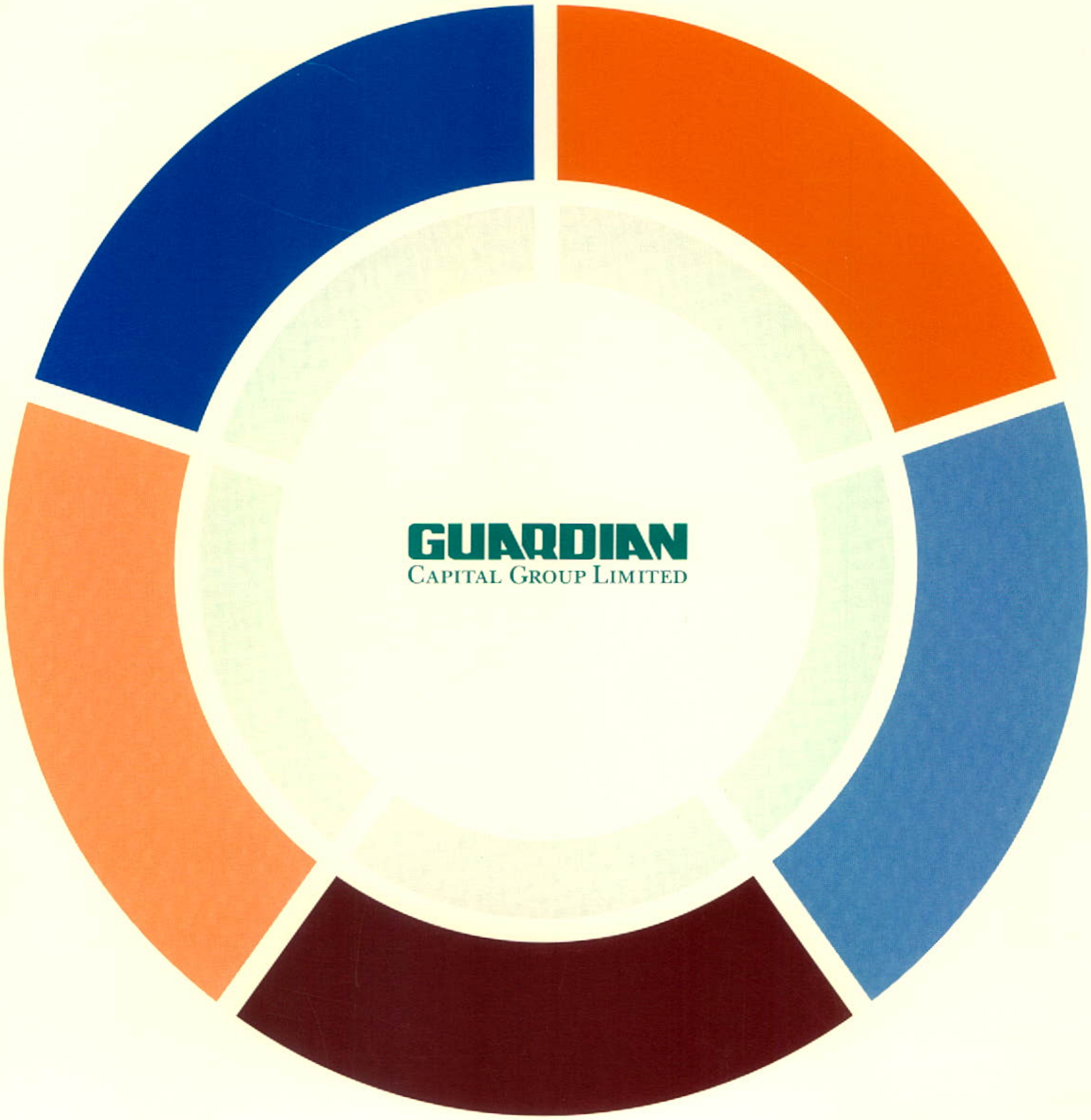
L Guardian Capital Group Limited C



1999 Annual Report

Mission

OUR MISSION IS TO SUCCESSFULLY OPERATE COMPLEMENTARY FINANCIAL SERVICES BUSINESS UNITS TARGETING SECTOR-SPECIFIC INVESTORS. OUR AIM IS TO POSITION THESE BUSINESSES TO PROVIDE THEIR CLIENTS WITH VALUE ADDED GLOBAL INVESTMENT PRODUCTS AND SERVICES.

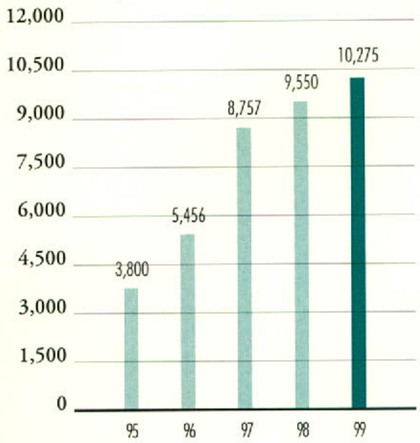
GUARDIAN
CAPITAL GROUP LIMITED

CONTENTS

Financial Highlights

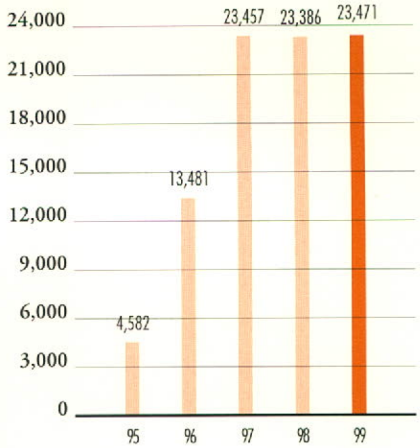
(Years ended December 31)

ASSETS UNDER MANAGEMENT
($ in millions)



Assets under management increased by 7.6% to $10.3 billion at the end of 1999. Growth in institutional assets accounts for the majority of this increase.

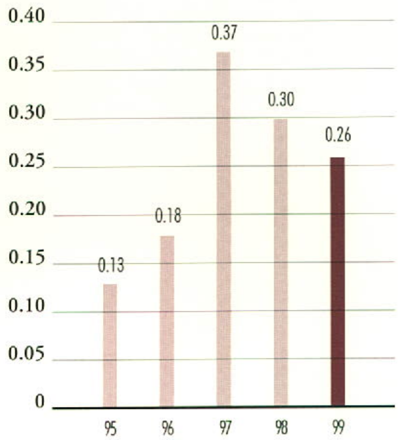
EBITDA (1)
($ in thousands)



EBITDA was $23.5 million in 1999, a slight increase over 1998 comprising a 6.6% increase in EBITDA from the business units partially offset by a decline in capital management EBITDA.

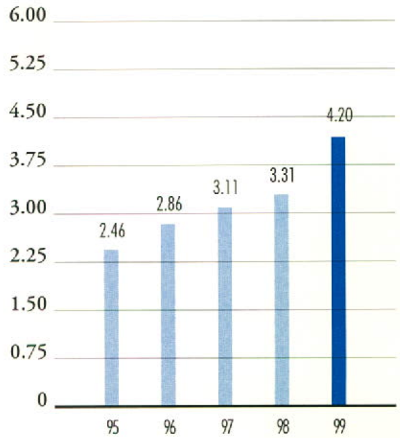
(1) Earnings before income taxes, depreciation, amortization, interest expense, and financing fees.

EARNINGS PER SHARE – FULLY DILUTED
(in $)



Earnings per share, on a fully diluted basis, were $0.26, a decline of $0.04 from 1998 because of an increase in the amortization of mutual fund financing commissions and an increase in the effective income tax rate.

CORPORATE HOLDINGS OF SECURITIES PER SHARE
(in $)



Corporate holdings of securities per share, increased by 26.9% to $4.20 at the end of 1999. The increase was primarily due to the performance of the Company's mutual funds in which the holdings were invested.

Per share figures have been adjusted to reflect the June 1998 3-for-1 stock split.

In 1999, your company increased its client assets under management, and achieved higher earnings before interest expense, financing fees, income taxes, depreciation and amortization (EBITDA). Corporate holdings of securities rose to a record high. Revenue declined slightly, year-over-year, mainly due to lower fund management fees. Fully diluted earnings also declined, reflecting two main factors: a higher effective income tax rate and increased amortization charges relating to the financing of commissions paid on the sales of deferred load mutual funds.

"... in 1999, we increased client assets under management and EBITDA"

Your company's value to its clients is derived from its ability to provide a global range of investment management services and products. We deliver this value to institutional and retail investors through separately managed and coordinated business units, each of which is structured to meet the needs of its own category of clients. Two of these units, those serving institutional and mutual fund investors, have well-developed business franchises. The others are at various stages of development. The progress of these units through the year is described in the Review of Operations, the highlights of which are:

- Positive, albeit slower, growth was achieved in Guardian Capital Inc., the business unit which is focussed on institutional asset management and on managing certain of the client assets of Guardian's other business units;
- After several years of rapid growth, our mutual funds unit, Guardian Group of Funds Ltd., experienced a pause with a slight decline in assets managed; however, lower revenues were offset by lower costs, resulting in an increase in this unit's operating profit;
- Guardian Capital Advisors Inc., our private wealth management unit, broadened its range of products and services, expanded its Toronto office and added a Vancouver office;
- Alexandria Bancorp Limited, which serves international clients, contributed a small profit from its financial services operations; and
- All of the main business units added to their teams of investment and business professionals as part of Guardian's continuing long-term commitment to improving service to clients.

The financial services sector was buoyant at the beginning of the year but experienced some volatility with the chartered banks and many mutual fund companies trading well below their 52-week highs by the end of the year. This volatility contributed to the trend towards consolidation with several major acquisitions and mergers taking place in both the bank and mutual fund sectors. As declines occurred in the multiples at which financial services stocks trade, Guardian's share price came under pressure during 1999. Nevertheless, over the past three years, our share price has outperformed the TSE 300 Index, as well as a sub-index of the five largest publicly traded mutual fund companies.

Our corporate goal continues to be the creation of long-term sustainable value through the development and management of complementary business units targeting sector-specific investors, whose objective is to deliver value-added investment products and services. It is our view that the best way to improve the long-term sustainable value of Guardian's shares is through growth and improvement in our businesses. To facilitate the implementation of this strategy, we have been actively building Guardian's infrastructure in terms of personnel and systems over the past ten years and we view this as critical to achieving our corporate objectives. With our strong cash flow and substantial financial resources, we are confident in our ability to implement our growth strategies going forward.

"... our strong cash flow and substantial financial resources provide the means to implement growth strategies..."

As a reflection of management's confidence in your company's financial strength and positive business outlook, the Directors are pleased to declare a dividend of $0.12 per share, compared to $0.10 per share for 1998, representing the seventh consecutive annual increase.

Our Honorary Chairman of the past many years, Mr. Anthony G.S. Griffin, will not stand for re-election to the Board of Directors at this year's Annual Meeting. After a distinguished career in the world of finance in Canada and the UK, spanning six decades, Mr. Griffin has opted for a well-earned retirement. His sound business experience and judgement, as well as his personal grace and charm, will be greatly missed.

We believe that your company is well positioned to build on its long history of growth, as a financially strong investment management firm with a diversified revenue base. Our confidence in the future is reinforced by the stability and strengthening resources of the organization. We offer our thanks to our clients for their support and to our Associates for their continued dedication and hard work.

Warmest thanks to all,

John M. Christodoulou
Chairman and Chief Executive Officer

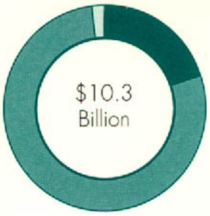
M.A.F. Golding

Mark A.F. Golding
President and Chief Operating Officer

March 23, 2000

Who We Are

GUARDIAN CAPITAL GROUP LIMITED IS A FINANCIAL SERVICES COMPANY THAT TARGETS A BROAD INVESTOR BASE THROUGH SECTOR-SPECIFIC BUSINESS UNITS WHICH PROVIDE CLIENTS WITH A GLOBAL RANGE OF INVESTMENT PRODUCTS AND SERVICES.



ASSETS UNDER MANAGEMENT

- Guardian Group of Funds Ltd. $2.1 (20%)
- Guardian Capital Inc. $8.0 (78%)
- Other $0.2 (2%)

REVENUE

- Guardian Group of Funds Ltd. $33.3 (57%)
- Guardian Capital Inc. $19.2 (33%)
- Other $6.1 (10%)

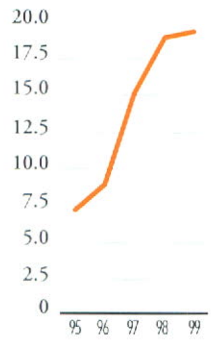
EBITDA

- Guardian Group of Funds Ltd. $16.9 (72%)
- Guardian Capital Inc. $6.3 (27%)
- Other $0.3 (1%)

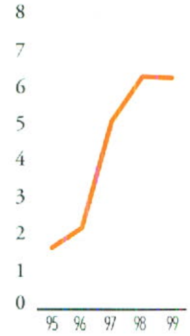
Guardian's corporate objective is to capture a broad cross-section of the investor base through the creation and development of complementary but separate business units. The two largest business units, which currently account for the majority of Guardian's financial results, are Guardian Capital Inc., which serves the institutional investment management sector, and Guardian Group of Funds Ltd., which serves the mutual fund sector. We have committed significant resources to developing a domestic private client business through a third business unit, Guardian Capital Advisors Inc. Guardian's business interests also include Alexandria Bancorp Limited, which caters to international clients, and an investment in Worldsource Holdings Corporation, which owns a retail distributor of mutual funds.

GUARDIAN CAPITAL INC.

ASSETS UNDER MANAGEMENT
($ billions)



REVENUE
($ millions)



EBITDA
($ millions)

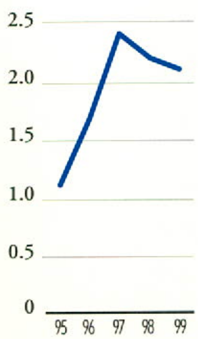
"...our range of investment products is one of the broadest in the industry"

Guardian Capital Inc. provides a comprehensive range of domestic and global investment management services to the institutional market, as well as to other Guardian business units. Guardian Capital Inc. has created a range of investment products that is one of the broadest among Canadian institutional investment managers. It manages segregated portfolios and a family of "Vector" pooled funds for its institutional clients and is the investment manager for the largest share of assets within Guardian's group of mutual funds. The investment professionals based in Toronto work in a team format in the areas of investment management, client service and marketing. The Investment Services Team was strengthened in 1999 with the addition of two professionals, and additions to the Canadian Equity Team are planned for 2000. Stability and consistency within the team of investment professionals, are valued traits and Guardian Capital Inc. has one of the lowest turnover rates for investment professionals in the industry. Dresdner RCM Global Investors, with whom Guardian has had a ten-year association, acts as the advisor for Guardian Capital Inc.'s U.S. and international assets.

In 1999, manager search activity for the industry as a whole was well below that of previous years. Nevertheless, client assets under management and revenue increased on a year-over-year basis. Product performance was first quartile in fixed income as well as U.S. and international equities. Performance in the two largest Canadian equity products was positive although they underperformed their benchmarks due primarily to the concentration of index returns in a relatively few "new economy" stocks. Our Canadian equity portfolios were underweighted in these stocks relative to the index, partly because of constraints in client mandates, which limit how much we can invest in any one stock, but also because our investment style – growth at reasonable prices – tempers our view of stocks that do not appear to be reasonably priced. We expect an improvement in relative performance in our Canadian equity products in 2000. In addition to producing investment performance, Guardian Capital Inc. is strategically focussed on creating value through client service by providing clients with better reporting, as well as analytical capabilities, market information and additional services.

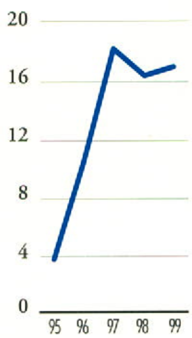
We are committed to positioning Guardian Capital Inc. to achieve its mandate of sustained growth in client assets under management through product innovation, good long-term performance, and exceptional client service.

GUARDIAN GROUP OF FUNDS LTD.



ASSETS UNDER MANAGEMENT
($ billions)

REVENUE
($ millions)



EBITDA
($ millions)

Guardian Group of Funds Ltd.'s business is the management, marketing, and wholesale distribution of mutual funds. These mutual funds are offered to investors exclusively through financial intermediaries, such as stockbrokers and financial planners.

"...our multi-family structure provides retail investors with a broader choice of funds"

In order to provide retail investors with a broader choice of funds and investment style diversification, in 1999 Guardian Group of Funds Ltd. embarked on a strategic change with respect to the management of mutual funds by moving from a single family of funds to a multi-family structure. Initially, four new funds under the brand name Alexandria Mutual Funds, which emphasize the "growth" style of investment management, were launched to complement the existing Guardian Mutual Funds family. The launching of the Alexandria Mutual Funds coincided with the contracting of Saskatchewan-based Greystone Asset Management, growth style managers, as sub-advisors to the North American component of the Alexandria Mutual Funds. San Francisco-based Dresdner RCM Global Investors acts as sub-advisor for global "growth" style assets for Guardian Group of Funds Ltd., while "value" style investment management of U.S. and international assets is provided by Lazard Asset Management of New York. New funds are slated for release in 2000, including one or more domestic funds with the "value" style of investment management, provided by Guardian Group of Fund Ltd.'s newly created in-house "value" investment management team. To oversee the multi-family, multi-manager investment management structure, Guardian Group of Funds Ltd. added a Director of Investments during the year.

The marketing of mutual funds is facilitated by a national advertising campaign through television and print media, which has been successful in building brand identity, as well as through the internal production of tailored marketing materials. To enhance the marketing capabilities, a Vice President, Marketing was added during the year. The distribution of mutual funds is supported by a national team of wholesalers, a competitive sales commission structure, and a client service group that was rated the best in the industry in 1999 by an independent annual survey.

In 1999, U.S. and international equity funds remained the primary choices among investors within the mutual fund industry. To supplement an already strong stable of foreign funds, Guardian Mutual Funds responded to this trend by launching a European Equity fund and a Global Technology fund. In addition, the Alexandria Mutual Fund family includes a Global Equity fund. The shift to foreign funds was further accentuated by the introduction in the industry of foreign mutual funds structured to be 100% RSP-eligible. Guardian Mutual Funds launched two such funds during the year – RSP Global Equity and RSP U.S. Equity.

Guardian Group of Funds Ltd. generally realized strong performance, and accordingly healthy sales, in its foreign products. Guardian Mutual Funds' Canadian equity and balanced products had improved performance in 1999. However, long-term Canadian products, including equity, fixed-income and balanced funds, were in a net redemption position on an industry wide basis.

In addition, the substantial increase in the value of "new economy" stocks affected the relative performance of Guardian Mutual Funds' Canadian equity and balanced funds due to the underweighting of these stocks relative to the index. As a result, the Canadian funds experienced net redemptions which more than offset the sales of foreign products.

Despite a modest decline in total assets under management, Guardian Group of Funds Ltd. remains a substantial contributor of revenue and cash flow among Guardian's business units. We expect that with the introduction of the multi-family structure and the launching of new products to cater to investor preferences, as well as with strong performance, Guardian Group of Funds Ltd. is positioned to continue the growth which has been its hallmark over the past several years.

GUARDIAN CAPITAL ADVISORS INC.

Guardian Capital Advisors Inc. serves the investment management needs of the private client sector, which includes high net worth individuals, foundations and endowments. Guardian began an initiative to develop this business in 1998 which continued through 1999. It will focus, over the next few years, on achieving a "critical mass" in terms of assets under management, revenues, and net income, while building a fully integrated investment management capability. A Vancouver office staffed by two investment professionals was opened in the second quarter of 1999. The investment management capabilities and administrative infrastructure in Toronto were enhanced during the year. In addition to the family of "Vega" pooled funds, Guardian Capital Advisors Inc. has created a capability to offer segregated portfolio management tailored to tax efficiency and client-specific investment programs. Guardian Capital Advisors Inc.'s internet capabilities continue to be enhanced with technological initiatives planned for 2000.

"...with the opening of a Vancouver office, we now have a national presence"

We expect assets under management and revenues to grow substantially on a relative basis. However, investment in the development of the business is expected to outpace revenue growth in the near-term. There are plans to add investment professionals in both Toronto and Vancouver, as well as to supplement the traditional asset-gathering model with two other internet-enabled business models. We believe that in time Guardian Capital Advisors Inc. will be an important contributor to Guardian's overall financial performance.

ALEXANDRIA BANCORP LIMITED

Alexandria Bancorp Limited provides financial services to international corporations, trusts, and international investors. It offers clients multi-jurisdictional trust and corporate services, as well as investment management services primarily through a family of offshore mutual funds under the name The Alexandria Fund. These mutual funds encompass a range of global equity and fixed-income funds of which the sub-advisors include Dresdner RCM Global Investors, Lazard Asset Management, and Regent Fund Management. Alexandria Bancorp Limited is focussed on developing and maintaining an efficient international financial services business.

WORLDSOURCE HOLDINGS CORPORATION

Guardian Capital Group Limited has an investment in Worldsource Holdings Corporation, which operates a mutual fund dealership through its subsidiary CMG-Worldsource Financial Services Inc. It offers administrative and sales support services for the sale of mutual funds to financial advisors, whose registrations are sponsored by CMG-Worldsource.

A LOOK AHEAD

"...we are well-capitalized and client-focussed"

After a year of strong performance in the North American and global equity markets, inflation and interest rate increases remain a threat to the financial markets. The environment in the financial services sector continues to evolve. Competition is increasing, investors are becoming more discriminating and demanding, and technology has impacted every facet of the industry and will have more influence in the future. While these factors pose challenges, they also provide opportunities for companies such as Guardian who are diversified and well capitalized.

Guardian has built strong brands and franchises in the institutional and mutual fund sectors and we are well on the way to developing this in the private client sector. We are focussed on enhancing our ability to provide high quality services and products to our clients across all sectors in which we do business. In 1999, we strengthened the management and infrastructure within each of our business units and we will continue these efforts over the next several years.

As noted above, strategic and tactical initiatives were undertaken during 1999 which we believe will yield tangible results in 2000 and beyond. We are confident that our client-focussed efforts will result in long term growth in value for our shareholders and the greatest benefit for our Associates and stakeholders.

OVERVIEW

The Board of Directors of Guardian Capital Group Limited consists of seven members, five of whom are unrelated to the Company. With the departure of Mr. Anthony Griffin, an unrelated director, the Board of Directors will consist of six members. There are four committees of the Board of Directors, with mandates in the areas of compensation, governance, audit, and ethics. Management and other insiders have a common interest with shareholders arising from their significant equity ownership in the Company. As at December 31, 1999, management and other insiders collectively held 54.9% of the Common shares of the Company. On a fully diluted basis, management and other insiders would have held 34.7% of the Common and Class A shares of the Company as at year-end.

Guardian Capital Group Limited currently conducts its business primarily through four wholly-owned operating subsidiaries and a majority investment in a mutual fund dealership holding company. The bulk of assets under management, and consequently revenue and earnings, are in the institutional and mutual fund business units.

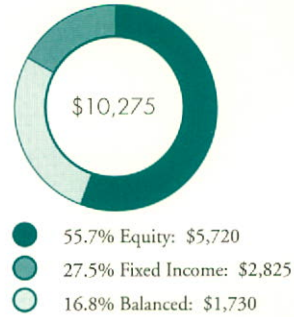
CLIENT ASSETS UNDER MANAGEMENT

As at December 31 ($ in millions)

			Change	
	1999	1998	$	%
Institutional	$ 7,980	$ 7,225	755	10.4
Mutual Funds	2,087	2,161	(74)	(3.4)
Other	208	164	44	26.8
Total	$ 10,275	$ 9,550	725	7.6

1999 ASSETS UNDER MANAGEMENT

($ in millions)



Institutional assets under management at December 31, 1999 of $8.0 billion were about $755 million or 10.4% higher than at December 31, 1998. This increase was due to market appreciation of the securities in which we invested our clients' assets and, to a lesser extent, net new accounts and additional contributions from existing clients.

Mutual fund assets ended 1999 at $2,087 million, $74 million or 3% less than at the end of 1998. This change reflects net redemptions of $196 million offset largely by market value increases in the underlying funds. In common with many Canadian mutual fund companies, redemptions were particularly prevalent among Canadian equity and balanced funds while sales of international equity funds were strong. As at December 31, 1999, $1,606 million comprised Canadian funds and $481 million foreign funds (including RSP-eligible foreign equity funds).

GROSS REVENUE

Guardian's core business activities involve investing client assets in Canadian and foreign equity and bond markets in return for which we receive management fees based primarily on the market value of these assets under our management. Gross revenues for the year ended December 31, 1999 totaled $58.6 million, 7% less than in the prior year. Management fees accounted for 86.2% of gross revenues.

MANAGEMENT FEES
Years ended December 31 ($ in thousands)

- 61.0% Mutual Funds: $30,826
- 34.3% Institutional: $17,296
- 4.7% Other: $2,380

- 63.9% Mutual Funds: $33,805
- 32.3% Institutional: $17,085
- 3.8% Other: $1,987

Management fees from institutional assets under management increased by $0.2 million or 1.2% as compared to 1998. Management fees from mutual funds are based on the daily net asset values in each of the funds. Average assets under management in 1999 were 8.4% less than in 1998, resulting in management fees of $30.8 million, $3 million or 8.8% lower than in the prior year.

Since mid-1998, Guardian has been self-financing the commissions paid on deferred load mutual fund sales. From mid-1997 until mid-1998, financing was provided by the Multifund Income Trust and, prior to mid-1997, through Limited Partnerships. In return for financing the deferred load sales commissions, Multifund and the Limited Partnerships received financing fees as well as any redemption fees relating to those financed assets. Redemption fees for the first half of 1998 were retained by these financing vehicles while Guardian retained redemption fees from assets financed after July 1998. Redemption fees for 1999 of $2.5 million reflect increased redemptions, as well as the fact that Guardian retained redemption fees for the whole year. Sales commissions for 1999 relate entirely to CMG-Worldsource, while in 1998 sales commissions reflected sales by CMG-Worldsource sponsored representatives as well as commissions relating to sales financed by Multifund that ended in mid-1998. CMG-Worldsource's net sales commissions in 1999 were $0.8 million less than in 1998.

EXPENSES

Total expenses decreased by 8% to $50.1 million for the year ended December 31, 1999 as compared to the same period in 1998. Of this amount, $35.1 million, or 70% of total expenses, were operating expenses.

A substantial portion of this decrease in operating costs was attributable to the selective elimination or deferral of certain elective mutual fund marketing projects.

OPERATING EXPENSES

Years ended December 31 ($ in thousands)	1999	1998	Change $	Change %
Operating expenses (1)	$ 35,095	$ 39,419	(4,324)	(11.0)
As a % of:				
Total Revenue	59.9	62.8		
Average Client Assets	0.36	0.42		

(1) Expenses before depreciation, amortization, interest expense, financing fees, and income taxes.

OPERATING EXPENSES
Years ended December 31 ($ in thousands)

37.8% Mutual Funds: $13,252
36.8% Institutional: $12,910
25.4% Other: $8,933

39.4% Mutual Funds: $15,544
31.6% Institutional: $12,457
29.0% Other: $11,418

The most significant non-operating expenses are the amortization of deferred sales commissions and financing fees. Commissions paid on the sale of deferred load mutual funds are capitalized as deferred costs and amortized over the deferred sales charge period of seven years. As the total amount of commissions financed increased during the year, the amortization of these deferred sales commissions also increased.

Financing fees represent amounts paid to the Limited Partnerships. These fees for 1999 were lower than in 1998 because the assets that had been financed by the Limited Partnerships declined as redemptions were larger than the market value increases on those assets.

EBITDA

EBITDA represents earnings before income taxes, interest expense, financing fees, depreciation and amortization. EBITDA has become a benchmark measure for comparing financial services companies whose reported earnings are impacted by the different approches to financing their operations and the different tax structures within which they operate.

Years ended December 31 ($ in thousands)	1999	1998	Change $	Change %
EBITDA (1) from				
Business Units	$ 21,875	$ 20,526	1,349	6.6
Capital Management	1,596	2,860	(1,264)	(44.2)
Total	$ 23,471	$ 23,386	85	0.4
Total as a % of revenue	40.1	37.2		

(1) Earnings before depreciation, amortization, interest expense, financing fees, and income taxes.

EBITDA for the business units for 1999 increased by $1.4 million, or 7%, as compared to 1998. The most significant contributors to this change were Alexandria Bancorp Limited, where a restructuring of operations was completed during the year resulting in a substantial reduction in operating expenses, and Guardian Group of Funds Ltd., where operating cost reductions more than compensated for lower revenues. These increases in EBITDA were offset somewhat by higher operating costs for our high net worth advisory business as we invested in the infrastructure and technology required to develop that business.

EBITDA relating to capital management is lower than in 1998, primarily due to lower realized gains from the sale of investments. However, as described in greater detail in the "Liquidity and Capital Resources" section, the unrealized appreciation in the value of corporate investments is $12 million more than at December 31, 1998.

NET INCOME AND EARNINGS PER SHARE

Years ended December 31 ($ in thousands, except per share figures)			Change	
	1999	1998	$	%
EBITDA	$ 23,471	$23,386	85	0.4
Less: Depreciation and Amortization	$ 6,774	$ 5,518	(1,256)	(22.8)
Interest	$ 1,637	$ 1,364	(273)	(20.0)
Financing Fees	$ 6,583	$ 7,865	1,282	16.3
Income Taxes	$ 3,511	$ 3,189	(322)	(10.1)
Minority interest in subsidiary	$ –	$ (167)	(167)	(100)
Net earnings	$ 4,966	$ 5,617	(651)	(11.6)
Effective tax rate (%)	41.4	36.9		
Net earnings as a % of revenue	8.5	8.9		
Return on average equity (%)	9.3	11.2		
Earnings per share fully diluted	$ 0.26	$ 0.30		

Per share figures have been adjusted to reflect the June 1998 3-for-1 stock split.

Net income for the year was $5.0 million, or $0.26 per share, fully diluted. This represents a decline of 12% from net income of $5.6 million, or $0.30 per share, fully diluted, in 1998. Income taxes increased in 1999 as compared to 1998, both in absolute terms, and as a percentage of net income before tax, which accounts for a substantial portion of the change in net income between 1999 and 1998.

The weighted average number of fully diluted Common and Class A shares outstanding in 1999 increased by 89,179, or less than 0.5%, as stock options granted to new and existing executives were largely offset by stock repurchased, and subsequently cancelled, under our issuer bid during the year. Basic and fully diluted earnings per share are the same because the income that would be earned on the proceeds from the issuance of stock options, if all stock options outstanding were to be exercised at their strike prices, would have offset the dilutive effect of increasing the number of shares outstanding in calculating earnings per share.

CASH FLOW PER SHARE

Years ended December 31 (fully diluted)	1999	1998	Change $	Change %
Earnings per share	$ 0.26	$ 0.30	(0.04)	(13.3)
Cash flow per share	$ 0.58	$ 0.61	(0.03)	(4.9)

There is a significant difference between net earnings per share and cash flow per share. The major components affecting earnings but not cash flow are deferred income taxes, amortization of deferred sales charges and depreciation and amortization, which reduce earnings but do not impact cash flow, while gains on sales of investments increase earnings but do not affect cash flow. Cash flow per share, fully diluted, decreased from $0.61 in 1998 to $0.58 in 1999, primarily as a result of lower deferred taxes, offset partially by higher amortization of deferred sales charges and lower gains on sales of investments.

LIQUIDITY AND CAPITAL RESOURCES

We strive to maintain a strong balance sheet in order to support the operations of the group and to afford us the flexibility to make the necessary investments required to develop and grow the businesses that we operate. We achieve this by making timely and appropriate use of borrowings and by maintaining a substantial pool of capital resources.

CORPORATE HOLDINGS OF SECURITIES (including cash and equivalents)

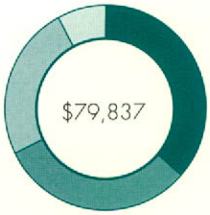
As at December 31 ($ in thousands)	Carrying Value 1999	Realizable Value 1999	Realizable Value 1998
Cash and equivalents	$ 6,935	$ 6,956	$ 16,537
Marketable securities	45,106	68,414	41,915
Unquoted securities	4,245	4,467	4,993
	56,286	79,837	63,445
Less: Applicable debt obligations	(270)	(270)	(270)
Net securities	$ 56,016	$ 79,567	$ 63,175

At December 31, 1999 we had total long-term borrowings of $19.5 million of which $19.2 million is limited recourse financing provided by the Multifund

1999 REALIZABLE VALUE
OF CORPORATE HOLDINGS
($ in thousands)

ASSET ALLOCATION

- 73.0% Equities: $58,283
- 15.6% Cash and money market mutual funds: $12,434
- 11.4% Bonds: $9,120



CURRENCY DIVERSIFICATION

- 36.5% U.S.: $29,187
- 31.3% Europe: $24,976
- 24.4% Canada: $19,472
- 7.8% Asia/Pacific: $6,202

Income Trust. In addition, the realizable value at December 31, 1999 of corporate holdings of securities, including cash and equivalents, was \$79.6 million. This realizable value equates to \$4.20 per share. Guardian's corporate holdings are managed independently of our client's assets except for those investments that are invested in Guardian's pooled funds and mutual funds. In addition, our corporate holdings are suitably diversified, from both an asset class and geographical perspective, thereby limiting the risk of a significant capital erosion.

RISK FACTORS

Managing risk is a critical element in any business in that risk can provide opportunity or cause adversity. Market volatility has an impact on the investment management business because it directly affects the value of assets under management and indirectly affects client confidence, particularly in the retail market. Product risk is related both to the performance of the products sold and the adequacy of the range of products available. Risk is also related to our ability to anticipate and address shifts in client preferences and market forces. In both cases, our ability to meet or exceed client expectations affects our businesses. Competition exists in varying degrees in every market in which Guardian operates. In some cases, such as the fast growing high net worth sector, the most competitive markets may also offer the greatest opportunity. Finally, although regulation helps protect the integrity of our industry, as well as consumer confidence, changes to tax laws and other regulations may adversely affect the investment behaviour of consumers. In certain cases, changes to the regulatory environment may also provide an opportunity. For example, the proposed changes in federal income tax legislation to increase the foreign content limit on retirement plans, may significantly increase investments outside Canada, which we believe would benefit companies, such as Guardian, that have significant international capabilities.

At Guardian, we strive to minimize the negative effects of risk through business diversification. We operate in several different market sectors to protect against undue exposure to any one sector, while at the same time, positioning the Company to take advantage of growth opportunities, wherever they may be. We have also diversified our products, by offering a global range of products in every major asset class. In addition, the corporate holdings of securities are diversified by currency, and by asset class.

Quarterly Statistics

($ in thousands)				1999				1998
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Gross revenues	14,371	13,834	14,456	15,905	16,318	17,403	15,131	13,953
Net earnings	1,286	809	926	1,945	1,908	2,105	963	641
Shareholders' equity	54,121	51,830	52,676	53,075	47,470	49,724	53,553	53,606
Per average Common and Class A share (in dollars)								
Net earnings								
Basic	0.07	0.04	0.05	0.10	0.10	0.11	0.05	0.04
Fully diluted	0.07	0.04	0.05	0.10	0.10	0.11	0.05	0.04
Per Common and Class A share (in dollars)								
Shareholder's equity								
Basic	2.83	2.72	2.76	2.80	2.51	2.61	2.81	2.81
Fully diluted	2.56	2.45	2.50	2.50	2.26	2.37	2.53	2.53

Comparative figures for 1998 reflect June 1998 3-for-1 stock split.

Ten Year Review

(Years ended December 31)

($ in millions)	1999	1998	1997	1996	1995	1994	1993	1992	1991	1990
Value of client assets managed	**10,275**	9,550	8,757	5,456	3,800	4,001	3,634	2,585	2,328	1,707

($ in thousands)										
Gross revenues	**58,566**	62,805	57,095	36,273	23,727	24,681	14,715	9,877	8,893	6,663
Operating expenses*	**35,095**	39,419	33,636	22,792	19,145	16,495	12,401	8,400	7,080	7,911
EBITDA	**23,471**	23,386	23,457	13,481	4,582	8,186	2,314	1,477	1,813	(1,248)
Earnings before taxes and goodwill written off	**8,477**	8,639	11,760	5,059	2,428	6,868	1,119	383	407	(2,846)
Goodwill written off	**–**	–	–	–	–	–	–	–	(6,322)	–
Net earnings (loss)	**4,966**	5,617	7,191	3,383	2,288	5,859	1,129	425	(5,847)	(2,118)
Shareholders' equity	**53,075**	53,606	46,307	37,917	31,192	32,204	25,456	24,512	22,586	28,916
Corporate cash and securities	**79,567**	63,175	58,710	53,694	47,366	47,673	40,035	32,026	31,749	27,679

*Before interest, financing fees, income taxes, depreciation and amortization.

(in dollars)										
Per average Common and Class A share										
Net earnings (loss) for the year										
Basic	**0.26**	0.30	0.39	0.20	0.14	0.35	0.07	0.02	(0.34)	(0.12)
Fully diluted	**0.26**	0.30	0.37	0.18	0.13	0.30	0.07	0.02	(0.34)	(0.12)
Per Common and Class A share										
Dividends paid	**0.10**	0.08	0.06	0.04	0.03	0.03	0.02	0.02	0.00	0.00
Shareholders' equity										
Basic	**2.80**	2.81	2.46	2.06	1.94	1.94	1.53	1.43	1.31	1.64
Fully Diluted	**2.50**	2.53	2.21	1.93	1.56	1.57	1.21	1.16	1.08	1.30
Share prices										
Common high	**15.50**	23.00	17.28	4.17	3.96	4.00	2.54	1.92	2.00	2.00
low	**7.50**	12.60	4.00	3.42	3.50	2.33	2.13	1.50	1.43	1.63
Class A high	**9.95**	14.33	16.08	4.17	3.33	3.42	2.54	1.58	1.42	1.75
low	**4.90**	6.50	3.92	2.95	2.75	2.38	2.00	1.20	1.20	1.33

($ in thousands)										
Year end Common and Class A shares outstanding										
Basic	**18,941**	19,080	18,839	18,426	16,083	16,617	16,626	17,112	17,250	17,574
Fully Diluted	**21,212**	21,173	20,946	19,644	20,040	20,571	21,030	21,186	20,910	22,161

Comparative figures reflect the June 1998 3-for-1 stock split.

MANAGEMENT'S STATEMENT ON FINANCIAL REPORTING

The following financial statements, which consolidate the financial results of Guardian Capital Group Limited and its subsidiaries, 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 24 and 25. Management maintains a system of internal controls to meet its responsibilities for the integrity of the financial statements. 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 program, internal controls, accounting policies, and financial reporting matters. The Board of Directors reviews interim financial statements prior to their release. KPMG LLP has unrestricted access to the Company, the Audit Committee, and the Board of Directors. The Audit Committee has reviewed the financial statements and Management's Discussion and Analysis and recommended their approval to the Board of Directors.

John M. Christodoulou
Chairman and Chief Executive Officer

March 23, 2000

AUDITORS' REPORT

To the Shareholders of Guardian Capital Group Limited

We have audited the consolidated balance sheet of Guardian Capital Group Limited as at December 31, 1999 and the consolidated statements of operations, retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the company as at December 31, 1999 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The financial statements as at December 31, 1998 and for the year then ended were audited by other auditors who expressed an opinion without reservation on those financial statements in their report dated February 27, 1999.

KPMG LLP

Chartered Accountants
Toronto, Canada

March 2, 2000

CONSOLIDATED BALANCE SHEETS

As at December 31, 1999, with comparative figures for 1998

($ in thousands)	1999	1998
Assets		
Current assets		
Cash and short-term securities	$ 2,526	$ 2,543
Accounts receivable (Note 2)	12,897	12,362
Income taxes recoverable	–	1,193
Prepaid expenses	477	693
Outstanding deposits	8,044	12,024
	23,944	28,815
Financial assets (Note 3)	56,286	52,151
Capital assets (Note 4)	6,454	6,810
Deferred sales commission (Note 5)	25,570	23,555
Goodwill	5,646	5,003
	$ 117,900	$ 116,334
Liabilities		
Current liabilities		
Bank overdrafts (Note 2)	$ 13,686	$ 7,801
Accounts payable and accrued liabilities	11,076	9,235
Income taxes payable	182	–
Capital lease obligation (Note 7)	110	499
Leasehold inducements (Note 8)	336	273
Outstanding deposits	8,021	12,030
	33,411	29,838
Limited Recourse Secured Note (Note 6)	16,813	19,731
Participation Certificates (Note 6)	2,414	2,414
Capital lease obligation (Note 7)	–	112
Leasehold inducements (Note 8)	1,813	2,211
Long-term debt (Note 9)	270	270
	21,310	24,738
Deferred income taxes	10,104	8,152
	64,825	62,728
Shareholders' equity		
Capital stock (Note 10)	17,151	17,222
Foreign currency translation adjustment	3,754	6,341
Retained earnings	32,170	30,043
	53,075	53,606
	$ 117,900	$ 116,334

See accompanying notes to the financial statements.

Signed on behalf of the board:

M.A.F. Golding

Mark A.F. Golding
Director

John Christodoulou

John M. Christodoulou
Director

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

Year ended December 31, 1999, with comparative figures for 1998

($ in thousands)		1999		1998
Balance, beginning of year	$	30,043	$	26,420
Net earnings		4,966		5,617
		35,009		32,037
Less:				
Dividends paid		1,909		1,511
Excess of purchase price over issue price on Company's capital stock acquired (Note 10)		930		483
		2,839		1,994
Balance, end of year	$	32,170	$	30,043

CONSOLIDATED STATEMENTS OF OPERATIONS

Year ended December 31, 1999, with comparative figures for 1998

($ in thousands, except per share amounts)		1999		1998
Revenues				
Management fees	$	50,502	$	52,877
Sales commissions		2,576		4,286
Net income from securities		1,596		2,860
Administrative services		1,369		1,609
Redemption fees		2,523		1,173
		58,566		62,805
Expenses				
Expenses exclusive of undernoted items		35,095		39,419
Financing fees		6,583		7,865
Depreciation		2,225		1,858
Amortization of goodwill		157		348
Amortization of deferred sales commission		4,392		3,312
Interest on secured note (Note 6)		908		933
Other interest		729		431
		50,089		54,166
Earnings before income taxes		8,477		8,639
Provision for income taxes (Note 11)		(3,511)		(3,189)
Minority shareholders' interests in losses of subsidiary company		–		167
Net earnings for the year	$	4,966	$	5,617
Earnings per Common and Class A share (Note 13)				
Basic	$	0.26	$	0.30
Fully diluted	$	0.26	$	0.30
Weighted average number of Common and Class A shares outstanding (in thousands)				
Basic	$	19,073	$	19,000
Fully diluted	$	21,147	$	21,059

See accompanying notes to the financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Year ended December 31, 1999, with comparative figures for 1998
($ in thousands)

	1999	1998
Cash from operations		
Net earnings for the year	$ 4,966	$ 5,617
Add (deduct) items not involving cash –		
Minority shareholders' interests in losses of subsidiary company	–	(167)
Leasehold inducements written off	(335)	(215)
Depreciation	2,225	1,858
Amortization of deferred sales commission	4,392	3,312
Amortization of goodwill	157	348
Deferred income taxes	1,129	3,634
Net gain on sale of securities	(1,072)	(2,119)
	11,462	12,268
Net change in working capital excluding cash	3,301	(801)
	14,763	11,467
Financing Activities		
Lease inducements received	–	1,237
Net increase (decrease) in Limited Recourse Secured Note	(2,918)	6,977
Participation Certificates issued	–	995
Decrease in capital lease obligation	(112)	(170)
Stock options exercised	99	900
Acquisition of Company's capital stock	(1,099)	(524)
Dividend paid	(1,909)	(1,511)
Decrease in long-term debt	–	(9)
Loan repayment	–	42
	(5,939)	7,937
Investing Activities		
Acquisition of subsidiary companies	–	(24)
Repurchase of subsidiary's minority shares	–	(590)
Acquisition of securities	(7,794)	(23,157)
Commission paid	(6,407)	(13,184)
Minority shareholders' interests in subsidiary company	–	32
Proceeds on sale of securities	4,731	11,006
Purchase of capital assets and goodwill	(2,669)	(3,338)
Foreign currency translation adjustment	(2,587)	2,817
	(14,726)	(26,438)
Net change in cash and short-term securities net of bank loans and overdrafts, during the year	(5,902)	(7,034)
Cash and short-term securities net of bank overdrafts, beginning of year	(5,258)	1,776
Cash and short-term securities net of bank overdrafts, end of year	$ (11,160)	$ (5,258)
Represented by:		
Bank overdraft	$ (13,686)	$ (7,801)
Cash and short-term securities	2,526	2,543
	$ (11,160)	$ (5,258)
Supplementary disclosure:		
Interest paid	$ 1,633	$ 1,251
Income taxes paid	991	3,873
Dividends paid	1,909	1,511
	$ 4,533	$ 6,635

See accompanying notes to the financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Principles of consolidation

The consolidated financial statements include the accounts of Guardian Capital Group Limited ("the Company") and its subsidiaries.

(b) Financial assets

Securities are carried at cost and are written down if there is a loss of value which is considered to be other than temporary. The trade date is used for purposes of calculating gains and losses on sale of marketable securities.

(c) Capital assets

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

(d) Cash and short-term securities

Cash and short-term securities includes liquid short-term instruments. Cash and short-term securities are recorded at cost which represents net realizable value.

(e) Goodwill

Goodwill represents the excess of the purchase price over the fair value of tangible net assets acquired and is being amortized on a straight-line basis over forty years. Goodwill is written down when it is considered that an impairment in value that is other than temporary has occurred. The Company reviews the recoverability of unamortized goodwill on an ongoing basis by assessing the financial condition of the acquired businesses.

(f) Translation of foreign currency

Amounts in foreign currencies included in the consolidated financial statements are translated into Canadian dollars as follows:

(i) Foreign currency financial assets and liabilities are translated at the year-end exchange rate; purchases and sales of securities and income and expenses are translated at the rate of exchange prevailing on the respective dates of such transactions; and equity earnings are translated at average monthly rates. Foreign exchange gains and losses resulting from the foregoing are included in the consolidated statements of operations.

(ii) The accounts of certain subsidiaries of the Company are maintained in foreign currencies and represent self-sustaining foreign operations. Assets and liabilities have been translated into Canadian dollars at exchange rates prevailing at the end of the year and income and expenses at average monthly rates. Adjustments resulting from the exchange gains and losses on the translation of the balance sheets of the Company's self-sustaining foreign operations are deferred and recorded as a foreign currency translation adjustment in the shareholders' equity section of the consolidated balance sheets.

(g) Revenue recognition

The Company provides management, investment advisory and transfer agency services to mutual funds, corporations, endowment funds, individuals and pension funds on a contract basis in consideration for management fees which are recorded when earned. Net sales commissions earned are recorded on a trade date basis.

(h) Capital leases

Where the Company has substantially all the benefits and risks incident to the ownership of property, the lease is classified as a capital lease. All other leases are classified as operating leases. Assets recorded under capital leases are depreciated using rates that are consistent with similar company-owned assets.

(i) Deferred sales commission

Commissions paid on the sale of deferred load mutual fund units are capitalized and amortized over seven years, which is the period over which the income stream associated with the underlying assets is expected to extend.

(j) Participation certificates

The Company has sold the right evidenced by Participation Certificates, under a Participation Agreement to Multi-Fund Income Trust ("Trust") such that the Trust receives a portion of the management fees and redemption charges from the Company's mutual funds, or "Participation Fees", as described in note 6. The amount received from the sale of Participation Certificates has been deferred on the balance sheet and will be amortized to income over the period from commencement of payment of Participation Fees to the end of the life of the Trust, estimated to be on or around April 30, 2013.

(k) Leasehold inducements

Leasehold inducements provided by the lessor for refurbishment of new premises are amortized over the period of the lease.

(l) Use of estimates

The preparation of the financial statements in conformity with generally accepted accounting principles 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 revenues and expenses during the reporting periods. Actual results could differ from those estimates.

(m) Financial instruments

The book values of financial instruments other than those described in notes 3 and 6, such as cash, short-term securities, accounts receivable, outstanding deposits, bank overdrafts, and accounts payable and accrued liabilities are considered to approximate fair value.

2. ACCOUNTS RECEIVABLE

A general assignment of accounts receivable has been provided as security for bank overdrafts.

3. FINANCIAL ASSETS

Securities as at December 31 ($ in thousands)	1999		1998	
	Market Value	Carrying Value	Market Value	Carrying Value
(a) Securities having a quoted market value				
Short term securities	$ 20,930	$ 17,872	$ 33,612	$ 29,523
Capital in mutual funds	52,121	31,677	22,591	15,694
Diversified common share holdings	2,319	2,492	2,250	2,129
	$ 75,370	$ 52,041	$ 58,453	$ 47,346
(b) Securities not having a quoted market value				
Private corporations and limited partnerships		4,245		4,805
Total		$ 56,286		$ 52,151

The estimated fair value of securities having a quoted market value is the market value as shown above.

The estimated fair value of securities not having a quoted market value is not practicable to determine with sufficient reliability. These securities are investments in investment funds, real estate and untraded company stock.

The mutual funds are managed by subsidiaries of the Company.

Certain of the above investments have been pledged as collateral security for the outstanding mortgages payable (Note 9).

4. CAPITAL ASSETS

As at December 31 ($ in thousands)	1999			1998
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Computer hardware and software	$ 7,558	$ 4,794	$ 2,764	$ 3,581
Furniture and equipment	1,934	1,184	750	774
Leasehold improvements	3,503	563	2,940	2,455
	$ 12,995	$ 6,541	$ 6,454	$ 6,810
Included in capital assets are the following under capital leases	$ 2,290	$ 1,969	$ 321	$ 1,260

5. DEFERRED SALES COMMISSION

As at December 31 ($ in thousands)	1999	1998
Total commission paid	$ 33,808	$ 27,401
Accumulated amortization	8,238	3,846
	$ 25,570	$ 23,555

6. LIMITED RECOURSE SECURED NOTE AND PARTICIPATION CERTIFICATES

The Secured Note and Participation Certificates are payable to Multi-Fund Income Trust (the "Trust"). The Secured Note and Participation Certificates were used to finance the commission costs relating to the sale of mutual funds under the deferred load option (the "financed units"). The Trust financed the commission payable to the dealers and the Company. 90% of the amount financed by the Trust is repayable as a Limited Recourse Secured Note which bears annual interest of 5%, and is repayable monthly out of the portion of the management fee relating to the financed units, and all fees received on redemption of the financed units through a retention account, being applied first to interest and then to principal. Interest is accrued daily and payable monthly in arrears. $907,815 (1998: $933,251) of interest was payable during the year. The remaining 10% of the amount financed represents the sale of Participation Fees to the Trust through the Participation Certificates, such that on the complete repayment of the Secured Note the Participation Agreement becomes effective, whereby the Trust receives the same income stream as that paid on the secured note, until such time as the financed units are all redeemed or April 30, 2013, if earlier. Both the Secured Note and the Participation Certificates are secured by the retention account, and the Trust has no recourse to any other assets of the Company. The fair value of the Limited Recource Secured Note and Participation Certificates is not readily determinable.

7. CAPITAL LEASE OBLIGATIONS

During 1997, the company entered into a three-year lease for computer hardware and software applications. The assets were capitalized and the obligation is being written off over the period of the lease.

Future minimum lease payments: ($ in thousands)	
2000	$ 122
Total lease payments	122
Less: interest included in capital leases at an average rate of 9.9% per annum	12
Obligation under capital leases	110
Less current portion	110
	$ 0

8. LEASEHOLD INDUCEMENTS

During 1994 the company moved substantially all of its operations into new premises. Leasehold inducements received are being amortized over the period of the lease. In 1998 an option in the original lease was exercised to substantially increase the size of premises leased. Additional leasehold inducements received are also being amortized over the remaining period of the lease.

9. LONG TERM DEBT

As at December 31 ($ in thousands)	1999	1998
Mortgages payable	$ 270	$ 270

The mortgages payable bear interest at 7.25% and are due March 1, 2000. These mortgages are in connection with an investment in a limited partnership, the assets of which are pledged as security.

10. CAPITAL STOCK

(a) Authorized – unlimited number

Preferred shares, without par value, may be issued in an unlimited number of series. The designation, rights, privileges, restrictions, conditions and other provisions of each series is to be determined by the Board of Directors.

Non-voting Class A Shares, without par value, are convertible into Common shares at the option of holders of Class A shares on a one-for-one basis, under terms and conditions described in the Special Resolution of the company dated May 25, 1994. Highlights of the terms and conditions are as follows:

- If in excess of 50% of the Common shares are acquired by any person other than an insider of the Company, the Class A shares may be converted to Common shares;
- If holders of over 50% of the outstanding Common shares agree to accept an offer to purchase Common shares which is made to all Common shareholders, the Class A shares may be converted into Common shares for the purpose of the offer.

Common shares, without par value, convertible on a one-for-one basis into Class A non-voting shares.

(b) Issued and outstanding (in thousands)

	1999		1998	
	Shares	Amount	Shares	Amount
Class A ((c) below)	15,989	$ 15,701	16,123	$ 15,765
Common ((d) below)	2,952	1,450	2,957	1,457
	18,941	$ 17,151	19,080	$ 17,222

(c) Class A shares (in thousands)

	1999 Shares	1999 Amount	1998 Shares	1998 Amount
Outstanding, beginning of year	16,123	$ 15,765	15,882	$ 14,906
Options exercised during the year	40	99	284	900
Acquired during the year ((f) below)	(174)	(163)	(43)	(41)
Outstanding, end of year	15,989	$ 15,701	16,123	$ 15,765

(d) Common shares (in thousands)

	1999 Shares	1999 Amount	1998 Shares	1998 Amount
Outstanding, beginning of year	2,957	$ 1,457	2,957	$ 1,457
Acquired during the year ((f) below)	(5)	(7)	–	–
Outstanding, end of year	2,952	$ 1,450	2,957	$ 1,457

(e) As at December 31, 1999 2,271,000, (2,045,300 at December 31, 1998) Class A shares were reserved for issuance to key employees and directors of the Company and its subsidiaries under the terms of the Company's stock option plan. These options are exercisable at various rates each year on a cumulative basis to February 15, 2005 at amounts ranging from $1.50 to $13.67 per share.

(f) During 1999, the Company acquired 174,000 (43,700 in 1998) of its own Class A shares for $1,049,000 ($524,000 in 1998), of which $886,000 ($483,000 in 1998) was charged directly to retained earnings. Also during 1999, the Company acquired 4,900 (0 in 1998) of its own Common shares for $50,000 ($0 in 1998), of which $44,000 ($0 in 1998) was charged directly to retained earnings.

11. INCOME TAXES

($ in thousands)	1999	1998
(a) The provision for income tax comprises:		
Current tax provision (recovery)	$ 2,382	$ (445)
Deferred tax provision	1,129	3,634
	$ 3,511	$ 3,189

(b) The Company's effective income tax rate on the earnings before income taxes has been affected by the following increases (decreases) in taxable income:

($ in thousands)	1999	1998
Earnings before income taxes	$ 8,477	$ 8,639
Losses not tax effected	338	141
Tax-exempt portion of capital gains	(219)	(263)
Non-deductible amortization	157	348
Foreign income	(801)	(1,267)
Dividend income	(83)	(126)
Increase in non-deductible reserve	–	(227)
Non-deductible expenses	202	66
Other	(91)	(63)
	$ 7,980	$ 7,248
Effective income taxes at statutory rate of 44% (1998 - 44%)	$ 3,511	$ 3,189

(c) A subsidiary of the Company has accumulated losses for tax purposes of $4,905,000 (1998: $7,951,000) which may be carried forward and used to reduce taxable income in future years and for which a future tax benefit has been recognized. These losses expire in 2004 and 2005.

12. WORLDSOURCE HOLDINGS CORP.

During the year, the Company increased its ownership of Worldsource Holdings Corp. to 81.4% from 62.8% in 1998 through the purchase of minority interest shares. Worldsource Holdings Corp. is the holding company of CMG-Worldsource Financial Services Inc., a mutual fund dealership. All losses incurred by Worldsource Holdings Corp. are being borne by the Company and are not being allocated to the minority shareholders of Worldsource Holdings Corp.

13. NET EARNINGS PER SHARE

The calculation of basic net earnings per share is based on Common and Class A shares outstanding during each year and on earnings available to the holders of the Common and Class A shares. Fully diluted net earnings per share is calculated by dividing the adjusted earnings for each year by the weighted average of outstanding Common and Class A shares and the shares which would have been issued upon exercise of options effective at the beginning of each year. The adjusted earnings for the year include $730,000 ($680,000 in 1998) of after tax imputed earnings relating to the monies that would be received from the exercise of all options, calculated using an imputed rate of return of 8.5%. Since the calculation of fully diluted earnings per share would increase the earnings per share amount, fully diluted earnings per share are shown as being equal to basic earnings per share.

14. COMMITMENTS AND CONTINGENCIES

The Company has leases which expire on various dates after 1999. The Company has also signed equipment maintenance and information services contracts. Minimum future payments required under these operating leases and contracts that have initial terms in excess of one year as at December 31, 1999 are as follows:

($ in thousands)	
2000	$ 2,071
2001	2,071
2002	2,071
2003	2,071
2004	2,071
2005 and thereafter	4,674
	$ 15,029

The Company has guaranteed secured bank loans made to certain senior employees, to a maximum of $760,000 as at December 31, 1999.

In 1996, the company set up an employees profit sharing trust. The company guarantees a loan to this trust of $ 4,752,000, for a third party lender.

15. BUSINESS SEGMENTS

The Company operates in the investment management and financial services industry. Identifiable assets and operations by geographic location are as follows:

($ in thousands)	Canada		Rest of the World		Consolidated	
	1999	1998	1999	1998	1999	1998
Total assets	$ 67,725	$ 60,401	$ 50,175	$ 55,933	$ 117,900	$ 116,334
Revenue	$ 55,250	$ 57,037	$ 3,316	$ 5,768	$ 58,566	$ 62,805
Expenses						
General	41,135	45,399	2,180	3,249	43,315	48,648
Depreciation and amortization	6,774	5,518	–	–	6,774	5,518
	47,909	50,917	2,180	3,249	50,089	54,166
Earnings before income taxes	7,341	6,120	1,136	2,519	8,477	8,639
Income tax provision	(3,511)	(3,189)	–	–	(3,511)	(3,189)
Minority shareholders' interests in losses of subsidiary company	–	167	–	–	–	167
Net earnings for the year	$ 3,830	$ 3,098	$ 1,136	$ 2,519	$ 4,966	$ 5,617

There were no inter-segment transactions during the year.

16. RECLASSIFICATION OF PRIOR YEAR BALANCES

Certain prior year balances have been reclassified to conform with the current year's presentation.

Board of Directors and Committees

Chairman *Unrelated Directors*

BOARD OF DIRECTORS

John M. Christodoulou
Mark A.F. Golding
F. Dermot Barrett
Peter Stormonth Darling
Anthony G.S. Griffin
James W. McCutcheon
Michel Sales

COMMITTEES

Governance

John M. Christodoulou
F. Dermot Barrett
Anthony G.S. Griffin

Audit

Anthony G.S. Griffin
James W. McCutcheon
Michel Sales

Compensation

John M. Christodoulou
F. Dermot Barrett
Anthony G.S. Griffin
Michel Sales

Ethics

John M. Christodoulou
Anthony G.S. Griffin
F. Dermot Barrett

Principal Officers

GUARDIAN CAPITAL GROUP LIMITED

John M. Christodoulou
Chairman and Chief Executive Officer

Mark A.F. Golding
President and Chief Operating Officer

Anthony G.S. Griffin
Honorary Chairman

C. Verner Chistensen
Vice-President and Secretary

Judy A. Foremski
Vice-President and Chief Information Officer

Norman R. Fust
Vice-President, Human Resources

Sam K. Greiss
Vice-President, Corporate Development

Steven Rostowsky
Vice-President, Compliance and Administration

Michael Denuzzo
Assistant Controller

GUARDIAN CAPITAL INC.

Mark A.F. Golding
Chairman and Chief Executive Officer

J.J. Woolverton
Managing Director and Chief Operating Officer

Gary C. Chapman
Managing Director

Robert K. Hammill
Managing Director

Peter A. Hargrove
Managing Director

D. James Lawson
Managing Director

John G. Priestman
Managing Director

Stephen D. Kearns
Vice-President, Senior Portfolio Manager, Fixed Income Investments

C. Verner Christensen
Senior Vice-President and Secretary-Treasurer

Isabelle Butler
Vice-President, Account Management

Stephen T. Dennis
Vice-President, Investment Services

Brian P. Holland
Vice-President, Investment Services

Nadi Naderi
Vice-President, Investment Services

Steven Rostowsky
Vice-President, Compliance and Chief Financial Officer

Michael Denuzzo
Controller

GUARDIAN GROUP OF FUNDS LTD.

Mark A.F. Golding
Chairman

Harold W. Hillier
President and Chief Executive Officer

John L. Boeckh
Senior Vice-President, Sales and Marketing

C. Verner Christensen
Senior Vice-President and Secretary

Stuart J. Freeman
Senior Vice-President, Operations

Gavin Graham
Vice-President, Director of Investments

Kevin D. Klassen
Vice-President, Portfolio Manager

Ross F. Kappele
Vice-President, National Sales

R. Cameron Grout
Vice-President, Regional Sales

Gilles Lefebvre
Vice-President, Regional Sales

Dianna L. Price
Vice-President, Regional Sales

Nick Ribic
Vice-President, Regional Sales

Eric Valderrama
Vice-President, Regional Sales

Fraser Ball
Vice-President, Marketing

Irene Mitchell
Vice-President, Fund Accounting

Debbie Stansens
Vice-President, Marketing Services

Steven Rostowsky
Chief Financial Officer

Michael Denuzzo
Controller

GUARDIAN CAPITAL ADVISORS INC.

Mark A.F. Golding
Chairman and Chief Executive Officer

Mark S. Yamada
Managing Director

Douglas G. Farley
Senior Vice-President

Michael G. Frisby
Senior Vice-President

Andrew J. Kavouras
Senior Vice-President

Bing P. Monahan
Senior Vice-President

Christine Girvan
Vice-President, Global Investments

Yvonne Crawford
Vice-President, Administration

Steven Rostowsky
Vice-President, Compliance and Chief Financial Officer

C. Verner Christensen
Secretary

Michael Denuzzo
Controller

Corporate Information

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AUDITORS

KPMG LLP

REGISTRAR AND TRANSFER AGENT

Montreal Trust Company of Canada
www.montrealtrust.com

TORONTO STOCK EXCHANGE LISTING

Shares	Symbol
Common	GCG
Class A	GCG.A

ANNUAL MEETING

May 11, 2000
11:00 a.m.
The Ontario Club
Commerce Court South, Fifth Floor
30 Wellington Street West
Toronto, Ontario

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GUARDIAN
Capital Group Limited