



GC - GLOBAL CAPITAL CORP.

**(Formerly Global (GMPC) Holdings Inc. and
E & E Capital Funding Inc.)**

Consolidated Financial Statements

March 31, 2006 & 2005

GC-Global Capital Corp.

Management Discussion & Analysis

Dated: May 29, 2006

Description of Business

The following information should be read in conjunction with the GC-Global Capital Corp. Interim Consolidated Financial Statements for the periods ended March 31, 2006 and 2005, which are prepared in accordance with Canadian generally accepted accounting principles. All figures are expressed in Canadian dollars unless otherwise indicated.

On December 31, 2005, Global (GMPC) Holdings Inc. and E & E Capital Funding Inc. (formerly A & E Capital Funding Inc.) amalgamated to become GC-Global Capital Corp. ("Global" or "the Company"). Global is a merchant bank which provides bridge loan services (asset back/collateralized financing), ranging from \$100,000 to \$3,000,000 to companies across many industries such as oil & gas, mining, real estate, manufacturing, retail, financial services, technology and biotechnology. Global takes a disciplined and systematic approach to investment and is guided by four core principles: Capital Preservation, Shareholder Value, Secure Generation of Income and Risk Management. Global also invests in emerging North American companies across all industries. Global's investments are made through equity financings and Global works with management of operating companies in order to create value for businesses in which Global assumes a position. These services can include additional equity financing, developing mergers and acquisitions, providing operational management support and structuring and negotiating debt and equity placements.

The following comparative figures for 2005 are based on audited financial statements of both Global (GMPC) Holdings Inc. and E & E Capital Funding Inc. (formerly A & E Capital Funding Inc.). Certain comparative figures of those previously issued audited financial statements have been reclassified to conform to the current year's basis of presentation.

Overall Performance

As at March 31, 2006 Global had net assets totaling \$17.5 million compared to \$16.8 million as at December 31, 2005 or \$1.12 (December 31, 2005 - \$1.07) per share plus another \$0.09 (December 31, 2005 - \$0.11) per share in unrealized gains on Global's portfolio investments, which includes convertible securities and warrants. The increase per outstanding share including unrealized gains on Global's portfolio investments is 1.9% increase over year end.

For the quarter ended March 31, 2006, Global had net income before taxes of \$601,249 or \$0.04 per share compared to an income of \$1,222,714 or \$0.08 per share for the same period in 2005. Global overhead was consistent in both periods, while Global's gains on the sale of its investment portfolio was higher in 2005. The above net income per share has been calculated using the weighted average number of multiple and subordinate voting shares during each year. Total net income for the period ended March 31, 2006 was \$572,973 as compared to \$1,222,714 for the same period in 2005.

Total assets as at March 31, 2006 were \$21.8 million compared to \$18.0 million as at December 31, 2005. Included in total assets are \$5.8 million in cash and short term investments (December 31, 2005 - \$2.8 million), \$7.2 million in notes receivable, bridge loans and convertible debentures (December 31, 2005 - \$6.8 million), \$5.4 million in portfolio investments (December 31, 2005 - \$5.2 million) with a fair value of \$6.8 million (December 31, 2005 - \$6.5 million), \$1.2 million in development property (December 31, 2005 - \$1.2 million), \$0.8 million in other receivables (December 31, 2005 - \$0.7 million) and \$1.4 million in future income taxes (December 31, 2005 - \$1.5 million).

Summary of Quarterly Results

The following table sets out selected financial information and other data of GC-Global Capital Corp., which should be read in conjunction with the unaudited interim consolidated financial statements for the quarter ending March 31, 2006.

For the three months ended March 31	2006		2005	
Total Revenue	\$	1,110,843	\$	1,612,316
Net income for the period		572,973		1,222,714
Net income per share ⁽¹⁾	\$	0.04	\$	0.08

(1) Net income per share has been calculated using the weighted average number of multiple and subordinate voting shares during each year. Diluted income per share were not calculated as they would be anti-dilutive.

First Quarter of 2006 Operating Results

As at March 31, 2006 Global had net assets totaling \$17.5 million or 1.12 per share plus another \$1.4 million or \$0.09 per share in unrealized gains on portfolio investments, which includes convertible securities and warrants. During the first quarter, Global provided \$4.6 million in bridge loans to public companies, private companies and individuals. The companies were in industries such as information technology, consumer products and real estate. As at March 31, 2006, there were no loans that were in default.

Total revenue for the first quarter of 2006 was \$1,110,843 compared to \$1,612,316 for the corresponding period in 2005. The difference in revenue from 2005 relates to approximately \$600,000 in non-recurring gains of sales of investments.

Sales of investments and securities for first quarter of 2006 have resulted in Global recording a gain of \$577,406 versus \$1,175,508 for the corresponding period in 2005. Income from interest and dividends decreased to \$206,463 from \$369,350 due to the Company holding less dividend producing investments. Structuring fees totaled \$311,393 for the first quarter of 2006 compared to \$40,500 for the same period in 2005.

Global's expenses for the first quarter of 2006 were \$509,593 compared to \$389,602 for the same period in 2005. Included in 2006 expenses are \$66,148 in stock based compensation expenses.

Net income for the first quarter of 2006 was \$572,973 or \$0.04 per share compared to income of \$1,222,714 or \$0.08 per share in 2005.

Liquidity

As at March 31, 2006, Global had \$2.5 million in cash, \$3.3 million in short term investments, \$7.2 million in notes receivable, bridge loans and convertible debentures and \$5.4 million in portfolio investments. The Corporation had bank indebtedness of \$3.2 million.

Transactions with Related Parties

The Company often receives the right to nominate a member to the Board of Directors of companies to which it provides a bridge loan. The nominees may be an employee, Officer or Director of the Company, and accordingly, the borrower may become related to the Company.

Bridge loans and convertible debentures include a balance due from companies having a current Director or Officer in common with the Company, with a cost of \$250,000 (December 31, 2005 \$1,062,188).

In May and June 2005, Global Development Resources, Inc. ("GDR") lent US\$4,100,000 to the Briar Rose Land Company. GDR syndicated 40% of the loan to the Briar Rose. Loans outstanding at December 31, 2005 from the Company are \$1,051,200 (December 31, 2005 \$1,791,020).

Portfolio investments include shares of companies and partnerships having a current Director or Officer in common with the Company, with a cost of \$1,939,548 (December 31, 2005 \$1,682,539) and a fair value of \$3,000,607 (December 31, 2005 \$2,465,134).

Loans and interest payable include a loan to a company controlled by a Shareholder of the Company for \$151,769 (December 31, 2005 \$525,636).

Interest and dividend income include interest earned on loans with current Directors and Officers in common with the Company, in the amount of \$11,736 (March 31, 2005 \$30,980). Management and consulting fees and travel and promotion expenses include \$60,990 (March 31, 2005 \$58,743) paid to companies controlled by current Directors and Officers of the Company.

Subsequent Events

On May 1, 2006, Global declared a cash dividend of \$0.04 per share payable to shareholders of Global's subordinate voting and multiple voting shares. The dividend is payable May 31, 2006, to shareholders on record on May 15, 2006. It is the intention of the Company to pay out a portion of its future annual earnings to shareholders in the form of a dividend.

Forward-Looking Information

These materials include certain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Other than statement of historical fact, all statements in this material, including, without limitation, statements regarding fair values of marketable securities, investments, bridge loans, convertible debentures, estimated asset retirement obligations, and future plans and objectives of the Company, are forward-looking statements that involve various known and unknown risks, uncertainties and other factors. There can be no assurance that such statements will prove accurate. Actual results and future events could differ materially from those anticipated in such statements. Readers are cautioned not to place undue reliance on these forward-looking statements that speak only as of the date of these materials. Important factors that could cause actual results to differ materially from the Company's expectations include, without limitation, the level of bridge loans completed, the nature and credit quality of the collateral security, the sufficiency of cost estimates for remaining reclamation obligations as well as those factors discussed in the Company's documents filed from time to time with the TSX Venture Exchange, Canadian securities regulators and other regulatory authorities. All subsequent written and oral forward-looking statements attributable to the Company or persons acting on its behalf are expressly qualified in their entirety by this notice.

Management's Responsibility for Financial Reporting

The accompanying consolidated interim financial statements of the Company have been prepared by management in accordance with Canadian generally accepted accounting principles. These consolidated interim financial statements contain estimates based on management's judgement. Management maintains an appropriate system of internal controls to provide reasonable assurance that transactions are authorized, assets safeguarded, and proper records maintained.

The Audit Committee of the Board of Directors, which is composed of a majority of independent Directors, reviews the results of the consolidated interim financial statements prior to submitting the consolidated interim financial statements to the Board for approval.

The Company's Auditors, Hinchcliffe Sapi LLP, Chartered Accountants, are appointed by the Shareholders to conduct an audit and their report follows.

(signed Jason Ewart)

(signed Chris Carmichael)

Jason Ewart
Chief Executive Officer

Chris Carmichael
Chief Financial Officer

May 29, 2006
Toronto, Ontario

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the consolidated interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited consolidated interim financial statements of the company have been prepared by and are the responsibility of the company's management.

The company's independent auditor has not performed a review of these consolidated interim financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of consolidated interim financial statements by an entity's auditor.

(signed Jason Ewart)

Jason Ewart
Chief Executive Officer

(signed Chris Carmichael)

Chris Carmichael
Chief Financial Officer

May 29, 2006
Toronto, Ontario

GC-Global Capital Corp. (formerly Global (GMPC) Holdings Inc. and E & E Capital Funding Inc.)
Consolidated Balance Sheets
As at March 31, 2006 and 2005
(unaudited)

	March 31	December 31
	2006	2005
Assets		
Cash	\$ 2,482,683	\$ 1,476,813
Short term investments (note 3 & 4)	3,325,000	1,300,000
Accounts receivable and sundry assets	498,157	451,474
Prepaid expenses	29,111	-
Interest and dividends receivable	228,337	223,379
Notes receivable, bridge loans and convertible debentures (notes 3 & 11)	7,215,749	6,783,298
Portfolio investments (notes 3 & 11)	5,410,041	5,160,957
Development property	1,163,000	1,163,000
Property, plant and equipment	18,387	9,492
Future income taxes (note 10)	1,441,041	1,469,317
	<u>\$ 21,811,506</u>	<u>\$ 18,037,730</u>
Liabilities		
Bank indebtedness (note 4)	\$ 3,220,013	\$ -
Accounts payable	671,146	382,638
Loans and interest payable (notes 5 & 11)	361,941	735,808
Income taxes payable	93,241	93,241
	<u>4,346,341</u>	<u>1,211,687</u>
Shareholders' Equity		
Share capital (note 6)	14,110,422	14,110,422
Contributed surplus (note 7)	2,559,302	2,493,154
Retained earnings	795,440	222,467
	<u>17,465,165</u>	<u>16,826,043</u>
	<u>\$ 21,811,506</u>	<u>\$ 18,037,730</u>

On Behalf of the Board

(signed Jason Ewart) _____, Director

(signed Gordon Ewart) _____, Director

GC-Global Capital Corp. (formerly Global (GMPC) Holdings Inc. and E & E Capital Funding Inc.)
Consolidated Statements of Retained Earnings (Deficit)
For the three months ended
(unaudited)

	March 31	March 31
	2006	2005
Retained earnings (Deficit) – beginning of period	\$ 222,467	(12,139,772)
Dividends	-	(15,078)
Net income	<u>572,973</u>	<u>1,222,714</u>
Retained earnings (Deficit) – end of period	<u>\$ 795,440</u>	<u>(10,932,136)</u>

GC-Global Capital Corp. (formerly Global (GMPC) Holdings Inc. and E & E Capital Funding Inc.)
Consolidated Statements of Income
For the three months ended
(unaudited)

	March 31	March 31
	2006	2005
Revenue		
Gain on sale of portfolio investments	\$ 577,406	\$ 1,175,508
Interest and dividend income (note 11)	206,463	369,350
Structuring fees and bonuses (note 11)	311,393	40,500
Foreign exchange gain	15,582	26,958
	<u>1,110,843</u>	<u>1,612,316</u>
Expenses		
Management and consulting fees (note 11)	320,914	266,684
Filing and listing fees	18,010	7,762
Audit and legal fees	15,271	19,149
Interest	44,689	41,227
Office and general	13,782	26,593
Travel and promotion	15,672	13,636
Rent	14,396	13,363
Amortization	712	1,188
Share compensation expense (note 7)	66,148	-
	<u>509,593</u>	<u>389,602</u>
Income before income taxes	<u>601,249</u>	<u>1,222,714</u>
Income taxes (note 10)		
Future	28,276	-
	<u>28,276</u>	<u>-</u>
Net income for the period	<u>\$ 572,973</u>	<u>\$ 1,222,714</u>
Net income per share (note 8)	<u>\$ 0.04</u>	<u>\$ 0.08</u>

GC-Global Capital Corp. (formerly Global (GMPC) Holdings Inc. and E & E Capital Funding Inc.)
Consolidated Statements of Cash Flows
For the three months ended
(unaudited)

	March 31 2006	March 31 2005
Operating activities		
Net income for the three months	\$ 572,973	\$ 1,222,714
Items not affecting cash:		
Gain on sale of investments	(577,406)	(1,175,508)
Amortization	712	1,188
Share compensation expense	66,148	-
Future income taxes	28,276	-
	<u>90,704</u>	<u>48,393</u>
Net changes in non-cash working capital balances (note 9)	<u>207,756</u>	<u>95,171</u>
	<u>298,460</u>	<u>143,564</u>
Investing activities		
Decrease (increase) in bridge loans and convertible debentures	(432,451)	368,678
Purchase of portfolio investments	(2,292,407)	(3,569,761)
Proceeds from sale of investments	2,620,729	3,826,277
Additions to property, plant and equipment	(9,607)	(972)
	<u>(113,736)</u>	<u>624,222</u>
Financing activities		
Repayment (increase) of loans and interest payable	(373,867)	35,796
Dividends paid	-	(15,078)
	<u>(373,867)</u>	<u>20,718</u>
Increase (decrease) in cash flow	(189,143)	788,504
Cash, beginning of year	<u>2,776,813</u>	<u>2,148,255</u>
Cash, end of year	<u>\$ 2,587,670</u>	<u>\$ 2,936,759</u>
Cash consists of:		
Cash	\$ 2,482,683	\$ 2,979,401
Short term investments	3,325,000	38,561
Bank indebtedness	(3,220,013)	(81,203)
	<u>\$ 2,587,670</u>	<u>\$ 2,936,759</u>

Supplemental cash flow information (note 9)

GC-Global Capital Corp. (formerly Global (GMPC) Holdings Inc. and E & E Capital Funding Inc.)
Notes to Consolidated Financial Statements
Three months ended March 31, 2006 and 2005
(unaudited)

1. Nature of Business

GC-Global Capital Corp. (the "Company") is incorporated under the Canadian Business Corporations Act and was formed on December 31, 2005 via an amalgamation of Global (GMPC) Holdings Inc. and E & E Capital Funding Inc. (formerly A & E Capital Funding Inc.). The Company provides a range of merchant banking services to small and mid-size cap companies in North America in both the public and private markets. The Company provides bridge loan services (asset backed/collateralized financing) ranging from \$100,000 to \$3,000,000 to companies across many industries such as oil and gas, mining, real estate, manufacturing, retail, financial services, technology and biotechnology. The Company also has a diversified investment division engaged in investing in emerging growth companies.

2. Summary of Significant Accounting Policies

These interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles on a basis consistent with those used and described in the most recent annual audited consolidated financial statements. The disclosures contained in these interim consolidated financial statements do not include all requirements of Canadian generally accepted accounting principles for annual financial statements. These interim consolidated financial statements should be read in conjunction with the most recent annual consolidated financial statements.

3. Financial Instruments

The carrying value of cash, accounts receivable and sundry assets, interest and dividends receivable and accounts payable approximate their fair values due to the short-term nature of these instruments.

The carrying values and fair values of the Company's short term investments, notes receivable, bridge loans and convertible debentures and portfolio investments are as follows:

	March 31 2006 Carrying Value	March 31 2006 Fair Value	December 31 2005 Carrying Value	December 31 2005 Fair Value
Short term investments	\$ 3,325,000	\$ 3,325,000	\$ 1,300,000	\$ 1,300,000
Notes receivable	25,000	25,000	55,000	55,000
Bridge loans and convertible debentures	7,190,749	7,265,485	6,728,298	7,141,831
Portfolio investments	5,410,041	6,764,959	5,160,957	6,462,049
	\$ 15,950,790	\$ 17,380,444	\$ 13,244,255	\$ 14,958,880

- a) Short term investments include term deposits at rates between 2.85% and 3.05% (December 31, 2005 2.5%) due between April 3, 2006 and May 1, 2006 (2005 January 27, 2006).
- b) Portfolio investments represent shares in publicly traded companies and partnerships. Fair value represents the quoted trading price of the shares held at March 31, 2006 and December 31, 2005. Fair value of bridge loans is estimated to be approximately the equivalent of carrying value due to the relatively short term of these bridge loans. Fair value of convertible debentures is generally considered to be the equivalent of carrying value unless the trading price of the underlying security exceeds the conversion price of the debenture. Fair value is then considered to be the quoted trading price of the underlying security.
- c) Notes receivable are payable on demand and bear interest at a fixed rate of 12%. The notes receivable are unsecured.

GC-Global Capital Corp. (formerly Global (GMPC) Holdings Inc. and E & E Capital Funding Inc.)
Notes to Consolidated Financial Statements
Three months ended March 31, 2006 and 2005
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- d) Certain of the portfolio investments are pledged as security for the Company's margin account lending facility with its Broker.
- e) The Company invests extensively in emerging growth companies which are in the development stage or in companies which primarily hold investments in such companies. Certain investments are in companies which have not yet established commercial viability for their business activities and have not yet earned significant revenue; therefore, the quoted market values of their shares is not necessarily indicative of the fair value of these investments and the recoverability of invested amounts is dependent upon the eventual commercial success of these entities. At the balance sheet dates, certain investments have a quoted market value lower than the carrying amount. Since management does not consider it practical to determine fair value by other means and considers the decline as temporary, the carrying amount has not been adjusted to the lower market value. However, lack of positive developments, or adverse developments, could result in future writedowns of the carrying value of these investments.

4. Bank indebtedness

As at March 31, 2006, the Company borrowed US\$2,756,860 from a lending institution which is secured by C\$3,325,000 in term deposits (see note 3a). The US funds are used for US currency bridge loan transactions. This structure allows the Company to hedge its foreign currency risk. The interest rate on the bank indebtedness is US prime.

5. Loans and Interest Payable

	March 31 2006	December 31 2005
Demand note, non-interest bearing (note 11)	\$ 151,769	\$ 525,636
Demand notes, bearing interest at prime rate plus 2.0% including interest payable of \$9,018 (2004 \$9,018)	9,018	9,018
7% demand loan including interest payable of \$65,342 (2004 \$65,342)	201,154	201,154
	<u>\$ 361,941</u>	<u>\$ 735,808</u>

Fair value of fixed rate debt has been determined based on interest rates at year end for debt with similar terms and risks. The fair value of the debt is approximately equal to its carrying value, as the majority of loans bear fair value interest rates or are due on demand.

6. Share Capital

	March 31 2006	December 31 2005
Authorized:		
Unlimited multiple voting shares		
Unlimited subordinate voting shares		
Unlimited preferred shares		
Issued:		
1,063,974 (2005 - 1,063,974) multiple voting shares	\$ 1,940,043	\$ 1,940,043
14,593,560 (2005 - 14,593,560) subordinate voting shares	12,170,379	12,170,379
	<u>\$ 14,110,422</u>	<u>\$ 14,110,422</u>

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Notes to Consolidated Financial Statements
Three months ended March 31, 2006 and 2005
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7. Stock-Based Compensation Plan

On February 7, 2006 the Directors of the Company approved the issuance of 240,000 options at an exercise price of \$0.87 per share. The options are exercisable in whole or in part at any time prior to five years from the date of issuance. As at March 31, 2006, the Company had issued 1,470,000 options with an exercise price of \$0.87 with a remaining contracted life of 3.1 and 4.9 years.

8. Net Income Per Share

Net income per share has been calculated using the weighted average number of multiple and subordinate voting shares outstanding during the year. Diluted income per share is calculated in a similar manner, except that the weighted average number of multiple and subordinate voting shares outstanding is increased to include potentially issuable subordinate voting shares from the assumed exercise of stock options, if dilutive. The conversion of the stock options would be anti-dilutive.

9. Cash Flows Supplementary Information

	Three months ended March 31 2006	Three months ended March 31 2005
Net change in non-cash working capital balances		
Accounts receivable and sundry assets	\$ (46,683)	\$ (47,433)
Prepaid expenses	(29,111)	(6,968)
Interest and dividends receivable	(4,958)	(7,559)
Accounts payable	288,508	142,053
Dividends payable	-	15,078
	<u>\$ 207,756</u>	<u>\$ 95,171</u>

10. Income taxes

The Company has utilized tax losses to reduce its taxable income. The Company has recognized a future tax asset to the extent that the amount is more likely than not be realized from future earnings.

11. Related Party Transactions

The Company often receives the right to nominate a member to the Board of Directors of companies to which it provides a bridge loan. The nominees may be an employee, Officer or Director of the Company, and accordingly, the borrower may become related to the Company.

- a) Bridge loans and convertible debentures include a balance due from companies having a current Director or Officer in common with the Company, with a cost of \$250,000 (December 31, 2005 \$1,062,188).
- b) In May and June 2005, Global Development Resources, Inc. ("GDR") lent US\$4,100,000 to the Briar Rose Land Company. GDR syndicated 40% of the loan to the Company. Loans outstanding at December 31, 2005 from the Company are \$1,051,200 (December 31, 2005 \$1,791,020).
- c) Portfolio investments include shares of companies and partnerships having a current Director or Officer in common with the Company, with a cost of \$1,939,548 (December 31, 2005 \$1,682,539) and a fair value of \$3,000,607 (December 31, 2005 \$2,465,134).
- d) Loans and interest payable include a loan to a company controlled by a Shareholder of the Company for \$151,769 (December 31, 2005 \$525,636).
- e) Interest and dividend income include interest earned on loans with current Directors and Officers in common with the Company, in the amount of \$11,736 (March 31, 2005 \$30,980).
- f) Management and consulting fees and travel and promotion expenses include \$60,990 (March 31, 2005 \$58,743) paid to companies controlled by current Directors and Officers of the Company.

12. Subsequent Events

On May 1, 2006, Global declared a cash dividend of \$0.04 per share payable to shareholders of Global's subordinate voting and multiple voting shares. The dividend is payable May 31, 2006, to shareholders on record on May 15, 2006. It is the intention of the Company to pay out a portion of its future annual earnings to shareholders in the form of a dividend.

13. Comparative Figures

The comparative figures for 2005 are based on audited financial statements of both Global (GMPC) Holdings Inc. and E & E Capital Funding Inc. (formerly A & E Capital Funding Inc.). Certain comparative figures of those previously issued audited financial statements have been reclassified to conform to the current year's basis of presentation.