Enablence Technologies Inc.

ENABLENCE TECHNOLOGIES INC.

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

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2012

DATED: NOVEMBER 29, 2012

Contents of this MD&A

PLEASE NOTE THERE IS A GLOSSARY OF TERMS AT THE END OF THIS MD&A

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following is a discussion and analysis of the financial condition of Enablence Technologies Inc. at September 30, 2012 compared to June 30, 2012 and results of operations for the three months ending September 30, 2012 compared to the three months ended September 30, 2011.

This MD&A should be read in conjunction with our unaudited condensed consolidated financial statements for the three months ended September 30, 2012 as well as our audited consolidated financial statements and accompanying notes for the year ended June 30, 2012. References made herein to "Enablence", the "Company", "we" and "our" mean Enablence and its subsidiaries, joint ventures and associated companies, collectively, unless the context indicates otherwise. All amounts (including numbers of common shares, options and warrants) included in the MD&A are in thousands, except per share amounts or as indicated otherwise. All financial amounts are in US$, unless stated otherwise. Other continuous disclosure filings for the Company are available on www.sedar.com

The effective date of this MD&A is November 29, 2012. The financial statements include the Company's 49% proportional share of the revenues, expenses, assets and liabilities of Sunblence, our joint venture in Foshan City, China.

The results from Enablence's Systems segment and its photodiode components business, ENA Switzerland, have been reported as discontinued operations. The Systems segment was divested during the year ended June 30, 2012 and ENA Switzerland was sold, effective November 19, 2012. Additional information is provided later in this MD&A.

UPDATE ON FINANCING

Enablence has continued to execute on its financing plans. Subsequent to September 30, 2012, Enablence has:

- Raised net cash totaling $3,345 (Cdn$3,329) by the sale of common shares, in two tranches. $2,060 (Cdn$2,050) was raised through the sale of 124,133 common shares on November 5, 2012 and $1,285 (Cdn$1,279) was raised through the sale of 77,447 shares on November 26, 2012. There were no investment advisor fees payable on the financing.
- Received net proceeds of $1,930 (gross proceeds $2,000) from the sale of ENA Switzerland. An additional $86 is expected to be received in calendar 2013.
- Repaid $2,000 of the $3,000 Bridge Loan with a U.S. bank, and also repaid $718 on the Company's Subordinated Notes.

A term sheet has been executed with Cathay Bank, a chartered California bank. It establishes, subject to certain pre-funding conditions, a new line of credit and extra bank facilities totaling approximately $2,100-$2,400 to partially fund the repayment of the $3,000 Bridge Loan from the same California bank. In addition, the maturity date on the Bridge Loan has been extended from October 15, 2012 to January 15, 2013.

Revised terms have been negotiated and verbally agreed with the holders of approximately 83% of the value of the Secured Notes payable, totaling $10,000 plus accrued interest and excluding the $718 partial repayment noted above, and an extension of the term for the payment of the balance of the principal and interest. Enablence is working with the remaining holders of the Secured Notes so that all the notes will be revised on the same terms and conditions. Currently, LMV Capital Corp., one holder of the Secured Notes, is pursuing legal recourse in the courts in Israel for repayment of its note in the amount of approximately $425 plus interest. The legal proceedings are ongoing and Enablence is responding to the action.

There are also ongoing discussions with the holders of the Convertible Notes totaling approximately $3,000 plus interest for an extension of the terms for the payment of the balance of the principal and interest.

Subject to the application to the TSX Venture Exchange following the Company's shareholder meeting on December 5, 2012, at which the Company's shareholders are being asked to consider a share consolidation on a 20 common shares for 1 share basis, and subject to the approval by the TSX Venture Exchange, up to Cdn$3,975 in additional equity financing is expected to be raised and to close in two tranches in December 2012 and January 2013. Certain of the proceeds from this financing will be used as follows: (i) operating expenses of the Company, (ii) maintenance of certain loan arrangements with the Company's U.S. bank, (iii) certain debt repayments and (iv) general working capital purposes.

If Enablence is unable to complete the financing described above, the Company will likely be required to pursue formal insolvency proceedings.

FORWARD-LOOKING STATEMENTS

This MD&A 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 management'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.

Key assumptions made in preparing the forward-looking statements contained in this MD&A include, but are not limited to, the following:

- The Company will be able to raise sufficient financing to meet its financial obligations as they come due, and will be able to renegotiate certain financial obligations as they come due.
- Sunblence will achieve satisfactory volume growth, financial performance, including gross margins and operating expenses.
- The Company will continue to successfully reduce product costs to improve the Company's gross margin and/or avoid any margin erosion associated with competitive pricing pressure.
- Enablence will develop and deliver new products on time in order to satisfy the requirements of current and future customers and contribute to near-term profitability.
- Enablence will be able to attract and retain key people.
  The average exchange rates for Canadian dollars to U.S. dollars will be at or near Cdn$1.00 = US$1.00.

OVERVIEW

ENABLENCE'S BUSINESS

Enablence designs, manufactures and sells optical components and subsystems for all three segments of optical networks - access, metro and long-haul markets - to a global customer base. It utilizes its patented technologies, including PLC intellectual property, know-how and trade secrets in the production of an array of photonic components. The Company's product lines address: access - connecting homes and businesses to the network; metro - communication rings within large cities; and long-haul - linking cities, countries and continents, however is predominately focused on the metro and long-haul segments. The Company offers leading expertise in transmission, switching & routing, wavelengths management, and signal performance management for networks ranging from 1.25 to 100 gigabits per second. The Company's growing product line includes ROADM components, AWG products, VOAs and VMUX products that combine AWG and VOA functions into one product. The Company also earns revenues from engineering and design services, generally for products on the Company's roadmap and retaining any IP developed under such contracts. In addition, in June 2012, Sunblence began producing optical splitter chips for the Chinese market.

Enablence's PLC optical chip technology enables the integration of sub-components (such as waveguides, photodetectors, lasers and transimpedance amplifiers) onto one platform, which forms a photonic integrated circuit ("PIC") chip. The Company's core technology is portable to many markets that require filtering technology to separate and multiplex various optical signals. The chip-based integration capabilities of the Enablence platform technology makes it also suitable for an array of applications outside of telecommunications, including biomedical and aerospace applications, instrumentation, data centres and sensor systems.

Sunblence - Our First Chinese Joint Venture

The Company continues to support the efforts of its joint venture with SUNSEA Telecommunications Co. Ltd. Sunblence, the joint venture, positions Enablence to capitalize on the significant opportunities presented by the Chinese market for optical splitter components required for very high-speed telecommunications equipment.

Sunblence has begun production of splitter chips, with the initial focus being the 1X8 configuration. Sunblence achieved $148 of customer revenues for the quarter ended September 30, 2012 (Enablence's 49% share of that amounts to $72), and improved its manufacturing yield significantly during the quarter. Sunblence also achieved initial production of 1x16 and 1x32 splitter chips. Sunblence's staff are focused on refining its production processes and working with Enablence staff to improve its yields. Management continues to expect the joint venture to create significant shareholder value in the future as it grows its production and shipments and improves yields. Sunblence revenues are expected to rise significantly in 2013 and 2014.

For the quarter ended September 30, 2012, Enablence has included financial results from Sunblence using the proportional consolidation method, whereby 49% of the assets and liabilities and revenues and expenses (excluding any unrealized intercompany transactions) of Sunblence are included in Enablence's consolidated results.

Our Second Chinese Joint Venture

Three partners, including Enablence, have established the Second Chinese JV to develop, manufacture and sell 40G/100G communication modules based on Enablence's PLC-based photonic integrated circuit technology. This will allow Enablence to participate as a minority partner, holding a 22% ownership interest, in the Second Chinese JV's efforts to become a leading vendor for 40G/100G communication modules. The modules will be made by the Second Chinese JV with PLC-based PIC TOSA/ROSA sub-assemblies supplied by Enablence. The TOSA/ROSA products and the advanced PIC chips are part of an array of Enablence products that have been developed to address the 40G/100G market in parallel with the global market migration to these standards over the next several years. The joint venture will benefit Enablence by providing the Company with a market for its some of its TOSA/ROSA products.

The Second Chinese JV is not expected to produce communication modules on a commercial basis until the beginning of 2014. During the quarter ended September 30, 2012, Enablence was working with its partners to finalize and execute the joint venture documents. Management expects to formally establish the new entity by end of the calendar year.

HIGHLIGHTS AND SUMMARY, AND SUBSEQUENT EVENTS

The following summarizes the key items of the Company's first fiscal quarter ended September 30, 2012:

- Reported revenues of $2,197, resulting in a loss from continuing operations of $(2,526) and Adjusted EBITDA (a non-GAAP measure defined below) loss of $(1,804). Revenue was down 56% from the same period of the prior year due to market conditions and declines in customer volume. Adjusted EBITDA was $1,804 as compared to the previous year's same quarter of $1,140, due to the decline in revenue.

Subsequent to September 30, 2012, the Company:

- Raised net cash totaling $3,345 by the sale of common shares, in two tranches. $2,060 was raised through the sale of 124,133 common shares on November 5, 2012 and $1,285 was raised through the sale of 77,447 shares on November 26, 2012. Subject to the application to the TSX Venture Exchange following the Company's shareholder meeting on December 5, 2012, at which the Company's shareholders are being asked to consider a share consolidation on a 20 common shares for 1 share basis, and subject to the approval by the TSX Venture Exchange, up to Cdn$3,975 in additional equity financing is expected to be raised and to close in two tranches in December 2012 and January 2013.
- Completed the sale of ENA Switzerland for net cash proceeds of $1,930.
- Paid down $2,000 of the $3,000 bank Bridge Loan. The Company is in the process of renegotiating its bank loans.
- Paid $718 on the Secured notes. The Company is in the process of renegotiating the terms of these notes.

These developments are described in more detail throughout this MD&A.

RESULTS OF OPERATIONS

SUMMARY OF UNAUDITED QUARTERLY RESULTS

The following table sets forth unaudited summary results of operations for the past eight quarters. The information for the fiscal period ending December 31, 2010 and subsequent quarters has been taken from our unaudited consolidated financial statements that, in management's opinion, have been prepared on a basis consistent with the unaudited financial statements for the fiscal period ended September 30, 2012. All necessary adjustments, consisting of reclassifying the results of the Systems business and ENA Switzerland to discontinued operations and other normal recurring adjustments necessary for a fair presentation of information presented, have been included in the amounts stated below to present fairly the unaudited quarterly results when read in conjunction with the above-noted consolidated financial statements.

Amounts in thousands except per share data	Fiscal 2013 3 months **September 30, 2012**	Fiscal 2012 3 months ending June 30, 2012	March 31, 2012	December 31, 2011	**September 30, 2011**	Fiscal 2011 3 months ending June 30, 2011	March 31, 2011	December 31, 2010
Revenues	**$ 2,197**	$ 3,336	$ 2,116	$ 2,929	**$ 5,008**	$ 4,748	$ 7,269	$ 7,862
Gross Margin	**440**	384	(382)	(13)	**1,149**	824	2,029	2,331
Gross Margin %	**20.0%**	11.5%	-18.1%	-0.4%	**22.9%**	17.4%	27.9%	29.6%
Expenses								
Research & development	**1,289**	1,307	1,284	1,280	**1,327**	1,426	1,222	1,278
Sales & marketing	**160**	193	240	184	**222**	142	268	345
General & administrative	**1,126**	1,161	1,149	899	**1,083**	1,644	1,325	1,662
Stock-based compensation	**116**	(303)	149	169	**240**	267	292	303
Amortization	**250**	249	168	148	**175**	71	362	381
Restructuring charges	**-**	493	-	-	**-**	381	151	83
Operating loss	**(2,501)**	(2,716)	(3,372)	(2,693)	**(1,898)**	(3,107)	(1,591)	(1,721)
Impairment of goodwill	**-**	-	(5,697)	-	**-**	-	-	-
Other income (expense)	**(556)**	(267)	(247)	(240)	**(250)**	(357)	(215)	(225)
Gain on disposal of equipment	**-**	2,482	-	-	**-**	-	-	-
Foreign exchange gain (loss)	**531**	(179)	175	330	**(941)**	129	322	388
Recovery of future income taxes	**-**	1,455	105	105	**104**	104	105	110
Net loss for the period	**(2,526)**	775	(9,036)	(2,498)	**(2,985)**	(3,231)	(1,379)	(1,448)
Income (loss) from discontinued operations	**(1,604)**	285	10,477	(549)	**(2,496)**	(43,817)	(42,577)	(3,965)
Net income (loss) for the period	**$ (4,130)**	$ 1,060	$ 1,441	$ (3,047)	**$ (5,481)**	$ (47,048)	$ (43,956)	$ (5,413)
Weighted average shares outstanding	**466,546**	466,546	466,546	466,546	**466,546**	400,845	421,046	394,387
Basic & diluted income (loss) per share								
Continuing Operations	**$ (0.01)**	$ 0.00	$ (0.02)	$ (0.01)	**$ (0.01)**	$ (0.01)	$ (0.00)	$ (0.00)
Discontinued Operations	**(0.00)**	0.00	0.02	(0.00)	**(0.01)**	(0.11)	(0.10)	(0.01)
Adjusted EBITDA(1)	**$ (1,804)**	$ (1,921)	$ (2,707)	$ (2,031)	**$ (1,140)**	$ (1,913)	$ (394)	$ (534)

(1) Adjusted EBITDA does not have a standardized meaning according to IFRS and is defined and reconciled to net income (loss) below.

NON-GAAP FINANCIAL MEASURES

Management reports and analyzes its financial results and performance using a range of financial measures. Some of these measures, such as revenues, net income and cash flow from operating activities, are defined by IFRS. Other measures are not defined by IFRS.

One key non-GAAP measure used by management is “Adjusted EBITDA”. Adjusted EBITDA comprises: net income (loss) excluding the following – finance income and expense, income tax recovery and expense, depreciation, amortization, asset impairment charges, foreign exchange gains and losses in earnings, stock-based compensation expense and restructuring charges. Adjusted EBITDA does not have any standardized meaning according to IFRS. Therefore, it may not be comparable to similar measures presented by other companies. The reconciliation of Adjusted EBITDA with the IFRS measure of net income (loss) is as follows:

Amounts in thousands	Fiscal 2013 3 months **September 30, 2012**	Fiscal 2012 3 months ending June 30, 2012	March 31, 2012	December 31, 2011	**September 30, 2011**	Fiscal 2011 3 months ending June 30, 2011	March 31, 2011	December 31, 2010
Net income (loss) for the period	**$ (4,130)**	$ 1,060	$ 1,441	$ (3,047)	**$ (5,481)**	$ (47,048)	$ (43,956)	$ (5,413)
Add (Deduct)								
(Income) loss from Discontinued Operations	**1,604**	(285)	(10,477)	549	**2,496**	43,817	42,577	3,965
Net interest and other expense	**556**	(2,215)	247	240	**250**	357	215	225
Amortization (note 1)	**581**	605	516	493	**518**	546	754	801
Impairment of intangible assets and goodwill	**-**	-	5,697	-	**-**	-	-	-
Recovery of future income taxes	**-**	(1,455)	(105)	(105)	**(104)**	(104)	(105)	(110)
"EBITDA"	**(1,389)**	(2,290)	(2,681)	(1,870)	**(2,321)**	(2,432)	(515)	(532)
Realized foreign exchange (gain) loss	**(531)**	179	(175)	(330)	**941**	(129)	(322)	(388)
Stock-based compensation	**116**	(303)	149	169	**240**	267	292	303
Restructuring charges	**-**	493	-	-	**-**	381	151	83
"Adjusted EBITDA"	**$ (1,804)**	$ (1,921)	$ (2,707)	$ (2,031)	**$ (1,140)**	$ (1,913)	$ (394)	$ (534)

(1) Amortization includes amounts that are recorded as part of cost of revenues and therefore does not equal the amount reported on the face of the Consolidated Statements of Loss, Other Comprehensive Loss and Comprehensive Loss. Instead, the amortization figure used above is found in the Consolidated Statements of Cash Flows, which includes all amortization.

The following chart reflects a pro forma operating statement, showing the elements that comprise Adjusted EBITDA.

	Fiscal 2013	Fiscal 2012				Fiscal 2011			
	3 months	3 months ending				3 months ending			
Amounts in thousands	**September 30, 2012**	June 30, 2012	March 31, 2012	December 31, 2011	**September 30, 2011**	June 30, 2011	March 31, 2011	December 31, 2010	September 30, 2010
Revenues	$ 2,197	$ 3,336	$ 2,116	$ 2,929	**$ 5,008**	$ 4,748	$ 7,269	$ 7,862	$ 7,536
Adjusted gross margin	771	740	(34)	332	**1,492**	1,299	2,421	2,751	2,279
Adjusted gross margin %	35%	22%	-2%	11%	**30%**	27%	33%	35%	30%
Expenses									
Research & development	1,289	1,307	1,284	1,280	**1,327**	1,426	1,222	1,278	1,195
Sales & marketing	160	193	240	184	**222**	142	268	345	396
General & administrative	1,126	1,161	1,149	899	**1,083**	1,644	1,325	1,662	1,248
Operating expenses	2,575	2,661	2,673	2,363	**2,632**	3,212	2,815	3,285	2,839
Adjusted EBITDA	(1,804)	(1,921)	(2,707)	(2,031)	**(1,140)**	(1,913)	(394)	(534)	(560)

Adjusted gross margin above reflects reported gross margin after removing amortization expense. The Company uses Adjusted EBITDA as one key financial metric to evaluate the profitability and potential cash flows of its business, and continues to take actions to improve this financial metric as outlined in the Outlook section below.

SUMMARY OF RESULTS FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2012 COMPARED TO THE THREE MONTHS ENDED SEPTEMBER 30, 2011

The following tables set forth a summary of key earnings information from our consolidated financial statements for the most recent reporting periods as prepared under IFRS.

	Three months ended September 30		Increase (decrease)	
	2012 (unaudited)	2011 (unaudited)	$	%
Revenues	$ 2,197	$ 5,008	$ (2,811)	-56%
Cost of revenue	1,757	3,859	(2,102)	-54%
Gross margin	440	1,149	(709)	
Gross margin %	*20.0%*	*22.9%*	*25.2%*	*-3%*
Operating expenses				
Research and development	1,289	1,327	(38)	-3%
Sales and marketing	160	222	(62)	-28%
General and administrative	1,126	1,083	43	4%
Stock-based compensation	116	240	(124)	-52%
Amortization	250	175	75	43%
Operating loss	(2,501)	(1,898)	(603)	32%
Interest Income	-	21	(21)	n/m
Interest expense	(556)	(271)	(285)	n/m
Foreign exchange gain (loss)	531	(941)	1,472	n/m
Loss before income taxes	(2,526)	(3,089)	563	-18%
Recovery of deferred income taxes	-	104	(104)	n/m
Net loss from continuing operations	$ (2,526)	$ (2,985)	$ 459	-15%
Income (loss) from discontinued operations	(1,604)	(2,496)	892	-36%
Net income (loss)	$ (4,130)	$ (5,481)	$ 1,351	-25%
Adjusted EBITDA*	$ (1,804)	$ (1,140)	$ (664)	58%
Basic & diluted income (loss) per share				
Continuing operations	$ (0.01)	$ (0.01)	$ (0.00)	67%
Discontinued operations	0.00	(0.01)	0.01	n/m
Net income (loss) per share (basic & diluted)	(0.01)	(0.01)	0.00	-18%

* Adjusted EBITDA does not have any standardized meaning according to IFRS and is defined and reconciled to net income (loss) above.

Enablence converts foreign currency-denominated transactions related to the statement of income (loss) at the average exchange rates for the periods. As such, changes in the exchange rate between the United States dollar and the Canadian dollar can have an impact on the reported results for each fiscal period. The average exchange rate for the three months ended September 30, 2012 in terms of the Canadian dollar equivalent of US$1 was Cdn$1.01 as compared to Cdn$1.01 for the same period of the prior year.

REVENUES

Quarter ending September 30, 2012 compared to the quarter ending September 30, 2011:

Revenues for the three months ended September 30, 2012 were $2,197 as compared to $5,008 for the same period of the prior year, a decrease of 56% or $2,811.

This decrease is primarily due to soft market conditions in the Asia Pacific and the Americas regions as well as the consequence of the Company's financial status for some of our customers. Revenue from European customers increased during the current year's quarter as compared to the same period of the prior year.

Management has been actively engaging with customers since the announcement of its financing plans in October, and it is expected to take a few months to restore customers' confidence. Revenue is expected to shift towards the Asia Pacific region as Sunblence generates increasing revenues in calendar 2013. The regional revenue mix may change quarterly due to individual projects. The Company does not generate significant revenue in Central and Latin America, therefore that geographic region has been combined with the Americas region.

The Company will be introducing several new products in the next year, including its TOSA/ROSA products, which are currently being transferred from the Company's R&D facility in Ottawa to Fremont for initial commercial production. In June 2012, Sunblence began generating initial customer revenues. Sunblence's production and revenues are expected to grow significantly in the coming quarters, with the primary customer being Sunsea, our partner in Sunblence. Sunblence is also working to engage other customers to expand its customer base.

During the three months ended September 30, 2012, two customers accounted for 52% (31% and 21% respectively) of the Company's total revenue and two customers accounted for 21% (11% and 10% individually) of the Company's total revenue during the three months ended September 30, 2011.

The geographic split of revenue (based on ship-to location of the customer) is as follows:

	Three months ended	
	September 30, 2012	September 30, 2011
Americas	**$ 544**	$ 2,740
Asia Pacific	**$ 899**	$ 1,662
Europe, Middle East and Africa	**754**	606
	$ 2,197	$ 5,008

GROSS MARGIN

The Company's cost of revenues comprises of a number of elements, some of which vary directly with the level of revenues, such as material costs and the cost of products manufactured by third parties, and some of which do not vary significantly with the level of revenues, including many overhead costs such as compensation of operations staff, amortization and facilities costs. The following chart summarizes the fixed and variable elements included in gross margin:

	F2013	F2012				F2011		
Amounts in thousands except per share data	3 months ending September 30, 2012	3 months ending June 30, 2012	3 months ending March 31, 2012	3 months ending December 31, 2011	3 months ending September 30, 2011	3 months ending June 30, 2011	3 months ending March 31, 2011	3 months ending December 31, 2010
Revenues	$ 2,197	$ 3,336	$ 2,116	$ 2,929	$ 5,008	$ 4,748	$ 7,269	$ 7,862
Variable Cost of Revenues	1,104	1,888	1,494	1,968	2,843	2,627	3,750	4,094
Variable Margin	1,093	1,448	622	961	2,165	2,121	3,519	3,768
Variable Margin %	50%	43%	29%	33%	43%	45%	48%	48%
Fixed COGS	653	1,064	1,004	974	1,016	1,296	1,490	1,437
Total COGS	1,757	2,952	2,498	2,942	3,859	3,924	5,240	5,531
Reported Gross Margin	440	384	(382)	(13)	1,149	824	2,029	2,331
Reported Gross Margin %	20%	12%	-18%	0%	23%	17%	28%	30%

Quarter ending September 30, 2012 compared to the quarter ending September 30, 2011:

Gross margin decreased from 23% from the prior year's same quarter to 20% for the current fiscal quarter. The decrease of 3 percentage points was a combination of the effects of the lower volumes partially offset by the effects of cost reductions. Gross margin has improved to 20% from 12% and (18)% in the quarters ending June 30, 2012 and March 31, 2012, respectively, partially as the result of management's implementation of a number of programs to reduce operating expenses.

OPERATING EXPENSES

R&D expenses for the three months ended September 30, 2012 decreased by $38, or 3% as compared to the same period in the prior year, as a result of lower staff levels in our Fremont California office during the September 2012 quarter.

Sales & Marketing expenses for the three months ended September 30, 2012 decreased by $62 or 28%, primarily due to the Company closing its corporate marketing function in fiscal 2011.

General & Administration expenses for the three months ended September 30, 2012 increased by $43, or 4%, compared to the prior year period. During the 2012 quarter, Enablence made progress on its plans to close its Toronto office and combine the corporate activities into its Ottawa and Fremont locations. The Toronto office was closed in October 2012, and the Company moved its head office to Ottawa, Canada.

Stock-based compensation for the three months ended September 30, 2012 decreased to $116 in the current year's quarter as compared to $240 for the prior year's same quarter. No new options have been granted since the quarter ended March 31, 2011, resulting in expense decreasing over time as current options vest and the related compensation expense is charged.

There were 11,098 options outstanding at September 30, 2012 compared to 28,687 at June 30, 2012. The decrease in stock options outstanding is due largely to staff reductions made in the Systems segment, including the divestiture of Teledata during the year. Stock-based compensation expense related to employees in the Systems segment is reported in discontinued operations.

Amortization for the three months ended September 30, 2012 increased by $75 compared to the prior year period, due to increased amortization in Sunblence, whose production equipment went into operation.

FINANCE AND OTHER INCOME

Enablence invests cash and cash equivalents in short-term investments with a Canadian chartered bank. The Company earned $nil interest for the three months ended September 30, 2012 as compared to $21 during the same period of the prior year. Interest income is a function of prevailing interest rates and the amount of funds invested.

FINANCE EXPENSE

Interest expense for the three months ended September 30, 2012 was $556 compared to $271 in the same period of the prior year. The increase is primarily due to the accrual of interest on the Convertible Notes that are in default. The contracted 'in default' interest rate increases to 18% from 5%. The period of default on which the higher rate has been accrued is for the period from January 2012 to September 2012.

The Company's interest expense is a function of the balance of debt, applicable interest rates, and the average foreign exchange rate between the underlying currency of the debt security and the U.S. dollar. The table below sets out the balances outstanding at the end of each period:

		September 30, 2012	June 30, 2012
Bank Loan 1	(a)	**$ 1,745**	$ 2,252
Bank Loan 2	(b)	**2,046**	3,369
Bridge Loan	(c)	**3,000**	-
Secured Notes	(d)	**11,213**	11,037
Convertible Notes	(e)	**3,006**	3,006
		21,010	19,664
Less current portion		**18,662**	17,105
Long term portion		**$ 2,348**	$ 2,559

(a) On July 16, 2010, a secured note payable with a U.S. Bank, with a principal of $1,879 at the time of redemption, was repaid from the proceeds of a new $5,000 secured note. The new secured note of $5,000 ("Bank Loan 1") had a maturity date of July 20, 2013. The interest rate was 4.75% at September 30, 2012 (June 30, 2012 – 4.75%) (based on the Wall Street Journal prime rate plus 1.50%). Bank Loan 1 is repayable by monthly payments of $181 for interest and principal, is secured by the assets of Enablence USA Components Inc. and is subject to certain financial performance and asset coverage covenants of the subsidiary. As at June 30, 2012, the Company was in breach of certain covenants on this note payable. During the quarter ended September 30, 2012, the Company renegotiated Bank Loan 1 and was no longer in breach.

(b) On May 10, 2011, Enablence finalized a note payable with a U.S. bank, with a principal amount of $3,500 ("Bank Loan 2"), secured by $1,200 of cash on deposit and a lien on the shares in the Company's investment in Sunblence. Bank Loan 2 has a maturity date of April 20, 2016 and an interest rate of 5.5% at September 30, 2012 (June 30, 2012 5.5%) (the greater of 5.5% or the Wall Street Journal Prime Rate plus 1.5%). This note is repayable by monthly payments of $82 for interest and principal. As partial consideration for Bank Loan 2, the Company issued to the bank warrants to purchase up to 400,000 common shares of Enablence, at an exercise price of Cdn$0.22 per share, expiring April 9, 2013. The warrants were valued at $42 and recorded as a non-cash issuance cost. The fair value was determined using the Black-Scholes model. During the three months ended September 30, 2012, $1,200 of cash reflected as restricted cash (note 3) was used to partially repay Bank Loan 2.

(c) In July 2012, the Company obtained a $3,000 bridge loan from a U.S Bank ("Bridge Loan"), to fund Enablence's operations through October 2012. Bridge Loan, which has been guaranteed by a third party, has in turn been secured by the proceeds from the proposed sale of ENA Switzerland, and the assets of the Company. In conjunction with this loan, the Company previously entered into a priorities and standstill agreement with the holders of the Secured Notes (defined below) which are subordinated notes with principal and interest owing of $11,213. This agreement provided Bridge Loan with senior security to the Secured Notes as well as certain restrictions on the Secured Notes holders to initiate enforcement action against the Company. This agreement was intended to provide the Company the time it needs to complete the negotiation and documentation of amendments to the Company's loan obligations. Subsequent to September 30, 2012, the Company has repaid $2,000 of Bridge Loan (see Note 14). (see Liquidity Section of this MDA)

(d) Secured subordinated notes, with a principal amount of $10,000, are secured by a subordinated lien on the Company's North American assets ("Secured Notes"). These notes had a maturity date of June 23, 2012 and an interest rate of 5%. Principal and interest were payable at maturity. At September 30, 2012, the Secured Notes remained unpaid, and thus are included as current liabilities. During the three months ended September 30, 2012 the Company entered into a standstill agreement with the note holders of the Secured Notes to negotiate revised terms of the notes. Revised terms have since been negotiated and verbally agreed with the holders of the majority of the value of the Secured Notes, including partial repayment of the Notes and an extension of the term for the payment of the balance of the principal and interest. Enablence is working with the balance of the holders of the Notes so that all the Notes will be revised on the same terms and conditions. Currently, one holder is pursuing legal recourse for repayment of its Note. Enablence is responding to the action.

(e) Convertible notes, with a principal amount of $3,006, are unsecured, mature on November 19, 2018 and had an interest rate of 5% (Convertible Notes). Convertible Notes were issued on November 19, 2008. For the first 36 months, monthly interest only payments were required to be made. These notes are convertible, at the option of the holder, from the third anniversary until the fifth anniversary or in the event of a default (at the holder's option), at a conversion price equal to the greater of (i) the closing market price on the last trading day prior to the date of the conversion notice, and (ii) the conversion price of $0.317 (Cdn$0.365) in the first two years, $0.349 (Cdn$0.402) in the third year, $0.384 (Cdn$0.442) in the fourth year and $0.422 (Cdn$0.486) in the fifth year. The maximum number of shares that can be issued pursuant to the notes is 9,464 shares. The Convertible Notes can also be converted in the event of a default of payment. The Company recorded the entire value of the Convertible Notes as debt as the Company has determined there was no value associated with the equity component. At September 30, 2012, the Convertible Notes remained unpaid and the Company is in default as a result of missed payments (the Company stopped making payments on these notes in January 2012). The lender has not called the loan. This debt has been reclassified as a current liability at September 30, 2012 and interest has been accrued at 18% from January 2012 to September 30, 2012 as a result of the event of default. Discussions are underway with the holders of the Convertible Notes to resolve the default and finalize revised terms.

FOREIGN EXCHANGE GAIN (LOSS)

Foreign exchange gains and losses include realized and unrealized gains and losses on foreign exchange, including those that arise as a result of converting assets and liabilities denominated in currencies other than the functional currency of the entity into the functional currency of the entity at the balance sheet date and realized gains or losses arising from the settlement of these balances during the period.

During the three months ended September 30, 2012 the Company recorded a foreign exchange gain of $531 as compared to a foreign exchange loss of $941 in the same period of the prior year. This was primarily as a result of the effect of the fluctuation in the $Cdn/$US exchange rate.

INCOME TAXES

There are no income taxes currently payable or recoverable by the Company or its subsidiaries.

NET LOSS FROM CONTINUING OPERATIONS

Net loss from continuing operations excludes the results from operations of the Systems business and ENA Switzerland. The net loss from continuing operations for the three months ended September 30, 2012 was $2,526 compared to $2,985 for the same period of the prior year due to a foreign exchange gain and reduced expenses in the current year's period partially offset by higher revenues in the prior year and the resulting higher gross margin dollars.

LOSS FROM DISCONTINUED OPERATIONS

The loss from discontinued operations represents the financial results from the Company's Systems segment and ENA Switzerland. The summary operating results from discontinued operations are as follows:

	Three months ended September 30		Increase (decrease)	
	2012	**2011**	$	%
Revenues	**$ 759**	$ 9,015	$ (8,256)	-92%
Cost of revenue	**377**	5,448	(5,071)	-93%
Gross margin	**382**	3,567	(3,185)	
Gross margin %	***50.3%***	*39.6%*	*11%*	*39%*
Operating Expenses				
Research and development	**144**	3,347	(3,203)	-96%
Sales and marketing	**58**	1,819	(1,761)	-97%
General and administrative	**54**	303	(249)	-82%
Stock-based compensation	**-**	301	(301)	-100%
Amortization	**21**	157	(136)	-87%
Restructuring charges (recovery)	**-**	(134)	134	n/m
Operating income (loss)	**105**	(2,226)	2,331	-105%
Interest Income	**1**	1	-	n/m
Interest expense	**(4)**	(697)	693	n/m
Impairment of intangible assets and PPE	**(1,676)**	-	(1,676)	n/m
Foreign exchange (loss) gain	**(30)**	416	(446)	n/m
Loss before income taxes	**(1,604)**	(2,506)	902	-36%
Recovery of deferred income taxes	**-**	10	(10)	-100%
Loss from discontinued operations	**$ (1,604)**	$ (2,496)	$ 892	n/m

Net loss from discontinued operations for the three months ended September 30, 2012 was ($1,604) as compared to a loss of $2,496 for the same period of the prior year. Revenues declined as compared to the same period of the prior year primarily due to the divestiture of Teledata and the U.S.-based Systems business, combined with the announcement that Enablence was exiting the Systems business, as well as the quarterly fluctuation in shipments to key customers. At September 30, 2012, Enablence has sold or wound down all of its operations in the Systems segment. The Company continues to manage through remaining liabilities with the limited cash remaining in the Systems U.S.-based entities, and as a result, will continue to show some amounts as discontinued operations, however this activity will continue to decline in the coming quarters.

LOSS PER COMMON SHARE

The table below presents the basic and diluted loss per common share for each of the comparative fiscal periods.

	Three months ended September 30	
	2012	2011
Basic and diluted income (loss) per common share		
- From continuing operations	$(0.01)	$(0.01)
- From discontinued operations	$(0.00)	$(0.01)
Weighted Average Number of Common Shares	466,546	466,546

Due to a net loss from continuing operations, financial instruments, including warrants and options, are anti-dilutive.

OUTLOOK

China has announced a multi-billion dollar, multi-year investment in a national broadband strategy. Enablence, through its two joint venture partners, will have direct access to this market. The Company's advanced current and next-generation PIC-based hybrid solutions are among the industry's most cost effective and highly integrated products available. As such the Company is optimistic about its future prospects. Despite this promising outlook, the near-term prospects of the Company have been negatively impacted by soft industry demand, particularly in North America, compounded by our financial difficulties, including limited working capital, that have resulted in lower than expected revenues from our Fremont operations. Steps will continue to be taken to return this part of the business to profitability. This includes a modest restructuring, participation in a broader market recovery and finally, increased customer confidence about Enablence's financial condition with the recently announced financing that is scheduled to be completed in January 2013.

In the meantime, Sunblence has been ramping its splitter products to full production, most of which will be purchased by its majority partner, Sunsea. The Company expects this state-of-the-art production facility to reach its full potential in calendar 2013. The Company anticipates it will be able to transfer the production of other products currently manufactured in Fremont to Sunblence when the splitter manufacturing achieves full production.

The Second Chinese JV is expected to produce TOSA/ROSA communication modules on a commercial basis in early calendar 2014. It is anticipated there will be significant demand for these products both 4x10G and 4x25G in the Chinese market. In the meantime, the Company has been transferring these products from its Ottawa R&D facility to Fremont and expects to have initial commercial production before the end of December 2012. This product was developed for and with the financial assistance of a Tier 1 customer of the Company.

LIQUIDITY

The Company's objectives when managing its liquidity and capital structure are to generate sufficient cash to fund the Company's operating, debt service and organic growth requirements. Enablence has commitments to secure new equity investments and bank facilities to fund ongoing operations and is restructuring its debt obligations.

Enablence has not generated positive cash flow from operations since its inception, and has relied on cash from the issuance of shares and debt to fund its operations. The table below sets out the cash, cash equivalents, short-term investments and working capital at the end of the current and previous fiscal year end.

	September 30, 2012	June 30, 2012
Cash and Cash Equivalents		
- Continuing operations	$ 673	$ 767
- Restricted cash	5	1,205
- Cash in joint venture (note 1)	1,369	2,002
	2,047	3,974
- Discontinued operations	380	355
Working Capital		
- Continuing operations	(12,515)	(10,020)
- Discontinued operations	566	665

Note 1 – represents 49% of the cash in the joint venture, Sunblence. There are no restrictions for Sunblence using the cash, however there are restrictions for the cash to be sent to Enablence, so this cash is identified separately. The Company is working with Sunsea to accelerate the ability to distribute cash from Sunblence to Sunsea and Enablence.

The increase in the working capital deficiency from $10,020 to $12,515 is due to losses from operations, principal payments on notes payable, and the reclassification of certain notes payable as current due to covenant breach or late payment, as described elsewhere in this MD&A and in the financial statements.

The chart below highlights the Company's cash flows during the three months ended September 30, 2012 and 2011.

	Three months ended September 30, 2012	Three months ended September 30, 2011
Cash from (used in) operating activities		
- Continuing operations	(3,366)	(662)
- Discontinued operations	211	3,402
Investing activities		
Investment in China JV	-	(8)
Purchase of property, plant and equipment	(126)	(162)
Cash used in investing activities	(126)	(170)
Cash from (used in) investing activities - Discontinued operations	-	72
Financing activities		
Advance from notes payable	1,371	(375)
Repayment of notes payable	-	
Cash (used in) provided by financing activities	1,371	(375)
Effect of foreign currency translation	8	(2,017)
Net change in cash and cash equivalents	(1,902)	250

At September 30, 2012, the Company had cash available of $673 (not including $380 held in discontinued operations, and $1,369 held in Sunblence). The Company consumed $3,366 in continuing operating activities in the three months ending September 30, 2012 (excluding discontinued operations) due mainly to the low revenue level and the increase in short-term debt. The Company has sustained significant losses since its inception, and expects to incur losses in its next quarters. The Company's ability to reach profitability is dependent on successful implementation of the following: refinancing, introduction of new products, growth and profitability of Sunblence and subsequently the implementation of the Second Chinese JV. There can be no assurance that Enablence will gain adequate market acceptance for its new products or the products of Sunblence, or be able to generate sufficient gross margins to reach profitability.

In July 2012, the Company obtained a $3,000 Bridge Loan with Cathay Bank, a chartered California bank ("Bridge Loan"). The Bridge Loan, which was guaranteed by a third party, has in turn been secured by the proceeds from the proposed sale of ENA Switzerland, and the assets of the Company and its subsidiaries. In November 2012 the Company repaid $2,000 on this loan.

In conjunction with Bridge Loan, the Company entered into a priorities and standstill agreement with the holders of the subordinated secured notes payable ("Secured Notes"), with the amount owing of $10,000 plus accrued interest. This agreement provided the bank with senior security to the Secured Notes payable on $3,000 Bridge Loan, as well as certain restrictions on the Secured Notes holders' ability to initiate enforcement action against the Company to provide the Company the ability to complete the negotiation and documentation of amendments to the Company's loan obligations. In November 2012 the Company paid $718 on the Secured Notes. Revised terms have been negotiated and verbally agreed with the holders of the majority of the value of certain secured notes payable totaling approximately $11 million, including partial repayment of the Secured Notes and an extension of the term for the payment of the balance of the principal and interest. Enablence is working with the balance of the holders of the Secured Notes so that all the notes will be revised on the same terms and conditions. Currently, LMV Capital Corp., one holder of the Secured Notes, is pursuing legal recourse in the courts in Israel for repayment of its note in the amount of approximately $425 plus interest. The legal proceedings are ongoing and Enablence is responding to the action.

On November 2012 the Company closed a non-brokered private placement financing totaling $3,345 (Cdn$3,329) by the sale of common shares, in two tranches. $2,060 (Cdn$2,050) was raised through the sale of 124,133 common shares on November 5, 2012 and $1,285 (Cdn$1,279) was raised through the sale of 77,447 shares on November 26, 2012.

Subject to the application to the TSX Venture Exchange following the Company's shareholder meeting on December 5, 2012, at which the Company's shareholders are being asked to consider a share consolidation on a 20 common shares for 1 share basis, and subject to the approval by the TSX Venture Exchange, up to Cdn$3,975 in additional equity financing is expected to be raised and to close in two tranches in December 2012 and January 2013. Certain of the proceeds from this financing will be used as follows: (i) operating expenses of the Company, and (ii) maintenance of certain loan arrangements with the Company's U.S. bank, (iii) certain debt repayments and (iv) general working capital purposes.

On November 19, 2012, Enablence completed the divestiture of its wholly-owned photodiode business located in Switzerland to management of the subsidiary for net cash proceeds of $1,930.

A term sheet has been executed with Cathay Bank, a chartered California bank. It establishes, subject to certain pre-funding conditions, a new line of credit and extra bank facilities totaling approximately $2,100-2,400 to partially fund the repayment of the $3,000 Bridge Loan from the same California bank announced in July 2012. In addition, the maturity date on the Bridge Loan has been extended from October 15, 2012 to January 15, 2013.

There are also ongoing discussions with the holders of the Convertible Notes totaling $3,000 plus accrued interest for revision to the terms for the payment of the balance of the principal and interest.

CAPITAL RESOURCES

Enablence finances its operations through the issuance of common shares and debt. The Company may also receive cash proceeds on the issue of additional common shares on the exercise of options and warrants depending in part on the market price for its shares.

The Company periodically evaluates the opportunity to raise additional funds through either the public or private placement of equity capital to strengthen its financial position and to provide sufficient cash reserves to protect itself from the effects of the volatile economic conditions that are difficult to predict.

Enablence is authorized to issue an unlimited number of common shares of which 668,126 common shares are issued and outstanding as of November 29, 2012. The common shares of Enablence trade on the TSX Venture Exchange under the symbol “ENA” or “ENA.V”.

OFF-BALANCE SHEET ARRANGEMENTS

The table below presents the Company’s contractual obligations from continuing operations (note that amounts include future interest costs).

	to June 30, 2013	to June 30, 2014	to June 30, 2015	to June 30, 2016	to June 30, 2017	Total
Trade and other payables	$ 5,305	$ -	$ -	$ -	$ -	$ 5,305
Secured notes payable	2,261	628	628	471	-	3,988
Subordinated notes payable	11,213	-	-	-	-	11,213
Convertible notes payable	845	533	512	490	1,061	3,441
Bridge loan	3,000	-	-	-	-	3,000
Total	$ 22,624	$ 1,161	$ 1,140	$ 961	$ 1,061	$26,947

The Company was in breach of certain covenants on the Secured Notes since June 23, 2012 and is in arrears on the Secured Notes and Convertible Notes payable. The above chart shows the payments assuming the notes are paid pursuant to their original terms, and are not called immediately, which is the creditors right under the agreements. The Company continues to negotiate with the creditors to come to a satisfactory resolution, as described in more detail in the Liquidity section above.

The Company is exposed to currency risk as certain transactions are denominated in Canadian dollars, Swiss francs relating to ENA Switzerland, whose results are included in discontinued operations, and Chinese renminbi, primarily through the Sunblence. Management is evaluating foreign exchange risk management strategies, however, the Company has not entered into forward, swap or option contracts to manage its exposures to fluctuations in foreign exchange rates.

Enablence has not entered into any other 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.

TRANSACTIONS WITH RELATED PARTIES

During the three months ended September 30, 2012 the Company did not enter into any transactions with related parties.

RISKS AND UNCERTAINTIES

The Company operates in a dynamic, rapidly changing environment that involves risks and uncertainties and as a result management expectations may not be realized for a number of reasons. An investment in Enablence common shares is speculative and involves a high degree of risk and uncertainty. The current global economic crises pose additional risks and uncertainties which may materially affect management's expectations.

Any investor should also consider carefully these risks and the risks and uncertainties that are detailed in our Annual MD&A filed on October 29, 2012, and available at: www.sedar.com.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements 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, allowance for doubtful accounts, inventory provisions, inventory valuation, asset impairments, accruals, stock-based compensation, the estimated useful lives and valuation of property, plant and equipment, deferred income taxes and the carrying value of intangible assets.

CHANGES IN ACCOUNTING POLICIES

Investments in Associates and Joint Ventures

In May 2011, the IASB issued amendments to IAS 28, Investments in Associates and Joint Ventures ("IAS 28"), which are effective for interim and annual periods commencing January 1, 2013. These amendments require any retained portion of an investment in an associate or joint venture that has not been classified as held-for-sale to be measured using the equity method until disposal. After disposal, if the retained interest continues to be an associate or joint venture, the amendments require for it to be continued to be accounted for under the equity method. The amendments also disallow the re-measurement of any retained interest in an investment upon the cessation of significant influence or joint control. The Company expects that Sunblence will be accounted for using the equity method for its fiscal year ended June 30, 2014.

FINANCIAL AND OTHER INSTRUMENTS

Enablence's financial instruments consist of cash and cash equivalents, accounts receivable, restricted cash, accounts payable and accrued liabilities, and notes payable. Unless otherwise noted, it is the opinion of Enablence's management that Enablence 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.

ADDITIONAL INFORMATION

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

GLOSSARY OF TERMS

Adjusted EBITDA	A non-GAAP financial measure, comprising net loss and excluding: finance income and expense, income taxes, depreciation, amortization, asset impairment charges, foreign exchange gains and losses in earnings, stock-based compensation expense and restructuring charges.
AIF	Annual information form, filed with SEDAR
AWG	Arrayed waveguide grating, an optical component
Bridge Loan	A $3,000 loan provided by a U.S. bank secured by the proceeds from the proposed sale of ENA Switzerland, and the assets of the Company
CAD	Canadian dollars
China JV	Sunbence, the Company's joint venture operating in China
COGS	Cost of revenues, netted in gross margin
Company	Enablence Technologies Inc., referring either to Enablence and its subsidiaries and affiliates or else the corporate entity, as the context indicates
Convertible Notes	$3,000 of Convertible Notes issued on November 19, 2008 and bear interest at 5% and at 18% since January 2012 when the Convertible Notes were in default.
CTA	Cumulative translation adjustment, a component of equity under GAAP and IFRS
Enablence	Enablence Technologies Inc., either the consolidated group or the corporate entity, as the context dictates
ENA Switzerland	Enablence Switzerland AG, a wholly-owned subsidiary, located in Zurich, Switzerland, held for disposition
Financial Statements	Enablence's audited consolidated financial statements for the year ended June 30, 2012
FTTP	Fibre-to-the-premises
G	Gigabit, 1 million bits of data
GAAP	Generally accepted accounting principles, under which Enablence reports its financial results
G&A	General and administration costs
Godan	Godan Ventures LP, the entity that acquired Teledata

IFRS	International financial reporting standards
Management Committee	A committee chaired by one of the Company's directors and comprising senior managers of the Company that is managing the day-to-day affairs of Enablence following the termination of the CEO in May 2012
MD&A	This management's discussion and analysis of financial condition and results of operations report, prepared in accordance with regulatory requirements
MSAP	Multi-service access platform, enabling very high-speed voice, data, video and internet communications
NRE	Non-recurring engineering costs, often associate with revenue-producing initiatives undertaken by the Company
PIC	A photonic integrated chip integrates sub-components (such as waveguides, photodetectors, lasers and transimpedance amplifiers) onto one platform
PLC	Planar lightwave circuit technology, including patents owned by the Company
R&D	Research and development costs
RMB	Renminbi, the Chinese currency
ROADM	Re-configurable add/drop multiplexer, an optical subsystem
Subordinated Notes	Subordinated notes, with a principal amount of $10,000, are secured by a subordinated lien on the Company's North American assets ("Secured Notes").
Sunblence	A 49%-owned joint venture operating in China; the 51% partner is Sunsea
Sunsea	SUNSEA Telecommunications Co. Ltd., the 51% partner in Sunblence
Teledata	Teledata Networks Ltd., formerly a wholly-owned subsidiary, sold effective March 31, 2012
TOSA/ROSA	Transmitter and receiver optical subassemblies, optical components
US$	United States dollars, the currency in which Enablence reports its financial results
VMUX	variable multiplexer/de-multiplexer, an optical subsystem comprising a VOA and multiplexer/de-multiplexer
VOA	Variable optical attenuator, an optical component