

STONEPOINT GLOBAL BRANDS INC.
(formerly StonePoint Group Limited)

CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in United States Dollars)
(Unaudited – Prepared by Management)

MARCH 31, 2006

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

	March 31, 2006	December 31, 2005 (audited)
ASSETS		
Current		
Cash	\$ 583,071	\$ 356,544
Accounts receivable	269,276	207,676
Current portion of note receivable (Note 4)	<u>78,900</u>	<u>190,000</u>
	931,247	754,220
Note receivable (Note 4)	78,898	95,880
Intangible assets (Note 5)	102,354	43,177
Deferred financing costs (Note 5)	-	4,702
Equipment (Note 6)	<u>5,540</u>	<u>2,949</u>
	<u>\$ 1,118,039</u>	<u>\$ 900,928</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	\$ 434,392	\$ 414,209
Notes payable (Note 8)	<u>389,844</u>	<u>390,390</u>
	<u>824,236</u>	<u>804,599</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)		
9,055,386 common shares (December 31, 2005 – 8,555,386 common shares)	6,938,993	6,746,348
Contributed surplus	288,414	288,414
Cumulative translation adjustment	(2,428)	(2,110)
Deficit	<u>(6,931,176)</u>	<u>(6,936,323)</u>
	<u>293,803</u>	<u>96,329</u>
	<u>\$ 1,118,039</u>	<u>\$ 900,928</u>

Nature and continuance of operations (Note 1)

Commitments (Note 10)

Contingencies (Note 11)

Subsequent events (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 MONTHS ENDED MARCH 31

	2006	2005
REVENUES		
Sales	\$ 1,019,610	\$ 519,217
Royalties	<u>30,678</u>	<u>11,268</u>
	1,050,288	530,485
COST OF GOODS SOLD (Schedule)	<u>(748,202)</u>	<u>(403,851)</u>
GROSS PROFIT	302,086	126,634
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (Schedule)	<u>(299,462)</u>	<u>(279,297)</u>
Loss before other items	2,624	(152,663)
OTHER ITEM		
Interest income and renewal fees	<u>2,523</u>	<u>9,625</u>
Income (loss) for the period	<u>\$ 5,147</u>	<u>\$ (143,038)</u>
Basic and diluted loss per common share	<u>\$ 0.00</u>	<u>\$ (0.03)</u>
Weighted average number of common shares outstanding	<u>8,566,497</u>	<u>4,444,588</u>

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 MONTHS ENDED MARCH 31

	2006	2005
COST OF GOODS SOLD		
Purchases and other product costs	\$ 654,877	\$ 357,803
Freight	<u>93,325</u>	<u>46,048</u>
	\$ 748,202	\$ 403,851
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES		
Amortization of deferred financing costs	\$ 4,747	\$ 7,059
Amortization of equipment	425	125
Amortization of intangible assets	30,850	12,500
Bad debts	756	-
Consulting	60,317	72,354
Design and marketing	22,239	12,246
Financing	-	6,531
Foreign exchange	(4,269)	(3,922)
Insurance	5,032	3,085
Interest	18,898	10,324
Investor relations	4,918	-
Office	10,188	11,014
Rent	4,748	3,864
Professional fees	18,417	23,462
Regulatory and filing fees	7,512	3,566
Telephone	5,842	5,471
Travel	30,681	28,756
Wages and benefits	<u>78,161</u>	<u>82,862</u>
	\$ 299,462	\$ 279,297

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STONEPOINT GLOBAL BRANDS INC.
(formerly StonePoint Group Limited)
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in United States dollars)
(Unsaudited – Prepared by Management)
THREE MONTHS ENDED MARCH 31

	2006	2005
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) for the period	\$ 5,147	\$ (143,038)
Items not affecting cash:		
Amortization	36,022	19,684
Interest and fees accrued on note receivable	(2,523)	(9,625)
Bad debts	756	-
Change in non-cash working capital items:		
Accounts receivable	(61,600)	(134,756)
Accounts payable and accrued liabilities	<u>22,106</u>	<u>80,300</u>
Net cash provided by (used in) operating activities	<u>(92)</u>	<u>(187,435)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Intangible assets	(89,854)	-
Purchase of equipment	(3,016)	-
Note receivable	<u>130,604</u>	<u>-</u>
Net cash provided by (used in) investing activities	<u>37,734</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of common shares for cash	192,645	-
Proceeds from notes payable	<u>-</u>	<u>113,477</u>
Net cash provided by financing activities	<u>192,645</u>	<u>113,477</u>
Foreign exchange effect on cash	<u>(3,760)</u>	<u>411</u>
Change in cash	226,527	(73,547)
Cash, beginning of period	<u>356,544</u>	<u>98,595</u>
Cash, end of period	<u>\$ 583,071</u>	<u>\$ 25,048</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
(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, 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	17,755	-	-	-	17,755
Shares issued as settlement of debt	690,998	73,681	-	-	-	73,681
Private placement	3,365,000	286,025	-	-	-	286,025
Stock-based compensation	-	-	77,355	-	-	77,355
Cumulative translation adjustment	-	-	-	(1,978)	-	(1,978)
Loss for the year	-	-	-	-	(591,058)	(591,058)
Balance at December 31, 2005	8,555,386	\$ 6,746,348	\$ 288,414	\$ (2,110)	\$ (6,936,323)	\$ 96,329
Private placement	500,000	192,645	-	-	-	192,645
Cumulative translation adjustment	-	-	-	(318)	-	(318)
Income for the period	-	-	-	-	5,147	5,147
Balance at March 31, 2006	9,055,386	\$ 6,938,993	\$ 288,414	\$ (2,428)	\$ (6,931,176)	\$ 293,803

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)
MARCH 31, 2006

1. NATURE AND CONTINUANCE OF OPERATIONS

StonePoint Global Brands Inc. (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. The Company’s current business is the development, branding and distribution of premium beverage products. Effective June 28, 2005, the Company changed its name from StonePoint Group Limited 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.

These financial statements do not include any adjustments relating to the recoverability and classification of recorded assets and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

	March 31, 2006	December 31, 2005
Working capital (deficiency)	\$ 107,011	\$ (50,379)
Deficit	(6,931,176)	(6,936,323)

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.

STONEPOINT GLOBAL BRANDS INC.
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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MARCH 31, 2006

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. The Company recognizes royalty revenue as earned and collection is reasonably assured.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in United States dollars)
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MARCH 31, 2006

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.

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 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 years presented, this calculation proved to be anti-dilutive.

Basic 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 and expensed over the period of vesting. 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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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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MARCH 31, 2006

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, 2005.

On January 14, 2006, the Company entered into a Debt Settlement Agreement (the “DSA”), subsequently amended, with the borrower whereby the principal of \$300,663 and fees and accrued interest of \$52,867 owing to December 21, 2005 were re-capitalized for \$285,396 (C\$332,727) resulting in a write-down of \$68,134. The terms of the DSA provide for interest at 5% per annum, compounded quarterly, and principal repayments of C\$150,000 due on or before January 22, 2006 (received by March 31, 2006) and semi-annual repayments commencing May 31, 2006 of C\$45,685.

The DSA also provides that the Company will release the borrower from any further obligations under the DSA should all payments comprising the recapitalized amount be made to the satisfaction of the Company. Accordingly, the Company has written down the note to the recapitalized amount, plus accrued interest to December 31, 2005. The note is secured under a security agreement dated January 12, 2006 which provides the Company a security interest in certain assets of the borrower.

The balance at March 31, 2006 includes accrued interest of \$2,523 (December 31, 2005 - \$484). The note has been pledged as security against the notes payable (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 which is being amortized commencing July 1, 2003 on a straight line basis over a 3 year period.

Product development costs

The Company has focused its efforts on the development of a proprietary brand of enhanced water. During the quarter ended March 31, 2006, the Company capitalized \$89,854 (2005 - \$Nil) of costs directly related to the development of products and supporting materials, less a write-down of \$Nil (2005 - \$Nil) to estimated realizable value. These costs have resulted in the Company owning proprietary packaging designs, branding, trademark applications, market data and formulations for a product line that has advanced to the stage where channel partner discussions can occur during Q3 of 2006. The Company expects to commercialize the product in late 2006 or early 2007.

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.

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(Unaudited – Prepared by Management)
MARCH 31, 2006

5. INTANGIBLE ASSETS AND DEFERRED FINANCING COSTS (cont'd...)

	March 31, 2006			December 31, 2005		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Product development costs	\$ 160,539	\$ 70,685	\$ 89,854	\$ 70,685	\$ 52,508	\$ 18,177
Royalty rights	<u>150,000</u>	<u>137,500</u>	<u>12,500</u>	<u>150,000</u>	<u>125,000</u>	<u>25,000</u>
	310,539	208,185	102,354	220,685	177,508	43,177
Deferred financing costs	<u>48,481</u>	<u>48,481</u>	<u>-</u>	<u>48,481</u>	<u>43,779</u>	<u>4,702</u>
	\$ 359,020	\$ 256,666	\$ 102,354	\$ 269,166	\$ 221,287	\$ 47,879

6. EQUIPMENT

	March 31, 2006			December 31, 2005		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Equipment	\$ 615	\$ 534	\$ 81	\$ 616	\$ 530	\$ 86
Computer software	36,511	36,169	342	36,220	36,220	-
Computer hardware	<u>7,054</u>	<u>1,937</u>	<u>5,117</u>	<u>4,386</u>	<u>1,523</u>	<u>2,863</u>
	\$ 44,180	\$ 38,640	\$ 5,540	\$ 41,222	\$ 38,273	\$ 2,949

7. RELATED PARTY TRANSACTIONS

The Company entered into the following transactions with related parties:

- a) Paid or accrued wages and benefits of \$48,293 (2005 - \$65,117) to directors and officers of the Company.
- b) Paid or accrued consulting fees of \$11,495 (2004 - \$11,123) to companies controlled by two directors of the Company.

STONEPOINT GLOBAL BRANDS INC.
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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MARCH 31, 2006

7. RELATED PARTY TRANSACTIONS (cont'd...)

Included in accounts payable was \$606 (December 31, 2005 - \$1,235) owing to directors of the Company.

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, 2005, the Company issued additional notes totalling \$259,209 (C\$315,000) under the same terms and conditions, repaid a US\$25,000 note and issued 54,800 common shares as a bonus to those note holders valued at \$17,755. No additional notes were issued during the current period.

9. CAPITAL STOCK

Authorized

Unlimited number of voting common shares.

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.

Share consolidation

Effective June 28, 2005, of the Company consolidated its issued and outstanding share capital on a 10:1 basis. All share and per share amounts have been restated to reflect the consolidation.

Issuances

During the period ended March 31, 2006, the Company issued 500,000 common shares as the first tranche of a private placement at a price of C\$0.45 per share for gross proceeds of \$192,645 (C\$225,000).

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 \$286,025 (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. The expiry date of 3,165,000 and 200,000 of the warrants is October 18, 2007 and November 18, 2007 respectively. The Company also issued 690,998 shares valued at \$73,681 in settlement of accounts payable totalling \$84,988 (C\$103,650) resulting in a gain on settlement of debt of \$11,307, and 54,800 bonus shares valued at \$17,755 relating to additional notes payable issued during the year (Note 8).

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MARCH 31, 2006

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

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 and have a maximum term of 5 years. Options granted either vest immediately or are subject to certain vesting requirements as determined by the Board of Directors.

During the year ended December 31, 2005, the Company granted 490,000 stock options at a price C\$0.10 per share expiring August 2, 2010 and 307,000 stock options at a price of C\$0.12 expiring November 10, 2010. There were no options granted during the current period.

Stock option transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Balance, December 31, 2004	-	-
Options granted	<u>797,000</u>	0.11
Balance, December 31, 2005 and March 31, 2006	797,000	C\$ 0.11

Warrants

At March 31, 2006 there were 3,165,000 warrants outstanding to purchase common shares at a price of C\$0.12 until October 18, 2007 and 200,000 warrants outstanding to purchase common shares at a price of C\$0.12 until November 18, 2007.

Stock-based compensation

During the year ended December 31, 2005, the Company granted 797,000 (2004 – Nil) stock options with a weighted average fair value of \$0.10 (2004 - \$Nil) per option. The options vested on the date of grant. Accordingly, using the Black-Scholes option pricing model, the stock options are recorded at fair value of \$77,355 (2004 - \$Nil) in the statement of operations. The amount was also recorded as contributed surplus on the balance sheet.

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 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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 MARCH 31, 2006

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

Stock-based compensation (cont'd...)

The following assumptions were used for the Black-Scholes valuation of stock options granted:

	Weighted Average 2005	2004
Risk-free interest rate	3.59%	-
Expected life of options	5 years	-
Annualized volatility	206.11%	-
Dividend rate	0.00%	-

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:

2006	\$ 13,600
2007	13,600
2008	13,600
2009	13,600
2010	<u>13,600</u>
	<u>\$ 68,000</u>

Pursuant to the acquisition of royalty rights (Note 5), the Company agreed to pay a rebate to its principal customer in the amount of \$500,000, subject to adequate future shipments of product. As at March 31, 2006, the full amount of this obligation has been paid.

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. No provision for this claim has been made at December 31, 2005.

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% (2005 - 96%) of revenues from continuing operations and 81% (2005 - 71%) of accounts receivable. The agreement with this customer was extended through 2013.

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MARCH 31, 2006

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:

	2006	2005
<i>Period ended March 31:</i>		
Sales and royalties during the period:		
Canada (including royalties)	\$ 32,657	\$ 14,072
Japan	1,017,631	516,413
United States	-	-
	<u>\$ 1,050,288</u>	<u>\$ 530,485</u>
<i>As at March 31:</i>		
Capital assets:		
Canada	\$ 107,894	\$ 50,828
Japan	-	-
United States	-	-
	<u>\$ 107,894</u>	<u>\$ 50,828</u>

14. INCOME TAXES

The reconciliation of income taxes at statutory rates is as follows for the period ended March 31:

	2006	2005
Income (loss) for the period	\$ 5,147	\$ (143,038)
Expected income tax (recovery)	\$ 1,756	\$ (50,900)
Non-deductible items	12,291	7,000
Unrecognized benefit (utilization) of non-capital losses	<u>(14,047)</u>	<u>43,900</u>
Income tax expense (current)	<u>\$ -</u>	<u>\$ -</u>

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MARCH 31, 2006

14. INCOME TAXES (cont'd ...)

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

	March 31, 2006	December 31, 2005
Loss carryforwards		
Canadian non-capital losses	\$ 717,000	\$ 717,000
Finance costs	20,000	20,000
United States net operating losses	<u>52,000</u>	<u>32,000</u>
Total loss carryforwards	789,000	769,000
Less: valuation allowance	<u>(789,000)</u>	<u>(769,000)</u>
	\$ -	\$ -

The Company has available for deduction against future taxable income non-capital losses of approximately \$1,935,000. Canadian losses, if not utilized, will expire through to 2015. Future tax benefits which may arise as a result of these non-capital losses and other tax assets have not been recognized in these financial statements and have been offset by a valuation allowance.

15. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

	2006	2005
Cash paid during the year for interest	\$ 18,898	\$ 10,324
Cash paid during the year for income taxes	\$ -	\$ -

During the year ended December 31, 2005, the Company issued 54,800 common shares as a bonus for notes payable issued valued at \$17,755, and 690,998 shares were issued in settlement of debts valued at \$73,681.

16. FINANCIAL INSTRUMENTS

The Company's financial instruments consists of cash, 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.

STONEPOINT GLOBAL BRANDS INC.
(formerly StonePoint Group Limited)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in United States dollars)
(Unaudited – Prepared by Management)
MARCH 31, 2006

16. FINANCIAL INSTRUMENTS (cont'd...)

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 March 31, 2006, the Company:

- a) announced, subject to regulatory approval and applicable finders' fees, the closing of a brokered private placement of 1,217,211 shares at a price of C\$0.45 per share for gross proceeds of C\$547,745 (including the first tranche of \$192,645 (C\$225,000) which closed during the period).
- b) on April 21, 2006, granted stock options for 50,000 shares with an exercise price of C\$0.50 for a period of 18 months, and on May 1, 2006, granted stock options for 150,000 shares at a price of C\$0.60, also for a period of 18 months.

May 30, 2006

MANAGEMENT DISCUSSION AND ANALYSIS

To the Shareholders of StonePoint Global Brands Inc.:

OVERALL PERFORMANCE

- Sales for the period ended March 31, 2006 represent an 81.8% increase over 2005 in case volume and 96.4% in dollar value. This improvement results in the largest quarterly sales volume since the commencement of the Company's oxygenated water sales to Japan in 2003.
- The Company's exports 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.
- In addition to marketing its own brands and technology, the Company's success has attracted many third party brand opportunities. The Company is utilizing its experience and contacts to assist other companies with their global expansion.

SELECTED FINANCIAL INFORMATION

	March 31, 2006	December 31, 2005	December 31, 2004	December 31, 2003
All figures in U.S Dollars	<u>Three months</u>	<u>Annual</u>	<u>Annual</u>	<u>Annual</u>
<i>(Selected items only)</i>				
Sales	\$ 1,019,610	\$ 3,141,945	\$ 2,632,613	\$ 859,575
Cost of sales	<u>748,202</u>	<u>2,351,845</u>	<u>1,907,183</u>	<u>574,926</u>
Gross profit	271,408	790,100	725,430	284,649
Gross profit %	26.6%	25.1%	27.5%	33.1%
Royalties	30,678	88,938	2,588	-
Selling, general and administrative expenses	299,462	1,447,712	771,802	797,984
Other items:				
Interest and renewal fee income (note receivable)	2,523	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	5,147	(572,150)	(46,120)	(502,835)
Gain on sale of discontinued operations	-	-	-	5,846,550
Income (loss) from discontinued operations	-	-	(189,620)	(2,136,860)
Income taxes	-	(18,908)	-	-
Income (loss) for the period	\$ 5,147	\$ (591,058)	\$ (235,740)	\$ 3,206,855
Income (loss) per share from discontinued operations	\$ (0.00)	\$ (0.00)	\$ (0.04)	\$ 0.08
Income (loss) per share	\$ 0.00	\$ (0.11)	\$ (0.05)	\$ 0.07

STONEPOINT GLOBAL BRANDS INC.
(Formerly StonePoint Group Limited)
FORM 51-102F1 – MANAGEMENT DISCUSSION & ANALYSIS
MARCH 31, 2006

The table above presents the Company's results of operations for each of its last three fiscal years, and the most recent period.

All figures in U.S. Dollars	March 31, 2006	December 31, 2005	December 31, 2004	December 31, 2003
<i>Balance sheet data:</i>				
Assets				
Cash and equivalents	\$ 583,071	\$ 356,544	98,595	\$ 189,487
Receivables	269,276	207,676	149,549	64,744
Note receivable – current portion	78,900	190,000	381,500	360,500
Assets held for resale	78,898	95,880	-	-
Intangible assets, royalty rights, deferred financing costs	102,354	47,879	159,716	125,000
Equipment	5,540	2,949	1,018	43,195
Liabilities / equity				
Notes payable	389,844	390,390	143,578	-
Other current liabilities	434,392	414,209	412,251	335,441
Shareholders' equity (deficiency)	293,803	96,329	234,549	447,515
Working capital (deficiency)	\$ 107,011	\$ (50,379)	73,815	\$ 279,320
Average shares outstanding	8,566,497	5,424,436	4,398,539	4,375,418

The above balance sheet data shows a return to a positive working capital position, due to a return to equity financing instead of the exclusive use of debt instruments. Since the Company's capital re-organization, equity financing has raised C\$336,500 in Q4 of fiscal 2005, together with C\$225,000 in the current quarter and an additional C\$322,745 announced subsequent to March 31, 2006.

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 \$1,019,610 for the current period, compared with \$530,485 for 2005. The period over period increase is due to an increased case volume (81.8%) and a price increase in Q3 of 2005. Gross profit on sales was 26.6 % (2005 – 25.1%), which increased over the 2005 annual percentage due to the expiry of the customer rebate (note 10 to unaudited financial statements) in Q3 of 2005.

We have deferred \$89,354 of additional product development costs and supporting materials, where we anticipate revenues to begin in Q4 of 2006 or Q1 of 2007. Amortization of these deferred costs will commence at that time. Amortization of previously deferred costs amounted to \$35,597 for the period (2005 - \$19,559).

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.

STONEPOINT GLOBAL BRANDS INC.
(Formerly StonePoint Group Limited)
FORM 51-102F1 – MANAGEMENT DISCUSSION & ANALYSIS
MARCH 31, 2006

SG&A expense for the period (\$299,462) is slightly higher than the comparable 2005 period (\$279,297) as a result of:

- Consulting expense was lower than normal due to the effect of capitalizing a portion of those expenses to deferred product development costs.
- Design and marketing was higher due to a continued focus on strategic planning; and the engagement of design and marketing consultants;
- Increased amortization of intangibles and deferred financing costs
- Increased interest expense due to additional notes payable

Interest income on the note receivable was lower due to repayments made by the borrower. The note has been pledged as security against the notes payable.

QUARTERLY FINANCIAL INFORMATION

<i>Selected data only:</i>	March, 2006	December, 2005	September, 2005	June, 2005
Sales and royalties	\$ 1,050,288	\$ 776,875	997,866	880,769
Gross profit	302,086	255,803	269,164	227,437
Gross profit % (excluding royalties)	26.6%	25.1%	26.0%	25.8%
SG&A expense	299,462	498,064	344,093	326,258
Net income (loss)	\$ 5,147	\$ (270,957)	(117,503)	(59,560)
Per common share	\$ (0.00)	\$ (0.05)	(0.02)	(0.01)

	March, 2005	December, 2004	September, 2004	June, 2004
Sales	\$ 530,485	\$ 1,016,156	828,374	416,029
Gross profit	126,634	238,054	218,953	131,708
Gross profit %	26.0%	23.4%	26.4%	31.6%
SG&A expense	279,297	281,452	151,754	170,215
<i>Net continuing operations</i>	<i>(143,038)</i>	<i>(70,575)</i>	<i>81,540</i>	<i>(33,257)</i>
Discontinued operations	-	(149,997)	(25,496)	(23,300)
Net income (loss)	\$ (143,038)	\$ (220,572)	56,044	(56,557)
Per common share – discontinued operations	\$ (0.00)	(0.03)	(0.01)	(0.00)
Per common share	\$ (0.01)	\$ (0.05)	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.

Sales for the quarter ended March 31, 2006 represent an 81.8% increase over 2005 in case volume and 96.4% in dollar value. 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 remained stable on a comparative basis, after allowing for the deferral of certain product development costs.

LIQUIDITY

Following the completion of the divestiture of its bottled water businesses in September, 2003, the Company has again returned to a positive working capital position. 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 a further \$192,645 (C\$225,000) in the current period.

	March 31, 2006	December 31, 2005	December 31, 2004	December 31, 2003
Working capital (deficiency)	\$ 107,011	\$ (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, volume has trended upward for the first quarter of 2006. 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 March 31, 2006 is a note receivable of \$157,798 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\$150,000 in Q1 of 2006. 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. During the period ended March 31, 2006, the Company issued 500,000 common shares as the first tranche of a private placement at a price of C\$0.45 per share for gross proceeds of \$192,645 (C\$225,000). (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>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
	First Quarter	Annual	Annual	Annual
<i>For the period:</i>				
Wages and benefits (James Borkowski and Aubrey Ryals)	\$ 48,293	\$ 195,197	\$ 159,121	\$ 290,202
Consulting fees (Frank Port and Michael Kinley)	11,495	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)	606	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. 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 March 31, 2006, the Company:

- Announced, subject to regulatory approval and applicable finders' fees, the closing of a brokered private placement of 1,217,211 shares at a price of C\$0.45 per share for gross proceeds of C\$547,745 (including the first tranche of \$192,645 (C\$225,000) which closed during the period).
- On April 21, 2006, granted stock options for 50,000 shares with an exercise price of C\$0.50 for a period of 18 months, and on May 1, 2006, granted stock options for 150,000 shares at a price of C\$0.60, also for a period of 18 months.

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 period ended March 31, 2006, 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.