MANAGEMENT DISCUSSION & ANALYSIS

Quarterly report for shareholders
Fiscal year ended November 30, 2010

The following comments are intended to provide a review and analysis of the operating results and financial position of Opsens Inc. as of November 30, 2010, and for the three-month period ended this date, in comparison with the corresponding period ended November 30, 2009. They should be read and interpreted in conjunction with the audited financial statements as well as the accompanying notes as of August 31, 2010.

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 January 11, 2011. 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, 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 four (4) patents pending covering its products and technology 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, 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. The Opsens sales and marketing strategy aims to provide solutions for the various current niche markets and develop specific new markets. The Company's expertise, know-how, and patented technology are the keys to new production techniques improving the reliability of measuring equipment. Also, the 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.

In 2011, Opsens expects revenue from product sales to be higher than a year earlier, despite the exit from high-power transformers and the challenging economic environment. The greater maturity of our products, will contribute significantly to increase revenues.

SELECTED CONSOLIDATED FINANCIAL DATA

(In thousands of Canadian dollars, except for information per share)	Three-month period ended November 30, 2010	Three-month period ended November 30, 2009
	$	$
Sales	1,147	1,070
Cost of revenues	854	621
Gross margin	293	449
Administrative expenses	450	401
Marketing expenses	122	205
R&D expenses	350	212
Financial expenses (income)	(13)	25
Stock option-based compensation	38	55
Amortization of property, plant and equipment	46	42
Amortization of intangible assets	7	5
	1 000	945
Loss before income taxes	(707)	(496)
Income taxes	-	-
Net loss	(707)	(496)
Net loss per share – Basic	(0.01)	(0.01)
Net loss per share – Diluted	(0.01)	(0.01)

(In thousands of Canadian dollars)	As at November 30, 2010	As at August 31, 2010
	$	$
Current assets	8,685	9,597
Total assets	10,649	11,516
Current liabilities	1,360	1,527
Long-term debt	98	129
Shareholders' equity	9,191	9,860

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 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 November 30, 2010	Three-month period ended August 31, 2010	Three-month period ended May 31, 2010	Three-month period ended February 28, 2010
	$	$	$	$
Revenues	1,147	1,695	1,469	1,047
Net profit (net loss) for the period	(707)	2,016	(341)	(586)
Net profit (net loss) per share – Basic	(0.01)	0.04	(0.01)	(0.01)
Net profit (net loss) per share – Diluted	(0.01)	0.04	(0.01)	(0.01)

(In thousands of Canadian dollars)	Three-month period ended November 30, 2009	Three-month period ended August 31, 2009	Three-month period ended May 31, 2009	Three-month period ended February 28, 2009
	$	$	$	$
Revenues	1,070	591	1,279	606
Net loss for the period	(496)	(719)	(215)	(682)
Net loss per share - Basic	(0.01)	(0.02)	(0.01)	(0.02)
Net loss per share - Diluted	(0.01)	(0.02)	(0.01)	(0.02)

As of August 2010, the Company sold its high-power transformer business. Consequently, revenues from transformers product line should decrease substantially in the year 2011.

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-MONTH PERIODS ENDED NOVEMBER 30, 2010, AND 2009

DISTRIBUTION, SALES, AND LONG-TERM RECURRING REVENUES

(In thousands of dollars except for percentage data figures)	Three-month period ended November 30, 2010	Three-month period ended November 30, 2009
	$	$
Revenues	1,147	1,070
Growth rate (%)	(7,2)	
Gross margin	293	449
Growth rate (%)	(-34,7)	

The Company reported revenue of $1,147,000 for the three-month period ended November 30, 2010, compared with $1,070,000 in the comparative period, an increase of 7.2%. The growth includes a sales increase of more than $550,000 in the oil & gas market. The growth is attributable to a more mature product line in the oil & gas field.

Sales in the oil and gas sector totalled $750,000, compared with $200,000 in the comparative period. An improved revenue growth for this sector is expected in the upcoming quarters for fiscal 2011 based on backlog and discussions with customers.

(In thousands of Canadian dollars except for percentage data figures)	Quarter ended November 30, 2010	Quarter ended November 30, 2010	Quarter ended November 30, 2010	Quarter ended November 30, 2010
	Opsens Inc.'s reportable segment $	Opsens Solutions Inc.'s reportable segment $	Eliminations $	Consolidated financial statements $
Revenues	524	748	(125)	1,147
Cost of revenues	396	583	(125)	854
Gross margin	128	165	-	293
Gross margin rate (%)	24	22	-	26

(In thousands of Canadian dollars except for percentage data figures)	Quarter ended November 30, 2009	Quarter ended November 30, 2009	Quarter ended November 30, 2009	Quarter ended November 30, 2009
	Opsens Inc.'s reportable segment $	Opsens Solutions Inc.'s reportable segment $	Eliminations $	Consolidated financial statements $
Revenues	958	192	(80)	1,070
Cost of revenues	467	234	(80)	621
Gross margin	491	(42)	-	449
Gross margin rate (%)	51	(22)	-	42

The gross margin and the gross margin rate on product sales decreased for the quarter ended November 30, 2010 from the comparative quarter in 2009 because of the decrease in sales in the scientific and laboratories market where high margins are recorded. On the other hand, the Opsens Solutions Inc. reportable segment generated a positive gross margin since higher sales.

The company targets the gross margin rate for Opsens Inc. and Opsens Solutions Inc. to go move towards its minimum target of 40% over the next quarters.

As at November 30, 2010, the backlog amounted to $1,192,000 compared with a backlog of $1,436,000 on August 31, 2010.

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-month period ended November 30, 2010, the average exchange rate was lower than the previous year, which affected negatively sales by $18,000.

Market acceptance of fiber optic sensors is increasing in the company's markets, leading to higher sales. That said some sectors, such as oil & gas, 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 periods ended November 30, 2010 and 2009, 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-month period ended November 30, 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.

Research and development expenses increased to $350,000 from $212,000 for the three-month periods ended November 30, 2010 and 2009. The variation reflects an increase in the number of employees and higher spending for R&D supplies.

Opsens Inc. unveiled its complete tool box for cardiologists to use in the measurement of Fractional Flow Reserve ("FFR"). FFR is an index of the functional severity of a coronary stenosis that is calculated from pressure measurements taken before and after a narrowing of the arteries during coronary arteriography. This increasingly used approach enables an "on the spot" diagnosis for a better assessment as to whether a stent is an appropriate intervention to improve blood circulation in the cardiovascular system.

A study published in 2009 in the New England Journal of Medicine, "Fractional Flow Reserve vs. Angiography for Multivessel Evaluation", found that a stent was not always an appropriate intervention, and that its overuse was actually doing patients more harm than good in some cases. Patients of doctors using FFR had fewer stents used and better outcomes overall, the study found.

The FFR market represents a real and significant opportunity for Opsens. Opsens intends to fully exploit this opportunity by aggressive development of EasyWire and OptoWire through the stages of animal and human testing, and then commercialization. For the year 2011, Opsens expects R&D expenses to increase by a few hundred thousands of dollars in comparison with the previous year because of work performed on the FFR opportunity.

EasyWire for the Measurement of Fractional Flow Reserve

EasyWire is a miniature catheter that slides over a vast variety of guide wires. EasyWire provides a no-drift, highly accurate and reliable measurement of blood pressure in coronary arteries and gives cardiologists the freedom to use their favourite guide wire. With EasyWire the cardiologist can reach the area under investigation faster and easier than with other products on the market, simplifying the procedure. Opsens has filed a patent application for the EasyWire, "Eccentric Pressure Catheter with Guidewire Capability".

OptoWire for the Measurement of Fractional Flow Reserve

Unlike traditional guide wires, the OptoWire is a guide wire instrumented with a fiber optic pressure sensor, which is drift free and provides a high fidelity measurement of blood pressure in coronary arteries. In addition to more reliable measurement, the OptoWire offers better mechanical performance in terms of trackability, torquability and support over other existing pressure guide wires.

Scientific Advisory Board

To support the development and refinement of EasyWire, Opsens has put together a scientific advisory board of experts in the field of FFR and clinical research, composed of Drs. Morton Kern, Olivier F. Bertrand and Michael J. Lim. These leading cardiologists are advising the Company on the development, clinical studies and commercialization of EasyWire.

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 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.

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

	Three-month period ended November 30, 2010	Three-month period ended November 30, 2009
	$	$
Net loss	(707)	(496)
Financial charges (income)	(13)	25
Amortization of property, plant and equipment	46	42
Amortization of intangible assets	7	5
EBITDA	(667)	(424)
Stock option-based compensation	38	56
EBITDAO	(629)	(368)

Net loss

For the three-month period ended November 30, 2010, net loss totalled $707,000, compared with $496,000 a year earlier. This increase in the net loss, as well as the EBITDAO for the first quarter of 2011 compared with the previous quarter, reflects mainly a decrease of $156,000 in gross margin and the increase in R&D expenses for $138,000.

The 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 2008, 2009 and 2010 should contribute to an improvement in EBITDAO.

Capital management

The Company uses its capital to finance marketing expenses, research and development activities, administrative charges, 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 reviews net loss and EBITDAO quarterly.

The Company aims to improve these figures which negatively varied for the period ended November 30, 2010, compared with the same period in 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 than 1.5 to 1 for debt to working capital, with a minimum working capital of $200,000. The covenants were met as of November 30, 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.

	Period ended November 30, 2010			Period ended November 30, 2009		
	Opsens Inc.	**Opsens Solutions**	**Total**	Opsens Inc.	Opsens Solutions	Total
	$	**$**	**$**	$	$	$
External sales	399,626	747,697	1,147,323	878,063	192,290	1,070,353
Internal sales	125,049	-	125,049	80,268	-	80,268
Amortization of property, plant and equipment	35,831	9,920	45,751	36,632	5,750	42,382
Amortization of intangible assets	6,367	483	6,850	4,357	387	4,744
Financial expenses	(67,629)	54,369	(13,260)	(4,571)	29,418	24,847
Net loss	(562,503)	(144,636)	(707,139)	(281,646)	(214,697)	(496,343)
Acquisition of property, plant and equipment	19,742	53,960	73,702	14,592	2,718	17,310
Acquisition of intangible assets	29,463	-	29,463	4,694	5,172	9,866
Segment assets	8,100,631	2,548,426	10,649,057	4,832,914	1,399,739	6,232,653

Information by geographic segments

	Three-month period ended **2010**	Three-month period ended 2009
Revenue per geographic sector	**$**	$
Canada	**767,340**	215,901
United States	**267,489**	337,962
Japan	**14,925**	109,350
France	**23,611**	109,010
Others	**73,958**	298,130
	1,147,323	1,070,353

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 November 30, 2010, revenues from four clients represent individually more than 10% of the total revenues of the Company, i.e. approximately 30.82% (Opsens Solutions Inc.'s reportable segment), 22.98% (Opsens Solutions Inc.'s reportable segment), 15.42% (Opsens Inc.'s reportable segment) and 11.02% (Opsens Solutions Inc.'s reportable segment).

During the three month period ended November 30, 2009, revenues from three clients represent individually more than 10% of the total revenues of the Company, i.e. approximately 17.57% (Opsens Inc.'s reportable segment), 13.96% (Opsens Inc.'s reportable segment) and 11.73% (Opsens Inc.'s reportable segment).

Administrative expenses

Administrative expenses were $450,000 and $401,000 respectively for the three-month periods ended November 30, 2010, and 2009.

Administrative expenses increased mainly due to a rise in employment levels and salaries within the two reportable segments (Opsens Inc. and Opsens Solutions Inc.). In the coming quarters, administrative expenses should remain relatively stable with the first quarter of 2011.

Sales and marketing expenses

Sales and marketing expenses were $122,000 for the period ended November 30, 2010, compared with $205,000, for the period ended November 30, 2009.

Sales and marketing decreased due to the sell of high-power transformer business which affected employment levels. Sales and marketing expenses should remain relatively stable in the coming quarters in relation to the first quarter of 2011.

Financial expenses (income)

Financial income was $13,000 for the period ended November 30, 2010, compared with financial expenses of $25,000 for the same period, the previous year. The increase resulted directly from higher interest revenues compared with the first quarter 2010 in the amount of $62,000.

Financing activities cash flow

On February 12, 2010, the Company realized 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 and one-half common share purchase warrant of the Company. Each warrant will entitle the holder to purchase one common share of the Company at a price of $1.15 for a period of 24 months following the closing of the offering. Opsens paid to the agents a cash commission equal to $254,404 and issue broker compensation warrants entitling the agents to purchase 299,299 common shares of Opsens. The broker warrants shall be issuable at an exercise price per common share equal to the offering price for a period of 24 months from the closing of the offering. The net proceeds of the private placement will be used for marketing, general working capital purposes and potentially for acquisitions. Opsens will expand its sales and marketing activities and finalize main product development partnerships, which should provide long-term recurring revenues.

On June 25, 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.

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	3,920,500
Warrants	2,647,216
Securities on a fully diluted basis	54,433,699

Investing activities cash flow

Opsens R&D, production and administrative equipment purchases amounted to $74,000 for the period ended November 30, 2010. These acquisitions were made primarily to high-tech R&D and production equipment.

As for intangible assets, Opsens invested $29,000 for the period ended November 30, 2010. These investments involved software and patent protection for the Company's inventions.

Cash and cash equivalents

On November 30, 2010, the Company had cash and cash equivalents of $5,323,000, compared with $5,348,000 as of August 31, 2010. Of this amount as at November 30, 2010, $4,526,000 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 November 30, 2010, Opsens had working capital of $7,325,000, compared with working capital of $8,069,000 on August 31, 2010. Based on the private placement completed on February 12, 2010, the use of proceeds from high-power transformers sale, 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. Fluctuation in cash assets will depend particularly on the rate of revenue growth, for the four coming quarters.

For the coming quarters, widespread sales growth should require the Company to make an additional investment of a few hundred thousand dollars in accounts receivable and inventory.

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 $375,323.

Opsens Solutions Inc. rents four vehicles under operating lease expiring in September 2013, October 2013 and May 2014. Future rent payments will amount to $111,976.

Future payments for the leases and other commitments, totalizing $618,399, required in each of the next five years are as follows:

	$
2011	275,672
2012	157,572

2013	155,088
2014	30,067
2015	-

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

During the normal course of business, professional fees have been incurred from related parties. These transactions have been valued at the exchange amount agreed by the parties. Professional fees were disbursed in exchange for R&D consulting and business development consulting.

	Three-month period ended November 30, 2010	Three-month period ended November 30, 2009
	$	$
Professional fees to a company controlled by a shareholder and director	11,050	-
	11,050	-

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 November 30, 2010, the Company was holding more than 85% of its cash equivalents in all time redeemable term-deposit.

Financial charges (income)

	2010	2009
	$	$
Interest and bank charges	**2,790**	3,988
Interest on long-term debt	**5,628**	7,416
Loss on foreign currency translation	**39,934**	26,899
Interest income	**(61,612)**	(13,456)
	(13,260)	24,847

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 November 30, 2010, the Company was holding more than 85% 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. Three major customers represent 81.35% of the Company's accounts receivable as at November 30, 2010.

As at November 30, 2010, 30.14% of the accounts receivable were of more than 90 days whereas 62.12% of those were with less than 30 days. The maximum exposure to the risk of credit for receivable corresponded to their book value. On November 30, 2010, the bad debt provision was established at $4,081 ($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.

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 November 30, 2010 and 2009 had been the same throughout the period, a hypothetical 1% interest rate increase would have had an unfavourable impact of $201 and $371 on the net loss for the three-month period ended November 30, 2010 and 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 ended November 30, 2010 and 2009, if the Canadian dollar had strengthened 10% against the US dollar with all other variables held constant, after-tax net income and other comprehensive income would have been respectively $3,000 and $47,000 lower. Conversely, if the Canadian dollar had weakened 10% against the US dollar with all other variables held constant, after-tax net income and other comprehensive income would have been $3,000 and $47,000 higher for the same periods.

As at November 30, 2010, the risk to which the Company was exposed is established as follows:

	As of November 30, 2010	As of August 31, 2010
	$	$
Cash (US$256,046)	**262,857**	509,164
Accounts receivable (US$215,676)	**221,345**	501,350
Balance of purchase price to be received (US$828,165)	**850,194**	826,037
Accounts payable and accrued liabilities (US$125,728)	**(129,072)**	(93,826)
Total	**1,205,324**	1,742,725

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 November 30, 2010:

	Total	0 to 12 months	1 year to 2 years	2 years to 5 years	More than 5 years
	$	$	$	$	$
Accounts payable and accrued liabilities	1,089,367	1,089,367	-	-	-
Long-term debt	230,355	143,870	70,223	16,262	-
Obligation under capital lease	47,271	18,442	14,590	14,239	-
Commitments	618,399	275,672	157,572	185,155	-
Total	1,985,392	1,527,351	242,385	215,656	-

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.

On August 16, 2010, Opsens reached agreement to license through an Intellectual Property and Assignment Agreement ("The Agreement") its technology in the high-power transformers business to a subsidiary of LumaSense Technologies Inc., of Santa Clara, California, representing Opsens' exit from that line of business.

The Agreement gives LumaSense exclusive rights to use Opsens' technology in the transformer business. LumaSense will have also have access to Opsens' existing distribution channels for its transformer business. LumaSense has paid Opsens US$2.1 million in cash upon closing and will pay a further US$500,000 in one year and US$500,000 two years after closing.

The Agreement was recorded as a disposal. Gain on disposal calculation had been calculated as following:

	Amount
	$
Proceeds	
Cash received at closing	2,190,720
Balance of purchase price to be received as of August 16, 2011 (nominal value of 500,000 $US)	443,360
Balance of purchase price to be received as of August 16, 2012 (nominal value of 500,000 $US)	376,856
	3,010,936
Disposal expenses	
Inventory and purchases credit	150,000
Other expenses and accrued expenses	265,829
Deferred revenues – manufacturing agreement*	220,000
	635,829
Gain on disposal	2,375,107

* Opsens engaged in a manufacturing agreement with terms and conditions that are beneficial to LumaSense.

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 the next quarters, the generalized growth in sales should require an additional investment of a few additional hundreds of thousands of dollars in accounts receivable and inventories. Also, investments in capital of a few hundreds of thousands of dollars will be needed to respond to 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"):

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 consolidated financial statements.

Future accounting policies

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.

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 ("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.

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, 2010.

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

January 24, 2010