

Form 51-102F1

VALDOR FIBER OPTICS INC.  
(the "Company")

MANAGEMENT DISCUSSION & ANALYSIS  
(U.S. Dollars)

YEAR ENDED DECEMBER 31, 2007

1.1 Date of this Report

April 29, 2008

1.2 Overall Performance

During the year ended December 31, 2007, the Company's working capital deficiency was \$1,117,938, an increase of \$827,703 as compared to the working capital deficiency of \$290,235 as of December 31, 2006.

1.3 Selected Annual Information

	2007	2006	2005
Total revenues	\$735,236	\$999,887	\$876,097
Net (loss) income	(\$1,083,173)	\$1,593,368	(\$862,007)
Income (loss) per share			
Basic	(0.01)	0.03	(0.02)
Diluted	(0.01)	0.03	(0.02)
Total assets	\$186,778	\$794,700	\$392,431

1.4 Results of Operations

During the year the Company had a loss from operations of \$1,006,096 as compared to a loss of \$980,060 for the corresponding period ended December 31, 2006. The loss is a result of a writedown of inventory of \$104,200 and a general slowdown in the fiber optic industry. For the quarter ended December 31, 2007 the revenues decreased by \$259,011 to \$115,066 as compared to \$374,077 for the same quarter ended December 31, 2006. This is a result of a decline in activity in the fiber optic industry.

## 1.5 Summary of Quarterly Results

The quarterly financial statements are prepared in accordance with Canadian GAAP but are stated in U.S. Dollars.

<b>FOR THE THREE MONTHS ENDED</b>				
	<b>December 31, 2007</b>	<b>September 30, 2007</b>	<b>June 30, 2007</b>	<b>March 31, 2007</b>
Revenues	\$115,096	\$179,160	\$183,285	\$257,695
Net Income (Loss)	(\$464,302)	(\$198,259)	(\$200,816)	(\$219,796)
Per Share – Basic	(\$0.01)	(\$0.01)	(\$0.01)	(\$0.01)
Diluted	(\$0.01)	(\$0.01)	(\$0.01)	(\$0.01)

<b>FOR THE THREE MONTHS ENDED</b>				
	<b>December 31, 2006</b>	<b>September 30, 2006</b>	<b>June 30, 2006</b>	<b>March 31, 2006</b>
Revenues	\$369,077	\$241,469	\$239,940	\$149,401
Net Income (Loss)	(\$113,219)	\$1,769,342	\$212,473	(\$275,228)
Per Share - Basic	\$0.03	\$0.03	\$0.00	(\$0.01)
Diluted	\$0.03	\$0.03	\$0.00	(\$0.01)

## 1.6 Liquidity

The Company's working capital deficiency as at December 31, 2007 was \$1,117,938 as compared to a working capital deficiency of \$290,235 as at December 31, 2006, an increase of \$827,703.

At present the Company believes it has sufficient funds available from revenues and future financing to cover basic overhead expenses for the next twelve months. The Board of Directors is reviewing potential business opportunities for the Company's patented HeptoPort™ and Impact Mount™ technology and other options available relating to utilization of the potential financing by the Company. Readers are cautioned that a number of factors beyond the control of the Company could result in the Company not being able to sustain its current position or not being able to find appropriate opportunities for the HeptoPort™ and Impact Mount™ technology or securing a financing necessary to pursue such opportunities. Such factors could include adverse economic conditions, political and regulatory concerns and key individual staffing problems amongst others.

## 1.7 Capital Resources

During the reporting period the Company remains dependant upon funds provided by directors, business associates and equity markets for financing. However, assuming that the company continues to maintain its current level of sales and administrative and general expenditures, it should be able to cover its normal overhead expenses for the next twelve months.

## 1.8 Off Balance Sheet Arrangements

None.

## 1.9 Transactions with Related Parties

The Company incurred the following revenues and expenses with directors and officers of the Company and companies with common directors:

	Year ended December 31,	
	<u>2007</u>	<u>2006</u>
Consulting Fee	\$ 111,708	\$ -
Management fees	33,513	31,730
Marketing	1,523	-
Office and miscellaneous - secretarial services	6,144	6,699
Rent	5,586	10,577
Salaries, wages and benefits	<u>88,112</u>	<u>83,939</u>
	<u>\$ 246,586</u>	<u>\$ 132,945</u>

These transactions were measured by the exchange amount which is the amount agreed upon by the transacting parties and are on terms and conditions similar to non-related entities.

Included in prepaid expenses at December 31, 2007 is \$495 (December 31, 2006: \$858) of rent prepaid to a company with a common director.

## 1.10 Fourth Quarter

The Company had revenues of \$115,096 during the fourth quarter from sales of its fiber optics products against \$69,251 (excluding write-down of inventory of \$104,200) in direct costs of sale resulting in a gross profit of \$45,815 for the quarter. A further \$274,644 was expended during the fourth quarter for general and administrative expenditures, marketing, research and development, amortization and interest charges resulting in a loss from operations of \$487,225 for the quarter. The Company's working capital deficiency increased by \$331,454 from \$786,484 at the end of September 2007 to \$1,117,938 at the end of December 2007. As at November 30, 2007 the agreement between Company and Shanghai Opel Technologies Inc. was terminated.

## 1.11 Proposed Transactions

None

## 1.12 Critical Accounting Estimates

None

## 1.13 Changes in Accounting Policy

On January 1, 2007, the Company adopted CICA Handbook Sections 1530, "Comprehensive Income", Section 3251, "Equity, Section 3855, "Financial Instruments – Recognition and Measurement", Section 3861, "Financial Instruments – Disclosure and Presentation" and Section 3865, "Hedges". Section 1530 establishes standards for reporting and presenting comprehensive income, which is defined as the change in equity from transactions and other events from non-owner sources. Other comprehensive income refers to items recognized in comprehensive income that are excluded from net income calculated in accordance with Canadian generally accepted accounting principles.

Section 3861 establishes standards for presentation of financial instruments and non-financial derivatives and identifies the information that should be disclosed about them. Under the new standards, policies followed for periods prior to the effective date generally are not reversed and, therefore, the comparative figures have not been restated. Section 3865 describes when and how hedge accounting can be applied as well as the disclosure requirements. Hedge accounting enables the recording of gains, losses, revenues and expenses from derivative financial instruments in the same period as for those related to the hedged item.

Section 3855 prescribes when a financial asset, financial liability or non-financial derivative is to be recognized on the balance sheet and at what amount, requiring fair value or cost-based measures under different circumstances. Under Section 3855, financial instruments must be classified into one of these five categories: held-for-trading, held-to-maturity, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments, including derivatives, are measured in the balance sheet at fair value except for loans and receivables, held-to-maturity investments and other financial liabilities which are measured at amortized cost. Subsequent measurement and changes in fair value will depend on their initial classification, as follows: held-for-trading financial assets are measured at fair value and changes in fair value are recognized in net earnings; available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income until the investment is derecognized or impaired at which time the amounts would be recorded in net earnings.

Under adoption of these new standards, the Company classified its accounts receivable as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities, promissory notes payable and due to related parties are classified as other financial liabilities, which are measured at amortized cost.

The adoption of these Handbook Sections had no impact on opening deficit.

#### Accounting Policy Choice for Transaction Costs

On June 1, 2007, the Emerging Issues Committee of the CICA issued Abstract No. 166, Accounting Policy Choice for Transaction Costs ("EIC-166). This EIC addresses the accounting policy choice of expensing or adding transaction costs related to the acquisition of financial assets and financial liabilities that are classified as other than held-for-trading. Specifically, it requires that the same accounting policy choice be applied to all similar financial instruments classified as other than held-for-trading, but permits a different policy choice for financial instruments that are not similar. The Company has adopted EIC-166 effective January 1, 2007 and requires retroactive application to all transaction costs accounted for in accordance with CICA Handbook Section 3855, Financial Instruments – Recognition and Measurement. The Company has evaluated the impact of EIC-166 and determined that no adjustments are currently required.

#### Future Accounting Changes

##### Capital Disclosures and financial Instruments – Disclosures and Presentation

On December 1, 2006, the CICA issued three new accounting standards: Handbook Section 1535, Capital Disclosures, Handbook Section 3862, Financial Instruments – Disclosures, and Handbook Section 3863, Financial instruments – Presentation. These standards are effective for interim and annual financial statements for the Company's reporting period beginning on December 1, 2007.

Section 1535 specifies the disclosure of (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance.

The new Sections 3862 and 3863 replace Handbook Section 3861, Financial Instruments – Disclosure and Presentation, revising and enhancing its disclosure requirements, and carrying forward unchanged its presentation requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks.

CICA Handbook Section 3031 “Inventories” prescribes the accounting treatment for inventories and provides guidance on the determination of inventory costs and their subsequent recognition as an expense, including any write-down to net realizable value.

#### Future Accounting Changes

**International Financial Reporting Standards (“IFRS”)** In 2006, the Canadian Accounting Standards Board (“AcSB”) published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP and IFRS over an expected five year transitional period. In February 2008 the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada’s own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

The Company is currently assessing the impact of these new accounting standards on its financial statements.

#### Accounting Changes

In July 2006, the Accounting Standards Board (“AcSB”) issued a replacement of The Canadian Institute of Chartered Accountants’ Handbook (“CICA Handbook”) Section 1506, Accounting Changes. The new standard allows for voluntary changes in accounting policy only when they result in the financial statements providing reliable and more relevant information, requires changes in accounting policy to be applied retrospectively unless doing so is impracticable, requires prior period errors to be corrected retrospectively and calls for enhanced disclosures about the effects of changes in accounting policies, estimates and errors on the financial statements. The impact that the adoption of Section 1506 will have on the Company’s results of operations and financial condition will depend on the nature of future accounting changes.

#### 1.14 Financial and Other Instruments

See 1.13

#### 1.15 Other

Legal Matters - Nil

#### Capitalization as at December 31, 2007 and April 29, 2008

<b>Capital Stock</b>	<b>December 2007</b>	<b>April 2008</b>
Common Shares	68,804,547	68,804,547