WestBond Enterprises Corporation

Quarterly Report
June 30, 2010

Management Discussion and Analysis

dated August 26, 2010 to accompany the interim consolidated financial statements for the three month period ended June 30, 2010

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 2010 Annual Report. A pdf version of the 2010 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 month period ended June 30, 2010 and our consolidated financial statements for the year ended March 31, 2010 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 2010 Annual Report. Information included in that discussion is only up-dated in this discussion. Information that has not changed materially since July 19, 2010, the date of the Management Discussion and Analysis in the 2010 Annual Report, is not repeated here.

Sales were $1,541,707 for the three months ended June 30, 2010, which is 10% less than for the three months ended June 30, 2009 and 19% higher than the three months ended March 31, 2010. Net income decreased by 36% to $40,062 ($0.004 per share) for the period, compared to $62,727 ($0.006 per share) for the three months ended June 30, 2009. This year's results are less profitable than the same period last year because of lower sales.

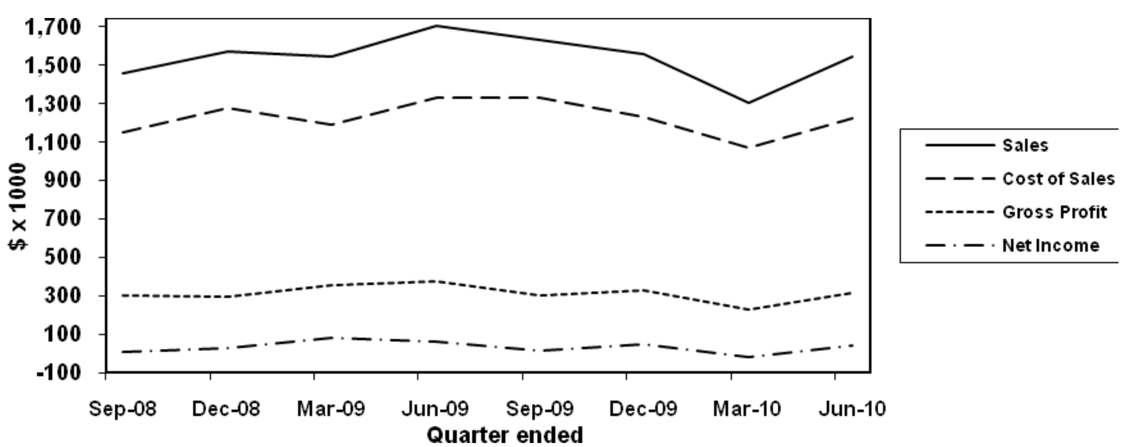
The graph on the next page shows the trends over the past eight quarters.

WestBond Enterprises Corporation
7871 – 82nd Street, Delta, BC Canada V4G 1L9
Tel: 604-940-3939 Fax: 604-940-9161
www.WestBond.ca info@WestBond.ca

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.

	Quarters ended							
Cdn$ x 1,000	**Jun 30 2010**	**Mar 31 2010**	**Dec 31 2009**	**Sep 30 2009**	**Jun 30 2009**	**Mar 31 2009**	**Dec 31 2008**	**Sep 30 2008**
Sales	1,542	1,301	1,559	1,632	1,706	1,543	1,572	1,455
Cost of sales	1,227	1,072	1,231	1,329	1,330	1,188	1,278	1,153
Gross profit	315	229	328	303	376	355	294	302
Selling and marketing expenses	139	117	127	117	133	120	120	129
General and administrative expenses	124	140	137	159	157	148	135	159
Net income (loss) before taxes	52	(28)	64	27	86	87	39	14
Income tax expense (recovery)	12	(6)	18	10	23	9	12	6
Net income (loss)	40	(22)	46	17	63	78	27	8
Earnings (loss) per share, basic and diluted - Cdn$	0.004	(0.002)	0.004	0.002	0.006	0.007	0.002	0.001
Sales - % change over previous quarter	18.5	-16.5	-4.5	-4.4	10.6	-1.8	8.1	1.5
Costs, expenses and net income - % of Sales								
Cost of sales	79.6	82.4	78.9	81.4	78.0	77.0	81.3	79.3
Selling and marketing expenses	9.0	9.0	8.2	7.1	7.8	7.8	7.6	8.9
General and administrative expenses	8.0	10.8	8.8	9.8	9.2	9.6	8.6	10.9
Income tax expense	0.8	-0.5	1.2	0.6	1.3	0.6	0.8	0.4
Net income	2.6	-1.7	2.9	1.1	3.7	5.0	1.7	0.5



Sales

Sales for the three months ended June 30, 2010 are 9.7% lower than for the same period last year but are 18.5% higher than the previous quarter, ended March 31, 2010. The June 2009 quarter showed record high sales for WestBond but competition from the US, empowered by the cheaper US dollar, and other factors caused our sales to decline for the three quarters that followed. We are now enjoying a positive reversal of that trend.

Sales	Three months ended June 30		Change over last year
Product Line	2010 $	2009 $	
Personal hygiene	674,261	809,462	-16.7%
Clinical and long-term care	807,901	847,271	-4.6%
Other	59,545	49,716	19.8%
	1,541,707	1,706,449	-9.7%

Cost of Sales

Direct costs (labour and materials) were lower, as a percentage of sales, in 2010 than in 2009. Variable and fixed overhead and depreciation were higher, as a percentage of sales, because of the lower sales total.

Cost of Sales	Three months ended June 30	
	2010 % of sales	2009 % of sales
Materials	53.9%	54.4%
Labour	8.1%	8.3%
Variable overhead	6.8%	5.9%
Fixed overhead	7.0%	5.6%
Depreciation	3.8%	3.8%
Gross Margin	20.4%	22.0%

Our normal operating range for materials has been 51% to 54% and the average for the year ended March 31, 2010 was 54%. 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 product mix. The decrease in this materials cost to sales ratio for the 2010 period is mainly due to favourable paper prices.

The labour fluctuations, which are also subject to shifts in the product mix, are within our usual operating ranges. We have also increased our wage rates in order to retain the more efficient employees and to attract good machine operators. The inability to hire or retain production employees can result in lost sales.

Selling Expenses

Selling expenses were higher during 2010, at 9.0% of sales, compared to 7.8% for 2009. The increase is caused by higher freight rates.

General and Administrative Expenses

General and administrative expenses were lower in 2010 than in 2009 by $32,923. Administration and office expense is lower because of foreign exchange gains of $11,611 realized in 2010, compared to a loss of $15,339 in 2009. Salaries and employee benefits are lower because of stock based compensation expense in 2009. Interest is lower because of lower levels of bank indebtedness and long-term debt.

During the three months ended June 30, 2010 professional fees include $3,305 paid to DuMoulin Black LLP, a law firm in which J. Douglas Seppala, one of our directors, is a partner. The payments represent fees for legal services provided to the Company at rates normally charged to arm's length parties.

Liquidity, Financial Position and Capital Resources

Our financial position improved during the three months ended June 30, 2010. We had working capital of $880,174 at June 30, 2010, compared to $798,168 at March 31, 2010. Our operating cash flows were $112,662 during the three months ended June 30, 2010, an average of $37,554 per month, compared to an average of $35,338 per month during the year ended March 31, 2010, 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 $15,782 at June 30, 2010, compared to $39,426 at March 31, 2010. Principal repayments are $7,881 per month.

We have a revolving bank loan facility of $1,000,000, of which $360,000 was used at June 30, 2010. 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 are not included in the calculation.

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.

Substantially all of the Company's assets are pledged as collateral for the revolving bank loan facility and the term loan.

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 Policies

There are no new accounting policies that are effective for our current fiscal year that are expected to have a material affect on our consolidated financial statements.

We will adopt International Financial Reporting Standards ("IFRS") effective April 1, 2011. The differences between IFRS and Canadian GAAP that could have the most significant impact on our financial statements are described in our management discussion and analysis for the year ended March 31, 2010.

Key accounting personnel have completed IFRS training courses. Over the next few months we will be evaluating IFRS in detail and considering their application to our financial statements. We plan to have this phase of our transition completed by December 31, 2010. During the three months ending March 31, 2011, we will prepare the reconciliations of Canadian GAAP to IFRS for our March 31, 2010 balance sheet and for each of the quarters in the year ending March 31, 2011. We are on target to issue our financial statements in accordance with IFRS as issued by the International Accounting Standards Board, commencing with the quarter ending June 30, 2011.

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.

	August 26, 2010
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	800,000
Shares available for future stock option grants	1,200,000

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 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 2012, subject to further renewal. 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
(Unaudited – See Notice to Reader)

June 30, 2010

WestBond Enterprises Corporation
7871 – 82nd Street, Delta, BC Canada V4G 1L9
Tel: 604-940-3939 Fax: 604-940-9161
www.WestBond.ca info@WestBond.ca

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Notice to Reader

The accompanying interim consolidated financial statements of WestBond Enterprises Corporation for the three month period ended June 30, 2010 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)

	June 30 2010	March 31 2010
	$	$
A S S E T S		
CURRENT ASSETS		
Cash and cash equivalents	97,478	276,008
Accounts receivable	762,167	454,774
Inventory	920,807	994,256
Prepaid expenses	32,811	44,432
	1,813,263	1,769,470
PLANT AND EQUIPMENT	2,490,919	2,521,077
	4,304,182	4,290,547
L I A B I L I T I E S		
CURRENT LIABILITIES		
Bank indebtedness	360,000	475,000
Accounts payable and accrued liabilities	557,307	456,876
Current portion of term loans	15,782	39,426
	933,089	971,302
FUTURE INCOME TAX LIABILITIES	442,801	431,015
	1,375,890	1,402,317
S H A R E H O L D E R S' E Q U I T Y		
SHARE CAPITAL		
Authorized - unlimited common shares without par value		
Issued and outstanding - 11,063,800 shares	2,099,703	2,099,703
Warrants	32,364	32,364
STOCK OPTIONS	254,510	254,510
RETAINED EARNINGS	541,715	501,653
	2,928,292	2,888,230
	4,304,182	4,290,547

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, Comprehensive Income and Retained Earnings

(Unaudited - See Notice to Reader)

(Canadian Dollars)

	Three months ended June 30	
	2010	**2009**
	$	**$**
Sales	1,541,707	1,706,449
Cost of Sales		
Materials	831,333	928,293
Labour	124,629	140,900
Variable overhead	104,158	100,570
Fixed overhead	107,344	95,629
Depreciation	59,327	65,276
	1,226,791	1,330,668
Gross Profit	314,916	375,781
Expenses		
Selling and marketing		
Shipping	105,823	96,163
Salaries, commissions and employee benefits	29,328	33,673
Other	3,853	2,789
	139,004	132,625
General and administrative		
Administration and office	15,063	40,638
Corporate promotion	416	-
Interest on term loans	204	941
Interest on other debt	3,260	3,957
Professional fees	12,820	13,711
Salaries and employee benefits	92,301	97,740
	124,064	156,987
Income for the Period before Taxes	51,848	86,169
Future Income Tax Expense	11,786	23,442
Net Income and Comprehensive Income for the Period	40,062	62,727
Retained Earnings		
- Beginning of Period	501,653	397,599
- End of Period	541,715	460,326
Earnings per Share, basic and diluted	0.004	0.006

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 June 30	
	2010	**2009**
	$	**$**
Cash Flows from Operating Activities		
Net income for the period	40,062	62,727
Adjustments to reconcile net income to cash flows from operating activities		
- depreciation	60,814	67,464
- stock option expense	-	4,390
- future income tax expense	11,786	23,442
	112,662	158,023
Net change in non-cash working capital related to operating activities	(112,311)	69,264
	351	227,287
Cash Flows from Investing Activities		
Purchase of plant and equipment	(40,237)	(44,271)
Cash Flows from Financing Activities		
Repayment of term loans	(23,644)	(23,643)
Decrease in bank indebtedness	(115,000)	(145,000)
	(138,644)	(168,643)
(Decrease) Increase in Cash and Cash Equivalents	(178,530)	14,373
Cash and Cash Equivalents		
- Beginning of Period	276,008	151,259
- End of Period	97,478	165,632
Interest Paid	3,719	5,075
Non-Cash Investing Activities		
Decrease in accounts payable related to purchase of plant and equipment	(9,581)	(12,394)

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

WESTBOND ENTERPRISES CORPORATION
Notes to the Interim Consolidated Financial Statements
June 30, 2010
(Unaudited – See Notice to Reader)

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. 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, 2010. 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, 2010.

2. Share Capital

Stock Options - The following stock options are outstanding at June 30, 2010.

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
March 12, 2013	800,000	2.7 years	$0.100	800,000	$0.100

3. Related Party Transactions

During the three months ended June 30, 2010, the company incurred $3,305 (2009 – $2,695) in legal fees in the normal course of operations with a firm in which a director of the company is a partner. The fees are included in professional fees and are at rates comparable to those charged to un-related parties.