Enablence Technologies Inc. Announces Results for the Three and Eleven Months Ended March 31, 2011

Toronto, Canada – May 30, 2011 Enablence Technologies Inc. ("Enablence" or the "Company") (TSX VENTURE:ENA), a leading supplier of optical components and subsystems ("OCS") for access, metro and long-haul markets and fiber-to-the-home ("FTTH") equipment and multi-services access platform for triple-play residential and business services ("Systems"), announced today financial results for the three and eleven months ending March 31, 2011.

The highlights during the quarter include:

- Generated $8.2 million in revenue from its OCS segment, an increase of 18% over the prior year quarter;
- Generated 33% gross margin in OCS for the second consecutive quarter, up from 25% in the prior year quarter;
- the OCS segment reported positive Adjusted EBITDA (a non-GAAP measure) of $0.9 million;
- Began the physical move from Wilmington to Fremont, to be completed by June 30, 2011 which will result in reduced costs;
- Recorded impairment charges related to the Systems segment totaling $37.3 million; and,
- A 75% decline in Systems revenue compared with the previous quarter ending December 31, 2010, and a 9% decline from the prior year quarter, in part triggering a decision to divest of the segment

Subsequent to March 31, 2011, the Company:

- announced it was planning to divest the Systems segment;
- raised $10 million through the sale of common shares; and,
- finalized a US$3.5 million note payable and invested US$3.5 million in its China joint venture.

On July 25, 2010 the Company changed its year end from April 30 to June 30, 2011. The current fiscal year will cover the 14 months from May 1, 2010 to June 30, 2011. The current fiscal period covers the three and eleven months ended March 31, 2011, while the prior year comparison is for the three and twelve months ended April 30, 2010.

The following chart highlights the key results ($000's, except per share data):

		3 months ending			11 months ending Mar 31, 2011	12 months ending Apr 30, 2010	
		Mar 31, 2011	Apr 30, 2010	% Change			% Change
Revenues:	OCS	$ 8,174	$ 6,925	18%	$ 29,837	$ 23,448	27%
	Systems	6,488	7,169	-9%	57,250	30,444	88%
Total Revenues		14,662	14,094	4%	87,087	53,892	62%
Net loss		(43,007)	(8,631)		(61,054)	(32,574)	
EPS – basic and diluted		$ (0.10)	$ (0.03)		$ (0.16)	$ (0.12)	
Adjusted EBITDA*		(7,202)	(4,111)		(15,266)	(18,807)	

* Adjusted EBITDA is a non-GAAP financial measure. Adjusted EBITDA comprises: Net loss excluding the following – interest income and expense, income tax recovery and expense, depreciation and amortization, asset impairment charges, stock-based compensation expense and restructuring charges. A reconciliation of Adjusted EBITDA with Net loss is reported in the Company's MD&A, filed today on SEDAR.com. Management uses Adjusted EBITDA to approximate the cash earnings and consumption of the business.

Revenues for the three months ended March 31, 2011 ("Current Quarter") increased 4% to $14.7 million from $14.1 million during the three months ended April 30, 2010 ("Prior Year Quarter"). The change in revenue was driven by an 18% increase in OCS revenue, driven by increased customer demand, offset by a 9% decrease in Systems revenue, which decreased 26% organically, offset by the revenue from the acquisition of Teledata in June 2010. Systems revenue decreased by $19.3 million, or 75%, from the $25.7 million reported in the previous quarter ending December 31, 2010. The December quarter included a $12.5 million sale to one customer.

Gross margin for the Current Quarter was 24.4%, compared to 26.0% in the Prior Year Quarter and 31.7% in the three months ending December 31, 2010. Gross margin from OCS was 33%, up from 25% in the Prior Year Quarter, and flat with the December quarter. The increase over the prior year is due largely to volume across its portfolio, including engineering services, photodiodes and optical components. Systems margins declined from 27% in the Prior Year

Quarter to 14% in the Current Year Quarter, and down from 31% in the December quarter. The decrease in Systems margin is mainly due to volume.

The net loss for the Current Quarter increased to $43.0 million compared to $8.6 million in the Prior Year Quarter. The Current Year Quarter includes a $37.3 million impairment charge on goodwill and intangible assets. The significant drivers of the impairment charges were the continued poor financial results of the Systems segment and revised assumptions around revenue and revenue growth of the Systems segment. The impairment of goodwill and intangible assets relates entirely to the Systems segment. Adjusted EBITDA was a $7.2 million loss, compared to a $4.1 million loss in the Prior Year Quarter. The $3.1 million deterioration in Adjusted EBITDA was due to an increased Adjusted EBITDA loss of approximately $4.8 million from the Systems segment, offset by a $1.2 million improvement in OCS and a $0.5 million reduction in corporate overhead.

Enablence's cash and cash equivalents were $8.5 million at March 31, 2011 as compared to $23.4 million at April 30, 2010. This net decrease of $14.9 million was the result of using $22.5 million in operations, driven by the negative Adjusted EBITDA and changes in working capital, $9.5 million of net cash used in the acquisition of Teledata Networks Ltd., $2.9 million of cash used to repay Teledata's operating loans and $2.0 million for capital expenditures and other items. The Company generated $19.7 million of net proceeds from the Company's public offering on December 6, 2010 and $3.5 million through increasing its secured note and operating line.

On April 28, 2011, the Company announced that it had begun an initiative to explore strategic alternatives to achieve the most value-enhancing and efficient divestiture of the Systems segment. The decision to divest Systems will allow management to focus on the OCS segment. The Company has retained an investment banker to assist in the evaluation of alternatives such as a sale, partial sale or closure. Management anticipates the transaction or transactions to be completed prior to September 30, 2011, however there can be no assurance as to the likelihood, terms or timing of any transaction.

The Company's decision to divest the Systems segment was driven by the estimated cash requirements to complete the development and initial supply of key products in System's product roadmap and build its revenue level to a predictable and cash positive level. The fluctuations in the Systems segment revenue level have consumed a significant amount of the

Company’s cash resources. Enablence management further concluded that the synergy and integration opportunities between its Systems and OCS segments are not significant, and not strategic.

On May 5, 2011, Enablence completed a non-brokered private placement financing of 45,500,000 common shares at a price of $0.22 per share for gross proceeds of $10,100. The proceeds from the private placement will be used primarily towards the growth and expansion of its OCS segment

Enablence is expanding its OCS segment in part with its investment in a joint venture with Sunsea Telecommunications Co. Ltd. (the "JV Partner”), that will operate in China, named Foshan Sunsea-Enablence Optoelectronics Technology Co., Ltd (the “China JV”). The JV Partner will own 51% of the China JV, and Enablence will own a 49% interest. The China JV will develop, manufacture and sell optical components based in part on Enablence’s PLC technology.

The initial investments by the China JV partners are as follows:

- US$9.2 million by the JV Partner, all in cash
- US$8.8 million by Enablence, comprising:
    - US$3.5 million in cash
    - US$1.0 million of capital equipment
    - US$4.3 million in intellectual property and know-how

In conjunction with the initial funding of the China JV, on May 10, 2011, Enablence finalized a note payable with a U.S. bank, with a principal amount of US$3.5 million, secured by US$1.2 million of cash on deposit and a lien on the shares in the Company’s investment in the China JV. The note has a maturity date of April 20, 2016 and is repayable as interest only for the first twelve months, then interest and principal amortized over the remaining term of the loan. As partial consideration for the loan, the Company issued to the bank warrants to purchase up to 400,000 common shares of Enablence, at an exercise price of $0.22 per share, expiring April 9, 2013.

On May 12, 2011, the Company paid the initial investment in the China JV, through its contribution of US$3.5 million.

“We are encouraged by the continued strong performance of the OCS segment. Our challenge for the coming months is to execute on the divestiture of the Systems business while preserving as much cash as possible to fund the OCS growth initiatives,” said Chief Executive Officer, Tim Thorsteinson. “When we have completed the divestiture, our ability to focus on the OCS segment will, we believe, provide the most shareholder value”, he added.

The Company’s ability to continue as a going concern is dependent upon the divestiture of its Systems segment, the ability to generate positive cash flow from its remaining business and the ability to pay its US$ 10.0 million Notes Payable on maturity in June 2012. The successful outcome of management’s activities cannot be assured because they are contingent on future circumstances. The $10.0 million net cash proceeds on the sale on common shares and US$3.5 million in proceeds from bank debt were completed in May 2011. While management believes this additional financing will be sufficient to fund the business moving forward, there is substantial risk in the divestiture plans of the Systems segment.

The Company will host a conference call on Tuesday, May 31, 2011 between 9:00 a.m. and 10:00 am EDT. All interested parties should call 416-340-2216 / 1-866-226-1792. Management will respond to questions from analysts on this call.

About Enablence Technologies Inc.

Enablence Technologies Inc. is a publicly traded company that designs, manufactures and sells optical components and subsystems for access, metro and long-haul markets to a global customer base and fiber-to-the-home (FTTH) equipment and multi-service access platforms for triple-play residential and business services. Enablence delivers a key portion of the infrastructure for next-generation telecommunication systems. The Company’s product lines address all three segments of optical networks: Access, connecting homes and businesses to the network; Metro, communication rings within large cities; and Long-haul, linking cities and continents. The Company’s Access solutions enable voice, data, video, and Internet communications across both copper and fiber-based network infrastructures. For more information, visit www.enablence.com.

Forward-looking Statements

This press release may contain forward looking statements, in particular with respect to the current and future revenue from the Systems segment, the strategic alternatives and divestiture of the Systems segment, the use of proceeds of the financing, the funding of the joint venture in China and the revenue, margins, profitability and future growth of the Components Division (including the joint venture) that are made that are made as of the date hereof and are based on current expectations, forecasts and assumptions which involve risks and uncertainties associated with our business and the economic environment in which the business operates. All such statements are made pursuant to the 'safe harbour' provisions of, and are intended to be forward-looking statements under, applicable Canadian securities legislation. Any statements contained herein that are statements of historical facts may be deemed to be forward-looking statements. By their nature, forward-looking statements require us to make assumptions and are subject to inherent risks and uncertainties. We caution our readers of this press release not to place undue reliance on our forward looking statements as a number of factors could cause actual results or conditions to differ materially from current expectations. Please refer to the risks set forth in the Company's continuous disclosure documents that can be found on SEDAR www.sedar.com. Enablence does not intend, and disclaims any obligation, except as required by law, to update or revise any forward looking statements whether as a result of new information, future events or otherwise.

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