

Condensed Interim Consolidated Financial Statements

Opsens Inc.

Three-month periods ended November 30, 2012 and 2011
(unaudited)

Notice

These unaudited condensed interim consolidated financial statements

have not been

reviewed by the Company's independent auditors.

Opsens Inc.

November 30, 2012 and 2011

Table of contents

Interim Consolidated Statements of Earnings (Loss) and Comprehensive Income.....	1
Interim Consolidated Statements of Changes in Equity	2-3
Consolidated Statements of Financial Position.....	4
Interim Consolidated Statements of Cash Flows.....	5
Notes to the Condensed Interim Consolidated Financial Statements	6-12

Opsens Inc.

Interim Consolidated Statements of Earnings (Loss) and Comprehensive Income Three-month periods ended November 30, 2012 and 2011 (unaudited)

	Three-month period ended November 30, 2012	Three-month period ended November 30, 2011
	\$	\$
Revenues		
Sales	2,532,749	2,494,793
Cost of sales	1,314,471	1,736,793
Gross margin	1,218,278	758,000
Expenses (revenues)		
Administrative	538,629	551,930
Marketing	249,365	202,786
Research and development	387,382	308,422
Financial expenses (revenues)	21,673	(46,340)
	1,197,049	1,016,798
Earnings (loss) before income taxes	21,229	(258,798)
Net earnings (loss) and comprehensive income (loss)	21,229	(258,798)
Net earnings (loss) per share (note 6)		
Basic	0.00	(0.01)
Diluted	0.00	(0.01)

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

Opsens Inc.

Interim Consolidated Statements of Changes in Equity

Period ended November 30, 2012

(unaudited)

	Common shares	Warrants	Stock options	Total	Common shares	Reserve - Warrants	Reserve - Stock option plan	Deficit	Total
	(number)	(number)	(number)	(number)	\$	\$	\$	\$	\$
Balance as at August 31, 2012	47,865,983	-	3,419,000	51,284,983	15,201,618	2,190,382	1,150,424	(12,908,943)	5,633,481
Options granted	-	-	80,000	80,000	-	-	-	-	-
Options expired	-	-	(500,000)	(500,000)	-	-	-	-	-
Stock-based compensation costs	-	-	-	-	-	-	30,731	-	30,731
Net earnings	-	-	-	-	-	-	-	21,229	21,229
Balance as at November 30, 2012	47,865,983	-	2,999,000	50,864,983	15,201,618	2,190,382	1,181,155	(12,887,714)	5,685,441

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

Opsens Inc.

Interim Consolidated Statements of Changes in Equity

Period ended November 30, 2011

(unaudited)

	Common shares	Warrants	Stock options	Total	Common shares	Reserve - Warrants	Reserve - Stock option plan	Deficit	Total
	(number)	(number)	(number)	(number)	\$	\$	\$	\$	\$
Balance as at August 31, 2011	47,865,983	2,443,049	4,177,000	54,486,032	15,201,618	2,190,382	1,013,335	(10,979,265)	7,426,070
Options granted	-	-	870,000	870,000	-	-	-	-	-
Options cancelled	-	-	(1,120,000)	(1,120,000)	-	-	-	-	-
Stock-based compensation costs	-	-	-	-	-	-	45,258	-	45,258
Net loss	-	-	-	-	-	-	-	(258,798)	(258,798)
Balance as at November 30, 2011	47,865,983	2,443,049	3,927,000	54,236,032	15,201,618	2,190,382	1,058,593	(11,238,063)	7,212,530

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

Opsens Inc.

Consolidated Statements of Financial Position

(unaudited)

November 30,
2012

August 31,
2012

	\$	\$
Assets		
Current		
Cash and cash equivalents (note 7)	5,629,235	2,576,586
Trade and other receivables	1,748,705	901,311
Income tax credits receivable	381,864	299,395
Inventories	1,972,687	1,979,073
Prepaid expenses	130,677	138,773
	9,863,168	5,895,138
Property, plant and equipment	883,000	813,142
Intangible assets	353,445	350,185
Goodwill	676,574	676,574
	11,776,187	7,735,039

Liabilities

Current

Accounts payable and accrued liabilities	1,242,945	1,343,905
Warranty provision (note 4)	94,273	84,273
Current portion of long-term debt	185,405	166,404
	1,522,623	1,594,582
Deferred revenues (note 5)	2,002,000	-
Long-term debt	578,923	506,976
Convertible debenture (note 3)	1,987,200	-
	6,090,746	2,101,558

Shareholders' equity

Share capital	15,201,618	15,201,618
Reserve – Stock option plan	1,181,155	1,150,424
Reserve - Warrants	2,190,382	2,190,382
Deficit	(12,887,714)	(12,908,943)
	5,685,441	5,633,481
	11,776,187	7,735,039

Subsequent event (note 9)

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

Approved by the board

Signed [Jean Lavigueur] director
Signed [Louis Laflamme] director

Opsens Inc.

Interim Consolidated Statements of Cash Flows

Three-month periods ended November 30, 2012 and 2011

(unaudited)

	Three-month period ended November 30, 2012	Three-month period ended November 30, 2011
	\$	\$
Operating activities		
Net earnings (loss) for the period	21,229	(258,798)
Adjustments for:		
Depreciation of property, plant and equipment	60,315	55,709
Amortization of intangible assets	7,324	8,003
Stock-based compensation costs	30,731	45,258
Interest expense	7,695	2,068
Implicit interest on balance of purchase price to be received	-	(17,695)
Effect of foreign exchange rate changes on cash and cash equivalents held in foreign currency	(3,441)	(9,696)
Unrealized foreign exchange gain	-	(17,728)
Changes in non-cash operating working capital items (note 7)	(1,006,341)	(1,268,971)
	(882,488)	(1,461,850)
Investing activities		
Purchase of property, plant and equipment	(130,173)	(124,720)
Additions to intangible assets	(10,584)	(35,379)
	(140,757)	(160,099)
Financing activities		
Increase in long-term deferred revenues	2,002,000	-
Proceeds from the issuance of the convertible debenture	2,002,000	-
Increase in long-term debt	129,749	304,901
Payments on long-term debt	(53,601)	(21,283)
Interest paid	(7,695)	(2,068)
	4,072,453	281,550
Effect of exchange rate changes on cash and cash equivalents	3,441	9,696
Increase (decrease) in cash and cash equivalents	3,052,649	(1,330,703)
Cash and cash equivalents at beginning of the period	2,576,586	3,747,320
Cash and cash equivalents at end of the period	5,629,235	2,416,617

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

Additional information is presented in note 7.

Opsens Inc.

Notes to the Condensed Interim Consolidated Financial Statements

November 30, 2012 and 2011

(unaudited)

1. Description of Business

Opsens inc. (the "Company") is incorporated under the *Business Corporation Act* (Quebec). The Company specializes in developing and manufacturing technical and scientific instruments. The Company's head office is located at 125-2014, Cyrille-Duquet, Quebec (Quebec), Canada.

2. Basis of Preparation

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including IAS 34, "Interim Financial Reporting" and using the same accounting policies and methods of computation as our most recent annual financial statements. These condensed interim consolidated financial statements should be read in conjunction with the annual financial statements for the year ended August 31, 2012, which have been prepared in accordance with IFRS as issued by the IASB.

3. Convertible Debenture

On November 19, 2012, the Company issued US\$2,000,000 in subordinated secured convertible debenture maturing November 19, 2017. The convertible debenture bears interest at a rate of 2,0% per annum payable at maturity. At the holder's option, the convertible debenture may be converted into common shares of the Company at any time up to the maturity date at a conversion price representing the market price of the shares. However, the conversion price is subject to a minimum of \$0,50 and a maximum of \$0,75 per common share (the "conversion price").

The convertible debenture is also convertible at the Company's option at the conversion price if the volume-weighted average closing price per common share for the twenty trading days immediately preceding the fifth trading day before such conversion date is at least \$1,20 and if a minimum of 50,000 common shares have traded on the TSX Venture Exchange during each of the twenty trading days taken into account in the calculation of the conversion price.

To secure the repayment of the convertible debenture, a movable hypothec on certain equipment has been given. This hypothec will rank second to certain long-term loans of the Company.

As noted above, the convertible debenture contains a conversion option that will result in an obligation to deliver a fixed amount of equity in exchange of a variable amount of convertible debenture when translated in the functional currency of the Company. Consequently, under IAS 32, "Financial Instruments: Presentation", the convertible debenture is accounted for as a compound instrument with a debt component and a separate embedded derivative representing the conversion option. Both the debt and embedded derivative components of this compound financial instrument are measured at fair value on initial recognition. The debt component is subsequently accounted for at amortized cost using the interest rate method. The embedded derivative is subsequently measured at fair value at each reporting date with gains and losses in fair value recognized through profit or loss.

Opsens Inc.

Notes to the Condensed Interim Consolidated Financial Statements

November 30, 2012 and 2011

(unaudited)

The situation of the outstanding convertible debenture as of November 30, 2012 and August 31, 2012 is as follows:

	As of November 30, 2012	As of August 31, 2012
	\$	\$
Debt component reported as long-term liability	1,938,600	-
Embedded derivative reported as long-term liability	48,600	-
Total	1,987,200	-

4. Warranty Provision

The change in the carrying value is as follows:

	\$
Balance as at August 31, 2012	84,273
Additional provisions recognized	32,635
Amounts used during the period	(22,635)
Balance as at November 30, 2012	94,733

5. Deferred Revenues

On November 19, 2012, the Company announced the granting of distribution and other rights to OptoWire and OptoMonitor, Opsens' products for measuring Fractional Flow Reserve ("FFR"). Under the terms of the agreement, the Company will receive:

- US\$3 million for the distribution rights for its FFR products for Japan, Korea and Taiwan, which includes:
 - a. US\$2 million at signing ("upfront license fee");
 - b. US\$1 million once Opsens gets regulatory approval for its FFR devices in Japan ("milestone payment");
- US\$2 million in convertible debenture, at signing, as described in note 3 of these financial statements.

Opsens Inc.

Notes to the Condensed Interim Consolidated Financial Statements

November 30, 2012 and 2011

(unaudited)

The Company shall reimburse the upfront license fee upon the occurrence of any of the following events:

- a. The Company fails to obtain regulatory approval for the OptoWire and OptoMonitor either in Canada, European Union or the United States within five years of the agreement date;
- b. The Company abandons the development of the OptoWire and OptoMonitor before obtaining the milestone payment;
- c. The Company materially breaches any terms of the agreement or is subject to bankruptcy.

Because the Company doesn't have all regulatory approvals, it has recorded the \$2,002,000 (US\$2,000,000) upfront license fee as deferred revenues.

The Company believes that the three conditions for a reimbursement of the upfront license fee listed above will not occur over the next twelve months. Consequently, the deferred revenues has been recorded in the long-term liabilities section of the statement of financial position.

6. Net Earnings (Loss) per Share

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

	Three-month periods ended November 30,	
	2012	2011
	\$	\$
Numerator		
Net earnings (loss)	21,229	(258,798)
Amount available for calculating the net earnings (loss) per share	21,229	(258,798)
Denominator		
Basic weighted average number of shares outstanding	47,865,983	47,865,983
Dilutive effect of stock options	99,522	7,337
Dilutive effect of the convertible debenture	527,473	-
Diluted weighted average number of shares outstanding	48,492,978	47,873,320

Opsens Inc.

Notes to the Condensed Interim Consolidated Financial Statements

November 30, 2012 and 2011

(unaudited)

Amount per share

Net earnings (loss) per share

Basic	0.00	(0.01)
Diluted	0.00	(0.01)

Stock options and warrants are excluded from the calculation of the diluted weighted average number of shares outstanding when their exercise price is greater than the average market price of common shares. The number of such stock options and warrants is presented below:

	Three-month periods ended November 30,	
	2012	2011
Stock options	2,195,000	3,057,000
Warrants	-	2,443,049

For the three months ended November 30, 2011, the diluted amount per share was the same amount as the basic amount per share since the dilutive effect of stock options was not included in the calculation; otherwise, the effect would have been antidilutive. Accordingly, the diluted amount per share for this period was calculated using the basic weighted average number of shares outstanding.

Opsens Inc.

Notes to the Condensed Interim Consolidated Financial Statements

November 30, 2012 and 2011

(unaudited)

7. Statements of Cash Flows

	Three-month periods ended November 30,	
	2012	2011
	\$	\$
<i>Changes in non-cash operating working capital items</i>		
Trade and other receivables	(847,394)	(1,330,624)
Income tax credits receivable	(82,469)	(72,091)
Inventories	6,386	(95,302)
Prepaid expenses	8,096	(14,214)
Accounts payable and accrued liabilities	(90,960)	243,260
	(1,006,341)	(1,268,971)
<i>Cash and cash equivalents</i>		
Cash	2,344,651	462,871
Short-term investments	3,284,584	1,953,746
	5,629,235	2,416,617

Opsens Inc.

Notes to the Condensed Interim Consolidated Financial Statements

November 30, 2012 and 2011

(unaudited)

8. 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.

	Period ended November 30, 2012			Period ended November 30, 2011		
	Opsens Inc.	Opsens Solutions Inc.	Total	Opsens Inc.	Opsens Solutions Inc.	Total
	\$	\$	\$	\$	\$	\$
External sales	664,243	1,868,506	2,532,749	671,246	1,823,547	2,494,793
Internal sales	196,792	-	196,792	440,816	-	440,816
Depreciation of property, plant and equipment	36,652	23,663	60,315	38,132	17,577	55,709
Amortization of intangible assets	5,922	1,402	7,324	7,152	851	8,003
Financial expenses (revenues)	(43,533)	65,206	21,673	(110,615)	64,275	(46,340)
Net profit (loss)	(350,484)	371,713	21,229	(396,117)	137,319	(258,798)
Purchase of property, plant and equipment	19,147	111,026	130,173	21,269	103,451	124,720
Additions to intangible assets	10,584	-	10,584	35,379	-	35,379
Segment assets	8,214,944	3,561,243	11,776,187	4,741,097	2,993,942	7,735,039

Geographic sector's information

	Three-month periods ended November 30,	
	2012	2011
	\$	\$
Revenue per geographic sector		
Canada	1,890,424	1,938,554
United States	241,520	359,927
Other	400,805	196,312
	2,532,749	2,494,793

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.

Opsens Inc.

Notes to the Condensed Interim Consolidated Financial Statements

November 30, 2012 and 2011

(unaudited)

During the three-month period ended November 30, 2012, revenues from three clients represent individually more than 10% of the total revenues of the Company, i.e. approximately 29.5% (Opsens Solutions Inc.'s reportable segment), 28.1% (Opsens Solutions Inc.'s reportable segment) and 16.0% (Opsens Solutions Inc.'s reportable segment).

During the three-month period ended November 30, 2011, revenues from four clients represent individually more than 10% of the total revenues of the Company, i.e. approximately 38.4% (Opsens Solutions Inc.'s reportable segment), 14.5% (Opsens Solutions Inc.'s reportable segment), 13.0% (Opsens Inc.'s reportable segment) and 11.0% (Opsens Solutions Inc.'s reportable segment).

9. Subsequent event

On January 7, 2013, 250,000 stock options with an exercise price of \$0.21 were granted.

10. Approval of Financial Statements

The financial statements were approved by the board of directors and authorized for issue on January 21, 2013.