



GC - GLOBAL CAPITAL CORP.

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

Consolidated Financial Statements

December 31, 2005 & 2004

Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements of the Company have been prepared by management in accordance with Canadian generally accepted accounting principles. These consolidated 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 annual audit and the consolidated financial statements prior to submitting the consolidated 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"

Jason Ewart
CEO

Toronto, Ontario
April 28, 2006

"signed Chris Carmichael"

Chris Carmichael
Chief Financial Officer

Hinchcliffe Sapi LLP
Chartered Accountants

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Independent Auditors' Report

**To the Shareholders of
GC-Global Capital Corp.**

We have audited the consolidated balance sheets of GC-Global Capital Corp. as at December 31, 2005 and 2004 and the consolidated statements of income and retained earnings (deficit) and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated 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, 2005 and 2004 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

"Hinchcliffesapi Sapi LLP"

Chartered Accountants
Mississauga, Ontario
April 16, 2006

GC-Global Capital Corp. (formerly Global (GMPC) Holdings Inc. and E & E Capital Funding Inc.)
Consolidated Balance Sheets
As at December 31, 2005 and 2004

	2005	2004
Assets (note 3)		
Cash	\$ 1,476,813	\$ 2,109,694
Short term investments (note 4)	1,300,000	38,561
Accounts receivable and sundry assets	451,474	192,286
Interest and dividends receivable	223,379	123,061
Notes receivable, bridge loans and convertible debentures (notes 4,5, 6 & 16)	6,783,298	5,432,268
Portfolio investments (notes 4 & 16)	5,160,957	7,737,794
Development property (note 6)	1,163,000	-
Property, plant and equipment (note 7)	9,492	11,672
Future income taxes (note 15)	1,469,317	-
	<u>\$ 18,037,730</u>	<u>\$ 15,645,336</u>
Liabilities		
Accounts payable	\$ 382,638	\$ 77,758
Loans and interest payable (note 8 & 16)	735,808	2,025,201
Dividends payable	-	101,643
Income taxes payable	93,241	-
Convertible debentures (note 9)	-	2,538,169
	<u>1,211,687</u>	<u>4,742,771</u>
Shareholders' Equity		
Share capital (notes 10 & 11)	14,110,422	21,245,852
Contributed surplus (notes 11 & 12)	2,493,154	1,796,485
Retained earnings (Deficit)	222,467	(12,139,772)
	<u>16,826,043</u>	<u>10,902,565</u>
	<u>\$ 18,037,730</u>	<u>\$ 15,645,336</u>

On Behalf of the Board

(signed Gordon Ewart), Director

(signed Jason 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 years ended December 31, 2005 and 2004

	2005	2004
Deficit – Beginning of year	\$ (12,139,772)	(14,041,281)
Net income	4,889,578	1,888,321
Share capital writedown (note 10)	7,917,895	-
Dividends paid	<u>(445,234)</u>	<u>13,188</u>
Retained earnings (Deficit) – End of year	<u>\$ 222,467</u>	<u>(12,139,772)</u>

GC-Global Capital Corp. (formerly Global (GMPC) Holdings Inc. and E & E Capital Funding Inc.)
Consolidated Statements of Income
For the years ended December 31, 2005 and 2004

	2005	2004
Revenue		
Gain on sale of portfolio investments	\$ 3,580,727	\$ 1,700,293
Interest and dividend income (note 16)	981,230	1,205,014
Structuring fees and bonuses (note 16)	729,410	280,498
Foreign exchange loss	(143,918)	(91,986)
	<u>5,147,449</u>	<u>3,093,819</u>
Expenses		
Management and consulting fees (note 16)	970,084	643,007
Filing and listing fees	175,601	53,085
Audit and legal fees	169,622	140,436
Interest	126,815	155,323
Office and general	69,523	86,966
Travel and promotion (note 16)	64,798	63,977
Rent	39,043	46,300
Amortization	4,662	4,688
Share compensation expense (note 11)	-	52,827
	<u>1,620,148</u>	<u>1,246,609</u>
Income before income taxes	<u>3,527,301</u>	<u>1,847,210</u>
Income taxes (recovered) (note 15)		
Current	107,040	(41,111)
Future	(1,469,317)	-
	<u>(1,362,277)</u>	<u>(41,111)</u>
Net income for the year	<u>\$ 4,889,578</u>	<u>\$ 1,888,321</u>
Net income per share (note 13)	<u>\$ 0.35</u>	<u>\$ 0.14</u>

GC-Global Capital Corp. (formerly Global (GMPC) Holdings Inc. and E & E Capital Funding Inc.)
Consolidated Statements of Cash Flows
For the years ended December 31, 2005 and 2004

	2005	2004
Operating activities		
Net income for the year	\$ 4,889,578	\$ 1,888,321
Items not affecting cash:		
Gain on sale of investments	(3,580,727)	(1,700,293)
Amortization	4,662	4,688
Share compensation expense	-	52,827
Future income taxes	(1,469,317)	-
	(155,804)	245,543
Net changes in non-cash working capital balances (note 14)	58,943	(39,765)
	(96,861)	205,788
Investing activities		
Increase in bridge loans and convertible debentures	(1,351,030)	(2,185,404)
Decrease in mortgage receivable	-	2,204,050
Purchase of portfolio investments	(8,171,456)	(10,217,635)
Proceeds from sale of investments	14,329,017	12,982,777
Purchase of development property	(1,163,000)	-
Additions to property, plant and equipment	(2,483)	(7,316)
	3,641,048	2,776,472
Financing activities		
Repayment (increase) of loans and interest payable	174,853	(1,191,691)
Repayment of convertible debentures	(2,538,169)	(808,291)
Issuance of shares on exercise of warrants	12,150	-
Purchase of treasury shares	(187,618)	(496,567)
Cancellation of shares	-	(161,078)
Increase in contributed surplus	68,389	163,744
Dividends paid	(445,234)	13,188
	(2,915,629)	(2,480,695)
Increase in cash flow	628,558	501,555
Cash, beginning of year	2,148,255	1,646,700
Cash, end of year	\$ 2,776,813	\$ 2,148,255
Cash consists of:		
Cash	\$ 1,476,813	\$ 2,109,694
Short term investments	1,300,000	38,561
	\$ 2,776,813	\$ 2,148,255

Supplemental cash flow information (note 14)

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.), as described in note 4. 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 \$2,000,000 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 consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles. Outlined below are those policies considered particularly significant for the Company.

Basis of Consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Foothills Developments Inc. ("Foothills"). In turn, Foothills' accounts include the accounts of its wholly-owned subsidiaries, Newborn Realty Corporation ("Newborn") and Laurel Development Corporation ("Laurel"). All significant intercompany transactions and balances have been eliminated.

Investments

Investments are valued at lower of cost and market value. Declines in market value below cost are recognized when such declines are considered other than temporary. Cash distributions, which are considered to be a return of capital, are applied to reduce the carrying value of investments.

Investments in companies subject to significant influence are accounted for using the equity method.

Revenue Recognition

Investment income is recorded on an accrual basis. Trading revenue and sale of investments are recognized on a settlement basis.

Loan structuring fees, restructuring fees and bonuses are included in income as earned when received.

Development Property

Development properties consist of properties under development for which a development program is being conducted and properties which are under construction. These properties are recorded at cost, including pre-development expenditures.

Property, Plant and Equipment

Property, plant and equipment assets are stated at cost less accumulated amortization. Property, plant and equipment assets are amortized over their estimated useful lives at the following rates and methods:

Computer equipment 30% declining balance

Foreign Currency Translation

Monetary assets and liabilities denominated in currencies other than Canadian dollars are translated into Canadian dollars at the rate of exchange in effect at the balance sheet date. Revenues and expenses are translated at the transaction exchange rate. Foreign currency gains and losses resulting from the translation of assets and liabilities are reflected in net income of the period.

Assets and liabilities of integrated foreign subsidiary operations and foreign currency denominated assets and liabilities of Canadian operations are translated into Canadian dollars at exchange rates prevailing at the transaction date for non-monetary items. Revenues and expenses are converted at the average exchange rate for the year. Gains or losses on translation are expensed.

Future Income Taxes

The Company uses the liability method of tax allocation in accounting for income taxes. Under this method, future tax assets and liabilities are determined based on differences between the financial reporting and tax bases of assets and liabilities, unused tax losses and income tax reductions, and are measured using the substantially enacted tax rates and laws that will be in effect when the differences are expected to reverse. The amount recognized is limited to the amount that is more likely than not to be realized.

Stock-Based Compensation Plan

The Company has a stock option plan for Directors, Officers and key employees which is described in Note 11. The Company formerly followed the intrinsic value based method of accounting for stock options granted, whereby no compensation expense was recognized on the grant of share options to Directors and employees.

Effective January 1, 2004, the Company adopted the new Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3870, "Stock-Based Compensation and Other Stock-Based Payments", which require that a fair value based method of accounting be applied to all stock-based payments to non-employees and to direct awards of stock to employees, granted on or after January 1, 2004.

Under the fair value based method, stock-based payments to non-employees are measured at the fair value of the consideration received, or the fair value of the equity instruments issued, or liabilities incurred, whichever is more reliably measurable. The fair value of stock-based payments to non-employees is periodically re-measured until counterparty performance is complete, and any change therein is recognized over the period and in the same manner as if the Company had paid cash instead of paying with or using equity instruments. The cost of stock-based payments to non-employees that are fully vested and non-forfeitable at the grant date is measured and recognized at that date. The Company is using the Black Scholes option pricing model to value the stock options which require an estimate of volatility of the Company's stock price.

The new standard encourages the use of a fair value based method for all other awards granted to employees, but only requires the use of a fair value based method for direct awards of stock, stock appreciation rights, and awards that call for settlement in cash or other assets. The Company has adopted the fair value based method retroactively for all stock-based compensation awards to employees and Directors on or after January 1, 2003. For fiscal years ended on or prior to December 31, 2002, no compensation cost is recorded for all stock-based employee compensation. Consideration paid by employees on the exercise of stock options is recorded as share capital and contributed surplus.

Financial Instruments

Unless otherwise noted, it is management's opinion that the Company is not exposed to any significant interest, currency, credit or market risks arising from its financial instruments. The fair value of all financial instruments approximates their carrying value, except for investments in portfolio investments as disclosed in Note 4.

Measurement Uncertainty

The precise value of many assets and liabilities is dependent on future events. As a result, preparation of financial statements for a period involves the use of approximations which have been made using careful judgement. Actual results could differ from those approximations.

Related Party Transactions

Related party transactions are in the normal course of operations and are measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

GC-Global Capital Corp. (formerly Global (GMPC) Holdings Inc. and E & E Capital Funding Inc.)
Notes to Consolidated Financial Statements
December 31, 2005 and 2004

Cash Equivalents

For the purpose of the statement of cash flows, cash and cash equivalents include cash on hand, balances with banks and highly liquid temporary money market instruments with original maturity dates of three months or less. Non-cash working capital items include accounts receivable and sundry assets, interest and dividends receivable and accounts payable.

3. Amalgamation

On December 31, 2005, Global (GMPC) Holdings Inc. ("Global") and E & E Capital Funding Inc. (formerly A & E Capital Funding Inc.) ("E & E") amalgamated and continued as one corporation under the name GC-Global Capital Corp. ("GC"). E & E Shareholders received GC shares on the basis of 1.0 GC subordinate voting share for each 1.0 E & E common share. Global's subordinate voting Shareholders received 0.3 GC subordinate voting shares for each Global subordinate voting share and Global multiple voting Shareholders received 0.3 GC multiple voting shares for each Global multiple voting share. The share exchange ratio, supported by the opinion of an independent valuator, was based on the estimated fair value of each subordinate voting and multiple voting share for Global and common share for E & E. Global and E & E's estimated fair value September 30, 2005 were at \$0.353 and \$1.170, respectively.

The following is a breakdown of the net assets of each Global and E & E as at December 31, 2005:

	Global	E & E	Total
Cash	\$ 1,058,285	\$ 418,528	\$ 1,476,813
Short term investments	1,300,000	-	1,300,000
Accounts receivable and sundry assets	416,688	34,786	451,474
Interest and dividends receivable	216,962	6,417	223,379
Notes receivable, bridge loans and convertible debentures	6,717,360	65,938	6,783,298
Portfolio investments	3,363,771	1,797,186	5,160,957
Development property	1,163,000	-	1,163,000
Property, plant and equipment	3,224	6,268	9,492
Accounts payable	(149,959)	(232,679)	(382,638)
Loans and interest payable	-	(735,808)	(735,808)
Income taxes payable	(93,241)	-	(93,241)
	<u>\$ 13,996,090</u>	<u>\$ 1,360,636</u>	<u>\$ 15,356,726</u>

Global's notes receivable, bridge loans and convertible debentures had a fair value of \$7,113,923 and its portfolio investments had a fair value of \$4,349,562.

E & E's notes receivable, bridge loans and convertible debentures had a fair value of \$82,908 and its portfolio investments had a fair value of \$2,112,487.

GC-Global Capital Corp. (formerly Global (GMPC) Holdings Inc. and E & E Capital Funding Inc.)
Notes to Consolidated Financial Statements
December 31, 2005 and 2004

4. 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:

	2005 Carrying Value	2005 Fair Value	2004 Carrying Value	2004 Fair Value
Short term investments	\$ 1,300,000	\$ 1,300,000	\$ 38,561	\$ 38,561
Notes receivable	55,000	55,000	107,394	107,394
Bridge loans and convertible debentures	6,728,298	7,141,831	5,324,874	5,324,874
Portfolio investments				
- Publicly traded companies and partnerships	5,160,957	6,462,049	7,713,499	10,027,163
- Interest in oil and gas properties	-	-	17,502	17,502
	<u>\$ 13,244,255</u>	<u>\$ 14,958,880</u>	<u>\$ 13,201,830</u>	<u>\$ 15,515,494</u>

- a) Short term investments include a term deposit at a rate of 2.5% (2004 1.25%) due January 27, 2006 (2004 October 17, 2005).
- b) Portfolio investments represent shares in publicly traded companies and partnerships. Fair value represents the quoted trading price of the shares held at December 31, 2005 and 2004. 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.
- 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.

GC-Global Capital Corp. (formerly Global (GMPC) Holdings Inc. and E & E Capital Funding Inc.)
Notes to Consolidated Financial Statements
December 31, 2005 and 2004

5. Notes Receivable, bridge loans and convertible debentures

Notes receivable are payable on demand and bear interest at a fixed rate of 12%. The notes receivable are unsecured.

Bridge loans are repayable over various terms up to 12 months from December 31, 2005, and bear interest at fixed rates of between 12% and 15%. Shares, real estate, and borrower, corporate or personal guarantees generally have been pledged as security.

The convertible debentures carry interest rates of 12% and are for varying terms up to October 2007. Shares and corporate guarantees generally have been pledged as security.

Notes receivable, bridge loans and convertible debentures analysis as at December 31, 2005 and 2004 are as follows:

	2005	2004
<u>Due on Demand</u>		
Notes receivable	\$ 55,000	\$ 107,394
	<u>55,000</u>	<u>107,394</u>
<u>Due Within One Year</u>		
Bridge loans	5,266,110	3,624,874
Convertible debentures	650,000	1,500,000
	<u>5,916,110</u>	<u>5,124,874</u>
<u>Due Within 12 to 24 Months</u>		
Convertible debentures	812,188	200,000
	<u>812,188</u>	<u>200,000</u>
	<u>\$ 6,783,298</u>	<u>\$ 5,432,268</u>

6. Joint Venture

The Company owns a 40% interest in Big Creek Lodge Development Joint Venture which owns a real estate property for which a development plan is being conducted located at Big Creek Lodge, North Mills River, Henderson County, North Carolina, USA.

	2005	2004
Property	\$ 3,420,500	\$ -
Mortgage	(407,050)	-
Net assets	<u>\$ 3,013,450</u>	<u>\$ -</u>
Revenue	\$ -	\$ -
Expenses	-	-
Net earnings	<u>\$ -</u>	<u>\$ -</u>

GC-Global Capital Corp. (formerly Global (GMPC) Holdings Inc. and E & E Capital Funding Inc.)
Notes to Consolidated Financial Statements
December 31, 2005 and 2004

7. Property, Plant and Equipment

	Cost	Accumulated Amortization	2005 Net book value
Computer equipment	\$ 23,606	\$ 14,114	\$ 9,492

	Cost	Accumulated Amortization	2004 Net book Value
Computer equipment	\$ 21,124	\$ 9,452	\$ 11,672

8. Loans and Interest Payable

	2005	2004
Demand note, non-interest bearing (note 16)	\$ 525,636	\$ 64,231
Demand notes, bearing interest at prime rate plus 2.0% including interest payable of \$9,018 (2004 \$453,666)	9,018	776,015
7% demand loan, including interest payable of \$65,342 (2004 \$58,390)	201,154	201,154
Interest payable on 5.0% Convertible debentures	-	983,801
	<u>\$ 735,808</u>	<u>\$ 2,025,201</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.

9. Convertible Debentures

\$Nil (2004 \$2,538,169) convertible subordinated debentures, bearing interest at 5.0%, were convertible at the holder's option at \$1.75 per common share. The Company could require the holders to convert the debentures at \$1.75 per common share provided that the shares were trading at an average of \$2.75, or greater, for at least 20 consecutive business days. During 2005, the debentures were repaid in full.

GC-Global Capital Corp. (formerly Global (GMPC) Holdings Inc. and E & E Capital Funding Inc.)
Notes to Consolidated Financial Statements
December 31, 2005 and 2004

10. Share Capital

Authorized:		2005	2004
Unlimited	multiple voting shares ("GC MVS")		
Unlimited	subordinate voting shares ("GC SVS")		
Unlimited	preferred shares		
 Issued:			
1,063,974 (2004 7,344,877)	multiple voting shares	\$ 1,940,043	\$ 4,078,347
14,593,560 (2004 48,540,791)	subordinate voting shares	12,170,379	15,961,255
Nil (2004 123,810)	series 1 preferred shares	-	260,000
Nil (2004 411,413)	series 2 preferred shares	-	946,250
		<u>\$ 14,110,422</u>	<u>\$ 21,245,852</u>

Prior to the Amalgamation on December 31, 2005, the Company had authorized an unlimited number of Global (GMPC) Holdings Inc. subordinate voting shares ("Global SVS"), Global (GMPC) Holdings Inc. multiple voting shares ("Global MVS") and E & E Capital Funding Inc. common shares ("E & E CS").

Prior to October 17, 2005, the Company had authorized an unlimited number of E & E Capital Funding Inc. subordinate voting shares, ("E & E SVS") and E & E Capital Funding Inc. multiple voting shares ("E & E MVS"). The Company also had authorized 1,000,000 E & E Capital Funding Inc. Series 1 Preferred Shares ("E & E PS1") and 1,000,000 E & E Capital Funding Inc. Series 2 Preferred Shares ("E & E PS2").

GC-Global Capital Corp. (formerly Global (GMPC) Holdings Inc. and E & E Capital Funding Inc.)
Notes to Consolidated Financial Statements
December 31, 2005 and 2004

	2005 Number of Shares	2005 Amount	2004 Number of Shares	2004 Amount
GC-Global Capital Corp				
Multiple voting shares				
Opening balance	-	\$ -	-	\$ -
Issued 0.3 shares for each 1 Global MVS	1,063,974	1,940,043	-	-
	<u>1,063,974</u>	<u>1,940,043</u>	-	-
Subordinate voting shares				
Opening balance	-	-	-	-
Issued 0.3 shares for each 1 Global SVS	11,884,897	11,031,123	-	-
Issued 1 share for each 1 E & E CS	2,708,663	1,139,256	-	-
	<u>14,593,560</u>	<u>12,170,379</u>	-	-
Own shares acquired				
Opening balance	-	-	-	-
Issued 0.3 shares for each 1 Global SVS	292,512	1,009,259	-	-
Issued 1 share for each 1 E & E CS	88,391	86,175	-	-
Shares cancelled	(292,512)	(1,009,259)	-	-
	<u>88,391</u>	<u>\$ 86,175</u>	<u>-</u>	<u>\$ -</u>

On December 31, 2005, Global (GMPC) Holdings Inc and E & E Capital Funding Inc. amalgamated. Each 1 Global SVS was exchanged for 0.3 GC SVS. Each 1 Global MVS was exchanged for 0.3 GC MVS. Each 1 E & E CS was exchanged for 1 GC SVS. 292,512 shares with a PUC of \$1,009,259 were owned by the Company and cancelled upon amalgamation.

GC-Global Capital Corp. (formerly Global (GMPC) Holdings Inc. and E & E Capital Funding Inc.)
Notes to Consolidated Financial Statements
December 31, 2005 and 2004

	2005	2005	2004	2004
	Number of	Amount	Number of	Amount
	Shares		Shares	
E & E Capital Funding Inc.				
Multiple voting shares				
Opening balance	3,501,843	\$ 1,911,741	3,501,843	\$ 1,911,741
Exchanged 20 E & E MVS for 1 E & E CS	(3,501,843)	(1,911,741)	-	-
	-	-	3,501,843	1,911,741
Own shares acquired				
Opening balance	136,254	74,538	136,254	74,538
Exchanged 20 E & E MVS for 1 E & E CS	(136,254)	(74,538)	-	-
	-	-	136,254	74,538
Subordinate voting shares				
Opening balance	8,875,006	4,322,278	8,875,006	4,322,278
Exchanged 20 E & E SVS for 1 E & E CS	(8,875,006)	(4,322,278)	-	-
	-	-	8,875,006	4,322,278
Own shares acquired				
Opening balance	1,083,988	527,920	1,083,988	527,920
Exchanged 20 E & E MVS for 1 E & E CS	(1,083,988)	(527,920)	-	-
	-	-	1,083,988	527,920
Series 1 preferred shares				
Opening balance	123,810	260,000	123,810	260,000
Shares cancelled	(123,810)	(260,000)	-	-
	-	-	123,810	260,000
Own shares acquired				
Opening balance	200,000	420,000	200,000	420,000
Shares cancelled	(200,000)	(420,000)	-	-
	-	-	200,000	420,000
Series 2 preferred shares				
Opening balance	411,413	946,250	411,413	946,250
Shares cancelled	(411,413)	(946,250)	-	-
	-	-	411,413	\$ 946,250

GC-Global Capital Corp. (formerly Global (GMPC) Holdings Inc. and E & E Capital Funding Inc.)
Notes to Consolidated Financial Statements
December 31, 2005 and 2004

	2005	2005	2004	2004
	Number of	Amount	Number of	Amount
	Shares		Shares	
Common shares				
Opening balance	-	\$ -	-	\$ -
Exchanged 20 E & E MVS for 1 E & E CS	175,061	1,911,741	-	-
Exchanged 20 E & E SVS for 1 E & E CS	443,665	4,322,278	-	-
Shares issued for debt	2,089,937	2,089,937	-	-
Share capital reduction		(7,184,700)	-	-
Exchanged 1 E & E CS for 1 GC SVS	(2,708,663)	(1,139,256)	-	-
	-	-	-	-
Own shares acquired				
Opening balance	-	-	-	-
Exchanged 20 E & E MVS for 1 E & E CS	6,813	74,538	-	-
Exchanged 20 E & E MVS for 1 E & E CS	54,199	527,920	-	-
Shares issued for debt	231,500	231,500	-	-
Exchanged 1 E & E CS for 1 GC SVS	(292,512)	(833,958)	-	-
	-	\$ -	-	\$ -

On October 17, 2005, the Company announced the completion of a reorganization of the Company's share capital and name change from A & E Capital Funding Inc. to E & E Capital Funding Inc.

The Company exchanged the outstanding multiple voting shares and outstanding single voting shares into common shares on the basis of one common share for each 20 multiple voting shares and one common share for each 20 subordinate voting shares. The Company cancelled all the authorized and unissued multiple voting shares and subordinate voting shares.

On October 24, 2005, the Company issued 713,881 common shares, at a deemed value of \$1.00 per share, for the repurchase of 611,413 series I and series II preferred shares of the Company plus accrued dividends of \$102,468. The Company also issued 1,464,246 common shares, at a deemed value of \$1.00 per share, to settle outstanding debt for \$1,464,246 to an insider of the Company.

On November 4, the Company issued 143,310 common shares, at a deemed value of \$1.00 per share, for the repurchase of 123,810 series I and series II preferred shares of the Company plus accrued dividends of \$19,500.

On December 9, 2005, the Company reduced its stated capital of its common shares by \$7,184,700.

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	2005	2005	2004	2004
	Number of	Amount	Number of	Amount
	Shares		Shares	
Global (GMPC) Holdings Inc.				
Multiple voting shares				
Opening balance	3,843,034	\$ 2,166,606	3,985,891	\$ 2,247,145
Cancellation of shares	-	-	(142,857)	(80,539)
Convert Global MVS to				
Global SVS	(296,429)	(167,119)	-	-
Stated capital reduction		(59,444)	-	-
Issued 0.3 GC MVS for each 1				
Global MVS	(3,546,605)	(1,940,043)	-	-
	-	-	3,843,034	2,166,606
Subordinate voting shares				
Opening balance	39,665,785	11,638,977	41,500,976	12,216,083
Shares issued on exercise of				
warrants	40,500	12,150	-	-
Cancellation of shares	-	-	(142,857)	(80,539)
Treasury shares acquired	(746,500)	(219,039)	(1,692,334)	(496,567)
Convert Global MVS to				
Global SVS	296,429	167,119	-	-
Stated capital reduction		(673,751)	-	-
Own shares sold (net)	360,114	105,667	-	-
Issued 0.3 GC SVS for each 1				
Global SVS	(39,616,328)	(11,031,123)	-	-
	-	-	39,665,785	11,638,977
Own shares acquired				
Opening balance	654,750	191,842	654,750	191,842
Purchases	1,600,000	469,482	-	-
Sales	(1,960,114)	(575,149)	-	-
Issued 0.3 GC SVS for each 1				
Global SVS	(294,636)	(86,175)	-	-
	-	\$ -	654,750	\$ 191,842

During 2005, the Company completed treasury purchases for cancellation under a normal course issuer bid of 746,500 subordinate voting shares with a stated capital of \$219,039 for \$187,619, resulting in an increase in contributed surplus of \$31,420.

During 2005, 40,500 warrants were exercised at \$0.30 for gross proceeds of \$12,500.

During 2005, 296,429 Global MVS were converted to 296,429 Global SVS.

On December 9, 2005, the Company reduced its stated capital of its Global SVS by \$673,751 and its Global MVS by \$59,444.

11. Stock-Based Compensation Plan

On May 5, 2004 the Directors of the Company approved the issuance of 1,080,000 options at an exercise price of \$0.87 per share. The options are exercisable in whole or in part at any time prior to May 5, 2009.

On November 24, 2004 the Directors of the Company approved the issuance of 150,000 options at an exercise price of \$0.87 per share. The options are exercisable in whole or in part at any time prior to November 24, 2009.

12. Contributed Surplus

During 2005, the Company completed treasury purchases for cancellation under a normal course issuer bid of 746,500 subordinate voting shares with a stated capital of \$219,039 for \$187,619, resulting in an increase in contributed surplus of \$31,420.

During 2005, the Company repurchased 535,223 Series 1 and Series 2 preferred shares with a paid-up capital of \$1,206,250 for \$535,223, resulting in an increase in contributed surplus of \$671,027.

During 2005, the Company cancelled 294,636 shares that were owned by the Company with a paid-up capital of \$86,175 for \$91,953 resulting in a decrease in contributed surplus of \$5,778.

During 2004, the Company owned 1,083,988 E&E SVS with a paid-up capital of \$527,920 and a cost of \$99,650, 136,524 E & E MVS with a paid-up capital of \$74,538 and a cost of \$13,654, 200,000 E & E PS1 with a paid up capital of \$420,000 and a cost of \$200,000 and 654,750 Global SVS with a paid-up capital of \$191,842 and a cost of \$198,286 resulting in an increase in contributed surplus of \$702,710.

13. 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.

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14. Cash Flows Supplementary Information

	2005	2004
Net change in non-cash working capital balances		
Accounts receivable and sundry assets	\$ (259,188)	\$ (30,390)
Interest and dividends receivable	(100,318)	1,427
Accounts payable	304,883	(92,114)
Dividends payable	20,325	81,312
Income taxes payable	93,241	-
	<u>\$ 58,943</u>	<u>\$ (39,765)</u>
Shares issued for debt		
For the repurchase of preferred shares	\$ 735,223	\$ -
For the payment of accrued dividends	121,968	-
For the payment of accrued interest	1,464,246	-
	<u>\$ 2,321,437</u>	<u>\$ -</u>

15. Income Taxes

	2005	2004
Basic tax amount at 36.12% (2004 41.62%)	\$ 1,275,000	\$ 808,000
Amounts not subject to tax	(890,000)	(299,000)
Amounts not included in income but deductible for tax purposes	(277,960)	(108,000)
	107,040	401,000
Unrecorded income tax benefits	-	(442,111)
Current income taxes	107,040	(41,111)
Future income taxes (benefit)	(1,469,317)	-
	<u>\$ (1,362,277)</u>	<u>\$ (41,111)</u>

Included in unrecognized deductible temporary differences are approximately \$25,000,000 (2004 \$25,000,000) in net capital losses for income tax purposes which may be carried forward and used to reduce taxable income in future years. The net capital losses are only available to offset against taxable capital gains. The net capital losses have no expiry date.

Also included in unrecognized deductible temporary differences are approximately \$1,800,000 in temporary differences relating to writedowns of permanently impaired investments. The potential income tax benefit arising from these temporary differences are not recorded in these consolidated financial statements since at the balance sheet date it is likely that the future tax asset will not be realized.

In 2004, the Company did not believe it was likely that income tax benefits would be realized from approximately \$3,622,000 in non-capital losses and approximately \$744,000 in capitalized share issue expenses. Accordingly, no future income tax asset was recognized on these deductible temporary differences at that time.

16. 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 \$1,062,188 (2004 \$500,000).
- b) In May and June 2005, the 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 \$1,791,020 (2004 \$Nil).
- c) Portfolio investments include shares of companies and partnerships having a current Director or Officer in common with the Company, with a cost of \$1,682,539 (2004 \$4,285,594) and a fair value of \$2,465,134 (2004 \$4,775,528).
- d) Loans and interest payable include a loan to a company controlled by a Shareholder of the Company for \$525,636 (2004 \$386,579) and interest payable to a Shareholder for \$Nil (2004 \$1,428,449).
- e) Convertible debentures include a convertible debenture to a company controlled by a Shareholder of the Company for \$Nil (2004 \$2,538,169).
- f) Interest and dividend income include interest earned on loans with current Directors and Officers in common with the Company, in the amount of \$122,734 (2004 \$46,194).
- g) Structuring fees income includes \$Nil (2004 \$66,600) received from companies with current Directors and Officers in common with the Company.
- h) Management and consulting fees and travel and promotion expenses include \$526,606 (2004 \$262,378) paid to companies controlled by current Directors and Officers of the Company.

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17. Segmented information

			2005
	Global	E & E	Total
Revenue			
Gain on sale of portfolio investments	\$ 952,961	\$ 2,627,766	\$ 3,580,727
Interest and dividend income	868,089	113,141	981,230
Structuring fees and bonuses	729,410	-	729,410
Foreign exchange gain (loss)	(174,337)	30,419	(143,918)
	<u>2,376,123</u>	<u>2,771,326</u>	<u>5,147,449</u>
Expenses			
Management and consulting fees	618,063	352,021	970,084
Filing and listing fees	102,413	73,188	175,601
Audit and legal fees	101,741	67,881	169,622
Interest	-	126,815	126,815
Office and general	42,268	27,255	69,523
Travel and promotion	26,643	38,155	64,798
Rent	21,770	17,273	39,043
Amortization	2,035	2,627	4,662
	<u>914,933</u>	<u>705,215</u>	<u>1,620,148</u>
Income before taxes	<u>\$ 1,461,191</u>	<u>\$ 2,066,110</u>	<u>\$ 3,527,301</u>

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	Global	E & E	2004 Total
Revenue			
Gain on sale of portfolio investments	\$ 889,293	\$ 811,000	\$ 1,700,293
Interest and dividend income	1,172,193	32,821	1,205,014
Structuring fees and bonuses	280,498	-	280,498
Foreign exchange loss	(60,452)	(31,534)	(91,986)
	<u>2,281,532</u>	<u>812,287</u>	<u>3,093,819</u>
Expenses			
Management and consulting fees	535,604	107,403	643,007
Filing and listing fees	39,740	13,345	53,085
Audit and legal fees	67,301	73,135	140,436
Interest	-	155,323	155,323
Office and general	58,959	28,007	86,966
Travel and promotion	53,963	10,014	63,977
Rent	33,029	13,271	46,300
Amortization	1,247	3,441	4,688
Share compensation expense	52,827	-	52,827
	<u>842,670</u>	<u>403,939</u>	<u>1,246,609</u>
Income before taxes	<u>\$ 1,438,862</u>	<u>\$ 408,348</u>	<u>\$ 1,847,210</u>

18. Financial Instruments

Currency Risk

The Company is exposed to certain currency risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

Credit Risk

Concentration of credit risk may arise from exposures to a single debtor or to a group of debtors having similar characteristics such that their ability to meet their current obligations is expected to be affected similarly by changes in economic or other conditions.

Market Risk

The Company is exposed to certain market risk that the value of a financial instrument will fluctuate due to changes in market prices whether those changes are caused by factors specific to an individual security or its issuer or factors affecting all securities traded in the market.

Fair Values

The Company's financial instruments consist of cash, accounts receivable and sundry assets, short term investments, interest and dividends receivable, notes receivable, bridge loans and convertible debentures, portfolio investments, accounts payable, dividends payable, loans and interest payable and convertible debentures. The fair value of these financial instruments approximate their carrying values, unless otherwise noted.

19. Commitments

The Company has entered into an operating lease for office premises. Minimum annual lease payments required for the next five years are approximately as follows:

2006	\$	28,443
2007		58,662
2008		58,662
2009		58,662
2010		58,662

20. Contingent Liabilities

- a) On March 22, 2002, the Company and other parties were named as defendants in a lawsuit filed in the Supreme Court of British Columbia. The plaintiff has claimed approximately \$87,000 for unpaid consulting services plus interest at a rate which at this time cannot be determined. Management intends to fully defend this claim. Accordingly, no provision has been made for this claim in the consolidated financial statements.

In March 2004, the Company and a Director was named in an action of which the plaintiff has claimed \$130,000, or in the alternative the return of shares. The Company and the Director have defended and counterclaimed rescission of the agreement by which the Company agreed to purchase shares from the plaintiff. Affidavit of Documents have yet to be exchanged and the plaintiff has taken no steps to move the action forward. Accordingly, no provision has been made for this claim in the consolidated financial statements.

The outcome of these claims are not determinable at the time of issue of these consolidated financial statements and the costs, if any, will be charged to income in the period(s) in which they are finally determined.

- b) In 1998, the Company and other parties were named as defendants in a lawsuit filed in the Supreme Court of Newfoundland alleging that the common shares which they hold in the Company were sold to them without their knowledge. In 2001, the Company was named in a second action against the Company, by the same plaintiffs, alleging that the Company failed to comply with the applicable provisions of the Canada Business Corporations Act giving Shareholders the right of dissent with respect to certain transactions and to be paid the fair market value for these shares. Management has filed statements of defense for each action. No provision has been made for these claims in the consolidated financial statements.

The ultimate outcome of these claims is not determinable at the time of issue of these consolidated financial statements and the costs, if any, will be charged to income in the period(s) in which they are finally determined.

- c) In 1997, the Company's wholly owned subsidiary, Global Benefit Plan Consultants Inc. ("GBPC"), had two divisions. The Company sold the assets of one of the divisions ("GBPC Division") to companies controlled by the then current management of that specific division (the "Former Management"). Pursuant to the sale agreement, the Company received an indemnity from the Former Management in respect of any reassessments by Revenue Canada for taxes related to the GBPC Division.

Revenue Canada recently reassessed the tax returns for GBPC for the tax years 1996 and 1997. The reassessment concluded that the GBPC reported false travel and promotion expenses for two former members of GBPC's management in the amounts of \$206,814 and \$19,641. The reassessment further concluded that GBPC made false ITC claims in the amounts of \$14,083 and \$1,370 attributed to the false travel and promotion expenses. Total taxes payable on the reassessment amounted to \$101,409 plus interest and penalty of approximately \$215,000.

The Company will take all legal steps necessary to ensure the taxes are paid by the indemnifying parties.

In 2003, the Company sold GBPC and provided an indemnity to the purchaser for claims related to the previous years.

21. Comparative Figures

The comparative figures for 2004 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.