

INTERNATIONAL PARKSIDE PRODUCTS INC.
FORM 51-102F1

MANAGEMENT DISCUSSION AND ANALYSIS
SIX MONTHS ENDED JANUARY 31, 2015
(and containing information as of March 20, 2015)

DATED: March 20, 2015

The following Management Discussion and Analysis of International Parkside Products Inc. (the “Company”), prepared as of March 20, 2015 should be read together with the unaudited condensed interim consolidated financial statements for the six month period ended January 31, 2015 and related notes attached thereto (the “Financial Statements”) which have been prepared using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and Interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”). The Company’s management is responsible for presentation and preparation of the consolidated financial statements and the Management’s Discussion and Analysis (“MD&A”). The consolidated financial statements have been prepared in accordance with IAS 34 “Interim Financial Reporting”. The MD&A has been prepared in accordance with the requirements of securities regulators, including National Instrument 51-102 of the Canadian Securities Administrators.

All amounts are stated in Canadian dollars unless otherwise indicated.

The Company was incorporated on May 18, 1983, pursuant to the Company Act of British Columbia, and made its transition application pursuant to the new British Columbia Business Corporations Act.

Additional information related to the Company is available for view on the Company’s website at www.lenspen.com and on SEDAR at www.sedar.com.

Description of business

The Company, through its wholly owned subsidiaries, Parkside Optical Inc. (“Parkside Optical”) and EIC Energy Interface Inc. (“EIC”), is in the business of producing and marketing innovative optical, screen cleaning and eyeglass cleaning products using the Company’s patented carbon black technology and the new light carbon formula for international distribution.

Parkside Optical manufactures and distributes to wholesale distributors the following optical lens cleaning devices: LensPen, PEEPS, DigiKlear, Mini-Pro, Mini-Pro II, MicroPro, CellKlear, MobileKlear, FilterKlear, Vidimax, Laptop Pro, Panamatic, SensorKlear, SensorKlear Loupe, SmartKlear, ScreenKlean, screen cleaning kits, HunterPro Kits, Photo Kits, RangeKlear, DSLR Pro kits, and Microfiber cloth. Since the first shipment of LensPen in August 1993, the Company has expanded sales of these products to over 80 distributors in over 85 countries, and is continuously seeking to add new distributors and items to its range of cleaning devices.

The Company is a reporting issuer in the Provinces of British Columbia and Alberta, and trades on the TSX Venture Exchange under the symbol IPD. The Company’s head office is located at #650 - 375 Water Street, Vancouver, BC, V6B 5C6.

Performance summary

The following is a summary of significant events and transactions that occurred during the six month period ended January 31, 2015:

The Company experienced a slight increase in revenue - \$2,270,698 during the period (\$2,259,387 for 2014). This translates into a revenue increase of \$11,311. The Company sells its products globally in U.S. dollars but reports in Canadian dollars, causing distortions in period to period comparisons.

During the period Asian customers were hit by a decline in the SLR camera market, as were customers in Russia and Ukraine. Additionally, disruptions due to war, economic problems and currency decline against the USD have negatively impacted Russian and Ukrainian customers' ability to purchase the Company's products and sell them through in their retail markets. Revenues from Russia have decreased by 85% since fiscal 2013 and revenues from the Ukraine are now nil. The Company's Board of Directors responded to the negative events in the important Russia and Ukraine markets by directing management to begin cost cutting measures. The Company's second quarter financial statements are a testament to the success of those measures instituted by management.

Parkside attended Photography, Consumer Electronics, Law Enforcement, and Outdoor trade shows in Cologne, Germany, New York City and Las Vegas in support of its retail distributors and OEM customers as well as Visions Expo West in Las Vegas in support of its new PEEPS cleaner for eyeglasses and sunglasses.

Following the trade shows, new distribution was added in Norway, Spain, Portugal, Andorra, Serbia, Poland, the Czech Republic, Slovakia and India. Other major prospects are still in development.

In the second quarter, Essilor began a private label program with the Company's PEEPS product. Essilor is one of the largest manufacturers of corrective lenses in the world and is the single largest manufacturer of ophthalmic lenses.

In addition to the above, the Company has paid off all loans outstanding; consequently, the Company is completely debt-free except for current trade payables.

Selected annual information

The following table provides a brief summary of the Company's financial operations. For detailed information, refer to the Financial Statements.

	Year Ended July 31, 2014	Year Ended July 31, 2013	Year Ended July 31, 2012
Total sales revenues	4,491,769	5,556,102	5,004,835
Net earnings (loss) for the year	(324,219)	288,309	(23,624)
Basic and diluted earnings per share	(0.02)	0.02	0.00
Total assets	1,537,338	1,648,563	1,528,013
Total long-term liabilities	nil	nil	nil
Cash dividends	nil	154,177	151,952

Results of operations

Significant revenues generated and expenses incurred during the six months ended January 31, 2015 are as follows:

Sales revenue of \$2,270,698 (2014 - \$2,259,387) Sales are made in US dollars but reported in CDN dollars.

Cost of goods sold of \$1,221,869 (54%) (2014 - \$1,220,207) (54%) Cost of goods remains consistent.

Accounting and audit fees of \$21,180 (2014 - \$28,400) Audit fees have decreased since the transition to IFRS.

Commissions of \$31,131 (2014 - \$45,183) The majority of commissions were paid to Wong Hou Yee for his work in securing the Asia contracts.

Consulting fees of \$144,111 (2014 - \$159,315) Consulting fees have decreased as fees have gone down.

Interest and bank charges net of \$10,024 (2014 - \$9,006) Interest and bank charges relate primarily to fees incurred for processing credit cards and wire transfers.

Legal fees of \$13,382 (2014 - \$13,841) Legal fees are largely comprised of costs for patents and trademarks.

Management fees of \$61,040 (2014 - \$65,400) Management fees were paid to the President, Mr. Murray Keating.

Marketing costs of \$67,944 (2014 - \$76,607) Marketing costs are primarily comprised of promotional strategies and new initiatives.

Office and administration of \$55,503 (2014 - \$143,663) The main cost areas were postage and courier, office supplies, telephone and internet costs, and insurance, but in the previous period also included expenses relating to the trial operation of a retail Kiosk in a shopping mall which has since closed down.

Rent of \$49,690 (2014 - \$49,690) Rent expense has remained consistent.

Salaries of \$250,098 (2014 - \$341,944) Salaries contain gross wages and bonuses paid to Directors, Officers, and employees.

Trade shows of \$46,236 (2014 - \$51,072) The Company continues to attend various International trade shows and in this period attended the Vision West Expo in Las Vegas, Photokina in Germany and the SHOT Show and CES in Las Vegas. These shows are a valuable tool to find new distributors and assist existing distributors.

Transfer agent and regulatory fees of \$3,072 (2014 - \$3,312) Regulatory fees remain consistent.

Travel and promotion costs of \$61,881 (2014 - \$117,214) Travel and promotion consists of visiting and supporting the larger customers.

Summary of quarterly results

Three Months Ended	January 31, 2015	October 31, 2014	July 31, 2014	April 30, 2014
Total assets	1,884,071	1,670,389	1,537,338	1,781,150
Working capital	784,073	617,948	572,645	783,582
Shareholders' equity	1,514,933	1,231,228	1,146,299	1,368,041
Sales revenues	1,159,748	1,110,950	855,511	1,376,871
Net earnings (loss)	187,806	74,374	(289,701)	98,254
Basic and diluted earnings (loss) per share	0.01	0.00	(0.02)	0.01
Three Months Ended	January 31, 2014	October 31, 2013	July 31, 2013	April 30, 2013
Total assets	1,774,341	1,800,707	1,648,563	1,654,664
Working capital	704,746	937,519	870,883	810,731
Shareholders' equity	1,314,626	1,520,942	1,354,242	1,294,313
Sales revenues	899,471	1,359,916	1,416,668	1,132,954
Net earnings (loss)	(265,734)	132,962	21,736	16,392
Basic and diluted earnings (loss) per share	(0.02)	0.01	0.00	0.00

The quarterly variations in revenue result largely from the cyclical nature of the Company's order pattern.

Liquidity

The Company is self-financed through its generation of positive cash flows.

	January 31 2015	October 31 2014	July 31 2014	April 30 2014
Working capital	784,073	617,948	572,645	783,582
Deficit	(4,503,135)	(4,690,941)	(4,765,315)	(4,475,614)

Net cash provided by operating activities for the six months ended January 31, 2015 consists primarily of the operating activities and changes in non-cash working capital.

Net cash provided by (used in) operating activities during the period ended was \$234,254 compared to (\$23,391) during 2014.

Net cash used in investing activities was \$73,827 during the period and \$188,860 in 2014.

Net cash used in financing activities was \$nil during the period and \$nil in 2014.

Significant accounting policies

Significant Accounting Estimates and Judgments

The preparation of the unaudited condensed interim consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported expenses during the period. Actual results could differ from these estimates.

Significant assumptions about the future and other sources of estimation and judgment uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to:

The determination of categories of financial assets and financial liabilities has been identified as an accounting policy which involves judgments or assessments made by management.

Property and equipment comprise a large component of the Company's assets and as such, the amortization of these assets has a significant effect on the Company's financial statements. Management estimates the useful lives, amortization rates and the residual values of assets based on their experience with the use of such assets. These estimates are reviewed on at least an annual basis.

In determining whether any impairment losses have been incurred, management assesses the higher of the asset's fair value less costs to sell and its value in use for non-financial assets. These determinations and their individual assumptions require that management make a decision based on the best available information at the end of each reporting period.

Management is required to assess the functional currency of each entity of the Company. In concluding that the Canadian dollar is the functional currency of the parent and the US dollar is the functional currency of its subsidiary, management considered the currency that mainly influences the cost of providing goods and services in each jurisdiction in which the Company operates.

The determination of deferred tax assets and liabilities is inherently complex and requires making certain estimates and assumptions about future events. While income tax filings are subject to audits and reassessments, the Company has adequately provided for all income tax obligations. However, changes in facts and circumstances as a result of income tax audits, reassessments, jurisprudence and any new legislation may result in an increase or decrease in the provision for income taxes.

Stock based compensation are subject to estimation of the value of the award at the date of grant using pricing models such as the Black-Scholes option valuation model. The option valuation model requires the input of highly subjective assumptions including the expected stock price volatility. Because the Company's stock options have characteristics significantly different from those of traded options and because the subjective input assumptions can materially affect the calculated fair value, such value is subject to measurement uncertainty.

Use of estimates and judgments

The application of the Company's accounting policy for intangible assets expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions may change if new information becomes available. If, after expenditures are capitalized, information becomes available

suggesting that the recovery of expenditures is unlikely, the amount capitalized is written off in profit or loss in the period the new information becomes available.

Following initial recognition, the Company carries the value of intangible assets at cost less accumulated amortization and any accumulated impairment losses. Amortization is recorded on a straight-line basis based upon management's estimate of the useful life and residual value. The estimates are reviewed at least annually and are updated if expectations change as a result of technical obsolescence or legal and other limits to use. A change in the useful life or residual value will impact the reported carrying value of the intangible assets resulting in a change in related amortization expense.

Outstanding share data

Authorized – Unlimited common shares without par value:

Issued and fully paid	Common shares	Amount \$	Preferred shares	Amount \$	Total \$	Contributed Surplus
Balance – July 31, 2012	15,417,670	5,237,987	91,111	41,000	5,278,987	492,018
Exercise of options (b)	200,000	37,860	-	-	37,860	(17,860)
Balance – July 31, 2013	15,617,670	5,275,847	91,111	41,000	5,316,847	474,158
Stock Based compensation (d)	-	-	-	-	-	100,532
Balance – July 31, 2014	15,617,670	5,275,847	91,111	41,000	5,316,847	574,690
Balance – January 31, 2015	15,617,670	5,275,847	91,111	41,000	5,316,847	574,690

a) During the 2007 fiscal year, the Company received regulatory approval to an agreement with Cornerstone Technologies for the issuance of 91,111 preferred shares at a price of \$0.45 per share. The preferred shares, which have now been issued, are exchangeable into common shares of the Company on a one-for-one basis.

b) During the year ended July 31, 2013, the Company received proceeds of \$20,000 (2012 - \$34,000) from the exercise of options and converted \$17,860 (2012 - \$31,463) in contributed surplus to share capital.

c) The Company has established a share purchase plan whereby the board of directors may, from time to time, grant options to directors, officers, employees or consultants. Options granted must be exercised no later than five years from date of grant or such lesser period as determined by the Company's board of directors. All stock options vest immediately. The maximum number of shares that may be issued under the plan cannot exceed 10% of the Company's issued shares.

d) During the year ended July 31, 2014, the Company granted 1,210,000 (2013 – \$nil) incentive stock options to employees, officers and directors. The fair value of stock options granted during the year

used to calculate compensation expense for employees is estimated using the Black-Scholes option pricing model. Total stock-based compensation recognized in the statement of earnings during year ended July 31, 2014 was \$100,532 (2013 - \$nil). The following weighted average assumptions were used for the valuation of the stock options:

	2014
Average risk-free interest rate	1.32%
Expected dividend yield	Nil
Expected stock price volatility	59.72%
Average expected option life in years	3 years

Stock options

The following incentive stock options are outstanding as at January 31, 2015:

	Number of Shares/Units	Exercise Price	Expiry Date
Options	75,000	0.12	March 8, 2016
	250,000	0.12	November 2, 2016
	1,210,000	0.13	August 15, 2016

Related Party Transactions

Balances and transactions between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note. Details of the transactions between the Company and other related parties are disclosed below.

Related party transactions

Certain companies which have an officer and/or director in common or which have a partner who is an officer of the Company render services or are charged for certain services as follows:

	Nature of transactions
Ryancorp Management Ltd.	Management fees
Lensklense Enterprises	Consulting fees
G & G Ungaro	Consulting fees

The Company incurred the following transactions in the normal course of operations in connection with companies which have key members of management in common.

	For the six months ended January 31, 2015	For the six months ended January 31, 2014
Management fees	\$ 61,040	\$ 65,400
Consulting fees	\$ 31,960	\$ 36,600

- (i) Key management personnel were not paid post-employment benefits, termination benefits or other long-term benefits during the six month period ended January 31, 2015 and 2014. Included in accounts payable is \$nil (January 31, 2014 - \$56,800) due to officers, employees and directors of the Company.

Economic dependence

While the Company is economically dependent on one supplier that provides substantially all the products the Company sells, management is of the opinion that should it be necessary, the Company could arrange for an alternate source of product supplies with minimal impact on operations. For the period ended January 31, 2015, the Company had two customers accounting for more than 10% of total sales as follows: 17% and 16%. (2014 – 1 customer as follows: 19%). As at January 31, 2015, the Company had two customers that account for more than 10% of total accounts receivable as follows: 27% and 49%. (2014 – 3 customers as follows: 37%, 34% and 12%)

Commitments

During the year ended July 31, 2014, the Company entered into a Licensing agreement pursuant to a new formula for the Company's cleaning products. The terms of the licensing agreement will be that Richard Darrow (the "Licensor") will be paid (and has been paid) the sum of US \$100,000 for development reimbursements (non-refundable) along with an earned royalty equal to US \$0.0625 per unit for each of the units/products sold, with a minimum guarantee of \$100,000 per year. As of January 31, 2015 the Company has paid Richard Darrow \$25,000 USD (2014 - \$nil) in earned royalties and has accrued \$25,000 (2014 - \$nil). The Licensing agreement is for a term of 18 years expiring in fiscal 2031. On termination, merger, change of control or death, the agreement provides that the Licensor is entitled to receive on royalties for 18 years from the date of the agreement.

In 2003, the Company entered into an agreement with Cornerstone Technologies (VCC) Ltd. (Cornerstone) for funding in preferred shares of Parkside Optical. Cornerstone agreed to purchase the preferred shares at a minimum price of \$0.45 per share. The preferred shares are exchangeable, at the holder's option, into common shares of the Company on a one-for-one basis. The preferred shares carry a 6.5% annual dividend, payable quarterly, based on the weighted average of funds invested during the quarter. Once the preferred shares have been exchanged for the common shares, all rights to receive the preferred share dividend will cease. The preferred shares and any common shares that may be issued in exchange for the preferred shares are subject to a hold period of five years, commencing from the date of investment of the preferred shares.

In 2004, the Company received \$41,000 for subscriptions for preference shares from Cornerstone.

During fiscal 2007, the Company received regulatory approval to the agreement and the preferred shares were issued. As of January 31, 2015, the Company has accrued \$6,650 dividends payable (2014 - \$3,990). This has been shown as a liability on the financial statements under accounts payable.

Financial and risk management

Cash and short-term investments are carried at fair value using a level 1 for value measurement. The fair value of the Company's receivables and accounts payable and accrued liabilities approximate carrying value, which is the amount payable on the consolidated statement of financial position, because of the short-term nature of these instruments.

Fair value estimates of financial instruments are made at a specific point in time, based on relevant

information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

The Company is exposed to varying degrees to a variety of financial instrument related risks:

Market risk

Currency risk

The Company is exposed to foreign exchange risk on the cash, accounts receivable and accounts payable and accrued liabilities balances denominated in US dollars. A significant proportion of the Company's transactions occur in US dollars which give rise to the risk that cash flow may be adversely impacted by exchange rate fluctuations between US and Canadian dollars. Management maintains cash accounts denominated in US dollars to complete foreign currency transactions and considers this practice adequate to mitigate significant foreign currency fluctuations. The Company does not engage in hedging contracts to manage its exposure to foreign exchange risk.

Interest rate risk

The Company maintains cash balances with financial institutions. The interest rate risk on these balances is not considered material.

Credit risk

The Company is exposed to a minimal amount of credit risk from its cash and accounts receivable balances. The Company limits its exposure to credit risk by placing its cash with high credit quality financial institutions. Concentration of credit risk with respect to accounts receivable is considered to be limited due to the credit quality of the customers comprising the Company's customer base. The Company has not experienced significant credit losses to date and the maximum amount of credit risk exposure is limited to the carrying amounts of these balances in the consolidated financial statements.

Credit risk is also limited by the structure of the Company's sale contracts as typically payments are collected before shipment of the goods.

Liquidity risk

The Company is not exposed to a significant amount of liquidity risk. As at the period ended January 31, 2015, the Company had positive working capital of \$784,073 (January 31, 2014 - \$704,746). The accounts payable and accrued liabilities balance is expected to be covered through the collection of accounts receivable balances and from current cash balances. The Company is not reliant on external financing.

Going concern

The Management Discussion and Analysis has been prepared in accordance with IFRS with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation.

During the year ended July 31, 2014 the Company has experienced declining sales of existing products in certain markets and these trends may continue in fiscal 2015. The ability of the Company to continue as a going concern is dependent upon maintaining and expanding the market for new and existing products at a profit. While the Company has been successful in maintaining customer relationships and generating cash flow from operations in the past, there is no assurance that this will continue into the future. These material uncertainties may cast significant doubt upon the ability of the Company to continue as a going concern.

Capital management

The Company's objectives when managing capital are: to safeguard its ability to continue as a going concern; and to have sufficient capital to be able to fund the operation of the Company for the benefit of its shareholders.

Management considers capital to be assets less liabilities. As at the period ended January 31, 2015, the Company had capital of \$1,514,933 (January 31, 2014 - \$1,314,626).

The Company is internally funded and is not subject to any externally imposed capital requirements. The Company has not established a numeric target for its capital structure and reviews its capital management methods and requirements on an ongoing basis and makes adjustments accordingly.

Discussion of non-financial items

A resolution was approved by the directors and the Company has adopted a Code of Conduct pursuant to section 140(3) of the Business Corporations Act (British Columbia), filed on SEDAR at www.sedar.com on March 8, 2007. The Company had their Annual General Meeting on May 15, 2014 at the Company's offices located at #650 – 375 Water Street, Vancouver, BC, and will have their next one on June 11, 2015 at the same offices.

Approval

The Board of Directors of the Company has approved the disclosure contained in this MD&A. A copy of this MD&A will be provided to anyone who requests it. Additional information relating to the Company's operations and activities can be found by visiting the Company's website at www.lenspen.com as well as numerous news releases which are filed on SEDAR at www.sedar.com.

For more information please contact Mr. Murray Keating, President, at 604-681-6472. ext. 105.

Note Regarding Forward-looking information

This Management Discussion and Analysis ("MD&A") contains certain forward-looking statements and information relating to International Parkside Products Inc. and its subsidiaries (the "Company") that are based on the beliefs of its management as well as assumptions made by and information currently available to the Company. When used in this document, the words "anticipate", "believe", "estimate", "expect" and similar expressions, as they relate to the Company or its management, are intended to identify forward-looking statements. This MD&A contains forward-looking statements relating to, among other things, regulatory compliance, and the sufficiency of current working capital. Such statements

reflect the current views of the Company with respect to future events and are subject to certain risks, uncertainties, and assumptions. Many factors could cause the actual results, performance, or achievements of the Company to be materially different from any future results, performance, or achievements that may be expressed or implied by such forward looking statements.