

Interim Consolidated Financial Statements

Opsens Inc.

Nine-month periods ended May 31, 2011 and 2010

Opsens Inc.

Notice

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

Opsens Inc.

May 31, 2011

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Opsens Inc.

Consolidated Statements of Loss and Comprehensive Loss Periods ended May 31, 2011 and 2010

(unaudited)	Third quarter		Nine months	
	2011	2010	2011	2010
	\$	\$	\$	\$
Sales	2,415,099	1,468,407	4,898,286	3,586,040
Cost of sales	1,626,302	769,574	3,478,393	2,111,543
Gross margin	788,797	698,833	1,419,893	1,474,497
Expenses (Revenues)				
Administrative	549,891	386,022	1,435,300	1,121,437
Marketing	183,889	233,165	447,144	652,422
Research and development	388,526	345,507	1,062,796	818,618
Stock option-based compensation (Note 4b)	42,787	43,269	132,993	145,566
Amortization of property, plant and equipment	49,495	45,291	139,645	131,233
Amortization of intangible assets	5,768	5,311	18,113	25,575
Financial charges (income) (Note 2)	(41,733)	(18,545)	(36,456)	2,761
	1,178,623	1,040,020	3,199,535	2,897,612
Loss before income taxes	(389,826)	(341,187)	(1,779,642)	(1,423,115)
Income taxes	-	-	-	-
Net loss and comprehensive income	(389,826)	(341,187)	(1,779,642)	(1,423,115)
Net loss per share (Note 5)				
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, 2011

(unaudited)

	Common shares	Warrants	Stock options	Total	Common shares	Warrants	Stock options	Contributed surplus	Deficit	Total
	(number)	(number)	(number)	(number)	\$	\$	\$	\$	\$	\$
Balance as at August 31, 2010	47,865,983	2,647,216	4,140,500	54,653,699	15,201,618	861,782	1,065,677	1,328,600	(8,597,742)	9,859,935
Options granted			150,000	150,000						
Options cancelled	-	-	(389,000)	(389,000)	-	-	(135,786)	135,786	-	-
Stock-based compensation	-	-	-	-	-	-	132,993	-	-	132,993
Net loss	-	-	-	-	-	-	-	-	(1,779,642)	(1,779,642)
Balance as at May 31, 2011	47,865,983	2,647,216	3,901,500	54,414,699	15,201,618	861,782	1,062,884	1,464,386	(10,377,384)	8,213,286

Opsens Inc.

Consolidated Statements of Shareholders' Equity

Period ended May 31, 2010

(unaudited)

	Common shares	Warrant	Stock options	Total	Common Shares	Warrant	Stock options	Contributed surplus	Deficit	Total
	(number)	(number)	(number)	(number)	\$	\$	\$	\$	\$	\$
Balance as at August 31, 2009	43,398,344	2,889,509	2,788,000	49,075,853	12,035,259	856,077	783,936	595,047	(8,728,706)	5,541,613
Share issuance – Private placement	4,287,500	2,143,750	-	6,431,250	2,958,375	686,000	-	-	-	3,644,375
Warrant issuance – Issuance expenses - Private placement	-	299,299	-	299,299	-	116,727	-	-	-	116,727
Share issuance – Warrants exercised	178,889	(178,889)	-	-	206,580	(63,469)	-	-	-	143,111
Warrants cancelled	-	(2,506,453)	-	(2,506,453)	-	(733,553)	-	733,553	-	-
Share issuance – Stock options	1,250	-	(1,250)	-	1,404	-	(316)	-	-	1,088
Options granted	-	-	40,000	40,000	-	-	-	-	-	-
Options cancelled	-	-	(6,000)	(6,000)	-	-	-	-	-	-
Issuance expenses on equity component	-	-	-	-	-	-	-	-	(462,408)	(462,408)
Stock-based compensation	-	-	-	-	-	-	145,566	-	-	145,566
Net loss	-	-	-	-	-	-	-	-	(1,423,115)	(1,423,115)
Balance as at May 31, 2010	47,865,983	2,647,216	2,820,750	53,333,949	15,201,618	861,782	929,186	1,328,600	(10,614,229)	7,706,957

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

Opsens Inc.

Consolidated Balance Sheets

	May 31, 2011 (unaudited)	August 31, 2010 (audited)
	\$	\$
Assets		
Current		
Cash and cash equivalents (Note 6)	3,497,473	5,347,801
Accounts receivable	1,377,777	2,055,923
Income tax credits receivable	346,080	152,080
Work in progress	105,872	40,000
Inventories	1,305,697	1,428,439
Prepaid expenses	190,132	144,338
Balance of purchase price - current	469,068	428,024
	<u>7,292,099</u>	<u>9,596,605</u>
Balance of purchase price – long term	403,014	398,013
Property, plant and equipment	844,995	670,059
Intangible assets	240,910	175,176
Goodwill	676,574	676,574
	<u>9,457,592</u>	<u>11,516,427</u>
Liabilities		
Current		
Accounts payable and accrued liabilities	1,104,571	1,402,249
Current portion of long-term debt	107,074	125,001
	<u>1,211,645</u>	<u>1,527,250</u>
Long-term debt	32,661	129,242
	<u>1,244,306</u>	<u>1,656,492</u>
Shareholders' equity		
Share capital (Note 4a)	15,201,618	15,201,618
Stock-options (Note 4b)	1,062,884	1,065,677
Warrants (Note 4c)	861,782	861,782
Contributed surplus	1,464,386	1,328,600
Deficit	(10,377,384)	(8,597,742)
	<u>8,213,286</u>	<u>9,859,935</u>
	<u>9,457,592</u>	<u>11,516,427</u>

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

Approved by the Board

Signed [Pierre Carrier] Director

Signed [Gordon Zive] Director

Opsens Inc.

Consolidated Statements of Cash Flows

Periods ended May 31, 2011 and 2010

(unaudited)	Third quarter		Nine months	
	2011	2010	2011	2010
	\$	\$	\$	\$
Operating activities				
Net loss	(389,826)	(341,187)	(1,779,642)	(1,423,115)
Adjustments for:				
Amortization of property, plant and equipment	49,495	45,291	139,645	131,233
Amortization of intangible assets	5,768	5,311	18,113	25,575
Implicit interest on balance of purchase price	(32,541)	-	(46,045)	-
Stock option-based compensation	42,787	43,269	132,993	145,566
Changes in non-cash operating working capital items (Note 6)	(310,178)	(660,285)	197,544	(1,379,538)
	(634,495)	(907,601)	(1,337,392)	(2,500,279)
Investing activities				
Acquisition of property, plant and equipment	(199,164)	(37,724)	(314,581)	(75,302)
Acquisition of intangible assets	(32,024)	(16,378)	(83,847)	(33,471)
	(231,188)	(54,102)	(398,428)	(108,773)
Financing activities				
Increase in long-term debt	2,901	4,386	11,090	15,410
Reimbursement of long-term debt	(40,404)	(44,083)	(125,598)	(130,465)
Issuance of equity component	-	-	-	3,788,574
Issuance expenses on equity component	-	8,314	-	(345,681)
	(37,503)	(31,383)	(114,508)	3,327,838
Increase (decrease) in cash and cash equivalents	(903,186)	(993,086)	(1,850,328)	718,786
Cash and cash equivalents at beginning	4,400,659	4,598,957	5,347,801	2,887,085
Cash and cash equivalents at end	3,497,473	3,605,871	3,497,473	3,605,871

The accompanying notes are an integral part of the interim consolidated financial statements. Additional information is presented in Note 6.

Opsens Inc.

Notes to the Consolidated Financial Statements

May 31, 2011 and 2010

(unaudited)

1. Accounting policies

The unaudited financial statements are consistent with the policies outlined in the Company's audited financial statements for the year ending August 31, 2010 and 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. from the acquisition date.

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 annual financial statements. However, they do not include all information required for annual consolidated financial statements. These consolidated interim financial statements should be read in conjunction with the most recent Company's annual audited financial statements.

The consolidated financial statements as at May 31, 2011 and for the three-month and nine-month periods ended May 31, 2011 and 2010 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 GAAP 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 net realizable value. 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, 2011 and 2010

(unaudited)

1. 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 corresponding shareholders' equity account. When stock options or warrants are exercised, the corresponding contributed surplus and the proceeds received by the Company are credited to share capital.

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and reflect the following significant accounting policies:

Financial instruments

Cash and cash equivalents 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, income tax credits receivable and balance of purchase price to be received are classified as loans and receivables. They are recorded at cost, which at initial recognition corresponds to fair value. Subsequent revaluations of accounts receivable are recorded at amortized cost, which generally corresponds to the initially recognized amount less any allowance for doubtful accounts.

The Company has chosen to classify its financial liabilities (accounts payable, accrued liabilities, and long-term debt) as other liabilities. Financial liabilities are initially measured at cost, and subsequent revaluations are recorded at amortized cost using the effective interest rate method.

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

May 31, 2011 and 2010

(unaudited)

1. Accounting policies (continued)

International Financial Reporting Standards

The Accounting Standards Board of Canada ("AcSB") 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 completed by January 1, 2011. On February 13, 2008, the AcSB confirmed 2011 as the official changeover date from current Canadian GAAP to IFRS. The changeover date applies to the annual and interim financial statements beginning on or after January 1, 2011. The Company will convert to these new standards according to the timetable set with these new rules.

The Company is currently assessing the future impact of these new standards on its commercial activities, financial information systems and its consolidated financial statements.

2. 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.

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, 2011, the Company was holding more than 83.4% of its cash equivalents in all time redeemable term-deposit.

Opsens Inc.

Notes to the Consolidated Financial Statements

May 31, 2011 and 2010

(unaudited)

2. Financial instruments (continued)

Financial charges (income)

	Three months ended		Nine months ended	
	May 31, 2011	May 31, 2010	May 31, 2011	May 31, 2010
	\$	\$	\$	\$
Interest and bank charges	2,637	4,277	9,274	14,559
Interest on long-term debt	4,407	4,893	15,266	18,346
Gain on foreign currency translation	7,000	(923)	115,232	25,368
Interest income	(55,777)	(26,792)	(176,228)	(55,512)
	<u>(41,733)</u>	<u>(18,545)</u>	<u>(36,456)</u>	<u>2,761</u>

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, 2011, the Company was holding more than 83.4% 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. Four major customers represent 82.9 % of the Company's accounts receivable as at May 31, 2011.

As at May 31, 2011, 9.9 % of the accounts receivable were of more than 90 days whereas 31.5 % 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, 2011, the bad debt provision was established at \$3,082 (\$6,110 on August 31, 2010).

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

May 31, 2011 and 2010

(unaudited)

2. 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, 2011 had been the same throughout the period, a hypothetical 1% interest rate increase would have had an unfavourable impact of \$116 and \$516 respectively on the net loss for the three-month and nine-month periods ended May 31, 2011. 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, 2011, 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 \$7,000 and \$22,000 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 \$7,000 and \$22,000 higher for the same periods.

As at May 31, 2011, the risk to which the Company was exposed is established as follows:

	As at May 31, 2011	As at August 31, 2010
	\$	\$
Cash (US\$455,033)	441,137	509,164
Accounts receivable (US\$132,707)	128,540	501,350
Balance of purchase price to be received (US\$900,353)	872,082	826,037
Accounts payable and accrued liabilities (US\$145,886)	(141,306)	(93,826)
Total	1,300,453	1,742,725

Opsens Inc.

Notes to the Consolidated Financial Statements

May 31, 2011 and 2010

(unaudited)

2. Financial instruments (continued)

Fair value

The fair value of cash and cash equivalents, accounts receivable, income tax credits receivable, balance of purchase price to be received 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.

The Company defines the fair value hierarchy under which its financial instruments are valued as follows:

Cash and cash equivalents are classified under Level 1, that is the valuation based on active market price in determining fair value.

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), as at May 31, 2011:

	Total	0 to 12 months	1 year to 2 years	2 years to 5 years	More than 5 years
	\$	\$	\$	\$	\$
Accounts payable and accrued liabilities	1,104,571	1,104,571	-	-	-
Long-term debt	123,293	106,680	16,613	-	-
Obligation under capital lease	37,277	16,753	11,309	9,215	-
Commitments	524,260	214,238	186,329	123,693	-
Total	1,789,401	1,442,242	214,251	132,908	-

Opsens Inc.

Notes to the Consolidated Financial Statements

May 31, 2011 and 2010

(unaudited)

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.

	Three months ended		Nine months ended	
	May 31, 2011	May 31, 2010	May 31, 2011	May 31, 2010
	\$	\$	\$	\$
Net loss	(389,826)	(341,187)	(1,779,642)	(1,423,115)
Financial charges (income)	(41,733)	(18,545)	(36,456)	2,761
Amortization of property, plant and equipment	49,495	45,291	139,645	131,233
Amortization of intangible assets	5,768	5,311	18,113	25,575
Stock option-based compensation	42,787	43,269	132,993	145,566
EBITDAO	(333,509)	(265,861)	(1,525,347)	(1,117,980)

The Company targets to improve these indicators which negatively vary for the three-month and nine-month periods ended May 31, 2011 compare to three-month and nine-month periods ended May 31, 2010. The Company believes that its current liquid assets are sufficient to finance its activities in 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 for debt to working capital, with a minimum working capital of \$200,000. These ratios apply to long-term debt valued at \$13,890 as of May 31, 2011. The covenants are met as of May 31, 2011.

Opsens Inc.

Notes to the Consolidated Financial Statements

May 31, 2011 and 2010

(unaudited)

4. 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	47,865,983	15,201,618
Balance as at May 31, 2011	47,865,983	15,201,618

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 1,000,000 outstanding options granted which are completely vested at grant.

The compensation expense in regards to the stock option plan included in the administrative expenses for the nine-month period ended May 31, 2011 is \$132,993 (\$145,566 for the period ended May 31, 2010).

Opsens Inc.

Notes to the Consolidated Financial Statements

May 31, 2011 and 2010

(unaudited)

4. 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, 2011 are as follows:

	Number of options	Weighted average exercise price
		\$
Outstanding at beginning of year	4,140,500	0.54
Options granted	150,000	0.38
Options cancelled	(389,000)	0.70
Outstanding at end of the period	3,901,500	0.52
Options exercisable at end of the period	2,455,625	0.56

The table below provides information on the outstanding stock options as at May 31, 2011:

Exercise price	Number of outstanding stock options	Number of exercisable stock options	Weighted average residual duration (years)
\$			
0.36	207,750	80,000	4.10
0.37	258,750	149,375	2.89
0.38	1,150,000	300,000	4.27
0.40	90,000	45,000	2.52
0.42	50,000	25,000	2.64
0.45	50,000	50,000	0.51
0.50	1,060,000	1,055,000	0.36
0.60	50,000	12,500	3.08
0.64	50,000	12,500	3.05
0.72	500,000	375,000	1.53
0.80	150,000	137,500	1.16
0.87	245,000	173,750	1.89
1.15	40,000	40,000	3.47
	3,901,500	2,455,625	2.34

Opsens Inc.

Notes to the Consolidated Financial Statements

May 31, 2011 and 2010

(unaudited)

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

c) Warrants

The situation of the outstanding warrants and the changes that took place during the nine-month period ended May 31, 2011 are as follows:

	Number of warrants	Weighted average exercise price
		\$
Outstanding at beginning of year	2,647,216	1,07
Outstanding at end of period	2,647,216	1,07
Warrants exercisable at end of period	2,647,216	1,07

The table below provides information on the outstanding warrants as at May 31, 2011:

Exercise price \$	Number of outstanding warrants	Number of exercisable warrants	Weighted average residual duration (years)
0.60	204,167	204,167	0.07
0.85	299,299	299,299	0.70
1.15	2,143,750	2,143,750	0.70
1.07	2,647,216	2,647,216	0.66

Opsens Inc.

Notes to the Consolidated Financial Statements

May 31, 2011 and 2010

(unaudited)

5. Loss per share

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

	Three months ended		Nine months ended	
	May 31,		May 31,	
	2011	2010	2011	2010
	\$	\$	\$	\$
Numerator				
Net loss	(389,826)	(341,187)	(1,779,642)	(1,423,115)
Amount available for calculating				
the loss per share	(389,826)	(341,187)	(1,779,642)	(1,423,115)
Denominator				
Number of shares				
Weighted average number				
of shares outstanding	47,865,983	47,865,983	47,865,983	45,223,495
Dilutive effect of stock options				
and warrants	-	-	-	-
Weighted average number of shares				
outstanding on diluted basis	47,865,983	47,865,983	47,865,983	45,223,495
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 and warrants, at an exercise price of \$0.36 and \$0.37, would have been dilutive and would have resulted in the addition of - shares and 8,786 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 periods ended May 31, 2011 (311,611 and 802,994 as at May 31, 2010).

Opsens Inc.

Notes to the Consolidated Financial Statements

May 31, 2011 and 2010

(unaudited)

6. Additional information on the Statements of Cash Flows

	Three months ended May 31,		Nine months ended May 31,	
	2011	2010	2011	2010
	\$	\$	\$	\$
<i>Changes in non-cash operating working capital items</i>				
Accounts receivable	(612,866)	(494,920)	678,146	(904,978)
Income tax credits receivable	(83,647)	(31,588)	(194,000)	(98,498)
Work in progress	375,271	(44,196)	(65,872)	(104,196)
Inventories	110,509	93,393	122,742	(368,494)
Prepaid expenses	7,768	(59,777)	(45,794)	(41,736)
Accounts payable and accrued liabilities	160,787	(123,197)	(297,678)	138,364
Deferred revenues	(268,000)	-	-	-
	(310,178)	(660,285)	197,544	(1,379,538)
<i>Other information</i>				
Interests paid	2,224	2,720	5,021	6,755
Cash	578,853	522,758	578,853	522,758
Short-term investments	2,918,620	3,083,113	2,918,620	3,083,113
	3,497,473	3,605,871	3,497,473	3,605,871

Opsens Inc.

Notes to the Consolidated Financial Statements

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(unaudited)

7. 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 \$391,180.

Opsens Solutions Inc. rents four vehicles under operating lease expiring in September 2013, October 2013 and May 2014. Future rent payments will amount to \$93,704.

Future payments for the leases and other commitments, totaling \$524,260 required in each of the next five years are as follows:

	\$
2012	214,238
2013	186,329
2014	123,693
2015	-
2016	-

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.

8. 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 periods ended May 31, 2011, the Company recognized an expense for \$70,700 and \$70,840 respectively (\$250 and \$2,448 for the three-month and nine-month periods ended May 31, 2010) for guarantees.

A provision for \$85,700 was recorded for guarantees as of May 31, 2011 (\$31,860 as at August 31, 2010). 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

May 31, 2011 and 2010

(unaudited)

9. 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 months ended May 31, 2011			Three months ended May 31, 2010		
	Opsens inc.	Opsens Solutions Inc.	Total	Opsens inc.	Opsens Solutions Inc.	Total
	\$	\$	\$	\$	\$	\$
External sales	515,589	1,899,510	2,415,099	615,747	852,660	1,468,407
Internal sales	160,035	-	160,035	239,969	-	239,969
Amortization of property, plant and equipment	36,538	12,957	49,495	38,253	7,038	45,291
Amortization of intangible assets	5,094	674	5,768	4,847	464	5,311
Financial charges (income)	(97,117)	55,384	(41,733)	(61,323)	42,778	(18,545)
Net loss (profit)	624,593	(234,767)	389,826	375,381	(34,194)	341,187
Acquisition of property, plant and equipment	56,834	142,330	199,164	8,856	28,868	37,724
Acquisition of intangible assets	30,813	1,211	32,024	16,378	-	16,378
Segment assets	6,443,747	3,013,845	9,457,592	6,422,816	2,216,111	8,638,927

Opsens Inc.

Notes to the Consolidated Financial Statements

May 31, 2011 and 2010

(unaudited)

9. Segmented information (continued)

	Nine months ended May 31, 2011			Nine months ended May 31, 2010		
	Opsens			Opsens		
	Opsens inc.	Solutions Inc.	Total	Opsens inc.	Solutions Inc.	Total
	\$	\$	\$	\$	\$	\$
External sales	1,402,496	3,495,790	4,898,286	2,070,077	1,515,963	3,586,040
Internal sales	412,738	-	412,738	352,891	-	352,891
Amortization of property, plant and equipment	106,455	33,190	139,645	112,536	18,697	131,233
Amortization of intangible assets	16,206	1,907	18,113	24,314	1,261	25,575
Financial charges (income)	(202,635)	166,179	(36,456)	(104,393)	107,154	2,761
Net loss (profit)	1,758,381	21,261	1,779,642	1,106,400	316,715	1,423,115
Acquisition of property, plant and equipment	108,904	205,677	314,581	41,849	33,453	75,302
Acquisition of intangible assets	66,206	17,641	83,847	25,388	8,083	33,471
Segment assets	6,443,747	3,013,845	9,457,592	6,422,816	2,216,111	8,638,927

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

Revenues per geographic sector	Three months ended May 31		Nine months ended May 31	
	2011	2010	2011	2010
	\$	\$	\$	\$
Canada	1,993,346	897,006	3,623,970	1,648,198
United States	252,987	199,650	836,035	664,629
Other	168,766	371,751	438,281	1,273,213
	2,415,099	1,468,407	4,898,286	3,586,040

Opsens Inc.

Notes to the Consolidated Financial Statements

May 31, 2011 and 2010

(unaudited)

9. 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, 2011, revenues from two clients represent individually more than 10% of the total revenues of the company, i.e. approximately 33.0% (Opsens Solutions Inc.'s reportable segment) and 24.1% (Opsens Solutions Inc.'s reportable segment).

During the three-month period ended May 31, 2010, revenues from two clients represent individually more than 10% of the total revenues of the company, i.e. approximately 25.1% (Opsens Solutions Inc.'s reportable segment) and 24.1% (Opsens Solutions Inc.'s reportable segment).

During the nine-month period ended May 31, 2011, revenues from three clients represent individually more than 10% of the total revenues of the company, i.e. approximately 36.7% (Opsens Solutions Inc.'s reportable segment), 18.1% (Opsens Solutions Inc.'s reportable segment) and 10.7% (Opsens Inc.'s reportable segment).

During the nine-month period ended May 31, 2010, revenues from two clients represent individually more than 10% of the total revenues of the company, i.e. approximately 19.1% (Opsens Solutions Inc.'s reportable segment) and 11.9% (Opsens Solutions Inc.'s reportable segment).

10. 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 months ended		Nine months ended	
	May 31, 2011	May 31, 2010	May 31, 2011	May 31, 2010
	\$	\$	\$	\$
Professional fees to a company				
Controlled by a director	7,555	-	28,615	-
	7,555	-	28,615	-

11. Subsequent events

On March 9, 2011, Opsens stated that it would vigorously defend itself against a lawsuit filed by ACIST Medical Systems Inc., a Delaware corporation ("ACIST"), alleging the improper use of alleged ACIST confidential information in connection with Opsens' EasyWire device and certain patent applications Opsens has filed, including U.S. Patent Application No. 12/725,951 and International Application No. PCT/CA2010/000396 (the "Applications"). ACIST's lawsuit seeks unspecified monetary damages, and further seeks that Opsens assign or abandon the Applications and cease development and testing of its EasyWire device.

Opsens has denied all of ACIST's legal claims in its Answer to the lawsuit filed in the United States District Court for the District of Minnesota. Opsens further filed a counterclaim against ACIST accusing ACIST of a violation of the covenant of good faith and fair dealing while seeking monetary damages against ACIST. ACIST has filed a motion to dismiss Opsens's counterclaim, and Opsens intends to oppose ACIST's motion. Opsens maintains that ACIST's lawsuit is entirely without merit and looks forward to proving its case in Court.