

Interim Consolidated Financial Statements

Opsens Inc.

Periods ended May 31, 2009 and 2008

Notice

These interim consolidated financial statements have not been reviewed by the Company's external auditors.

Opsens Inc.

May 31, 2009

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Opsens Inc.

Consolidated Statements of Loss and Comprehensive Loss Periods ended May 31, 2009 and 2008

(unaudited)	Third quarter ended May 31		Nine months ended May 31	
	2009	2008	2009	2008
	\$	\$	\$	\$
Sales	1,279,464	890,190	2,497,520	2,096,172
Cost of sales	610,824	494,533	1,496,737	1,157,718
Gross margin	668,640	395,657	1,000,783	938,454
Expenses (Revenues)				
Administrative	262,222	262,541	893,247	708,832
Marketing	231,335	178,370	668,557	508,071
Research and development	216,202	185,125	626,048	533,891
Stock option-based compensation (Note 6b)	50,110	94,423	176,921	187,871
Amortization of property, plant and equipment	43,077	25,946	117,596	65,277
Amortization of intangible assets	5,094	6,299	16,526	25,272
Financial expenses (income) (Note 4)	75,326	2,021	(46,460)	18,169
	883,366	754,725	2,452,435	2,047,383
Loss before income taxes	(214,726)	(359,068)	(1,451,652)	(1,108,929)
Income taxes	-	-	-	-
Net loss and comprehensive income	(214,726)	(359,068)	(1,451,652)	(1,108,929)
Net loss per share (Note 7)				
Basic	(0.01)	(0.01)	(0.04)	(0.03)
Diluted	(0.01)	(0.01)	(0.04)	(0.03)

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

Opsens Inc.

Consolidated Statements of Shareholders' Equity

Period ended May 31, 2009

	Common shares	Warrant	Stock options	Total	Common Shares	Warrant	Stock options	Contributed surplus	Deficit	Total
	(number)	(number)	(number)	(number)	\$	\$	\$	\$	\$	\$
Balance as at August 31, 2008	40,431,677	8,104,453	2,242,500	50,778,630	10,257,259	1,400,069	554,528	-	(6,382,486)	5,829,370
Share issuance – warrants exercised	50,000	(50,000)	-	-	28,000	(8,000)	-	-	-	20,000
Warrants expired	-	(5,369,111)	-	(5,369,111)	-	(595,047)	-	595,047	-	-
Options granted	-	-	538,000	538,000	-	-	-	-	-	-
Options cancelled	-	-	(160,000)	(160,000)	-	-	-	-	-	-
Stock-based compensation	-	-	-	-	-	-	176,921	-	-	176,921
Net loss	-	-	-	-	-	-	-	-	(1,451,652)	(1,451,652)
Balance at May 31, 2009	40,481,677	2,685,342	2,620,500	45,787,519	10,285,259	797,022	731,449	595,047	(7,834,138)	4,574,639

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

Opsens Inc.

Consolidated Statements of Shareholders' Equity

Period ended May 31, 2008

	Common shares	Warrant	Stock options	Total	Common Shares	Warrant	Stock options	Contributed surplus	Deficit	Total
	(number)	(number)	(number)	(number)	\$	\$	\$	\$	\$	\$
Balance as at August 31, 2007	32,628,610	6,902,722	2,033,333	41,564,665	5,332,483	834,506	408,701	-	(4,587,145)	1,988,545
Share issuance – Inflo Solutions Inc. acquisition (Note 5)	700,000	-	-	700,000	343,000	-	-	-	-	343,000
Share issuance – options exercised	408,333	-	(408,333)	-	244,249	-	(106,749)	-	-	137,500
Share issuance – warrants exercised	1,483,611	(1,483,611)	-	-	1,042,253	(207,642)	-	-	-	834,611
Share issuance – Private placement	4,711,126	-	-	4,711,126	3,112,700	-	-	-	-	3,112,700
Warrants issuance	-	2,685,342	-	2,685,342	-	773,205	-	-	-	773,205
Issuance expenses on equity component	-	-	-	-	-	-	-	-	(532,289)	(532,289)
Options granted	-	-	882,500	882,500	-	-	-	-	-	-
Options cancelled	-	-	(235,000)	(235,000)	-	-	-	-	-	-
Stock-based compensation	-	-	-	-	-	-	187,871	-	-	187,871
Net loss	-	-	-	-	-	-	-	-	(1,108,929)	(1,108,929)
Changes in accounting policies (Note 1)	-	-	-	-	-	-	-	-	73,687	73,687
Balance as at May 31, 2008	39,931,680	8,104,453	2,272,500	50,308,633	10,074,685	1,400,069	489,823	-	(6,154,676)	5,809,901

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

Opsens Inc.

Consolidated Balance Sheets

	May 31, 2009 (unaudited)	August 31, 2008 (audited)
	\$	\$
Assets		
Current		
Cash and cash equivalents (Note 8)	1,728,653	3,742,520
Accounts receivable	850,772	743,951
Income tax credits receivable	332,241	183,950
Work in progress	-	237,551
Inventories	1,041,470	453,271
Prepaid expenses	114,341	100,454
	<u>4,067,477</u>	<u>5,461,697</u>
Property, plant and equipment	713,190	554,180
Intangible assets	169,547	159,768
Goodwill	676,574	676,574
	<u>5,626,788</u>	<u>6,852,219</u>
Liabilities		
Current		
Accounts payable and accrued liabilities	644,114	547,204
Current portion of long-term debt	128,930	223,265
	<u>773,044</u>	<u>770,469</u>
Long-term debt	279,105	252,380
	<u>1,052,149</u>	<u>1,022,849</u>
Shareholders' equity		
Share capital (Note 6a)	10,285,259	10,257,259
Stock-options (Note 6b)	731,449	554,528
Warrants (Note 6c)	797,022	1,400,069
Contributed surplus	595,047	-
Deficit	(7,834,138)	(6,382,486)
	<u>4,574,639</u>	<u>5,829,370</u>
	<u>5,626,788</u>	<u>6,852,219</u>

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

Approved by the Board

Signed [Mario Jacob] Director

Signed [Pierre Carrier] Director

Opsens Inc.

Consolidated Statements of Cash Flows

Periods ended May 31, 2009 and 2008

(unaudited)	Third quarter ended May 31		Nine months ended May 31	
	2009	2008	2009	2008
	\$	\$	\$	\$
Operating activities				
Net loss	(214,726)	(359,068)	(1,451,652)	(1,108,929)
Adjustments for:				
Amortization of property, plant and equipment	43,077	25,946	117,596	65,277
Amortization of intangible assets	5,094	6,299	16,526	25,272
Premium payable to <i>Canada Economic Development</i>	-	7,569	-	22,707
Premium payable to <i>Investissement Québec</i>	2,130	2,130	6,390	6,390
Stock-based compensation	50,110	94,423	176,921	187,871
Changes in non-cash operating working capital items (Note 8)	(606,505)	(20,938)	(522,737)	(697,929)
	(720,820)	(243,639)	(1,656,956)	(1,499,341)
Investing activities				
Acquisition of property, plant and equipment	(75,126)	(47,113)	(276,606)	(154,586)
Acquisition of intangible assets	(9,927)	(3,687)	(26,305)	(31,533)
Cash and cash equivalents paid in business combination	-	(60,000)	-	(123,647)
	(85,053)	(110,800)	(302,911)	(309,766)
Financing activities				
Increase in long-term debt	45,410	70,566	81,236	96,739
Reimbursement of long-term debt	(46,986)	(38,669)	(155,236)	(190,187)
Issuance of equity component	-	3,940,900	20,000	4,741,011
Issuance expenses of equity component	-	(415,284)	-	(415,284)
	(1,576)	3,557,513	(54,000)	4,232,279
Increase (decrease) in cash and cash equivalents	(807,449)	3,203,074	(2,013,867)	2,423,172
Cash and cash equivalents at beginning	2,536,102	1,059,477	3,742,520	1,839,379
Cash and cash equivalents at end	1,728,653	4,262,551	1,728,653	4,262,551

The accompanying notes are an integral part of the interim consolidated financial statements. Additional information is presented in Note 8.

Opsens Inc.

Notes to the Consolidated Financial Statements

May 31, 2009 and 2008

(unaudited)

1. Changes in accounting policies

Impact of adopting the new Financial instruments standards

On September 1, 2008, the Company adopted the new accounting standards issued by the Canadian Institute of Chartered Accountants ("CICA") regarding "Capital Disclosures" (Section 1535), "Inventories" (Section 3031), "Instruments – Disclosures" (Section 3862) and "Financial Instruments – Presentation" (section 3863). The new standards were applied without restatement of comparative financial statements.

Inventories

Section 3031 provides guidance on the determination of cost and its subsequent recognition as an expense, including any write-down to net realizable value. It also provides guidance on the cost formulas that are used to assign costs to inventories.

Since this standard came into effect, the Company has been recording its raw materials inventory at the lower of cost and net realizable value. In the past, the Company recorded raw materials inventory at the lower of cost and replacement value.

Capital Disclosures

Section 1535 "Capital Disclosures", established standards for disclosing information about an entity's capital and how it is managed. It describes the disclosure requirements of the entity's objectives, policies and processes for managing capital, the quantitative data relating to what the entity regards as capital, whether the entity has complied with capital requirements, and, if it has not complied, the consequences of such non-compliance. Since the standard came into effect, the Company has been presenting relevant information about capital management in the "Capital Management" note.

Financial Instruments

Sections 3862 and 3863 place heightened importance on disclosure, enabling financial statement users to assess the nature and extent of the risks associated with the financial instruments to which the Company is exposed and the manner in which it manages these risks.

On September 1, 2007, the Company adopted the new accounting standards issued by the Canadian Institute of Chartered Accountants ("CICA") regarding Financial instruments- Recognition and measurement (Section 3855), Financial Instruments – Disclosure and presentation (Section 3861), Hedges (Section 3865) and Comprehensive Income (section 1530). Information released prior to September 1, 2007 was not restated.

On September 1, 2007, the Company made the following adjustments in order to conform to the new accounting standards:

	Amount
	\$
<i>Decrease</i>	
Balance Sheet	
Assets	
Deferred financing costs	4,336
Liabilities	
Long-term debt	78,023
Statement of deficit	
Change in accounting policies	73,687

Opsens Inc.

Notes to the Consolidated Financial Statements

May 31, 2009 and 2008

(unaudited)

2. Accounting policies

The significant accounting policies used to prepare these financial statements are summarized below.

Principles of consolidation

The interim consolidated financial statements include the accounts of the Company and those of its wholly-owned subsidiary Opsens Solutions Inc.

Unaudited interim financial statements

The accompanying unaudited interim financial statements are prepared in accordance with Canadian generally accepted accounting principles ("GAAP") for interim financial statements, and they are consistent with the accounting policies and methods used in the preparation of the Company's most recent audited financial statements. However, they do not include all information required for annual consolidated financial statements. These unaudited consolidated interim financial statements and related notes should be read in conjunction with the most recent Company's annual audited financial statements.

The consolidated financial statements as at May 31, 2009 and for the three-month and nine-month periods ended May 31, 2009 and 2008 are unaudited. However, in the opinion of management, all adjustments, consisting solely of normal recurring adjustments, considered necessary for a fair presentation of the consolidated results of operations for the period presented, have been included. Consolidated results for the interim periods presented are not necessarily indicative of the results that may be expected for the year.

All amounts are disclosed in Canadian dollars.

Use of estimates

The presentation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The main accounting estimates relate to the income tax credit receivable, the provision for warranty and the assumptions used in the determination of the fair value of the stock options and warrants. Actual results could differ from those estimates.

Cash and cash equivalents

Cash and cash equivalents include cash and short-term investments redeemable anytime or with a maturity of three months or less beginning on the acquisition date.

Inventories

Inventories are valued at the lower of cost and replacement cost. Cost is determined using the moving average method.

Goodwill

Goodwill representing the excess of purchase price over fair value of the net identifiable assets of acquired businesses is tested for impairment annually or more frequently when an event or circumstance occurs that indicates that goodwill might be impaired. When the carrying amount exceeds the fair value, an impairment loss is recognized in the statement of earnings in an amount equal to the excess.

Opsens Inc.

Notes to the Consolidated Financial Statements

May 31, 2009 and 2008

(unaudited)

2. Accounting policies (continued)

Revenue recognition

Opsens Inc. reportable segment revenues related to the sale of products are recognized when persuasive evidence of an arrangement exists, delivery has occurred, the price to the buyer is fixed or determinable and collection is reasonably assured.

Opsens Solutions Inc. reportable segment revenues related to the sale of products and sensor installation services are recognized when persuasive evidence of an arrangement exists, on site installation has occurred, the price to the buyer is fixed or determinable and collection is reasonably assured. For contract revenues earned over a long period, revenues are recorded using the percentage of completion method. Therefore, these revenues are recognized proportionately with the degree of completion of the work. The Company uses the efforts expended method to calculate the degree of completion of work based on the number of hours incurred as at the balance sheet date compared to the estimated total number of hours. Work in progress is valued by taking into consideration the number of hours worked but not yet invoiced and the payments received. Losses are recorded as soon as they become apparent.

Loss per share

Loss per share is determined using the weighted average number of outstanding shares during the period. The Company uses the treasury stock method to calculate the diluting effect of share purchase options and warrants. Reconciliations of the numerators and the denominators used in the calculation of the basic and diluted loss are disclosed in accordance with the GAAP.

Stock-based compensation and other stock-based payments

The Company uses the fair value method to assess the fair value of stock options or warrants as at their date of allocation. The fair value is determined using the Black-Scholes option pricing model and is amortized to earnings over the vesting period with an offset to contributed surplus. When stock options or warrants are exercised, the corresponding contributed surplus and the proceeds received by the Company are credited to share capital.

Financial instruments

Short-term investments are classified as financial instruments "held for trading". As such, these financial instruments are recorded at their fair values. Changes in the fair value of held for trading instruments are recorded as investment income and disclosed as financial expenses in the income statement.

Accounts receivable are classified as loans and receivables, and are recorded at amortized cost.

Accounts payable, accrued liabilities and long-term debt are classified as "other liabilities" and are recorded at amortized cost.

Transaction fees related to "other liabilities" are capitalized and presented against long-term debt. They are amortized using the effective interest rate and are recorded in the income statement.

Opsens Inc.

Notes to the Consolidated Financial Statements

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(unaudited)

2. Accounting policies (continued)

Future accounting changes

The CICA has issued new accounting standards:

Section 3064, "Goodwill and intangible assets", replacing Section 3062, "Goodwill and other intangible assets" and Section 3450, "Research and development costs". The new section will be applicable to financial statements relating to fiscal years beginning on or after October 1, 2008. Accordingly, the Company will adopt the new standards for its fiscal year beginning September 1, 2009. It establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets by profit-oriented enterprises. Standards concerning goodwill are unchanged from the standards included in the previous Section 3062. The Company does not expect that the adoption of this new Section will have a material impact on its interim and annual consolidated financial statements.

International Financial Reporting Standards

The Accounting Standards Board of Canada has announced that accounting standards in Canada, as used by public companies, will converge to International Financial Reporting Standards ("IFRS") over a transition period that is expected to be complete by 2011. On February 13, 2008, the CICA confirmed 2011 as the official changeover date from current Canadian GAAP to IFRS. The Company will convert to these new standards according to the timetable set with these new rules.

The Company has not begun to assess the future impact of these new standards on its interim and annual consolidated financial statements.

3. Capital management

The Company uses its capital to finance marketing expenses, research and development activities, administrative and working capital and capital assets. Historically, the Company has financed activities through rounds of public and private financing, debt financing as well as government grants.

The Company quarterly reviews net loss and Earnings before Interest, Taxes, Depreciation, Amortization and Stock option-based compensation "EBITDAO". The EBITDAO has no normalized sense prescribed by the CICA. It is not very probable that this measure is comparable with measures of the same type presented by other issuers. The EBITDAO is defined by the Company as the cash flows from operating activities without taking in consideration changes in non-cash operating working capital items.

Opsens Inc.

Notes to the Consolidated Financial Statements

May 31, 2009 and 2008

(unaudited)

3. Capital management (continued)

	Three-month period ended May 31		Nine-month period ended May 31	
	2009	2008	2009	2008
	\$	\$	\$	\$
Net loss	(214,726)	(359,068)	(1,451,652)	(1,108,929)
Financial expenses (income)	75,326	2,021	(46,460)	18,169
Amortization of property, plant and equipment	43,077	25,946	117,596	65,277
Amortization of intangible assets	5,094	6,299	16,526	25,272
Stock option-based compensation	50,110	94,423	176,921	187,871
EBITDAO	(41,119)	(230,379)	(1,187,069)	(812,340)

The Company targets to improve these ratios which positively vary for the three months period ended May 31, 2009 compare to the same period in 2008 but negatively for the period of nine month ending on the same date. The Company believes that its current liquid assets are sufficient to finance its activities on the short term.

The Company has an authorized line of credit for a maximum amount of \$200,000, \$50,000 of which is available at all times and which does not take into consideration the margining. When using the line of credit in an amount varying from \$50,000 and \$100,000, the available credit is limited to an amount that is equal to 75% of Canadian accounts receivable and 65% of foreign accounts receivable plus 50% of inventories of raw materials and finished goods. If the amount used exceeds \$100,000, the credit available is limited to an amount equal to 75% of Canadian accounts receivable and 90% of ensured foreign accounts receivable plus 50% of inventories of raw materials and finished goods. Under the terms and conditions of the credit agreement, the Company is subject to certain covenants with respect to maintaining minimum financial ratios related to the maintenance of a maximum ratio of 3 to 1 for total debt to equity, and a ratio of at least than 1.5 to 1 for debt to working capital, with a minimum working capital of \$200,000. These ratios apply equally to long-term debt valued at \$61,514 as at May 31, 2009. The covenants are met as of May 31, 2009.

4. Financial instruments

Cash equivalents and temporary investments

The Company is exposed to various types of risks in the management of its cash and cash equivalents, including those related to the use of financial instruments. To manage these risks, controls were put in place, particularly those related to investment policy. The investment policy is approved by the Board of Directors. The Company's investment policy aims primarily to protect capital, while considering return on investment and income taxes.

Market Risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in the parameters underlying their measurement, particularly interest rates and market prices.

Opsens Inc.

Notes to the Consolidated Financial Statements

May 31, 2009 and 2008

(unaudited)

4. Financial instruments (continued)

Interest Rate Risk

Interest rate risk exists when interest rate fluctuations modify the cash flows of the Company's investments. The Company owns investments with fixed interest rates. As of May 31, 2009, the Company was holding more than 81.1% of its cash equivalents in all time redeemable term-deposit.

Financial charges (income)

	Three-month period ended May 31		Nine-month period ended May 31	
	2009	2008	2009	2008
	\$	\$	\$	\$
Interest and bank charges	8,891	5,686	17,859	7,789
Interest on long-term debt	13,182	3,381	26,694	38,821
Loss (Gain) on foreign currency translation	72,356	13,405	(23,473)	21,921
Interest income	(19,103)	(20,451)	(67,540)	(50,362)
	75,326	2,021	(46,460)	18,169

Credit Risk

The use of financial instruments can create a credit risk that is the risk of financial loss resulting from a counterparty's inability or refusal to fully discharge its contractual obligations. The Company's credit risk management policies include the authorization to carry out investment transactions with recognized financial institutions, with credit ratings of at least A and higher, in either bonds, money market funds or guaranteed investment certificates. Consequently, the Company manages credit risk by complying with established investment policies.

Concentration Risk

Concentration risk exists when investments are made with multiple entities that share similar characteristics or when a large investment is made with a single entity. As of May 31, 2009, the Company was holding more than 81.1% of its cash equivalents portfolio in all time redeemable term-deposit.

Operational credit risk

The Company provides credit for a conventional period of 30 days to its customers in the normal course of business. Credit evaluations are performed on an ongoing basis of all its accounts receivable and an allowance for doubtful accounts is recorded when those accounts are deemed uncollectible. Two major customers represent 46.31% of the Company's accounts receivable as at May 31, 2009.

As at May 31, 2009, 6.42% of the accounts receivables were of more than 90 days whereas 43.32% of those were with less than 30 days. The maximum exposure to the risk of credit for receivable corresponded to their book value. On May 31, 2009, the bad debt provision was established at \$14,000 (\$14,031 on August 31, 2008).

Management considers that substantially all receivables are fully collectible as most of our customers are large corporations with good credit standing and no history or default.

Opsens Inc.

Notes to the Consolidated Financial Statements

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(unaudited)

4. Financial instruments (continued)

Interest rate and cash flow risk

The Company is exposed to interest rate fluctuations on certain long-term debt that bears interest at variable rates. The Company does not actively manage this risk.

Assuming the cash equivalents and long-term debt as reported on May 31, 2009 had been the same throughout the period, a hypothetical 1% interest rate increase would have had an unfavourable impact of \$456 and \$1,562 on the net loss for the respective three-month and nine-month periods ended May 31, 2009. The net loss would have had an equal but opposite effect for a hypothetical 1% interest rate decrease.

Foreign exchange risk

The Company realizes certain sales and purchases certain supplies and professional services in US dollars. Therefore, it is exposed to foreign currency fluctuations. The Company does not actively manage this risk.

For the three-month and nine-month periods ended May 31, 2009, if the Canadian dollar had strengthened 10% against the U.S. dollar with all other variables held constant, after-tax net income and other comprehensive income would have been respectively \$48,000 and \$111,000 lower. Conversely, if the Canadian dollar had weakened 10% against the U.S. dollar with all other variables held constant, after-tax net income and other comprehensive income would have been \$48,000 and \$111,000 higher for the same periods.

As at May 31, 2009, the risk to which the Company was exposed to established as follows:

	\$
Cash	168,926
Accounts receivable	713,330
Accounts payable and accrued liabilities	(94,209)
	<hr/>
Total	788,047

Fair value

The fair value of cash and cash equivalents, accounts receivable, income tax credits receivable and accounts payable and accrued liabilities approximate their carrying value due to their short-term maturities.

The fair value of long-term debt is based on the discounted value of future cash flows under the current financial arrangements at the interest rate the Company expects to currently negotiate for loans with similar terms and conditions and maturity dates. The fair value of long-term debt approximates its carrying value due to the current market rates.

Opsens Inc.

Notes to the Consolidated Financial Statements

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4. Financial instruments (continued)

Liquidity Risk

Liquidity risk represents the possibility of the Company not being able to raise the funds needed to meet financial commitments at the appropriate time and under reasonable conditions. The Company manages this risk by maintaining permanent and sufficient liquidity to meet current and future financial obligations, under both normal and exceptional circumstances. The funding strategies used to manage this risk include turning to capital markets to carry out issues of equity and debt securities.

The following are the contractual maturities of the financial liabilities, principal and interest (assuming current interest rates), at May 31, 2009:

	Total	0 to 12 months	1 to 2 years	2 to 5 years	More than 5 years
	\$	\$	\$	\$	\$
Accounts payable and accrued liabilities	644,114	644,114	-	-	-
Long-term debt	439,856	147,640	133,929	158,287	-
Obligation under capital lease	97,189	33,813	27,226	36,150	-
Commitments	795,030	231,677	177,966	385,387	-
Total	1,976,189	1,057,244	339,121	579,824	-

5. Business acquisition

On December 11, 2007, the Company concluded the acquisition of all outstanding shares of Inflo Solutions Inc. ("Inflo"), a company dedicated to the design and installation of reservoir surveillance solutions based on optical and conventional sensors to the oil and gas market. The purchase price is comprised of 1,199,997 Opsens common shares and \$120,000 cash. At the closing, 510,000 shares out of the first 600,000 shares were paid into escrow and will be released over a 48-month period. The balance of the shares and the cash, represented by a series of promissory notes, have also been paid in escrow, to be released or cancelled, as applicable, over a 48-month period ending December 11, 2011, following the achievement or non achievement of certain performance milestones. The Company has also committed to invest up to \$350,000 into the working capital of Inflo during the 48-month period following the acquisition. The shares issued at closing are subject to a statutory 4-month hold period ending on April 12, 2008.

On April 8, 2008, a milestones had been achieved which had effect to release a series of promissory notes for a total value of \$60,000. This amount had been booked as goodwill.

On August 31, 2008, the Company renegotiated the agreement made on December 11, 2007. The revised agreement eliminated the possibility of cancelling 499,997 shares against an escrow ending on December 11, 2011.

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5. Business acquisition (continued)

The acquisition has been accounted for using the purchase method, and the results of operations have been included in the consolidated financial statements of the Company from the date of acquisition.

The purchase price allocation shown below is based on the fair value estimate made by the Company :

	Amount
	\$
Assets	
Cash	6,029
Current assets	42,024
Service contracts	20,000
	<u>68,053</u>
Liabilities	
Current liabilities	<u>44,377</u>
Net identifiable assets acquired	23,676
Goodwill*	<u>676,574</u>
Purchase price	700,250
Less :	
Cash acquired	6,029
Issuance of shares in connection with the acquisition	<u>525,574</u>
Net cash used for the acquisition	<u>168,647</u>

* Goodwill is not deductible for income taxes calculation.

On December 11, 2007, the Company Inflo changed its name for Opsens Solutions Inc. ("Opsens Solutions").

Opsens Inc.

Notes to the Consolidated Financial Statements

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(unaudited)

6. Share capital, stock-options and warrants

a) Share capital

Authorized, unlimited number

Common shares, voting and participating without par value

Outstanding shares and the changes occurred during the year are as follows:

Issued and fully paid

	Number	Amount
		\$
Balance at beginning of year	40,431,677	10,257,259
Share issuance – Warrants exercised (Note 6a)i)	50,000	28,000
Balance as at May 31, 2009	40,481,677	10,285,259

i) Warrants exercised

During the nine-month period ended May 31, 2009, 50,000 warrants entitling their holders to acquire one common share of the Company at a price of \$0.40 per share were exercised for a total amount of \$20,000. The book value of the exercised warrants was transferred to Share capital for an amount of \$8,000.

b) Stock options

The Company changed the stock option plan on January 20, 2009. The number of common shares reserved by the Board of Directors for options granted under the plan shall not exceed 10% of the issued and outstanding common shares of the Company. The plan is available to the Company's directors, consultants, officers and employees.

The stock option plan stipulates that the terms of the options and the option price shall be fixed by the directors subject to the price restrictions and other requirements imposed by TSX Venture Exchange. The exercise period cannot exceed five years, beginning on the grant date. These options generally vest over a four-year period, except for 580,000 outstanding options granted which are completely vested at grant.

The compensation expense in regards to the stock option plan for the nine-month period ended May 31, 2009 is \$176,921 (\$187,871 for the period ended May 31, 2008).

Opsens Inc.

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6. Share capital, stock-options and warrants (continued)

b) Stock options (continued)

The situation of the outstanding stock option plan and the changes that took place during the nine-month period ended May 31, 2009 are as follows:

	Number of options	Weighted average exercise price
		\$
Outstanding at beginning of year	2,242,500	0.65
Options granted	538,000	0.42
Options cancelled	(160,000)	0.52
Outstanding at end of the period	2,620,500	0.61
Options exercisable at end of the period	1,223,125	0.61

The table below provides information on the outstanding stock options as at May 31, 2009:

Exercise price	Number of outstanding stock options	Number of exercisable stock options	Weighted average residual duration (years)
\$			
0.37	238,000	40,000	4.89
0.40	90,000	-	4.52
0.42	50,000	-	4.64
0.45	50,000	25,000	2.51
0.50	1,060,000	725,000	2.36
0.60	20,000	-	4.24
0.72	500,000	125,000	3.53
0.80	150,000	112,500	3.16
0.87	262,500	95,625	3.89
0.95	200,000	100,000	2.88
	2,620,500	1,223,125	2.74

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6. Share capital, stock-options and warrants (continued)

c) Warrants

The situation of the outstanding warrants and the changes that took place during the period ended May 31, 2009 are as follows:

	Number of warrants	Weighted average exercise price \$
Outstanding at beginning of year	8,104,453	0.74
Warrants exercised (Note 6a)i)	(50,000)	0.40
Warrants expired during the period (Note 6c)i)	(5,369,111)	0.59
Outstanding at end of period	2,685,342	1.06
Warrants exercisable at end of period	2,685,342	1.06

i) Warrants expired

For the period ended May 31, 2009, 393,000, 111,111 and 4,865,000 warrants entitling its holder to acquire one common share of the Company at a price of \$0.40, \$0.55 and \$0.60 per share respectively expired.

The table below provides information on the outstanding warrants as at May 31, 2009:

Exercise price \$	Number of outstanding warrants	Number of exercisable warrants	Weighted average residual duration (years)
0.80	329,779	329,779	0.85
1.10	2,355,563	2,355,563	0.85
	2,685,342	2,685,342	0.85

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7. Loss per share

The table below presents a reconciliation between the basic net loss and the diluted net loss per share:

	Three-month period ended May 31		Nine-month period ended May 31	
	2009	2008	2009	2008
	\$	\$	\$	\$
Numerator				
Net loss	(214,726)	(359,068)	(1,451,652)	(1,108,929)
Amount available for calculating				
the loss per share	(214,726)	(359,068)	(1,451,652)	(1,108,929)
Denominator				
Number of shares				
Weighted average number				
of shares outstanding	40,481,677	37,929,572	40,473,069	35,116,917
Dilutive effect of stock options				
and warrants	-	-	-	-
Weighted average number of shares				
outstanding on diluted basis	40,481,677	37,929,572	40,473,069	35,116,917
Amount per share				
Net loss per share				
Basic	(0,01)	(0,01)	(0,04)	(0,03)
Diluted	(0,01)	(0,01)	(0,04)	(0,03)

The calculation of dilution effects excludes options and warrants that have an anti-diluting effect.

However, should the Company's basic earnings per share have been positive, some options at an exercise price of \$0.37, \$0.40 and \$0.42, would have been dilutive and would have resulted in the addition of 58,858 share and 21,264 shares to the weighted average number of shares outstanding used in the diluted earnings per share calculation for the respective three-month and nine-month period ended May 31, 2009 (2,493,288 and 2,412,140 as at May 31, 2008).

Opsens Inc.

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8. Additional information on the Statements of Cash Flows

	Three-month period ended May 31		Nine-month period ended May 31	
	2009	2008	2009	2008
	\$	\$	\$	\$
<i>Changes in non-cash operating working capital items</i>				
Accounts receivable	(331,731)	(247,315)	(106,821)	(687,143)
Income tax credits receivable	(51,445)	(34,659)	(148,291)	(124,332)
Work in progress	34,770	(40,009)	237,551	(104,300)
Inventories	(308,245)	70,239	(588,199)	(42,308)
Prepaid expenses	(53,857)	48,046	(13,887)	(25,395)
Accounts payable and accrued liabilities	104,003	179,168	96,910	281,957
Deferred revenue	-	3,592	-	3,592
	<u>(606,505)</u>	<u>(20,938)</u>	<u>(522,737)</u>	<u>(697,929)</u>
<i>Other information</i>				
Interests paid	<u>8,883</u>	<u>5,602</u>	<u>31,138</u>	<u>42,319</u>
Cash	327,573	326,576	327,573	326,576
Short-term investments	<u>1,401,080</u>	<u>3,935,975</u>	<u>1,401,080</u>	<u>3,935,975</u>
	<u>1,728,653</u>	<u>4,262,551</u>	<u>1,728,653</u>	<u>4,262,551</u>

Opsens Inc.

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9. Commitments

Lease

The Company leases offices under an operating lease expiring on January 31, 2014. This agreement is renewable for an additional five-year period. Future rent, without considering the escalation clause, will amount to \$553,108.

Opsens Solutions Inc. rents three vehicles under operating lease expiring in November 2010, September 2013 and October 2013. Future rent payments will amount to \$87,922.

Future payments for the leases and other commitments, totaling \$795,030 required in each of the next five years are as follows:

	\$
2009	231,677
2010	177,966
2011	156,257
2012	138,757
2013	90,373

Licence

Under an exclusive licence with a third party, the Company is committed to provide exclusive marketing of some of its products for a defined territory.

10. Contractual guarantees

During the normal course of business, the Company replaces defective parts under warranties offered at the sale of the products. The term of the warranties is generally 12 months. During the three-month and nine-month period ended May 31, 2009, the Company recognized an expense for \$7,452 (\$3,000 for the three-month and nine-month periods ended May 31, 2008) for guarantees. A provision for \$27,915 (\$20,000 as at August 31, 2008) was recorded for guarantees. This provision estimate is based on past experience and is presented in liabilities under "Accounts payable and accrued liabilities". The actual costs that the Company may incur, as well as the moment when the parts should be replaced, can differ from the estimated amount.

Opsens Inc.

Notes to the Consolidated Financial Statements

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11. Related party transactions

In the normal course of its operations, the Company has entered into transactions with related parties. These transactions have been measured at the exchange amount.

	Three-month period		Nine-month period	
	ended May 31		ended May 31	
	2009	2008	2009	2008
	\$	\$	\$	\$
Professional fees to a company controlled by a shareholder and director	-	-	-	15,000

12. Segmented information

Sector's information

The Company's reportable segments are strategic business units managed separately as one is focused on developing, producing, and supplying fiber optic sensors (Opsens Inc.) and the other (Opsens Solutions Inc.) is specialized in the commercialization and the installation of optical and conventional sensors for the oil and gas industry.

Same accounting policies are used for both reportable segments. Operations are carried out in the normal course of operations and are measured at the exchange value.

	Three-month period ended			Three-month period ended		
	May 31, 2009			May 31, 2008		
	Opsens inc.	Opsens Solutions Inc.	Total	Opsens inc.	Opsens Solutions Inc.	Total
	\$	\$	\$	\$	\$	\$
External sales	1,129,669	149,795	1,279,464	683,241	206,949	890,190
Internal sales	31,402	-	31,402	-	87,094	87,094
Amortization of property, plant and equipment	37,962	5,115	43,077	23,360	2,586	25,946
Amortization of intangible assets	5,094	-	5,094	3,883	2,416	6,299
Financial expenses	60,527	14,799	75,326	(7,240)	9,261	2,021
Net earning (loss)	(8,576)	(206,150)	(214,726)	(373,929)	14,861	(359,068)
Acquisition of property, plant and equipment	12,173	62,953	75,126	33,672	13,441	47,113
Acquisition of intangible assets	9,927	-	9,927	3,687	-	3,687
Segment assets	4,686,675	940,113	5,626,788	6,075,658	962,325	7,037,983

Opsens Inc.

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12. Segmented information (continued)

	Nine-month period ended May 31, 2009			Nine-month period ended May 31, 2008		
	Opsens			Opsens		
	Opsens inc.	Solutions Inc.	Total	Opsens inc.	Solutions Inc.	Total
	\$	\$	\$	\$	\$	\$
External sales	2,139,901	357,619	2,497,520	1,702,562	393,610	2,096,172
Internal sales	81,481	-	81,481	-	87,094	87,094
Amortization of property, plant and equipment	107,534	10,062	117,596	62,136	3,141	65,277
Amortization of intangible assets	16,526	-	16,526	14,426	10,846	25,272
Financial expenses	(79,432)	32,972	(46,460)	8,550	9,619	18,169
Net earning (loss)	(758,961)	(692,691)	(1,451,652)	(1,121,919)	12,990	(1,108,929)
Acquisition of property, plant and equipment	202,106	74,500	276,606	106,020	48,566	154,586
Acquisition of intangible assets	26,305	-	26,305	31,533	-	31,533
Segment assets	4,686,675	940,113	5,626,788	6,075,658	962,325	7,037,983

These operating units generate revenue in various geographic segments as follows:

	Three-month period ended May 31		Nine-month period ended May 31	
	2009	2008	2009	2008
	\$	\$	\$	\$
Revenue per geographic sector				
Canada	207,003	221,404	438,568	424,415
United States	221,100	318,500	595,092	788,439
Germany	68,984	190,067	334,359	352,028
Japan	101,595	22,725	131,915	29,462
United Kingdom	12,837	35,684	97,270	215,614
France	70,115	6,426	71,996	127,879
Italy	146,184	1,265	149,328	1,922
Mexico	86,162	77,522	214,446	82,090
Other	365,484	16,597	464,546	74,323
	1,279,464	890,190	2,497,520	2,096,172

Opsens Inc.

Notes to the Consolidated Financial Statements

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12. Segmented information (continued)

Revenues are attributed to the geographic sector based on the clients' location.

Capital assets, which include property, plant and equipment and intangible assets, are all located in Canada.

During the three-month period ended May 31, 2009, revenues from four clients represent individually more than 10 % of the total revenues of the company, i.e. approximately 24.06% (Opsens Inc.'s reportable segment), 15.09% (Opsens Inc.'s reportable segment), 11.36% (Opsens Solutions Inc.'s reportable segment) and 10.85% (Opsens Inc.'s reportable segment). In 2008, for the same three-month period, three clients were presented with 22.82% (Opsens Solutions Inc.'s reportable segment), 21.35% (Opsens Inc.'s reportable segment) and 8.71% (Opsens Inc.'s reportable segment).

During the nine-month period ended May 31, 2009, two clients represent individually more than 10 % of the total revenues of the company with 13.95 % (Opsens Inc.'s reportable segment) and 13.23% (Opsens Inc.'s reportable segment). In 2008, for the same nine-month period, three clients were presented with 20.73% (Opsens Inc.'s reportable segment), 13.05% (Opsens Inc.'s reportable segment) and 10.27% (Opsens Inc.'s reportable segment).

13. Subsequent events

On June 25, 2009, Opsens closed a private placement of 2,916,667 common shares at a price of \$0.60 per share for gross proceeds of \$1,750,000. Opsens has also issued non transferable warrants to the brokers at the closing. The Broker Warrants entitle the brokers to acquire 204,167 common shares of Opsens at \$0.60 a share for a period of 24 months from the closing of the private placement.

After May 31, 2009, 50,000 stock options with an exercise price of \$0.64 were granted.

14. Comparative figures

Certain comparative figures have been reclassified in order to conform to the presentation adopted for the current period.