



**Interim Report to the Shareholders**

**2nd Quarter, 2004**

# Global (GMPC) Holdings Inc.

## Management Discussion & Analysis

Dated: August 16, 2004

### Description of Business

Global (GMPC) Holdings Inc. ("Global" or "the Company") is a merchant bank which provides bridge loan services (asset back/collateralized financing), ranging from \$100,000 to \$2,000,000 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 be guided by four core principles: Capital Preservation, Shareholder Value, Secure Generation of Income and Risk Management.

### Overall Performance

Since the closing of its \$11.5 million (gross) public offering in October, 2003, Global has been providing secured bridge loans to public and private companies across many industries. Currently, Global has \$5.8 million invested in bridge loans. The terms of the loans range from one (1) month to two (2) years and the majority of the loans have an interest rate of 12% with interest payable monthly. Each loan has bonus features that include convertibility, detachable warrants and/or cash bonuses. Global's ever-growing portfolio of warrants in public and private companies have exercise deadlines ranging from 18 months to five (5) years. At the time of the public offering Global had net assets totaling \$12.2 million or \$0.264 per share. As at June 30, 2004 Global had net assets totaling \$13.4 million or \$0.299 per share, an increase of 13.0% since the closing of the public offering.

### Summary of Quarterly Results

The following table sets out selected financial information and other data of Global (GMPC) Holdings Inc., which should be read in conjunction with the attached interim consolidated financial statements.

For the periods ended June 30	Three months		Six months	
	2004	2003	2004	2003
Revenue	\$ 440,840	\$ 18,857	\$ 1,359,413	\$ 56,670
Expenses	146,540	44,381	419,789	86,518
Income taxes (recovery of)	(8,752)	-	(20,043)	(12,171)
Net income (loss) for the period	303,052	(25,524)	959,667	(17,677)
Net income (loss) per share	\$ 0.007	\$ (0.004)	\$ 0.021	\$ (0.003)

Global raised \$11.5 million (gross) in October 2003 in a public offering. Prior to October 2003, Global had approximately \$2.0 million in net assets that it used for providing bridge loans and investing.

### Second Quarter of 2004 Operating Results

During the second quarter, Global provided \$2.2 million in bridge loans to public companies, private companies and individuals. The companies were in industries such as software, mining, and consumer goods. As at June 30, 2004, there were no loans that were in default.

Total revenue for the second quarter of 2004 was \$440,840 compared to \$18,857 for the corresponding period in 2003. The increase in revenue follows on the closing of Global's public offering on October 30, 2003, and the launching of its merchant banking operation.

Sales of investments and securities for second quarter of 2004 have resulted in Global recording a gain of \$57,587. Income from investments totaled \$207,285 and interest income was \$168,321 for the quarter. Total expenses for the second quarter were \$146,540.

Net income for the second quarter of 2004 was \$303,052 or \$0.007 per share.

### **First Half of 2004 Operating Results**

As at June 30, 2004, Global had invested \$5.8 million in bridge loans to companies in industries such as human bionics, software, oil & gas, mining, real estate, electronic manufacturing services and consumer goods. The bridge loans were provided to public companies, private companies and individuals.

Total revenue for the first half of 2004 was \$1,359,413 compared to \$37,813 for the corresponding period in 2003. The increase in revenue follows on the closing of Global's public offering on October 30, 2003, and the launching of its merchant banking operation.

Sales of investments and securities for the first half of 2004 have resulted in Global recording a gain of \$718,957. Income from investments totaled \$339,173 and interest income was \$308,517 for the half-year. Total expenses for the first half of 2004 were \$419,789.

Net income for the first half of 2004 was \$959,667 or \$0.021 per share.

### **Net Asset Value Per Share**

	<b>Basic</b>	<b>Fully diluted*</b>
At closing of public offering	\$0.264	\$0.337
# of shares outstanding	46,231,617	75,300,510
December 31, 2003	\$0.284	\$0.348
# of shares outstanding	46,141,617	75,210,510
June 30, 2004	\$0.299	\$0.359
# of shares outstanding	44,911,783	73,980,676

(\* includes 19,629,917 warrants exercisable at \$0.50, 3,700,000 options exercisable at \$0.26 and 3,825,984 broker options exercisable at \$0.26 (units))

Net Asset Value includes the market value less cost on all options, warrants and convertibility features in Global's portfolio of bridge loan financings. Global had options, warrants and convertibility features with a value of \$417,000 (June 30, 2004) and \$240,000 (December 31, 2003) and nil at closing of public offering.

### **Liquidity**

As at June 30, 2004, Global had \$736,149 in cash, \$174,202 in short term investments, \$200,932 in interest and dividends receivable, \$5,947,934 in bridge loans and notes receivable and \$5,970,714 in portfolio investments. The Corporation had no debt.

### **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.

The Company has convertible debentures and bridge loans of \$300,000 due from related parties by virtue of having certain directors and officers in common. Interest of \$6,634 has been charged on these loans. During the first half of the year bridge loans from related parties were repaid in the amount of \$157,700 plus accrued interest of \$4,659.

Management and consulting fees include \$37,645 (2003 \$21,000) for the second quarter and \$93,659 (2003 \$42,000) year-to-date paid to companies controlled by current Executive Officers and Directors of the company and a company with a current Executive Officer in common with the company.

## **Forward-Looking Information**

Certain information included in this report is forward looking and based on assumptions and anticipated results that are subject to uncertainties. These risks and uncertainties could cause or contribute to actual results that are materially different from those expected or implied.

The forward-looking information contained in this document is current only as of the date of document. There should not be an expectation that such information will in all circumstances be updated, supplemented or revised whether as a result of new information, changing circumstances, future events or otherwise.

**Global (GMPC) Holdings Inc.**  
**Balance Sheets**  
(Unaudited)

	June 30 2004	December 31 2003
<b>Assets</b>		
Cash	\$ 736,149	\$ 1,255,982
Short term investments	174,202	173,091
Accounts receivable and sundry assets	201,427	56,666
Prepaid expenses	1,712	-
Interest and dividends receivable		
Notes receivable	31,595	24,568
Portfolio investments	83,538	69,775
Bridge loans	85,799	44,121
Portfolio investments (note 3)	5,970,719	7,682,256
Notes and loans receivable		
Notes receivable	157,434	197,394
Bridge loans (note 5)	5,790,500	3,049,470
Property plant and equipment	3,830	4,156
	<u>\$ 13,236,904</u>	<u>\$ 12,557,478</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	<u>108,893</u>	<u>83,336</u>
	<u>108,893</u>	<u>83,336</u>
<b>Shareholders' Equity</b>		
Share capital (note 4)	14,278,089	14,655,070
Contributed surplus (note 4)	319,262	248,080
Deficit	<u>(1,469,340)</u>	<u>(2,429,007)</u>
	<u>13,128,010</u>	<u>12,474,142</u>
	<u>\$ 13,236,904</u>	<u>\$ 12,557,478</u>

**Global (GMPC) Holdings Inc.**  
**Statements of Income**  
(Unaudited)

For the periods ended June 30	Three months		Six months	
	2004	2003	2004	2003
<b>Revenue</b>				
Income from investments	\$ 207,285	\$ 11,275	\$ 339,173	\$ 27,758
Interest income	168,321	23,661	308,517	34,038
Gain on sale of investments	57,587	7,189	718,957	26,849
Foreign exchange gain (loss)	7,646	(23,268)	(7,233)	(31,975)
	<u>440,840</u>	<u>18,857</u>	<u>1,359,413</u>	<u>56,670</u>
<b>Expenses</b>				
Amortization	312	-	623	-
Audit and legal fees	10,486	4,193	26,902	4,193
Filing and listing fees	6,673	4,928	9,351	7,528
Interest	3,744	1,506	16,681	1,506
Long term incentive plan awards	3,473	-	95,566	-
Management and consulting fees	42,103	21,000	98,117	42,000
Office and general	16,001	9,932	33,900	15,526
Rent	7,142	2,056	17,394	6,189
Salaries and employee benefits	52,824	-	107,845	-
Travel and promotion	3,781	766	13,411	9,575
	<u>146,540</u>	<u>44,381</u>	<u>419,789</u>	<u>86,518</u>
<b>Income (loss) before income taxes</b>	<u>294,300</u>	<u>(25,524)</u>	<u>939,624</u>	<u>(29,848)</u>
<b>Income taxes (recovery of)</b>	<u>(8,752)</u>	<u>-</u>	<u>(20,043)</u>	<u>(12,171)</u>
<b>Net income (loss) for the period</b>	<u>303,052</u>	<u>(25,524)</u>	<u>959,667</u>	<u>(17,677)</u>
<b>Deficit, beginning of period</b>	<u>(1,772,393)</u>	<u>(2,548,302)</u>	<u>(2,429,007)</u>	<u>(2,556,149)</u>
<b>Deficit, end of period</b>	<u>\$ (1,469,340)</u>	<u>\$ (2,573,826)</u>	<u>\$ (1,469,340)</u>	<u>\$ (2,573,826)</u>
<b>Net income (loss) per share</b>	<u>\$ 0.007</u>	<u>\$ (0.004)</u>	<u>\$ 0.021</u>	<u>\$ (0.003)</u>

**Global (GMPC) Holdings Inc.**  
**Statements of Cash Flows**  
(Unaudited)

For the periods ended June 30	Three months		Six months	
	2004	2003	2004	2003
<b>Operating activities</b>				
Net income (loss) for the period	\$ 303,052	\$ (25,524)	\$ 959,667	\$ (17,676)
Items not affecting cash				
Gain on sale of investments	(57,587)	(7,189)	(718,957)	(26,849)
Amortization	312	-	623	-
	245,777	(32,713)	241,333	(44,525)
Change in non-cash working capital balances	(140,410)	(91,001)	(86,994)	(41,409)
Cash flow from operating activities	105,366	(123,714)	154,339	(85,934)
<b>Investing activities</b>				
Advances on notes receivable	(147,540)	(60,725)	(147,540)	(505,710)
Proceeds from notes receivable	90,000	97,106	90,000	97,106
Purchase of portfolio investments	(646,431)	(596,921)	(5,965,359)	(1,080,165)
Proceeds from sale of investments	2,357,490	808,980	8,395,853	1,597,982
Advances on bridge loans	(2,236,500)	-	(3,715,500)	-
Proceeds from bridge loans	700,000	-	974,470	-
Additions to property and equipment	-	-	(297)	-
Cash flow from investing activities	117,020	248,440	(368,373)	109,213
<b>Financing activities</b>				
Purchase of treasury shares	(230,204)	-	(376,981)	-
Increase in contributed surplus	45,674	-	71,182	-
Cash flow from financing activities	(184,530)	-	(305,799)	-
Increase (decrease) in cash position	37,856	124,726	(519,833)	23,279
<b>Cash, beginning of period</b>	698,293	243,752	1,255,982	345,199
<b>Cash, end of period</b>	\$ 736,149	\$ 368,478	\$ 736,149	\$ 368,478
<b>Cash flow per share</b>	\$ 0.002	\$ (0.018)	\$ 0.003	\$ (0.012)

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**Global (GMPC) Holdings Inc.**  
**Notes to Financial Statements**  
**(Unaudited)**  
**June 30, 2004**

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**1. Nature of Business**

Global (GMPC) Holdings Inc. ("the Company") is incorporated under the Canada Business Corporations Act and provides a range of merchant banking services to small and mid-cap companies in North America in both the public and private markets. Global provides bridge loan services (asset backed/collateralized financing), ranging from \$100,000 to \$2,000,000 to companies across many industries such as oil & gas, mining, real estate, manufacturing, retail, financial services, technology and biotechnology.

**2. 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 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 financial statements.

**3. Portfolio Investments**

<b>June 30</b>	<b>2004</b>	<b>2003</b>
Marketable securities (fair value \$5,353,174, 2003 \$256,832)	5,393,135	267,841
Common shares (fair value \$227,931, 2003 \$448,591)	316,756	370,136
Preferred shares	200,000	200,000
Interest in oil and gas properties, net	60,827	100,000
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	\$ 5,970,719	\$ 937,977



**Global (GMPC) Holdings Inc.**  
**Notes to Financial Statements**  
(Unaudited)  
**June 30, 2004**

**4. Share Capital**

<u>June 30</u>	<u>2004</u>	<u>2003</u>
Authorized:		
Nil common shares (2003 unlimited)		
Nil preferred shares (2003 unlimited)		
Unlimited multiple voting shares (2003 nil)		
Unlimited subordinate voting shares (2003 nil)		
Issued:		
Nil common shares (2003 6,971,783)	\$ -	\$ 4,194,290
3,985,891 multiple voting shares (2003 nil)	2,247,145	-
40,925,892 subordinate voting shares (2003 nil)	12,030,944	-
	<u>\$ 14,278,089</u>	<u>\$ 4,194,290</u>

**Subordinate Voting Shares**

	<u>2004</u>		<u>2003</u>	
	Number	Amount	Number	Amount
Opening balance	42,155,726	\$ 12,407,925	-	\$ -
Treasury shares acquired	<u>(1,229,834)</u>	<u>(376,981)</u>	-	-
Closing balance	<u>40,925,892</u>	<u>\$ 12,030,944</u>	<u>\$</u>	

For the six-month period ending June 30, 2004, the company completed treasury purchases for cancellation under a normal course issuer bid of 1,229,834 subordinate voting shares with a stated capital of \$376,981 for \$305,799, resulting in an increase in contributed surplus of \$71,182.

**5. Related Party Transactions**

- a) The Company has convertible debentures and bridge loans of \$300,000 due from related parties by virtue of having certain directors and officers in common. Interest of \$6,634 has been charged on these loans. During the first half of the year bridge loans from related parties were repaid in the amount of \$157,700 plus accrued interest of \$4,659.
- b) Management and consulting fees include \$37,645 (2003 \$21,000) for the second quarter and \$93,659 (2003 \$42,000) year-to-date paid to companies controlled by current Executive Officers and Directors of the company and a company with a current Executive Officer in common with the company.