



ENABLENCE TECHNOLOGIES INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
CONDITION AND RESULTS OF OPERATIONS ("MD&A")

FOR THE FISCAL YEAR ENDED April 30, 2008

**ENABLENCE TECHNOLOGIES INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS**

FISCAL YEAR ENDED APRIL 30, 2008 (CANADIAN DOLLARS)

The following is a discussion and analysis of the audited consolidated financial statements of Enablence Technologies Inc. for the fiscal year ended April 30, 2008 and should be read in conjunction with other securities filings available on www.sedar.com. The effective date of management's discussion and analysis is July 24, 2008. The financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). All figures are presented in Canadian dollars. The financial statements include all of the assets and liabilities and expenses of Enablence Technologies Inc. and its wholly-owned subsidiaries, Enablence Inc., Enablence Holdings LLC, Albis Optoelectronics AG and ANDevices Inc. References herein to "Enablence", "the Company", "we" and "our" mean Enablence Technologies Inc. Management has evaluated the effectiveness of the Company's disclosure controls and procedures as of April 30, 2008 and has concluded that these are effective in providing reasonable assurance that material information relating to the Company has been appropriately disclosed.

FORWARD LOOKING STATEMENTS

This discussion includes certain forward-looking statements that are based upon current expectations, which involve risks and uncertainties associated with our business and the environment in which the business operates. Any statements contained herein that are not statements of historical facts may be deemed to be forward-looking statements, including those identified by the expressions "anticipate", "believe", "plan", "estimate", "expect", "intend" and similar expressions to the extent they relate to the Company or its management. The forward looking statements are not historical facts, but reflect the Company's current expectations regarding future results or events. These forward-looking statements are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current expectations. The Company does not undertake or accept any obligation to release publicly any updates or revisions to any forward-looking statements to reflect any change in the Company's expectations, except as prescribed by applicable securities laws.

OVERVIEW

HIGHLIGHTS AND SUMMARY

Enablence continues to grow organically and through acquisition. The Company has been organized along two broad Divisions; FTTx Networks and Optical Components & Subsystems. This structure was determined to be optimal for the exploitation of synergies and efficiencies among the various subsidiaries in North America and Europe.

Fiber optic deployments in the access and metro markets continues to grow at unprecedented rates and Enablence management believes that by continuing on its strategic growth path it will achieve its position as the world's leader in integrated photonic solutions and Fiber-to-the-Home or Business ("FTTH" or "FTTx") systems.

The company continues to receive increased interest among its peers and believes it is poised for strong growth in FY2009 as it plans to roll out new integrated products based on arrayed waveguide gratings, introduce new optical transceiver product lines, and explore integrated ONTs and OLTs solutions. FY2008 highlights:

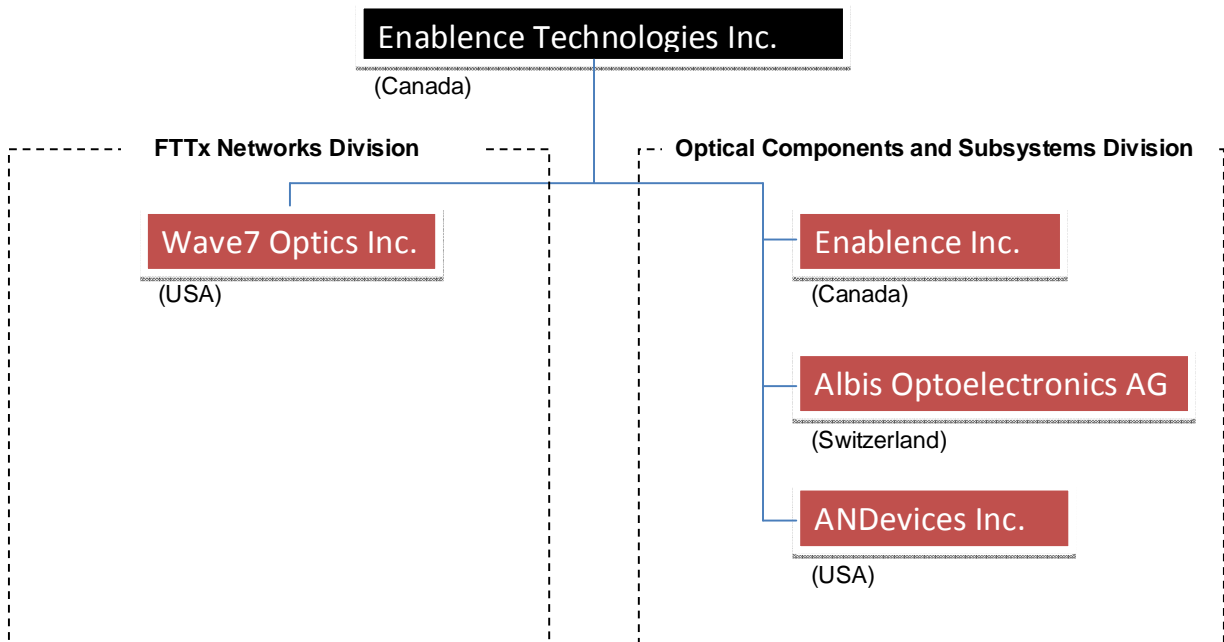
- Sales have risen 4294% from \$71,750 in FY2007 to \$3,152,593 in FY2008;
- Company's cash and short term investments increased by 189% to \$47.2M at April 30, 2008 compared to \$16.3M at April 30, 2007;
- Working capital increased by 193% to \$49.2M at April 30, 2008 from \$16.8M at April 30, 2007
- Total assets have risen by 301% to \$107.8M at April 30, 2008 from \$26.9M at April 30, 2007;
- The Company was selected by the Toronto Stock Exchange as one of the top 50 TSX Venture companies and the third best performing technology and life sciences company based on a ranking formula that includes revenue, return on investment, market cap growth and trading volume;
- The Company announced the successful completion of its qualification program on units built at its high-volume production line at Sanmina-SCI. The qualification program was completed in accordance with Telcordia GR-468-CORE which outlines general reliability requirements for optoelectronic devices used in telecommunications systems;
- Enablence successfully demonstrated an operational Fiber-to-the-Home system using its Planar Lightwave Circuit (PLC) based Transceiver in August, 2007. The demonstration was the first public display of triple-play services running on a truly integrated PLC-based Transceiver inside a commercially available Fiber-to-the-Home system. The Enablence transceiver ran High Definition Television (HDTV), internet, voice and data services transmitted on a single optical fiber over a 20 km distance;

- The Company successfully completed the acquisition of ANDevices, Inc., a supplier of silica on silicon products and the foundry that manufactures the PLC substrates used in the manufacture of optical transceivers;
- The Company has started to ramp its optical transceiver production capabilities and integrating the optical block into the ONT (Optical Network Terminal) with sales anticipated in Q2 and Q3 FY2009;
- Net loss increased by 50.9% to \$11.3M in FY2008 from \$7.5M in FY2007 resulting in a loss per share of \$0.08 and the cash loss increased by 47% to \$6.1M in FY2008 from \$4.2M in FY2007 (non-cash charges related to amortization of assets and stock compensation charges related to the employee stock option plan);
- Subsequent to year end, Enablence signed a definitive agreement and subsequently completed a transaction to acquire Wave7 Optics, Inc., a global provider of Fiber to the Home (“FTTH”) systems that deliver voice, video and data services; and On July 10, 2008, the Corporation, announced that it had signed a definitive Asset Purchase Agreement with DuPont Photonics Technologies LLC (“DuPont Photonics”), a wholly owned subsidiary of E.I. du Pont de Nemours and Company (“DuPont”) (NYSE: DD) to acquire the assets of DuPont Photonics. Concurrent with the agreement, DuPont will make a cash investment in the Corporation.

ENABLENCE TECHNOLOGIES BUSINESS

Enablence has, at its core, the vision to create value for its shareholders by becoming the world's leader in integrated photonics solutions and FTTx systems for global markets. It will accomplish this by continuing to strengthen the company's technological and market position through a combination of organic growth and through vertical integration that allows the company to maintain a leadership position in integrated photonics solutions and FTTx systems worldwide.

Enablence has significantly evolved from its initial product offerings of transceivers for the FTTH or access networks using the Company's proprietary PLC technology. Enablence is now organized into two distinct divisions; the Enablence Components Division and the Enablence Networks Division. These Divisions are complimentary in nature and form part of the same value chain. The company now also has a broad portfolio of products that are consistent with its business plan and vision. These commercial products position the company as an integrated photonics components and subsystem supplier leveraging the PLC technology in FTTx, access, metro, and long-haul markets.



Enablence Optical Components and Subsystems Division

The Components Division comprises three core competencies, namely: design and integration of optical transceivers, an activity led by Enablence Inc. in Ottawa, Ontario), arrayed waveguide grating production, focused on the Silica on Silicon fab at the Company's facilities in Fremont, California (ANDevices Inc.) and advanced photodiode production, which takes place in our Gallium Arsenide and Indium Phosphide fab in Zurich, Switzerland (Albis Optoelectric AG).

Optical transceivers are products used by network or original equipment manufacturer ("OEM") suppliers to build optical modems that allow for voice, video and data services at very high speeds in homes. Each home or business

that is connected with a fiber line all the way from the central distribution point to the end point requires an optical modem.

Enablence's PLC optical chip technology enables the integration of sub-components (waveguides, photodetectors, lasers and transimpedance amplifiers) onto one platform. The optical performance, the level of assembly automation, and the suitability for mass-production associated with this technology are believed by management to rival or surpass that of competitive alternatives.

Enablence's core technology is portable to numerous markets including metro area fiber optic networks that require filtering technology to separate and multiplex various wavelengths. This filtering feature of the Enablence technology makes it a platform technology that is also suitable for an array of biomedical and aerospace applications.

There are a number of distinguishing features of the Enablence transceiver platform which make it a very flexible filter technology. It is easily scalable from two channels to more than 200 channels and capable of processing optical information at gigabit rates. Since the approach used in the development of the transceiver technology involves standard manufacturing processes, it is fully compatible with the most commonly deployed optical fibers and employs known semiconductor processing techniques. No external lenses or collimators are required and it is capable of wide free spectral range. With a very small size, hundreds of chips can be produced on a single six-inch wafer, thus minimizing the cost per chip.

For the Passive Optical Networks ("PON's") used to deliver FTTx, Enablence intends to offer optical transceiver modules, optical sub-assemblies, loaded chips, splitters, and complete integrated solutions.

Current suppliers of optical transceiver modules are faced with pricing pressures that are increasingly more difficult to address with incumbent technologies. An overwhelming majority of these suppliers use an assembly of micro-optic components, resulting in a large bill of materials, high assembly costs, and a requirement for a low-cost overseas workforce. The lack of a more innovative product solution remains a fundamental limitation to further price reductions. Management's view is that PLC technology enables manufacturers to reach these high-volume price targets sought by customers. Enablence will strive to secure design wins for triplexer and diplexer transceivers based on an ability to meet the specifications and low price points.

In March of 2007, in an effort to provide even further pricing advantages and secure component supply, the Company acquired Albis, a Swiss based manufacturer of photodiodes used in optical communications.

On February 7, 2008, the Company acquired ANDevices Inc. of Fremont, California. ANDevices is a provider of photonic devices for the FTTH, Reconfigurable Optical Add Drop Multiplexer (ROADM) and long-haul communication (LHC) markets. Its products are based on the PLC platform which allows for the integration of multiple optical functions on a single chip. They have applied this platform to provide component products used in optical instrumentation, consumer electronics and bio-sensing. With its foundry operations, ANDevices has experience in all facets of design, test, measurement

and assembly of PLC components. The company develops prototypes and then scales them to full production for all of its communication products.

ANDevices produces the Company's silicon substrates for its transceiver product line. Beyond the supplier relationship, ANDevices and Enablence have significant technological and customer synergies.

Enablence FTTx Network Division

On May 5, 2008, the Company acquired Wave7. Wave7 was a customer of the Company. Wave7 is a global provider of FTTH systems that deliver voice, video and data services over fiber optic lines. They produce both the Optical Network Terminal (ONT) for the home and the Optical Line Terminal (OLT) at the head end for the various service providers they supply. Wave7 has established relationships with more than 100 customers on 6 continents. Their patented technology handles multiple protocols (EPON, GPON & PT-to-PT). Wave7's ONTs rely on optical transceivers at their core. The transaction had several merits that were considered by management including; customer relationship, position and reputation in the market, human resource synergies, access to field testing for rapid deployment of future products, economics of the deal, existing customers under contract and a strong management team. Enablence is integrating its first transceiver products within Wave 7 deployments and will continue to scale its production in anticipation of additional orders. For this purpose, the Company has entered into agreements with Sanmina SCI in Allen, Texas to act as a contract manufacturer. The Company also uses other contract manufacturers in the United States, Canada and Japan to assist in the production of its various other product lines. The company will continue to review these agreements to ensure that they are cost effective and meet the on going needs and requirements consistent with market and competitive circumstances.

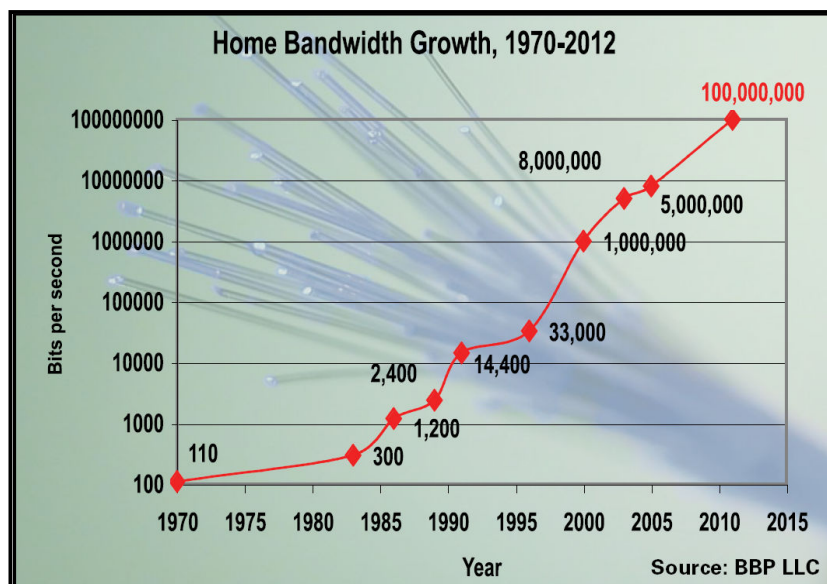
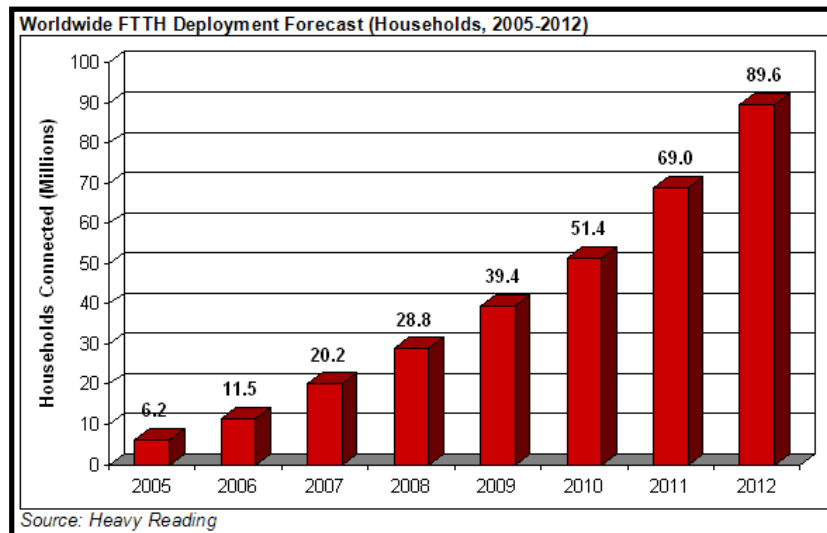
The addition of Wave7 has transformed Enablence into the company that is able to provide every element of the FTTH network and, therefore, has increased its addressable market.

RVA Market Research concluded the following in December 2007 –

“RVA strongly believes there will be an ever increasing need for more broadband in North America. The major factor responsible for currently increasing the need for broadband is the transmission of high definition television. Sales of HD televisions have increased rapidly in the past year. As will be noted elsewhere in this report, approximately one-quarter of FTTH customers already have three HD devices (or more) in their home.

Each high definition channel takes about 8-9 mbps when transmitted in highly compressed Mpeg4 format, and 18 mbps when in less compressed Mpeg2 format. Rapid movement, such as in sports programming, causes particular problems with compression algorithms. There is some early resistance beginning to appear to the compression of HD signals, because, after all, quality is the entire point of HD. Interestingly, sales of old fashioned over-air antennas have been increasing in some cities because HD customers have found they can get better quality from broadcast HD signals versus the HD signals sent in more compressed format via cable television or satellite TV.

In the future, wall-size HD systems, 3D television, and other technologies will multiply the need for broadband many times. Another pressure appearing recently is the customer's desire for transmitted time-shifted video. In other words, rather than record an episode of "Lost" on their own digital video recorder (DVR) for viewing at a later time, customers want to be able to request specific programming from their service provider whenever desired. They not only desire convenience, but would also like to pick a time to watch a program simultaneously with friends in other locations. Time shifted video from the service provider has a tremendous impact on the need for bandwidth, both to the home and in the core network. The use of broadband for Internet use has also been increasing rapidly. Even fairly typical users have significantly increased their broadband use in the past year as more rich media, such as user generated video etc., is consumed. Leading edge users, such as gamers and those using peer-to-peer services for video downloads, are already requesting much more broadband than they can currently obtain. High quality, two-way video conferencing is also increasing for those who have sufficient bandwidth to experience it. Bandwidth needs are also increasing for those conducting business from home. North American broadband needs are quickly outstripping the ability of any system to supply those needs... other than a direct fiber connection to the residence."



GROWTH STRATEGY

FTTH port shipments grew to 6.3 million in 2007 according to industry analyst Dittberner with an expectation of 11.5 million ports to be shipped in 2008. Japan continues to dominate the market with 11.4 million FTTx subscribers at the end of 2007. The United States showed 2.9 million households subscribing to FTTH at April 2008 and 1 million homes with Fiber in Europe at December 2007 (IDATE). According to Infonetic Research, the number of worldwide PON FTTx subscribers is forecast to grow to 80.5 million by 2011.

A number of product development objectives are planned for the next 12 months. These include full integration of the Enablence transceiver into the Wave7 ONTs, potential customized integration of the optical FTTH chip into the Wave7 platform, release of new transceiver product lines, continued integration and the introduction of full ROADM subcomponents into the market.

In addition, the company plans to undertake product packaging redesigns for additional cost savings over the next 6-12 months to further reduce costs. The packaging redesign for large scale manufacture will be developed to meet the requirements for both diplexers and triplexers. During the next 12 months, Enablence plans to increase its production capacity of ONTs, OLTs and optical transceivers with the assistance of its contract manufacturers.

Enablence intends to pursue product strategies directed at metro area fiber optic networks, long-haul networks, datacom, biophotonic solutions, aerospace and defence.

SIGNIFICANT ACCOUNTING POLICIES

Enablence's consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include the following significant accounting policies:

Principles of consolidation: The consolidated financial statements include the accounts of Enablence Technologies Inc.; its wholly owned subsidiaries, Enablence Inc., Enablence Holdings LLC, Albis Optoelectronics AG and ANDevices, Inc. These financial statements have been prepared in accordance with CICA Handbook Emerging Issues Committee Abstract No. 10 - *Accounting for Reverse Takeovers* and represent a continuation of the financial statements of Enablence Inc. (the legal subsidiary) and not of Enablence Technologies Inc. (the legal parent - formerly Pacific Northwest Partners Ltd).

The Company and its subsidiaries have established a fiscal year end of April 30th.

Revenue recognition

The Company records revenue from product sales to customers at time of shipment, when all significant contractual obligations have been satisfied, when the price to the customer is fixed and determinable and collection is reasonably assured. Amounts billed or paid in excess of revenue recognized are recorded as deferred revenue.

Cash and cash equivalents

The Company considers all highly liquid investments with original maturity of four months or less at time of acquisition to be cash equivalents.

Short term investments

Short term investments consist of liquid investments with original maturity dates of between four months and one year at time of acquisition.

Inventories

Finished goods are valued at the lower of cost and net realizable value. Work in process and raw materials are valued at the lower of cost and replacement cost. Cost is determined on a first in, first out basis. The Company assesses the valuation on a quarterly basis and writes down the value for estimated excess and obsolete inventory based upon estimates of future demand.

Income taxes

The Company follows the liability method of accounting for income taxes. Under this method, future income tax assets and liabilities are determined based on differences between the carrying amounts and the tax basis of assets and liabilities, and are measured using the substantively enacted tax rates and laws. Future income tax assets are recognized only to the extent that it is more likely than not, in the opinion of management, that the future tax assets will be realized in the future.

Investment tax credits

Investment tax credits are recorded as a reduction of the related expense or as a reduction of the cost of the related asset. The benefits are recognized when the Company has complied with the terms and conditions of the applicable tax legislation provided there was reasonable assurance of realization.

Property, plant and equipment

Property, plant and equipment are recorded at cost. Amortization is calculated over the anticipated useful lives of the assets at the following rates:

Machinery and equipment	12 years straight-line and 7 years diminishing balance
Lab equipment	3 years straight line
Office furniture and equipment	3 years straight-line and 7-10 years diminishing balance
Software	2 years straight-line
Photomasks	3-5 years diminishing balance
Leasehold Improvements	10 years or term of lease

Intangible assets

Intangible assets, consisting of intellectual property, customer relationships and brand name, resulting from the acquisition of Albis Optoelectronics AG ("Albis") and ANDevices, Inc. ("AND") are recorded at fair value, estimated by management based on the expected discounted future cash flows associated with the acquired intangible assets. Acquired intangible assets are amortized on a straight-line basis over five years.

Intangible assets also include patents. Costs incurred to acquire patents are recorded at cost and amortized over ten years, the expected useful life of the patents.

Goodwill

Goodwill is calculated as the excess of the fair value of consideration paid over the fair value of tangible and intangible assets acquired and liabilities assumed. As there is only one reporting unit, goodwill is allocated to the Company as a whole. Goodwill is not amortized and is tested for impairment annually or more frequently if events or changes in circumstances indicate that the asset might be impaired. Goodwill is tested in the fourth quarter of each fiscal year.

Impairment of long-lived assets

Long-lived assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when their carrying value exceeds the total undiscounted cash flows expected from their use and eventual disposition. The amount of the impairment loss is determined as the excess of the carrying value of the asset over its fair value. There is no impairment in the current year.

Research and development costs

Current research costs are expensed as incurred. Expenditures for research and development equipment, net of related investment tax credits, are capitalized. Development costs are deferred and amortized when the criteria for deferral under generally accepted accounting principles are met, or otherwise, are expensed as incurred. To date, no development costs have been deferred

Use of accounting estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods presented. Actual results could differ from those estimates. Significant estimates in the accompanying financial statements relate to investment tax credits, allowance for doubtful accounts, inventory provisions and valuation, asset impairments, accruals, stock based compensation, the estimated useful lives and valuation of property, plant and equipment, future income taxes, intangible assets and goodwill.

Stock-based compensation plans

The Company follows the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3870, *Stock-Based Compensation and Other Stock-Based Payments*, which establishes standards for the recognition, measurement and disclosure of stock-based compensation. Under this section, stock options are measured and recognized using a fair value based method.

Prior to the reverse takeover, all outstanding options were cancelled and replaced by shares. The number of shares issued was determined by the "in-the-money" value of the options at the time of the reverse takeover. As a result, the fair value of the shares issued less any remaining deferred stock-based compensation related to these options was expensed in the year ended April 30, 2007.

Foreign currency translation

The Company has entered into certain transactions in foreign currencies. These transactions are converted to Canadian dollars at the exchange rate in effect at the time the transaction occurs. Monetary assets and liabilities, which are denominated in currencies other than Canadian dollars, are translated at period-end exchange rates. Exchange gains and losses resulting from the translation of these amounts are included in the determination of net loss. During the year ended April 30, 2008, the Company recorded an \$84,537 foreign exchange loss included in general and administrative expenses (2007- \$37,907 foreign exchange gain).

Enblence Holdings LLC, is considered to be an integrated foreign operation and as a result the financial statements of this subsidiary are translated into Canadian dollars using the temporal method of foreign currency translation. Under this method, monetary assets and liabilities are translated at the rate of exchange in effect at year-end and resulting gains or losses are recorded in the statement of loss and deficit. Enblence Holdings LLC was dissolved and a certificate of cancellation was issued on May 8, 2007.

Albis Optoelectronic AG and ANDevices Inc. are considered to be self-sustaining foreign operations and as a result the financial statements of these subsidiaries

are translated into Canadian dollars using the current rate method of foreign currency translation. Under this method assets and liabilities are translated at the rate of exchange prevailing at the balance sheet date and revenues and expenses are translated at the average rate of exchange for the period. Gains and losses resulting from translation of the accounts are recorded in equity as accumulated other comprehensive income or loss.

Changes in accounting policy

Effective May 1, 2007, the Company adopted CICA Handbook Section 1530, *Comprehensive Income*; Section 3251, *Equity*; Section 3855, *Financial Instruments – Recognition and Measurement*; and Section 3861, *Financial Instruments – Disclosure and Presentation*.

The adoption of the new standards requires classifying all financial assets and liabilities into categories that have prescribed accounting treatments. Their classification depends on the purpose for which the financial instruments were acquired or issued, their characteristics and the Company's designation of such instruments.

Held-for-trading

Held-for-trading financial assets are financial assets typically acquired for resale prior to maturity or that are designated as held-for-trading. They are measured at fair value at the balance sheet date. Fair value fluctuations including interest earned, interest accrued, gains and losses realized on disposal and unrealized gains and losses are included in other income. The Company has designated its cash and cash equivalents and short-term investments as held-for-trading.

Financial liabilities designated as held-for-trading are those non-derivative financial liabilities that the Company elects to designate on initial recognition as instruments that it will measure at fair value through other interest expense. These are accounted for in the same manner as held-for-trading assets. The Company has not designated any non-derivative financial liabilities as held-for-trading.

Held-to-maturity

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and a fixed maturity, other than loans and receivables that an entity has the positive intention and ability to hold to maturity. These financial assets are measured at amortized cost using the effective interest rate method. The Company has not designated any financial assets as held-to-maturity.

Available-for-sale

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale, or that are not classified as loans and receivables, held-to-maturity or held-for-trading investments. Except as mentioned below, available-for-sale financial assets are carried at fair value with unrealized gains and losses included in accumulated or other comprehensive

income until realized when the cumulative gain or loss is transferred to other income. Available-for-sale financial assets that do not have quoted market prices in an active market are recorded at cost. The Company has not designated any of its accounts as available-for-sale.

Loans and receivables

Loans and receivables are accounted for at amortized cost using the effective interest rate method. The Company has designated its accounts receivables as loans and receivables.

Other liabilities

Other liabilities are recorded at amortized cost using the effective interest rate method and include all financial liabilities, other than derivative instruments. The Company has designated its accounts payable, accrued liabilities and notes payable as other liabilities.

Transaction Costs

Transaction costs related to held-for-trading financial assets are expensed as incurred. Transaction costs related to available-for-sale financial assets, held-to-maturity financial assets, other liabilities and loans and receivables are netted against the carrying value of the asset or liability and are then recognized over the expected life of the instrument using the effective interest rate method.

Effective interest rate method

The Company uses the effective interest rate method to recognize interest income or expense which includes transactions costs or fees, premiums or discounts earned or incurred for financial instruments.

Comprehensive Income

The new standards also introduce a new measurement of results called comprehensive income. Comprehensive income is the change in equity (net assets) of an enterprise during a period from transactions and other events and circumstances from non-shareholders sources. It includes all changes in equity during a period except those resulting from investments by shareholders and distributions to shareholders. Comprehensive income includes net earnings and other comprehensive income (OCI). OCI refers to changes in net assets from certain transactions and other events and circumstances, other than transactions with shareholders. These changes are recorded directly as a separate component of shareholders' equity and excluded from net earnings. OCI includes the unrealized gain or loss on translating the financial statements of self-sustaining foreign operations. At April 30, 2007, \$300,353 of cumulative translation adjustment was reclassified from cumulative translation adjustment to accumulated other comprehensive loss. A new statement of comprehensive loss has been added to the financial statements.

DISCLOSURE CONTROLS AND INTERNAL CONTROL OVER FINANCIAL REPORTING

The CEO and CFO have evaluated the effectiveness of the Company's disclosure controls and procedures and assessed the design of its internal control over financial reporting as of April 30, 2008, pursuant to the requirements of Multilateral Instrument 52-109. The CEO and CFO have concluded, based on this evaluation, that the company's disclosure controls and procedures are effective, and that the design of internal control over financial reporting provides reasonable assurance regarding the reliability of the company's financial reporting and the preparation of the company's financial statements for external purposes in accordance with (Canadian) GAAP.

CRITICAL ESTIMATES

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as at the date of the financial statements and the reported amount of revenue and expenses during the reporting periods. Actual results could differ from those estimates. Significant estimates include, but are not limited to investment tax credits, estimated useful lives of capital assets, patents and other intangible assets, the Albis purchase price allocation and the valuation of stock based compensation.

The Company has adopted the accounting recommendations contained in the CICA Handbook Section 3870 - "*Stock-based Compensation and Other Stock-based Payments*". This Section establishes standards for the recognition, measurement and disclosure of stock-based compensation and other stock-based payments made in exchange for goods and services, and applies to transactions, including non-reciprocal transactions, in which an enterprise grants shares of common stock or other equity instruments, or incurs liabilities based on the price of common stock or other equity instruments. The Company uses the fair-value based method to account for all stock-based payments to employees and non-employees by measuring the compensation cost of the stock-based payments using the Black-Sholes option-pricing model. The fair value of the stock-based compensation is recorded as a charge to operations (or share issuance costs for broker warrants) over the vesting period with a credit to contributed surplus.

On July 25, 2007, the officers, directors and employees in receipt of options granted on December 12, 2006 and March 7, 2007 agreed to refrain from exercising these options while the OSC conducted an investigation into the trading activities of Enablence shares and related corporate events. Enablence cooperated fully with this investigation. Enablence also conducted an independent investigation of all of its internal procedures. This third party investigation confirmed management's view of there being no impropriety in the decision that led to these grants. This hold was lifted in December 2007 for all non-management staff and on February 23, 2008 for management in order to allow employees the benefits afforded by these options. There are currently no voluntary vested stock options that are currently being withheld from being exercised for any employee – management or non-management.

RESULTS OF OPERATIONS

SUMMARY OF UNAUDITED QUARTERLY RESULTS

The following tables set forth unaudited consolidated statements of operations data for the most recent reporting periods as prepared in accordance with Canadian GAAP. The information has been derived from our unaudited consolidated financial statements that, in management's opinion, have been prepared on a basis consistent with the audited financial statements for the years ended April 30, 2008 and April 30, 2007 and include all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of information presented.

Period ended	April, 30, 2008 (3 months)	January 31, 2008 (3 months)	October 31, 2007 (3 months)	July 31, 2007 (3 months)	April 30, 2007 (3 months)	January 31, 2007 (3 months)	October 31, 2006 (3 months)	July 31, 2006 (3 months)
Revenue	\$2,445,407	\$261,409	\$145,071	\$300,706	\$ 71,750	-	-	-
Gross Profit	828,479	170,559	27,926	156,251	5,302	-	-	-
Expenses								
Research & Development	2,204,883	1,457,371	1,009,270	1,030,031	391,080	676,823	480,985	650,147
General & Administrative	1,866,997	1,317,264	630,978	725,171	866,896	602,873	538,884	510,904
Stock Based Compensation	499,751	538,814	599,216	786,520	844,667	129,625	106,217	1,721,730
Amortization	1,667,119	396,784	363,368	368,662	325,892	115,354	77,990	31,950
Net Loss before Income Taxes	(5,410,271)	(3,539,674)	(2,574,906)	(2,754,133)	(2,423,233)	(1,524,675)	(1,204,076)	(2,914,731)
Net Loss for the Period	(5,215,781)	(2,641,610)	\$(2,269,595)	\$(2,493,592)	\$(2,170,056)	\$(1,428,383)	\$(1,091,128)	\$(2,829,598)
Weighted Average Shares Outstanding Basic and Diluted	171,827,815	161,553,851	120,146,388	117,247,187	108,145,645	89,856,780	89,798,084	53,199,554
Loss Per Share	\$ (0.03)	\$ (0.02)	\$ (0.02)	\$ (0.02)	\$ (0.02)	\$ (0.02)	\$ (0.01)	\$ (0.05)

**SUMMARY OF RESULTS FOR THE YEARS ENDED APRIL 30, 2008
AND APRIL 30, 2007**

The following table sets forth a summary of key operating and other information from our consolidated financial statements for the most recent reporting periods as prepared in accordance with Canadian GAAP. The information has been derived from our audited consolidated financial statements.

Years ended	April 30, 2008	April 30, 2007
Revenue	\$ 3,152,593	\$ 71,750
Gross Profit	1,183,215	5,302
Expenses		
Stock Based Compensation	2,424,301	2,802,239
General & Administrative	4,540,410	2,519,557
Research & Development	5,701,555	2,199,035
Amortization	2,795,933	551,186
Operating Loss for the Year	(14,278,984)	(8,066,715)
Net Loss for the Year	(11,347,374)	(7,519,165)
Basic and Diluted Loss Per Share	\$ (0.08)	\$ (0.09)

REVENUES

Revenues increased to \$2,445,407 in Q4 2008 compared to \$71,750 in Q4 2007 and increased to \$3,152,593 for FY 2008 compared to \$71,750 for FY2007. Revenues in FY 2007 can be attributed to the sales generated by sales of photodiodes and detectors through the facility in Zurich. Sales within the Optical Components and Subsystems Division continues to grow with approximately 66% of revenue generated from the sale of silica on silicon based technologies and 34% of revenues from gallium arsenide or indium phosphide technologies. In addition to revenues noted above during FY2008, \$260,113 (FY 2007 of \$34,292) has been offset against research and development expense for products sold for evaluative purposes.

The Company operates in one reportable segment. All of the Company's activities are considered to be carried on in the development and marketing of integrated photonic chips and solutions.

Revenue and assets are segregated geographically as follows:

	Revenue		Property, plant and equipment and goodwill	
	2008	2007	2008	2007
North America	\$ 2,225,592	\$ -	\$ 27,552,754	\$ 810,714
Asia Pacific	709,102	-	-	-
Europe	217,899	71,750	3,042,491	3,030,519
	<u>\$ 3,152,593</u>	<u>\$ 71,750</u>	<u>\$ 30,595,245</u>	<u>\$ 3,841,233</u>

Revenues are attributed to geographical location based on customer.

During the year ended, April 30, 2008, two customers accounted for 36% (2007 - nil) of the Company's total revenue and one customer accounted for 31% (2007 - nil) of the accounts receivable balance at April 30, 2008

EXPENSES

Research & development expenses increased by \$1,813,803 or 464% to \$2,204,883 in Q4 2008 compared to Q4 2007 and increased by \$3,502,520 or 159% to \$5,701,555 for FY 2008 compared to FY 2007. The Q4 2007 amount is lower than expected due primarily to the receipt of SRED tax credits which had been accrued at 75% of the value of the claim. As 100% of the SRED claim was allowed, the Company realized an additional 25% of the value of these claims in Q4 2007. The general increase in research and development spending during FY 2008 is due to the accelerated efforts put in place to commercialize the Company's core technology. The number of employees engaged in research and development increased from seventeen at the end of FY 2007 to twenty-seven at the end of FY 2008. Payroll costs related to research and development were \$2,457,000 in FY 2008 and \$1,144,000 in FY 2007. Included in research and development payroll costs are bonuses of \$ 426,000 in FY 2008 and \$557,000 for FY 2007.

Of the \$1,000,101 increase in our general and administrative during the fourth quarter \$769,000 is attributed to the consolidation of general and administrative expenses of ANDevices Inc. since its acquisition in February 2008. Our annual general & administrative expenses increased by \$2,020,853 or 80% to \$4,540,410 for FY 2008 compared to FY 2007. Generally increases in FY 2008 were due primarily to administrative costs related to the increased cost of managing a larger company; including professional fees, insurance, payments made to register IP in various jurisdictions (translation & filing fees) as well as increases in staffing and bonus payments. Payroll costs included in general and administrative expenses were \$3,058,000 in FY 2008 and \$1,482,000 in FY 2007. The number of staff included in general and administrative expenses has risen from six in FY 2007 to twenty in FY 2008. Included in these payroll costs are bonuses of \$686,000 for FY 2008 and \$721,000 for FY 2007. See "Executive Compensation" for a breakdown of salary and bonus paid to management.

Stock based compensation expenses decreased by \$344,916 or 41% to \$499,751 in Q4 2008 compared to Q4 2007. Stock based compensation expenses were \$2,424,301 in FY 2008 compared to \$2,802,239 in FY 2007. Prior to the reverse takeover of July 24, 2006, all outstanding options were cancelled and replaced by shares. The quantity of shares issued was determined by the "in the money" value of the options at the time of the reverse takeover. As a result, the fair value of the shares issued less any remaining deferred stock-based compensation related to these options was expensed during the quarter ending July 31, 2006 resulting in an expense of \$1,721,730 for that quarter. During FY 2007 2,167,875 options to acquire common shares were cancelled and 12,208,000 options were granted. Of the 12,208,000 options granted in FY 2007, 8,608,000 were amortized and expensed by the third quarter of FY2008, resulting in a lower expense in the fourth quarter of FY2008 when compared to the fourth quarter of FY2007. During FY 2008, 2,550,000 options were granted of which 150,000 were forfeited during the year on termination of employment. Stock-based compensation is recorded as an increase to contributed surplus.

Amortization expenses increased by \$1,341,227 or 412% to \$1,667,119 in Q4 2008 compared to 325,892 in Q4 2007. Amortization expenses increased by \$2,244,747 or 407% to \$2,795,933 in FY 2008 compared to \$551,186 in FY 2007. The Q4 2008 increase is largely attributable to \$1,261,822 of amortization of the long-term assets of ANDevices Inc., which was acquired during the fourth quarter of FY 2008. The increased amortization for FY 2008 over FY 2007 is also due to a larger asset base due to lab equipment purchases of \$864,245 during the period, and a full year of amortization of assets acquired with the acquisition of Albis Optoelectronics AG in the fourth quarter of FY2007.

INTEREST INCOME

Enablence invests cash and cash equivalents in short-term investments with a Canadian chartered bank. During Q4 2008 Enablence earned interest income on these investments of \$524,234 compared to \$166,179 in Q4 2007. During FY 2008, Enablence earned interest income of \$1,734,777 compared to \$460,550 in FY 2007. The increase in interest income is a result of holding larger average cash and cash equivalents in short-term investments balances throughout FY 2008 as contrasted with the comparable balances during FY 2007. The larger average cash and cash equivalent in short-term investments balances during 2008 arose as a result of the private placement of \$53,651,212, net of related placement costs, in October 2007.

NET LOSS

Net loss for Q4 2008 was \$5,215,781 compared to \$2,170,056 in Q4 2007. The net loss was \$11,347,374 in FY 2008 compared to \$7,519,165 in FY 2007.

LOSS PER COMMON SHARE

In Q4 2008, the basic and diluted loss per common share was \$0.03 compared to \$0.02 in Q4 2007. The weighted average number of common shares

outstanding for both basic and diluted loss per share was 171,827,815 in Q4 2008 compared to 108,145,645 in Q4 2007.

In FY 2008, the basic and diluted loss per common share was \$0.08. The weighted average number of common shares outstanding for both basic and diluted loss per share was 142,534,676. This compares to FY 2007, where the basic and diluted loss per common share was \$0.09. The weighted average number of common shares outstanding for both basic and diluted loss per share was 84,993,339.

LIQUIDITY AND FINANCIAL RESOURCES

Enableness has historically financed its operations primarily through the issuance of shares.

As at April 30, 2008 Enableness had cash, cash equivalents and short term investments of \$47,208,442 and working capital of \$49,287,426 compared to cash of \$16,350,597 and working capital of \$16,771,729 as at April 30, 2007.

Quarter ended April 30, 2008

During Q4 2008 cash used in operating activities was \$4,851,463 compared to \$1,260,279 in Q4 2007. Cash used in operations during the quarter was primarily the result of increased net losses.

During Q4 2008 cash generated through financing activities was \$265,881 resulting from the redemption of warrants and exercise of stock options.

During Q4 2008, cash used in investing activities was \$9,171,323 and is comprised of four investments, namely; 1) \$415,090 towards the purchase of capital and other assets, 2) \$1,007,100 loan advanced to Wave7 Optics, Inc., 3) redemption of short term investments resulting in cash proceeds of \$4,887,012 and 4) \$12,636,145 related to the acquisition of 100% of the shares of ANDevices Inc.

See "Share Capital" for a detailed explanation of the acquisition of ANDevices, Inc.

Year ended April 30, 2008

In FY 2008 cash used in operating activities was \$9,796,288. Cash used in operations was primarily the result of net losses of \$11,347,374, increase in receivables, inventory and prepaids of \$1,564,424 and decrease in accounts payable of \$1,098,239. This is offset by non-cash stock-based compensation charges of \$2,424,301, amortization of \$3,077,653 and future income tax recoveries of \$1,288,205.

In FY 2008, cash used in investing activities was \$25,717,610 and relates to the purchase of capital assets of \$1,024,857, purchase of short term investments of \$11,049,508, a cash advance of \$1,007,100 to Wave7 Optics, Inc. and purchase of 100% of the shares of ANDevices, Inc. for shares and \$12,636,145 in cash.

See "Share Capital" for a detailed explanation of the acquisition of ANDevices, Inc.

In FY 2008 cash generated through financing activities was \$55,281,052. Cash generated through financing activities resulted principally from a public offering of shares resulting in \$53,619,712 net of issuance costs, the redemption of broker warrants for \$819,830 and the exercise of employee stock options for \$841,510.

The common shares of Enableness commenced trading on the TSX Venture Exchange on July 28, 2006 under the symbol "ENA" or ENA.V.

OFF BALANCE SHEET ARRANGEMENTS

Enableness has not entered into any material off-balance sheet arrangements such as guarantee contracts, contingent interests in assets transferred to unconsolidated entities, or derivative instrument obligations, or with respect to any obligations under a variable interest entity arrangement.

FINANCIAL AND OTHER INSTRUMENTS

Enableness's financial instruments consist of cash and cash equivalents, accounts receivable and accounts payable. Unless otherwise noted, it is the opinion of Enableness's Management that Enableness is not exposed to significant interest, currency or credit risk arising from these financial instruments. The fair value of these financial instruments approximates their carrying value due to their short-term maturity or capacity of prompt liquidation.

TRANSACTIONS WITH RELATED PARTIES

During FY 2008, the Enableness Inc. purchased materials and services valued at \$426,250 from Albis and \$53,231 from ANDevices during the period from February 7, 2008 to April 30, 2008. The amounts payable at year end related to these purchases were \$14,666 to Albis and \$28,593 to ANDevices. These amounts have been excluded from the consolidated financial statements.

In addition, Albis owed interest of \$63,450 on its intercompany loan while ANDevices owed \$142,984 on its intercompany loan. These amounts, along with the intercompany loan amounts used to fund operations, have also been excluded from the consolidated financial statements.

EXECUTIVE COMPENSATION

Compensation of Executive Officers

The following table sets forth information containing the compensation paid or earned during the fiscal years ended April 30, 2007 and April 30, 2008 to the Chief Executive Officer, VP Finance & Administration and to the three other most highly compensated executive officers during the fiscal period ended (the "Named Executive Officers"). Prior to the RTO, Enablence Inc. had a financial year end of December 31st. Following the RTO, the Corporation adopted an April 30th year end.

Summary Compensation Table							
Name and Principal Position	Fiscal Year ⁽⁷⁾	Annual Compensation			Long Term Compensation		All Other Compensation (\$/shares)
		Salary (\$)	Bonus (\$)	Other Annual Compensation (\$)	Awards		
					Securities Under Options/SARS Granted (#)		
Arvind Chhatbar ⁽¹⁾ President & CEO	2008	\$253,167	\$456,150 ⁽⁹⁾	-	-	-	-
	2007	\$220,620	\$562,182 ⁽⁸⁾	-	4,180,000		1,288,587 shares ⁽⁶⁾
	2006	\$106,383	\$50,000	-	-		-
Dan Hilton ⁽²⁾ Vice President, Finance & Administration	2008	\$130,833	\$115,244	-	-		-
	2007	\$90,438	\$11,560	-	965,000		-
	2006	-	-	-	-		-
Matthew Pearson ⁽³⁾ Vice President, Technology	2008	\$170,500	\$155,320 ⁽⁹⁾	-	-		-
	2007	\$151,374	\$211,470 ⁽⁸⁾	-	1,345,000		751,676 shares ⁽⁶⁾
	2006	\$124,045	\$30,000	-	-		-
Serge Bidnyk ⁽⁴⁾ Director of Research and Design	2008	\$164,300	\$147,806 ⁽⁹⁾	-	-		-
	2007	\$151,141	\$210,191 ⁽⁸⁾	-	1,285,000		751,676 shares ⁽⁶⁾
	2006	\$123,186	\$30,000	-	-		-
Ashok Balakrishnan ⁽⁵⁾ Director of Optical Design	2008	\$164,300	\$149,463 ⁽⁹⁾	-	-		-
	2007	\$148,137	\$210,191 ⁽⁸⁾	-	1,285,000		751,676 shares ⁽⁶⁾
	2006	\$121,266	\$30,000	-	-		-

Notes:

- (1) Following the RTO, on August 1, 2006, Mr. Chhatbar became an employee of the Corporation. Prior to the RTO, commencing on September 1, 2005, Mr. Chhatbar had been the full time CEO of Enablence Inc. Mr. Chhatbar served as part time CEO since inception until September 1, 2005.
- (2) Dan Hilton became an employee of the Corporation on August 8, 2006.
- (3) Following the RTO, on August 1, 2006, Mr. Pearson became an employee of the Corporation. Prior to the RTO, commencing on April 1, 2004, Mr. Pearson had been an employee of Enablence Inc.
- (4) Following the RTO, on August 1, 2006, Mr. Bidnyk became an employee of the Corporation. Prior to the RTO, commencing on April 1, 2004, Mr. Bidnyk had been an employee of Enablence Inc.
- (5) Following the RTO, on August 1, 2006, Mr. Balakrishnan became an employee of the Corporation. Prior to the RTO, commencing on April 1, 2004, Mr. Balakrishnan had been an employee of Enablence Inc.
- (6) At the time of the RTO, all outstanding options held by the NEOs were exchanged for common shares of the Corporation. The number of common shares of the Corporation issued was determined by the "in the money" value of the options at the time of the RTO.
- (7) Prior to the RTO, Enablence Inc. had a financial year end of December 31.
- (8) In addition to the bonuses provided for in the employment contracts with each of the NEO's, as more fully described under the heading "Executive Compensation- Employment Agreements", additional discretionary bonuses were granted, net of withholdings, by the Board of Directors in the amount of USD\$230,000, USD\$90,000, USD\$90,000 and USD\$90,000, respectively, to each of Mr. Chhatbar, Pearson, Balakrishnan and Bidnyk. These bonuses were approved by the Board of Directors in July 2006 and were paid as a result of the successful completion of financing in July 2006 and the completion of the RTO transaction.
- (9) In addition to the bonuses provided for in the employment contracts with each of the NEO's, as more fully described under the heading "Executive Compensation- Employment Agreements", additional discretionary bonuses were granted, by the Board of Directors in the amount of \$202,983, \$70,070, \$65,656 and \$67,313, respectively, to each of Mr. Chhatbar, Pearson, Balakrishnan and Bidnyk. These bonuses were paid as a result of the successful completion of the Company's prospectus financing during the year.

SUMMARY OF CONTRACTUAL OBLIGATIONS

	Total	Payments due by period			
		Less than 1 Year	1-3 Years	4-5 Years	After 5 Years
Facilities Rental Enablelce	\$163,000	\$163,000	-	-	-
Facilities Rental AND	\$285,000	\$200,000	\$85,000	-	-
Facilities Rental Albis	\$802,000	\$148,000	\$444,000	\$210,000	-
Total Contractual Obligations	\$1,250,000	\$511,000	\$529,000	\$210,000	-

CAPITAL RESOURCE REQUIREMENTS

The Company expects to spend approximately \$6.4M during the next year on the procurement of manufacturing equipment. In addition, research and development equipment may be purchased during the final phases of product development. The Company expects to undertake a vertical integration strategy pursuant to the most recent financing completed on October 25, 2007; however, the Company is unable to quantify its known capital resources requirements for this purpose at this time. No other significant capital expenditures are contemplated at this time.

FUTURE OUTLOOK

The primary development challenge for the Optical Component and Subsystems Division will be to make the transition from low-volume production to large-scale manufacturing for both the transceiver and AWG product lines. Significant progress has been made on new transceiver commercialization which will be ready to ship in Q2FY09. The Division is currently in the process of finalizing an integrated PLC for use with the FTTx Network Division which is anticipated to increase performance and reduce costs.

A focus on sales and the development of improved distribution channels is at the core of the Company's strategy for FY09.

Management is focused on a number of additional key initiatives that it believes will positively affect the metrics that drive the business, namely protection of intellectual property, continued research & development, vertical integration, security of supply and committed manufacturing partners.

Management expects that revenues will increase as a result of the above noted actions.

Increased revenues may not be sufficient in FY09 to cover the operating expenses. The Company does not anticipate profitability until such time as it achieves volume sales. There are no assurances that Enablelce will gain adequate market acceptance, or that the Company will achieve profitability, as the Company has not yet earned operating profits and expects to incur further significant operating losses. The Company believes that the existing working capital coupled with revenues will be sufficient to cover the Company's anticipated operating costs beyond FY09.

FINANCIAL INSTRUMENTS

The Company is exposed to currency risk as an increasingly significant volume of its transactions are denominated in U.S. dollars, Euros, Yen and Swiss Francs. The Company has not entered into forward, swap or option contracts to manage its exposures to fluctuations in foreign exchange rates, interest rates, or changes in share price. Enableness intends to adopt a strategy to manage these fluctuations when volume sales are achieved.

PROPOSED TRANSACTIONS

As noted above under "Capital Resources", the Company will continue to review opportunities to enhance shareholder value through strategic vertical integration strategies. There is currently no material proposed asset or business acquisitions or dispositions that have been approved by the board of directors of Enableness Technologies Inc with the exception of the Asset Purchase Agreement with DuPont Photonics Technologies LLC announced on July 10, 2008 (see Subsequent Events for full disclosure).

SUBSEQUENT EVENTS

On May 5, 2008, the Company completed the acquisition of U.S. based Wave7 Optics, Inc, ("Wave7"), a global provider of Fiber to the Home ("FTTH") systems that deliver voice, video, and data services. Pursuant to an agreement and plan of merger, Enableness's wholly owned subsidiary W7 Acquisition Corp. was merged into Wave7, which is now a wholly-owned subsidiary of Enableness. The aggregate acquisition price was US\$10.5 million and 2,078,385 common shares of Enableness. A portion of the shares are subject to an escrow arrangement and the shares are subject to certain statutory hold periods and contractual selling limits. Transaction costs of \$87,636 incurred prior to the completion of the acquisition have been included in prepaid costs at year end.

On July 10, 2008, the Corporation, announced that it has signed a definitive Asset Purchase Agreement with DuPont Photonics Technologies LLC ("DuPont Photonics"), a wholly owned subsidiary of E.I. du Pont de Nemours and Company ("DuPont") (NYSE: DD) to acquire certain assets of DuPont Photonics, subject to certain approvals, conditions and consents. Concurrent with the agreement, DuPont will make a cash investment in the Corporation. Under the terms of the Agreement Enableness will issue common shares equivalent to US\$9.5M based on a 30 day average share price prior to the closing of the transaction for the assets and the investment. The conditions are expected to be satisfied on or before July 24, 2008.

SHARE CAPITAL

COMMON SHARES

Enableness is authorized to issue an unlimited number of common shares of which 172,691,032 common shares are issued and outstanding as of April 30, 2008. The following table details the issued and outstanding shares of the company:

	Number of common <u>Shares</u>	<u>Amount</u>
April 30, 2006	16,539,569	\$ 5,391,900
Adjustment (see explanation below)	(16,539,569)	-
Issued to shareholders of Enableness Inc. on Conversion	53,101,977	-
Issued for cash, net of \$1,785,725 issuance costs	30,588,554	9,880,613
Fair value of broker warrants issued, recorded as issuance costs	-	(348,573)
Previously existing outstanding shares of Enableness Technologies Inc. (formerly Pacific Northwest Partners Ltd.)	6,107,553	1,500,010
Redemption of broker warrants	559,417	206,984
Issued for cash, net of \$1,187,114 issuance costs	25,000,000	13,812,886
Fair value of broker warrants issued, recorded as issuance costs		(633,834)
Issued for acquisition of Albis Optoelectronics AG (Note 13)	1,889,686	2,078,655
	<hr/>	<hr/>
April 30, 2007	117,247,187	\$ 31,888,641
Issued for cash, net of \$3,848,788 issuance costs	42,592,665	53,651,212
Fair value of broker warrants issued, recorded as Issuance costs		(753,660)
Issued on exercise of options	2,028,000	1,185,997
Issuance costs	-	(31,500)
Redemption of broker warrants	1,738,067	1,230,761
Issued for acquisition of ANDevices, Inc. (Note 15)	9,085,113	22,403,333
	<hr/>	<hr/>
April 30, 2008	172,691,032	\$109,574,784
	<hr/>	<hr/>

The share capital schedule above is that of the legal parent (the Company) subsequent to April 30, 2006 and that of the legal subsidiary (Enableness Inc.) on April 30, 2006 and all previous dates. The "Adjustment" is simply to reflect this event and allow for the mathematical continuation of the schedule.

On July 24, 2006, the Company entered into a reverse take over transaction with Pacific Northwest Partners Ltd. In legal form, Enableness Inc. became a wholly owned subsidiary of Pacific Northwest Partners on that date; however, the effect of the transaction was such that the existing shareholders of Enableness Inc. have become the majority owners of Pacific Northwest Partners Ltd., giving rise to a reverse take over. Pacific Northwest Partners Ltd. subsequently changed its name to Enableness Technologies Inc. (the Company).

Common shares of the Company were issued to existing Enableness Inc. shareholders at a conversion rate of approximately 2.916 shares for every Enableness Inc share resulting in the issuance of 48,229,383 common shares. An additional 4,872,594 common shares were issued to holders of 2,167,875 Enableness Inc. options at the same conversion rate

of 2.916 for the in-the-money portion of the options. An additional 30,588,554 shares were issued for net proceeds of \$9,880,613. As partial compensation for the reverse takeover transaction and financing, 2,849,275 broker warrants were issued entitling the holder to purchase one common share at a price per share of \$0.37 to May 24, 2008. The warrants have been valued at \$348,573 at the time of issuance and have been recorded as an issuance cost. The fair value was determined using the Black-Scholes pricing model. 1,289,858 broker warrants were exercised during the three months ended January 31, 2008 resulting in cash proceeds of \$477,247. During the fiscal year ended April 30, 2007, 559,417 broker warrants were exercised resulting in cash proceeds of \$206,984.

On March 1, 2007, the Company completed a private placement of \$25,000,000 common shares at a price of \$0.60 per share for gross proceeds of \$15 million. As partial compensation for this transaction, 1,750,000 broker warrants were issued entitling the holder to purchase one common share at a price of \$0.60 per share to March 1, 2009. The warrants have been valued at \$633,833 at the time of issuance and have been recorded as an issuance cost. The fair value was determined using the Black-Scholes pricing model. 175,000 broker warrants were exercised during the three months ended January 31, 2008 resulting in cash proceeds of \$105,000. During the nine months ended January 31, 2008, 350,000 broker warrants were exercised resulting in cash proceeds of \$210,000.

On March 21, 2007, the Company acquired all of the outstanding shares of Albis for consideration of \$4,853,385 (US\$4,127,028.54) in cash and 1,889,686 common shares valued at \$1.10 per share or \$2,078,655 plus \$43,902 of transaction costs for total consideration of approximately \$7 million. The company also granted options for an aggregate of 600,000 common shares to certain key employees of Albis. Albis is an ISO9001:2000 certified designer, developer and manufacturer of high-speed single channel and array photodiode chips for fiber optic datacom and telecom applications.

The property and equipment is comprised of a fully operation wafer fabrication facility in Zurich, Switzerland. The intellectual property associated with the purchase is comprised of trade secrets, customer relationships and intellectual know-how associated with the design and fabrication of several photodiode product lines. The fair value of the intellectual property was determined using a discounted cash flow methodology taking into consideration existing multiple product lines, their life cycles and anticipated market demand of both current and future customers. Based on a historical life cycle of approximately 10 years, management has determined that an average of 5 remaining years for the entire product line is an appropriate amortization period. The acquisition was accounted for by the purchase method, whereby the results of operation of the acquired company are included in the consolidated statements of earnings and cash flows since the acquisition date and the related identifiable assets acquired and liabilities assumed are recorded at their fair values on the date of acquisition.

The following table summarizes the purchase price based on estimated fair values.

Assets acquired:	
Cash	\$ 16,820
Accounts receivable	231,979
Inventory	168,855
Prepays and deposits	72,597
Property and equipment	3,202,799
Intellectual property	5,638,821
Future income tax assets	143,000
	<hr/> 9,474,871
Liabilities assumed:	
Accounts payable and accrued liabilities	137,969
Loans	501,960
Future income tax liability	1,859,000
	<hr/> 2,498,929
Total purchase price consideration	<hr/> <hr/> \$ 6,975,942

On October 25, 2007, the Company completed a public offering issuing an aggregate of 42,592,665 common shares at a price of \$1.35 per share for gross proceeds of \$57,500,000. As partial compensation for this transaction, 1,277,779 broker warrants were issued entitling the holder to purchase one common share at a price of \$1.35 per share to April 25, 2009. The warrants have been valued at \$753,660 and have been recorded as an issuance cost. The fair value was determined using the Black-Scholes pricing model. 98,209 broker warrants were exercised during the year ended April 30, 2008 resulting in cash proceeds of \$132,582.

On February 7, 2008, the Company acquired all of the outstanding shares of ANDevices for consideration of \$13,571,902 (US\$13,500,000) in cash and 9,085,113 common shares valued at \$2.47 per share or \$22,403,333 plus \$264,296 of transaction costs. ANDevices is a supplier of Planar Lightwave Circuit (PLC) based photonic devices for the growing access, metro and long-haul communication markets.

In addition, the Company granted 1,950,000 options to acquire common shares in the Corporation at \$2.30 per share to certain employees AND. These options will vest in four equal semi-annual installments over a two year period. These options are not part of the purchase price.

The following table summarizes the purchase price based on estimated fair values.

Assets acquired:	
Cash	1,210,501
Accounts receivable	1,129,746
Inventory	878,237
Prepays and deposits	226,209
Property and equipment	6,520,035
Intangible assets	20,273,418
Future income tax assets	3,078,419
Goodwill	20,100,317
	<hr/>
	53,416,882
Liabilities assumed:	
Accounts payable and accrued liabilities	3,386,412
Loans	3,858,394
Future income tax liability	9,932,545
	<hr/>
	17,177,351
<hr/>	
Total purchase price consideration	\$ 36,239,531
	<hr/>

The \$20,273,418 value assigned to identifiable intangible assets is attributable to existing technology and intellectual property, customer relationships and brand value. Existing technology and intellectual property carry a value of \$8,350,630, customer relationships carry a value of \$10,212,418 and brand value carries a value of \$1,710,370. The intangible assets will be amortized on a straight-line basis over a 5 year period from the date of acquisition.

Goodwill, which represents the excess of the purchase price over the fair value of tangible and identified intangible assets acquired, reflects the competitive advantages the Company expects to realize from ANDevices existing product lines and developing new markets.

RISKS AND UNCERTAINTIES

The Company operates in a dynamic, rapidly changing environment that involves risks and uncertainties. An investment in Enablence common shares is speculative and involves a high degree of risk and uncertainty. You should carefully consider the risks and uncertainties that are detailed in our Management Information Circular and Annual Information Form filed on July 24, 2008 with Canadian securities regulatory authorities. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also impair our business operations. If any of the risks as described in our filings occur, our business, financial condition, liquidity or results of operations could be materially harmed.

ADDITIONAL INFORMATION

Additional information related to the Company can be found on SEDAR at www.sedar.com.