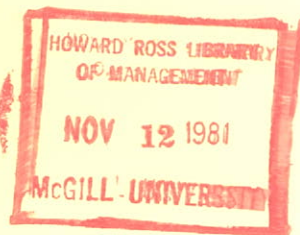


GB C

CAPITAL LTD.

ANNUAL REPORT

30TH SEPTEMBER, 1981



GBC

CAPITAL LTD.

OFFICERS

Clifford L. Larock, F.C.I.S.
President and Chief Executive Officer

Neil B. Ivory
Vice-President

A. Scott Taylor, C.F.A.
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,
Dominion Square,
Montreal, Quebec
H3B 2W8

LISTED

Montreal Stock 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

Friday, 11th December, 1981,
10:15 a.m., at 1018 Sun Life
Building, Montreal, Quebec

TO THE SHAREHOLDERS

REVIEW OF THE 1981 FISCAL YEAR

After recording six consecutive years of increased net assets, GBC experienced a modest decline in net asset value during fiscal 1981. The drop came suddenly and sharply in the fourth fiscal quarter which ended on 30th September, 1981 as stock markets in both Canada and the U.S. plunged because of a combination of record high short term interest rates and a faltering economy in each country. In the 1981 fiscal year net assets declined 3.2% to \$107.4 million and net assets per common share fell 3.4% to \$37.47. While this drop is small in comparison to the broad North American stock market indices during the same yearly interval, (declines of 16.7% and 7.4% for the Toronto Stock Exchange 300 Composite Stock Index and the Standard and Poor 500 Stock Index respectively), the fourth quarter decline from the 30th June, 1981 net asset value per share of \$46.61 was severe and most disappointing.

On a more cheerful note, net income rose 33.5% to \$2,081,275. After preferred dividends, net income per common share amounted to a record \$0.66 compared to \$0.46 last year.

There was a greater than normal restructuring of GBC's portfolio during the year. The large holding in Revelstoke Companies was eliminated and several oil investments were sold. New commitments were made in U.S. retailing and regional banks, and the portfolio should now be in a better position to benefit from a period of reduced inflation.

DIVIDENDS

GBC initiated a policy of paying semi-annual dividends with the payment of \$0.25 per share on 29th May, 1981. A dividend of \$0.27 per share will be paid on 25th November, 1981, bringing the total in respect of the 1981 fiscal year to \$0.52 per common share.

This is an increase of 20.9% over the \$0.43 per share dividend paid in respect of the 1980 fiscal year.

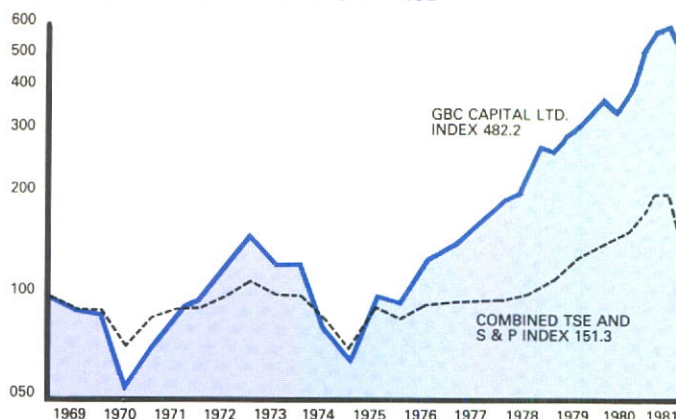
OBJECTIVE AND INVESTMENT POLICY

While GBC's results in fiscal 1981 were superior to those of the general North American stock market indices, the Corporation failed to meet its objective of providing a return in excess of the rate of inflation to shareholders. Nevertheless, a portfolio of common stocks of companies exhibiting well above average growth and profitability should achieve this objective over the long term as it has in the past.

LONG TERM RECORD

GBC's thirteen-year record under the management of Pembroke Management Ltd. is set out in the accompanying graph. The growth of capital over this period has averaged 13.1% annually and has far exceeded that of North American stock markets in general. In addition the rate of dividend has grown steadily in recent years.

THIRTEEN-YEAR RELATIVE PERFORMANCE



SUBSIDIARIES

DOMINION-SCOTTISH INVESTMENTS LIMITED

Following two dramatic years of growth exceeding 40% annually, Dominion-Scottish suffered its first decline in asset value in seven years. The drop of 12.2% during fiscal 1981 reduced net assets to \$62.9 million. This result compares with a fall of 16.7% and 7.4% for the Toronto Stock Exchange 300 Composite Stock Index and the Standard and Poor 500 Stock Index respectively. GBC owns 99.13% of the outstanding common shares of Dominion-Scottish.

SUTTON VENTURES LTD.

This 100% owned subsidiary of GBC experienced its seventh consecutive year of growth, equaling 17.2% in fiscal 1981. Despite the very sharp decline in the share prices of emerging high technology companies in August and September, Sutton's return from these investments remained very satisfactory.

TOP FIVE HOLDINGS

SHARED MEDICAL SYSTEMS CORPORATION

(16.1% of total assets)

SMS has remained GBC's largest investment during the past six years and, despite the sale of some shares during this interval, the holding has risen each year in total value. As the leading provider of financial and patient related data processing services to hospitals in the United States, SMS will complete its tenth consecutive year of growth exceeding 20% in 1981. The outlook for the company remains exceedingly bright.

TOROMONT INDUSTRIES LTD.

(4.3% of total assets)

After disposing of divisions which were either unprofitable or had little potential for growth Toromont's operations are now concentrated in four main divisions:—

- Canada Forgings, which provides precision forgings to the aircraft, nuclear and other energy related industries.
- Cimco Limited, which designs, builds and services industrial refrigeration systems for food processing and storage, petrochemical plants and recreation facilities.
- El-Met Parts, which manufactures steel laminations and electrical cores for small electric motors.

- Lewis Refrigeration, which designs and builds refrigeration packages for the petroleum and petrochemical industries.

The current environment is creating difficult operating conditions for certain sectors of Toromont's business but the longer term outlook is favourable in view of the company's orientation towards energy related industries.

COLE NATIONAL CORPORATION

(3.6% of total assets)

This diversified specialty retailer, headquartered in Cleveland, is expected to report its tenth consecutive year of record earnings in 1981 with the annual growth rate averaging 20%. Future prospects are even more exciting as the acquisition of Child World Inc., the second largest U.S. toy supermarket chain, should enable Cole National to achieve accelerated growth over the next few years.

Sales of \$174 million for the fiscal year ended 31st January 1981 were derived from five divisions specializing in optical products, engraved giftware, keys, cookie shops and craftware. With the addition of Child World this year, sales should exceed \$400 million and earnings per share should rise 35 to 40%. The company's balance sheet is strong and its profitability above average.

HARRIS STEEL GROUP INC.

(3.5% of total assets)

The Harris Steel Group is very much the creation of Milton E. Harris who still owns approximately 50% of the outstanding shares. The Group now operates through five divisions:—

- Harris Steel/VSL, which supplies, fabricates and erects reinforcing steel bars and related products, operating from branches across Canada.
- Frankel Steel, which fabricates and erects structural steel for office and other commercial buildings as well as industrial structures such as steel mills, petrochemical plants and nuclear power plants. Frankel has plants in Ontario and in Alberta.
- Laurel Steel, which is a supplier of wire mesh and other steel products for the construction industry from its plant in Burlington, Ontario.
- Fisher & Ludlow, which manufactures and supplies heavy steel grating from four plants in Canada. A typical use of the grating would be for the floor of a petrochemical plant.
- Quecor Steel, which warehouses and distributes steel products. It is based in Montreal.

The Group is comprised of cyclical businesses but the strategy is to develop a diversification of products and market areas so that the cycles for each division do not coincide. In 1980 earnings per share were \$0.97 versus \$0.65 in 1979 and a further increase is anticipated for 1981.

TELEDYNE INC.

(3.3% of total assets)

Teledyne's structure is somewhat unique. It consists of 130 individual companies plus insurance subsidiaries which have

a large and growing portfolio of stock investments, including substantial holdings of Brockway Glass, Curtis-Wright, Litton and Reichhold Chemical. During 1981 the company has added to its position in International Harvester Co. and has now become the largest shareholder with an ownership position exceeding 14%.

Henry Singleton, the Chief Executive Officer and founder of the company is generally regarded as being one of the outstanding executives in the U.S. During the past 5 year and 10 year periods earnings per share have advanced at 45% and 32.5% respectively.

OUTLOOK

The U.S. economy appears to be falling back into recession as weak consumer demand caused by very high interest rates begins to impact production schedules. Several quarters of declining economic output and rising unemployment are anticipated. In this environment interest rates and inflation will probably decline but the stock market may continue to suffer from the twin pressures of unfavourable yield comparisons with fixed income securities and a worsening outlook for corporate profits.

Investment psychology in Canada is understandably shaken because of the many ill conceived government policies of intervention in the private sector and a continuing obsession with constitutional matters. Economic prospects are gloomy as the consumer is squeezed by inflation and high interest rates. Massive federal and provincial government deficits and a weak Canadian dollar do not suggest any near term respite from high interest rates.

GBC's investment policy is to continue to emphasize strongly financed U.S. companies which are not dependent upon the overall growth of the U.S. economy for their own earnings progress. While we are not overly sanguine about the near term stock market prospects, we remain convinced that this policy will provide superior returns for patient investors.

DIRECTORATE

Mr. Ian E. Ivory resigned as a director of the Corporation effective 31st August, 1981. The directors wish to record their appreciation of the significant contribution made by Mr. Ivory during his tenure as a director.

Mr. David T. M. Ross, F.C.C.A., an employee of Ivory & Sime Limited and Secretary of British Assets Trust, Edinburgh American Assets Trust and other investment companies managed by Ivory & Sime, was appointed a director of the Corporation on 2nd November, 1981, to fill the vacancy created by the resignation of Mr. Ian E. Ivory.

On behalf of the Board
C. L. Larock, Chairman and
Chief Executive Officer

Montreal, Quebec
2nd November, 1981

THE BOARD OF DIRECTORS

CLIFFORD L. LAROCK, F.C.I.S.

(President and Chief Executive Officer)
is Chairman of Pembroke Management Ltd. He joined the Board in 1968. His other directorships include Dominion-Scottish Investments Limited, Sutton Ventures Ltd., Canadian Stockholders Investments Ltd.

NEIL B. IVORY

(Vice-President)
is President of Pembroke Management Ltd. He joined the Board in 1973. His other directorships include Dominion-Scottish Investments Limited, Sutton Ventures Ltd., Canadian Stockholders Investments Ltd., Formula Growth Ltd., Harris Steel Group Inc., Toromont Industries Ltd.

DOUGLAS T. BOURKE

is President and Chief Executive Officer of Drummond McCall Inc. He joined the Board in 1978. He is also a director of Dominion-Scottish Investments Limited and of SKF Canada Ltd.

JOHN CLARK

is an assistant director of Ivory & Sime Limited and a director of Dominion-Scottish Investments Limited. He joined the Board in 1979.

DONALD E. DUNN, C.A.

is Vice-President/Finance of Henry Birks & Sons Limited. He joined the Board in 1981. His directorships include Dominion-Scottish Investments Limited, Henry Birks & Sons Limited and subsidiaries.

GEORGE A. FIERHELLER

is President and Chief Executive Officer of Premier Cablesystems Ltd. of Vancouver. He joined the Board in 1974. He is also Vice-Chairman of Rogers Cablesystems Inc. of Toronto and a Director of Dominion-Scottish Investments Limited, Extendicare Ltd. and Datacrown Inc.

R. ALEXANDER HAMMOND-CHAMBERS

is a director of Ivory & Sime Limited and Chairman of that company's Investment Committee. He joined the Board in 1972. He is also a director of American Medical Centers, Cumberland Natural Gas and Dominion-Scottish Investments Limited.

JOHN S. LANE, C.F.A.

is Vice-President and Assistant General Manager for Canada of Sun Life Assurance Company of Canada. He joined the Board in 1970. His other directorships include Dominion-Scottish Investments Limited, Sutton Ventures Ltd., Sun Life of Canada Investment Management Ltd.

DAVID T. M. ROSS, F.C.C.A.

is an employee of Ivory & Sime Limited, Edinburgh, Scotland. He joined the Board in 1981. He is Secretary of British Assets Trust, Edinburgh American Assets Trust and other investment companies managed by Ivory & Sime.

HUGH R. SNYDER

is President and Chief Executive Officer of Brinco Limited. He joined the Board in 1979. He is also a director of Dominion-Scottish Investments Limited and of the Canadian Paraplegic Association (Ontario Division).

GBC CAPITAL LTD.
and subsidiary companies

**CONSOLIDATED
STATEMENT OF
FINANCIAL POSITION**
as at 30th September, 1981

	1981	1980
INVESTMENTS		
Securities at market value (Note 2).....	<u>\$107,171,487</u>	<u>\$115,090,246</u>
CURRENT ASSETS		
Cash and term deposits	2,538,325	1,144,004
Due from brokers	3,754,486	751,544
Accrued income on investments	360,171	340,406
	<u>6,652,982</u>	<u>2,235,954</u>
CURRENT LIABILITIES		
Due to bank	193,088	1,048,335
Preferred dividend payable	78,750	78,750
Due to brokers	863,954	1,095,393
Accounts payable and accrued expenses	142,061	147,427
Income taxes payable	1,690,160	441,655
	<u>2,968,013</u>	<u>2,811,560</u>
NET CURRENT ASSETS (LIABILITIES)	<u>3,684,969</u>	<u>(575,606)</u>
	110,856,456	114,514,640
MINORITY INTEREST	<u>3,446,918</u>	<u>3,580,969</u>
NET ASSETS (Note 5)	<u>\$107,409,538</u>	<u>\$110,933,671</u>
REPRESENTED BY		
Capital stock (Note 3)	\$ 22,166,574	\$ 22,166,574
Contributed surplus	1,325,310	1,325,310
Retained earnings	7,266,219	7,332,156
Surplus on changes in investments (Note 4)	31,631,611	22,942,733
Unrealized appreciation of investments (Note 2)	45,019,824	57,166,898
	<u>\$107,409,538</u>	<u>\$110,933,671</u>

On behalf of the Board

C. L. LAROCK, Director
NEIL B. IVORY, Director

GBC CAPITAL LTD.
and subsidiary companies

**CONSOLIDATED
STATEMENT OF INCOME AND
RETAINED EARNINGS**
for the Year Ended
30th September, 1981

	<u>1981</u>	<u>1980</u>
INCOME FROM INVESTMENTS.....	\$3,450,121	\$2,728,052
Management expenses.....	697,163	518,684
Other expenses.....	134,356	117,805
	831,519	636,489
	2,618,602	2,091,563
Income and withholding taxes.....	381,539	378,823
	2,237,063	1,712,740
Minority interest.....	155,788	154,205
NET INCOME.....	2,081,275	1,558,535
Retained earnings at beginning of year.....	7,332,156	7,058,615
	9,413,431	8,617,150
Dividends		
5¼% preferred shares.....	315,000	315,000
Common shares.....	1,832,212	969,994
	2,147,212	1,284,994
RETAINED EARNINGS AT END OF YEAR.....	\$7,266,219	\$7,332,156
Net income per common share.....	\$0.66	\$0.46

AUDITORS' REPORT

The Shareholders,
GBC Capital Ltd.

We have examined the consolidated statement of financial position of GBC Capital Ltd. as at 30th September, 1981 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, 1981 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,
2nd November, 1981.

Touche Ross & Co.
Chartered Accountants

GBC CAPITAL LTD.
and subsidiary companies

**NOTES TO CONSOLIDATED
FINANCIAL STATEMENTS**
30th September, 1981

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 (99.13% 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

	1981	1980
Held by		
GBC Capital Ltd.	\$ 27,172,757	\$ 28,078,696
Dominion-Scottish Investments Limited	63,151,633	72,618,087
Sutton Ventures Ltd.	16,847,097	14,393,463
	<u>107,171,487</u>	<u>115,090,246</u>
Securities at average cost	61,518,518	57,550,384
	<u>45,652,969</u>	<u>57,539,862</u>
Amount required to adjust average cost from a corporate basis to a consolidated basis	(633,145)	(372,964)
Balance included in shareholders' equity as unrealized appreciation of investments	<u>\$ 45,019,824</u>	<u>\$ 57,166,898</u>

Securities at market value include those at the directors' valuation of \$20,427,880 (1980 — \$15,038,294).

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 \$12,190,000 based on the unrealized appreciation recorded by each of the consolidated corporations.

GBC CAPITAL LTD.
and subsidiary companies

**NOTES TO CONSOLIDATED
FINANCIAL STATEMENTS**

30th September, 1981
(Continued)

3. Capital stock

	<u>1981</u>	<u>1980</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>1981</u>	<u>1980</u>
Balance at beginning of year	\$ 22,942,733	\$ 17,081,564
Gain on changes in investments (including loss on exchange \$10,607; 1980 — gain \$55,564)	12,685,315	7,834,483
Income taxes on changes in investments	3,996,437	1,973,314
	<u>8,688,878</u>	<u>5,861,169</u>
Balance at end of year	<u>\$ 31,631,611</u>	<u>\$ 22,942,733</u>

5. Changes in net assets

	1981	1980
Net assets at beginning of year	<u>\$110,933,671</u>	<u>\$ 79,452,034</u>
Add:		
Net income for the year	2,081,275	1,558,535
Gain on changes in investments:		
Securities at average cost		
at beginning of year	57,550,384	46,876,409
Purchases	<u>21,271,587</u>	<u>22,704,769</u>
	78,821,971	69,581,178
Securities at average cost at end of year	<u>61,518,518</u>	<u>57,550,384</u>
Cost of securities sold	17,303,453	12,030,794
Proceeds from securities sold	<u>29,999,375</u>	<u>19,809,713</u>
	12,695,922	7,778,919
(Loss) gain on exchange	(10,607)	55,564
(Decrease) increase in unrealized appreciation		
of investments	<u>(12,147,074)</u>	<u>25,346,927</u>
	2,619,516	34,739,945
Deduct:		
Income taxes on changes in investments	3,996,437	1,973,314
Dividends:		
5¼% preferred shares	315,000	315,000
Common shares	<u>1,832,212</u>	<u>969,994</u>
	6,143,649	3,258,308
(Decrease) increase for the year	<u>(3,524,133)</u>	<u>31,481,637</u>
Net assets at end of year	<u>\$107,409,538</u>	<u>\$110,933,671</u>
Net asset value per common share	<u>\$37.47</u>	<u>\$38.77</u>

6. Directors' and officers' remuneration

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

Paying corporation

	1981	1980
GBC Capital Ltd.	\$28,822	\$22,484
Dominion-Scottish Investments Limited	28,822	22,484
Sutton Ventures Ltd.	1,500	1,000
	<u>\$59,144</u>	<u>\$45,968</u>

The Corporation has five officers, two of whom are also directors. The officers of the Corporation as such received no remuneration.

INVESTMENTS RANKED BY VALUE
as at 30th September, 1981

No.	Amount	Company	Market Value	Main Activity	Country of Incorporation
1	628,000	Shared Medical Systems	\$17,847,848†	Hospital data processing	U.S.A.
2	611,000	Toromont Industries	4,814,680	Engineered products	Canada
3	150,000	Cole National Corp.	3,982,440	Specialty retailer	U.S.A.
4	440,000	Harris Steel, A			
	220,000	Harris Steel, B	3,880,800	Steel fabrication and distribution	Canada
5	22,500	Teledyne Inc.	3,631,714	Electronic and engineered products	U.S.A.
6	150,000	National Data Corp.	3,032,085	Computer services	U.S.A.
7	313,850	Nu-West Group, A			
	17,292	Nu-West Group, C	2,589,859	Real estate, oil and gas	Canada
8	40,000	Wajax Limited, cv., Pfd. A			
	160,000	Wajax Limited, A	2,500,000	Heavy equipment distribution	Canada
9	179,687	Cousins Properties	2,331,097	Real estate development	U.S.A.
10	50,000	Lornex Mining	2,212,500	Copper producer	Canada
Top Ten Investments			46,823,023	42.2% of Total Assets	
11	70,000	Petroleum Equipment Tools	2,048,543	Equipment rental	U.S.A.
12	50,000	Phelps Dodge	2,006,305	Copper producer	U.S.A.
13	50,500	Storage Technology	1,988,583	Computer data storage	U.S.A.
14	80,000	Rouse Co.	1,979,152	Real estate development	U.S.A.
15	200,000	Carma Ltd., A	1,950,000	Real estate development	Canada
16	\$1,500,000	Southern Bancorporation 10%, cv., Debs. due 1996	1,819,251	Regional banking	U.S.A.
17	60,000	Freeport-McMoRan	1,810,200	Oil and gas	U.S.A.
18	67,500	Jerrico, Inc.	1,741,593	Fast foods	U.S.A.
19	66,560	John Labatt Ltd., A	1,639,373	Brewing and food	Canada
20	77,200	Noble Affiliates	1,607,096	Oil and gas	U.S.A.
Top Twenty Investments			65,413,119	59.0% of Total Assets	
21	77,000	Moran Energy	1,568,550	Contract drilling	U.S.A.
22	120,000	National Medical Care	1,448,160	Kidney dialysis centers	U.S.A.
23	75,000	First Mississippi	1,380,278	Fertilizer, oil and gas	U.S.A.
24	60,000	PHH Group	1,367,063	Management services	U.S.A.
25	60,000	Dorchester Gas Corp.	1,276,553	Oil and gas	U.S.A.
26	35,000	Numac Oil & Gas	1,260,000	Oil and gas	Canada
27	60,000	Ivaco Ltd.	1,230,000	Wire products	Canada
28	40,000	Apollo Computer, cv., Pfd.	1,206,800†	Mini computers	U.S.A.
29	80,000	Big V Supermarkets	1,182,664	Supermarket chain	U.S.A.
30	60,000	Petrolane Inc.	1,149,839	Petroleum services	U.S.A.
Top Thirty Investments			78,483,026	70.8% of Total Assets	
31	37,500	Valley National Corp., Arizona	1,125,944	Regional banking	U.S.A.
32	24,000	Texas Commerce Bancshares	1,093,361	Bank holding	U.S.A.
33	100,000	Scott's Hospitality			
	100,000	Scott's Hospitality, C	1,088,000	Hotels and fast foods	Canada
34	45,000	Felmont Oil	1,018,238	Oil and gas	U.S.A.
35	30,000	Toys-R-Us	986,559	Toy retailer	U.S.A.
36	75,000	Emco Limited	956,250	Plumbing, heating products	Canada
37	40,000	Scotty's Inc.	947,579	Building supply retailer	U.S.A.
38	40,000	Computer & Comm. Tech.	941,304	Computer data storage	U.S.A.
39	40,000	Sun Banks, Florida	868,896	Regional banking	U.S.A.
40	12,000	Grafton Group			
	48,000	Grafton Group, A	841,560	Apparel retailer	Canada
Top Forty Investments			88,350,717	79.7% of Total Assets	

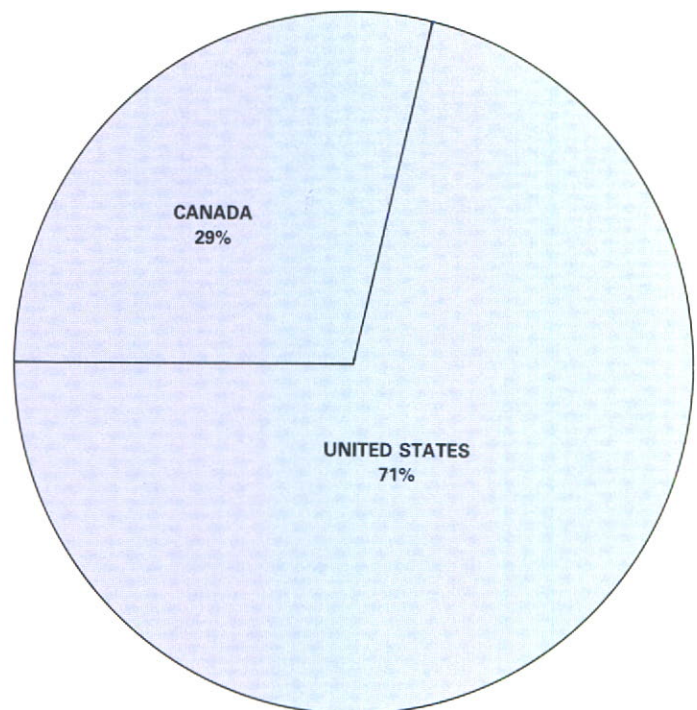
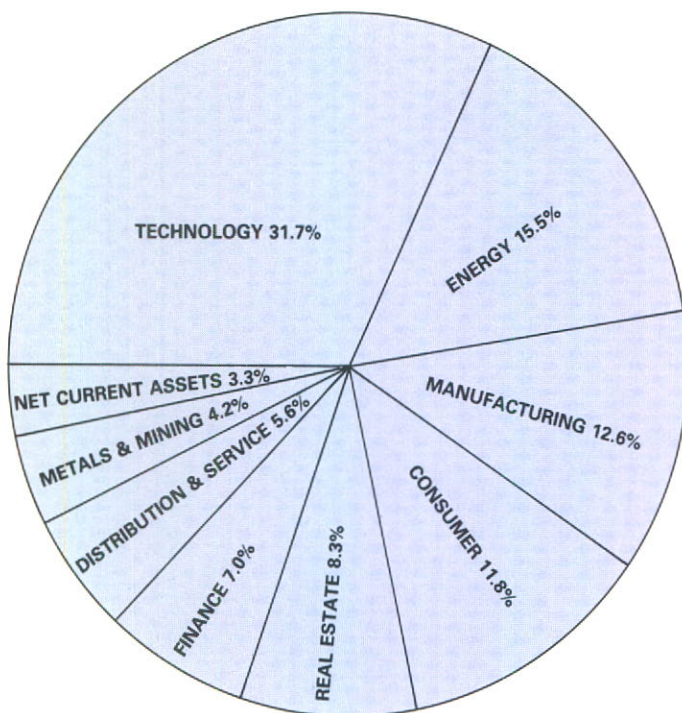
No.	Amount	Company	Market Value	Main Activity	Country of Incorporation
41	30,000	Canadian Imperial Bank	\$ 783,900	Banking	Canada
42	50,000	Monenco Ltd., A	775,000	Engineering services	Canada
43	30,000	Summit Energy, cv., Pfd.			
	10,000	Summit Energy	749,785	Oil and gas	U.S.A.
44	22,500	Intermedics Inc.	746,708	Cardiac pacemakers	U.S.A.
45	24,000	Evans & Sutherland	745,802	Computer graphics	U.S.A.
46	30,000	Comdata Network Inc.	710,685	Cash transfer	U.S.A.
47	20,000	Harper Group	705,978	Freight forwarding	U.S.A.
48	50,000	Howell Petroleum	701,754	Oil and gas	U.S.A.
49	25,000	Docutel Corp.	697,832	Automatic bank tellers	U.S.A.
50	50,000	First American, Tennessee	686,669	Regional banking	U.S.A.
Top Fifty Investments			95,654,830	86.3% of Total Assets	
51	59,525	Air Florida	664,470	Interstate airline	U.S.A.
52	33,000	Wilson, H.J.	652,324	Catalog showroom retailer	U.S.A.
53	13,750	Molex Inc.	634,702	Electronic connectors	U.S.A.
54	10,000	Cullinane Corp.	632,122	Computer software	U.S.A.
55	16,000	Quotron Systems	627,536	Financial computer services	U.S.A.
56	20,000	Analogic Corp.	591,332	Data conversion, measurement	U.S.A.
57	10,000	Datapoint Corp.	564,179	Data processing systems	U.S.A.
58	30,000	Nowsco Well Service	555,000	Oilfield services	Canada
59	35,000	Energy Reserves Group	527,975	Oil and gas	U.S.A.
60	15,000	Ocelot Industries, B	502,500	Oil and gas	Canada
Top Sixty Investments			101,606,970	91.7% of Total Assets	
61	\$ 500,000	Chilco Partnership No. 4	500,000†	Oil and gas	Canada
62	10,000	Pine Point Mines	463,800	Lead and zinc mining	Canada
63	30,000	Comserv. Corp.	443,499	Computer software	U.S.A.
64	15,000	Alpha Industries	416,346	Military electronics	U.S.A.
65	30,000	Lennar Corp.	407,295	Real estate development	U.S.A.
66	30,000	Interprovincial Pipe Line	405,000	Oil pipeline	Canada
67	10,000	Novo Industri, A.D.R.	393,779	Biological products	Denmark
68	18,000	Penn Engineering & Mfg.	380,142	Industrial fasteners	U.S.A.
69	20,000	Kallestad Labs.	368,074	Medical diagnostic test kits	U.S.A.
70	30,000	Creative Output Inc.	362,040†	Computer software	U.S.A.
Top Seventy Investments			105,746,945	95.4% of Total Assets	
71	\$ 250,000	Killucan 80 Exploration	300,000†	Oil and gas	Canada
72	45,000	Czar Resources			
	8,333	Czar Resources, warrants	276,250	Oil and gas	Canada
73	15,000	Microdyne Corp.	260,307	Satellite earth stations	U.S.A.
74	12,000	CADO Systems	224,465	Small business computers	U.S.A.
75	93,334	Infomark, cv., Pfd. A	211,190†	Small business computers	U.S.A.
76	33,332	Penn West Pete., cum wrts.			
	133,328	Penn West Pete., A	152,328	Oil and gas	Canada
77	96,376	Windsor Jewels, Pfd.			
	1,891	Windsor Jewels	2†	Jewelery retailer	U.S.A.
Total Value of Investments			\$107,171,487	96.7% of Total Assets of \$110,856,456	

† at Directors' Valuation.

GBC CAPITAL LTD.
and subsidiary companies
30th September, 1981

INDUSTRIAL DISTRIBUTION OF ASSETS

GEOGRAPHICAL DISTRIBUTION OF ASSETS



TEN-YEAR FINANCIAL SUMMARY

	1981	1980	1979	1978	1977(2)	1976	1975	1974	1973	1972
Gross income (\$'000)	3,450	2,728	2,283	3,398	1,453	2,521	1,890	1,639	1,190	889
Net income (\$'000)	2,081	1,559	1,303	2,583	976	1,926	1,373	1,213	765	425
Per common share —										
Net income	0.66	0.46	0.37	0.84	0.27	0.61	0.40	0.34	0.17	0.04
Dividends paid	0.68	0.36	0.30	0.068	—	0.065	0.06	0.06	0.04	0.02
Total assets (\$'000)	110,856	114,515	82,824	67,338	45,638	39,356	32,870	26,138	34,501	40,416
Net assets (\$'000).....	107,410	110,934	79,452	64,064	42,487	36,237	29,650	22,913	31,104	36,892
Available for common shares (\$'000)	100,951	104,475	72,994	57,606	36,028	29,779	23,192	16,455	24,645	30,433
Net asset value per common share:										
Market value basis.....	37.47	38.77	27.09	21.58	12.78	10.89	7.42	5.08	9.59	12.03
Equity accounting basis.....	N/A	N/A	N/A	21.38	13.37	11.19	8.71	6.18	9.26	11.43
NOTES:										
(1) For fiscal years 1972 to 1978 inclusive, income from associated companies was accounted for on the equity method.										
(2) Nine month period ended 30th September, 1977.										
(3) No provision has been made for income taxes on capital gains which may arise on the future sale of investments.										

