

What Matters *MOST.*

Guardian Capital Group Limited
2010 Annual Report



GUARDIAN CAPITAL



Sound investment *principles*

Investment is an act of trust.
Guardian Capital Group Limited
is driven by a shared belief that
value is most reliably created
in an atmosphere where that
trust is held sacred.



We believe that sound investment principles provide the best tools for amplifying the financial rewards for which our clients have worked so hard. Our responsibility, whether working directly as advisors and managers or in the creation of managed products, is to invoke our expertise to meet or surpass the expectations of investors.

A well-grounded philosophy

Guardian is a diversified financial services company with a depth of experience in servicing the needs of a broad range of clients.

Guardian derives strength from the breadth of our services, the depth of our experience and our maturity as a firm. We meet our responsibilities to investors, whether working directly as advisors and managers or in the creation of managed products, by striving to meet or surpass their expectations.

- *Guardian Capital LP* is our institutional investment management firm. Through it, we manage funds for large investors such as defined benefit pension plans, defined contribution pension plans, group retirement plans, charitable organizations, foundations, endowments, third party mutual funds, pooled funds and broker “wrap” accounts.
- *Guardian Capital Advisors LP* is a national firm through which we manage investments for private clients.

- *Worldsource Wealth Management* is our financial advisory dealership business. It includes three business lines - mutual fund dealership, securities dealership and a managing general agency for life insurance. It is a horizontally integrated wealth management organization that’s a home for a broad network of financial advisors.

- *Alexandria* is our home for international operations, conducted through a private bank in the Cayman Islands and a trust company in Barbados. These companies focus on trust and corporate administration as well as investment management for international clients.

Guardian has been an active player in the Canadian investment community for close to fifty years. In that time we have built a reputation for stability, dependability and entrepreneurial zeal that has earned the confidence of our clients.



Built for SUCCESS

We are mature, passionate and honest, intuitive, inspired and experienced, communicative, collaborative and coordinated and diligent, dedicated and determined.

Our ability to deliver on our promises is derived from an internal working culture that is dedicated to creating value for our clients. Guardian attracts and retains financial services professionals on the

basis of their talent, dedication and maturity. But above all, our institutionally held dedication to earning and sustaining client trust has become our hallmark.

At Guardian, we see stability as a context for good things. We look for and create stability in two areas that define the parameters of our business.

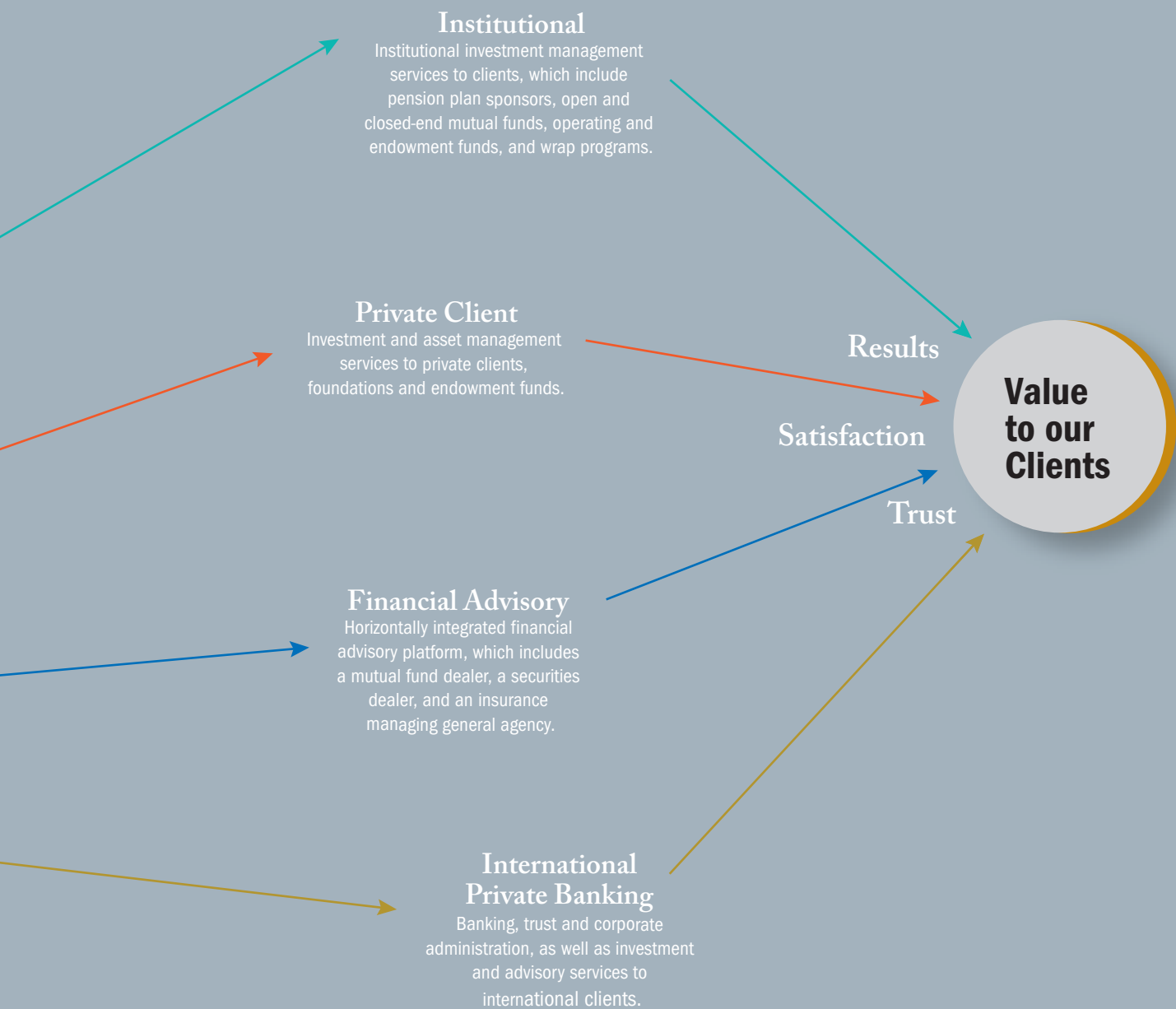
For our clients and within our working partnerships, we provide stability in relationships. People who sign on with us - the professionals we chose to represent our name - tend to stay with us for a long time. That happens for two reasons. First, we're careful in who we bring on board. We want every member of the Guardian team to reflect our values and capabilities. And second, the working environment at Guardian is collegial and empowering. That adds up to a team of satisfied, engaged professionals doing what they do best.

Of more direct concern to our clients, we provide stable performance. Guardian is guided by a keenly felt respect for the balance between prudence and entrepreneurial creativity. In an industry that's often characterized by peaks and dips, our coordinated focus tends strongly toward long-term results. Toward staying the course while maintaining the agility to predict, recognize and respond to market trends and to adjust to challenge.

Stability – measured on a fifty-year timeline – is the foundation of Guardian's reputation as a trusted name in an often changing marketplace.

Guardian Capital Group is
structured to BUILD RELATIONSHIPS
on a solid foundation of
capabilities and values.

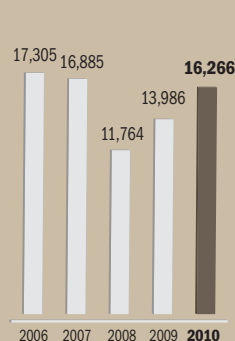




Financial Highlights

Assets Under Management

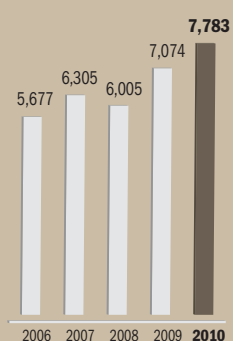
As at December 31 (\$ in millions)



Assets under management increased significantly in 2010, as a result of the broad recovery in the financial markets and net positive cash flow from clients.

Assets Under Administration

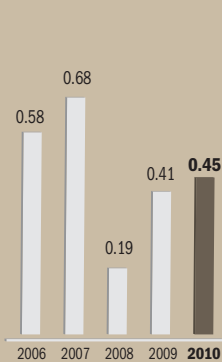
As at December 31 (\$ in millions)



Assets under administration increased in 2010, as a result of additional client investments and the broad recovery in the financial markets.

Earnings Per Share, Diluted

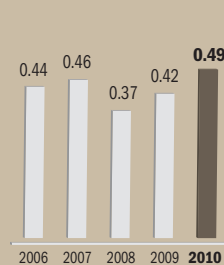
For the years ended December 31 (in \$)



Earnings per share in 2010 increased, reflecting improved operating earnings in all business segments.

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

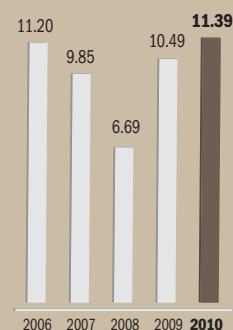
For the years ended December 31 (in \$)



Cash flow from operations increased in 2010, 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 2010, reflecting the broad recovery in the financial markets and, more specifically, in the financial services sector.

Report to Shareholders

Dear Shareholder,

The past year has seen a continuation of the recovery from the 2008-2009 bear market. Stock markets around the world had a strong year, with Canadian markets being among the strongest. The S&P/TSX Composite had its second consecutive year of double digit returns at a 17.6% return, and ended the year only 11% below its all time high. The Canadian market outperformed the S&P500, at 9.3%, the MSCI EAFE Index at 2.4%, and the MSCI World Index at 6.2%. The IFC Investable Emerging Markets Index also had a solid year, returning 14.6% (all returns in Canadian dollars).

Most of the world's economies continued to improve from the economic crisis of 2008-2009. By the end of 2010, the consensus seems to be that in the industrialized world there will be no "double dip" recession closely following the one that ended in 2009. Fiscal and monetary stimulus continue to drive the real economy, as well as asset prices, but there are expectations that there will be some reduction in this stimulus in the near future. There are still some risks to recovery; as examples, sovereign debt problems in parts of Europe, and price and asset inflation in some emerging economies.

Throughout 2010, your company has continued to focus on attracting experienced associates and investing in infrastructure, with the goal of building the foundations for a period of strong growth, which your management team believes is attainable.

Assets under management within Guardian Capital LP, our institutional investment management division, were positively affected by the improvement in the equity markets, and by net new monies received from clients. We continue to broaden and strengthen our investment capabilities by attracting new talent and developing new investment strategies. We continue to make inroads with the consulting community, and are focusing on servicing our clients in the institutional and retail intermediary sides of the business.

Guardian Capital Advisors LP, our private client investment management division, benefitted from a track record of protecting client capital in market declines, while participating in the improvement in the markets. This, together with a successful campaign to bring in assets, has resulted in a good year of asset gathering for GCA.

During the year, Worldsource Wealth Management had a recovery in commission revenue versus the previous year's difficult environment, and we have made strides in deploying new technology and deepening our relationships with our advisors.

In 2010, net earnings were \$0.45 per share, diluted. This compares with \$0.41 per share, diluted in 2009. Cash flow from operations before changes in noncash working capital, was \$0.49 per share in 2010, diluted, versus \$0.42 in 2009. The Board of Directors has declared a \$0.16 per share dividend, an increase from the \$0.15 paid 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 24, 2011

Review of Operations

Institutional Investment Management

Institutional investment management services are provided by **Guardian Capital LP** (“GCLP”), which serves pension plan sponsors, broker dealer 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, one of the largest, independent investment management firms in Canada, was founded in 1962.

Assets under management in GCLP were \$14.9 billion at the end of 2010, compared to \$12.8 billion at the end of 2009. The increase in assets under management was across institutional and retail intermediary clients and was primarily due to the continued strength of the Canadian equity markets.

In 2010, we continued to provide our clients the benefit of a stable investment team. Our investment results across all asset classes had several strong performing strategies, compared both against our peers and against market benchmarks. The Canadian Equity team experienced another solid year of outperformance for the Growth Equity strategy, resulting in new client opportunities for the strategy. In the fourth quarter, we were awarded new institutional mandates for this strategy, and we expect interest in the strategy to continue into 2011 and beyond. The Global Equity team completed another stellar year of outperformance across its spectrum of strategies, including Global Equity, Global Dividend and EAFE. With consistent annual value-added performance from our Global Equity team, and the efforts of our business development and consulting relations teams over the last couple of years to position our capabilities for this asset class, we remain very encouraged about the growth prospects for new clients and new assets under management for GCLP, in what amounts to a very sizeable market place, both in Canada and Worldwide.

The composition of our client base remains broadly diversified, with approximately 50% institutional corporate and pension accounts, and 50% retail intermediary clients. Retail intermediary include

sub-advisory relationships with mutual funds and closed end funds, and our fast-growing presence in the separately managed wrap account programs with the top broker dealers in the country. The separately managed wrap account growth which we have experienced is encouraging from an absolute dollar growth basis, but also in that we have one of the fastest growth rates in the industry. Our rich stable of diversified investment strategies that allow us to have multiple strategies on each broker dealer platform, along with our excellence in servicing the top broker dealers in the market, are two of the main reasons for this success.

The relative strength of the Canadian equity market has allowed GCLP to recover strongly from the lows of March, 2009. We believe that Canada will continue to benefit from the long-term growth prospects of the recovery in the global economy, and in particular the growth in Emerging Markets. However, we do continue to face the risk of current clients funding their diversification into alternatives from drawdowns in their Canadian equity allocations. The strategy to diversify our investment teams and strategies will allow us over the long term to build a more stable and predictable pool of assets and revenues. We will succeed in this strategy, by continuing to foster a stable investment environment for professionals to meet their value-added targets over full cycles.

Private Wealth Management

Guardian Capital Advisors LP (“GCA”) provides portfolio management services across Canada and beyond to private clients, foundations, and endowments. We are focused on assisting private clients to achieve their investment objectives, by constructing tailored and tax-efficient investment solutions through fully discretionary segregated accounts and pooled funds. Our investment process combines a proprietary global equity research tool with the experience of dedicated private client portfolio managers.

GCA provides comprehensive portfolio management services to meet clients’ individual investment needs. Through the dedicated assignment of an

experienced portfolio manager, we bring the vast intellectual resources of the firm to construct unique solutions for the end client. We work not only with the clients themselves, but also with their legal, accounting and other advisors to ensure that the services which we provide properly integrate with the overall financial objectives of the clients. Through offices in Vancouver, Calgary and Toronto, clients and their advisors have local direct access to experienced investment professionals, supported by a strong administrative team.

GCA's assets under management and supervision were \$1.2 billion at the end of 2010, compared to \$1.1 billion at the end of 2009. GCA continues to attract new clients, both directly and through referrals from financial advisors. The majority of our client base arises from domestic clients, roughly split equally between Eastern and Western Canada.

In 2011, we plan to continue dedicating additional resources to enhance our new business development abilities. Our business development efforts are focused on delivering awareness in the legal, accounting, family office and financial advisory communities.

Financial Advisory

Worldsource Wealth Management Inc.

("Worldsource") is an integrated financial advisory platform, with financial advisors offering mutual funds, securities and life insurance products to Canadians from coast to coast. Assets under administration ("AUA") totalled \$7.8 billion at December 31, 2010, compared to \$7.1 billion at the end of 2009.

Worldsource is committed to being an independent dealership platform for financial advisors who sell securities, mutual funds and life insurance products. Worldsource promotes an open architecture and thus provides advisors with the independence to choose the best available products for their clients. The advisors are further supported with quality reporting and administration, and a professional approach to sales compliance and product suitability.

Worldsource Financial Management Inc.

("WFM") is a national mutual fund dealer with AUA of \$6.2 billion at December 31, 2010 compared to \$5.9 billion at the end of 2009. The growth in assets was primarily attributable to improving capital markets. Commission revenues were higher in 2010 with the increase in market valuations, but also benefited from higher levels of investment activity into long-term equity assets. As markets improved, we witnessed more confident advisors and investors reallocate out of cash or cash equivalents into longer-term asset classes. In 2011, WFM will maintain its efforts in recruiting new advisors, to increase AUA and commission revenue. WFM also plans to invest in developing best practice management programs for its advisors, as it believes that commission revenue can grow as advisors improve on the efficiency of their practices and introduce growth opportunities in building their books of business.

Worldsource Securities Inc. ("WSI")

Worldsource's investment dealer or securities brokerage. WSI operates its branch network on the Agency Model, under which investment advisors are permitted a higher degree of independence than traditionally afforded. WSI is focused on providing the highest possible level of technological and administrative support to its branch network. During 2010, WSI continued to attract new financial advisors, adding four new branches from Halifax to Vancouver. In 2011, management will continue its efforts to recruit advisors and add new branches to its growing network of brokers across the country.

Worldsource Insurance Network Inc. ("WIN")

is a Managing General Agency ("MGA") which, from its Head Office in Vancouver, provides sales and administrative support to licensed insurance advisors nationwide. WIN again experienced strong revenue growth in 2010 as a result of recruiting new advisors, continued sales growth and recurring revenues from in-force life insurance and segregated fund products. Segregated funds and accumulation annuity assets reached \$723 million as of December 31, 2010, up from \$419

Review of Operations

million as of the end of 2009. WIN will focus on sales growth through increasing advisor productivity and selective recruiting in 2011.

International Private Banking

Alexandria Bancorp Limited (“ABL”) is a private bank based in the Cayman Islands which was established in 1990. ABL is licensed and regulated by the Cayman Islands Monetary Authority to provide investment management, fiduciary and banking services to international clients. ABL has substantial investment management capabilities, both through its own Alexandria Mutual Funds and its managed segregated account platform. In 2010, ABL’s assets under management increased due to new assets and market appreciation, while its banking revenues improved primarily due to higher transaction activity in the year. The company also

began the process of listing its mutual funds on the Cayman Stock Exchange in the year in order to make the funds eligible to a wider investor audience. In 2011, ABL plans to continue to strengthen its international referral network while exploring avenues for attracting institutional clients. ABL expects to complete the listing of its mutual funds in the second quarter of the year.

Alexandria Trust Corporation (“ATC”) is a licensed and regulated domestic trust company based in Barbados. ATC provides fiduciary and corporate administration services to international clients. In 2010, ATC continued to focus on the integration of its offerings, operations and marketing with ABL. In 2011, ATC plans to invest in additional fiduciary resources to access potential opportunities from larger centers of influence.

Management's Discussion and Analysis

In accordance with securities regulatory requirements, the discussion and analysis which follows pertains to the year ended December 31, 2010, with comparatives for the year 2009 and, in some cases, the year 2008. Readers are encouraged to refer to the discussions and analyses contained in the 2009 Annual Report and the First, Second and Third Quarter 2010 Reports. This discussion and analysis has been prepared as of February 24, 2011.

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 private client investment management; financial advisory; and corporate activities and investments. As at December 31, 2010, Guardian had \$16.3 billion of assets under management ("AUM") and \$ 7.8 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 \$379 million at the end of the year.

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)	2010	2009
Net cash from operating activities, as reported	\$ 16,989	\$ 10,527
Net change in non-cash working capital	(526)	4,251
Cash flow from operations before changes in non-cash working capital	\$ 16,463	\$ 14,778

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)	2010	2009	% change	
Revenues, net of commissions paid to advisors	\$ 68,458	\$ 62,364	+	10%
Other expenses	53,815	52,338	+	3%
Earnings before income taxes	14,643	10,026	+	46%
Income tax (recovery)	(432)	(4,248)	-	90%
Net earnings	\$ 15,075	\$ 14,274	+	6%
Cash flow from operations before changes in non-cash working capital	\$ 16,463	\$ 14,778	+	11%
Diluted per share amounts				
Net earnings	\$ 0.45	\$ 0.41	+	10%
Cash flow from operations before changes in non-cash working capital	\$ 0.49	\$ 0.42	+	17%
As at December 31 (\$ in millions, except per share amounts)				
Assets under management	\$ 16,266	\$ 13,986	+	16%
Assets under administration	\$ 7,783	\$ 7,074	+	10%
Corporate holdings of securities	\$ 379	\$ 363	+	4%
Fair value of corporate holdings of securities per share, diluted	\$ 11.39	\$ 10.49	+	9%

Revenues, net of commissions paid to advisors, were 10% higher in 2010 than in 2009. Increases were recorded in management fee income, commission revenue and income from securities, and a small reduction occurred in administrative services income. As a result of the increases in revenues, net earnings for the year were \$15.1 million, compared to \$14.3 million for 2009. 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 that year. No such benefit was recorded in 2010.

Cash flow from operations, before changes in non-cash working capital, for the year amounted to \$16.5 million, compared to \$14.8 million in 2009. The differences between earnings per share and cash flow per share arise primarily due to the impact of future income taxes, amortization expenses and stock-based compensation, as well as the exclusion of gains or losses on the sales 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)	2010	2009
Assets under management, beginning of year	\$ 13,986	\$ 11,764
Net additions (reductions) from clients during year	574	(115)
Market appreciation	1,706	2,337
Assets under management, end of year	\$ 16,266	\$ 13,986
Composed of:		
Institutional	14,910	\$ 12,825
Private client	1,229	1,050
International	127	111
Total	\$ 16,266	\$ 13,986

Total AUM at Guardian at the end of 2010 was 16% higher than at the end of 2009. This increase occurred as a result of the significant recoveries in the world stock markets since the low point in early 2009, and positive cash flow from clients, both of which were concentrated in the second half of the year. As a result, management fees for the year 2010 were \$35.7 million, 13% higher than the \$31.5 million for 2009. Institutional management fees increased 11% to \$ 26.1 million in 2010 from \$23.5 million in 2009. Private client management fees increased during the year to \$7.2 million from \$5.8 million in 2009, reflecting the increase in the average AUM in this area. Management fees earned from international clients during the year increased to \$2.4 million from \$2.2 million a year earlier, although these results were reduced by the increase in value of the Canadian dollar.

Financial Advisory Commission Revenues

Net sales commission 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 \$10.1 million in 2010, 13% higher than the \$8.9 million in 2009, an increase at a higher rate than the increase in AUA for the year, as there was some increase in client trading volumes.

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 \$1.0 million of trust and corporate administration fees earned in the international area, for a total of \$5.4 million in 2010, substantially the same as in 2009. These fees are not directly impacted by fluctuations in the financial markets.

Corporate Securities Income

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

For the years ended December 31 (\$ in thousands)	2010	2009	% change	
Dividend and interest income	\$ 15,650	\$ 15,374	+	2%
Net gains	1,579	1,217	+	30%
Total	\$ 17,229	\$ 16,591	+	4%

Dividend and interest income remained substantially unchanged in 2010, compared to 2009, with no change in the dividend rate on the Bank of Montreal shares, while the net 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.

Management's Discussion and Analysis

Expenses

Guardian's operating expenses, excluding commissions, interest and amortization, were \$49.9 million in 2010, compared with \$48.3 million in 2009, an increase of only 3.3%, as a result of continuing to maintain a tight control on costs.

Interest expense amounted to \$1.3 million in 2010, compared to \$1.2 million in 2009, reflecting the slightly higher interest rates in effect during the year.

The net recovery of income taxes recorded in 2010 was \$0.4 million, compared with \$4.2 million in 2009, as 2009 had the benefit of a \$2.0 million reduction in future income taxes, and a reduction of \$1.2 million due to lower earnings before taxes.

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 2010, under its Issuer Bid, Guardian purchased and cancelled 1.6 million of its Class A shares, for a total cost of \$12.4 million. Guardian's total bank borrowings at the end of the year amounted to \$46.5 million, compared with \$46.1 million at the end of 2009. The year end borrowings included \$30 million under Bankers' Acceptances, \$5.1 million under an operating line of credit, and \$11.4 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, 2010 had a fair value of \$379.4 million, or \$11.39 per share, diluted, compared with \$362.5 million, or \$10.49 per share, diluted, as at December 31, 2009. 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. 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	
	2010	2009
Short-term securities	\$ 9,620	\$ 12,392
Mutual funds	51,707	52,926
Bank of Montreal shares	285,109	276,627
Other marketable securities	31,173	18,433
Unquoted securities	1,785	2,134
Total securities	\$ 379,394	\$ 362,512
Total securities per share, diluted	\$ 11.39	\$ 10.49

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:

As at December 31 (\$ in thousands)	Total	Payments due by period			
		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	3,354	1,103	1,669	579	3
Total contractual obligations	\$ 33,354	\$ 31,103	\$ 1,669	\$ 579	\$ 3

Selected Annual Information

Years ended December 31 (\$ in thousands, except per share amounts)	2010	2009	2008
Revenues, net of commissions paid to advisors	\$ 68,458	\$ 62,364	\$ 62,434
Net earnings	15,075	14,274	7,299
Per share			
Net earnings			
Basic	\$ 0.46	\$ 0.41	\$ 0.19
Diluted	0.45	0.41	0.19
Dividends paid	0.15	0.15	0.15
As at December 31			
Total assets	\$ 462,387	\$ 438,795	\$ 311,125

The fluctuations in Total Assets over the past two years substantially reflect the changes in the value of the corporate holdings of securities.

Quarterly Results

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

	Dec. 31 2010	Sep. 30 2010	Jun. 30 2010	Mar. 31 2010	Dec. 31 2009	Sep. 30 2009	Jun. 30 2009	Mar. 31 2009
(\$ in thousands)								
Revenues, net of commissions paid to advisors	\$ 19,322	\$ 16,415	\$ 15,698	\$ 17,023	\$ 18,207	\$ 16,271	\$ 14,501	\$ 13,385
Net earnings (loss)	5,513	3,323	2,275	3,964	6,934	3,443	2,336	1,561
Shareholders' equity	330,588	332,149	314,135	332,819	317,784	306,572	276,428	200,934
(in \$)								
Per average common and Class A share								
Net earnings								
- Basic	\$ 0.17	\$ 0.10	\$ 0.07	\$ 0.12	\$ 0.20	\$ 0.10	\$ 0.07	\$ 0.04
- Diluted	0.16	0.10	0.07	0.12	0.20	0.10	0.07	0.04
Shareholders' equity								
- Basic	\$ 10.12	\$ 10.10	\$ 9.73	\$ 10.14	\$ 9.37	\$ 8.87	\$ 8.00	\$ 5.81
- Diluted	9.92	9.90	9.53	9.94	9.19	8.72	7.88	5.73

Management's Discussion and Analysis

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. However, revenues improved during the last three quarters of 2009 and have stabilized in 2010, reflecting the improvements in the financial markets and the return of the traditional first quarter strength in financial advisory revenues. Those improvements also accounted for the 2009 and 2010 quarterly increases in shareholders' equity shown above. Included in management fees for the fourth quarter of 2009 were performance fees of approximately \$1.0 million to which we became entitled at that time. No significant performance fees have been recorded subsequently.

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 and early 2009, 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. This reduction amounted 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. Under this policy, in 2009, intangible assets amounting to \$0.9 million, consisting of a computer software license, were written off, and are included in Amortization on the Statement of Operations. For securities, such amounts are included in the category of "Net Gain on Securities". Under this policy, a writedown of securities of \$31,000 occurred during the year, and writedowns of securities of \$180,000 occurred in 2009.

Future Changes in Accounting Policies

Requirements for Change

As previously announced, Canadian GAAP for publicly accountable enterprises will be replaced by International Financial Reporting Standards ("IFRS") for fiscal years beginning on or after January 1, 2011. As a result, in 2011 interim financial statements, 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's Past Preparations

Guardian commenced its transition from Canadian GAAP to IFRS during the year 2008, and outlined its progress in the discussion and analysis contained in its Interim and Annual Reports. We have reported that Guardian's *scoping and diagnostics phase* of the transition to IFRS was completed in 2009, and that the *impact analysis, evaluation and design phase* was substantially completed that year, although work on that phase continued to evolve during 2010. In our 2009 Annual Report, we identified what were then anticipated to be the more significant impacts on Guardian's financial statements of the adoption of IFRS, as well as certain exemptions and elections which Guardian would make under IFRS 1, "First-time Adoption of International Financial Reporting Standards". It is recommended that readers review the details of this disclosure in the 2009 Annual Report.

Preparations in 2010

During the second quarter of 2010, Guardian commenced the *implementation and review phase* of its IFRS transition. This phase included the training of the relevant Guardian staff on IFRS and the collection of financial information necessary to compile IFRS-compliant financial statements. Because IFRS-compliant financial statements are necessary for the First Quarter 2011 Interim financial statements, the opening balance sheet at January 1, 2010 also had to be converted to IFRS. During 2010, that opening balance sheet (the “IFRS Statement”) was completed, using the audited balances at December 31, 2009 as the starting point, and was approved by Guardian’s Audit Committee.

IFRS Effect on 2010 Opening Balance Sheet

The IFRS Statement indicates that the changeover from Canadian GAAP to IFRS results in adjustments at January 1, 2010 to decrease Guardian’s shareholders’ equity by approximately \$30,000 from the balance in Guardian’s December 31, 2009 Canadian GAAP balance sheet, as follows:

As at December 31, 2009 and January 1, 2010 (\$ in thousands)	
Shareholders’ equity under Canadian GAAP, December 31, 2009	\$ 317,784
Adjustments upon conversion to IFRS:	
Increase in accumulated other comprehensive income (“AOCI”) to record the increase in the fair value, under IFRS, of available for sale securities without a quoted market value, net of taxes	1,026
Increase in AOCI for net transfers to retained earnings, including bringing the accumulated (debit) balance in foreign currency translation adjustment to zero	13,288
Reduction in retained earnings for above transfer to AOCI	(13,288)
Increase in contributed surplus, due to the IFRS requirement for accelerated recording of share-based compensation	1,042
Reduction in retained earnings, due to the above share-based compensation cost, net of taxes	(895)
Reduction in retained earnings, due to IFRS criteria for the recording of provisions, net of taxes	(393)
Reclassification of non-controlling interests from a liability to shareholders’ equity	86
Increase in future tax liability to record the tax effects of intra-group transactions	(896)
Net increase in shareholders’ equity	(30)
Shareholders’ equity under IFRS, January 1, 2010	\$317,754

With the exception of the adjustment to record the tax effect of intra-group transactions, all of the above adjustments are consistent with differences between Canadian GAAP and IFRS which had been identified previously, but without quantification, in the discussion and analysis contained in Guardian’s 2009 Annual Report.

Additional Differences Identified in 2010

As part of the 2010 implementation and review phase of Guardian’s IFRS transition, Guardian has identified certain additional differences between Canadian GAAP and IFRS which had not previously been identified, but which may from time to time be significant. These issues were:

- Under Canadian GAAP, the acquisition of non-controlling interests in a subsidiary are accounted for as a business combination and may result in the recording of additional goodwill. Under IFRS, such an acquisition will be accounted for as an equity transaction. This results in a direct charge to the equity attributed to the owners of the parent company, to the extent that the consideration paid exceeds the carrying value of the non-controlling interest acquired. As a result, the purchase by Guardian during 2010 of the remaining non-controlling interest in Guardian’s financial advisory business for \$1.7 million, which was recorded under Canadian GAAP as an addition to Goodwill, will be recorded, under IFRS, as a reduction in retained earnings, thus reducing shareholders’ equity by that amount.

- Under Canadian GAAP, the effects of intra-group transactions are eliminated in their entirety. Under IFRS, the effects of intra-group transactions are eliminated, except for the tax effects of the transactions, because the tax effects create real assets or liabilities from the point of view of the group. Such transactions could, therefore, create differences between Canadian GAAP and IFRS. A cumulative difference of \$896,000 was identified as at January 1, 2010, which is included in the "IFRS Effect on 2010 Opening Balance Sheet," above.

Other 2010 Preparations

During 2010, Guardian also completed versions of its 2010 quarterly results under IFRS, separate from its regular Canadian GAAP Quarterly Reports, for the first and second quarter interim financial statements, and subsequent quarters are under review. The resulting statements will serve as the 2010 comparative statements in Guardian's 2011 Interim and Annual Reports. Guardian has also built processes which will result in the capturing and recording of results for 2011 which are in accordance with IFRS. Although several differences between Canadian GAAP and IFRS were identified in Guardian's 2009 Annual Report, Guardian has concluded that process changes necessary to report on an IFRS-compliant basis will mainly involve accounting procedures, and there will be little effect on other departments or processes.

Continuing Preparations

Guardian is continuing to monitor its accounting processes and transactions, to ascertain if any additional transactions are recorded for which IFRS would be different from Canadian GAAP, and any changes occurring in IFRS accounting standards, to assess their possible future impact on Guardian's financial reporting. Guardian anticipates that it will be in a position to report its 2011 Interim Reports within the time frames required by the regulators.

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 16 to the Consolidated Financial Statements, contained in Guardian's 2010 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 our 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 whom takes 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 \$285.1 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, and the cumulative effect is included in Accumulated Other Comprehensive Income 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, Guardian reviewed the financial strength of all of its counterparties, and 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. Another area in which regulation affects Guardian's business is in the regulatory requirements of the government and self-regulatory agencies under which our regulated subsidiaries operate. Through a combination of in-house expertise and external advisors, when appropriate, these subsidiaries are able to react to changes in these regulatory requirements.

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, 2010 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, 2010, under the supervision of the Chief Executive Officer and the Senior 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, the effects of which have continued to some extent into 2010, 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, the diversification of the segments in which we conduct our business, and the quality of our management, we are well-positioned to withstand market volatility and to take advantage of opportunities created by that volatility. Our view is that the efforts made during 2009, which have borne fruit in 2010, coupled with the continued execution of prudent management, will support our goal of continuing to create sustainable value in the years to come.

Ten Year Review

Note 1	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
(\$ in millions)										
Assets under management	16,266	13,986	11,764	16,885	17,305	18,444	16,085	13,444	10,031	10,010
Assets under administration	7,783	7,074	6,005	6,303	5,677	4,837	3,708	2,731	2,308	2,369
(\$ in thousands)										
Revenues, net of commissions										
paid to advisors	68,458	62,364	62,434	73,822	70,381	60,505	50,821	38,203	34,911	44,665
Operating expenses ²	49,882	48,318	50,749	48,574	45,384	41,930	35,748	29,771	26,988	32,026
Gain on sale of subsidiary	—	—	—	—	—	—	—	—	—	160,326
Net earnings	15,075	14,274 ³	7,299 ⁴	26,492 ³	22,959 ³	12,821	10,559	6,653	7,378	129,816
Shareholders' equity ⁵	330,558	317,784	204,051	334,696	212,016	192,240	196,273	192,332	196,730	192,886
Corporate holdings of securities (at fair value)	379,394	362,512	241,549	380,433	443,108	407,117	364,318	335,205	271,989	247,216
(In dollars)										
Per average common and Class A share										
Net earnings for the year										
Basic	0.46	0.41 ³	0.19 ⁴	0.69 ³	0.60 ³	0.33	0.27	0.17	0.18	3.36
Diluted	0.45	0.41 ³	0.19 ⁴	0.68 ³	0.58 ³	0.32	0.26	0.17	0.18	3.31
Per common and Class A share										
Dividends paid	0.150	0.150	0.150	0.135	0.120	0.105	0.0875	0.075	0.065	0.060
Shareholders' equity ⁵										
Basic	10.12	9.37	5.69	8.79	5.48	5.04	4.98	4.86	4.98	4.89
Diluted	9.92	9.19	5.65	8.67	5.36	4.87	4.89	4.78	4.92	4.83
Share prices										
Common high	9.75	9.97	11.10	15.50	14.00	13.00	11.01	8.00	8.25	6.50
low	7.90	4.65	4.26	10.65	11.25	9.63	7.37	5.70	6.00	4.50
Class A high	9.00	8.25	11.02	13.50	13.13	12.13	12.00	7.25	6.20	6.58
low	7.35	3.00	3.02	10.33	10.12	9.00	6.75	5.15	4.25	4.05
(In thousands)										
Year end common and Class A shares outstanding										
Basic	32,652	33,932	35,874	38,095	38,669	38,149	39,552	39,568	39,494	39,440
Diluted	33,310	34,563	36,104	38,605	39,576	39,492	40,538	40,284	39,968	39,988

NOTES:

- 1 Comparative figures reflect the May, 2006 2-for-1 stock split.
- 2 Before interest, income taxes, amortization and, in 2008, restructuring costs.
- 3 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.
- 4 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).
- 5 Shareholders' equity in 2007 and subsequent years reflects the recording of the corporate holdings of securities at fair value, in accordance with required new accounting policies adopted effective January 1, 2007.

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 33 to 35. 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



C. Verner Christensen,
Senior Vice-President, Finance

February 24, 2011

Auditors' Report to The Shareholders

We have audited the accompanying consolidated financial statements of Guardian Capital Group Limited, which comprise the consolidated balance sheets as at December 31, 2010 and December 31, 2009, the consolidated statements of operations, contributed surplus, retained earnings, comprehensive income, accumulated other comprehensive income and cash flow for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Guardian Capital Group Limited as at December 31, 2010 and December 31, 2009 and its consolidated results of operations and its consolidated cash flows, for each of the years then ended in accordance with Canadian generally accepted accounting principles.

The logo for KPMG LLP, featuring the letters 'KPMG' in a stylized blue font, with 'LLP' in a smaller blue font to the right. A blue horizontal line is positioned below the text.

Chartered Accountants,
Licensed Public Accountants

Toronto, Canada

February 24, 2011

Consolidated Balance Sheets

As at December 31 (\$ in thousands)	2010	2009
Assets		
Current Assets:		
Cash	\$ 5,194	\$ 8,227
Interest-bearing deposits with banks	12,356	10,469
Accounts receivable	22,285	21,592
Receivables from clients and broker	27,676	21,591
Prepaid expenses	1,142	1,133
	68,653	63,012
Securities holdings (note 4)	379,394	362,512
Capital assets (note 5)	1,870	1,953
Goodwill (note 6)	6,949	5,249
Intangible assets (note 7)	5,521	6,069
	\$ 462,387	\$ 438,795
Liabilities		
Current Liabilities:		
Bank indebtedness (note 8)	\$ 5,057	\$ 2,314
Bank loan (note 8)	11,443	13,783
Due on securities sold short	664	804
Accounts payable and accrued expenses	15,874	14,337
Client deposits	11,984	10,488
Payable to clients	27,676	21,591
Bankers' acceptances payable (note 8)	30,000	30,000
	102,698	93,317
Future income taxes (note 9a)	28,065	27,608
Non-controlling interests (note 10)	1,036	86
	131,799	121,011
Shareholders' Equity		
Capital stock (note 11b)	22,934	24,132
Treasury stock (note 11d)	(11,443)	(13,783)
Contributed surplus	7,571	6,602
Retained earnings	199,977	201,332
Accumulated other comprehensive income	111,549	99,501
	330,588	317,784
	\$ 462,387	\$ 438,795

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)	2010	2009
Gross Revenue	\$ 117,275	\$ 107,193
Gross commission revenue	\$ 58,952	\$ 53,708
Commissions paid to advisors	(48,817)	(44,829)
	10,135	8,879
Management fee income	35,740	31,508
Net income from securities (note 12a)	17,229	16,591
Administrative services income	5,354	5,386
Revenues, net of commissions paid to advisors	68,458	62,364
Expenses		
Expenses, exclusive of commissions and the undernoted items	49,882	48,318
Amortization	2,614	2,896
Interest	1,292	1,205
	53,788	52,419
Earnings before non-controlling interest and income taxes	14,670	9,945
Non-controlling interests (note 10)	(27)	81
Earnings before income taxes	14,643	10,026
Recovery of income taxes (note 9c)	(432)	(4,248)
Net Earnings	\$ 15,075	\$ 14,274
Net earnings per Class A and Common share:		
Basic	\$ 0.46	\$ 0.41
Diluted	0.45	0.41
Weighted average number of Class A and Common shares outstanding (in thousands):		
Basic	32,908	34,690
Effect of outstanding stock options and stock-based entitlements	669	523
Diluted	33,577	35,213

See accompanying notes to consolidated financial statements.

Consolidated Statements of Contributed Surplus

For the years ended December 31 (\$ in thousands)	2010	2009
Contributed Surplus, Beginning of Year	\$ 6,602	\$ 5,241
Stock-based compensation expense recorded	998	1,436
	7,600	6,677
Less: Equity-based entitlements redeemed	29	75
Contributed Surplus, End of Year	\$ 7,571	\$ 6,602

See accompanying notes to consolidated financial statements.

Consolidated Statements of Retained Earnings

For the years ended December 31 (\$ in thousands)	2010	2009
Retained Earnings, Beginning of Year	\$ 201,332	\$ 199,826
Net earnings	15,075	14,274
	216,407	214,100
Less:		
Dividends paid	4,949	5,320
Excess of purchase price over issue price of Company's capital stock acquired (note 11c)	11,173	7,448
Excess of cost of treasury stock over sale proceeds, net of taxes (note 11d)	308	—
	16,430	12,768
Retained Earnings, End of Year	\$ 199,977	\$ 201,332

See accompanying notes to consolidated financial statements.

Consolidated Statements of Comprehensive Income

For the years ended December 31 (\$ in thousands)	2010	2009
Net Earnings	\$ 15,075	\$ 14,274
Other comprehensive income:		
Increase in net unrealized gain on available for sale securities	18,814	139,580
Less: Provision for income taxes	(1,392)	(15,785)
	17,422	123,795
Reversal of unrealized losses upon disposal or writedown of available for sale securities	(1,524)	(1,630)
Less: Reversal of income taxes	198	(156)
	(1,326)	(1,786)
Change in foreign currency translation adjustment	(4,048)	(8,883)
Total Other Comprehensive Income	12,048	113,126
Comprehensive Income	\$ 27,123	\$ 127,400

See accompanying notes to consolidated financial statements.

Consolidated Statements of Accumulated Other Comprehensive Income

For the years ended December 31 (\$ in thousands)	2010	2009
Unrealized gains (losses) on available for sale securities		
Opening balance	\$ 110,701	\$ (11,308)
Change during the year	17,422	123,795
Reversal of unrealized (gains) on disposal of securities during the year	(1,326)	(1,786)
Closing balance	126,797	110,701
Foreign currency translation adjustment on self-sustaining foreign subsidiary		
Opening balance	(11,200)	(2,317)
Change during the period	(4,048)	(8,883)
Closing balance	(15,248)	(11,200)
Accumulated other comprehensive income, end of year	\$ 111,549	\$ 99,501

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flow

For the years ended December 31 (\$ in thousands)	2010	2009
Operating Activities		
Net earnings	\$ 15,075	\$ 14,274
Add (deduct) items not involving cash:		
Future income taxes	(672)	(3,397)
Amortization of intangible assets	2,080	2,088
Amortization of capital assets	534	808
Net gain on securities	(1,579)	(1,217)
Stock-based compensation	998	1,436
Writedown of intangible and capital assets	–	867
Non-controlling interests	27	(81)
	16,463	14,778
Net change in non-cash working capital	526	(4,251)
Net cash from operating activities	16,989	10,527
Financing Activities		
Change in client deposits	2,019	5,092
Acquisition of capital stock	(12,371)	(8,693)
Disposition (acquisition) of treasury stock	2,340	(1,015)
(Decrease) increase in bank loan	(2,340)	1,015
Tax benefit on disposition of treasury stock	138	–
Dividends paid	(4,949)	(5,320)
Issuance of bankers' acceptances	–	5,000
Non-controlling interests	923	(1,077)
Net cash (used in) financing activities	(14,240)	(4,998)
Investing Activities		
Acquisition of securities	(93,088)	(63,153)
Proceeds on sale of securities	90,785	72,925
Change in interest-bearing deposits with banks	(2,415)	(8,710)
Acquisition of intangible assets	(1,582)	(637)
Proceeds on disposal of intangible assets	49	–
Acquisition of capital assets	(480)	(86)
Acquisition of shares of subsidiary	(1,700)	–
Net cash (used in) from investing activities	(8,431)	339
Foreign Exchange		
Net effect of foreign exchange rate changes on cash balances	(94)	(179)
Net change in cash, net of bank indebtedness	(5,776)	5,689
Cash, net of bank indebtedness, beginning of year	5,913	224
Cash, net of bank indebtedness, end of year	\$ 137	\$ 5,913
As at December 31 (\$ in thousands)		
Represented by:		
Cash	\$ 5,194	\$ 8,227
Bank indebtedness	(5,057)	(2,314)
	\$ 137	\$ 5,913
Supplemental cash flow information:		
Interest paid	\$ 1,292	\$ 1,205
Taxes (refunded)	(1,827)	(914)

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, less any writedowns.

(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 Company’s securities that are recorded at fair value are categorized according to three levels of a fair value hierarchy, based on the reliability of information used in estimating their fair values. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (level 1) and the lowest priority to unobservable inputs used in determining fair value (level 3).

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 as a reduction of income from 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.

Notes to Financial Statements

(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 to five 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) Treasury Stock

The Company provides 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. The EPSP Trust is considered to be a VIE, of which the Company is the primary beneficiary. The Company consolidates the EPSP Trust in these financial statements, and accounts for the shares owned by the EPSP Trust as treasury stock.

(j) 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. The trade date is used for purposes of calculating gains or losses on sale of securities.
- 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.

(k) 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 the subsidiaries 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, and the cumulative balance is included in accumulated other comprehensive income in the shareholders' equity section of the balance sheets.

(l) 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.

(m) 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.

(n) 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.

(o) 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 year end are included in held for trading securities in these financial statements.

(p) 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. International Financial Reporting Standards

In February, 2008, the Canadian Institute of Chartered Accountants ("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. As a result, in 2011, the Company will be required to provide IFRS comparative information for the 2010 fiscal year. Accordingly, the conversion from Canadian GAAP to IFRS will be applicable to the Company's reporting for the first quarter of 2011, for which the current and comparative information will be prepared under IFRS. Guardian has commenced its transition from Canadian GAAP to IFRS, and discloses its progress in its preparations for IFRS in its Management's Discussion and Analysis included in its Interim and Annual Reports.

3. 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	2010	2009
Current assets	\$ 1,086	\$ 945
Capital assets	\$ 1	3
	\$ 1,087	\$ 948
Current liabilities	\$ 752	\$ 612
Shareholders' equity	335	336
	\$ 1,087	\$ 948
For the years ended December 31	2010	2009
Management fee income	\$ 1,389	\$ 1,141
Expenses, exclusive of amortization	1,388	1,143
Amortization	2	–
	1,390	1,143
Net (loss)	\$ (1)	\$ (2)

Notes to Financial Statements

4. Securities Holdings

As at December 31	2010	2009
Available for sale securities		
Securities priced based on market transactions:		
Short-term securities (a)	\$ 5,096	\$ 10,780
Mutual funds	51,707	52,926
Common shares	316,282	295,060
Securities not having a quoted market value (b)	1,785	2,134
	374,870	360,900
Held for trading securities		
Short-term securities	4,524	1,612
	\$ 379,394	\$ 362,512

(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 \$31 (2009 - \$180), as described in note 12b.

(c) The Company's securities recorded at fair value have been categorised based upon a fair value hierarchy, as follows:

As at December 31	2010	2009	2010	2009	2010	2009	2010	2009
	Level 1		Level 2		Level 3		Total	
Securities holdings	\$377,609	\$ 360,378	\$ -	\$ -	\$ -	\$ -	\$377,609	\$ 360,378
Due on securities sold short	(664)	(804)	-	-	-	-	(664)	(804)
	\$376,945	\$ 359,574	\$ -	\$ -	\$ -	\$ -	\$376,945	\$ 359,574

i) There have been no transfers between Levels 1 and 2 in the years 2010 and 2009.

ii) There have been no Level 2 or 3 securities holdings during the years 2010 and 2009.

5. Capital Assets

As at December 31	2010			2009		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Computer hardware	\$ 1,436	\$ 1,021	\$ 415	\$ 1,366	\$ 1,077	\$ 289
Furniture and equipment	3,133	1,931	1,202	3,768	2,427	1,341
Leasehold improvements	1,274	1,021	253	1,231	908	323
	\$ 5,843	\$ 3,973	\$ 1,870	\$ 6,365	\$ 4,412	\$ 1,953

6. Goodwill

During the year 2010, the Company purchased the remaining non-controlling interest held by others in a subsidiary for \$1,700, which amount was allocated to goodwill. Of the remainder of the goodwill, \$1,022 arose on the purchase of a life insurance managing general agent in 2004, and \$4,227 arose on the purchase of the mutual fund dealer subsidiary.

7. Intangible Assets

As at December 31	2010			2009		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
New business costs	\$ 7,798	\$ 4,119	\$ 3,679	\$ 6,928	\$ 2,734	\$ 4,194
Computer software	2,095	1,198	897	2,710	1,939	771
Rights to future revenues	2,257	1,312	945	2,257	1,153	1,104
	\$ 12,150	\$ 6,629	\$ 5,521	\$ 11,895	\$ 5,826	\$ 6,069

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

8. 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 \$5,057 at December 31, 2010 (2009 – \$2,314).

(b) Bank loan

Through the EPSP Trust, the Company has a bank loan from a major chartered bank, in the amount of \$11,443 at December 31, 2010 (2009 - \$13,783). The loan bears interest at the bank prime rate, plus 0.25%, and is secured by the deposit as collateral of the treasury stock held by the EPSP Trust valued at \$12,926 at December 31, 2010 (2009 - \$13,764), and other securities valued at \$8,450 at December 31, 2010 (2009 - \$8,198).

(c) Bankers' acceptances payable

The Company has outstanding notes payable under bankers' acceptances, in the amount of \$30,000 at December 31, 2010 (2009 - \$30,000). The bankers' acceptances are guaranteed by a major Canadian chartered bank, and the balance at December 31, 2010 is due at various dates over a period of 60 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.

9. Income Taxes

As at December 31	2010	2009
(a) The components of the future income tax balance are as follows:		
Future income tax assets:		
Loss carryforwards	\$ 1,796	\$ 2,576
Deferred items	1,875	1,953
	3,671	4,529
Future income tax liabilities:		
Deferred and unrealized capital gains on securities	31,736	32,137
Net future income tax liability	\$ 28,065	\$ 27,608

Notes to Financial Statements

(b) The Company has total non-capital loss carryforwards which expire as follows:

As at December 31	2010	2009
2010	\$ –	\$ 361
2014	82	168
2015	120	1,943
2026	94	609
2027	835	1,246
2028	3,393	3,227
2029	2,488	2,734
2030	112	–
	\$ 7,124	\$ 10,288

The benefit from \$7,124 (2009 - \$10,288) of these non-capital loss carryforwards has been recognized in the consolidated financial statements.

(c) The components of recovery of income taxes are as follows:

For the years ended December 31	2010	2009
Current income taxes (recovery)	\$ 240	\$ (851)
Future income taxes (recovery)	(672)	(3,397)
Net recovery of income taxes	\$ (432)	\$ (4,248)

(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:

For the years ended December 31	2010	2009
Tax at the combined Federal and provincial statutory income tax rate for the current year	\$ 4,540	\$ 3,330
Increase (decrease) in provision due to:		
Tax-exempt income from securities	(4,447)	(4,659)
Lower average tax rate applicable to foreign subsidiaries	(671)	(1,208)
Adjustment to future tax assets and liabilities for changes in timing differences	256	–
Non-taxable portion of capital losses (gains)	(330)	111
Non-deductible expenses	309	237
Adjustments to future tax assets and liabilities for substantively enacted changes in tax rates	–	(1,974)
Other	(89)	(85)
Net recovery of income taxes	\$ (432)	\$ (4,248)

10. 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.

11. 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

For the years ended December 31	2010		2009	
	Shares	Amount	Shares	Amount
(i) Class A shares				
Outstanding, beginning of year	30,180	\$ 22,794	31,770	\$ 24,025
Acquired and cancelled	(1,586)	(1,198)	(1,647)	(1,245)
Converted from common shares	221	148	57	14
Outstanding, end of year	28,815	21,744	30,180	22,794
(ii) Common shares				
Outstanding, beginning of year	5,537	\$ 1,338	5,594	1,352
Converted to Class A shares	(221)	(148)	(57)	(14)
Outstanding, end of year	5,316	1,190	5,537	1,338
Total issued and outstanding	34,131	\$ 22,934	35,717	\$ 24,132

(c) Issuer bid

During the year, the Company acquired 1,586 (2009 - 1,647) of its Class A shares for \$12,371 (2009 - \$8,693), of which \$11,173 (2009 - \$7,448), the excess of the purchase price over the average issue price, was charged directly to retained earnings.

(d) 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 note 12f of these financial statements. A summary of the changes in the Company's treasury stock is as follows:

For the years ended December 31	2010		2009	
	Shares	Amount	Shares	Amount
Balance, beginning of year	1,785	\$ 13,783	1,490	\$ 12,768
Shares acquired	55	452	307	1,090
Shares disposed of	(361)	(2,792)	(12)	(75)
Balance, end of year	1,479	\$ 11,443	1,785	\$ 13,783

As at December 31, 2010, the treasury stock was composed of 63 common shares (2009 - 163) and 1,416 class A shares (2009 - 1,622). During the year, the Company disposed of 261 (2009 - 12) of its Class A shares and 100 (2009 - Nil) of its common shares, for sales proceeds of \$2,346 (2009 - \$75). The shares disposed of had a total cost of \$2,792 (2009 - \$75), and the excess of \$308 (2009 - \$ Nil), after a tax benefit of \$138 (2009 - \$ Nil), has been charged to retained earnings.

(e) 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.

Notes to Financial Statements

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

For the years ended December 31	2010		2009	
	Number of Shares	Weighted Average Purchase Price	Number of Shares	Weighted Average Purchase Price
Option-like entitlements, beginning of year	1,299	\$ 8.18	1,269	\$ 8.24
Entitlements provided	–	–	30	5.52
Entitlements redeemed	(190)	5.15	–	–
Entitlements cancelled	(155)	11.03	–	–
Option-like entitlements, end of year	954	\$ 8.32	1,299	\$ 8.18

As at December 31, 2010, there were outstanding entitlements for 63 common shares (2009 - 163) and 891 class A shares (2009 - 1,136). The amount recorded as compensation cost in 2010, pertaining to option-like entitlements, was \$333 (2009 - \$406).

Because these entitlements have option-like characteristics, they are accounted for as options and valued using the Black-Scholes option pricing model. The value of the entitlements provided is recorded as compensation cost over the vesting period of the entitlements, and is credited to contributed surplus. On exercise of an entitlement, treasury stock is reduced for the value of the entitlement exercised.

No option-like entitlements were provided during the year ended December 31, 2010. Option-like entitlements provided during the year ended December 31, 2009 had a value of \$24. The following are the key assumptions used in the valuation of these entitlements:

For the year ended December 31	2009
Average purchase price per share	\$ 5.52
Vesting period in years	6.00
Average expected term to exercise, in years	6.00
Risk-free interest rate	2.12 %
Expected normal price volatility	26.70 %
Expected dividends per share, per annum	\$ 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, 2010				
\$0.00 - \$5.00	20	\$ 2.62	20	\$ 2.62
\$5.01 - \$10.00	670	7.29	546	7.23
\$10.01 - \$15.00	264	11.36	180	11.18
	954	\$ 8.32	746	\$ 8.06
As at December 31, 2009				
\$0.00 - \$5.00	80	\$ 3.09	80	\$ 3.09
\$5.01 - \$10.00	870	7.30	698	7.18
\$10.01 - \$15.00	349	11.52	178	11.30
	1,299	\$ 8.18	956	\$ 7.60

(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	2010	2009
	Number of Shares	
Equity-based entitlements, beginning of year	486	221
Entitlements provided	55	277
Entitlements redeemed	(9)	(12)
Entitlements cancelled	(7)	–
Equity-based entitlements, end of year	525	486

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 2010, pertaining to equity-based entitlements, was \$575 (2009 - \$608). Allocations provided during the year ended December 31, 2010 had a fair value of \$452 (2009 - \$922).

(f) **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:

For the years ended December 31	2010		2009	
Options	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Outstanding, beginning of year	506	\$ 11.69	606	\$ 10.67
Expired	(470)	11.79	(100)	5.50
Outstanding, end of year	36	\$ 10.50	506	\$ 11.69

During the years 2010 and 2009, no options to purchase shares were granted. The amount recorded as compensation cost in 2010, pertaining to options granted in 2006, was \$90 (2009 - \$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, 2010					
\$10.01 - \$15.00	36	1.10	\$ 10.50	29	\$ 10.50
As at December 31, 2009					
\$ 10.01 - \$15.00	506	.50	\$ 11.69	398	\$ 11.71

Notes to Financial Statements

12. Net Income from Securities

(a) Net income from securities is composed of:

For the years ended December 31	2010	2009
Dividend income	\$ 15,106	\$ 14,827
Interest income earned from -		
Held for trading securities	268	190
Financial assets not classified as held for trading	276	357
Total dividend and interest income	15,650	15,374
Net gain (loss) on -		
Held for trading securities	(62)	17
Available for sale securities	1,641	1,200
Net gain (loss) on securities	1,579	1,217
Net income from securities	\$ 17,229	\$ 16,591

(b) Writedowns of securities:

During the year 2010, management determined that certain available for sale securities were impaired. As a result, those securities were written down by \$31 (2009 - \$180) to management's best estimate of their fair values, which writedown is included in net gain (loss) on available for sale securities.

13. Defined Contribution Plans

The Company has a defined contribution pension plan which is registered under the Pension Benefits Act of Ontario. During 2010, contributions were made to the plan by the Company in the amount of \$256 (2009 - \$246).

The Company also contributes to a group retirement savings plan on behalf of employees of certain subsidiaries. During 2010, contributions were made to the plan by the Company in the amount of \$103 (2009 - \$109)

14. Commitments, Contingencies and Guarantees

(a) Commitments

The Company has premises and equipment leases which expire on various dates after 2010. Future minimum payments required under these operating leases that have initial terms in excess of one year as at December 31, 2010 are as follows:

2011	\$ 1,103
2012	1,091
2013	578
2014	549
2015	30
	\$ 3,351

(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, 2010 was \$482 (2009 - \$482).

15. 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	2010	2009	2010	2009	2010	2009	2010	2009
Gross Revenue	\$ 36,985	\$ 32,612	\$ 63,578	\$ 58,180	\$ 16,712	\$ 16,401	\$ 117,275	\$ 107,193
Revenues, net of commissions paid to advisors	36,985	\$ 32,612	14,761	\$ 13,351	16,712	\$ 16,401	68,458	\$ 62,364
Other operating expenses	30,215	28,989	15,244	14,144	4,423	5,185	49,882	48,318
Operating earnings (loss)	6,770	3,623	(483)	(793)	12,289	11,216	18,576	14,046
Less:								
Amortization of intangible assets	64	175	1,915	1,802	101	111	2,080	2,088
Amortization of capital assets	96	220	335	342	103	246	534	808
Interest	152	107	40	38	1,100	1,060	1,292	1,205
Non-controlling interests	–	–	–	–	27	(81)	27	(81)
Earnings (loss) before income taxes	6,458	3,121	(2,773)	(2,975)	10,958	9,880	14,643	10,026
Income tax provision (recovery)	1,478	1,381	(638)	(303)	(1,272)	(5,326)	(432)	(4,248)
Net earnings (loss)	\$ 4,980	\$ 1,740	\$ (2,135)	\$ (2,672)	\$ 12,230	\$ 15,206	\$ 15,075	\$ 14,274
Intangible assets acquired	245	\$ 61	1,191	\$ 576	146	\$ –	\$ 1,582	\$ 637
Capital assets acquired	69	14	118	70	293	2	480	86
As at December 31								
Total assets	\$ 30,924	\$ 26,446	\$ 49,834	\$ 38,504	\$381,629	\$373,845	\$462,387	\$438,795

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	2010	2009	2010	2009	2010	2009
Gross Revenue	\$ 112,645	\$ 100,937	\$ 4,630	\$ 6,256	\$ 117,275	\$ 107,193
Revenues, net of commissions paid to advisors	\$ 63,828	\$ 56,108	\$ 4,630	\$ 6,256	\$ 68,458	\$ 62,364
Intangible assets acquired	1,550	637	32	–	1,582	637
Capital assets acquired	454	84	26	2	480	86
As at December 31						
Total assets	\$ 381,040	\$362,501	\$ 81,347	\$ 76,294	\$ 462,387	\$ 438,795

16. Financial Risks Management

The Company's goal in managing financial risks 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 three types of risk: currency risk, interest rate risk and price risk.

(i) Currency Risk

The Company's main direct exposure to currency risk is on its investments in its foreign subsidiaries, amounting to \$75,611 US at fair value as at December 31, 2010. 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 \$7,561 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.

(ii) 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 \$12,356 and the client deposits liability of \$11,984. 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.

(iii) Price Risk

The Company is exposed to price risk with its securities holdings and the amounts due on securities sold short. Unrealized changes in the values of its securities holdings are recorded as unrealized gains or losses in the Consolidated Statements of Comprehensive Income (for available for sale securities) and as gains or losses in the Consolidated Statements of Operations (for held for trading securities and securities sold short). 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 long and short securities holdings, excluding the Bank of Montreal shares, are also diversified by asset class and, as shown in the chart below, by geographical region. The chart also indicates the realized or 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	2010		2009	
	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	\$ 26,578	±\$ 2,658	\$ 24,451	±\$ 2,445
United States	4,725	± 473	4,467	± 447
Rest of the World	50,912	± 5,091	42,440	± 4,244
Total	\$ 82,215	±\$ 8,222	\$ 71,358	±\$ 7,136

(b) Concentration Risk

The Company is exposed to concentration risk associated with the \$285,109 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 \$28,511 being recorded in the Consolidated Statement of Comprehensive Income.

(c) 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	2010	2009
Cash	\$ 5,194	\$ 8,227
Interest-bearing deposits with banks	12,356	10,469
Accounts receivable	22,285	21,592
Receivable from clients and broker	27,676	21,591
Loan guarantees	482	482
Total, before collateral and credit enhancements	\$ 67,993	\$ 62,361

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.

(d) 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, at attractive terms, with major Canadian banks.

17. 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, 2010, the Company's regulated businesses had total regulatory capital amounting to \$85,526 (2009 - \$84,986). 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.

18. Reclassifications

Certain 2009 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, 2010.

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: Not applicable.

5.3 Limitation on scope of design: Not applicable.

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) Not applicable.

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, 2010 and ended on December 31, 2010 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 24, 2011

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, 2010.

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: Not applicable.

5.3 Limitation on scope of design: Not applicable.

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) Not applicable.

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, 2010 and ended on December 31, 2010 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 24, 2011

Directors

Board of Directors

James S. Anas •
Barry J. 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

† Lead Director

Principal Executives

Guardian Capital Group Limited

John M. Christodoulou
Chairman and
Chief Executive Officer

George Mavroudis
President

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

Matthew D. Turner
Senior Vice-President
and Chief Compliance
Officer

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

Leslie Lee
Vice-President,
Human Resources

Donald Yi
Risk Management Officer

Ernest B. Dunphy
Controller

Guardian Capital LP

JJ Woolverton
Chairman

George Mavroudis
Chief Executive Officer

C. Verner Christensen
Senior Vice-President
and Secretary

Robert G. Broley
Senior Vice-President

Brian P. Holland
Senior Vice-President,
Client Service

Hugh M. MacFarlane
Senior Vice-President,
Investment Services

Greg Chai
Vice-President,
Client Service

Joyce Hum
Vice-President,
Consultant Relations

Patrick Milot-Daignault
Vice-President,
Investment Services

Chris Winchell
Vice-President,
Investment Services

Darryl M. Workman
Vice-President,
Operations and
Administration

Matthew D. Turner
Chief Compliance Officer

Ernest B. Dunphy
Controller

Portfolio Managers:

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

Kevin R. Hall
Senior Vice-President

Srikanth G. Iyer
Senior Vice-President

Michele J. Robitaille
Senior Vice-President

Guardian Capital Advisors LP

George Mavroudis
Managing Director
and Chief Executive
Officer

C. Verner Christensen
Vice-President
and Secretary

Simon Bowers
Vice-President,
Private Client Trading

Steven W. Thode
Vice-President,
Private Client Services

Patrick Tryon
Vice-President,
Private Client Services

Darryl M. Workman
Vice-President,
Operations and
Administration

Matthew D. Turner
Chief Compliance Officer

Ernest B. Dunphy
Controller

Private Client Portfolio Managers:

Michael E. Barkley
Senior Vice-President

George E. Crowder
Senior Vice-President

Douglas G. Farley
Senior Vice-President

Michael G. Frisby
Senior Vice-President

Matthew Baker
Vice-President

Thierry Di Nallo
Vice-President

Christie F. Rose
Vice-President

Principle Executives continues...

Principal Executives

Worldsource Wealth Management Inc.

Paul Brown
Managing Director

John T. Hunt
Managing Director

Andy Mitchell
Managing Director

Linda Kenny
Chief Financial Officer

Paige Wadden
Head of Compliance

Areef Samji
Controller

Alexandria Bancorp Limited

Robert F. Madden
General Manager

Alexandria Trust Corporation

Robert F. Madden
Director

Corporate Information

Corporate Offices

*Commerce Court West
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Toronto, Ontario M5L 1E8
Telephone: (416) 364-8341
Fax: (416) 364-2067
Website: www.guardiancapital.com*

Investor Relations

*George Mavroudis
email: info@guardiancapital.com*

Auditors

KPMG LLP

Bankers

*Canadian Imperial Bank of Commerce
Bank of Montreal*

Toronto Stock Exchange Listing

<i>Shares</i>	<i>Symbol</i>
<i>Common</i>	<i>GCG</i>
<i>Class A</i>	<i>GCG.A</i>

Annual Meeting

*May 26, 2011
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.

