WestBond Enterprises Corporation

Quarterly Report
September 30, 2013

Management Discussion and Analysis

Dated November 29, 2013 to Accompany the Interim Consolidated Financial Statements for the Three and Six Month Periods Ended September 30, 2013

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 2013 Annual Report. A pdf version of the 2013 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 six month periods ended September 30, 2013 and our consolidated financial statements for the year ended March 31, 2013 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 2013 Annual Report. Information included in that discussion is only up-dated in this discussion. Information that has not changed materially since July 15, 2013, the date of the Management Discussion and Analysis in the 2013 Annual Report, is not repeated here.

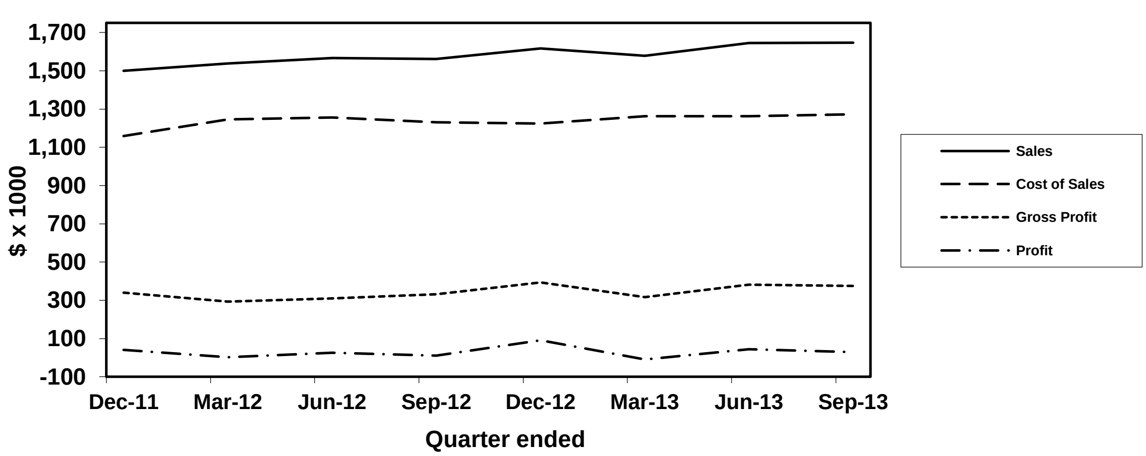
Sales were $1,646,630 for the three months ended September 30, 2013, which is 5.4% higher than for the three months ended September 30, 2012 and 0.1% higher than for the three months ended June 30, 2013. We realized a profit of $29,045 ($0.002 per share) for the three months ended September 30 2013, compared to $11,400 ($0.001 per share) for the three months ended September 30, 2012. The profit for the quarter ended September 30, 2013 is higher than the same period last year because of increased sales and lower overhead costs. Higher depreciation, from new equipment brought into operation, higher selling and distribution expenses, and higher professional fees offset the improvements.

The table and graph on the next page show 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 International Financial Reporting Standards.

Cdn$ x 1,000	**Quarters ended**							
	Sep 30 2013	**Jun 30 2013**	**Mar 31 2013**	**Dec 31 2012**	**Sep 30 2012**	**Jun 30 2012**	**Mar 31 2012**	**Dec 31 2011**
Sales	1,647	1,644	1,579	1,617	1,562	1,566	1,539	1,499
Cost of sales	1,272	1,263	1,263	1,224	1,231	1,256	1,245	1,159
Gross profit	375	381	316	393	331	310	294	340
Selling and distribution expenses	168	161	148	150	160	136	137	137
General and administrative expenses	157	129	170	150	137	138	146	139
Other (income) expenses	9	5	10	(28)	17	-	7	7
Profit (loss) before tax	41	86	(12)	121	17	36	4	57
Income tax expense (recovery)	12	43	(2)	30	6	10	1	15
Profit (loss)	29	43	(10)	91	11	26	3	42
Earnings (loss) per share, basic and diluted - Cdn$	0.002	0.004	(0.001)	0.008	0.001	0.002	0.000	0.004
Sales - % change over previous quarter	0.1	4.1	-2.3	3.5	-0.3	1.8	2.7	-1.6
Costs, expenses and profit - % of Sales								
Cost of sales	77.2	76.8	80.0	75.7	78.8	80.2	80.9	77.3
Selling and distribution expenses	10.2	9.8	9.3	9.3	10.2	8.7	8.9	9.2
General and administrative expenses	9.5	7.9	10.7	9.3	8.8	8.8	9.5	9.3
Other expenses (income)	0.6	0.3	0.6	-1.8	1.1	0.0	0.4	0.4
Income tax expense	0.7	2.6	-0.1	1.9	0.4	0.6	0.1	1.0
Profit	1.8	2.6	-0.5	5.6	0.7	1.7	0.2	2.8



Sales

Sales are 5.4% higher for the three months ended September 30, 2013 and 5.2% higher for the six months ended September 30, 2013 than for the comparable periods last year. Increases in personal hygiene products, due mainly to weakening competition from the United States, was offset by lower sales volumes in clinical, long-term care and other products.

Sales	Three months ended September 30		Change over last year	Six months ended September 30		Change over last year
Product Line	2013 $	2012 $		2013 $	2012 $	
Personal hygiene	781,856	586,248	33.4%	1,434,229	1,216,247	17.9%
Clinical and long-term care	815,642	870,687	-6.3%	1,706,361	1,735,058	-1.7%
Other	49,132	104,932	-51.2%	150,580	176,858	-14.9%
	1,646,630	1,561,867	5.4%	3,291,170	3,128,163	5.2%

Cost of Sales

Materials costs, as a percentage of sales, were lower in the 2013 than in 2012 due to more favourable prices for raw materials. Our normal operating range for materials has been 51% to 55% and the average for the year ended March 31, 2013 was 52.6%.

The increase in direct production labour in 2013 over 2012 is within our normal operating range of 7.0% to 8.0%. Factory overhead labour and variable overhead fluctuations are caused mainly by the timing of equipment maintenance activity. Fixed overhead is lower because sales were higher in 2013 than in 2012. Depreciation was higher in 2013 than in 2012 because of new equipment brought into production during the latter part of the year ended March 31, 2013.

Cost of Sales	Three months ended September 30		Six months ended September 30	
	2013 % of sales	2012 % of sales	2013 % of sales	2012 % of sales
Materials	52.6%	52.9%	52.0%	53.7%
Production labour	7.8%	7.1%	7.6%	7.1%
Factory overhead labour	3.6%	4.3%	3.7%	4.3%
Variable overhead	1.5%	2.7%	1.9%	2.6%
Fixed overhead	6.8%	7.2%	7.0%	7.2%
Depreciation	4.9%	4.6%	4.8%	4.6%
Gross Margin	22.8%	21.2%	23.0%	20.5%

Selling Expenses

Selling expenses were higher during 2013 than 2012, at 10.1% of sales this year, compared to 9.5% last year. This was primarily caused by increased shipping rates and "fuel surcharges" and because sales to Central and Eastern Canada have increased while local sales have decreased. Sales commissions were higher in 2013, primarily to agents for customers in Central and Eastern Canada..

General and Administrative Expenses

General and administrative expenses were similar in 2013 and 2012, with the exception of higher professional fees in 2012 for the audit of our transition to International Financial Reporting Standards, and lower administrative staff costs in 2013 caused by decreased staffing levels.

During the six months ended September 30, 2013, the company incurred total short-term employee benefits of $159,830 (2012 – $161,746) to its key management personnel, comprising the directors and officers of the company, and incurred professional fees of $53,147 (2012 – $2,532), of which $28,385 (2012 - $nil) are reflected in share issue costs, in the normal course of operations paid to DuMoulin Black LLP, a law firm in which J. Douglas Seppala, a director of the company, is a partner. The professional fees are for legal services provided to the Company at rates normally charged to arm's length parties.

Other Income and Expenses

The exchange rate between the US and Canadian dollars continues to fluctuate, causing gains in some periods that are offset with losses in other periods. Interest expense is lower due to decreased debt levels. Income tax expense includes an adjustment of deferred taxes by $20,537 to reflect the increase in the British Columbia income tax rate enacted in June 2013.

Liquidity, Financial Position and Capital Resources

Our financial position improved during the six months ended September 30, 2013, most significantly from net cash proceeds of $1,430,064 from a private placement of 18,750,000 of our common shares. We plan to use the proceeds from the private placement to purchase equipment to vertically integrate and expand our manufacturing capacity.

We had working capital of $2,642,208 at September 30, 2013, compared to $1,086,618 at March 31, 2013. Our operating cash flows were $274,016 during the six months ended September 30, 2013, an average of $45,669 per month, compared to an average of $37,328 per month during the year ended March 31, 2013, 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.

We have a revolving bank loan facility of $1,000,000, which was unused at September 30, 2013. 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. Loans outstanding under the facility bear interest at bank prime plus 0.75%. Substantially all of the Company's assets are pledged as collateral for the revolving bank loan facility.

We use the revolving bank loan facility primarily to finance operating working capital. Inventory and accounts receivable levels normally fluctuate by as much as $300,000 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 also have a $77,768 non-revolving bank loan that is repayable in monthly instalments of principal of $5,556 until November 30, 2014 (extended from August 30, 2013 during the six months ended September 30, 2013) at which time the remaining principal and interest is due. The loan bears interest at bank prime plus 1%, payable monthly. A fixed charge on the specific equipment purchased with the loan proceeds is pledged as collateral.

We currently plan to spend a total of approximately $250,000 on regular equipment expansions and improvements during the year ending March 31, 2014. We will finance these additions from operating cash flows.

We plan to purchase production equipment at a cost of approximately $7,000,000 over a period of approximately one year. We plan to finance the purchase from cash on hand, additional issuances of common shares, operating cash flow and term loans. The equipment will enable us to vertically integrate and expand our manufacturing capacity.

New Accounting Policies

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

Share Capital

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

	November 29, 2013
Authorized common shares without par value	Unlimited
Issued common shares	29,813,800
Warrants	405,000
Shares issuable on exercise of outstanding stock options	Nil
Shares available for future stock option grants	2,000,000

The warrants entitle the holder to purchase 405,000 common shares at $0.08 per share until September 18, 2014.

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 was extended at the Company's annual general meeting on September 4, 2013 and will remain in effect until the Company's annual general meeting in 2016 subject to further renewal or amendment. 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.

Other Information

Additional information relating to the Company is available on SEDAR at www.sedar.com and on the Company's web-site at www.westbond.ca.

WestBond Enterprises Corporation

Notice to Reader

The accompanying interim consolidated financial statements of WestBond Enterprises Corporation for the three and six month periods ended September 30, 2013 and 2012 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 Statements of Financial Position
Canadian Dollars
(Unaudited)

	Notes	September 30 2013 $	March 31 2013 $
ASSETS			
Non-Current Assets			
Plant and equipment		2,536,126	2,566,419
Lease deposits		22,433	22,433
		2,558,559	2,588,852
Current Assets			
Inventory		948,721	1,197,797
Trade and other receivables		871,985	818,181
Prepaid expenses		103,032	26,354
Cash and cash equivalents		1,399,771	76,157
		3,323,509	2,118,489
Total Assets		5,882,068	4,707,341
EQUITY AND LIABILITIES			
Equity			
Common shares issued and outstanding	3	3,518,022	2,099,703
Warrants	3	11,745	-
Contributed surplus		286,874	286,874
Retained earnings		847,450	775,465
Equity attributable to common share holders		4,664,091	3,162,042
Liabilities			
Non-Current Liabilities			
Deferred tax liability		536,676	513,428
Current Liabilities			
Revolving bank loans		-	237,000
Term bank loans	4	77,768	116,660
Trade and other payables		603,533	678,211
		681,301	1,031,871
Total Liabilities		1,217,977	1,545,299
Total Equity and Liabilities		5,882,068	4,707,341

WestBond Enterprises Corporation
Consolidated Statements of Comprehensive Income
Canadian Dollars
(Unaudited)

		Three months ended September 30		Six months ended September 30	
		2013	2012	2013	2012
	Notes			$	$
Sales		1,646,630	1,561,867	3,291,170	3,128,163
Cost of sales	6	1,271,803	1,230,864	2,535,110	2,486,431
Gross Profit		374,827	331,003	756,060	641,732
Selling and distribution expenses	7	168,448	160,446	329,560	296,849
General and administrative expenses	8	156,742	136,860	285,961	274,470
Operating Profit		49,637	33,697	140,539	70,413
Foreign exchange losses (gains)		6,644	12,007	8,419	6,658
Interest expense		2,173	4,704	4,903	10,544
Profit Before Tax		40,820	16,986	127,217	53,211
Income tax expense		11,775	5,586	55,232	15,318
Profit and Comprehensive Income		29,045	11,400	71,985	37,893
Weighted average shares outstanding		13,004,017	11,063,800	12,043,403	11,063,800
Earnings per share, basic and fully diluted		0.002	0.001	0.006	0.003

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

WestBond Enterprises Corporation
Consolidated Statements of Changes in Equity
Canadian Dollars
(Unaudited)

	Common Shares	Warrants	Stock Options	Contributed Surplus	Retained Earnings	Total
	$	$	$	$	$	$
As at March 31, 2012	2,099,703	32,364	254,510	-	654,803	3,041,380
Profit for the period	-	-	-	-	37,893	37,893
As at September 30, 2012	2,099,703	32,364	254,510	-	692,696	3,079,273
As at March 31, 2013	2,099,703	-	-	286,874	775,465	3,162,042
Shares issued for cash	1,500,000	-	-	-	-	1,500,000
Share issue costs	(69,936)	-	-	-	-	(69,936)
Warrants issued as finders fee for shares issued	(11,745)	11,745	-	-	-	-
Profit for the period	-	-	-	-	71,985	71,985
As at September 30, 2013	3,518,022	11,745	-	286,874	847,450	4,664,091

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

WestBond Enterprises Corporation
Consolidated Statements of Cash Flows
Canadian Dollars
(Unaudited)

	Notes	Three months ended September 30 2013	Three months ended September 30 2012	Six months ended September 30 2013	Six months ended September 30 2012
		$	$	$	$
Operating Activities					
Profit		29,045	11,400	71,985	37,893
Adjustments to reconcile profit to cash flows from operating activities					
- depreciation		82,288	73,984	162,845	146,662
- interest expense		2,173	4,704	4,903	10,544
- interest paid		(2,311)	(3,855)	(5,212)	(9,570)
- income tax expense		11,775	5,586	55,232	15,318
- income tax paid		(2,283)	-	(15,737)	(2,998)
Cash flows from operating activities before changes in non-cash working capital		120,687	91,819	274,016	197,849
(Increase) decrease in					
- inventory		815	(108,676)	249,076	94,036
- trade and other receivables		69,844	134,891	(53,804)	84,312
- prepaid expenses		(89,219)	(25,458)	(76,678)	(13,949)
(Decrease) increase in					
- trade and other payables		111,810	(51,446)	(48,258)	(99,523)
Net Cash Flow from Operating Activities		213,937	41,130	344,352	262,725
Investing Activities					
Purchase of plant and equipment	9	(48,452)	(46,918)	(174,910)	(62,317)
Financing Activities					
Issuance of common shares for cash		1,500,000	-	1,500,000	-
Share issue costs		(69,936)	-	(69,936)	-
Term loan proceeds		-	-	-	-
Repayment of term loans		(22,224)	(16,668)	(38,892)	(27,780)
Decrease in revolving bank loans		(207,016)	(35,000)	(237,000)	(65,000)
Net Cash Flow from Financing Activities		1,200,824	(51,668)	1,154,172	(92,780)
Net (Decrease) Increase in Cash and Cash Equivalents		1,366,309	(57,456)	1,323,614	107,628
Cash and Cash Equivalents at the Beginning of the Period		33,462	263,267	76,157	98,183
Cash and Cash Equivalents at the End of the Period		1,399,771	205,811	1,399,771	205,811

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

1. GENERAL INFORMATION

WestBond Enterprises Corporation and its subsidiary (together, the company) are a paper converter that manufactures disposable products for medical, hygienic and industrial uses. The company's manufacturing facilities are in Canada and its sales are primarily to Canada and the United States of America. The company is incorporated in British Columbia, Canada, and has its principal place of business at 7871 – 82nd Street, Delta, British Columbia.

The interim consolidated financial statements of the company for the three and six month periods ended September 30, 2013 were approved and authorized for issue by resolution of the directors on November 29, 2013.

2. BASIS OF PREPARATION AND INTERIM PERIOD REPORTING

The interim consolidated financial statements of the company have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements. The policies applied in these interim consolidated financial statements are based on IFRS issued and outstanding as of the date the Board of Directors approved the statements. Any subsequent changes to IFRS that are given effect in the company's annual consolidated financial statements for the year ending March 31, 2014 could result in restatement of these interim consolidated financial statements.

The same accounting policies and methods of computation have been followed in the preparation of these interim consolidated financial statements as in the consolidated financial statements for the year ended March 31, 2013.

The disclosure contained in these interim consolidated financial statements has been condensed and includes only selected explanatory notes and does not duplicate or repeat disclosure reported in the consolidated financial statements for the year ended March 31, 2013 that has not changed materially since their date of issue. Accordingly, these interim consolidated financial statements should only be read in conjunction with the consolidated financial statements of the company for the year ended March 31, 2013.

3. SHARE CAPITAL

During the six months ended September 30, 2013 the company issued 18,750,000 common shares at $0.08 per share for gross proceeds of $1,500,000, increasing the total number of common shares outstanding to 29,813,800. In partial compensation as a finder's fee for a portion of the proceeds, the company issued warrants to purchase an additional 405,000 common shares at $0.08 per share until September 18, 2014. The fair value ascribed to the warrants of $11,745 was estimated using the Black-Scholes option pricing model, assuming a risk-free interest rate of 1.26%, a dividend yield of 0%, expected warrant life of 1 year and a volatility of 49%.

4. TERM BANK LOANS

During the six months ended September 30, 2013 the term of the bank loan was extended to November 30, 2014.

5. RELATED PARTY TRANSACTIONS

During the six months ended September 30, 2013 the company incurred total compensation comprising short-term employee benefits of $159,580 (2012 – $161,746) to the directors and officers of the company and incurred $53,147 (2012 – $5,854) of legal fees in the normal course of operations with a firm in which a director of the company is a partner. $28,385 of the legal fees for 2013 are reflected in share issue costs.

WESTBOND ENTERPRISES CORPORATION
Notes to the Interim Consolidated Financial Statements
September 30, 2013 and 2012
Canadian Dollars
(unaudited)

	Three months ended September 30		Six months ended September 30	
	2013	**2012**	**2013**	**2012**
	$	**$**	**$**	**$**
6. COST OF SALES				
Materials	866,467	826,524	1,711,466	1,678,263
Production labour	128,976	111,140	250,296	221,605
Factory overhead labour	59,144	67,153	123,753	135,845
Variable overhead	25,627	41,738	61,271	81,880
Fixed overhead	111,247	111,812	228,592	225,106
Depreciation	80,342	72,497	159,732	143,732
	1,271,803	1,230,864	2,535,110	2,486,431
7. SELLING AND DISTRIBUTION EXPENSES				
Shipping	123,974	120,036	244,837	220,036
Wages, commissions and other employee benefits	40,768	31,224	77,738	61,051
Other	3,706	9,186	6,985	15,762
	168,448	160,446	329,560	296,849
8. GENERAL AND ADMINISTRATIVE EXPENSES				
Administration and office	33,590	31,493	64,193	59,378
Corporate promotion	5,955	3,229	6,416	4,258
Professional fees	32,980	14,603	45,650	31,632
Salaries and other employee benefits	84,217	87,535	169,702	179,202
	156,742	136,860	285,961	274,470
9. NON-CASH INVESTING ACTIVITIES				
(Decrease) increase in accounts payable related related to purchase of plant and equipment	13,440	(2,970)	(42,358)	(2,114)