WestBond Enterprises Corporation

Quarterly Report
September 30, 2007

Management Discussion and Analysis

dated November 28, 2007, to accompany the interim consolidated financial statements for the three and nine month periods ended September 30, 2007

Caution Regarding Forward Looking Statements – ***This discussion includes statements about our expectations for the future. We believe that our expectations are reasonable; however, actual outcomes may differ materially from our expectations due to changes in operating performance, availability of and prices for raw materials, availability of trained labour, US$/Cdn$ exchange rate fluctuations, unexpected competition, and other technical, market and economic factors.***

Description of Our Business

We, WestBond Enterprises Corporation or the "Company," are a paper converter that supplies disposable paper products to many markets. A full description of our business and products is contained in the Management Discussion and Analysis included in our 2007 Annual Report. A pdf version of the 2007 Annual Report may be downloaded from our web site at www.westbond.ca or from the SEDAR web site at www.sedar.com. For a printed copy, please contact the Company. Additional information on the Company is also available on our web site and on the SEDAR web-site.

Discussion of Operations and Financial Condition

You should refer to our interim consolidated financial statements for the three and nine month periods ended September 30, 2007 and our consolidated financial statements for the year ended March 31, 2007 while you read this discussion. Those financial statements provide significant, material information that is not meant to be, nor is it, included in this discussion. This discussion is meant to provide information not included in the financial statements and an explanation of some of the financial statement information. You should also refer to the Management Discussion and Analysis that was included in our 2007 Annual Report. Information included in that discussion is only up-dated in this discussion. Information that has not changed materially since July 25, 2007, the date of the Management Discussion and Analysis in the 2007 Annual Report, is not repeated here.

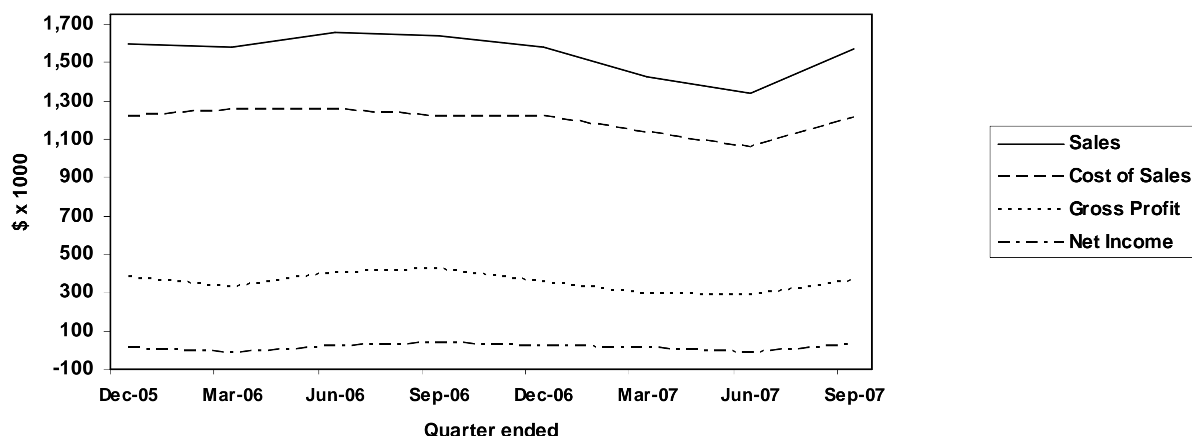
Sales were $1,574,080 for the three months ended September 30, 2007, which is 4% less than for the same period last year and 17.5% more than the three months ended June 30, 2007. Net income was $27,627 ($0.003 per share) for the period, compared to net income of $37,747 ($0.004 per share) for the three months ended September 30, 2006. This year's results are not as profitable compared to the same period last year, due to decreased sales, higher materials costs, increased fixed overhead expenses and depreciation. The gross profit margin was 23.1% during the three months ended September 30, 2007, compared to 25.6% during the same period last year. The decrease in sales was caused by difficulties in obtaining paper, by labour shortages and by competition from US and Chinese manufacturers. The weak US dollar reduces the Canadian dollar price of these competitors' products.

Our sales, margins and profitability on a quarter over previous quarter basis show that we have turned the trend towards growth and increased profitability. During the quarter ended September 30, 2007, compared to the quarter ended June 30, 2007, sales increased by 17.5%, our gross margin improved by 2% of sales, to 23.1% and our net earnings improved to 1.8% of sales, compared to a net loss of 1.2%. The graph on the next page shows the trends over the past eight quarters.

Summary of Quarterly Results

The following table summarises the results of operations for the past eight quarters. We have extracted the data from our consolidated financial statements, which are prepared in Canadian dollars and in accordance with Canadian generally accepted accounting principles.

Cdn$ x 1,000	Quarters ended							
	Sep 30 2007	Jun 30 2007	Mar 31 2007	Dec 31 2006	Sep 30 2006	Jun 30 2006	Mar 31 2006	Dec 31 2005
Sales	1,574	1,340	1,426	1,580	1,641	1,656	1,581	1,598
Cost of sales	1,211	1,057	1,135	1,223	1,221	1,250	1,249	1,215
Gross profit	363	283	291	357	420	406	332	383
Selling and marketing expenses	154	122	161	174	191	183	194	171
General and administrative expenses	175	183	167	152	169	181	178	183
Net income (loss) before taxes	34	(22)	(37)	31	60	42	(40)	29
Income tax expense (recovery)	7	(6)	(52)	11	22	20	(25)	17
Net income (loss)	27	(16)	15	20	38	22	(15)	12
Earnings (loss) per share, basic and diluted - Cdn$	0.003	(0.002)	0.002	0.002	0.004	0.002	(0.002)	0.001
Sales - % change over previous quarter	17.5	-6.0	-9.8	-3.7	-0.9	4.7	-1.1	7.5
Costs, expenses and net income - % of Sales								
Cost of sales	76.9	78.9	79.5	77.4	74.4	75.4	79.0	76.0
Selling and marketing expenses	9.8	9.1	11.3	11.0	11.6	11.1	12.3	10.8
General and administrative expenses	11.1	13.7	11.7	9.6	10.3	10.9	11.3	11.4
Income tax expense	0.4	-0.5	-3.6	0.7	1.4	1.2	-1.6	1.0
Net income	1.8	-1.2	1.1	1.3	2.3	1.4	-1.0	0.8



Sales

Sales for the three months ended September 30, 2007 are 4.1% lower than for the same period last year. For the six month period ended September 30, 2006, sales are 11.6% lower than the same period last year. The decrease in sales is due to decreased volumes from the personal hygiene and clinical and long-term care product lines. The fluctuations in sales are mainly from volume differences, offset by small price increases. The weak US dollar has also reduced the Canadian dollar value of our sales to the US and caused US priced competitors' product to be cheaper in Canada. The six months ended September 30, 2006 were the months with the highest sales in our corporate history, after which we entered a declining trend caused by paper and labour shortages and the reduction in the value of the US dollar. We have now turned this trend around and expect to see sales and profitability improve over the next few quarters.

Sales	Three months ended September 30		Change over last year	Six months ended September 30		Change over last year
	2007	2006		2007	2006	
Product Line	$	$		$	$	
Personal hygiene	701,665	719,490	-2.5%	1,314,836	1,416,360	-7.2%
Clinical and long-term care	785,912	782,240	+0.5%	1,474,457	1,715,475	-14.0%
Other	86,503	139,284	-37.9%	124,547	165,401	-24.7%
	1,574,080	1,641,014	-4.1%	2,913,840	3,297,236	-11.6%

The decreased volumes were caused by difficulties in obtaining paper, primarily for the clinical and long-term care products. Labour shortages also contributed to our not being able to produce enough products to fill our customers' orders. Sales of the personal hygiene products are lower this year because of competition in the US market from China.

Cost of Sales

Total cost of sales, as a percentage of sales, increased in 2007 compared to 2006. Higher materials costs, fixed overhead and depreciation were offset by savings on labour and variable overhead.

Cost of Sales	Three months ended September 30		Six months ended September 30	
	2007	2006	2007	2006
	% of sales	% of sales	% of sales	% of sales
Materials	53.4%	51.3%	53.3%	51.3%
Labour	7.4%	7.7%	7.2%	7.9%
Variable overhead	6.2%	7.4%	6.9%	7.8%
Fixed overhead	6.0%	4.5%	6.2%	4.5%
Depreciation	3.9%	3.5%	4.2%	3.4%
Gross Margin	23.1%	25.6%	22.2%	25.1%

Our normal operating range for materials has been 48% to 54% and the average for the year ended March 31, 2007 was 52%. Materials cost fluctuations are due to variations in the yield factors (the amount of product that a certain weight of paper will produce), paper prices and to product mix. The paper yield factors have improved over the last few quarters as recently hired employees developed more experience in operating our equipment. We also continue to receive favourable pricing on a portion of our paper purchases. The weak US dollar contributed to the lower paper costs as most of our paper is purchased in US dollars.

The labour fluctuations, which are also subject to shifts in the product mix, are within our usual operating ranges. We are attempting to increase our labour force to handle the volume of sales orders that we expect. The local labour shortage, however, may mean higher wage rates in future could increase our overall labour costs. The inability to hire production employees can also result in lost sales.

The fluctuation in variable overhead is within normal operating ranges, as a percentage of sales. Depreciation is higher because of new equipment brought into production and fixed overhead is higher because of additional warehouse space rented and from increased rental rates.

In December 2007, we will close our two smaller warehouses and move into one larger one. The production facility will remain in place. Total rent in fixed overhead, for both the factory and the new warehouse, will increase by $3,217 per month to $30,460.

Selling Expenses

Selling expenses were lower during 2007 compared to 2006, at 9.8% of sales, compared to 11.6% for 2006. The decrease is caused by better freight rates to the United States and to lower commissions paid to the California sales agent. The sales agent's compensation structure is now strictly commission and no longer contains any fixed component. Additionally, much of our local freight costs have been eliminated as we now make local deliveries using our own truck.

General and Administrative Expenses

General and administrative expenses were higher in 2007 than in 2006 by $6,772 for the three month periods, and $8,677 for the six month periods ended September 30. Increased administration and office and professional fees offset decreases in other categories. Administration expense is higher because of increasing the allowance for bad debts, increased bank charges and higher foreign exchange losses. Professional fees are higher because of increasing audit costs. Salaries and employee benefits decreased as a result of lower stock option expense. Interest on long-term debt is lower because the average balance is declining. Interest on other debt is lower because of lower levels of bank indebtedness.

Liquidity, Financial Position and Capital Resources

Our financial position improved during the six months ended September 30, 2007. We had working capital of $175,306 at September 30, 2007 compared to $125,996 at March 31, 2007. Our operating cash flows were $139,188 during the six months ended September 30, 2007, an average of $23,198 per month, compared to an average of $29,063 per month during the year ended March 31, 2007, before accounting for fluctuations in non-cash working capital.

We plan to re-invest our surplus cash flow in new equipment to continue to expand the Company's product lines and improve efficiency and to pay off bank debt. The total principal outstanding on term loans was $339,990 at September 30, 2007, compared to $535,599 at March 31, 2007. In order to improve our ratio of cash flows to term loan repayments, we repaid $93,318 of our bank loans in July 2007. Principal repayments are now $13,715 per month. The funds to repay the bank loan were raised by a private placement of 1,060,000 units at $0.095 per unit. Each unit comprises one common share and one warrant to purchase an additional share at $0.125 per share until July 17, 2012. 1,000,000 of the units were purchased by directors of the company.

We have a revolving bank loan facility of $1,000,000, of which $542,447 was used at September 30, 2007. Subsequent to September 30, 2007, two of the covenants under the loans were eased. The loan outstanding at any time may not be greater than the total of 75% of Canadian accounts receivable, 50% of US accounts receivable and 50% of inventory, less accounts payable having priority over the bank, such as to governments and employees. Accounts receivable older than 90 days and inventory in excess of $700,000 (increased from $500,000) are not included in the calculation. Additionally, earnings before interest, taxes and depreciation, calculated on a rolling four quarter basis, must be maintained at 1.25 times (reduced from 1.5 times) the current portion of long-term debt plus interest expense.

We use the revolving bank loan facility primarily to finance operating working capital. Inventory and accounts receivable levels normally fluctuate by as much as $200,000 and accounts payable by an additional $200,000. We purchase our paper supplies in relatively large quantities and often have large shipments to customers on credit, which are the main reasons for these fluctuations.

We currently plan to spend approximately $200,000 on equipment expansions and improvements over the next twelve months. We will finance these additions from operating cash flows. We may acquire additional equipment, if worthy new product opportunities arise. Financing for additional equipment would be available through operating cash flow and additional term loans.

New Accounting Policy

The effect of the new accounting policies for financial instruments and comprehensive income adopted by the Canadian Institute of Chartered Accountants, effective for our current fiscal year, is described in note 2 to the interim consolidated financial statements for the periods ended September 30, 2007.

Internal Control over Financial Reporting

No changes in our internal control over financial reporting have occurred during the quarter ended September 30, 2007 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Share Capital

The Company has only one class of share capital, common shares without par value. The Company also has a stock option plan and a shareholder rights plan and has issued warrants to purchase common shares.

	November 28, 2007
Authorized common shares without par value	Unlimited
Issued common shares	11,063,800
Shares issuable on exercise of outstanding warrants	1,060,000
Shares issuable on exercise of outstanding stock options	1,070,000
Shares available for future stock option grants	930,000

The stock option plan permits the directors of the Company to grant incentive options to the employees, directors, officers and consultants of the Company. The maximum number of shares issuable under the stock option plan is 2,000,000.

The shareholder rights plan (the "Plan") is meant to protect the Company's shareholders from unfair, abusive or coercive takeover strategies. The Plan will remain in effect until the Company's annual general meeting in 2009. The Plan, in effect, allows holders of common shares to purchase additional common shares from the Company at a 50% discount to the prevailing market price on the occurrence of certain triggering events, including acquisition by a person or group of persons of 20% or more of the shares of the Company in a transaction that is not a Permitted Bid under the Plan. The rights under the Plan are not exercisable by the acquiring person or group of persons. The rights under the Plan are not triggered by purchases of shares made pursuant to a take-over bid that is made to all shareholders on identical terms by way of a take-over bid circular prepared in compliance with applicable securities laws, and certain other conditions set out in the agreement signed to implement the Plan.

WestBond Enterprises Corporation

Interim Consolidated Financial Statements
September 30, 2007

Notice to Reader

The accompanying interim consolidated financial statements of WestBond Enterprises Corporation for the three and six month periods ended September 30, 2007 have been prepared by and are the responsibility of the company's management. They are unaudited and have not been reviewed by independent auditors.

WESTBOND ENTERPRISES CORPORATION

Consolidated Balance Sheets

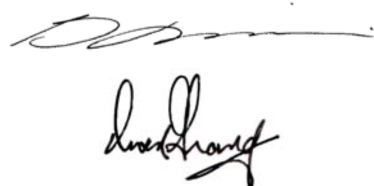
(Unaudited - See Notice to Reader)

(Canadian Dollars)

	September 30 2007	March 31 2007
	$	$
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	52,326	33,675
Accounts receivable	767,453	954,201
Inventory	717,125	746,138
Prepaid expenses	55,824	39,303
	1,592,728	1,773,317
PLANT AND EQUIPMENT	2,895,633	2,915,195
	4,488,361	4,688,512
LIABILITIES		
CURRENT LIABILITIES		
Bank indebtedness (note 3)	542,447	730,000
Accounts payable and accrued liabilities	716,269	639,422
Current portion of term loans (note 3)	158,706	277,899
	1,417,422	1,647,321
TERM LOANS (note 3)	181,284	257,700
FUTURE INCOME TAX LIABILITIES	387,735	387,111
	1,986,441	2,292,132
SHAREHOLDERS' EQUITY		
SHARE CAPITAL (note 4)		
Common shares issued	2,099,703	2,038,836
Warrants	32,364	-
Stock options	219,390	218,938
RETAINED EARNINGS	150,463	138,606
	2,501,920	2,396,380
	4,488,361	4,688,512

Commitments (note 6)

APPROVED BY THE BOARD OF DIRECTORS:



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

WESTBOND ENTERPRISES CORPORATION

Consolidated Statements of Operations and Retained Earnings

(Unaudited - See Notice to Reader)

(Canadian Dollars)

	Three months ended September 30		Six months ended September 30	
	2007	2006	2007	2006
	$	$	$	$
Sales	1,574,080	1,641,014	2,913,840	3,297,236
Cost of Sales				
Materials	840,283	842,185	1,554,028	1,692,236
Labour	115,697	126,374	209,285	260,158
Variable overhead	98,300	121,115	200,497	257,415
Fixed overhead	94,584	74,520	182,022	148,504
Depreciation and amortization	62,008	56,472	122,171	111,948
	1,210,872	1,220,666	2,268,003	2,470,261
Gross Profit	363,208	420,348	645,837	826,975
Expenses				
Selling and marketing				
Shipping	101,290	130,329	186,560	259,586
Salaries, commissions and employee benefits	46,119	52,028	76,511	98,229
Other	6,213	9,166	11,963	16,716
	153,622	191,523	275,034	374,531
General and administrative				
Administration and office	34,889	28,321	85,912	56,699
Corporate promotion	3,604	13,442	11,972	22,964
Interest on term loans	6,592	11,719	15,091	23,921
Interest on other debt	9,503	11,102	19,703	20,868
Professional fees	23,003	9,808	29,259	18,959
Salaries and employee benefits	97,758	94,185	196,385	206,234
	175,349	168,577	358,322	349,645
Income for the Period before Taxes	34,237	60,248	12,481	102,799
Provision for Future Income Taxes	6,610	22,501	624	42,724
Net Income and Comprehensive Income for the Period	27,627	37,747	11,857	60,075
Retained Earnings				
- Beginning of Period	122,836	65,650	138,606	43,322
- End of Period	150,463	103,397	150,463	103,397
Earnings per Share, basic and diluted	0.003	0.004	0.001	0.002

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

WESTBOND ENTERPRISES CORPORATION

Consolidated Statements of Cash Flows

(Unaudited - See Notice to Reader)

(Canadian Dollars)

	Three months ended September 30		Six months ended September 30	
	2007	**2006**	**2007**	**2006**
	$	**$**	**$**	**$**
Cash Flows from Operating Activities				
Net income for the period	27,627	37,747	11,857	60,075
Adjustments to reconcile net income to cash flows from operating activities				
- depreciation	64,089	58,551	126,255	116,142
- stock option expense	-	452	452	16,056
- future income tax expense	6,610	22,501	624	42,724
	98,326	119,251	139,188	234,997
Net change in non-cash working capital related to operating activities	118,735	54,416	276,087	(155,152)
	217,061	173,667	415,275	79,845
Cash Flows from Investing Activities				
Purchase of plant and equipment	(59,354)	(72,538)	(106,693)	(100,289)
Cash Flows from Financing Activities				
Issuance of shares and warrants for cash	100,700	-	100,700	-
Share issuance cost	(7,469)	-	(7,469)	-
Repayment of term loans	(134,463)	(61,146)	(195,609)	(122,292)
(Decrease) increase in bank indebtedness	(72,553)	(41,721)	(187,553)	121,181
	(113,785)	(102,867)	(289,931)	(1,111)
Increase (Decrease) in Cash and Cash Equivalents	43,922	(1,738)	18,651	(21,555)
Cash and Cash Equivalents - Beginning of Period	8,404	43,107	33,675	62,924
- End of Period	52,326	41,369	52,326	41,369
Interest Paid	16,391	22,881	35,703	44,800

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

WESTBOND ENTERPRISES CORPORATION
Notes to the Interim Consolidated Financial Statements
September 30, 2007
(unaudited)

1. Interim Period Reporting

While the information presented in these interim consolidated financial statements is unaudited, it includes all adjustments which are, in the opinion of management, necessary to the fair presentation of the interim periods reported. These interim consolidated financial statements are prepared in Canadian dollars and in accordance with Canadian generally accepted accounting principles. Except as disclosed below in note 2, the accounting policies used and the methods of their application are the same as for the consolidated financial statements for the year ended March 31, 2007. As certain note information has been condensed or omitted, these financial statements should only be read in conjunction with the audited consolidated financial statements for the year ended March 31, 2007.

2. Adoption of New Accounting Policies

New accounting policies for financial instruments and comprehensive income apply to the company effective April 1, 2007, the beginning of the current fiscal year. The new accounting policies require certain financial instruments to be stated at fair value on the balance sheet and unrealized gains and losses arising from those financial instruments not to be reflected in net income but rather in "other comprehensive income" which, combined with net income, equals "comprehensive income". Certain other gains and losses are also to be included in other comprehensive income.

The adoption of these new accounting policies has no effect on the balance sheets, net income or comprehensive income of the company for the current or prior periods; however, certain additional disclosures on financial instruments are required. In addition to credit risk (see note 4 to the consolidated financial statements for the year ended March 31, 2007), the company's financial instruments are also subject to interest rate cash flow risk and to currency risk.

The company's bank indebtedness and term loans are at interest rates that fluctuate with market interest rates. At the levels of indebtedness at September 30, 2007, a 1% increase in the annual rate of interest would cause interest expense to increase and operating cash flows to decrease by $8,824 per year.

Portions of the company's cash, accounts receivable and accounts payable are denominated in US dollars; accordingly, the company is exposed to fluctuations in the US/Cdn dollar exchange rates. While the amounts of exposure change on a daily basis, the company generally has more US dollar financial assets than US dollar liabilities. Over the past year, the exposure ranged from US$1,000 to US$227,000 and averaged approximately US$100,000 (calculated on a quarterly basis). Each change of 1% (e.g., a change from US$1.00 = Cdn$0.95 to Cdn$0.96) in the value of the US dollar in relation to the Cdn dollar results in a gain or loss (before income tax), with a corresponding effect on cash flows, of Cdn$1,000 on an exposure of US$100,000. During the six months ended September 30, 2007, the company realized foreign exchange losses of $13,426 (2006 - $3,609). The US dollar financial assets generally result from sales to US customers. The US dollar financial liabilities generally result from purchases of raw materials from US suppliers. As the company's US dollar purchases generally exceed US dollar sales, the financial instrument currency risk is generally offset by an opposing change in the company's gross profit.

3. Bank Indebtedness and Term Loans

As part of its agreement with the bank, the company was required to maintain earnings before interest expense, income tax and depreciation of 1.5 times the current portion of long-term debt plus interest expense, calculated on a rolling four quarter basis. The company did not comply with this covenant for the four quarters ended June 30, 2007; however, during the quarter ended September 30, 2007, the company and the bank amended the agreement such that the bank agreed to waive this non-compliance at June 30, 2007, provided the loan maturing on August 22, 2008 was repaid in full. That loan was repaid in full during the quarter ended September 30, 2007. Subsequent to September 30, 2007 the agreement with the bank was amended to provide that the company is now only required to maintain earnings before interest expense, income tax and depreciation of 1.25 times the current portion of long-term debt plus interest expense, calculated on a rolling four quarter basis, and the limit on loans outstanding on the revolving bank loan facility against inventory was increased to 50% of inventory not in excess of $700,000.

4. Share Capital

Authorized – The Company is authorized to issue an unlimited number of common shares without par value.

Issued	Common Shares		Warrants to Purchase Common Shares	
	Number	Ascribed value $	Number	Ascribed value $
Outstanding at March 31, 2007	10,003,800	2,038,836	-	-
Issued for cash, net of issue costs of $7,469	1,060,000	60,867	1,060,000	32,364
Outstanding at September 30, 2007	11,063,800	2,099,703	1,060,000	32,364

Each warrant entitles the holder to purchase one common share at $0.125 per share until July 17, 2012. The fair value ascribed to the warrants was estimated using the Black-Scholes option pricing model, assuming a risk-free interest rate of 4.66%, a dividend yield of 0%, expected warrant life of 5 years and a volatility of 47%.

Stock Options - The following stock options are outstanding at September 30, 2007.

Expiry date	Total number of shares under option	Weighted average remaining contractual life	Weighted average exercise price	Number of shares under option that are vested	Weighted average exercise price
December 12, 2007	410,000	0.2 years	$0.120	410,000	$0.120
May 6, 2008	100,000	0.6 years	$0.150	100,000	$0.150
July 7, 2009	560,000	1.8 years	$0.270	560,000	$0.270
	1,070,000	1.1 years	$0.201	1,135,625	$0.203

During the six months ended September 30, 2007 options to purchase 75,000 shares at $0.24 per share until November 30, 2007 were forfeited.

5. Related Party Transactions

During the six months ended September 30, 2007, the company incurred $9,879 (2006 – $7,621) in legal fees in the normal course of operations with firms in which a director of the company is a partner. $3,641 (2006 – $7,621) of the fees are included in professional fees and $6,238 (2006 – $nil) are included in share issuance costs. The fees are at rates comparable to those charged to un-related parties.

6. Lease Commitments

Future minimum payments under operating leases for premises are:

	$
Six months ending March 31, 2008	136,288
Year ending March 31, 2009	274,138
2010	162,202
2010	83,260