MANAGEMENT DISCUSSION & ANALYSIS

Quarterly report for shareholders
Second quarter ended February 28, 2013

The following comments are intended to provide a review and analysis of the operating results and financial position of Opsens Inc. as of February 28, 2013, and for the quarter and six-month periods ended this date, in comparison with the corresponding period ended February 29, 2012. They should be read and interpreted in conjunction with the audited financial statements as well as the accompanying notes for the year ended August 31, 2012.

Unless stated otherwise, the interim Management Discussion and Analysis ("MD&A") has been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") on a consolidated basis. This document was prepared on April 22, 2013. 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, supplier and installer of a wide range of fiber optic solutions based on proprietary patented technologies for the measurement of pressure, temperature and other parameters. The qualities of our sensors allow us to offer measuring instruments that are effective and durable in extreme conditions. Opsens is using its competitive advantages to focus primarily on two strong growth markets: oil and gas and Fractional Flow Reserve ("FFR") in medical instrumentation.

Opsens holds six (6) patents and has four (4) 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 customers' 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").

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 develop specific new markets. 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.

In 2013, Opsens expects its net loss to be similar to the net loss of year 2012 due to increased verification and validation expenses for the OptoWire FFR device offsetting the increased gross margin.

SELECTED CONSOLIDATED FINANCIAL DATA

(In thousands of Canadian dollars, except for information per share)	Three-month period ended February 28, 2013	Three-month period ended February 29, 2012	Six-month period ended February 28, 2013	Six-month period ended February 29, 2012
	$	$	$	$
Sales	1,836	2,377	4,370	4,872
Cost of sales	1,193	1,659	2,508	3,396
Gross margin	643	718	1,862	1,476
Administrative expenses	611	705	1,149	1,257
Marketing expenses	226	239	476	442
R&D expenses	424	460	811	768
Financial expenses (revenues)	5	(11)	27	(57)
	1,266	1,393	2,463	2,410
Loss before income taxes	(623)	(675)	(601)	(934)
Net loss and comprehensive loss	(623)	(675)	(601)	(934)
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)	As at February 28, 2013	As at August 31, 2012
	$	$
Current assets	9,311	5,895
Total assets	11,381	7,735
Current liabilities	1,640	1,595
Long-term debt	4,654	507
Shareholders' equity	5,087	5,633

No dividend was declared per share for each share class.

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 February 28, 2013**	**Three-month period ended November 30, 2012**	**Three-month period ended August 31, 2012**	**Three-month period ended May 31, 2012**
	$	**$**	**$**	**$**
Revenues	1,836	2,533	1,416	2,174
Net profit (net loss) for the period	(623)	21	(639)	(357)
Net profit (net loss) per share – Basic	(0.01)	0.00	(0.01)	(0.01)
Net profit (net loss) per share – Diluted	(0.01)	0.00	(0.01)	(0.01)

(In thousands of Canadian dollars)	**Three-month period ended February 29, 2012**	**Three-month period ended November 30, 2011**	**Three-month period ended August 31, 2011**	**Three-month period ended May 31, 2011**
	$	**$**	**$**	**$**
Revenues	2,377	2,495	1,107	2,415
Net loss for the period	(675)	(259)	(718)	(378)
Net loss per share – Basic	(0.01)	(0.01)	(0.02)	(0.01)
Net loss per share – Diluted	(0.01)	(0.01)	(0.02)	(0.01)

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 AND SIX-MONTH PERIODS ENDED FEBRUARY 28, 2013 AND FEBRUARY 29, 2012

DISTRIBUTION, SALES, AND LONG-TERM RECURRING REVENUES

(In thousands of Canadian dollars except for percentage data figures)	**Three-month period ended February 28, 2013**	**Three-month period ended February 29, 2012**	**Six-month period ended February 28, 2013**	**Six-month period ended February 29, 2012**
	$	**$**	**$**	**$**
Revenues	1,836	2,377	4,370	4,872
Growth rate (%)	(22.8%)		(10.3%)	
Gross margin	643	718	1,862	1,476
Growth rate (%)	(10.4%)		26.2%	

The Company reported consolidated revenues of $1,836,000 for the three-month period ended February 28, 2013, compared with $2,377,000 for the three-month period ended February 29, 2012, a decrease of 23%. For the six-month period ended February 28, 2013, consolidated revenues were $4,370,000 compared with $4,872,000 in the same period last year, a decrease of 10%.

Sales in the oil and gas sector totalled $1,493,000 compared with $1,834,000 in the comparative three-month period. Sales in this field were $3,378,000 and $3,672,000 respectively for the six-month periods ended February 28, 2013 and February 29, 2012. Lower revenues in oil and gas are explained by installations originally planned for the second quarter that were carried over to the next quarters. Management anticipates that revenues from oil and gas will show growth for the full year 2013 compared to 2012, as the backlog for the third and fourth quarters of fiscal 2013 already reflect a sustained growth with an increase in OPP-W's sales.

Revenues in the laboratories field totaled $246,000 for the three-month period ended February 28, 2013 compared with revenues of $118,000 for the same period in 2012. For the six-month periods ended February 28, 2013 and February 29, 2012, revenues were $657,000 and $399,000, respectively. Higher revenues in the laboratories field is explained by slow sales in the second quarter in 2012 compared with historical sales levels in that field.

The Company reported revenue of $17,000 under a manufacturing agreement in the high-power transformers field for the three-month period ended February 28, 2013, compared with $309,000 in the same period last year. For the six-month period ended February 28, 2013, high-power transformers revenues amounted to $40,000 compared with $548,000 for the six-month period ended February 29, 2012. Following the sale of the transformer business in 2010, the manufacturing agreement has expired and Opsens will no longer be involved in the transformers field.

(In thousands of Canadian dollars except for percentage data figures)	**Three-month period ended February 28, 2013**	**Three-month period ended February 28, 2013**	**Three-month period ended February 28, 2013**	**Three-month period ended February 28, 2013**
	Opsens Inc.'s reportable segment $	**Opsens Solutions Inc.'s reportable segment $**	**Eliminations $**	**Consolidated financial statements $**
Revenues	787	1,477	(428)	1,836
Cost of sales	640	981	(428)	1,193
Gross margin	147	496	-	643
Gross margin rate (%)	19%	34%	-	35%

(In thousands of Canadian dollars except for percentage data figures)	Three-month period ended February 29, 2012	Three-month period ended February 29, 2012	Three-month period ended February 29, 2012	Three-month period ended February 29, 2012
	Opsens Inc.'s reportable segment $	**Opsens Solutions Inc.'s reportable segment $**	**Eliminations $**	**Consolidated financial statements $**
Revenues	1,024	1,833	(480)	2,377
Cost of sales	850	1,289	(480)	1,659
Gross margin	174	544	-	718
Gross margin rate (%)	17%	30%	-	30%

The consolidated gross margin for the quarter ended February 28, 2013 decrease from the comparative quarter in 2012 is attributable to lower revenues as explained previously. The increase in consolidated gross margin rate on product sales for the quarter ended February 28, 2013 from the comparative quarter in 2012 is explained by the change in business mix where a higher proportion of gross margin was generated by businesses with gross margins above group average such as our oil and gas and medical revenues.

(In thousands of Canadian dollars except for percentage data figures)	Six-month period ended February 28, 2013	Six-month period ended February 28, 2013	Six-month period ended February 28, 2013	Six-month period ended February 28, 2013
	Opsens Inc.'s reportable segment $	**Opsens Solutions Inc.'s reportable segment $**	**Eliminations $**	**Consolidated financial statements $**
Revenues	1,649	3,346	(625)	4,370
Cost of sales	1,133	2,000	(625)	2,508
Gross margin	516	1,346	-	1,862
Gross margin rate (%)	31%	40%	-	43%

(In thousands of Canadian dollars except for percentage data figures)	Six-month period ended February 29, 2012	Six-month period ended February 29, 2012	Six-month period ended February 29, 2012	Six-month period ended February 29, 2012
	Opsens Inc.'s reportable segment $	**Opsens Solutions Inc.'s reportable segment $**	**Eliminations $**	**Consolidated financial statements $**
Revenues	2,137	3,656	(921)	4,872
Cost of sales	1,757	2,560	(921)	3,396
Gross margin	380	1,096	-	1,476
Gross margin rate (%)	18%	30%	-	30%

The consolidated gross margin and the consolidated gross margin rate on product sales increased for the six-month period ended February 28, 2013, from the comparative period in 2012 because of the completion of higher margin contracts in oil and gas, laboratory and medical instrumentation.

The company expects the gross margin rate for Opsens Inc. and Opsens Solutions Inc. to remains close of its target of 40% over the next quarters.

As at February 28, 2013, the backlog amounted to $1,533,000 compared with a backlog of $888,000 as at August 31, 2012.

Given that a proportion of the Company's revenues are generated in U.S. dollars while most costs are incurred in Canadian dollars, fluctuations in the exchange rate affects revenues. For the three and six-month periods ended February 28, 2013, the average exchange rate was lower than the previous year, which affected negatively the revenues by $10,000 and $27,000, respectively (positive impact of $11,000 and $7,000 for three and six-month periods ended February 29, 2012).

Market acceptance of fiber optic sensors is increasing in the Company's markets, leading to higher sales. That being said, some sectors, such as oil and 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 three and six-month periods ended February 28, 2013 and February 29, 2012, 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 six-month period ended February 28, 2013, 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 decreased to $424,000 from $460,000 for the three-month period ended February 28, 2013 compared with 2012. The decrease is mainly attributable to verification and validation expenses for our FFR project that were postponed to the third and fourth quarters of fiscal 2013 and by non-recurring development costs incurred in 2012.

Research and development expenses increased to $811,000 from $768,000 for the six-month periods ended February 28, 2013 compared with the same period in 2012. The variation reflects higher staffing level required for the FFR project and lower R&D grants.

In 2011, Opsens Inc. unveiled its offering for cardiologists to use in the measurement of 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 significant opportunity for Opsens. Opsens intends to fully exploit this opportunity by aggressive development of the OptoWire through the stages of preclinical, regulatory and commercialization. Opsens aims for the commercialization in Europe of its FFR product by the end of fiscal 2014.

OptoWire for the Measurement of Fractional Flow Reserve

Unlike traditional guidewires, the OptoWire is a guidewire instrumented with a fiber optic pressure sensor, which is low-drift and will provide a high-fidelity measurement of blood pressure in coronary arteries. In addition to more reliable measurement, the OptoWire aims to offer better mechanical performance in terms of trackability, torquability and support over existing pressure guidewires.

On November 19, 2012, the Company announced the granting of distribution and other rights for its OptoWire and OptoMonitor, Opsens' products to measure FFR. Under the terms of the agreement, the Company received:

- US$3 million for the distribution rights for its FFR products for Japan, Korea and Taiwan, which includes:
    - US$2 million at signing;

    - US$1 million once Opsens gets regulatory approval for its FFR devices in Japan;
- US$2 million in convertible debenture, at signing.

Scientific Advisory Board

To support the development and refinement of the OptoWire, 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 the OptoWire.

SHORT-TERM FINANCIAL PERFORMANCE AND CASH FLOWS

Non-IFRS financial measure - EBITDAO

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

Reconciliation of EBITDAO to the Quarterly Results

(In thousands of Canadian dollars)	**Three-month period ended February 28, 2013**	**Three-month period ended February 29, 2012**	**Six-month period ended February 28, 2013**	**Six-month period ended February 29, 2012**
	$	**$**	**$**	**$**
Net loss	(623)	(675)	(601)	(934)
Financial expenses (revenues)	5	(11)	27	(57)
Depreciation of property, plant and equipment	71	57	131	113
Amortization of intangible assets	7	11	14	18
EBITDA	(540)	(618)	(429)	(860)
Stock-based compensation costs	24	36	55	81
EBITDAO	(516)	(582)	(374)	(779)

Net Loss

For the three-month period ended February 28, 2013, net loss totalled $623,000 compared with $675,000 a year earlier. The decrease in net loss and the increase in the EBITDAO compared with last year are explained by lower administrative, marketing and R&D expenses, reflecting effective cost control by the Company, partly offset by the decline in gross margin as indicated previously.

For the six-month period ended February 28, 2013, net loss totalled $601,000 compared with $934,000 a year earlier. The decrease in net loss and the improvement of EBITDAO mainly reflects the increase in gross margin and lower administrative expenses offset by higher marketing and R&D expenses.

Fiscal 2013 results will be strongly influenced by product sales figures and R&D expenses. We expect higher gross margin and gross margin rate in comparison with last year that should contribute to a positive variance of the EBITDAO for fiscal 2013.

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 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 does not take into consideration the margining. When using the line of credit in an amount varying from $50,000 to $100,000, the available credit is limited to an amount that is equal to 75% of Canadian accounts receivable and 65% of foreign accounts receivable plus 50% of inventories of raw materials and finished goods. If the amount used exceeds $100,000, the credit available is limited to an amount equal to 75% of Canadian accounts receivable and 90% of ensured foreign accounts receivable plus 50% of inventories of raw materials and finished goods. This line of credit bears interest at the financial institution's prime rate plus 2% and is repayable on a weekly basis by $5,000 tranches. It is secured by a first-rank movable hypothec for an amount of $750,000 on the universality of receivables and inventories. Under the terms and conditions of the credit agreement, the Company is subject to certain covenants with respect to maintaining minimum financial ratios. These ratios also apply to long-term debt valued of $390,953 as of February 28, 2013 ($456,381 as of August 31, 2012. The covenants were met as of February 28, 2013 and August 31, 2012. The credit line was not used at the end of any period presented.

The Company also has credit cards for a maximum amount of $97,000 ($87,000 as of August 31, 2012) to finance its current operations. The balance used on these credit cards bears interest at the financial institution's prime rate plus 4%.

INFORMATION BY REPORTABLE SEGMENTS

Segmented information

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

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

	Three-month period ended February 28, 2013			Three-month period ended February 29, 2012		
	Opsens Inc.	**Opsens Solutions Inc.**	**Total**	**Opsens Inc.**	**Opsens Solutions Inc.**	**Total**
	$	**$**	**$**	**$**	**$**	**$**
External sales	359,297	1,477,469	1,836,766	544,749	1,832,788	2,377,537
Internal sales	428,388	-	428,388	479,838	-	479,838
Depreciation of property, plant and equipment	40,711	30,270	70,981	36,898	20,593	57,491
Amortization of intangible assets	5,691	1,398	7,089	9,273	1,024	10,297
Financial expenses (revenues)	(67,524)	72,477	4,953	(84,350)	73,123	(11,227)
Net profit (net loss)	(609,516)	(13,000)	(622,516)	(743,943)	68,654	(675,289)
Purchase of property, plant and equipment	70,685	148,230	218,915	16,603	66,279	82,882
Additions to intangible assets	15,496	-	15,496	26,869	1,867	28,736
Segment assets	7,322,299	4,058,423	11,380,722	4,648,842	3,957,178	8,606,020
Segment liabilities	5,635,726	657,887	6,293,613	1,591,010	441,952	2,032,962

	Six-month period ended February 28, 2013			Six-month period ended February 29, 2012		
	Opsens Inc.	**Opsens Solutions Inc.**	**Total**	**Opsens Inc.**	**Opsens Solutions Inc.**	**Total**
	$	**$**	**$**	**$**	**$**	**$**
External sales	1,023,540	3,345,975	4,369,515	1,215,995	3,656,335	4,872,330
Internal sales	625,180	-	625,180	920,654	-	920,654
Depreciation of property, plant and equipment	77,363	53,933	131,296	75,029	38,171	113,200
Amortization of intangible assets	11,613	2,800	14,413	16,425	1,875	18,300
Financial expenses (revenues)	(111,057)	137,683	26,626	(194,965)	137,398	(57,567)
Net profit (net loss)	(960,000)	358,713	(601,287)	(1,140,060)	205,973	(934,087)
Purchase of property, plant and equipment	89,832	259,256	349,088	37,871	169,731	207,602
Additions to intangible assets	26,080	-	26,080	62,248	1,867	64,115
Segment assets	7,322,299	4,058,423	11,380,722	4,648,842	3,957,178	8,606,020
Segment liabilities	5,635,726	657,887	6,293,613	1,591,010	441,952	2,032,962

Geographic segment's information

	Three-month period ended		Six-month period ended	
	February 28, 2013	**February 29, 2012**	**February 28, 2013**	**February 29, 2012**
	$	**$**	**$**	**$**
Revenues per geographic sector				
Canada	1,496,592	1,792,716	3,387,016	3,731,270
United States	102,912	423,660	344,432	783,587
Others	237,262	161,161	638,067	357,473
	1,836,766	2,377,537	4,369,515	4,872,330

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 February 28, 2013, revenues from two clients represented individually more than 10% of the total revenues of the Company, i.e. approximately 63% (Opsens Solutions Inc.'s reportable segment) and 12% (Opsens Solutions Inc.'s reportable segment).

During the three-month period ended February 29, 2012, revenues from three clients represented individually more than 10% of the total revenues of the Company, i.e. approximately 59% (Opsens Solutions Inc.'s reportable segment), 13% (Opsens Inc.'s reportable segment) and 11% (Opsens Solutions Inc.'s reportable segment).

During the six-month period ended February 28, 2013, revenues from three clients represented individually more than 10% of the total revenues of the Company, i.e. approximately 43% (Opsens Solutions Inc.'s reportable segment), 18% (Opsens Solutions Inc.'s reportable segment) and 14% (Opsens Solutions Inc.'s reportable segment).

During the six-month period ended February 29, 2012, revenues from two clients represented individually more than 10% of the total revenues of the Company, i.e. approximately 49% (Opsens Solutions Inc.'s reportable segment) and 13% (Opsens Solutions Inc.'s reportable segment).

Administrative expenses

Administrative expenses were $611,000 and $705,000 respectively for the three-month periods ended February 28, 2013 and February 29, 2012 and expenses were $1,149,000 and $1,257,000 respectively for the six-month periods ended February 28, 2013 and February 29, 2012. The decrease in administrative expenses is the result of lower professional fees related to a lawsuit settled in the second quarter of 2012.

Marketing expenses

Marketing expenses were $226,000 for the period ended February 28, 2013 compared with $239,000, for the three-month period ended February 29, 2012 and were $476,000 for the six-month period ended February 28, 2013 compared with $442,000 for the six-month period ended February 29, 2012. Lower marketing expenses are mainly attributable to a decrease in publicity and in travelling expenses, partly offset by higher salaries due to additional headcount in the Opsens Solutions Inc. operating unit.

Financial expenses (revenues)

Financial expenses reached $5,000 in the second quarter ended February 28, 2013 compared with financial revenues of $11,000 for the same period in 2012. This increase, in the second quarter of 2013, is mainly the result of lower interest income of $19,000 compared with the same quarter in 2012 and was generated by a lower balance on sale receivable and by higher interest expense of $4,000 related to the convertible debenture issued in November 2012. This was partly offset by a favourable variation of $10,000 in the gain (loss) on foreign exchange.

Financial expenses reached $27,000 for the six-month period ended February 28, 2013 compared with financial revenues of $58,000 for the same period in 2012, a negative impact of $85,000. This increase for the first half of 2013 is mainly the result of lower interest income of $41,000 compared with the corresponding period in 2012 and was generated by a lower balance on sale receivable, by an unfavourable variation of $19,000 in the gain (loss) on foreign exchange and by higher interest expense of $18,000 related to the convertible debenture issued in November 2012.

Financing activities

On November 19, 2012, the Company announced the granting of distribution and other rights to the OptoWire and the OptoMonitor, Opsens' products for measuring FFR. Under the terms of the agreement, the Company received:

- US$3 million for the distribution rights for its FFR products for Japan, Korea and Taiwan, which includes:
  - US$2 million at signing;
  - US$1 million once Opsens gets regulatory approval for its FFR devices in Japan;
- US$2 million in convertible debenture, at signing.

For the quarter ended February 28, 2013, cash flows generated by our financing activities reached $8,000. The increase in our long-term debt of $60,000 was partly offset by a $43,000 payment on our long-term debt and by the $9,000 used for interest payments.

For the six-month period ended February 28, 2013, cash flows generated by our financing activities reached $4,080,000. The increase in the long-term deferred revenues of $2,002,000, the proceeds from the issuance of the convertible debenture of $2,002,000 and the increase in our long-term debt of $190,000 were partly offset by the $97,000 payment on the long-term debt and by the $17,000 used for interest payments.

For the quarter ended February 29, 2012, cash flows generated by our financing activities reached $215,000. The increase in our long-term debt of $277,000 was partly offset by a payment $52,000 on our long-term debt and by the $10,000 used for interest payments.

For the six-month period ended February 29, 2012, cash flows generated by our financing activities reached $497,000. The increase in our long-term debt of $582,000 was partly offset by a payment $73,000 on our long-term debt and by the $12,000 used for interest payments.

Stock options granted, cancelled and expired

For the six-month period ended February 28, 2013, the Company granted to some employees and Directors a total of 1,433,667 stock options with an average exercise price of $0.24, cancelled 30,000 stock options with an exercise price of $0.20 and 500,000 stock options with an exercise price of $0.72 expired.

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	4,322,667
Convertible debentures	4,000,000
Securities on a fully diluted basis	56,188,650

The number of shares that would be issued upon conversion of the debenture may vary depending on various parameters such as the exchange rate and the conversion price per share. In the table above, the conversion was carried out on the assumption that the Canadian dollar is on par with the U.S. dollar and the conversion price is equal to the minimum conversion price which is $0.50 per share.

Investing activities

For the quarter ended February 28, 2013, cash flows used by our investing activities reached $234,000 and were mainly used for the acquisition of property, plant and equipment for an amount of $219,000 and $15,000 was used for the acquisition of intangible assets. For the six-month period ended February 28, 2013, cash flows used by our investing activities reached $375,000 and were used for acquisition of property, plant and equipment for an amount of $349,000 and $26,000 was used for the acquisition of intangible assets. Acquisitions of property, plant and equipment were made primarily for our oil and gas activities and for our FFR project.

Cash and cash equivalents

On February 28, 2013, the Company had cash and cash equivalents of $4,754,000 compared with $2,577,000 as of August 31, 2012. Of this amount as at February 28, 2013, $3,375,000 was invested in highly liquid and safe investments. The Company also has an available line of credit in the amount of $200,000. This line of credit bears interest at prime +2%. The Company is in compliance with all financial ratios.

Financial position

As at February 28, 2013, Opsens had a working capital of $7,672,000 compared with a working capital of $4,300,000 as at August 31, 2012. Based on the recent agreement for the granting of distribution and other rights for FFR products, debt financing with the MDEIE and its financial institution, 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 coming quarters.

For the coming quarters, the Company does not anticipate additional investment into the working capital.

CAPACITY TO GENERATE RESULTS

As discussed in the section regarding financial position, the Company has the required financial resources for its short-term operations, to fulfill its commitments, to support its growth plan and for the development of its activities. On a mid-term perspective, it is possible that additional financing, through the issuance of shares or through debt financing, might be required.

During the next year, the activity level should not require additional investment in working capital. Investments in capital of a few hundreds of thousands of dollars will be needed to respond to Opsens' operational needs.

From the human resources' perspective, there are no vacancies in the major executive and technical positions 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 in 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' interest with corporate executives' interest. This long-term vision stimulates innovation and the development of recurrent revenues.

FUTURE ACCOUNTING CHANGES

Future accounting changes, as described in note 3 of the Audited Consolidated Financial Statements for the year ended August 31, 2012, have not materially changed since August 31, 2012.

OFF-BALANCE SHEET ARRANGEMENTS

As of February 28, 2013, the Company was not the primary beneficiary in Special Purpose Entities and there were no off-balance sheet arrangements.

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, 2012.

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) Thierry Dumas

April 22, 2013