

GBC CAPITAL

LTD.



**Annual Report and Accounts
30 September 1984**

GBC CAPITAL

LTD.

Investment Objective:

**Growth of capital with emphasis on
small to medium sized companies
in the United States and Canada**

TO THE SHAREHOLDERS

LONDON LISTING

The directors of your Corporation have for some time been concerned about the lack of marketability of GBC's common shares. Working in conjunction with British Assets Trust, (BAT) the owner of 67.5% of your Corporation's common shares, we will seek to obtain a listing on The Stock Exchange, London.

The steps to be taken to achieve this objective are as follows:

GBC will split its common shares 27 for 1 to bring their price to a level more in line with those of other shares traded in London. This split is subject to the approval of shareholders at a Meeting to be held on 15th November, 1984.

Subsequent to the split, GBC will issue to its shareholders one warrant for each five shares held. Each warrant will entitle the holder to subscribe for an additional share of GBC at a fixed price related to the net asset value per share of GBC.

British Assets Trust will offer a portion of its GBC common shares and most of its warrants to its existing shareholders (which currently number approximately fourteen thousand).

As a result of this action, a significantly larger percent of GBC's common shares and most of its warrants will be owned by shareholders other than BAT. Because of the large number of BAT shareholders, the number of GBC shareholders will increase many times.

There are over 150 investment companies listed on The Stock Exchange, London, where they are called investment trusts. Investors are knowledgeable about investment trusts and in general regard this form of investment vehicle favourably. Accordingly there is an active market for the shares of most investment trusts. Your directors believe that because of the London listing and the substantial increase in the number of shareholders, a significant increase in the marketability of GBC shares will result.

The Corporation plans to maintain the listing of its common shares and to list its warrants on The Montreal Exchange. As a result of the London listing and the wider distribution of its shares it is hoped that greater interest will develop in GBC and that consequently the shares will trade more actively on The Montreal Exchange.

HISTORY

For the benefit of our new shareholders, which I would like to welcome to our Corporation, a very brief description of the history of GBC Capital follows.

Founded in 1929 by a group including Govett Sons & Co., GBC encountered severe difficulties in its early years because of the stock market crash of 1929. In 1931 William Arbuckle, an accountant trained at Martin Currie in Edinburgh, assumed responsibility for the management of the Corporation. GBC survived the thirties and, after the war, prospered.

In 1958 Neil Ivory, a grandson of the founder of British Assets Trust, joined Arbuckle Govett and ten years later, with Cliff Larock, Ian Soutar and Scott Taylor, formed Pembroke Management Ltd. to succeed Arbuckle Govett as manager of GBC Capital.

In 1971 BAT along with other investment trusts managed by Ivory and Sime, bought out the Govett Group holdings in GBC. With subsequent purchases of shares later in the 1970's, BAT accumulated its large interest in the Corporation.

REVIEW OF FISCAL 1984

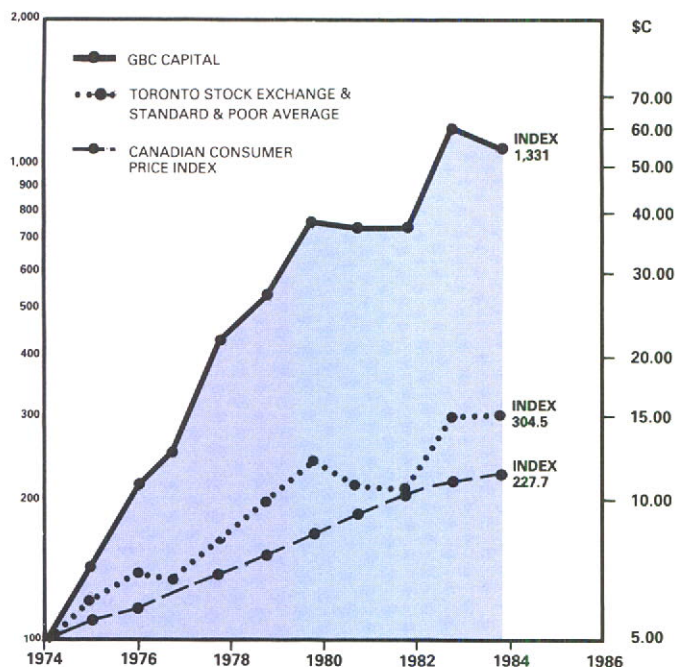
The shares of U.S. emerging growth companies fared poorly in the twelve month period ended 30th September, 1984 and, as a result, GBC Capital's net assets declined during the year. In view of the buoyant economic conditions that existed in the U.S. during this period, this stock price action was unusual, and probably reflected the degree of over valuation that arose in the prior year when GBC's asset value rose so sharply.

Net assets fell 9.8% during fiscal 1984 compared to an increase of 61.6% a year ago and the net asset value per common share declined 10.1% to \$55.17. During the same interval the Toronto Stock Exchange 300 Composite Stock Index fell 4.3% while the Standard and Poor 500 Composite Stock Index was unchanged.

Net income rose sharply reflecting strong corporate profit growth and dividend gains during the year. After preferred dividends, net income per common share equalled \$0.86 compared with \$0.61 in fiscal 1983. A semi-annual dividend of \$0.33 was paid on 31st May and a dividend of \$0.33 will be paid on 29th November bringing the total in respect of fiscal 1984 to \$0.66, a ten percent increase from last year.

TEN YEAR RECORD

The ten year chart of GBC Capital's record in relation to representative stock exchange averages and the rate of inflation in Canada is set out below. Over this period GBC's net asset value per common share has increased at a compound annual rate of 26.9%.



INVESTMENT OBJECTIVE

GBC seeks to increase its capital value at a rate that provides a real return superior to investment alternatives over the long term. This objective has been achieved since 1968 when Pembroke Management assumed responsibility for the investment management of the Corporation.

INVESTMENT STRATEGY

GBC's policy is to remain fully invested in stocks that appear reasonably priced in relation to their profitability and long term growth prospects. In the past several years the Corporation has had a heavy weighting in small U.S. technology companies but this emphasis was reduced somewhat last year. The sharp decline in the shares of many high growth companies makes them somewhat more appealing at present but we continue to believe that extreme selectivity will be needed to produce satisfactory returns in this sector.

PEMBROKE MANAGEMENT LTD.

Since it was formed in 1968 Pembroke has specialized in growth oriented equity investments in Canada and the U.S. It only manages equity accounts and restricts its services to a small number of clients. Three of the founders of Pembroke remain actively involved and together own approximately 75% of the company's common shares, the rest being owned by other members of the staff.

SUBSIDIARIES

GBC Capital owns 99% of the common shares of Dominion-Scottish Investments Limited ("Domscot") and 100% of Sutton Ventures Ltd. ("Sutton"), both of which are consolidated in these statements. Domscot is a diversified investment company that concentrates on small to medium sized U.S. and Canadian growth companies. Sutton specializes in small high technology companies including some private venture capital investments.

Domscot's net assets rose 1.6% to \$79.6 million in fiscal 1984 but Sutton experienced a 22.7% decline to \$32.6 million following a 106% gain last year. Sutton's results reflect widespread declines in the shares of small technology companies as demonstrated by the 31.7% decline in the Hambrecht & Quist High Technology Index during the same interval. This type of volatility in the shares of small technology companies is not unusual. Sutton has experienced such setbacks in the past but, even after the latest year's results, Sutton's assets have grown more than twelve fold since its inception in 1969, a compound rate of growth of 19.7% per annum.

TOP SIX HOLDINGS

SHARED MEDICAL SYSTEMS CORPORATION (Value \$29.4 million or 18.5% of total assets)

SMS is the leading provider of computer based information systems to hospitals and physician groups in the U.S. In 1983 it completed its eleventh consecutive year of record sales and net earnings. The company's ambitious research and development program is resulting in many new products and

services designed to assist health care professionals in meeting the rapidly changing needs of their industry.

For the first half of 1984 SMS reported a 23% rise in revenues to US \$122.6 million and a 24.6% gain in net earnings to US \$15.7 million. Prospects remain favourable for the remainder of 1984 and the foreseeable future.

COUSINS PROPERTIES INC. (Value \$5.8 million or 3.6% of total assets)

Cousins is an Atlanta based real estate company which is emphasizing development of a select number of commercial properties in the Atlanta market. During the past few years several properties, including ownership interests in a number of shopping centres, have been sold placing the company in a very strong financial position.

As a result of such sales the company reported net income of US \$31.9 million or US \$3.59 per common share for the first half of fiscal 1984. For the comparable 1983 period Cousins earned US \$2.3 million or US \$0.25 per share.

COLE NATIONAL CORPORATION (Value \$5.1 million or 3.2% of total assets)

Although Cole, a diversified specialty retailer, was the third largest holding at 30th September, 1984, the holding was tendered early in October to a new company formed to take Cole private. The tender price of US \$39.00 per share was over three times the cost of the holding to GBC.

APOLLO COMPUTER INC. (Value \$4.7 million or 2.9% of total assets)

Apollo designs, manufactures and sells 32 bit supermini-computers used in engineering, scientific and other technical applications. The computer's proprietary operating system, high speed local area network and virtual memory have made it particularly attractive to engineers engaged in computer aided design (CAD), engineering (CAE) and software engineering (CASE). The markets for Apollo's products are growing very rapidly and are projected to reach several billion dollars by the end of the decade.

For the first half of 1984 Apollo's revenues rose 160% to US \$82.7 million and net earnings 108% to US \$9.2 million. Revenues and earnings for the year are expected to maintain this rate of growth. The strong management team, excellent technological skills and financial resources of Apollo Computer are expected to keep the company in the forefront of this exciting growth industry well into the future.

ROYEX GOLD MINING CORPORATION (Value \$4.4 million or 2.8% of total assets)

Royex Gold was formed in 1984 by a series of amalgamations and related transactions. It holds a 100% interest in Cullaton Lake Gold Mines Ltd. and smaller interests in two other producing gold mines in Canada, namely Renabie Mines (1981) Limited and Goldlund Mines Ltd. Royex also has an interest in several precious metal exploration and development pro-

jects including Rich Gulch, Mascot Gold Mines Ltd. and International Corona Resources.

For the nine months ended 30th June, 1984 the amalgamated company reported a loss per share of \$0.60 after payment of dividends on the preferred shares. The loss will probably have been increased by the results for the final quarter of the fiscal year, especially in view of the continuing weakness in the price of gold. For the current fiscal year increased production both at Cullaton and at the Renabie mine should lead to improved results.

HARRIS STEEL GROUP INC.

(Value \$4.2 million or 2.6% of total assets)

For the first half of 1984 Harris Steel reported earnings of \$0.16 per share as compared with \$0.35 for the first six months of 1983. In this period the steel processing subsidiaries achieved higher earnings than in the first half of 1983 but the subsidiaries involved in construction were adversely affected by very weak market conditions.

The steel processing industry continues to improve and a recovery is now evident at the construction related sub-

sidiaries. Earnings for the second half of 1984 should thus be better than for the first six months and the outlook for 1985 is favourable.

OUTLOOK

The rate of economic expansion is moderating in the U.S. but it is our view that a recession is unlikely before 1986. The key to prosperous financial markets appears to be some resolution of the budget deficit problem in the U.S. which awaits new initiatives from the Administration and an accommodating Congress in 1985. We believe that concern over the large U.S. deficit will be sufficient to force a deficit reducing political compromise next year which will result in a much better environment for equities.

Respectfully submitted, on behalf of the board,
Neil B. Ivory, President and
Chief Executive Officer

Montreal, Quebec
12th November, 1984.

GBC CAPITAL LTD.
and subsidiary companies

**CONSOLIDATED
STATEMENT OF
FINANCIAL POSITION**
as at 30th September, 1984

	<u>1984</u>	<u>1983</u>
INVESTMENTS		
Securities at market value (Note 2)	<u>\$152,231,609</u>	<u>\$175,296,327</u>
CURRENT ASSETS		
Cash and term deposits	5,458,185	2,419,901
Due from brokers	503,578	720,900
Accrued income on investments	410,209	314,507
Income taxes recoverable	854,900	—
Accounts receivable	—	30,700
	<u>7,226,872</u>	<u>3,486,008</u>
CURRENT LIABILITIES		
Preferred dividend payable	78,750	78,750
Due to brokers	486,012	—
Accounts payable and accrued expenses	220,841	224,140
Income taxes payable	—	3,007,700
	<u>785,603</u>	<u>3,310,590</u>
NET CURRENT ASSETS	<u>6,441,269</u>	<u>175,418</u>
	<u>158,672,878</u>	<u>175,471,745</u>
MINORITY INTEREST	<u>3,552,450</u>	<u>3,572,924</u>
NET ASSETS (Note 5)	<u>\$155,120,428</u>	<u>\$171,898,821</u>
REPRESENTED BY		
Capital stock (Note 3)	\$ 22,166,574	\$ 22,166,574
Contributed surplus	1,325,310	1,325,310
Retained earnings	7,972,118	7,442,505
Surplus on changes in investments (Note 4)	56,139,111	46,735,000
Unrealized appreciation of investments (Note 2)	67,517,315	94,229,432
	<u>\$155,120,428</u>	<u>\$171,898,821</u>

On behalf of the Board

Neil B. Way, Director

J. S. Lane, Director

GBC CAPITAL LTD.
and subsidiary companies

**CONSOLIDATED
STATEMENT OF INCOME AND
RETAINED EARNINGS**
for the Year Ended
30th September, 1984

	1984	1983
INCOME FROM INVESTMENTS	<u>\$4,443,289</u>	<u>\$3,746,887</u>
Management expenses	846,866	884,516
Other expenses	199,861	209,603
	<u>1,046,727</u>	<u>1,094,119</u>
	3,396,562	2,652,768
Income and withholding taxes	<u>618,043</u>	<u>534,227</u>
	2,778,519	2,118,541
Minority interest	<u>155,582</u>	<u>153,318</u>
NET INCOME	2,622,937	1,965,223
Retained earnings at beginning of year	<u>7,442,505</u>	<u>7,328,107</u>
	<u>10,065,442</u>	<u>9,293,330</u>
Dividends		
5¼% preferred shares	315,000	315,000
Common shares	1,778,323	1,535,825
	<u>2,093,323</u>	<u>1,850,825</u>
RETAINED EARNINGS AT END OF YEAR	<u>\$7,972,119</u>	<u>\$7,442,505</u>
Net income per common share	<u>\$0.86</u>	<u>\$0.61</u>

AUDITORS' REPORT

The Shareholders,
GBC Capital Ltd.

We have examined the consolidated statement of financial position of GBC Capital Ltd. as at 30th September, 1984 and the consolidated statement of income and retained earnings for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the Corporation as at 30th September, 1984 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Montreal, Quebec,
12th November, 1984.

Touche Ross Co
Chartered Accountants

GBC CAPITAL LTD.
and subsidiary companies

**NOTES TO CONSOLIDATED
FINANCIAL STATEMENTS**
30th September, 1984

1. Accounting policies and presentation

a. General

The Corporation follows generally accepted accounting principles in the preparation of its financial statements and their application is consistent with that of the preceding year.

b. Principles of consolidation

The consolidated financial statements include the accounts of Dominion-Scottish Investments Limited (99.18% of the common shares owned) and Sutton Ventures Ltd. (100% owned).

c. Foreign currencies

Transactions in foreign currencies during the year were recorded at the relative rates of exchange applicable on the dates of such transactions. Amounts in foreign currencies included in assets and liabilities have been shown in Canadian funds, converted at rates of exchange applicable at the end of the year, any adjustment thereon being credited or charged, as the case may be, to "Surplus on changes in investments".

d. Statement of changes in financial position

A statement of changes in financial position has been omitted since it is deemed inappropriate for an investment corporation. A statement of changes in net assets (Note 5) has been substituted therefor.

2. Securities at market value

	<u>1984</u>	<u>1983</u>
Held by:		
GBC Capital Ltd.....	\$ 43,956,093	\$ 54,276,631
Dominion-Scottish Investments Limited	78,540,215	79,624,332
Sutton Ventures Ltd.	<u>29,735,301</u>	<u>41,395,364</u>
	152,231,609	175,296,327
Securities at average cost.....	<u>83,686,235</u>	<u>80,008,373</u>
	68,545,374	95,287,954
Amount required to adjust average cost from a corporate basis to a consolidated basis.....	<u>(1,028,059)</u>	<u>(1,058,522)</u>
Balance included in shareholders' equity as unrealized appreciation of investments	<u>\$ 67,517,315</u>	<u>\$ 94,229,432</u>

Securities at market value include those at the directors' valuation of \$35,940,859 (1983 — \$58,495,977) of which \$5,265,055 (1983 — \$4,312,978) represent securities with no quoted value. No provision has been made for any liability for income taxes on capital gains which may arise on the future sale of investments. This is currently estimated to amount to \$17,368,000 based on the unrealized appreciation recorded by each of the consolidated corporations.

**NOTES TO CONSOLIDATED
FINANCIAL STATEMENTS**
30th September, 1984

3. Capital stock

	<u>1984</u>	<u>1983</u>
5¼% cumulative redeemable preferred shares without nominal or par value		
Authorized and issued — 120,000 shares	\$ 6,000,000	\$ 6,000,000
Common shares without nominal or par value		
Authorized — not limited		
Issued — 2,694,429 shares	16,166,574	16,166,574
	<u>\$ 22,166,574</u>	<u>\$ 22,166,574</u>

The preferred shares are redeemable at the option of the Corporation at any time in whole or from time to time in part, on not less than 30 days' notice, at \$52.50 per share (in one restricted event at \$50 per share) plus accrued and unpaid dividends, if any, to the date of redemption. The Corporation may, at any time and from time to time, also purchase the whole or any part of such preferred shares in the open market at a price not exceeding the redemption price thereof plus costs of purchase.

4. Surplus on changes in investments

	<u>1984</u>	<u>1983</u>
Balance at beginning of year	\$ 46,735,000	\$ 35,176,079
Gain on changes in investments		
including gain on exchange of \$416,894		
(1983 — \$15,558)	12,571,511	15,890,721
Income taxes on changes in investments	3,167,400	4,331,800
	<u>9,404,111</u>	<u>11,558,921</u>
Balance at end of year	<u>\$ 56,139,111</u>	<u>\$ 46,735,000</u>

5. Changes in net assets

	1984	1983
Net assets at beginning of year	<u>\$171,898,821</u>	<u>\$106,344,970</u>
Add		
Gain on changes in investments		
Securities at average cost at beginning of year..	<u>80,008,373</u>	64,688,654
Purchases.....	<u>30,843,432</u>	40,919,557
	<u>110,851,805</u>	105,608,211
Securities at average cost at end of year	<u>83,686,235</u>	80,008,373
Cost of securities sold	<u>27,165,570</u>	25,599,838
Proceeds from securities sold	<u>39,320,187</u>	41,475,001
	<u>12,154,617</u>	15,875,163
Gain on exchange	<u>416,894</u>	15,558
Net income for the year	<u>2,622,937</u>	1,965,223
Increase in unrealized appreciation of investments.	<u>—</u>	53,880,532
	<u>15,194,448</u>	71,736,476
Deduct		
Decrease in unrealized appreciation of investments..	<u>26,712,118</u>	—
Income taxes on changes in investments	<u>3,167,400</u>	4,331,800
Dividends		
5¼% preferred shares	<u>315,000</u>	315,000
Common shares.....	<u>1,778,323</u>	1,535,825
	<u>31,972,841</u>	(6,182,625)
(Decrease) increase for the year	<u>(16,778,393)</u>	65,553,851
Net assets at end of year	<u>\$155,120,428</u>	<u>\$171,898,821</u>
Net asset value per common share.....	<u>\$55.17</u>	<u>\$61.40</u>

6. Directors and officers remuneration

Aggregate remuneration paid during the year to the Corporation's directors was as follows:

	1984	1983
Paying corporation		
GBC Capital Ltd.	<u>\$34,500</u>	\$35,350
Dominion-Scottish Investments Limited	<u>34,500</u>	35,350
Sutton Ventures Ltd.	<u>2,000</u>	2,000
	<u>\$71,000</u>	<u>\$72,700</u>

The Corporation has five officers, one of whom is also a director. The officers of the Corporation as such received no remuneration.

7. Subsequent events

In October 1984, the directors passed a resolution, subject to the approval of shareholders, subdividing each of the issued and outstanding common shares into 27 common shares so that there will be 72,749,583 common shares issued and outstanding. The directors have further approved the subsequent distribution of warrants to holders of the new common shares, if the subdivision is approved, on the basis of one warrant for each five new common shares held entitling the holder to purchase one new common share until 1st September, 1990 at a price approximating the break-up value (net asset value less tax on unrealized capital gains) of the common shares on the date of issue of the warrants.

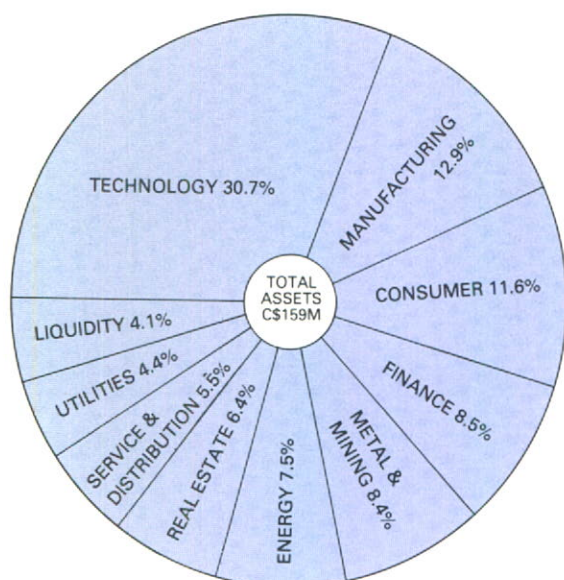
No.	Amount	Company	Market Value	Main Activity	Country of Incorporation
1	900,000	Shared Medical Systems	\$29,358,450†	Hospital data processing	U.S.A.
2	306,822	Cousins Properties	5,762,578	Real estate development	U.S.A.
3	100,000	Cole National Corp.	5,107,250	Specialty retailer	U.S.A.
4	150,000	Apollo Computer	4,670,663	Mini-computers	U.S.A.
5	570,000	Royex Gold Mining, cv., Pfd. A			
	109,000	Royex Gold Mining	4,419,750	Gold mining	Canada
6	440,000	Harris Steel, A			
	220,000	Harris Steel, B	4,152,500	Steel fabrication and distribution	Canada
7	611,000	Toromont Industries	4,124,250	Engineered products	Canada
8	80,000	Rouse Co.	3,756,300	Real estate development	U.S.A.
9	10,000	Teledyne Inc.	3,754,652	Electronic and engineered products	U.S.A.
10	200,000	TransCanada PipeLines	3,750,000	Natural gas pipeline	Canada
Top Ten Investments			68,856,393	43.4% of Total Assets	
11	100,000	Scott's Hospitality			
	100,000	Scott's Hospitality, C	3,300,000	Hotels and fast foods	Canada
12	100,000	Interprovincial Pipe Line	3,175,000	Crude oil pipeline	Canada
13	60,000	Wajax Limited, cv., Pfd. A			
	125,000	Wajax Limited, A	3,046,875	Heavy equipment distribution	Canada
14	180,000	Echo Bay Mines			
	295	Echo Bay Mines, Units	2,946,250	Gold mining	Canada
15	\$1,500,000	Southern Bancorporation			
		10%, cv., Debs. due 1996	2,896,305	Regional banking	U.S.A.
16	45,000	Lockheed Corp.	2,668,950	Defense supplier	U.S.A.
17	109,700	Nowasco Well Service	2,523,100	Oilfield services	Canada
18	150,000	Laidlaw Transportation, B	2,493,750	Waste management and transportation	Canada
19	50,000	Acco World Corp.	2,141,750	Office supplies manufacturer	U.S.A.
20	50,000	Flightsafety International	2,042,900	Flight simulation	U.S.A.
Top Twenty Investments			96,091,273	60.5% of Total Assets	
21	50,000	Harper Group	2,042,900	Freight forwarding	U.S.A.
22	80,000	Inco Ltd., Pfd. C	2,030,000	Nickel producer	Canada
23	58,700	Lornex Mining	1,995,800	Copper producer	Canada
24	50,000	Revco D.S. Inc.	1,985,237	Discount drug stores	U.S.A.
25	20,000	Canadian Imperial Bank, Pfd. A	1,985,000	Banking	Canada
26	40,000	Palm Beach Inc.	1,963,820	Apparel manufacturer	U.S.A.
27	100,000	Time Energy Systems	1,927,575	Energy conservation	U.S.A.
28	60,000	PHH Group	1,858,380	Management services	U.S.A.
29	30,000	Texas Commerce Bancshares	1,833,667	Bank holding	U.S.A.
30	77,200	Noble Affiliates	1,717,025	Oil and gas	U.S.A.
Top Thirty Investments			115,430,677	72.7% of Total Assets	
31	40,000	Nucor Corp.	1,673,860	Steel manufacturer	U.S.A.
32	120,000	Big V Supermarkets	1,621,140	Supermarket chain	U.S.A.
33	100,000	Numac Oil & Gas	1,600,000	Oil and gas	Canada
34	12,000	Grafton Group			
	48,000	Grafton Group, A	1,572,000	Apparel retailer	Canada
35	100,000	Rowan Companies	1,565,124	Oil and gas	U.S.A.
36	150,000	Canadian Tire Corp., A	1,537,500	Retailer	Canada
37	150,000	Sensormatic Electronics	1,507,463	Security equipment	U.S.A.
38	50,000	Bank of Montreal, Pfd. A	1,437,500	Banking	Canada
39	40,000	Sun Banks Inc.	1,436,620	Regional banking	U.S.A.
40	50,000	Pic'N'Save	1,416,850	Retailer	U.S.A.
Top Forty Investments			130,798,734	82.4% of Total Assets	

No.	Amount	Company	Market Value	Main Activity	Country of Incorporation
41	40,000	Telecredit, Inc.	1,324,590	Electronic cash transfer	U.S.A.
42	150,000	Dickenson Mines Ltd., A			
	125,000	Dickenson Mines Ltd., B	1,245,000	Gold mining	Canada
43	40,000	Renaissance Energy			
		cv., 2nd Pfd. A	1,200,000†	Oil and gas	Canada
44	60,000	Service Merchandise	1,176,315	Catalog showroom retailer	U.S.A.
45	200,000	Poco Petroleums	1,175,000	Oil and gas	Canada
46	40,000	Royal Bank of Canada	1,150,000	Banking	Canada
47	56,250	Pandick Inc.	1,112,063	Financial printers	U.S.A.
48	50,000	American Healthcare, A			
	50,000	American Healthcare, B	1,097,235†	Hospital management	U.S.A.
49	25,000	Ocean Drilling & Exploration	955,550	Oil and gas	U.S.A.
50	10,000	Cincinnati Financial	924,247	Insurance holding	U.S.A.
Top Fifty Investments			142,158,734	89.6% of Total Assets	
51	\$550,000	Precambrian Shield Resources			
		9%, cv., Debs. due 1991			
	50,000	Precambrian Shield Resources	778,500	Oil, gas and gold	Canada
52	20,000	Energy Conversion Devices	767,735	Amorphous materials	U.S.A.
53	2,000,000	Carma Ltd., A	740,000	Real estate development	Canada
54	30,000	Dynatech Corp.	696,893	Telecommunications equipment	U.S.A.
55	25,000	Actmedia Inc.	687,831	Advertising	U.S.A.
56	44,300	Telelogic Inc., cv., Pfd. C	671,455†	Automatic dialers	U.S.A.
57	25,000	Evans & Sutherland Computer	671,356	Computer graphics	U.S.A.
58	5,885	Sun Microsystems, cv., Pfd. D	659,297†	Mini-computers	U.S.A.
59	50,000	Microbilt Corp.	659,000†	Computer maintenance	U.S.A.
60	30,000	Kiena Gold Mines	652,500	Gold mining	Canada
Top Sixty Investments			149,143,301	94.0% of Total Assets	
61	50,000	Power Conversion Inc.	551,913	Lithium batteries	U.S.A.
62	40,000	Analogic Corp.	533,790	Data conversion, measurement	U.S.A.
63	30,000	Creative Output Inc.	395,400†	Computer software	U.S.A.
64	30,000	Science Dynamics Corp.	385,515	Telecommunications equipment	U.S.A.
65	76,923	Phoenix Data Systems	329,500†	Computer graphics	U.S.A.
66	1,076,000	Corrida Oils Ltd.			
	500,000	Corrida Oils Ltd., warrants	317,421	Oil and gas	Canada
67	50,000	Scientific Systems Services	219,117†	Computer software	U.S.A.
68	333,333	ImmunoMed Corp., cv., Pfd.	164,750†	Medical research	U.S.A.
69	\$250,000	Killucan 80 Exploration	125,000†	Oil and gas	Canada
70	50,000	Summit Software Systems	65,900†	Computer software	U.S.A.
Top Seventy Investments			152,231,607	95.9% of Total Assets	
71	93,334	Infomark, cv., Pfd. A	1†	Small business computers	U.S.A.
72	161,139	Executec Corp., cv., Pfd. A	1†	Computer software	U.S.A.
Total Value of Investments			\$152,231,609	95.9% of Total Assets of \$158,672,878	

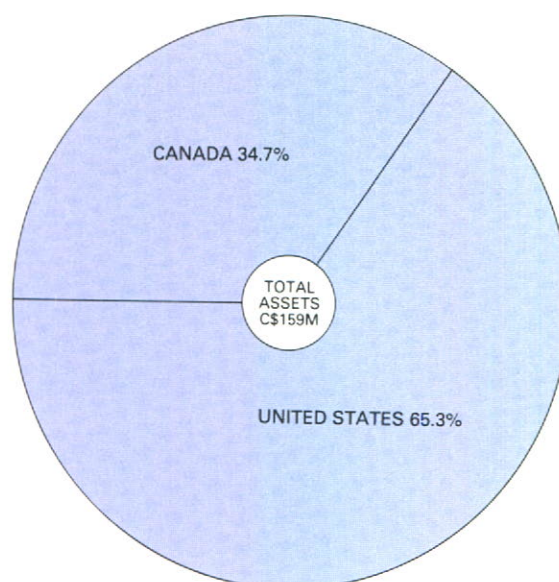
† at Directors' Valuation.

GBC CAPITAL LTD.
and subsidiary companies
30th September, 1983

INDUSTRIAL DISTRIBUTION OF ASSETS



GEOGRAPHICAL DISTRIBUTION OF ASSETS



ELEVEN-YEAR FINANCIAL SUMMARY

	1984	1983	1982	1981	1980	1979	1978	1977(3)	1976	1975	1974
Gross income (\$'000)	4,443	3,747	3,520	3,450	2,728	2,283	1,697	904	1,184	974	925
Net income (\$'000).....	2,623	1,965	1,832	2,081	1,559	1,303	882	427	589	457	499
Per common share —											
Net income.....	\$0.86	0.61	0.56	0.66	0.46	0.37	0.21	0.07	0.10	0.05	0.07
Dividends paid	\$0.66	0.57	0.54	0.68	0.36	0.30	0.068	—	0.065	0.06	0.06
Total assets (\$'000)	158,673	175,472	109,725	110,856	114,515	82,824	67,866	44,046	38,548	29,417	23,210
Net assets (\$'000).....	155,120	171,899	106,345	107,410	110,934	79,452	64,593	40,895	35,429	26,197	19,985
Available for common shares (\$'000)	148,662	165,440	99,887	100,951	104,475	72,994	58,134	34,437	28,970	19,738	13,527
Net asset value per common share	\$55.17	61.40	37.07	37.47	38.77	27.09	21.58	12.78	10.89	7.42	5.08
NOTES:											
(1) Certain figures have been restated in order to remove the effects of equity accounting which had been used for fiscal years 1972 to 1978 inclusive.											
(2) No provision has been made for income taxes on capital gains which may arise on the future sale of investments.											
(3) Nine month period ended 30th September, 1977. (Prior years ended on 31st December.)											

INVESTMENT PORTFOLIO

No.	Company	Holding	CS'000 Market Value	% Total Assets	Main Activity
1.	Shared Medical Systems	900,000	29,358*	18.5	Hospital Data Processing
2.	Cousins Properties	306,822	5,763	3.6	Real Estate Development
3.	Cole National	100,000	5,107	3.2	Specialty Retailer
4.	Apollo Computer	150,000	4,671	2.9	Mini-Computers
5.	Royex Gold Mining	679,000	4,420	2.8	Gold Mining
6.	Harris Steel Group	660,000	4,152	2.6	Steel Fabrication & Distribution
7.	Toromont Industries	611,000	4,124	2.6	Engineered Products
8.	Rouse Co.	80,000	3,756	2.4	Real Estate Development
9.	Teledyne Inc.	10,000	3,755	2.4	Electronic & Engineered Products
10.	TransCanada PipeLines	200,000	3,750	2.4	Natural Gas Pipe Line
11.	Scott's Hospitality	200,000	3,300	2.1	Hotels and Fast Foods
12.	Interprovincial Pipe Line	100,000	3,175	2.0	Crude Oil Pipeline
13.	Wajax Limited	185,000	3,047	1.9	Heavy Equipment Distribution
14.	Echo Bay Mines (plus units)	180,000	2,946	1.9	Gold Mining
15.	Southern Bancorporation 10% cv. Debs. due 1996	\$1,500,000	2,896	1.8	Regional Banking
16.	Lockheed Corp.	45,000	2,669	1.7	Defense Supplier
17.	Nowsco Well Service	109,700	2,523	1.6	Oilfield Services
18.	Laidlaw Transportation	150,000	2,494	1.5	Waste Management & Transportation
19.	Acco World	50,000	2,142	1.3	Office Supplies Manufacturer
20.	Flightsafety International	50,000	2,043	1.3	Flight Simulation
			96,091	60.5	
OTHER INVESTMENTS			56,141	35.4	
LIQUIDITY			6,441	4.1	
TOTAL ASSETS			158,673	100.0	

U.S. INVESTMENTS	98,759	62.2
CANADIAN INVESTMENTS	53,473	33.7
LIQUIDITY	6,441	4.1
TOTAL ASSETS	158,673	100.0

* At Directors' Valuation

MANAGEMENT

Pembroke Management was formed in 1968. Three of the four founders of the firm, namely Neil Ivory, Ian Soutar and Scott Taylor are still actively involved. Each owns approximately 25% of Pembroke's outstanding shares with the balance being held by other members of the staff.

Neil Ivory (age 54) is President and Chief Executive Officer. He graduated from Cambridge University in 1952 and after 5 years in the mining industry in Canada entered the investment business in 1958. Ian Soutar, C.F.A., (age 48) graduated from McGill University in 1958 and has been engaged in the investment business since 1960. Scott Taylor, C.F.A., (age 46) graduated from McGill University in 1960. After two years in the oil industry he entered the investment business in 1964. In 1983 Claude King, C.F.A., (age 27) joined the staff. He is another McGill graduate (B.Sc. 1978) and spent five years with a paper company, primarily in the pension management department, before joining Pembroke.

For further information please contact:

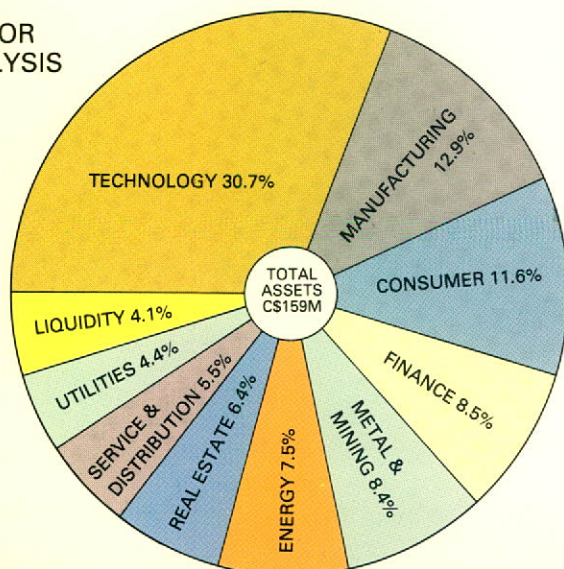
The Secretary-Treasurer,
GBC Capital Ltd.,
Suite 1018, Sun Life Building,
1155 Metcalfe Street,
Montreal, Quebec,
Canada, H3B 2W8

INVESTMENT POLICY

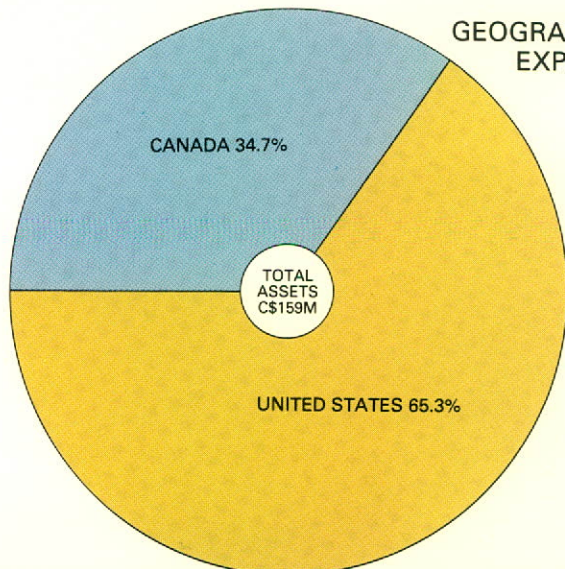
Pembroke's specialty is growth oriented equity investment in Canada and the U.S. It only manages equity accounts and restricts its services to a very small number of clients. Total assets under management and advisement exceed C\$350 million.

INVESTMENT CLASSIFICATION

SECTOR ANALYSIS



GEOGRAPHICAL EXPOSURE



GBC CAPITAL LTD.

30th September, 1984

INVESTMENT OBJECTIVE

GBC Capital seeks above average long term capital growth primarily through investment in small to medium sized North American companies.

HISTORY

GBC Capital was formed in 1929 as Great Britain and Canada Investment Corporation. It was backed by a Group including Govett Sons & Co. In 1931, William Arbuckle, an Accountant trained at Martin Currie in Edinburgh, assumed management responsibility for the Company. Despite the difficult environment of the 1930's GBC survived and after the war prospered.

In 1958 Neil Ivory, grandson of the Founder of British Assets Trust (BAT) joined Arbuckle Govett and ten years later Cliff Larock, Ian Soutar and Scott Taylor joined him to form Pembroke Management, the successor to Arbuckle Govett as manager of GBC Capital.

In 1971 GBC acquired Dominion-Scottish and Sutton Ventures following which BAT and other trusts managed by Ivory and Sime bought out the Govett Group interests. Further purchases during the 1970's resulted in BAT owning 67.5% of GBC Capital.

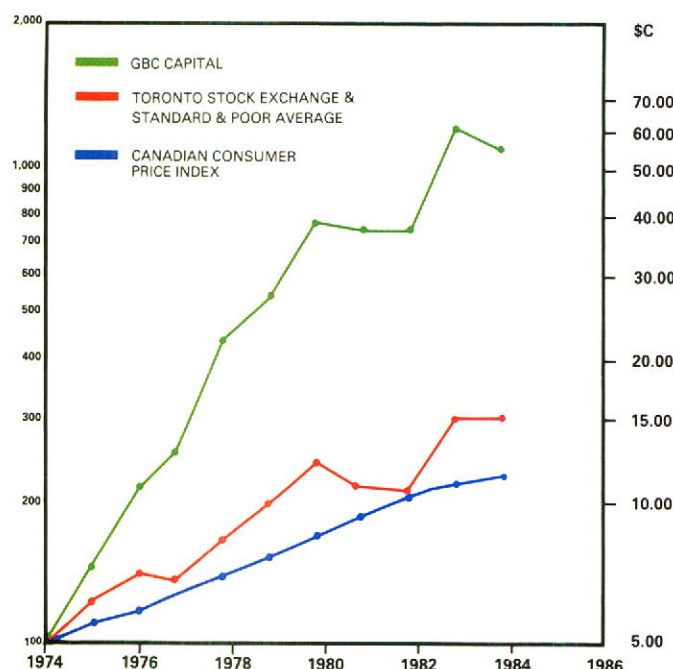


Neil B. Ivory,
President and Chief Executive Officer, and
grandson of the Founder of British Assets Trust.

BOARD

Neil B. Ivory	R. A. Hammond-Chambers
Douglas T. Bourke	John S. Lane, C.F.A.
Donald E. Dunn, C.A.	David T. M. Ross, F.C.C.A.
George A. Fierheller	Hugh R. Snyder

INVESTMENT RECORD 1974 - 1984



NET ASSET VALUE

per common share

DECEMBER	C\$	% CHANGE
1975	7.42	+ 46.1
1976	10.89	+ 46.8
SEPTEMBER		
1977	12.78	+ 17.4
1978	21.58	+ 68.9
1979	27.09	+ 25.4
1980	38.77	+ 43.1
1981	37.47	- 3.4
1982	37.07	- 1.1
1983	61.40	+ 65.6
1984	55.17	- 10.1
1974-1984		+ 1,086
EQUAL TO 26.9% per annum		

GBC

CAPITAL LTD.

DIRECTORS

Douglas T. Bourke
*Business Executive,
Westmount, Quebec*

Donald E. Dunn, C.A.
*Vice-President/Finance,
Henry Birks & Sons Limited,
Montreal, Quebec*

George A. Fierheller
*President and Chief Executive Officer,
Premier Cablesystems Ltd.,
Vancouver, British Columbia*

R. Alexander Hammond-Chambers
*Deputy-Chairman,
Ivory & Sime plc,
Edinburgh, Scotland*

Neil B. Ivory
*President and Chief Executive Officer,
Pembroke Management Ltd.,
Montreal, Quebec*

John S. Lane, CFA
*Vice-President and Assistant General
Manager for Canada,
Sun Life Assurance
Company of Canada,
Toronto, Ontario*

David T. M. Ross, F.C.C.A.
*Director,
Ivory & Sime plc,
Edinburgh, Scotland*

Hugh R. Snyder
*President and Chief Executive Officer,
Brinco Limited,
Vancouver, British Columbia*

OFFICERS

Neil B. Ivory
President and Chief Executive Officer

Ian A. Soutar, CFA
Vice-President

A. Scott Taylor, CFA
Vice-President

Richard Haller
Secretary-Treasurer

Cyril F. Reid
Assistant Secretary-Treasurer

MANAGERS AND LOCATION OF EXECUTIVE OFFICES

Pembroke Management Ltd.
1018 Sun Life Building,
1155 Metcalfe Street,
Montreal, Quebec
H3B 2W8

LISTED

The Montreal Exchange

AUDITORS

Touche Ross & Co.,
Chartered Accountants,
1 Place Ville Marie,
Montreal, Quebec
H3B 2A2

TRANSFER AGENT AND REGISTRAR

Montreal Trust Company,
Montreal, Toronto and Calgary
(also Winnipeg and Vancouver for
Preferred Shares only)

REGISTERED OFFICE

First Canadian Place, 12th Floor,
100 King Street West,
Toronto, Ontario
M5X 1B3

ANNUAL MEETING

Wednesday, 12th December, 1984,
10:15 a.m., at 1018 Sun Life
Building, Montreal, Quebec

