MANAGEMENT DISCUSSION & ANALYSIS

Quarterly report for shareholders
Period ended May 31, 2010

The following comments are intended to provide a review and analysis of the operating results and financial position of Opsens Inc. as of May 31, 2010, and for the three- and nine-month periods ended this date, in comparison with the corresponding periods ended May 31, 2009. They should be read and interpreted in conjunction with the audited financial statements as well as the accompanying notes as of August 31, 2009.

Unless stated otherwise, the interim Management Discussion and Analysis has been prepared in accordance with Canadian Generally Accepted Accounting Principles (GAAP) on a consolidated basis. This document was prepared on June 25, 2010. All amounts are in Canadian dollars.

This report contains forward-looking statements that involve risks and uncertainties. These forward-looking statements are not guarantees of our future results, and actual results could differ significantly from those foreseen by such statements due to several factors, including economic conditions, capital expenditures in the measuring instrument sector, currency exchange rate variation, and our ability to manage Opsens successfully under these uncertain conditions. Consequently, the reader should not place undue reliance on these forward-looking statements. These forward-looking statements are only valid as at the date of this document. The Company is under no obligation to revise or update these forward-looking statements in order to reflect the events or circumstances that occur after the date of this analysis, except when it is required by law.

CORPORATE OVERVIEW

Opsens Inc. (the "Company") is a leading developer, manufacturer, and supplier of a wide range of fiber optic sensors and associated signal conditioners based on proprietary patented and patent-pending technologies. Opsens' sensors provide long-term accuracy and reliability in the harshest environments. Opsens provides sensors to measure pressure, temperature, strain, and displacement to original equipment manufacturers (OEM) and end-users in the oil and gas, medical, transformers, and laboratory fields. Opsens provides complete technical support, including installation, training, and after-sales service in conformity with ISO 9001:2008.

Opsens holds four (4) patents and has three (3) patents pending covering its products and technologies provided to its markets, giving the Company freedom to operate. With its patented technologies and highly recognized expertise, Opsens meets consumer needs in the medical, oil and gas, high-power transformers, and laboratory markets. Since December 11, 2007, activities in the oil and gas market have been performed by the wholly-owned subsidiary Opsens Solutions Inc. ("Opsens Solutions"), formerly Inflo Solutions Inc.

VISION, STRATEGY, AND OUTLOOK

The worldwide market for fiber optic and conventional sensors is a multi-billion dollar market. Opsens' sales and marketing strategy aims to provide solutions for the various current niche markets and develops specific new markets for its optical sensors. The Company's expertise, know-how, and patented technologies are the keys to new production techniques improving the reliability of measuring equipment. Also, Opsens' production technique called MEMS (Micro-Electro-Mechanical-System) encourages penetration into markets traditionally occupied by conventional sensors through higher production volumes and reduced manufacturing costs.

For the fourth quarter of 2010, Opsens expects significant revenue growth and a decreased net loss compared with the fourth quarter of 2009. For fiscal year ending August 31, 2010, Opsens expects its revenue to increase compared with the same period of previous fiscal year. The October 2009 order from a major Alberta oil and gas producer to equip 26 wells with OPP-W fibre optic sensors and the increased maturity of our products will contribute significantly to revenue growth.

Disclosures in volatile and uncertain times in the financial markets

Even in the current economic environment, Opsens continues to execute its business plan, targeting revenue growth in all of its markets. The Company continues to hire in human resources to provide its clients with top-quality products and services. Given the controls in place in each of Opsens' units, the Company is not taking any unusual measures at this point.

Regarding cash management, the private placements completed in previous years give the Company the financial resources necessary to operate in 2010 and 2011. The Company has not changed its cash management strategy, which aims to protect its financial assets and defer spending that is not essential to enacting Opsens' business plan in the near to medium term. If Opsens did need to raise money in the future, success would depend on revenue growth.

The accounting estimates used in the financial statements for the period ended May 31, 2010, were not modified for the current uncertain economic environment. These items are receivable tax credits, provisions for contractual guarantees and assumptions tied to the fair value of share options and warrants. Management does not anticipate an impact on the Company's accounting estimates for fiscal year 2010.

Majors drivers that have changed as a result of the financial crisis

Credit availability and cost

The availability of credit has decreased as a result of the global financial crisis. Opsens' current assets are enough to execute its current short-term business plan. If additional equity financing was required, it is possible, although uncertain, that fiscal incentives would help obtain financing at a cost similar to what would be obtained in normal market conditions.

Customers

The current period of uncertainty and volatility has not required the Company to change its method of dealing with credit, since Opsens' clients are primarily businesses with strong capitalization, distributors and government-related agencies.

Currency fluctuations

As for currency fluctuations, an appreciating American dollar against the Canadian dollar generally favours sales figures and gross margins, since most of Opsens' sales are made in U.S. dollars, while a depreciating U.S. dollar has the opposite effect. Additional information is included below under the "Distribution, sales and long-term recurring revenues" and "Capital management" headings.

Commodity prices

The oil and gas market is a strategic one for Opsens. In spite of the recovery in the price of oil and gas, the high volatility of this commodity could negatively affect investments in the oil and gas industry.

Counterparties

Because Opsens' revenues and purchases are diversified, the Company does not anticipate any significant impact from decreased solvency of some clients, suppliers and bankers.

SELECTED CONSOLIDATED FINANCIAL DATA

(In thousands of Canadian dollars, except for information per share)	Three-month period ended May 31, 2010	Three-month period ended May 31, 2009	Nine-month period ended May 31, 2010	Nine-month period ended May 31, 2009
	$	$	$	$
Sales	1,469	1,279	3,586	2,498
Cost of revenues	770	611	2,112	1,497
Gross margin	699	668	1,474	1,001
Administrative expenses	386	262	1,121	893
Marketing expenses	233	232	652	669
R&D expenses	346	216	819	626
Stock option-based compensation	43	50	145	177
Amortization of property, plant and equipment	45	43	131	118
Amortization of intangible assets	5	5	26	17
Financial expenses (income)	(18)	75	3	(47)
	1,040	883	2,897	2,453
Loss before income taxes	(341)	(215)	(1,423)	(1,452)
Income taxes	-	-	-	-
Net loss	(341)	(215)	(1,423)	(1,452)
Net loss per share – Basic	(0.01)	(0.01)	(0.03)	(0.04)
Net loss per share – Diluted	(0.01)	(0.01)	(0.03)	(0.04)

(In thousands of Canadian dollars)	As at May 31, 2010	As at February 28, 2010	As at November 30, 2009	As at August 31, 2009
	$		$	$
Current assets	7,117	7,573	4,683	4,880
Total assets	8,639	9,091	6,233	6,450
Current liabilities	790	916	753	652
Long-term debt	142	179	235	256
Shareholders' equity	7,707	7,996	5,245	5,542

No dividend was declared per share for each share class.

On April 8, 2008, the Company completed a private placement of 4,711,126 units at a price of $0.80 per unit for gross proceeds of $3,768,901. On June 25, 2009, the Company completed a private placement of 2,916,667 units at a price of $0.60 per unit for gross proceeds of $1,750,000. On February 12, 2010, the Company completed a private placement of 4,287,500 units at a price of $0.85 per unit for gross proceeds of $3,644,375.

SUMMARY OF CONSOLIDATED QUARTERLY RESULTS

The summary below presents the periods in which Opsens published unaudited interim financial statements.

(In thousands of Canadian dollars)	Three-month period ended May 31, 2010	Three-month period ended February 28, 2010	Three-month period ended November 30, 2009	Three-month period ended August 31, 2009
	$	**$**	**$**	**$**
Revenues	1,469	1,047	1,070	591
Net loss for the period	341	586	496	719
Net loss per share – Basic	(0.01)	(0.01)	(0.01)	(0.02)
Net loss per share – Diluted	(0.01)	(0.01)	(0.01)	(0.02)

(In thousands of Canadian dollars)	Three-month period ended May 31, 2009	Three-month period ended February 28, 2009	Three-month period ended November 30, 2008	Three-month period ended August 31, 2008
	$	**$**	**$**	**$**
Revenues	1,279	606	612	748
Net loss for the period	215	682	555	228
				-
Net loss per share - Basic	(0.01)	(0.02)	(0.01)	(0.01)
Net loss per share - Diluted	(0.01)	(0.02)	(0.01)	(0.01)

In the first quarter of fiscal year 2009, the Company performed leasehold improvements to its Quebec facilities, which temporarily affected production and hence revenues, and increased the Company’s loss.

PERFORMANCE INDICATORS

In order to evaluate the Company’s performance and generate long-term value for its shareholders, the Company has identified the following financial and non-financial performance indicators:

1) Distribution, sales, and long-term recurring revenues;
2) Products and innovation;
3) Short-term financial performance and cash flows;
4) Strategic acquisitions and development of new projects.

THREE- AND NINE-MONTH PERIODS ENDED MAY 31, 2010 AND 2009

DISTRIBUTION, SALES, AND LONG-TERM RECURRING REVENUES

(In thousands of dollars except for percentage data figures)	**Three-month period ended May 31, 2010**	**Three-month period ended May 31, 2009**	**Nine-month period ended May 31, 2010**	**Nine-month period ended May 31, 2009**
	$	**$**	**$**	**$**
Revenues	1,469	1,279	3,586	2,498
Growth rate (%)	14,9		43,6	
Gross margin	699	668	1,474	1,001
Growth rate (%)	4,6		47,3	

The Company reported revenue of $1,469,000 for the three-month period ended May 31, 2010, compared with $1,279,000 for the same period the previous year, an increase of 14.9%. The third quarter's sales figure was mostly generated by an organic growth of more than $700,000 in the oil and gas market. The increase in revenues in this sector is the result of greater deliveries and new orders of the OPP-W sensor for SAGD.

Strong growth is expected for these revenues in the fourth quarter of 2010 considering the backlog.

The Company reported revenue of $3,586,000 for the nine-month period ended May 31, 2010, compared with $2,498,000 for the same period the previous year, an increase of 43.6%. The third quarter's sales growth was mostly generated by an organic growth of more than $1,163,000 in the oil and gas market. The increase in revenues in this sector is the result of greater deliveries of the OPP-W sensor for SAGD.

Significant growth is expected for revenues in the oil and gas and consolidated revenues in the fourth quarter of 2010 compared with the fourth quarter of 2009 considering the backlog.

(In thousands of Canadian dollars except for percentage data figures)	**Three-month period ended May 31, 2010**	**Three-month period ended May 31, 2010**	**Three-month period ended May 31, 2010**	**Three-month period ended May 31, 2010**	**Three-month period ended May 31, 2009**
	Opsens Inc.'s reportable segment $	**Opsens Solutions Inc.'s reportable segment $**	**Eliminations $**	**Consolidated financial statements $**	**Consolidated financial statements $**
Revenues	855	853	(239)	1,469	1,279
Cost of revenues	386	557	(173)	770	611
Gross margin	469	296	(66)	699	668
Gross margin rate (%)	55	35	28	48	52

(In thousands of Canadian dollars except for percentage data figures)	**Nine-month period ended May 31, 2010**	**Nine-month period ended May 31, 2010**	**Nine-month period ended May 31, 2010**	**Nine-month period ended May 31, 2010**	**Nine-month period ended May 31, 2009**
	Opsens Inc.'s reportable segment $	**Opsens Solutions Inc.'s reportable segment $**	**Eliminations $**	**Consolidated financial statements $**	**Consolidated financial statements $**
Revenues	2,423	1,516	(353)	3,586	2,498
Cost of revenues	1,192	1,207	(287)	2,112	1,497
Gross margin	1,231	309	(66)	1,474	1,001
Gross margin rate (%)	51	20	19	41	40

The profit margin rate fluctuated slightly during the three- and nine-month periods ended May 31, 2010, in relation to the same periods the previous year. Gross profit margins on product sales increased for the three- and nine-month periods ended May 31, 2010, in relation to the corresponding quarters, given the increase in sales, which generated significant economies of scale. Opsens Solutions generated a sharp increase in its margin compared with recent quarters, although it was lower than the rate expected for the medium term, given the production overhead costs incurred to deal with the expected growth in sales in the coming quarters. The Company expects its gross profit margin rate to return to the minimum target of 40% when greater revenues will be generated within this reportable segment.

As at May 31, 2010, the backlog amounted to $1,935,000 compared with a backlog of $617,000 as at August 31, 2009.

Given that a large proportion of the Company's revenue is generated in U.S. dollars, while most costs are incurred in Canadian dollars, fluctuation in the exchange rate affects revenue. For the three- and nine-month periods ended May 31, 2010, the average exchange rate was lower than the previous year, which negatively affected sales by $110,000 and $296,000 respectively.

Market acceptance of fiber optic sensors is increasing in the Company's markets, leading to higher sales, despite the recession.

That said, some sectors, such as high-power transformers, are seeing additional competition. Opsens is addressing the added competition by highlighting the performance characteristics of its products compared with those of its competitors. For the three- and nine-month periods ended May 31, 2010, compared with the previous periods, pricing fluctuations and new product launches did not have a significant impact on revenues.

PRODUCTS AND INNOVATION

The Company is constantly working to improve its position in terms of intellectual property and what it can offer to its customers. For the three- and nine-month periods ended May 31, 2010, the Company focused on continuous improvements to its technology in markets with the highest perceived potential payoff, particularly oil and gas and medical devices. The Company's R&D strategy involves steering new product development efforts towards markets with very high potential, such as oil and gas and medical devices.

Research and development expenses increased to $346,000 from $216,000 for the three-month period ended May 31, 2010, compared with the same period in 2009. Research and development expenses increased to $819,000 from $626,000 for the nine-month period ended May 31, 2010, compared with the same period in 2009. The change in research and development expenses during the three- and nine-month periods was generated primarily by increased subcontracting expenses, an increased number of employees and higher prices for R&D supplies. A large proportion of the subcontracting expenses were incurred for the development of a medical instrument intended to measure pressure, which has strong potential.

SHORT-TERM FINANCIAL PERFORMANCE AND CASH FLOWS

Non-GAAP financial measure - EBITDAO

The Company uses its capital to finance marketing expenses, research and development activities, administrative expenses and working capital and capital assets. Historically, the Company has financed activities through rounds of public and private financing, debt financing and 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 unlikely 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 into consideration changes in non-cash operating working capital items.

Reconciliation of EBITDAO to the Quarterly Results (in Thousands of Canadian dollars)

	Three-month period ended May 31, 2010	**Three-month period ended May 31, 2009**	**Nine-month period ended May 31, 2010**	**Nine-month period ended May 31, 2009**
	$	**$**	**$**	$
Net loss	(341)	(215)	(1,423)	(1,452)
Financial charges (income)	(18)	75	3	(47)
Amortization of property, plant and equipment	45	43	131	118
Amortization of intangible assets	5	5	26	17
EBITDA	(309)	(92)	(1,263)	(1,364)
Stock option-based compensation	43	50	145	177
EBITDAO	(266)	(42)	(1,118)	(1,187)

Net loss

For the three-month period ended May 31, 2010, net loss totalled $341,000, compared with $215,000 a year earlier. This increase in the net loss and the unfavourable fluctuation in EBITDAO for the third quarter 2010 compared with the previous quarter mostly reflect the increase in research and development and administration expenses. On the other hand, financial expenses and gross margin positively affected the change in net loss by $93,000 and $31,000 respectively.

For the nine-month period ended May 31, 2010, net loss totalled $1,423,000, compared with $1,452,000 a year earlier. The decline in the net loss and the favourable fluctuation of EBITDAO for the nine-month period ended May 31, 2009, compared with the same period in 2009, mostly reflect an increase of $474,000 in gross margin. On the other hand, administrative expenses and research and development expenses negatively affected net loss by $228,000 and $193,000 respectively.

The net results for the next quarters will be strongly influenced by product sales volume. The backlog and the expansion of marketing activities within the oil and gas market following the OPP-W installations performed in 2009 and 2010 should contribute to an increase in EBITDAO.

Capital management

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

The Company reviews net loss and EBITDAO quarterly.

The Company expects to improve these performance indicators during the fourth quarter of 2010 in relation with the fourth quarter of 2009. The Company believes that its current liquid assets are sufficient to finance its activities for 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 is not limited by margin requirements. When using the line of credit in an amount varying from $50,000 and $100,000, the available credit is limited to an amount 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 1.5 to 1 for debt to working capital, with a minimum working capital of $200,000. The covenants were met as of May 31, 2010.

INFORMATION BY REPORTABLE SEGMENTS

Segmented information

The Company's reportable segments are strategic business units managed separately; 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 installation of optical and conventional sensors for the oil and gas industry.

The 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 May 31, 2010			Three-month period ended May 31, 2009		
	Opsens Inc.	Opsens Solutions Inc.	Total	Opsens Inc.	Opsens Solutions Inc.	Total
	$	$	$	$	$	$
External sales	615,747	852,660	1,468,407	1,129,669	149,795	1,279,464
Internal sales	239,969	-	239,969	31,402	-	31,402
Amortization of property, plant and equipment	38,253	7,038	45,291	37,962	5,115	43,077
Amortization of intangible assets	4,847	464	5,311	5,094	-	5,094
Financial expenses	(61,323)	42,778	(18,545)	60,527	14,799	75,326
Net loss	375,381	(34,194)	341,187	8,576	206,150	214,726
Acquisition of property, plant and equipment	8,856	28,868	37,724	12,173	62,953	75,126
Acquisition of intangible assets	16,378	-	16,378	9,927	-	9,927
Segment assets	6,422,816	2,216,111	8,638,927	4,686,675	940,113	5,626,788

	Nine-month period ended May 31, 2010			Nine-month period ended May 31, 2009		
	Opsens inc.	Opsens Solutions Inc.	Total	Opsens inc.	Opsens Solutions Inc.	Total
	$	$	$	$	$	$
External sales	2,070,077	1,515,963	3,586,040	2,139,901	357,619	2,497,520
Internal sales	352,891	-	352,891	81,481	-	81,481
Amortization of property, plant and equipment	112,536	18,697	131,233	107,534	10,062	117,596
Amortization of intangible assets	24,314	1,261	25,575	16,526	-	16,526
Financial expenses	(104,393)	107,700	3,307	(79,432)	32,972	(46,460)
Net loss	1,106,400	316,715	1,423,115	758,961	692,691	1,451,652
Acquisition of property, plant and equipment	41,849	33,453	75,302	202,106	74,500	276,606
Acquisition of Intangible assets	25,388	8,083	33,471	26,305	-	26,305
Segment assets	6,422,816	2,216,111	8,638,927	4,686,675	940,113	5,626,788

Information by geographic segments

	Three-month period ended		Nine-month period ended	
	May 31, 2010	May 31, 2009	**May 31, 2010**	May 31 2009
	$	$	**$**	$
Revenues per geographic sector				
Canada	897,006	207,003	1,648,198	438,568
United States	199,650	221,100	664,629	595,092
Germany	106,074	68,984	250,559	334,359
Italy	255	146,184	49,356	149,328
Others	265,422	636,193	973,298	980,173
	1,468,407	1,279,464	3,586,040	2,497,520

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, 2010, revenues from two clients represented individually more than 10% of the total revenues of the Company, i.e. approximately 25.14% (Opsens Solutions Inc.'s reportable segment) and 24.14% (Opsens Solutions Inc.'s reportable segment). During the three-month period ended May 31, 2009, revenues from four clients represented 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).

During the nine-month period ended May 31, 2010, revenues from two clients represented individually more than 10% of the total revenues of the Company, i.e. approximately 19.16% (Opsens Solutions Inc.'s reportable segment) and 11.85% (Opsens Solutions Inc.'s reportable segment). During the nine-month period ended May 31, 2009, two clients represented 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).

Administrative expenses

Administrative expenses were $386,000 and $262,000 respectively for the three-month periods ended May 31, 2010 and 2009. Administrative expenses were $1,121,000 and $893,000 respectively for the nine-month periods ended May 31, 2010 and 2009.

The increase in administrative expenses is largely the result of higher recruitment and compensation costs within the two reportable segments (Opsens Inc. and Opsens Solutions Inc.) In the coming quarters, administrative expenses should remain relatively stable compared with third quarter 2010.

Sales and marketing expenses

Sales and marketing expenses were $233,000 for the three-month period ended May 31, 2010, compared with $232,000, for the three-month period ended May 31, 2009. Sales and marketing expenses were $652,000 for the nine-month period ended May 31, 2010, compared with $669,000 for the nine-month period ended May 31, 2009.

Sales and marketing expenses should increase slightly in the coming quarters in relation with the third quarter of 2010 mainly because of our emphasis on marketing.

Financial expenses (income)

Financial income was $18,000 for the three-month period ended May 31, 2010, compared with financial expenses of $75,000 for the same period of the previous year, a decrease of $93,000. The decrease in financial expenses during third quarter 2010 compared with third quarter 2009 resulted directly from a $73,000 favourable change in loss/gain on foreign currency translation compared with third quarter 2009.

Financial expenses were $3,000 for the nine-month period ended May 31, 2010, compared with financial income of $47,000 for the same period of the previous year, a decrease of $50,000. The decrease in financial income during the nine-month period ended May 31, 2010, compared with the same period in 2009 resulted directly from the $49,000 unfavourable change in loss/gain on foreign currency translation compared with the same quarter in 2009.

Financing activities cash flow

On February 12, 2010, the Company completed a private placement of 4,287,500 units at a price of $0.85 per unit, for gross proceeds of $3,644,375. Each Unit is comprised of one common share of Opsens and one-half of one common share purchase warrant. Each whole common share purchase warrant entitles its holder thereof to purchase one common share of the Company at a price of $1.15 per common share for a period of 24 months following the closing date of the Private Placement. Opsens paid a cash commission of $254,404 to the brokers and issued 299,299 non transferable warrants to acquire one common share of Opsens at $0.85 for a period of 24 months from the closing of the Private Placement. The securities issued pursuant to the Private Placement will be subject to a 4-month and a day restricted period expiring on June 13, 2010. The net proceeds of the Private Placement will be used for working capital purposes and potential acquisitions. With this financing Opsens will expand its marketing activities and finalize main product development partnerships, which should provide long-term recurring revenues.

In 2009 the Company completed a private placement of 2,916,667 common shares at a price of $0.60 a share for gross proceeds of $1.75 million. Opsens also issued non-transferable warrants to the brokers entitling them to acquire 204,167 common shares of Opsens at $0.60 a share for a period of 24 months from the closing of the offering.

Warrants exercised and expired

During the nine-month period ended May 31, 2010, 178,889 warrants entitling their holders to acquire common shares at $0.80 each were exercised, for a total of $143,111. The book value of the exercised warrants transferred to share capital was $63,469.

During the nine-month period ended May 31, 2010, 150,890 and 2,355,563 warrants entitling their holders to acquire common shares of the Company at a price of $0.80 and $1,10 respectively expired.

Stock options exercised

During the nine-month period ended May 31, 2010, 1,250 stock options entitling the holders to acquire common shares of the Company at a price of $0.87 each were exercised, for a total of $1,088. The book value of the exercised stock options transferred to share capital was $316.

As at the date of this Management Discussion and Analysis, the following components of shareholders' equity are outstanding:

Common shares	47,865,983
Stock options	2,820,750
Warrants	2,647,216
Securities on a fully diluted basis	53,333,949

Investing activities cash flow

Opsens R&D, production and administrative equipment purchases amounted to $75,000 for the nine-month period ended May 31, 2010. These acquisitions were made primarily to gain access to high-tech R&D environment and production equipment.

As for intangible assets, Opsens invested $33,000 for the nine-month period ended May 31, 2010. These investments involved software and patent protection for the Company's inventions.

Cash and cash equivalents

On May 31, 2010, the Company had cash and cash equivalents of $3,606,000, compared with $2,887,000 as of August 31, 2009. Of this amount as at May 31, 2010, $3,083,000 was invested in highly liquid, safe investments. The Company also has an available line of credit in the amount of $200,000. This line of credit incurs interest at prime +2%. The restrictive clauses of the Company’s financial institution are respected.

Financial position

As at May 31, 2010, Opsens had a working capital of $6,327,000, compared with working capital of $4,288,000 as at August 31, 2009. Based on the private placement completed on February 12, 2010, the exercised warrants, its cash and cash equivalents, its working capital, and its order backlog, Opsens has the financial resources necessary to maintain short-term operations, honour its commitments, and support its anticipated growth and development activities. From a medium-term perspective, Opsens may need to raise additional financing by issuing equity securities and debt. In the long term, there is uncertainty about obtaining additional financing, given the risks and uncertainties identified in the *Risks and uncertainties* section in the Management Discussion and Analysis for the year ended August 31, 2009. During the coming quarters, fluctuation in cash assets will depend particularly on the rate of revenue growth.

For the fourth quarter, the Company does not foresee any additional investment in working capital despite the expected increase in revenues compared with the same quarter the previous year.

Commitments

- Leases

The Company leases office space 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 $434,585.

Opsens Solutions Inc. rents three vehicles under operating leases expiring in November 2010 and October 2013. Future rent payments will amount to $62,270.

Future payments required for rents and other commitments during the coming fiscal years totalling $614,855 are as follows:

	$
2009	227,466
2010	155,757
2011	138,257
2012	88,375
2013	5,000

- 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.

- Related-party transactions

No related parties' transactions were registered for the nine-month periods ended May 31, 2010 and 2009.

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 at May 31, 2010, the Company was holding 85.5% of its cash equivalents portfolio in term deposits redeemable at any time.

Details of financial charges (income)

	Three-month period ended		Nine-month period ended	
	May 31, 2010	May 31, 2009	**May 31, 2010**	May 31, 2009
	$	$	**$**	$
Interest and bank charges	**4,277**	8,891	**14,559**	17,859
Interest on long-term debt	**4,893**	13,182	**18,346**	26,694
Gain/loss on foreign currency translation	**(923)**	72,356	**25,368**	(23,473)
Interest income	**(26,792)**	(19,103)	**(55,512)**	(67,540)
	(18,545)	75,326	**2,761**	(46,460)

Credit Risk

The use of financial instruments can create a credit risk that is the risk of financial loss resulting from 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, 2010, the Company was holding more than 85.5% of its cash equivalents portfolio in term deposits redeemable at any time.

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 63.79% of the Company's accounts receivable as at May 31, 2010.

As at May 31, 2010, 16.04% of accounts receivable was older than 90 days, while 34.82% was less than 30 days old. The maximum exposure to the risk of credit for receivable corresponded to their book value. On May 31, 2010, the bad debt provision was established at $14,678 ($14,678 on August 31, 2009).

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

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, 2010, had been the same throughout the period, a hypothetical 1% interest rate increase would have an impact of $296 and $985 for the three- and nine-month periods ended May 31, 2010. The net result 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 U.S. dollars. Therefore, it is exposed to foreign currency fluctuations. The Company does not actively manage this risk.

For the three- and nine-month periods ended May 31, 2010 and 2009, if the Canadian dollar had strengthened 10% against the U.S. dollar with all other variables held constant, after-tax net loss and other comprehensive income would have been $2,000 and $49,000 higher, respectively. Conversely, if the Canadian dollar had weakened 10% against the U.S. dollar, with all other variables held constant, after-tax net loss and other comprehensive income would have been $2,000 and $49,000 lower for the same periods.

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

	$
Cash	251,701
Accounts receivable	440,042
Accounts payable and accrued liabilities	550
Total	692,293

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.

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, 2010:

	Total	0 to 12 months	1 to 2 years	2 to 5 years	More than 5 years
	$	$	$	$	$
Accounts payable and accrued liabilities	657,146	657,146	-	-	-
Long-term debt	279,236	136,558	97,274	45,404	-
Obligation under capital lease	63,374	27,224	15,628	20,522	-
Commitments	614,855	227,466	155,757	231,632	-
Total	1,614,611	1,048,394	268,659	297,558	-

STRATEGIC ACQUISITIONS AND NEW PROJECT DEVELOPMENT

In its business plan, Opsens has identified means to grow through acquisitions. To maximize value creation for shareholders and depending on opportunities, Opsens could make strategic acquisitions. The Company remains ready for opportunities that may arise at any moment.

CAPACITY TO GENERATE RESULTS

As we explained in the section relative to financial position, Opsens has the financial resources for its short term operations, for the fulfillment of commitments, for the maintenance of its growth plan and for its development activities. On a mid-term perspective, it is possible that additional financing through the issuance of shares or debt financing may be required.

During fourth quarter 2010, the increase in revenues compared with the same quarter of the previous year should not require an additional investment in working capital from the Company. Also, investments in capital of a few hundred thousand dollars will be needed in the coming quarters to meet Opsens' operational needs.

From the point of view of human resources, the main corporate executive positions are filed within the Company. However, additional production personnel will be required in Quebec and Alberta. Taking into account the employment market in Canada, Opsens is confident of its capacity to recruit qualified human resources in a timely fashion.

Regarding the strategy on corporate executive remuneration, it is oriented towards creation of long-term value for the shareholders. Several corporate executives hold an important share and share-purchase option position, with rights to be acquired over a four-year period in order to align shareholders' interests with corporate executives' interests. This long-term vision stimulates innovation and the development of recurrent revenues.

CHANGES IN ACCOUNTING POLICIES

Changes applied for the fiscal year ended August 31, 2010

On September 1, 2009, the Company adopted the new accounting standards issued by the Canadian Institute of Chartered Accountants ("CICA"):

a) 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 adopted 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 adoption of this new Section did not have a material impact on its interim and annual consolidated financial statements.

Changes applied for the fiscal year ended August 31, 2009

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. This new policy has no impact on the current consolidated financial statements.

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.

Future accounting changes

The CICA has issued new accounting standards:

a) In January 2009, the CICA issued Handbook Section 1582, Business Combinations, replacing Section 1581, Business Combinations. The Section establishes standards for the accounting for a business combination. It provides the Canadian equivalent to the IFRS standard, IFRS 3 (Revised), Business Combinations. The Section applies prospectively to business combinations for which the acquisition date is on or after January 1, 2011. Earlier application is permitted. As this section is consistent with IFRS, it will be applied in accordance with our IFRS conversion framework.

b) In January 2009, the CICA issued Section 1601, Consolidated Financial Statements, and Section 1602, non-controlling interests, which together replace Section 1600, Consolidated Financial Statements. Section 1601 establishes standards for the preparation of consolidated financial statements. Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. It is equivalent to the corresponding provisions of IFRS standard, IAS 27 (Revised), Consolidated and Separate Financial Statements. The Sections apply to interim and annual consolidated financial statements relating to fiscal years beginning on January 1, 2011. Earlier adoption is permitted as of the beginning of a fiscal year. As these sections are consistent with IFRS, they will be applied in accordance with our IFRS conversion framework.

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 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 financial information systems and its consolidated financial statements.

RISK FACTORS AND UNCERTAINTIES

Opsens operates in an industry that is subject to various risks and uncertainties. The Company’s business, financial position, and operating results could be impacted negatively by these risks and uncertainties. The most important risks and uncertainties are described in the management discussion and analysis for the year ended August 31, 2009.

OTHER INFORMATION

Updated information on the Company can be found on the SEDAR Web site at http://www.sedar.com.

On behalf of management,
Chief Financial Officer and Secretary

(s) Louis Laflamme

July 7, 2010