

April 24, 2006

MANAGEMENT DISCUSSION AND ANALYSIS

To the Shareholders of StonePoint Global Brands Inc.:

OVERALL PERFORMANCE

- Effective June 28, 2005, the Company changed its name to StonePoint Global Brands Inc. and completed a consolidation of its issued and outstanding capital stock, warrants and options on the basis of ten old shares for one new share (10 for 1). All share, warrant, option and per unit data included in this document have been adjusted to retroactively reflect this change.
- Sales for the year ended December 31, 2005 represent a 9.7% increase over 2004 in case volume and 19.3% in dollar value. This improvement came despite the fact that due to the Vancouver Port container strike and third party manufacturing issues, the Company missed approximately 9 weeks of sales during Q2.
- The Company's exports to Japan have been growing steadily and with increased capacity being brought on-line, management believes that same customer growth and new customer growth can be accelerated. The Company has engaged additional consulting assistance to facilitate this process, which is reflected in higher general and administrative costs.
- The Company is now focused on growing its enhanced beverage line (utilizing the Life O2 patent and technology acquired in April, 2003) and developing and deploying brands in higher margin categories which are well suited for the Company's experience and contacts. These categories include premium bottled water, nutraceutical beverages, wine and other health oriented products.

SELECTED FINANCIAL INFORMATION

	December 31, 2005	December 31, 2004	December 31, 2003
All figures in U.S Dollars	<u>Annual</u>	<u>Annual</u>	<u>Annual</u>
<i>(Selected items only)</i>			
Sales	\$ 3,141,945	\$ 2,632,613	\$ 859,575
Cost of sales	<u>2,351,845</u>	<u>1,907,183</u>	<u>574,926</u>
Gross profit	790,100	725,430	284,649
<i>Gross profit %</i>	25.1%	27.5%	33.1%
Royalties	88,938	2,588	-
Selling, general and administrative expenses	1,447,712	771,802	797,984
Other items:			
Interest and renewal fee income (note receivable)	53,351	21,000	10,500
Gain on sale of equipment / debt settlement	11,307	9,292	-
Write-down of note receivable	(68,134)	-	-
Write-down of intangible assets	-	(32,628)	-
Income (loss) from continuing operations	(572,150)	(46,120)	(502,835)
Gain on sale of discontinued operations	-	-	5,846,550
Income (loss) from discontinued operations	-	<u>(189,620)</u>	<u>(2,136,860)</u>
Income taxes	(18,908)	-	-
Income (loss) for the year	\$ (591,058)	\$ (235,740)	\$ 3,206,855
Income (loss) per share from discontinued operations	\$ (0.00)	\$ (0.04)	\$ 0.08
Income (loss) per share	\$ (0.11)	\$ (0.05)	\$ 0.07

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The table above presents the Company's results of operations for each of its last three fiscal years, showing continuing operations separately.

	December 31, 2005	December 31, 2004	December 31, 2003
<i>Balance sheet data:</i>			
Assets			
Cash and equivalents	\$ 356,544	98,595	\$ 189,487
Receivables	207,676	149,549	64,744
Note receivable	285,880	381,500	360,500
Assets held for resale	-	-	-
Intangible assets, royalty rights, deferred financing costs	47,879	159,716	125,000
Equipment	2,949	1,018	43,195
Liabilities / equity			
Notes payable	390,390	143,578	-
Other current liabilities	414,209	412,251	335,441
Shareholders' equity (deficiency)	96,329	234,549	447,515
Working capital (deficiency)	\$ (50,379)	73,815	\$ 279,320
Average shares outstanding	5,424,436	4,398,539	4,375,418

The above balance sheet data shows narrowing working capital position, due to financing using short-term notes payable. Since the Company's capital re-organization, equity financing has raised C\$336,500 in Q4, together with an additional C\$500,000 announced subsequent to year end, which should assist in restoring a more positive ratio.

The Company's financial statements are prepared in conformity with Canadian generally accepted accounting principles, and include the accounts of the Company and its wholly owned subsidiaries expressed in United States dollars. All foreign currency amounts are converted into United States dollar equivalents using the temporal method as explained in the notes accompanying the Company's audited annual financial statements.

RESULTS OF OPERATIONS

Revenues are comprised primarily of international sales and royalties derived from its enhanced beverage line of \$3,230,883 for 2005, compared with \$2,635,201 for 2004. The year over year increase is due to an increased case volume and a price increase in Q3 of 2005. Consulting income accounts for the balance of revenues in each period. We continue to defer \$18,177 of product development costs relating to the wine & spirits business, where we anticipate revenues to begin in Q1 of 2006. Amortization of these deferred costs commenced in Q2 and amounted to \$52,508. Deferred financing costs total \$48,481 and pertain to the value of bonus shares issued to the holders of notes payable. These costs are amortized over a one year period (\$27,871 year to date), being the initial term of the notes.

Comparative gross profit has been impacted by two product cost increases totaling 15% since mid-2004, together with higher product and shipping costs reflecting an increase in world oil prices.

SG&A expense for the period (\$1,447,712) is higher than the comparable 2004 period (\$771,802) as a result of:

- Increased consulting expense in the strategic planning, financing and business development categories (\$84,000), together with performance bonuses (\$25,120). The comparable 2004 figure was lower than normal due to the effect of capitalizing a portion of those expenses to deferred product development costs.

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- The engagement of design and marketing consultants (\$164,766);
- Stock based compensation expense of \$77,355 resulting from stock options granted in August and November, 2005;
- Increased travel associated with same customer maintenance and new business development, together with the effect of capitalizing a portion of the comparable 2004 expense to deferred product development costs.
- Increased professional fees related primarily to the re-structuring of the Company during 2005
- Increased amortization of intangibles and deferred financing costs
- Increased interest expense due to additional notes payable

Interest income on the note receivable is larger due to an increase in the interest rate from 6% to 11%, together with renewal fees (\$53,351), however this was offset by a write-down of the note (\$68,134) to a discounted amount pursuant to a settlement agreement with the borrower. The settlement agreement provides a general security arrangement over the assets of the borrower.

The note has been pledged as security against the notes payable.

QUARTERLY FINANCIAL INFORMATION

<i>Selected data only:</i>	December, 2005	September, 2005	June, 2005	March, 2005
Sales	\$ 776,875	997,866	880,769	\$ 486,435
Gross profit	255,803	269,164	227,437	126,634
Gross profit %	32.9%	27.0%	25.8%	26.0%
SG&A expense	498,064	344,093	326,258	279,297
<i>Net Continuing operations</i>	<i>(270,957)</i>	<i>(117,503)</i>	<i>(59,560)</i>	<i>(143,038)</i>
Discontinued operations	-	-	-	-
Net income (loss)	\$ (270,957)	(117,503)	(59,560)	\$ (143,038)
Per common share – discontinued operations	0.00	0.00	0.00	0.00
Per common share	\$ (0.05)	(0.02)	(0.01)	\$ (0.01)

	December, 2004	September, 2004	June, 2004	March, 2004
Sales	\$ 1,016,156	828,374	416,029	\$ 372,054
Gross profit	238,054	218,953	131,708	139,303
Gross profit %	23.4%	26.4%	31.6%	37.4%
SG&A expense	281,452	151,754	170,215	168,381
<i>Net continuing operations</i>	<i>(70,575)</i>	<i>81,540</i>	<i>(33,257)</i>	<i>(23,828)</i>
Gain on sale – discontinued	-	-	-	-
Discontinued operations	(149,997)	(25,496)	(23,300)	9,173
Net income (loss)	\$ (220,572)	56,044	(56,557)	\$ (14,655)
Per common share – discontinued operations	(0.03)	(0.01)	(0.00)	0.00
Per common share	\$ (0.05)	0.01	(0.01)	\$ (0.01)

Quarter to quarter variances in both sales and gross profit can be affected by the timing of purchase orders from the Company's major customer. Also, transportation and raw material costs are significantly affected by the impact of world oil prices.

The quarter ended December 31, 2005 included sales totaling \$779,180 compared to \$1,112,553 in the same period in 2004 due to a significant quarter over quarter decrease in case volume, offset by a price increase of 8% effective July, 2005. The Company has continued to grow its exports of Super Oxygenated bottled water to Japan, but has also devoted significant effort and resources to the development of its new business opportunities which are expected to begin generating revenues in the third quarter of the 2006 fiscal year.

SG&A expenses have increased quarter over quarter due to the Company's decision to aggressively seek new products and new customer growth, and consistent with the explanations provided under "Results of Operations" above.

LIQUIDITY

Following the completion of the divestiture of its bottled water businesses in September, 2003, the Company had returned to a positive working capital position throughout 2004. Shipping problems (Port of Vancouver container strike) forced the delay of shipments planned for Q2 of 2005, and accordingly impacted accounts receivable and cash flows. Working capital is also impacted by financing operations with short term notes payable during the past two years, however, the Company's share consolidation has permitted a return to equity financing, one of which was completed in Q4 (C\$336,500) and another which was announced subsequent to year end (\$C500,000).

	December 31, 2005	December 31, 2004	December 31, 2003
Working capital (deficiency)	\$ (50,379)	73,815	\$ 279,320

Improved sales of its enhanced beverage line, should enable the Company to generate sufficient cash to cover its working capital requirements on a monthly basis. Case volume experienced in 2005 was marginally sufficient to do so, however, the Company's decision to increase expenditures for business development, marketing and strategic planning, and to recognize the performance of critical officers and consultants offset this. The Company is looking for improved volumes now that shipping schedules have returned to normal, which should bring about increased self sufficiency.

Included in current assets at December 31, 2005 is a note receivable of \$285,880 concerning which the Company attributes a reasonable financial risk. The note is due from a public company which is completing a small equity financing and is pursuing a larger financing. A payment of C\$100,000 was received on this note in June, 2005, following by payments totaling approximately C\$133,000 in Q1 of 2006 (a further C\$17,000 received after the audit report date). The Company has a settlement agreement with the borrower, together with a security agreement.

The Company's ongoing commitments for annual premises lease/rental have now been reduced to approximately C\$1,400 per month and are not considered a factor in its future liquidity circumstances.

CAPITAL RESOURCES

The Company depends upon the junior capital markets to raise equity and debt financing needed to fund its working capital requirements to the extent not generated internally. Recent improvements in its enhanced beverage sales and related margins, together with a reduced cost structure from its continuing operations and modest note payable financings, have largely eliminated the necessity of raising additional equity capital for this purpose. During the year ended December 31, 2005, the

Company completed a private placement issuing 3,365,000 units at a price of C\$0.10 per unit for gross proceeds of C\$336,500, each unit consisting of one common share and one warrant to purchase one additional common share at a price of C\$0.12 until October 18, 2007. (Also see subsequent events).

Its ability to continue to raise equity financing for any purpose, or course, remains subject to the general investment climate and investors' interest in supporting the Company's business objectives. No significant financial commitments exist beyond our working capital needs.

OFF – BALANCE SHEET ARRANGEMENTS

The Company has not entered into any significant off-balance sheet arrangements or commitments.

RELATED PARTY TRANSACTIONS

	<u>2005</u>	<u>2004</u>	<u>2003</u>
	Annual	Annual	Annual
<i>For the period:</i>			
Wages and benefits (James Borkowski and Aubrey Ryals)	\$ 195,197	\$ 159,121	\$ 290,202
Consulting fees (Frank Port and Michael Kinley)	70,947	18,803	
Lease of equipment from a Director	-	-	7,200
Debt settled for shares (James Borkowski, Aubrey Ryals, Frank Port, Michael Kinley)	52,509	-	-
<i>As at balance sheet date:</i>			
Included in accounts payable (James Borkowski)	1,235	15,000	-
Shareholder loan	\$ -	\$ -	\$ 47,000

Amounts due to related parties are unsecured and non-interest bearing with no specific terms of repayment (except the shareholder loan which bore interest at 10% per annum). All transactions are in the normal course of operations and are recorded at exchange amounts established and agreed between the related parties.

LAST QUARTER

There were no significant last quarter transactions not otherwise disclosed.

SUBSEQUENT EVENTS

Subsequent to December 31, 2005, the Company:

- a) extended the operating agreement with its major Japanese customer through 2013.
- b) entered into a consulting and sales agency agreement with a Canadian winery (see Note 5 – product development costs).

- c) signed a Debt Settlement Agreement concerning its note receivable more fully described in Note 4 to the financial statements. Payments totalling C\$133,000 were received in accordance with this agreement. A further payment of \$17,000 was received subsequent to the audit report date.
- d) announced, subject to regulatory approval and applicable finders' fees, a brokered private placement of up to 1,100,000 shares at a price of C\$0.45 per share for gross proceeds of up to C\$500,000, together with its intent to arrange unsecured debenture financing of up to C\$500,000 for a one year term at an annual interest rate of 12%.

CHANGES IN ACCOUNTING POLICIES

The Company has not changed accounting policies.

CONTROLS AND PROCEDURES

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in our reports filed or submitted as part of the Company's continuous disclosure requirements is recorded, processed, summarized and reported, within the time periods specified by applicable regulatory authority. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in Company reports is accumulated and communicated to management, including the Company's Chief Executive Officer and Chief Financial Officer as appropriate, to allow timely decisions regarding required disclosure

EVALUATION OF DISCLOSURE ON CONTROLS AND PROCEDURES.

Based on an evaluation of our disclosure controls and procedures as of the end of the period covered by this quarterly report, our CEO and CFO have determined that our current disclosure controls and procedures are effective.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING.

There have not been any changes in our internal control over financial reporting or any other factors during the year ended December 31, 2005, that have materially affected, or are reasonably likely to materially affect our internal control over financial reporting.

FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, note receivable, accounts payable and accrued liabilities and shareholder loan. Management has determined that the carrying value of the financial instruments approximate fair value due to their short-term nature. The Company is exposed to credit risk only with respect to uncertainties as the timing and amount of collectibility of accounts receivable and the note receivable. The Company mitigates credit risk through standard credit and reference checks, and its settlement agreement with the borrower of the note receivable.

FORWARD LOOKING STATEMENTS

All statements in this report that do not directly and exclusively relate to historical facts constitute forward looking statements. These statements represent the Company's intentions, plans, expectations and belief, and are subject to risk, uncertainties, and other factors of which many are beyond the control of the Company. These factors could cause actual results to differ materially from such forward looking statements. The Company disclaims any intention or obligation to update or revise any forward looking statements, as a result of new information, future events or otherwise.