasury stock method.

(n) Forward contracts
From time to time, in the course of the management of its securities holdings, the Company enters into forward currency contracts, to hedge the foreign currency value of the securities. Being derivative instruments, such contracts are classified as held for trading financial instruments. All changes in their fair values are included in income from securities, and their fair values as at the yearend are included in held for trading securities, in these financial statements.

(o) Use of estimates
The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements, and the reported amounts of revenue and expenses during the reporting year. Actual results could differ from those estimates.

2. Amendment of Financial Statements

The Company has provided stock-based entitlements to certain senior employees, through an Employee Profit Sharing Plan Trust (the "EPSP Trust"). The EPSP Trust purchases shares of the Company, which are allocated to senior employees and are financed by a bank loan facility with a major chartered bank, which is secured by the shares held by the EPSP Trust and guaranteed by the Company.

During the year, the Company reevaluated its arrangements with the EPSP Trust, and determined that the EPSP Trust is a VIE, of which the Company is the primary beneficiary. As a result, the Company has consolidated the EPSP Trust in these financial statements. In doing so, the Company has recorded the EPSP Trust bank loan and the shares owned by the EPSP Trust, which have been accounted for as treasury stock in these financial statements. In addition, the Company has recorded compensation cost based on the values of certain entitlements provided to employees and additional interest costs associated with the EPSP Trust bank borrowings, and has amended the comparative statements retrospectively.

As a result of recording the additional compensation and interest costs, the opening Retained Earnings for the year 2008 has been reduced by $2,587, being the cost for the years 2004 to 2007, and such cost for the year 2008 has been recorded as expense in the amount of $642. In addition, the Company has recorded the outstanding EPSP Trust bank loan of $12,768 at December 31, 2008, and the holding of treasury stock in the same amount, resulting in a corresponding reduction in Shareholders' Equity. The treasury stock held amounted to 1,490 shares at December 31, 2008, reducing the number of shares used for the calculation of Earnings per Share. However, certain of the employee entitlements to the treasury stock potentially create dilution of earnings.

The recording of the dividends paid on the treasury stock has also been reversed, resulting in an increase of $351 in the opening retained earnings for the year 2008, pertaining to the dividends paid for the years 2005 to 2007. A corresponding reduction of $198 has been recorded in the dividends paid in 2008, and reclassifications of expenses between compensation cost and interest have been recorded.

The amounts described above which have been retrospectively recorded, are not considered material in any of the past periods to which they refer, or in the current period.

3. Accounting Policy Changes

(a) New policies

Effective January 1, 2009, the Company adopted the new Canadian Institute of Chartered Accountants ("CICA") Handbook section 3064, "Goodwill and Intangible Assets". This section establishes new standards for the recognition and measurement of intangible assets, but does not affect the accounting for goodwill. The implementation of this standard resulted in a reclassification to intangible assets of balances previously classified as deferred charges, as well as software previously included in capital assets. It did not result in a material impact to these consolidated financial statements.

Effective December 31, 2009, the Company adopted amendments to Handbook section 3862 "Financial Instruments – Disclosures", which had been issued by the CICA in June, 2009. These amendments require enhanced disclosures related to how fair values of certain financial instruments are determined, and requires those financial instruments to be classified into three levels of fair value hierarchy. These amendments were required to be adopted for the December 31, 2009 year end, and appropriate new disclosures have been added, as note 21 to these financial statements.

On January 1, 2008, the Company adopted new CICA Handbook sections 3862, "Financial Instruments – Disclosures", 3863, "Financial Instruments – Presentation", and 1535, "Capital Disclosures". Sections 3862 and 3863 replaced previous section 3861, "Financial Instruments-Disclosure and Presentation". These new sections placed continued emphasis on disclosures about the nature and extent of risks arising from financial instruments and how they are managed by the entity, and the Company updated its disclosures accordingly. Section 1535 requires the disclosure of both qualitative and quantitative information on capital management by the Company, and appropriate new disclosures were added.

In October, 2008, the CICA issued amendments to Handbook section 3855 "Financial Instruments – Recognition and Measurement", and section 3862 "Financial Instruments – Disclosures". The amendments permit, in rare circumstances, certain reclassifications of non-derivative financial assets from the category of held for trading to either available for sale or held to maturity. As the Company considered that the market conditions at that time qualified for such reclassification, it elected to reclassify certain securities from held for trading to available for sale, at their fair value on October 1, 2008.

(b) Future policies

In February, 2008, the CICA announced that Canadian generally accepted accounting principles ("GAAP") for publicly accountable enterprises will be replaced by International Financial Reporting Standards ("IFRS") for fiscal years beginning on or after January 1, 2011. In 2011 Companies will be required to provide IFRS comparative information for the previous fiscal year. Accordingly, the conversion from Canadian GAAP to IFRS will be applicable to Guardian's reporting for the first quarter of 2011, for which the current and comparative information will be prepared under IFRS. Guardian commenced its transition from Canadian GAAP to IFRS during the year 2008, and discloses its progress in its preparations for IFRS in its Management's Discussion and Analysis included in its Interim and Annual Reports.

4. Accumulated Other Comprehensive Income (Loss)

For the years ended December 31	2009	2008
Unrealized gains (losses) on available for sale securities		
Opening balance	**$ (11,308)**	$ 122,301
Change during the period	**123,795**	(134,127)
Reversal of unrealized losses (gains) on disposal or writedown of securities during the period	**(1,786)**	518
Closing balance	**110,701**	(11,308)
Foreign currency translation adjustment on self-sustaining foreign subsidiary		
Opening balance	**(2,317)**	(15,743)
Change during the period	**(8,883)**	13,426
Closing balance	**(11,200)**	(2,317)
Accumulated other comprehensive income (loss), end of period	**$ 99,501**	$ (13,625)

5. Joint Venture

The Company's proportionate interest in a joint venture is included in these financial statements and is summarized below:

As at December 31	2009	2008
Current assets	$ 945	$ 1,106
Capital assets	3	3
	$ 948	$ 1,109
Current liabilities	$ 612	$ 773
Shareholders' equity	336	336
	$ 948	$ 1,109

For the years ended December 31	2009	2008
Management fee income	$ 1,141	$ 1,269
Expenses, exclusive of amortization	1,143	1,267
Amortization	–	1
	1,143	1,268
Earnings (loss) before income taxes	(2)	1
Provision for income taxes	–	2
Net earnings (loss)	$ (2)	$ (1)

6. Securities Holdings

As at December 31	2009	2008
Available for sale securities		
Securities priced based on market transactions:		
Short-term securities (a)	$ 10,780	$ 17,505
Mutual funds (c)	52,926	44,450
Bonds	–	1,190
Common shares	295,060	173,606
Securities not having a quoted market value (b)	2,134	2,266
	360,900	239,017
Held for trading securities		
Short-term securities	1,612	2,305
Forward currency contracts	–	227
	1,612	2,532
	$ 362,512	$ 241,549

(a) Short-term securities shown above include securities of mutual funds that hold short-term securities, as well as short-term instruments that are continually reinvested by the Company and are therefore included in securities holdings.

(b) The securities not having a quoted market value are recorded at cost, less any writedowns as a result of the recognition of an impairment which is considered other than temporary. During the year, impairment assessments by management resulted in certain securities being written down by $180 (2008 - $1,439), as described in note 14b.

(c) In accordance with the amendments to CICA Handbook sections 3855 and 3862, as described in note 3, the Company elected to reclassify certain mutual fund securities from held for trading to available for sale, at their fair values on October 1, 2008, which were $2,182. During 2008, prior to the reclassification, a loss on such securities of $330 was recorded in Net Earnings. From October 1, 2008 to December 31, 2008, an unrealized loss of $369 on such securities was recorded in Other Comprehensive Income, net of $53 in taxes, which would otherwise have been recorded in Net Earnings. During 2009, certain of such securities were disposed of, and a realized loss of $44 was recorded in Net Earnings. In addition, in 2009, an unrealized gain of $317 on such securities not disposed of was recorded in Other Comprehensive Income, net of $46 in taxes, which would otherwise have been recorded in Net Earnings.

7. Capital Assets

As at December 31	2009			2008		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Computer hardware	**$ 1,366**	**$ 1,077**	**$ 289**	$ 3,046	$ 2,438	$ 608
Furniture and equipment	**3,768**	**2,427**	**1,341**	4,529	2,926	1,603
Leasehold improvements	**1,231**	**908**	**323**	1,237	657	580
	$ 6,365	**$ 4,412**	**$ 1,953**	$ 8,812	$ 6,021	$ 2,791

In accordance with the new accounting policy described in note 3a, the computer software, which was previously included in capital assets, was reclassified to intangible assets in 2009.

8. Goodwill

In 2004, the Company purchased all of the ownership interest in a life insurance managing general agent, for a price of $1,873 plus acquisition costs of $82. $1,250 of the purchase price was paid in cash on closing. After certain adjustments, 75% of the balance was paid in 2007, and 25% was paid in 2009. Of the total purchase price, $882 was allocated to intangible assets, and the remainder, amounting to $1,022, after taking into account identifiable assets less liabilities assumed, was allocated to goodwill. The remainder of the goodwill, $4,227, arose on the purchase of the mutual fund dealer subsidiary.

9. Intangible Assets

As at December 31	2009			2008		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
New business costs	**$ 6,928**	**$ 2,734**	**$ 4,194**	$ 7,317	$ 1,957	$ 5,360
Computer software	**2,710**	**1,939**	**771**	1,758	912	846
Computer software license	**–**	**–**	**–**	1,021	108	913
Rights to future revenues	**2,257**	**1,153**	**1,104**	2,257	994	1,263
	$ 11,895	**$ 5,826**	**$ 6,069**	$ 12,353	$ 3,971	$ 8,382

In accordance with the new accounting policy described in note 3a, the new business costs, which were previously included in deferred charges, and computer software, which was previously included in capital assets, were reclassified as intangible assets in 2009.

As at December 31, 2009, the computer software license related to a startup investment management business set up in 2007 and restructured in 2008, was written off, in the amount of $813, as a result of management's assessment of its value.

10. Bank Borrowings

(a) Bank indebtedness

The Company has a line of credit from a major Canadian chartered bank, to a maximum of $11,000, due on demand and secured by a General Security Agreement. Under this facility, the Company has outstanding bank indebtedness of $2,314 at December 31, 2009 (2008 – $8,809).

(b) Bank loan

Through the EPSP Trust, the Company has a bank loan from a major chartered bank, in the amount of $13,783 at December 31, 2009 (2008 - $12,768). The loan bears interest at the bank prime rate, plus 0.25%, and is secured by the deposit as collateral of the Company shares held by the EPSP Trust valued at $13,764 at December 31, 2009 (2008 - $6,617), and other securities valued at $8,198 at December 31, 2009 (2008 - $4,589).

(c) Bankers' acceptances payable

The Company has outstanding notes payable under bankers' acceptances, in the amount of $30,000 at December 31, 2009 (2008 - $25,000). The bankers' acceptances are guaranteed by a major Canadian chartered bank, and the balance at December 31, 2009 is due at various dates over a period of 62 days.

Under this borrowing facility, bankers' acceptances may be issued for periods from 30 to 270 days, at rates negotiated in the bankers' acceptance market. The borrowing facility is secured by a General Security Agreement.

11. Income Taxes

As at December 31		2009		2008
(a) The components of recovery of income taxes are as follows:				
Current income taxes recovery	$	**(851)**	$	18
Future income taxes recovery		**(3,397)**		(2,003)
Reversal of liability for future taxes on repatriation of foreign subsidiaries		**–**		(1,265)
Net recovery of income taxes	$	**(4,248)**	$	(3,250)
(b) The components of the future income tax balance are as follows:				
Future income tax assets:				
Loss carryforwards	$	**2,576**	$	2,322
Deferred items		**1,953**		1,892
		4,529		4,214
Future income tax liabilities:				
Deferred capital gains		**32,137**		19,278
Net future income tax liability	$	**27,608**	$	15,064
(c) The Company has total non-capital loss carryforwards which expire as follows:				
2010	$	**361**	$	361
2014		**168**		168
2015		**1,943**		1,943
2026		**609**		609
2027		**1,246**		1,246
2028		**3,227**		3,227
2029		**2,734**		–
	$	**10,288**	$	7,554

The benefit from $10,288 (2008 - $7,554) of these non-capital loss carryforwards has been recognized in the consolidated financial statements.

(d) The total provision for income taxes in the consolidated Statements of Operations is at a rate less than the combined Federal and provincial statutory income tax rate of the current year for the following reasons:

		2009		2008
Tax at the combined Federal and provincial statutory income tax rate for the current year	$	**3,330**	$	1,571
Increase (decrease) in provision due to:				
Lower average tax rate applicable to foreign subsidiaries		**(1,208)**		178
Tax-exempt income from securities		**(4,659)**		(4,816)
Adjustments to future tax assets and liabilities for substantively enacted changes in tax rates		**(1,974)**		327
Reversal of liability for future taxes on repatriation of earnings from foreign subsidiaries[1]		**–**		(1,265)
Non-taxable portion of capital losses		**111**		511
Non-deductible expenses		**237**		292
Change in valuation allowance		**–**		(15)
Other		**(85)**		(33)
Net recovery of income taxes	$	**(4,248)**	$	(3,250)

(1) In 2008, management determined that earnings from its foreign subsidiaries will not be repatriated within the foreseeable future, and therefore reversed the future income tax liability previously recorded.

12. Non-Controlling Interests

The liability for non-controlling interests represents the fair values of the interests of outside parties in mutual funds that the Company has consolidated because they meet the definition of variable interest entities. The amount shown on the Statements of Operations represents the interests of those outside parties in the net gains or losses recorded by those funds in the year. The funds involved were organized by the Company, and are being marketed to others.

13. Capital Stock

(a) Authorized

(i) Unlimited preferred shares, without par value, may be issued in an unlimited number of series, the designation, rights, privileges, conditions and other provisions of which are to be determined by the Board of Directors.

(ii) Unlimited Class A non-voting shares, without par value, convertible into common shares on a one-for-one basis, under certain terms and conditions, the highlights of which are as follows: if any person other than an insider of the Company acquires ownership, control or direction over in excess of 50% of the common shares, or makes an offer to all common shareholders to buy common shares, the Class A shares may be converted into common shares, unless holders of over 50% of the outstanding common shares do not accept the offer, or an equivalent offer is made to the holders of Class A shares.

(iii) Unlimited common shares, without par value, convertible on a one-for-one basis into Class A non-voting shares.

(b) Issued and outstanding

As at December 31	2009		2008	
	Shares	Amount	Shares	Amount
(i) Class A shares				
Outstanding, beginning of year	**31,770**	**$ 24,025**	33,824	$ 25,578
Acquired and cancelled	**(1,647)**	**(1,245)**	(2,054)	(1,553)
Converted from common shares	**57**	**14**	–	–
Outstanding, end of year	**30,180**	**22,794**	31,770	24,025
(ii) Common shares				
Outstanding, beginning of year	**5,594**	**1,352**	5,594	1,352
Converted to Class A shares	**(57)**	**(14)**	–	–
Outstanding, end of year	**5,537**	**1,338**	5,594	1,352
Total issued and outstanding	**35,717**	**$ 24,132**	37,364	$ 25,377

(c) Stock option plan

The Company maintains a Stock Option Plan for designated officers, directors and employees. Each stock option entitles the holder to purchase one Class A share, subject to certain predetermined vesting arrangements and other conditions. A summary of the status of the Company's Stock Option Plan as at December 31 and changes during the year is presented below:

As at December 31	2009		2008	
Options	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Outstanding, beginning of year	**606**	**$ 10.67**	606	$ 10.67
Expired	**(100)**	**5.50**	–	–
Outstanding, end of year	**506**	**$ 11.69**	606	$ 10.67

During the years 2009 and 2008, no options to purchase shares were granted. The amount recorded as compensation cost in 2009, pertaining to options granted in 2006, was $422 (2008 - $422).

The Company currently has reserved for the grant of options a maximum of 1,568 Class A shares.

The following table summarizes information about fixed stock options outstanding:

Range of Exercise Prices	Number Outstanding	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
As at December 31, 2009					
$ 10.01-15.00	**506**	**.50**	**$ 11.69**	**398**	**$ 11.71**
Outstanding, end of year	**506**		**$ 11.69**	**398**	**$ 11.71**

Range of Exercise Prices	Number Outstanding	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
As at December 31, 2008					
$ 5.01-10.00	100	0.17	$ 5.50	100	$ 5.50
$ 10.01-15.00	506	1.50	11.69	297	11.72
Outstanding, end of year	606		$ 10.67	397	$ 10.15

(d) Issuer bid

During the year, the Company acquired 1,647 (2008 - 2,054) of its Class A shares for $8,693 (2008 - $12,019), of which $7,448 (2008 - $10,466), the excess of the purchase price over the average issue price, was charged directly to retained earnings.

(e) Treasury stock

The Company purchases and holds shares in its capital stock through the EPSP Trust, which are accounted for as treasury stock and are described in notes 2 and 13f of these financial statements. A summary of the changes in the Company's treasury stock is as follows:

As at December 31	2009		2008 (amended-note 2)	
	Shares	Amount	Shares	Amount
Balance, beginning of year	**1,490**	**$ 12,768**	1,323	$ 11,365
Shares acquired	**307**	**1,090**	167	1,403
Shares disposed of	**(12)**	**(75)**	–	–
Balance, end of year	**1,785**	**$ 13,783**	1,490	$ 12,768

As at December 31, 2009, the treasury stock was composed of 163 common shares (2008 - 133) and 1,622 class A shares (2008 - 1,357).

(f) EPSP Trust – Stock-based entitlements

The stock-based entitlements provided by the Company to certain senior employees through the EPSP Trust is in the form of either an option-like entitlement or an equity-based entitlement, as described below.

(i) Option-like entitlements

The option-like entitlements allow the employees to purchase shares from the EPSP Trust at prices equal to the amount of the bank loan per share pertaining to those shares, subject to predetermined vesting arrangements and other conditions. Due to the nature of these entitlements and the conditions attached to them, the contractual life of the entitlement is indeterminable.

A summary of the changes in the option-like entitlements is as follows:

As at December 31	2009		2008 (amended-note 2)	
	Number of Shares	Weighted Average Purchase Price	Number of Shares	Weighted Average Purchase Price
Option-like entitlements, beginning of year	**1,269**	**$ 8.24**	1,144	$ 8.27
Entitlements provided	**30**	**5.52**	125	7.99
Option-like entitlements, end of year	**1,299**	**$ 8.18**	1,269	$ 8.24

As at December 31, 2009, there were outstanding entitlements for 163 common shares (2008 - 133) and 1,136 class A shares (2008 - 1,136). The amount recorded as compensation cost in 2009, pertaining to option-like entitlements, was $406 (2008 - $444).

Because these entitlements have option-like characteristics, they are accounted for as options and valued using the Black-Scholes option pricing model. Entitlements provided during the year ended December 31, 2009 had a value of $24 (2008 - $211), which value is being recorded as compensation cost over the vesting period of the entitlements, and is credited to contributed surplus. The following are the key assumptions used in the valuation of these entitlements:

For the years ended December 31	2009	2008 (amended-note 2)
Average purchase price per share	**$ 5.52**	$ 7.99
Vesting period in years	**6.00**	6.00
Average expected term to exercise, in years	**6.00**	6.00
Risk-free interest rate	**2.12 %**	3.27 %
Expected normal price volatility	**26.70 %**	19.59 %
Expected dividends per share, per annum	**$ 0.15**	$ 0.15

The following table summarizes information about option-like entitlements outstanding:

Range of Purchase Prices	Number of Shares Outstanding	Weighted Average Purchase Price	Number of Shares Vested	Weighted Average Purchase Price
As at December 31, 2009				
$ 0.00-$ 5.00	**80**	**$ 3.09**	**80**	**$ 3.09**
$ 5.01-$ 10.00	**895**	**$ 7.37**	**724**	**$ 7.27**
$ 10.01-$ 15.00	**324**	**$ 11.67**	**152**	**$ 11.57**
	1,299	**$ 8.18**	**956**	**$ 7.60**
As at December 31, 2008				(amended-note 2)
$ 0.00-$ 5.00	80	$ 3.09	80	$ 3.09
$ 5.01-$ 10.00	865	$ 7.44	647	$ 7.09
$ 10.01-$ 15.00	324	$ 11.67	81	$ 11.51
	1,269	$ 8.24	808	$ 7.13

(ii) Equity-based entitlements

Equity-based entitlements allow the employees to purchase shares from the EPSP Trust at zero cost, subject to predetermined vesting arrangements and other conditions. When such purchases by employees occur, the Company pays to the EPSP Trust the amount of the bank loan attributable to the shares purchased. Due to the nature of these entitlements and the conditions attached to them, the contractual life of the entitlement is indeterminable.

A summary of the changes in the equity-based entitlements is as follows:

For the years ended December 31	2009	2008 (amended-note 2)
	Number of Shares	
Equity-based entitlements, beginning of year	**221**	179
Entitlements provided	**277**	42
Entitlements redeemed	**(12)**	–
Equity-based entitlements, end of year	**486**	221

Equity-based entitlements are valued at their fair market value on the issue date. This value is recorded by the Company as compensation cost over the vesting period, and is credited to contributed surplus. The amount recorded as compensation cost in 2009, pertaining to equity-based entitlements, was $533 (2008 - $509). Allocations provided during the year ended December 31, 2009 had a fair value of $922 (2008 - $402).

14. Net Income from Securities

(a) Net income from securities, before writedowns is composed of:

For the years ended December 31	2009	2008
Dividend income	**$ 14,827**	$ 14,604
Interest income earned from -		
Held for trading securities	**190**	645
Financial assets not classified as held for trading	**357**	575
Total dividend and interest income	**15,374**	15,824
Net gain (loss) on -		
Held for trading securities	**17**	(100)
Available for sale securities	**1,380**	(2,945)
Net gain (loss) on securities	**1,397**	(3,045)
Net income from securities, before writedowns	**$ 16,771**	$ 12,779

(b) Writedowns of securities:

During the year 2009, management determined that certain available for sale securities were impaired. As a result, those securities were written down by $180 (2008 - $1,439) to management's best estimate of their fair values.

15. Restructuring Costs

In 2008, the Company incurred the following restructuring costs:

Costs associated with the termination of employees, as a result of decisions to reduce headcount	$ 1,283
Writeoff of the net book value of the software development costs associated with an investment management business set up in 2007	1,061
	$ 2,344

16. Defined Contribution Plans

The Company has a defined contribution pension plan which is registered under the Pension Benefits Act of Ontario. During 2009, contributions were made to the plan by the Company in the amount of $246 (2008 - $252).

The Company also contributes to a group retirement savings plan, on behalf of employees of certain subsidiaries. During 2009, contributions were made to the plan by the Company in the amount of $109 (2008 - $101)

17. Commitments, Contingencies and Guarantees

(a) Commitments

The company has premises and equipment leases which expire on various dates after 2009. Future minimum payments required under these operating leases that have initial terms in excess of one year as at December 31, 2009 are as follows:

2010	$ 1,175
2011	1,062
2012	1,037
2013	505
2014	505
	$ 4,284

(b) Contingencies

From time to time in connection with its operations, the Company is named as a defendant in actions for damages and costs allegedly sustained by the plaintiffs. While it is often not possible to estimate the outcome of the various proceedings at any time, the Company has made provisions, where possible, for the estimated outcome of such proceedings. Should any additional loss result from the resolution of these claims, such loss will be accounted for as a charge to income in the year in which it is identified.

(c) Guarantees

The Company has guaranteed secured bank loans made to certain employees, of which the amount outstanding as at December 31, 2009 was $482 (2008 - $482).

18. Business Segments

The Company operates in three main segments, as identified in the table below. The investment management segment involves the earning of management fees relating to investment management services provided to clients. The financial advisory segment relates to the earning of sales commissions and administrative services revenue from assets under administration. The corporate activities and investments segment relates substantially to the investment of the Company's securities holdings, as well as corporate development activities. The following table discloses certain information about these segments:

	Investment Management		Financial Advisory		Corporate Activities and Investments		Consolidated	
For the years ended December 31	2009	2008 (amended-note 2)	2009	2008 (amended-note 2)	2009	2008 (amended-note 2)	2009	2008 (amended-note 2)
Gross Revenue	**$ 32,612**	$ 37,937	**$ 58,180**	$ 61,982	**$ 16,401**	$ 11,095	**$ 107,193**	$ 111,014
Revenues, net of commissions paid to advisors	**$ 32,612**	$ 37,937	**$ 13,351**	$ 13,402	**$ 16,401**	$ 11,095	**$ 62,364**	$ 62,434
Other operating expenses	**28,989**	33,152	**14,144**	15,648	**5,185**	4,292	**48,318**	53,093
Operating earnings (loss)	**3,623**	4,785	**(793)**	(2,246)	**11,216**	6,803	**14,046**	9,341
Less:								
Amortization of capital assets	**220**	248	**342**	450	**246**	282	**808**	980
Other amortization	**175**	635	**1,802**	1,603	**111**	255	**2,088**	2,493
Interest	**107**	113	**38**	128	**1,060**	1,858	**1,205**	2,099
Non-controlling interests	**–**	–	**–**	–	**(81)**	(280)	**(81)**	(280)
Earnings (loss) before income taxes	**3,121**	3,789	**(2,975)**	(4,427)	**9,880**	4,687	**10,026**	4,049
Income tax provision (recovery)	**1,381**	(775)	**(303)**	(1,067)	**(5,326)**	(1,408)	**(4,248)**	(3,250)
Net earnings (loss)	**$ 1,740**	$ 4,564	**$ (2,672)**	$ (3,360)	**$ 15,206**	$ 6,095	**$ 14,274**	$ 7,299
Intangible assets acquired	**$ 61**	$ 512	**$ 576**	$ 5,201	**$ –**	$ –	**$ 637**	$ 5,713
Capital assets acquired	**14**	47	**70**	573	**2**	29	86	649
As at December 31								
Total assets	**$ 26,446**	$ 18,409	**$ 38,504**	$ 42,117	**$373,845**	$250,599	**$ 438,795**	$311,125

The following table discloses certain information about the Company's activities, segmented geographically:

	Canada		Rest of the World		Consolidated	
For the years ended December 31	2009	2008	2009	2008	2009	2008
Gross Revenue	**$ 100,937**	$ 108,976	**$ 6,256**	$ 2,038	**$ 107,193**	$ 111,014
Revenues, net of commissions paid to advisors	**$ 56,108**	$ 60,396	**$ 6,256**	$ 2,038	**$ 62,364**	$ 62,434
Intangible assets acquired	**637**	5,713	**–**	–	**637**	5,713
Capital assets acquired	**84**	633	**2**	16	**86**	649
As at December 31						
Total assets	**$ 362,501**	$ 240,864	**$ 76,294**	$ 70,261	**$ 438,795**	$ 311,125

19. Financial Risks Management

The Company's goal in managing financial risk is to evaluate the risks being taken against the benefits that are targeted to be achieved and, where those risks are deemed acceptable, to mitigate those risks, where practicable.

(a) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises four types of risk: currency risk, interest rate risk, price risk and concentration risk.

Currency Risk

The Company's main direct exposure to currency risk is on its investments in its foreign subsidiaries, amounting to $65,938 US at fair value as at December 31, 2009. Changes in the value of these investments caused by changes in the US dollar exchange rate are reflected in the Consolidated Statement of Comprehensive Income (Loss) in the period in which the change occurs. A weakening of the Canadian dollar against the US dollar by 10% would result in a gain of $6,594 Canadian being recorded in other comprehensive income in the Consolidated Statement of Comprehensive Income (Loss). A strengthening of the Canadian dollar against the US dollar would have an equal but opposite effect.

Interest Rate Risk

The Company is exposed to interest rate risk in its international banking operations, through the asset interest-bearing deposits with banks of $10,469 and the client deposits liability of $10,488. This risk is managed through the matching of interest rates and maturities on these balances. The Company also has exposure through its immaterial investments in mutual funds which invest in bonds. The Company manages this risk by reviewing the interest rate characteristics of the underlying holdings.

Concentration Risk

The Company is exposed to concentration risk associated with the $276,627 investment in the Bank of Montreal shares, which is a significant portion of the Company's securities holdings. A change in the price of the Bank of Montreal Shares by 10% would result in an unrealized gain or loss of $27,663 being recorded in the Consolidated Statement of Comprehensive Income (Loss).

Price Risk

The Company is exposed to price risk with its securities holdings. Unrealized changes in the values of its securities holdings are recorded as gains or losses in the Consolidated Statements of Operations (for held for trading securities) and as unrealized gains or losses in the Consolidated Statements of Comprehensive Income (Loss) (for available for sale securities). This risk is managed through the use of professional third party portfolio managers and in-house expertise, each of which takes a disciplined approach to investment management. The securities holdings, excluding the Bank of Montreal shares, are also diversified by asset class and, as shown in the table below, by geographical region. The table also indicates the unrealized gain or loss which would be recorded as a result of a 10% change in the market prices in each region:

As at December 31	2009		2008	
	Fair value of marketable investments excluding Bank of Montreal and short term investments	Unrealized gain or loss from 10% market change in region	Fair value of marketable investments excluding Bank of Montreal and short term investments	Unrealized gain or loss from 10% market change in region
Canada	**$ 24,451**	**±$ 2,445**	$ 19,694	±$ 1,969
United States	**4,467**	**± 447**	5,929	± 593
Rest of the World	**42,440**	**± 4,244**	37,805	± 3,781
Total	**$ 71,358**	**±$ 7,136**	$ 63,428	±$ 6,343

(b) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's total credit risk exposure, without consideration of any collateral or other credit enhancements, is as outlined below:

As at December 31	2009	2008 (amended-note 2)
Cash	**$ 8,227**	$ 9,033
Interest-bearing deposits with banks	**10,469**	2,404
Accounts receivable	**21,592**	19,235
Receivable from clients and broker	**21,591**	21,262
Loan guarantees	**482**	482
Total, before collateral and credit enhancements	**$ 62,361**	$ 52,416

The Company considers its credit risk to be low. The interest-bearing deposits with banks and the majority of the accounts receivable are due from major institutions. The Company reviews the credit worthiness of any banks with which it places deposits, and does not deal with a bank if it is not satisfied with the bank's financial strength. The credit exposure on receivables from clients is offset with securities, which are held in the client margin accounts of the securities dealer subsidiary. There are controls on the amounts that these clients may borrow, depending upon the securities that are pledged. Offsetting the credit exposure on the loan guarantees are marketable securities pledged by the borrowers, the market values of which the Company actively monitors on a continuous basis.

(c) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities. The Company manages this financial risk by maintaining a portfolio of securities holdings, and by arranging for significant borrowing facilities with major Canadian banks.

20. Capital Management

The Company considers the following to be its capital: capital stock, contributed surplus, retained earnings, accumulated other comprehensive income and bankers' acceptances payable. The Company's objectives in managing its capital are to:

(a) maintain a strong capital base to provide investor, creditor, regulator and client confidence; and

(b) provide returns to shareholders by the payment of dividends, the repurchase of the Company's shares, and the enhancement of long-term value.

The allocation of capital to, and the return from, the Company's businesses are monitored by senior management. Certain of the Company's operating subsidiaries are subject to various types of capital requirements imposed by the regulatory authorities to which they report. During the year, and at year end, the subsidiaries complied with those requirements. As at December 31, 2009, the Company's regulated businesses had total regulatory capital amounting to $84,986 (2008 - $70,821). These amounts are, in all cases, in excess of the regulatory requirements, and are adjusted by the Company as necessary from time to time. The Company's borrowing facility, through which bankers' acceptances are issued, is subject to certain terms and conditions. During the year, and at year end, the Company complied with those terms and conditions.

21. Fair Value Disclosure

The Company's investments recorded at fair value have been categorised based upon a fair value hierarchy in accordance with the amendment to CICA 3862, as described in note 3a.

i) The following fair value hierarchy table presents information about the Company's assets measured at fair value as of December 31, 2009:

	Level 1	Level 2	Level 3	Total
Securities holdings	$ 360,378	$ –	$ –	$ 360,378
Due on securities sold short	(804)	–	–	(804)
	$ 359,574	$ –	$ _	$ 359,574

ii) There have been no transfers between Levels 1 and 2 from December 31, 2008 to December 31, 2009.
iii) There have been no Level 3 securities holdings during the year ended December 31, 2009.

22. Reclassifications

Certain 2008 comparative figures have been reclassified to conform with the current year's presentation.

Officers' Certificates

I, John Christodoulou, Chairman and Chief Executive Officer of Guardian Capital Group Limited (the "Company"), certify the following:

1. Review: I have reviewed the AIF, if any, annual financial statements and annual MD&A, including for greater certainty all documents and information that are incorporated by reference in the AIF (together the annual filings) of the Company for the financial year ended December 31, 2009.

2. No misrepresentations: Based on my knowledge, having exercised reasonable diligence, the annual filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, for the period covered by the annual filings.

3. Fair presentation: Based on my knowledge, having exercised reasonable diligence, the annual financial statements together with the other financial information included in the annual filings fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date and for the periods presented in the annual filings.

4. Responsibility: The Company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR") , as those terms are defined in National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings, for the Company.

5. Design: Subject to the limitations, if any, described in paragraphs 5.2 and 5.3, the Company's other certifying officer and I have, as at the financial year end:

(a) designed DC&P, or caused it to be designed under our supervision, to provide reasonable assurance that

(i) material information relating to the Company is made known to us by others, particularly during the period in which the annual filings are being prepared; and

(ii) information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

(b) designed ICFR, or caused it to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the Company's GAAP.

5.1 Control framework: The control framework the Company's other certifying officer and I used to design the Company's ICFR is Internal Control Over Financial Reporting – Guidance for Smaller Public Companies issued by COSO.

5.2 ICFR – material weakness relating to design: The Company has disclosed in its annual MD&A for each material weakness relating to design existing at the financial year end:

(a) a description of the material weakness;

(b) the impact of the material weakness on the Company's financial reporting and its ICFR; and

(c) the Company's current plans, if any, or any actions already undertaken, for remediating the material weakness.

5.3 Limitation on scope of design: The Company has disclosed in its annual MD&A:

(a) the fact that the Company's other certifying officer and I have limited the scope of our design of DC&P and ICFR to exclude controls, policies and procedures of

(i) a proportionately consolidated entity in which the issuer has an interest;

(ii) a variable interest entity in which the issuer has an interest; or

(iii) a business that the Company acquired not more than 365 days before the Company's financial year end; and

(b) summary financial information of the proportionately consolidated entity, variable interest entity or business that the Company acquired that has been proportionately consolidated or consolidated in the Company's financial statements.

6. Evaluation: The Company's other certifying officer and I have:

(a) evaluated, or caused to be evaluated under our supervision, the effectiveness of the Company's DC&P at the financial year end and the Company has disclosed in its annual MD&A our conclusions about the effectiveness of DC&P at the financial year end based on such evaluation; and

(b) evaluated, or caused to be evaluated under our supervision, the effectiveness of the Company's ICFR at the financial year end and the Company has disclosed in its annual MD&A:

(i) our conclusions about the effectiveness of ICFR at the financial year end based on such evaluation;

(ii) a description of each material weakness relating to operations existing at the financial year end;

(iii) the impact of each material weakness referred to in (ii) on the Company's financial reporting and its ICFR; and

(iv) the Company's current plans, if any, or any actions already undertaken, for remediating each material weakness referred to in (ii).

7. Reporting changes in ICFR; The Company has disclosed in its annual MD&A any change in the Company's ICFR that occurred during the period beginning on October 1, 2009 and ended on December 31, 2009 that has materially affected, or is reasonably likely to materially affect, the Company's ICFR.

8. Reporting to the Company's auditors and board of directors or audit committee: The Company's other certifying officer and I have disclosed, based on our most recent evaluation of ICFR, to the Company's auditors, and the board of directors or the audit committee of the board of directors any fraud that involves management or other employees who have a significant role in the Company's ICFR.

John Christodoulou, Chairman and Chief Executive Officer

February 25, 2010

Officers' Certificates

I, C. Verner Christensen, Senior Vice-President, Finance of Guardian Capital Group Limited (the "Company"), in the capacity of the Chief Financial Officer, certify the following:

1. Review: I have reviewed the AIF, if any, annual financial statements and annual MD&A, including for greater certainty all documents and information that are incorporated by reference in the AIF (together the annual filings) of the Company for the financial year ended December 31, 2009.

2. No misrepresentations: Based on my knowledge, having exercised reasonable diligence, the annual filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, for the period covered by the annual filings.

3. Fair presentation: Based on my knowledge, having exercised reasonable diligence, the annual financial statements together with the other financial information included in the annual filings fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date and for the periods presented in the annual filings.

4. Responsibility: The Company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR") , as those terms are defined in National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings, for the Company.

5. Design: Subject to the limitations, if any, described in paragraphs 5.2 and 5.3, the Company's other certifying officer and I have, as at the financial year end:

(a) designed DC&P, or caused it to be designed under our supervision, to provide reasonable assurance that

(i) material information relating to the Company is made known to us by others, particularly during the period in which the annual filings are being prepared; and

(ii) information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

(b) designed ICFR, or caused it to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the Company's GAAP.

5.1 Control framework: The control framework the Company's other certifying officer and I used to design the Company's ICFR is Internal Control Over Financial Reporting – Guidance for Smaller Public Companies issued by COSO.

5.2 ICFR – material weakness relating to design: The Company has disclosed in its annual MD&A for each material weakness relating to design existing at the financial year end:

(a) a description of the material weakness;

(b) the impact of the material weakness on the Company's financial reporting and its ICFR; and

(c) the Company's current plans, if any, or any actions already undertaken, for remediating the material weakness.

5.3 Limitation on scope of design: The Company has disclosed in its annual MD&A:

(a) the fact that the Company's other certifying officer and I have limited the scope of our design of DC&P and ICFR to exclude controls, policies and procedures of

(i) a proportionately consolidated entity in which the issuer has an interest;

(ii) a variable interest entity in which the issuer has an interest; or

(iii) a business that the Company acquired not more than 365 days before the Company's financial year end; and

(b) summary financial information of the proportionately consolidated entity, variable interest entity or business that the Company acquired that has been proportionately consolidated or consolidated in the Company's financial statements.

6. Evaluation: The Company's other certifying officer and I have:

(a) evaluated, or caused to be evaluated under our supervision, the effectiveness of the Company's DC&P at the financial year end and the Company has disclosed in its annual MD&A our conclusions about the effectiveness of DC&P at the financial year end based on such evaluation; and

(b) evaluated, or caused to be evaluated under our supervision, the effectiveness of the Company's ICFR at the financial year end and the Company has disclosed in its annual MD&A:

(i) our conclusions about the effectiveness of ICFR at the financial year end based on such evaluation;

(ii) a description of each material weakness relating to operations existing at the financial year end;

(iii) the impact of each material weakness referred to in (ii) on the Company's financial reporting and its ICFR; and

(iv) the Company's current plans, if any, or any actions already undertaken, for remediating each material weakness referred to in (ii).

7. Reporting changes in ICFR; The Company has disclosed in its annual MD&A any change in the Company's ICFR that occurred during the period beginning on October 1, 2009 and ended on December 31, 2009 that has materially affected, or is reasonably likely to materially affect, the Company's ICFR.

8. Reporting to the Company's auditors and board of directors or audit committee: The Company's other certifying officer and I have disclosed, based on our most recent evaluation of ICFR, to the Company's auditors, and the board of directors or the audit committee of the board of directors any fraud that involves management or other employees who have a significant role in the Company's ICFR.

C. Verner Christensen, Senior Vice-President, Finance

February 25, 2010

Directors

Board of Directors

James S. Anas •
Barry Myers •
John M. Christodoulou *
Peter Stormonth Darling •
James W. McCutcheon •
Michel Sales •

Committees

Governance
Barry Myers •
John M. Christodoulou
James W. McCutcheon •
Michel Sales *•

Compensation
James S. Anas •
James W. McCutcheon •
John M. Christodoulou
Michel Sales *•

Audit
James S. Anas *•
James W. McCutcheon •
Barry Myers •

* Chairman
• Unrelated Directors

Principal Executives

Guardian Capital Group Limited

John M. Christodoulou
Chairman and Chief Executive Officer

George Mavroudis
President

Sam K. Greiss
Senior Vice-President, Operations and Corporate Development

C. Verner Christensen
Senior Vice-President, Finance and Secretary

A. Michael Christodoulou
Vice-President, Strategic Planning and Development

Paul Stapleton
Vice-President, Information Technology

Matthew D. Turner
Vice-President and Chief Compliance Officer

Donald Yi
Risk Management Officer

Ernest Dunphy
Controller

Guardian Capital LP

JJ Woolverton
Chairman

George Mavroudis
Chief Executive Officer

Gary M. Chapman
Managing Director

Robert K. Hammill
Managing Director

Peter A. Hargrove
Managing Director

Stephen D. Kearns
Managing Director

D. Edward Macklin
Managing Director

John G. Priestman
Managing Director

Michael P. Weir
Managing Director

Robert Broley
Senior Vice-President

C. Verner Christensen
Senior Vice-President and Secretary

Brian P. Holland
Senior Vice-President, Head of Client and Consulting Relationships

Hugh M. MacFarlane
Senior Vice-President, Investment Services

Patrick Milot-Daignault
Vice-President,
Investment Services

Greg Chai
Vice-President,
Client Services

Kevin R. Hall
Senior Portfolio
Manager

Srikanth G. Iyer
Senior Portfolio
Manager

Michele J. Robitaille
Senior Portfolio
Manager

Matthew D. Turner
Chief Compliance
Officer

Ernest Dunphy
Controller

Guardian Capital Advisors LP

George Mavroudis
Managing Director and
Chief Executive Officer

Michael E. Barkley
Senior Vice-President,
Portfolio Manager

Douglas G. Farley
Senior Vice-President,
Portfolio Manager

Michael G. Frisby
Senior Vice-President,
Portfolio Manager

Matthew Baker
Vice-President,
Portfolio Manager

C. Verner Christensen
Vice-President
and Secretary

George E. Crowder
Vice-President,
Portfolio Manager

Thierry Di Nallo
Vice-President,
Portfolio Manager

Christie Rose
Vice-President,
Portfolio Manager

Steven W. Thode
Vice-President

Darryl M. Workman
Vice-President,
Administration

Matthew D. Turner
Chief Compliance
Officer

Ernest Dunphy
Controller

Worldsource Wealth Management Inc.

Paul Brown
Managing Director

John T. Hunt
Managing Director

Andy Mitchell
Managing Director

Linda Kenny
Chief Financial
Officer

Corporate Information

Corporate Offices

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Auditors

KPMG LLP

Bankers

Canadian Imperial Bank of Commerce
Bank of Montreal

Toronto Stock Exchange Listing

Shares	Symbol
Common	GCG
Class A	GCG.A

Annual Meeting

May 25, 2010
11:00 a.m.
King Gallery,
The Suites at One King West
1 King Street West
Toronto, Ontario

Custodian and Fund Administrator

RBC Dexia Investor
Services Trust

Registrar and Transfer Agent

Computershare Investor Services Inc.

GUARDIAN CAPITAL
GROUP LIMITED