

**STONEPOINT GLOBAL BRANDS INC.**

**CONSOLIDATED FINANCIAL STATEMENTS**  
**(Expressed in United States Dollars)**

**(Unaudited – Prepared by Management)**

**September 30, 2008**

**CONSOLIDATED BALANCE SHEETS**

**CONSOLIDATED STATEMENTS OF OPERATIONS**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

**CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY (DEFICIENCY)**

## **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.

(Unaudited – Prepared by Management)

	September 30, 2008	December 31, 2007
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 446,512	\$ 525,050
Accounts receivable	105,435	243,607
Inventory	108,952	92,733
Prepaid expenses	21,895	52,003
Current portion of notes receivable (Note 4)	176,744	300,245
	<u>859,628</u>	1,213,638
Notes receivable (Note 4)	-	154,237
Property and equipment (Note 5)	299,629	366,027
	<u>\$ 1,159,237</u>	<u>\$ 1,733,902</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 138,952	\$ 369,773
Notes payable – short term (Note 7)	547,972	550,805
	<u>686,924</u>	920,578
Notes payable – long term (Note 7)	2,320,142	1,455,391
	<u>3,007,066</u>	2,375,969
<b>Shareholders' equity (deficiency)</b>		
Share capital (Note 8)	8,789,185	8,741,301
Contributed surplus	656,326	637,452
Equity component of convertible notes	55,767	39,010
Accumulated other comprehensive loss	(58,854)	(73,196)
Deficit	(11,290,252)	(9,986,634)
	<u>(1,847,829)</u>	(642,067)
	<u>\$ 1,159,237</u>	<u>\$ 1,733,902</u>

**Nature and continuance of operations** (Note 1)

**Commitments** (Note 9)

**Contingencies** (Note 10)

**On behalf of the Board:**

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

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

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

	<b>Three Month Period Ended September 30, 2008</b>	Three Month Period Ended September 30, 2007	<b>Nine Month Period Ended September 30, 2008</b>	Nine Month Period Ended September 30, 2007
<b>REVENUES</b>				
Sales	\$ 996,538	\$ 1,350,895	\$ 2,420,958	\$ 5,015,869
Royalties	-	22,188	-	37,101
	<b>996,538</b>	1,373,083	<b>2,420,958</b>	5,052,970
<b>COST OF GOODS SOLD</b> (Schedule)	<b>(738,808)</b>	<b>(1,025,743)</b>	<b>(1,842,725)</b>	<b>(3,366,371)</b>
<b>GROSS PROFIT</b>	<b>257,730</b>	347,340	<b>578,233</b>	1,686,599
<b>SELLING, GENERAL AND ADMINISTRATIVE EXPENSES</b> (Schedule)	<b>(581,939)</b>	<b>(954,406)</b>	<b>(2,002,387)</b>	<b>(2,703,641)</b>
<b>Income (loss) before other item</b>	<b>(324,308)</b>	(607,066)	<b>(1,424,154)</b>	(1,017,042)
<b>OTHER ITEM</b>				
Retroactive raw material price increase	-	-	<b>(22,142)</b>	-
Inventory obsolescence	<b>(18,109)</b>	-	<b>(19,930)</b>	-
Gain from write off of historical trade payable balances	-	-	<b>162,607</b>	-
<b>Income (loss) before income taxes</b>	<b>(342,317)</b>	(607,066)	<b>(1,303,618)</b>	(1,017,042)
Income tax expenses	-	-	-	-
<b>Income (loss) for the period</b>	<b>\$ (342,317)</b>	\$ (607,066)	<b>\$ (1,303,618)</b>	\$ (1,017,042)
<b>Basic loss per common share</b>	<b>\$ (0.02)</b>	\$ (0.04)	<b>\$ (0.09)</b>	\$ (0.08)
<b>Weighted average number of common shares outstanding - basic</b>	<b>15,087,392</b>	13,512,031	<b>15,054,507</b>	13,425,236
<b>Weighted average number of common shares outstanding - diluted</b>	<b>N/A</b>	N/A	<b>N/A</b>	N/A

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

	<b>Three Month Period Ended September 30, 2008</b>	Three Month Period Ended September 30, 2007	<b>Nine Month Period Ended September 30, 2008</b>	Nine Month Period Ended September 30, 2007
<b>COST OF GOODS SOLD</b>				
Purchases and other product costs	\$ 609,413	\$ 922,167	\$ 1,577,525	\$ 3,093,176
Freight	<b>129,395</b>	103,576	<b>265,199</b>	272,655
	<b>\$ 738,808</b>	\$ 1,025,743	<b>\$ 1,842,725</b>	\$ 3,366,371
<b>SELLING, GENERAL AND ADMINISTRATIVE EXPENSES</b>				
Accretion interest cost	\$ 17,535	\$ -	\$ 55,590	\$ -
Amortization of equipment	<b>20,834</b>	10,231	<b>63,728</b>	51,583
Amortization of intangible assets	-	32,888	-	89,169
Bad debts	-	4,055	-	4,705
Consulting	<b>9,064</b>	199,170	<b>122,547</b>	682,829
Design and marketing	<b>(14,337)</b>	136,989	<b>40,457</b>	444,684
Foreign exchange	<b>3,201</b>	7,714	<b>19,955</b>	32,122
Interest paid on debentures	<b>59,122</b>	51,867	<b>209,280</b>	125,661
Investor relations	<b>10,584</b>	(406)	<b>10,811</b>	4,959
Repair and maintenance	<b>6,977</b>	9,722	<b>28,559</b>	16,822
Office	<b>43,646</b>	24,663	<b>160,790</b>	143,911
Professional fees	<b>6,892</b>	46,252	<b>99,603</b>	102,729
Regulatory and filing fees	<b>23,555</b>	4,093	<b>44,075</b>	22,039
Rent	<b>38,236</b>	30,639	<b>59,679</b>	71,652
Bank charges and interest	<b>3,649</b>	5,406	<b>10,011</b>	16,490
Travel	<b>44,093</b>	60,185	<b>109,692</b>	191,892
Wages and benefits (Note 8)	<b>308,888</b>	330,938	<b>967,610</b>	702,394
	<b>\$ 581,939</b>	\$ 954,406	<b>\$ 2,002,387</b>	\$ 2,703,641

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

	<b>Three Month Period Ended September 30, 2008</b>	Three Month Period Ended September 30, 2007	<b>Nine Month Period Ended September 30, 2008</b>	Nine Month Period Ended September 30, 2007
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Loss for the period	\$ (342,317)	\$ (607,066)	\$ (1,303,618)	\$ (1,017,042)
Items not affecting cash:				
Retroactive raw material price increase	-	-	22,142	-
Amortization	20,834	43,118	63,728	140,752
Stock based compensation	-	-	-	141,120
Accretion interest	17,535	-	55,590	-
Inventory obsolescence	18,109	-	19,930	-
Bad debt	-	4,055	-	4,705
Stock-based compensation	39,322	-	39,322	-
Repayment in kind of notes receivable	25,226	-	-	-
Gain from removal of historical trades payables	-	-	(162,607)	-
Change in non-cash working capital items:				
Accounts receivable	(68,576)	454,679	132,148	(41,206)
Subscriptions receivable	-	-	-	5,047
Inventory	2,494	320	(76,879)	(41,568)
Prepaid expenses	4,209	(4,932)	69,723	46,376
Accounts payable and accrued liabilities	(58,828)	(168,657)	(65,076)	(227,417)
Net cash used in operating activities	<u>(341,992)</u>	<u>278,483</u>	<u>(1,205,599)</u>	<u>(989,324)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Intangible assets	-	79,604	-	(135,835)
Purchase of equipment	-	(44,994)	(11,376)	(153,781)
Repayment of notes receivable	40,661	300	228,710	145,796
Note receivable	-	43,664	-	(25,609)
Net cash provided by (used in) investing activities	<u>40,661</u>	<u>(81,234)</u>	<u>217,334</u>	<u>(168,889)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Issuance of common shares for cash	21,174	-	26,551	23,520
Proceeds from notes payable, net	233,061	767,184	911,481	1,234,554
Repayment of notes payable	-	5	-	(13,815)
Net cash provided by financing activities	<u>254,235</u>	<u>767,169</u>	<u>938,032</u>	<u>1,244,259</u>
Foreign exchange effect on cash	<u>(29,182)</u>	<u>107,289</u>	<u>(28,304)</u>	<u>(51,127)</u>
Increase (decrease) in cash	<u>(47,096)</u>	<u>514,761</u>	<u>(50,233)</u>	<u>137,714</u>
Cash, beginning of period	<u>522,790</u>	<u>689,104</u>	<u>525,049</u>	<u>356,544</u>
Cash, end of period	<u>\$ 446,512</u>	<u>\$ 1,203,865</u>	<u>\$ 446,512</u>	<u>\$ 1,203,865</u>

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

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

	Number of Shares Issued	Capital Stock Amount	Contributed Surplus	Equity Component of Convertible Notes	Accumulated Other Comprehensive Income	Deficit	Total
Balance at December 31, 2006	13,277,031	\$8,520,395	\$ 501,633	\$ -	\$ (2,129)	\$(8,170,271)	\$ 849,628
Private placements	-	-	-	-	-	-	-
Exercise of stock options	45,000	4,294	-	-	-	-	4,294
Bonus shares	10,000	8,306	-	-	-	-	8,306
Exercise of warrants	1,680,000	203,005	-	-	-	-	203,005
Stock-based compensation	-	5,301	135,819	-	-	-	141,120
Currency translation adjustment	-	-	-	-	(71,067)	-	(71,067)
Convertibility option of debentures	-	-	-	39,010	-	-	39,010
Loss for the year	-	-	-	-	-	(1,816,363)	(1,816,393)
Balance at December 31, 2007	15,012,031	\$8,741,301	\$ 637,452	\$ 39,010	\$ (73,196)	\$(9,986,634)	\$ (642,067)
Exercise of stock options	173,396	47,884	(20,448)	-	-	-	27,346
Exercise of warrants	-	-	-	-	-	-	-
Shares issued as bonus for note holders	-	-	-	-	-	-	-
Stock-based compensation	-	-	39,322	-	-	-	39,322
Currency translation adjustment	-	-	-	-	14,342	-	14,342
Convertibility option of debentures	-	-	-	16,757	-	-	16,757
Loss for the year	-	-	-	-	-	(1,303,618)	(1,303,618)
Balance at September 30, 2008	15,185,427	\$8,789,185	\$ 656,326	\$ 55,767	\$ (58,854)	\$(11,290,252)	\$(1,847,829)

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

**STONEPOINT GLOBAL BRANDS INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
(Expressed in United States dollars)  
(Unaudited – Prepared by Management)

SEPTEMBER 30, 2008

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**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 currently operates in two business segments: (a) the development, branding and distribution of premium beverage products, and (b) a hospitality guest room marketing business.

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 Company has incurred significant operating losses, has a shareholders' deficiency and its continuing operations 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.

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	<b>September 30, 2008</b>	December 31, 2007
Working capital	\$ 172,704	\$ 293,060
Deficit	<b>(11,290,252)</b>	(9,986,634)

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**2. SIGNIFICANT ACCOUNTING POLICIES**

**Basis of presentation**

These unaudited consolidated financial statements have been prepared by management in U.S. dollars, unless otherwise stated, in accordance with generally accepted accounting principles in Canada ("Canadian GAAP") for interim financial statements.

Certain information and note disclosures normally included in the annual consolidated financial statements prepared in accordance with Canadian GAAP have been condensed or excluded. As a result, these unaudited interim consolidated financial statements do not contain all disclosures required for annual financial statements and should be read in conjunction with the Company's audited consolidated financial statements and notes thereto for the year ended December 31, 2007.

All material adjustments which, in the opinion of management, are necessary for fair presentation of the results of the interim periods have been reflected in these financial statements. The results of operations for the nine months ended September 30, 2008 are not necessarily indicative of the results to be expected for the full year.

These unaudited interim consolidated financial statements are prepared following accounting policies consistent with the Company's audited consolidated financial statements and notes thereto for the year ended December 31, 2007, except for the changes noted under the "Adoption of New Accounting Policies" section below.

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

**2. SIGNIFICANT ACCOUNTING POLICIES**

**Accounting Standards Issued but not yet Adopted**

**i) Goodwill and Intangible Assets**

The CICA Accounting Standards Board (the "AcSB") issued CICA Handbook Section 3064 which replaces Section 3062, Goodwill and Other Intangible Assets, and Section 3450, Research and Development Costs. The new standard establishes standards for the recognition, measurement and disclosure of goodwill and intangible

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assets, including those developed internally. At the same time the CICA accounting standards board amended section 1000, Financial Statement Concepts, to clarify the criteria for recognition of an asset. Therefore items that no longer meet the definition of an asset are no longer recognized with assets. The new standard and amended standard are both effective for annual and interim periods beginning on or after October 1, 2008. The Company is currently evaluating the impact of these sections on its results of operation and financial position.

**ii) International Financial Reporting Standards (“IFRS”)**

In 2006, Canada’s Accounting Standards Board (AcSB) ratified a strategic plan that will result in the convergence of Canadian GAAP, as used by public companies, with IFRS over a transitional period. The AcSB has developed and published a detailed implementation plan, with a changeover date for fiscal years beginning on or after January 1, 2011. This initiative is in its early stages as of the date on these annual consolidated financial statements. Accordingly, it would be premature to assess the impact of the initiative on the Company at this time.

**3. ADOPTION OF NEW ACCOUNTING POLICIES**

Effective January 1, 2007, the Company adopted the following new accounting standards issued by the Canadian Institute of Chartered Accountants (“CICA”) relating to financial instruments. These new standards have been adopted on a prospective basis with no restatement to prior period financial statements.

**i) Financial Instruments – Recognition and Measurement (Section 3855)**

This standard sets out criteria for the recognition and measurement of financial instruments for fiscal years beginning on or after October 1, 2006. This standard requires all financial instruments within its scope, including derivatives, to be included on a Company’s balance sheet and measured either at fair value or, in certain circumstances when fair value may not be considered most relevant, at cost or amortized cost. Changes in fair value are to be recognized in the statements of operations and comprehensive income.

All financial assets and liabilities are recognized when the entity becomes a party to the contract creating the item. As such, any of the Company’s outstanding financial assets and liabilities at the effective date of adoption are recognized and measured in accordance with the new requirements as if these requirements had always been in effect. Any changes to the fair values of assets and liabilities prior to January 1, 2007 are recognized by adjusting opening deficit or opening accumulated other comprehensive income.

All financial instruments are classified into one of the following five categories: held for trading, held-to-maturity, loans and receivables, available-for-sale financial assets, or other financial liabilities. Initial and subsequent measurement and recognition of changes in the value of financial instruments depends on their initial classification.

**3. ADOPTION OF NEW ACCOUNTING POLICIES (continued)**

**ii) Comprehensive Income (Section 1530)**

Comprehensive income is the change in shareholders’ equity during a period from transactions and other events from non-owner sources. This standard requires certain gains and losses that would otherwise be recorded as part of the net earnings to be presented in “other comprehensive income” until it is considered appropriate to recognize into net earnings. This standard requires the presentation of comprehensive income, and its components in a separate financial statement that is displayed with the same prominence as the other financial statements.

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Accordingly, the Company now reports comprehensive income (loss) in the statement of operations and includes the account “accumulated other comprehensive income” in the shareholders’ equity section of the consolidated balance sheet.

**iii) Accounting Changes (Section 1506)**

The main features of this new standard are (a) voluntary changes in accounting policy are made only if they result in the financial statements providing reliable and more relevant information; (b) changes in accounting policy are applied retrospectively unless doing so is impracticable (as defined in the section); (c) prior period errors are corrected retrospectively; and (d) new disclosures are required in respect of changes in accounting policies, changes in accounting estimates and correction of errors.

Effective January 1, 2008, the Company adopted the following new accounting standards issued by the Canadian Institute of Chartered Accountants (“CICA”) relating to financial instruments. These new standards have been adopted on a prospective basis with no restatement to prior period financial statements.

**i) Financial Instruments – Disclosure (Section 3862)**

The standard requires entities to provide disclosures in their financial statements that enable users to evaluate (a) the significance of financial instruments for the entity's financial position and performance; and (b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the balance sheet date, and how the entity manages those risks. The principles in this section complement the principles for recognizing, measuring and presenting financial assets and financial liabilities in Section 3855, *Financial Instruments – Recognition and Measurement*, Section 3863, *Financial Instruments – Presentation*, and Section 3865, *Hedges*.

**ii) Financial Instruments – Presentation (Section 3863)**

The standard enhances financial statement users' understanding of the significance of financial instruments to an entity's financial position, performance and cash flows. This section establishes standards for presentation of financial instruments and non-financial derivatives. It deals with the classification of financial instruments, from the perspective of the issuer, between liabilities and equity, the classification of related interest, dividends, losses and gains, and the circumstances in which financial assets and financial liabilities are offset.

**3. ADOPTION OF NEW ACCOUNTING POLICIES (continued)**

**iii) Inventories (Section 3031)**

The standard establishes new standards for the measurement and disclosure of inventories and provides expanded guidance on the measurement and disclosure requirements for inventories. Specifically, the new standard requires that inventories be measured at the lower of cost and net realizable value, and provides more guidance on the determination of cost and its subsequent recognition as expense, including any write-down to net realizable value. There was no impact to the Company's financial results from adopting this standard.

**iv) Capital Disclosures**

The AcSB issued CICA Handbook Section 1535, which establishes standards for disclosing information about an entity's capital and how it is managed. The new standard is effective for annual and interim periods

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beginning on or after October 1, 2007 and requires disclosure of the Company's objectives, policies, and processes for managing capital; quantitative data about what the Company regards as capital; whether the Company has complied with any capital requirements; and, if the Company has not complied, the consequences of such non-compliance. The new accounting standard covers disclosure only and will have no effect on the financial results of the Company.

v) **Assessing Going Concern**

The CICA accounting standards board amended section 1400 to include requirements for management to assess and disclose an entity's ability to continue as a going concern.

**4. NOTES RECEIVABLE**

	<b>September 30, 2008</b>	December 31, 2007
Balance, beginning (C\$)	\$ 450,110	\$ 568,170
Advances	-	27,891
Accrued interest	-	-
Cash repayments	<b>(237,349)</b>	(129,785)
Non cash repayment in kind	<b>(24,316)</b>	(40,592)
Write-down to net realizable value	-	(21,053)
Foreign exchange effect	<b>(11,701)</b>	49,851
Balance, ending	<b>176,744</b>	454,482
Less current portion	<b>(176,744)</b>	(300,245)
Balance, long term portion	\$ -	\$ 154,237

**4. NOTES RECEIVABLE (continued)**

**a) Credit facility promissory notes:**

The Company provided a credit facility of up to C\$600,000 to a supplier. During fiscal 2006, the Company advanced \$542,547 (C\$568,170) through the issuance of promissory notes. Further advances of \$27,638 (C\$ 27,891) were made during the year ended December 31, 2007.

All advances are secured by equipment and other collateral held by the supplier and are repayable on a monthly basis based upon production volumes at the supplier's facilities. The underlying agreements contemplate a term of three years, subject to product volume limits and other requirements, and would be payable on demand in the event of early termination by the supplier with interest accruing at 10% per annum from time of default. Cash repayments during the year ended 2007 totalled \$129,785 and non-cash repayments included product valued at \$24,529 and the settlement of accounts payable of \$16,063. At December 31, 2007, the Company and the supplier have agreed to an adjusted value of the remaining balance outstanding of \$454,482, resulting in a write-down of \$21,053.

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During the 9 month ended September 30, 2008, the Company received \$228,710 in cash repayments; no additional advances were made to the supplier. Repayments estimated under the terms of the credit facility amount to \$176,744 for the next twelve months.

**5. PROPERTY AND EQUIPMENT**

	<b>September 30, 2008</b>			<b>December 31, 2007</b>		
	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>Net Book Value</b>	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>Net Book Value</b>
Equipment	\$ 303,831	\$ 91,067	\$ 212,764	\$ 318,083	\$ 56,032	\$ 262,051
Furniture	43,914	12,506	31,408	45,488	7,243	38,245
Leasehold improvements	41,166	18,719	22,447	42,645	11,433	31,212
Software	11,374	4,265	7,109	-	-	-
Computer	45,304	19,424	25,881	89,489	54,970	34,519
	<b>\$ 445,590</b>	<b>\$ 145,981</b>	<b>\$ 299,609</b>	<b>\$ 495,705</b>	<b>\$ 129,678</b>	<b>\$ 366,027</b>

**6. RELATED PARTY TRANSACTIONS**

Included in accounts payable was \$Nil (December 31, 2007 - \$21,399) owing to officers and a consultant of the Company.

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

**7. NOTES PAYABLE**

	<b>September 30, 2008</b>	<b>December 31, 2007</b>
\$526,126 (C\$546,000) notes payable, unsecured, bearing interest at 12% per annum and due on August 15, 2009.	<b>\$ 526,126</b>	\$ 550,805
\$578,160 (C\$600,000) notes payable, unsecured, bearing interest at 12% per annum and due on March 22, 2010.	<b>578,160</b>	605,280
\$191,432 (C\$195,000) notes payable, unsecured, bearing interest at 12% per annum and due on August 31, 2010.	<b>187,902</b>	196,716
\$775,698 (C\$805,000) notes payable, unsecured, bearing interest at 10% per annum and due three years from the date of issuance, convertible into common shares of the Company at a price of \$1.40 per share, if converted in the		

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first two years of the term and at a price of \$1.60 per share if converted in the third year of the term ending August 31, 2010.	<b>775,698</b>	812,084
\$348,823 (C\$362,000) notes payable, unsecured, bearing interest at 10% per annum and due three years from the date of issuance on January 17, 2011 and is convertible into common shares of the Company at a price of \$0.80 per share.	<b>348,823</b>	-
\$245,236 (C\$254,500) notes payable, unsecured, bearing interest at 12% per annum due three years from date of issuance on August 14, 2011.	<b>245,236</b>	-
\$383,513 (C\$398,000) notes payable, unsecured, bearing interest at 12% per annum due three years from date of issuance on April 25, 2011.	<b>383,513</b>	-
	<hr/>	<hr/>
Face value of notes payable issued	<b>3,045,458</b>	2,164,885
Deferred financing costs, net	<b>(121,578)</b>	(123,835)
Unamortized equity component	<b>(55,766)</b>	(34,854)
	<hr/>	<hr/>
Book value of notes payable	<b>2,868,114</b>	2,006,196
Current portion of notes payable	<b>(547,972)</b>	(550,805)
	<hr/>	<hr/>
Long term portion of notes payable	<b>\$ 2,320,142</b>	\$ 1,455,391

**Bonus shares**

During the year ended December 31, 2007, the Company issued 10,000 common shares as a bonus to note holders valued at \$8,306 (C\$9,700) in completion of a 2006 obligation. The cost associated with the bonus share issuance was considered a period cost during fiscal 2006.

**7. NOTES PAYABLE (continued)**

On the issuance of, convertible debt during fiscal 2007, the value attributed to the convertible feature was \$39,010 which will be accreted to the related debt with a corresponding charge to interest over the term of the note.

On the issuance of, additional convertible debt during nine months ended September 30, 2008, the value attributed to the convertible feature was \$16,756 which will be accreted to the related debt with a corresponding charge to interest over the term of the note.

Schedule of repayments (Note 9 (c)).

**8. SHARE CAPITAL**

**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.

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**Issuances**

During the year ended December 31, 2007, 1,680,000 warrants at a price of C\$0.12 each were exercised for gross proceeds of \$203,005 (C\$201,600) and 45,000 stock options at a price of C\$0.10 per share were exercised for gross proceeds of \$4,294 (C\$4,500) (C\$26,500). 10,000 bonus shares valued at \$8,306 (C\$9,700) were issued in settlement of an obligation to issue notes payable (Note 7).

During the period ended September 30, 2008, there 173,396 stock options with a weighted average exercise price of \$0.19 were exercised for proceeds of \$21,174. During the period ended September 30, 2008, there were no issuances of share purchase warrants.

**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.

**8. SHARE CAPITAL (continued)**

**Stock options (continued)**

The Company has a second stock option plan (the “Second Plan”) under which a maximum of 5% 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.

Stock option transactions are summarized as follows:

	<b>September 30, 2008</b>		December 31, 2007	
	<b>Shares</b>	<b>Weighted Average Exercise Price</b>	Shares	Weighted Average Exercise Price
Outstanding, beginning	<b>1,007,500</b>	\$ <b>0.37</b>	1,119,500	\$ 0.42
Granted	<b>830,000</b>	<b>0.25</b>	318,000	0.56
Exercised	<b>(173,396)</b>	<b>0.19</b>	45,000	0.10
Forfeited/cancelled	<b>(247,500)</b>	<b>0.55</b>	385,000	0.67
Outstanding, ending	<b>1,416,604</b>	\$ <b>0.30</b>	1,007,500	\$ 0.37

The following incentive stock options were outstanding as at September 30, 2008:

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<b>Exercise Price</b>	<b>Options Outstanding</b>	<b>Options Exercisable</b>	<b>Expiry Date</b>
0.65	10,000	10,000	March 30, 2009
0.55	100,000	100,000	June 26, 2009
0.10	175,000	175,000	August 2, 2010
0.12	119,000	119,000	November 1, 2010
0.80	50,000	50,000	December 22, 2008
0.50	194,500	194,500	December 22, 2008
0.25	768,104	368,104	August 11, 2008
	<b>1,416,604</b>	<b>1,016,604</b>	

The weighted average life of stock options issued and outstanding is 1.36 years (2007 – 1.83 years). The weighted average life of stock options issued and exercisable is 1.24 years (2007 – 1.83 years).

**8. SHARE CAPITAL (continued)**

**Stock-based compensation**

During the nine months ended September 30, 2008, the Company granted 830,000 stock options (2007 - 318,000) with a weighted average fair value of C\$0.089 (2007 - \$0.56) per option. Using the Black-Scholes option pricing model, the stock options were recorded at fair value of \$39,322 (2007 - \$141,120) for the portion vested and included in wages and benefits.

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

	<b>Weighted Average 2008</b>	<b>Weighted Average 2007</b>
Risk-free interest rate	2.92%	4.43%
Expected life of options	2.33 years	2.33 years
Annualized volatility	62.18%	166.95%
Dividend rate	0.00%	0.00%

**9. COMMITMENTS**

(a) The Company leases premises under operating leases. The future minimum annual lease payments under operating lease arrangements are as follows:

2008	\$	82,680
2009		82,680
2010		82,680

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(b) Pursuant to the agreements referred to in Note 7, the Company is committed to pay the following amounts relating to its hospitality business:

- i) Fees totaling C\$8,333 per month to a consultant of the Company until September 15, 2008.
- ii) Bonus commissions calculated in reference to the operating results of the Nevada subsidiary in excess of the monthly advances in (i) above.
- iii) Fees in the event of a third party sale of the business.

(c) The Company's following commitment to repay the issued notes payable is as follows (Note 7):

2009	\$ 526,126
2010	2,519,332
	<b>\$ 3,045,458</b>

**10. 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 as of September 30, 2008 (2007 – Nil).

**11. SEGMENTED INFORMATION**

The Company operates in two business segments being (a) the sale and development of enhanced beverage products in various geographic locations, and (b) a hospitality business operating in the United States.

Geographic information is as follows:

	<b>September 30, 2008</b>	September 30, 2007
Sales and royalties during the periods:		
Canada (including royalties)	\$ -	\$ 53,717
Japan	<b>2,039,587</b>	3,416,232
United States	<b>381,370</b>	1,583,021
	<b>\$ 2,420,957</b>	<b>\$ 5,052,970</b>
	<b>September 30, 2008</b>	December 31, 2007

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*As at the balance sheet date:*

Capital assets:			
Canada	\$	278,276	\$ 339,345
Japan		-	-
United States		<u>21,333</u>	<u>26,682</u>
	\$	<u>299,609</u>	\$ 366,027

**12. SEGMENTED INFORMATION (continued)**

Selected information concerning segment operations is presented below for the nine month periods then ended.

<i>Business segment data (selected items)</i>	Beverage	Hospitality	September 30, 2008
	\$	\$	\$
Sales	2,039,587	381,370	2,420,957
Interest expense	20,928	188,352	209,280
Amortization and accretion	113,969	5,349	119,318
Consulting and business development	58,059	64,488	122,547
Design and marketing	4,046	36,411	40,457
Segment loss	(693,610)	(610,009)	(1,303,619)

<i>Business segment data (selected items)</i>	Beverage	Hospitality	September 30, 2007
	\$	\$	\$
Sales	3,469,949	1,583,021	5,052,970
Interest expense	12,566	113,095	125,661
Amortization – equipment and intangibles	59,344	81,407	140,752
Consulting and business development	367,453	315,376	682,829
Design and marketing	199,745	244,939	444,684
Segment loss	(766,690)	(250,352)	(1,017,042)

**13. CAPITAL MANAGEMENT AND FINANCIAL INSTRUMENTS**

**Capital Management**

The Company's capital includes debt and shareholder's equity. The Company's primary objective with respect to its capital management is to ensure that it has sufficient capital to maintain its ongoing operations, to provide returns for shareholders and benefits for other stakeholders and to pursue growth opportunities. As at September 30, 2008, the Company is not subject to externally imposed capital requirements and there has been no change with respect to the overall capital risk management strategy.

**Fair Values of Financial Instruments**

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The Company examines the various financial instrument risks to which it is exposed and assesses the impact and likelihood of those risks. These risks may include credit risk, liquidity risk, currency risk, interest rate risk and price risk.

**a) Credit risk**

The Company sells products to one customer in Japan, under an agreement expiring January, 2013. During the period ended September 30, 2008, this customer accounts for 84% (2007 - 69%) of revenues.

**13. CAPITAL MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)**

**b) Liquidity risk**

The Company has in place a planning and budgeting process to help determine the funds required to support the Company's normal operating requirements on an ongoing basis and its development plans. The Company ensures that there is sufficient committed capital to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash and cash equivalents.

**c) Currency risk**

The Company is exposed to financial risk arising from fluctuations in foreign exchange rates and the degree of volatility of these rates specifically affecting long term debt (Note 7) which is repayable in Canadian dollars. The Company does not use derivative instruments to reduce its exposure to foreign currency risk.

**d) Interest rate risk**

The Company is not exposed to interest rate risk on its outstanding borrowings. Presently, all of the Company's outstanding borrowings are at a fixed rate. The average interest rate paid by the Company during the quarter on its outstanding borrowings was approximately 11.26%.

## MANAGEMENT DISCUSSION AND ANALYSIS

To the Shareholders of StonePoint Global Brands Inc.:

### INTRODUCTION

This Management Discussion and Analysis (“MD&A”) provides a detailed analysis of the business of StonePoint Global Brands Inc. (“StonePoint” or the “Company”) and compares its financial results period ended September 30, 2008 to the previous year. This MD&A should be read in conjunction with, and is qualified by, the Company’s unaudited consolidated financial statements and related notes for the nine months ended September 30, 2008. The Company’s reporting currency is the United States dollar and all amounts in this MD&A are expressed in United States dollars, unless otherwise noted. The Company reports its financial position, results of operations and cash-flows in accordance with Canadian generally accepted accounting principles. This MD&A is dated **November 20, 2008 (UPDATE TO BOARD APPROVAL DATE)**.

### CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This MD&A contains certain statements that may constitute “forward-looking statements.”

Forward-looking statements include but are not limited to, statements regarding future anticipated business developments and the timing thereof, and business and financing plans. Although the Company believes that such statements are reasonable, it can give no assurance that such expectations will prove to be correct. Forward-looking statements are typically identified by words such as: believe, expect, anticipate, intend, estimate, postulate and similar expressions, or which by their nature refer to future events. The Company cautions investors that any forward-looking statements by the Company are not guarantees of future performance, and that actual results may differ materially from those in forward looking statements as a result of various factors, including, but not limited to, the Company’s ability to continue its projected growth, to raise the necessary capital or to be fully able to implement its business strategies.

Additional information relating to the Company can be located on the SEDAR website at [www.sedar.com](http://www.sedar.com).

### THIRD QUARTER HIGHLIGHTS

- During the current period, the Board and senior management undertook a cost cutting program and well as a management restructuring effort with the goal of reducing operating costs. To complement the cost cutting program, both business segments are now managed by one team in one office for the purposes of streamlining operations, improving customer response time and supplier relationships.
- Selling, general and administrative (“SG&A”) expenses dropped by 39% for the three month ended September 30, 2008 when compared to the same prior year reporting period. For the nine month ended September 30, 2008 current reporting period, SG&A expenses dropped by 26% when compared to the same prior year reporting period.
- The Company is working closely with its largest Japanese customer to further develop sales, implemented a new branding campaign in Q2 of 2008. The Company implemented several sales enhancement initiatives involving sales training, product promotion and incentive programs;
- **The Company entered into a purchase agreement with Fairmont Hotel in Vancouver, Canada to provide a custom branded in-room retailing program. Full launch of the program is expected in Q1 2009 (or Q2 2008?).**
- The Company is now focused on growing its enhanced beverage line (utilizing the Life O2 patent and technology acquired in 2003), securing additional clients for its hospitality business in North America, and developing and deploying higher margin brands and products in growing Asian markets

### OVERVIEW

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StonePoint is an international brand development and deployment company. The Corporation specializes in identifying growing consumer markets and developing a supply chain strategy to deliver the products in a cost effective manner.

There are currently two identifiable segments of operations:

- International segment currently focused on the bottling and distribution of super oxygenated bottled water in Japan.
- Hospitality segment focused on implementing integrated retail solutions in hotels and resorts, and supplying premium consumer products for sale through the system.

### SELECTED FINANCIAL INFORMATION

	September 30, 2008	September 30, 2008	September 30, 2007	September 30, 2007
All figures in U.S. Dollars	(3 months)	(9 months)	(3 months)	(9 months)
<i>(Selected items only)</i>				
Sales	\$ 996,538	\$ 2,420,958	\$ 1,350,895	\$ 5,015,869
Cost of sales	(738,808)	(1,842,725)	(1,025,743)	(3,366,371)
Gross profit	257,730	578,233	347,340	1,686,599
Gross profit %	25.8%	23.9%	25.7%	33.6%
Royalties	-	-	22,188	37,101
Selling, general and administrative expenses	(581,939)	(2,002,387)	(954,406)	(2,703,641)
Other items:				
Inventory obsolescence	(18,109)	(19,930)	-	-
Write-down of note receivable	-	-	-	-
Gain from write off of historical trade payable balances	-	162,607	-	-
Retroactive raw material price increase	-	(22,142)	-	-
Income (loss) before income taxes	(324,317)	(1,303,618)	(607,066)	(1,017,042)
Income taxes	-	-	-	-
Income (loss) for the period	\$ (324,317)	\$ (1,303,618)	\$ (607,066)	\$ (1,017,042)
Income (loss) per share – basic	\$ (0.02)	\$ (0.09)	\$ (0.04)	\$ (0.08)

The table above summarizes the Company's results of operations for the respective reporting periods.

All figures in U.S. Dollars	September 30, 2008	December 31, 2007
<i>Balance sheet data (selected items only):</i>		
Assets		

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Cash and equivalents	\$ 446,512	\$ 525,050
Receivables	105,435	243,607
Inventory	108,952	92,733
Prepaid expense	21,895	52,003
Note receivables – total	176,744	454,482
Equipment	299,629	366,027
<b>Liabilities / equity</b>		
Notes payable – total	2,868,114	2,164,885
Accounts payable and accrued liabilities	138,052	369,773
Shareholders' equity (deficiency)	(1,847,829)	(642,067)
Working capital	\$ 172,704	\$ 293,060
Weighted average shares outstanding – basic	15,087,392	13,756,716

The table above summarizes the Company's financial position for the respective reporting dates.

The Company's financial statements are prepared in accordance 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 current rate method as explained in the notes accompanying the Company's audited annual financial statements.

## RESULTS OF OPERATIONS

### International segment

Revenues comprise sales and royalties of \$2,039,587 for the nine months and \$877,028 for the three months ended September 30, 2008 compared with \$3,469,949 and \$1,251,922 for the same periods in 2007.

Earnings for the current reporting period are impacted by the following operational and economic factors:

- The period over period change is due to a decreased case volume orders and higher inventory levels at the beginning of the reported period.
- Consumer spending in Japan decreased in 2008 due to rise in basic grocery and fuel prices.
- Inflation increased by 1.9% in Japan reducing consumer buying power.
- Dramatic rise in oil prices which has impacted fuel costs and petroleum based products (i.e. plastics used in water bottling).

Management's strategy is as follows:

- Diversification into growing target markets to mitigate economic dependency.
- Diversification of current product line into other premium products for growing target markets.
- The Company will continue with its plans to work closely with its largest Japanese customer to further develop sales, and implemented a new branding campaign during Q2 2008.
- The Company is working with its freight forwarders to increase shipping capacity of containers used in product transportation overseas.
- The Company intends to seek lower cost bottle manufacturers and expand customer base to emerging Asian markets.

SG&A expenses totaled of \$315,783 for the three months and \$1,066,674 for the nine months ended September 30, 2008 compared with \$628,676 and \$1,657,856 for the same period of the previous year. SG&A for this segment of operations consists of mainly of wages, debenture interest costs, professional fees, consulting, design and marketing, travel, and general office costs.

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SG&A expenses for the current reporting period are impacted by the following factors:

- Discontinuation of several salaried contracts in line with management restructuring efforts.
- Increased debenture interest payments as a result of additional debt financing.
- The Company received a reimbursement for design and marketing costs incurred during Q3 2008 from a major customer.

Hospitality segment

Revenues comprise sales and royalties of \$381,371 for the nine months and \$119,510 for the three ended September 30, 2008 compared with \$1,583,021 and \$121,161 for the same periods in 2007.

Earnings for the current reporting period are impacted by the following operational and economic factors:

- Initial pipeline fill orders in the previous period from newly signed hotel clients did not recur in the current reporting period.
- Consumer spending in the US decreased in 2008 due to rise in basic grocery and fuel prices.
- Dramatic rise in oil prices which has impacted fuel costs affecting petroleum based packaging and freight costs of goods.

Management's strategy is as follows:

- Work closely with hospitality clients in developing new products for sale through the in-room shopping system.
- Acquire new hospitality partners in growing target markets. Fairmont Hotel in Vancouver, Canada entered into an in-room hotel program with the Company during Q3 2008.

SG&A expenses totaled of \$266,065 for the three months and \$935,714 for the nine months ended September 30, 2008 compared with \$869,198 and \$1,583,021 for the same period of the previous year. SG&A consists of mainly of wages, debenture interest costs, professional fees, consulting, design and marketing, travel, and general office costs.

- Discontinuation of several consulting and salaried contracts in line with management restructuring efforts.
- Increased debenture interest payments as a result of additional debt financing.
- Design and marketing costs related to customized branding and packaging for hotel partners incurred in the previous comparable period did not recur in the current reporting period.

**SELECTED QUARTERLY FINANCIAL INFORMATION**

<i>Selected data only:</i>	<b>September 30, 2008</b>	<b>June 30, 2008</b>	<b>March 31, 2008</b>	December 31, 2007
Sales (non-royalty)	\$ <b>996,538</b>	\$ <b>758,659</b>	\$ <b>574,488</b>	\$ 530,120
Gross profit	<b>257,730</b>	<b>162,722</b>	<b>147,554</b>	57,160
Gross profit %	<b>25.8%</b>	<b>21.4%</b>	<b>25.6%</b>	10.7%

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SG&A expense	<b>581,939</b>	<b>483,129</b>	<b>754,054</b>	858,206
Net income (loss)	<b>(342,317)</b>	<b>(504,350)</b>	<b>(442,166)</b>	(799,321)
Per common share - basic	\$ <b>(0.03)</b>	\$ <b>(0.03)</b>	\$ <b>(0.03)</b>	\$ (0.06)

<i>Selected data only:</i>	September 30, 2007	June 30, 2007	March 31, 2007	December 31, 2006
Sales (non-royalty)	\$ 1,350,895	\$ 1,849,180	\$ 1,815,794	\$ 811,094
Gross profit	325,152	738,687	585,658	168,375
Gross profit %	24.1%	39.9%	32.2%	20.8%
SG&A expense	954,406	1,039,684	709,551	1,263,541
Net income (loss)	(607,066)	(288,220)	(121,756)	(1,263,870)
Per common share - basic	\$ (0.05)	\$ (0.02)	\$ (0.01)	\$ (0.12)

## SHARE DATA

As at September 30, 2008, the Company had 15,185,427 shares outstanding (2007 – 15,012,031).

The following incentive stock options were outstanding:

	September 30, 2008		December 31, 2007	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Outstanding, beginning	<b>1,007,500</b>	\$ <b>0.37</b>	1,119,500	\$ 0.42
Granted	<b>830,000</b>	<b>0.25</b>	318,000	0.56
Exercised	<b>(173,396)</b>	<b>0.19</b>	45,000	0.10
Forfeited/cancelled	<b>(247,500)</b>	<b>0.55</b>	385,000	0.67
Outstanding, ending	<b>1,416,604</b>	\$ <b>0.30</b>	1,007,500	\$ 0.37

During the year ended December 31, 2007, 1,680,000 warrants at a price of C\$0.12 each were exercised for gross proceeds of \$203,005 (C\$201,600) and 45,000 stock options at a price of C\$0.10 per share were exercised for gross proceeds of \$4,294 (C\$4,500) (C\$26,500). 10,000 bonus shares valued at \$8,306 (C\$9,700) were issued in settlement of an obligation to issue notes payable (Note 7).

During the nine months ended September 30, 2008, the Company granted 830,000 stock options (2007 - 318,000) with a weighted average fair value of C\$0.089 (2007 - \$0.56) per option. Using the Black-Scholes option pricing model, the stock options were recorded at fair value of \$39,322 (2007 - \$141,120) for the portion vested and included in wages and benefits.

## LIQUIDITY

Working capital has been impacted by financing operations with short term notes payable; however, the Company has been able to obtain improved debt financing terms to allow for three year maturities.

The Company raised debenture financing of \$1,234,554 (C\$1,355,000) during the year ended December 31, 2007.

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The Company raised additional debenture financing of \$986,572 (C\$1,014,500) during the nine month period ending September 30, 2008, all with three year maturities as it strives to achieve a balanced capitalization approach during a period of anticipated profitable operations.

At December 31, 2007, the Company had C\$450,110 invested in notes receivable. During the nine months ended September 30, 2008, the company collected C\$237,349 in cash repayment, and C\$24,316 non-cash repayment in kind consisting of a retroactive raw material price increase during the nine month ended September 30, 2008.

The Company's ongoing commitments for annual premises lease/rental amount to approximately C\$7,100 per month.

	<b>September 30, 2008</b>	December 31, 2007	December 31, 2006	December 31, 2005	December 31, 2004
Working capital (deficiency)	<b>\$ 172,704</b>	\$ 293,060	\$ 296,111	\$ (50,379)	\$ 73,815

#### **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 from operations.

During the year ended December 31, 2007, the Company issued 1,680,000 common shares pursuant to the exercise of warrants at a price of C\$0.12 per share, 45,000 stock options at a price of C\$0.10 per share for the total gross proceeds of \$207,299 (C\$206,100) and 10,000 bonus shares valued at \$8,306 (C\$9,700) in settlement of an obligation to issue notes payable. The Company also issued notes totalling \$1,234,554 (C\$1,355,000) and repaid one note for \$13,820 (C\$15,000).

During the nine month period ended September 30, 2008, 171,896 stock options with a weighted average exercise price of \$0.19 were exercised for proceeds of \$21,174. During the three month period ended September 30, 2008, there were no issuances of share purchase warrants.

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**

Included in accounts payable was \$Nil (December 31, 2007 - \$21,399) owing to directors of the Company.

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.

#### **ADOPTION OF NEW ACCOUNTING POLICIES**

Effective January 1, 2007, the Company adopted the following new accounting standards issued by the Canadian Institute of Chartered Accountants (“CICA”) relating to financial instruments. These new standards have been adopted on a prospective basis with no restatement to prior period financial statements.

**i) Financial Instruments – Recognition and Measurement (Section 3855)**

This standard sets out criteria for the recognition and measurement of financial instruments for fiscal years beginning on or after October 1, 2006. This standard requires all financial instruments within its scope, including derivatives, to be included on a Company’s balance sheet and measured either at fair value or, in certain circumstances when fair value may not be considered most relevant, at cost or amortized cost. Changes in fair value are to be recognized in the statements of operations and comprehensive income.

All financial assets and liabilities are recognized when the entity becomes a party to the contract creating the item. As such, any of the Company’s outstanding financial assets and liabilities at the effective date of adoption are recognized and measured in accordance with the new requirements as if these requirements had always been in effect. Any changes to the fair values of assets and liabilities prior to January 1, 2007 are recognized by adjusting opening deficit or opening accumulated other comprehensive income.

All financial instruments are classified into one of the following five categories: held for trading, held-to-maturity, loans and receivables, available-for-sale financial assets, or other financial liabilities. Initial and subsequent measurement and recognition of changes in the value of financial instruments depends on their initial classification.

**ii) Comprehensive Income (Section 1530)**

Comprehensive income is the change in shareholders’ equity during a period from transactions and other events from non-owner sources. This standard requires certain gains and losses that would otherwise be recorded as part of the net earnings to be presented in “other comprehensive income” until it is considered appropriate to recognize into net earnings. This standard requires the presentation of comprehensive income, and its components in a separate financial statement that is displayed with the same prominence as the other financial statements.

Accordingly, the Company now reports comprehensive income (loss) in the statement of operations and includes the account “accumulated other comprehensive income” in the shareholders’ equity section of the consolidated balance sheet.

**iii) Accounting Changes (Section 1506)**

The main features of this new standard are (a) voluntary changes in accounting policy are made only if they result in the financial statements providing reliable and more relevant information; (b) changes in accounting policy are applied retrospectively unless doing so is impracticable (as defined in the section); (c) prior period errors are corrected retrospectively; and (d) new disclosures are required in respect of changes in accounting policies, changes in accounting estimates and correction of errors.

Effective January 1, 2008, the Company adopted the following new accounting standards issued by the Canadian Institute of Chartered Accountants (“CICA”) relating to financial instruments. These new standards have been adopted on a prospective basis with no restatement to prior period financial statements.

**i) Financial Instruments – Disclosure (Section 3862)**

The standard requires entities to provide disclosures in their financial statements that enable users to evaluate (a) the significance of financial instruments for the entity's financial position and performance; and (b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the balance sheet date, and how the entity manages those risks. The principles in this section complement the principles for recognizing, measuring and presenting financial assets and financial liabilities in Section 3855, *Financial Instruments – Recognition and Measurement*, Section 3863, *Financial Instruments – Presentation*, and Section 3865, *Hedges*.

**ii) Financial Instruments – Presentation (Section 3863)**

The standard enhances financial statement users' understanding of the significance of financial instruments to an entity's financial position, performance and cash flows. This section establishes standards for presentation of financial instruments and non-financial derivatives. It deals with the classification of financial instruments, from the perspective of the issuer, between liabilities and equity, the classification of related interest, dividends, losses and gains, and the circumstances in which financial assets and financial liabilities are offset.

**iii) Inventories (Section 3031)**

The standard establishes new standards for the measurement and disclosure of inventories and provides expanded guidance on the measurement and disclosure requirements for inventories. Specifically, the new standard requires that inventories be measured at the lower of cost and net realizable value, and provides more guidance on the determination of cost and its subsequent recognition as expense, including any write-down to net realizable value. There was no impact to the Company's financial results from adopting this standard.

**iv) Capital Disclosures**

The AcSB issued CICA Handbook Section 1535, which establishes standards for disclosing information about an entity's capital and how it is managed. The new standard is effective for annual and interim periods beginning on or after October 1, 2007 and requires disclosure of the Company's objectives, policies, and processes for managing capital; quantitative data about what the Company regards as capital; whether the Company has complied with any capital requirements; and, if the Company has not complied, the consequences of such non-compliance. The new accounting standard covers disclosure only and will have no effect on the financial results of the Company.

**v) Assessing Going Concern**

The CICA accounting standards board amended Section 1400 to include requirements for management to assess and disclose an entity's ability to continue as a going concern.

**ACCOUNTING STANDARDS ISSUED BUT NOT YET ADOPTED**

**i) Goodwill and Intangible Assets**

The CICA Accounting Standards Board (the “AcSB”) issued CICA Handbook Section 3064 which replaces Section 3062, Goodwill and Other Intangible Assets, and Section 3450, Research and Development Costs. The new standard establishes standards for the recognition, measurement and disclosure of goodwill and intangible assets, including those developed internally. At the same time the CICA accounting standards board amended section 1000, Financial Statement Concepts, to clarify the criteria for recognition of an asset. Therefore items that no longer meet the definition of an asset are no longer recognized with assets. The new standard and amended standard are both effective for annual and interim periods beginning on or after October 1, 2008. The Company is currently evaluating the impact of these sections on its results of operation and financial position.

**ii) International Financial Reporting Standards (“IFRS”)**

In 2006, Canada’s Accounting Standards Board (AcSB) ratified a strategic plan that will result in the convergence of Canadian GAAP, as used by public companies, with IFRS over a transitional period. The AcSB has developed and published a detailed implementation plan, with a changeover date for fiscal years beginning on or after January 1, 2011. This initiative is in its early stages as of the date on these annual consolidated financial statements. Accordingly, it would be premature to assess the impact of the initiative on the Company at this time.

**FINANCIAL INSTRUMENTS**

During the nine months ended September 30, 2008, the Company used a mixture of cash and long-term debt to maintain an appropriate capital structure, ensuring sufficient liquidity required to meet the needs of the business and the flexibility to continue growing through acquisition. The Company has not executed any interest rate contracts or other derivative financial instruments to manage the risks associated with its operations and therefore, in the normal course of business, are inherently exposed to currency, and interest rate fluctuations.

The Company’s financial instruments consist of cash accounts receivable, notes 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. The Company is exposed to credit risk only with respect to uncertainties as the timing and amount of collectability 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.

**MANAGEMENT’S RESPONSIBILITY FOR FINANCIAL STATEMENTS**

The consolidated financial statements and all information in the annual report are the responsibility of the Board of Directors and management. The consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles.

The Board of Directors ensures that management fulfills its responsibilities for financial reporting through an Audit Committee.

**RISK FACTORS**

STONEPOINT GLOBAL BRANDS INC.  
(Formerly StonePoint Group Limited)  
FORM 51-102F1 – MANAGEMENT DISCUSSION & ANALYSIS  
(Expressed in US Dollars, Unless Otherwise Noted)  
SEPTEMBER 30, 2008

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This MD&A contains forward-looking statements that involve risks and uncertainties. The forward-looking information in this MD&A is based on the conclusions of management. The Company cautions that due to risks and uncertainties, actual events may differ materially from current expectations. With respect to the Company's operations, actual events may differ from current expectations due to economic conditions, new opportunities, changing budget priorities of the company and other factors.

The business of brand development involves a high degree of risk. The Company's activities are highly concentrated in this sector, and are exposed to above average cyclical fluctuations due to economic conditions, product supply/demand imbalances and global political factors. The Company's beverage segment relies substantially on one customer in Japan, while the hospitality segment is a completely new business initiative. Junior companies in this sector focus on early-stage business opportunities, but few of these opportunities are ultimately developed into profitable enterprises. At present, none of the Company's segments generate sufficient cash flow internally to support their operations. Thus, they are reliant on raising additional financing to continue their development. The Company's businesses are also exposed to intense competition, environmental and insurance risks, as well as political and environmental instability.

Other risks facing the Company include competition which can either increase costs or reduce the number of attractive opportunities; reliance on third parties, including consultants; statutory and regulatory requirements and uncertainty of additional financing.. The Company does not use any derivative instruments to reduce its exposure to fluctuations in foreign currency exchange rates.

Except for statements of historical fact relating to the Company, certain information contained herein constitutes forward looking statements. Forward-looking statements are frequently characterized by words such as "plan", "expect", "project", "intend", "believe", "anticipate" and other similar words, or statements that certain events or conditions "may" or "will" occur. Forward-looking statements are based on the opinions and estimates of management at the date the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. The Company undertakes no obligation to update forward-looking statements if circumstances or management's estimates or opinions should change. The reader is cautioned not to place undue reliance on forward-looking statements.