

STONEPOINT GLOBAL BRANDS INC.
(formerly StonePoint Group Limited)

CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in United States Dollars)

JUNE 30, 2005

(UNAUDITED – PREPARED BY MANAGEMENT)

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 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 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 financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

STONEPOINT GLOBAL BRANDS INC.
(formerly StonePoint Group Limited)
CONSOLIDATED BALANCE SHEETS
(Expressed in United States dollars)

	June 30, 2005 (unaudited)	December 31, 2004 (audited)
ASSETS		
Current		
Cash and equivalents	\$ 127,949	\$ 98,595
Accounts receivable	77,276	149,549
Note receivable (Note 4)	<u>349,549</u>	<u>381,500</u>
	554,774	629,644
Intangible assets (Note 5)	101,745	145,358
Deferred financing costs (Note 5)	16,732	14,358
Equipment (Note 6)	<u>748</u>	<u>1,018</u>
	<u>\$ 673,999</u>	<u>\$ 790,378</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	\$ 363,608	\$ 412,251
Notes payable (Note 8)	<u>252,339</u>	<u>143,578</u>
	<u>615,947</u>	<u>555,829</u>
Shareholders' equity		
Capital stock (Note 9)		
Authorized		
Unlimited number of preferred shares		
Unlimited number of special shares		
Unlimited number of voting common shares		
Issued (reflecting 10:1 consolidation (Note 1))		
4,499,388 common shares (2004 – 4,444,588 common shares)	6,391,081	6,368,887
Contributed surplus	211,059	211,059
Cumulative translation adjustment	3,775	(132)
Deficit	<u>(6,547,863)</u>	<u>(6,345,265)</u>
	<u>58,052</u>	<u>234,549</u>
	<u>\$ 673,999</u>	<u>\$ 790,378</u>

Nature and continuance of operations (Note 1)

Commitments (Note 10)

Contingencies (Note 11)

Subsequent event (Note 17)

On behalf of the Board:

"James Borkowski" Director "Michael Kinley" Director

The accompanying notes are an integral part of these consolidated financial statements.

STONEPOINT GLOBAL BRANDS INC.
(formerly StonePoint Group Limited)
CONSOLIDATED STATEMENTS OF OPERATIONS
(Expressed in United States dollars)
(Unaudited – Prepared by Management)

	Three Month Period Ended June 30, 2005	Three Month Period Ended June 30, 2004	Six Month Period Ended June 30, 2005	Six Month Period Ended June 30, 2004
SALES	\$ 961,801	\$ 463,783	\$ 1,492,286	\$ 866,603
COST OF GOODS SOLD (Schedule)	<u>734,364</u>	<u>332,075</u>	<u>1,138,215</u>	<u>595,592</u>
GROSS PROFIT	227,437	131,708	354,071	271,011
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (Schedule)	<u>(326,258)</u>	<u>(170,215)</u>	<u>(605,555)</u>	<u>(333,420)</u>
Loss before other items and discontinued operations	(98,821)	(38,507)	(251,484)	(62,409)
OTHER ITEM				
Interest income and renewal fees	<u>39,261</u>	<u>5,250</u>	<u>48,886</u>	<u>10,500</u>
Loss from continuing operations	(59,560)	(33,257)	(202,598)	(51,909)
Loss from discontinued operations (Note 3)	<u>-</u>	<u>(23,300)</u>	<u>-</u>	<u>(19,303)</u>
Net income (loss) for the year	<u>\$ (59,560)</u>	<u>\$ (59,557)</u>	<u>\$ (202,598)</u>	<u>\$ (71,212)</u>
Basic and diluted loss per common share from continuing operations	\$ (0.01)	\$ (0.01)	\$ (0.05)	\$ (0.02)
Basic and diluted earnings (loss) per common share from discontinued operations	<u>(0.00)</u>	<u>(0.00)</u>	<u>(0.00)</u>	<u>(0.00)</u>
Basic and diluted earnings (loss) per common share	<u>\$ (0.01)</u>	<u>\$ (0.01)</u>	<u>\$ (0.05)</u>	<u>\$ (0.02)</u>
Weighted average number of common shares outstanding	4,453,019	4,375,418	4,448,827	4,375,418

The accompanying notes are an integral part of these consolidated financial statements.

STONEPOINT GLOBAL BRANDS INC.
(formerly StonePoint Group Limited)
CONSOLIDATED SCHEDULES
(Expressed in United States dollars)
(Unaudited – Prepared by Management)

	Three Month Period Ended June 30, 2005	Three Month Period Ended June 30, 2004	Six Month Period Ended June 30, 2005	Six Month Period Ended June 30, 2004
COST OF GOODS SOLD				
Commissions	\$ 81,032	\$ 47,754	\$ 125,082	\$ 78,520
Freight	81,219	31,529	127,267	55,659
Purchases and other product costs	<u>572,113</u>	<u>252,792</u>	<u>885,866</u>	<u>461,413</u>
	\$ 734,364	\$ 332,075	\$ 1,138,215	\$ 595,592
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES				
Amortization of deferred financing costs	\$ 12,500	\$ -	\$ 19,563	\$ -
Amortization of equipment	125	349	250	670
Amortization of intangibles	29,665	12,500	42,165	25,000
Consulting	103,954	7,972	176,308	32,755
Courier	3,256	1,532	3,590	3,662
Design and marketing	14,443	-	26,689	-
Financing	-	7,852	6,482	7,852
Foreign exchange	(3,538)	(3,371)	(7,415)	(3,472)
Insurance	3,585	3,355	6,670	6,026
Interest	14,517	18,436	24,841	23,210
Office	12,256	14,321	22,936	19,737
Rent	3,966	927	7,830	6,216
Professional fees	37,384	42,755	60,846	60,342
Regulatory and investor relations	3,165	4,793	6,731	7,503
Repairs and maintenance	-	3,383	-	3,638
Telephone	5,588	9,478	11,059	15,793
Travel	23,132	3,425	51,888	19,012
Wages and benefits	<u>62,260</u>	<u>42,508</u>	<u>145,122</u>	<u>105,476</u>
	\$ 326,258	\$ 170,215	\$ 605,555	\$ 333,420

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STONEPOINT GLOBAL BRANDS INC.
(formerly StonePoint Group Limited)
CONSOLIDATED STATEMENT OF CASH FLOWS
(Expressed in United States dollars)
(Unaudited – Prepared by Management)

	Three Month Period Ended June 30, 2005	Three Month Period Ended June 30, 2004	Six Month Period Ended June 30, 2005	Six Month Period Ended June 30, 2004
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss from continuing operations	\$ (59,560)	\$ (33,257)	\$ (202,598)	\$ (51,909)
Items not affecting cash:				
Amortization	42,290	17,908	61,978	35,905
Interest and fees accrued on note receivable	(39,261)	(5,250)	(48,886)	(10,500)
Change in non-cash working capital items:				
Accounts receivable	207,029	97,670	72,273	(54,484)
Accounts payable and accrued liabilities	(128,943)	(52,194)	(48,643)	19,461
Net cash provided by (used in) operating activities	<u>21,555</u>	<u>24,877</u>	<u>(165,876)</u>	<u>(61,527)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Intangible assets	-	(77,227)	-	(77,227)
Purchase of equipment	-	(1,182)	-	(1,182)
Notes receivable	<u>80,837</u>	<u>-</u>	<u>80,837</u>	<u>-</u>
Net cash provided by financing activities	<u>80,837</u>	<u>(78,409)</u>	<u>80,837</u>	<u>(78,409)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Shareholder loans	-	1,200	-	2,500
Notes payable	<u>-</u>	<u>89,280</u>	<u>113,221</u>	<u>89,280</u>
Net cash provided by financing activities	<u>-</u>	<u>90,480</u>	<u>113,221</u>	<u>91,780</u>
Foreign exchange effect on cash	<u>509</u>	<u>2,854</u>	<u>1,172</u>	<u>2,854</u>
Cash used in discontinued operations	<u>-</u>	<u>(23,300)</u>	<u>-</u>	<u>(19,303)</u>
Change in cash and equivalents	102,901	16,502	29,354	(64,605)
Cash and equivalents, beginning of year	<u>25,048</u>	<u>108,380</u>	<u>98,595</u>	<u>189,487</u>
Cash and equivalents, end of year	<u>\$ 127,949</u>	<u>\$ 124,882</u>	<u>\$ 127,949</u>	<u>\$ 124,882</u>

Supplemental disclosure with respect to cash flows (Note 15)

The accompanying notes are an integral part of these consolidated financial statements.

STONEPOINT GLOBAL BRANDS INC.
(formerly StonePoint Group Limited)
CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY (DEFICIENCY)
(Expressed in United States dollars)
(Unaudited – Prepared by Management)

	Number of Shares Issued	Capital Stock Amount	Contributed Surplus	Cumulative Translation Adjustment	Deficit	Total
Balance at December 31, 2002	4,375,418	\$ 6,342,083	\$ 211,059	\$ -	\$ (9,316,380)	\$ (2,763,238)
Cumulative translation adjustment	-	-	-	3,898	-	3,898
Net income for the year	-	-	-	-	3,206,855	3,206,855
Balance at December 31, 2003	4,375,418	6,342,083	211,059	3,898	(6,109,525)	447,515
Shares issued as bonus for note holders	69,170	26,804	-	-	-	26,804
Cumulative translation adjustment	-	-	-	(4,030)	-	(4,030)
Loss for the year	-	-	-	-	(235,740)	(235,740)
Balance at December 31, 2004	4,444,588	\$ 6,368,887	\$ 211,059	\$ (132)	\$ (6,345,265)	\$ 234,549
Shares issued as bonus for note holders	54,800	22,194	-	-	-	22,194
Cumulative translation adjustment	-	-	-	3,907	-	3,907
Loss for the period	-	-	-	-	(202,598)	(202,598)
Balance at June 30, 2005	4,499,388	\$ 6,391,081	\$ 211,059	\$ 3,775	\$ (6,547,863)	\$ 58,052

The accompanying notes are an integral part of these consolidated financial statements.

STONEPOINT GLOBAL BRANDS INC.
(formerly StonePoint Group Limited)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in United States dollars)
(Unaudited – Prepared by Management)
JUNE 30, 2005

1. NATURE AND CONTINUANCE OF OPERATIONS

StonePoint Group Limited (the “Company”) was incorporated under the laws of the Province of Ontario on January 23, 1997. The Company’s current business is the sale and development of enhanced beverage products. During the year ended December 31, 2003, the Company restructured its operations and sold certain of its private and custom label beverage operating divisions (Note 3). 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 these financial statements have been adjusted to retroactively reflect this change.

These financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future.

	June 30, 2005	December 31, 2004
Working capital (deficiency)	\$ (61,173)	\$ 73,815
Deficit	(6,547,863)	(6,345,265)

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements of the Company have been prepared by management in accordance with Canadian generally accepted accounting principles and are expressed in United States dollars, unless stated otherwise.

Principles of consolidation

The financial statements include the accounts of the Company and those of its wholly owned subsidiaries from the date of acquisition or to the date of disposal. All significant inter-company balances and transactions have been eliminated upon consolidation.

Measurement uncertainty and estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Financial results as determined by actual events could differ from those estimates.

Cash and equivalents

Cash and equivalents include highly liquid investments with original maturities of three months or less.

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2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Equipment

Equipment is stated at cost, net of accumulated amortization. Equipment is amortized annually over the estimated useful lives of the assets as follows:

Equipment	5 years straight-line
Computer software	2 years straight-line
Computer hardware	30% declining-balance

Impairment of long-lived assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment loss would be recognized when the carrying amount of an asset exceeds the estimated undiscounted future cash flows expected to result from the use of the asset and its eventual disposition. The amount of the impairment loss to be recorded is calculated by the excess of the assets carrying value over its fair value. Fair value is determined using a discounted cash flow analysis.

Intangible assets

Costs directly identifiable to royalty rights and product development costs have been capitalized and are amortized on a straight line basis at rates varying from 2 to 3 years. If management determines there to be an impairment in value, the asset is written-down to its estimated net realizable value.

Deferred financing costs

Deferred financing costs to obtain notes payable are deferred and amortized on a basis consistent with the repayment terms of the underlying debt.

Future income taxes

Future income taxes are recorded using the asset and liability method whereby future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment or enactment occurs. To the extent that the Company does not consider it more likely than not that a future tax asset will be recovered, it provides a valuation allowance against the excess.

Revenue recognition

The Company recognizes its revenue at the date the products are shipped to the customer, and collection is reasonably assured.

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2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Foreign currency translation

The Company's functional currency is the Canadian dollar. The Company uses the current rate method to translate from the functional currency to the United States dollar whereby all assets and liabilities are translated into United States dollar equivalents at the rate of exchange at the balance sheet date. Revenue and expenses are translated into United States dollar equivalents at the average rate of exchange throughout the year. Gains and losses arising from translation of the financial statements are disclosed as a separate component of shareholders' equity.

The accounts of subsidiaries, which are integrated operations, are translated using the temporal method. Under this method, monetary assets and liabilities are translated at the year end exchange rates. Non-monetary assets and liabilities are translated using historical rates of exchange. Revenue and expenses are translated at the rates of exchange prevailing on the dates such items are recognized in earnings. Exchange gains and losses are included in the statement of operations.

Earnings (loss) per share

The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method the dilutive effect on earnings (loss) per share is recognized on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the period. For the period ended June 30, 2005, this calculation proved to be anti-dilutive.

Basic earnings (loss) per share is calculated using the weighted average number of common shares outstanding during the year.

Stock-based compensation

The Company uses the fair value-based method for stock-based compensation and therefore all awards to employees and non-employees will be recorded at fair value on the date of the grant. The Company uses the Black-Scholes option pricing model to estimate the fair value of each stock option at the date of grant. Any consideration paid by the option holders to purchase shares is credited to capital stock.

Comparative figures

Certain of the prior year's figures have been reclassified to conform to the current year's presentation.

3. CORPORATE REORGANIZATION

During the year ended December 31, 2003, the Company reorganized and restructured its operations by winding-up certain companies, transferring certain divisional assets and liabilities and operations to separate subsidiary companies, and selling both the Custom Label and Private Label divisions. Those operations were reported as discontinued operations in fiscal 2003 and any related wind up costs were also reported as such during the year ended December 31, 2004.

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4. NOTE RECEIVABLE

The note bore interest at 6% per annum and was due on December 26, 2004. Pursuant to an agreement dated April 4, 2005, the Company amended the terms of the note to bear interest at 11% effective December 27, 2004, and to require repayment of C\$100,000 on April 20, 2005, with the balance due on June 30, 2005. The payment of C\$100,000 was received in June, and the Company is in discussions with the promissor in order to finalize a repayment schedule for the balance still owing.

The balance at June 30, 2005 includes accrued interest and loan renewal fees of \$80,386 (2004 - \$31,500). The note has been pledged as security against the notes payable described in Note 8.

5. INTANGIBLE ASSETS AND DEFERRED FINANCING COSTS

Royalty rights

In 2003, the Company obtained the royalty rights for the “Life O2 Super-Oxygenated Water” technology for Asia at a cost of \$150,000 and in recognition of costs written-off or expensed in prior years totaling approximately \$750,000. These rights allow for royalty free use of the technology in perpetuity, as well as title to certain related computer and technical equipment used in the oxygenation process. The Company has agreed to pay a marketing fee to its principal customer in the amount of \$500,000, subject to adequate future shipments of product.

The Company recorded royalty rights of \$150,000 and amortization commenced July 1, 2003 on a straight line basis over a 3 year period.

Product development costs

The Company has entered into a partnership agreement to develop products and sales for its Australian wine products. During the year ended December 31, 2004, the Company capitalized \$102,282 of costs directly related to the development of products and supporting materials, less a write-down of \$32,628 to estimated realizable value of \$69,654. These costs have resulted in the Company owning several proprietary brands that will be marketed in North America and internationally. The Company commenced amortization of the remaining book value over a one year period beginning April 1, 2005.

Deferred financing costs

The Company has deferred the cost of bonus shares issued to the note holders referred to in Note 8 and is amortizing the cost thereof on a straight line basis over the period to maturity of the related notes.

	June 30, 2005			December 31, 2004		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Product development costs	\$ 68,910	\$ 17,165	\$ 51,745	\$ 70,358	\$ -	\$ 70,358
Royalty rights	<u>150,000</u>	<u>100,000</u>	<u>50,000</u>	<u>150,000</u>	<u>75,000</u>	<u>75,000</u>
	218,910	117,165	101,745	220,358	75,000	145,358
Deferred financing costs	<u>49,869</u>	<u>33,137</u>	<u>16,732</u>	<u>27,675</u>	<u>13,317</u>	<u>14,358</u>
	\$ 268,779	\$ 150,302	\$ 118,477	\$ 248,033	\$ 88,317	\$ 159,716

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6. EQUIPMENT

	June 30, 2005			December 31, 2004		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Equipment	\$ 585	\$ 340	\$ 245	\$ 596	\$ 181	\$ 415
Computer software	34,370	34,370	-	31,407	31,407	-
Computer hardware	<u>1,662</u>	<u>1,159</u>	<u>503</u>	<u>1,695</u>	<u>1,092</u>	<u>603</u>
	<u>\$ 36,617</u>	<u>\$ 35,869</u>	<u>\$ 748</u>	<u>\$ 33,698</u>	<u>\$ 32,680</u>	<u>\$ 1,018</u>

During the year ended December 31, 2004, the Company amortized \$15,294 and wrote off \$23,125 of equipment to discontinued operations.

7. RELATED PARTY TRANSACTIONS

The Company entered into the following transactions with related parties:

- a) Paid or accrued \$97,776 (2004 - \$70,505) to directors and officers of the Company (for continuing operations) for wages and benefits.
- b) Paid or accrued \$29,205 (2004 - \$Nil) for consulting fees to companies controlled by two directors.

Included in accounts payable was \$73,536 (December 31, 2004 - \$15,000) owing to directors.

All transactions were in the normal course of operations and were recorded at exchange amounts established and agreed between the related parties.

8. NOTES PAYABLE

The notes payable bear interest at the rate of 12% per annum, are repayable one year from the date of issuance and are secured by an assignment of a security interest in the note receivable (Note 4). During the year ended December 31, 2004, the Company issued 691,700 common shares as a bonus payment to the note holders valued at \$26,804 which was recorded as a deferred financing costs. During the period ended June 30, 2005, the Company issued additional notes totalling \$113,221 under the same terms and conditions, and issued 54,800 common shares as a bonus to those note holders valued at \$22,194.

9. CAPITAL STOCK

Authorized

Unlimited number of voting common shares.

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9. CAPITAL STOCK (cont'd...)

Authorized (cont'd...)

Unlimited number of preference shares, non-voting, bearing a fixed non-cumulative dividend at a rate of 7% of the amount paid-up per annum and redeemable at any time at the option of the Company on payment of the preference redemption price.

Unlimited number of special shares, non-voting, bearing a fixed non-cumulative dividend at a rate of 7% of the amount paid-up per annum, convertible at any time by the holder into one fully paid common share, redeemable at the option of the Company on payment of the special redemption price.

Stock options

The Company has a stock option plan (the “Plan”) under which a maximum of 10% of the issued and outstanding shares of the Company can be reserved for issuance from time to time. Periodically, directors, officers, key employees and consultants of the Company will be offered options to purchase common shares under the Plan. The exercise price of the options granted pursuant to the Plan may not be less than the price permitted by the TSX Venture Exchange. Options granted either vest immediately or are subject to certain vesting requirements as determined by the Board of Directors.

Subsequent to June 30, 2005, the Company granted 490,000 stock options (Note 17). There were no incentive stock options outstanding at June 30, 2005

Stock option transactions are summarized as follows:

	Number of Options		Weighted Average Exercise Price
Balance, December 31, 2002	365,000	Cdn\$	0.24
Options granted	-		
Options expired	(310,000)		0.20
Options exercised	-		
Balance, December 31, 2003	55,000		0.23
Options expired	(55,000)		0.23
Balance, December 31, 2004 and June 30, 2005	-		

Warrants

At June 30, 2005, there were no share purchase warrants outstanding.

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10. COMMITMENTS

The Company leases certain premises and equipment under operating leases. The future minimum annual lease payments under operating lease arrangements are as follows:

2005 (remainder)	\$	6,800
2006		13,600
2007		13,600
2008		13,600
2009		<u>13,600</u>
	<u>\$</u>	<u>61,200</u>

Pursuant to the acquisition of royalty rights (Note 5), the Company agreed to pay a marketing fee to its principal customer in the amount of \$500,000, subject to adequate future shipments of product. As at June 30, 2005, \$440,000 (December 31, 2004 - \$316,000) of this balance has been paid or accrued.

11. CONTINGENCIES

A claim against the Company for \$40,000 has been filed. The Company believes this claim is without merit and the outcome cannot be determined at this time.

12. ECONOMIC DEPENDENCE AND CREDIT RISK

The Company sells products to one customer in Japan, under a 5 year agreement which commenced in January, 2003. This customer accounts for 97% (2004 - 97%) of enhanced beverage revenues from continuing operations and Nil (2004 – Nil) of accounts receivable.

13. SEGMENTED INFORMATION

The Company operates in one business segment being the sale and development of enhanced beverage products in various geographic locations.

Geographic information is as follows:

	2005	2004
<i>Period ended June 30:</i>		
Sales during the year:		
Canada	\$ 35,008	\$ 24,594
Japan	1,457,278	842,009
United States	<u>-</u>	<u>-</u>
	<u>\$ 1,492,286</u>	<u>\$ 866,603</u>
<i>As at the balance sheet dates:</i>		
Capital assets:		
Canada	\$ 748	\$ 1,018
Japan	-	-
United States	<u>-</u>	<u>-</u>
	<u>\$ 881</u>	<u>\$ 1,018</u>

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14. INCOME TAXES

The reconciliation of income taxes at statutory rates is as follows:

	2005	2004
Income (loss) for the period	\$ (202,598)	\$ (23,828)
Expected income tax expense (recovery)	\$ (72,125)	\$ (8,500)
Non-deductible items	22,064	6,400
Unrecognized benefit of non-capital losses	50,061	2,100
Income tax expense	\$ -	\$ -

The significant components of the Company's future income tax assets are as follows:

	2005	2004
Loss carryforwards		
Canadian non-capital losses	\$ 787,000	\$ 730,000
United States net operating losses	47,000	-
Total loss carryforward	834,000	730,000
Less: valuation allowance	(834,000)	(730,000)
	\$ -	\$ -

The Company has available for deduction against future taxable income non-capital losses of approximately \$2,320,000. These losses, if not utilized, will expire through to 2014. Future tax benefits which may arise as a result of these non-capital losses have not been recognized in these financial statements and have been offset by a valuation allowance.

15. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

	2005	2004
Cash paid during the year for interest	\$ 24,841	\$ 23,210
Cash paid during the year for income taxes	\$ -	\$ -

STONEPOINT GLOBAL BRANDS INC.
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(Expressed in United States dollars)
(Unaudited – Prepared by Management)
JUNE 30, 2005

15. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS (cont'd...)

During the period ended June 30, 2005, the Company issued 54,800 common shares as a bonus for notes payable issued (Note 8).

There were no significant non-cash transactions for the period ended June 30, 2004.

16. FINANCIAL INSTRUMENTS

The Company's financial instruments consists of cash and equivalents, accounts receivable, note receivable, accounts payable and accrued liabilities, and notes payable. Management has determined that the carrying value of the financial instruments approximate fair value due to their short-term nature.

Credit risk:

The Company is exposed to credit risk only with respect to uncertainties as to the timing and collectibility of accounts receivable. The Company mitigates credit risk through standard credit and reference checks.

Currency risk:

The Company is exposed to financial risk arising from fluctuations in foreign exchange rates and the degree of volatility of these rates. The Company does not use derivative instruments to reduce its exposure to foreign currency risk.

17. SUBSEQUENT EVENTS

Subsequent to June 30, 2005:

- a) On July 14, 2005, the Company announced, subject to regulatory approval, that it had reached agreement with eight creditors to settle \$101,633 in debt by the issuance of 677,551 common shares at a deemed price of C\$0.15 per share.
- b) On August 2, 2005, the Company announced, subject to regulatory approval, that it had granted 490,000 stock options to directors, employees and consultants at a price of C\$0.10 per share.
- c) On August 3, 2005, the Company announced, subject to regulatory approval, its intention to a complete non-brokered private placement of up to 5,000,000 units at a price of C\$0.10 per unit, each unit consisting of one common share and one warrant to purchase one additional common share at a price of C\$0.12 for a two year period.

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 period ended June 30, 2005 from continuing operations represent a 102% increase over 2004 in case volume and 72% 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

	June 30, 2005	June 30, 2004	December 31, 2004	December 31, 2003
	Six months	Six months	Annual	Annual
<i>Period ended:</i>				
Sales	\$ 1,492,286	866,603	2,879,782	\$ 910,379
Cost of sales	<u>1,138,215</u>	<u>595,592</u>	<u>2,151,764</u>	<u>625,730</u>
Gross profit	354,071	271,011	728,017	284,649
Gross profit %	23.7%	31.8%	25.3%	31.5%
Selling, general and administrative expenses	605,555	333,240	771,802	797,984
Other items:				
Interest and renewal fee income (note receivable)	48,886	10,500	21,000	10,500
Gain on sale of equipment	-	-	9,292	-
Write-down of license	-	-	-	-
Write-down of intangible assets	-	-	32,628	-
Income (loss) from continuing operations	(202,598)	(51,909)	(46,120)	(502,835)
Gain on sale of discontinued operations	-	-	-	5,846,550
Income (loss) from discontinued operations	-	<u>(19,303)</u>	<u>(189,620)</u>	<u>(2,136,860)</u>
Income (loss) for the year	\$ (202,598)	(71,212)	(235,740)	\$ 3,206,855
Income (loss) per share from discontinued operations	\$ 0.00	0.00	(0.01)	\$ (0.08)
Income (loss) per share	\$ (0.05)	(0.02)	(0.01)	\$ (0.07)

STONEPOINT GLOBAL BRANDS INC.
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FORM 51-102F1 – MANAGEMENT DISCUSSION & ANALYSIS
JUNE 30, 2005

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

	June 30, 2005	December 31, 2004	December 31, 2003
<i>Balance sheet data:</i>			
Assets			
Cash and equivalents	\$ 127,949	98,595	\$ 189,487
Receivables	77,276	149,549	64,744
Note receivable	349,549	381,500	360,500
Assets held for resale	-	-	-
Intangible assets, royalty rights, deferred financing costs	118,477	159,716	125,000
Equipment	748	1,018	43,195
Liabilities / equity			
Notes payable	252,339	143,578	-
Other current liabilities	363,608	412,251	335,441
Shareholders' equity (deficiency)	58,052	234,549	447,515
Working capital (deficiency)	\$ (61,173)	73,815	\$ 279,320
Average shares outstanding	4,448,827	4,398,538	4,375,418

The above balance sheet data shows a return to a positive working capital position at December 31, 2004 and 2003, due to the sale of the Company's Custom and Private Label water businesses and the continued growth of the core exports to Japan. A small working capital deficiency emerged in Q2 of 2005, somewhat due to the delay in customer shipments resulting from the Port of Vancouver strike. Shipments have resumed as of early August, and the Company has elected to finance using a combination of additional short-term notes payable and a private placement (see news release of August 3, 2005).

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

Sales are comprised primarily of international sales and royalties derived from its enhanced beverage line of \$1,457,278 for the six month period, compared with \$842,009 for 2004. Consulting income accounts for the balance of revenues in each period. We continue to defer \$51,745 of product development costs relating to the wine & spirits business, where we anticipate revenues to begin in Q3/Q4 of fiscal 2005. Amortization of these deferred costs commenced in Q2 and amounted to \$17,165. Deferred financing costs total \$49,869 and pertain to the value of bonus shares issued to the holders of notes payable. These costs are amortized over a one year period (\$19,165 year to date), being the initial term of the notes.

Comparative gross profit has been impacted by a product cost increase of 14% in mid-2004, together with higher shipping costs reflecting an increase in world oil prices.

SG&A expense for the period (\$605,555) is higher than the comparable 2004 period (\$333,420) as a result of:

- The engagement of design and marketing consultants (\$26,689)

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- Increased consulting expense in the strategic planning, financing and business development categories (\$47,000), together with performance bonuses (\$25,000). The comparable 2004 figure was lower than normal due to the effect of capitalizing a portion of those expenses to deferred product development costs.
- Increased travel associated with new business development, together with the effect of capitalizing a portion of the comparable 2004 expense to deferred product development costs.
- Increased amortization of intangibles and deferred financing costs (\$33,700)

Interest income on the note receivable is larger due to an increase in the interest rate from 6% to 11%, together with the accrual of loan renewal fees for various extensions and amendments to repayment terms. Pursuant to an agreement dated April 4, 2005, the Company amended the terms of the note to bear annual interest of 11% effective December 27, 2004, and to require repayment of C\$100,000 on April 20, 2005, with the balance due on June 30, 2005. The payment of C\$100,000 was received and the Company is in discussions with the promissor in order to finalize a repayment schedule for the balance still owing.

The balance at June 30, 2005 includes accrued interest and loan renewal fees of \$80,386 (2004 - \$31,500). The note has been pledged as security against the notes payable.

QUARTERLY FINANCIAL INFORMATION

<i>Selected data only:</i>	June, 2005	March, 2005	December, 2004	September, 2004
Sales	\$ 961,801	530,485	1,115,141	\$ 898,038
Gross profit	227,437	126,634	238,054	218,953
Gross profit %	23.7%	23.9%	21.3%	24.7%
SG&A expense	326,258	279,297	286,627	151,754
<i>Net Continuing operations</i>	<i>(98,821)</i>	<i>(143,038)</i>	<i>(75,750)</i>	<i>81,540</i>
Discontinued operations	-	-	(144,821)	(25,496)
Net income (loss)	\$ (59,560)	(143,038)	(220,571)	\$ (56,044)
Per common share – discontinued operations	\$ (0.00)	0.00	0.00	\$ 0.00
Per common share	\$ (0.01)	(0.01)	(0.01)	\$ 0.00

	June, 2004	March, 2004	December, 2003	September, 2003
Sales	\$ 463,783	402,820	184,953	\$ 244,427
Gross profit	131,708	139,303	57,348	18,960
Gross profit %	28.4%	34.6%	31.0%	7.8%
SG&A expense	170,215	168,381	271,002	165,985
<i>Net continuing operations</i>	<i>(33,257)</i>	<i>(23,828)</i>	<i>(203,145)</i>	<i>(147,025)</i>
Gain on sale – discontinued	-	-	(228,399)	5,923,930
Discontinued operations	\$ (23,300)	9,173	(57,222)	(1,919,012)
Net income (loss)	\$ (56,557)	(14,655)	(488,775)	\$ 3,857,893
Per common share – discontinued operations	\$ (0.00)	0.00	0.00	\$ (0.04)
Per common share	\$ (0.01)	(0.01)	(0.01)	\$ 0.09

The Company disposed of its traditional bottled water businesses in quarters ended June and September, 2003 (see discontinued operations).

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

The quarter ended June 30, 2005 included sales totaling \$961,801 compared to \$463,783 in the same period in 2004 due to a 101% quarter over quarter increase in case volume. 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 2005 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. Recent 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.

	June 30, 2005	December 31, 2004	December 31, 2003
Working capital (deficiency)	\$ (61,173)	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 to June 30, 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 necessarily resulted in a shortfall. The deficiency was partially made up through the issuance of a second round of notes payable and additional planned debt and equity financing (see news release dated August 3, 2005). The Company is looking for improved volumes now that shipping schedules are returning to normal, which should bring about increased self sufficiency.

Included in current assets at June 30, 2005 is a note receivable of \$349,549 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.

The Company's ongoing commitments for annual premises lease/rental have now been reduced to approximately \$1,100 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.

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.

See proposed transactions below for our financing announcement dated August 3, 2005.

OFF – BALANCE SHEET ARRANGEMENTS

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

RELATED PARTY TRANSACTIONS

	<u>June, 2005</u>	<u>2004</u>	<u>2003</u>
	Six months	Annual	Annual
<i>For the period:</i>			
Consulting fees, wages and benefits	\$ 126,981	177,204	\$ 290,202
Lease of equipment from a Director	-	-	7,200
<i>As at balance sheet date:</i>			
Included in accounts payable	\$ 73,536	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

The following last quarter transactions should be noted:

1. the Company issued 54,800 common shares as a bonus to the holders of notes payable finalized in Q1.

PROPOSED TRANSACTIONS

Subsequent to June 30, 2005:

- a) On July 14, 2005, the Company announced, subject to regulatory approval, that it had reached agreement with eight creditors to settle \$101,633 in debt by the issuance of 677,551 common shares at a deemed price of C\$0.15 per share.
- b) On August 2, 2005, the Company announced, subject to regulatory approval, granted 490,000 stock options to directors, employees and consultants at a price of C\$0.10 per share.
- c) On August 3, 2005, the Company announced, subject to regulatory approval, its intention to complete a non-brokered private placement of up to 5,000,000 units at a price of C\$0.10 per unit, each unit consisting of one common share and one warrant to purchase one additional common share at a price of C\$0.12 for a two year period.

CHANGES IN ACCOUNTING POLICIES

The Company has not changed accounting policies

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. The Company mitigates credit risk through standard credit and reference checks.