MANAGEMENT DISCUSSION & ANALYSIS

Quarterly report for shareholders
Second quarter ended May 31, 2013

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, 2013, and for the quarter and nine-month period ended this date, in comparison with the corresponding period ended May 31, 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 July 3, 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 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, Opsens' ability to manage successfully under these uncertain conditions and other factors. Consequently, the reader should not rely 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 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 selected 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 slightly increase compared 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 May 31, 2013	Three-month period ended May 31, 2012	Nine-month period ended May 31, 2013	Nine-month period ended May 31, 2012
	$	$	$	$
Sales	1,706	2,174	6,075	7,046
Cost of sales	1,142	1,315	3,650	4,711
Gross margin	564	859	2,425	2,335
Administrative expenses	546	553	1,695	1,810
Marketing expenses	254	304	729	747
R&D expenses	426	418	1,238	1,186
Financial expenses (revenues)	27	(59)	53	(117)
	1,253	1,216	3,715	3,626
Loss before income taxes	(689)	(357)	(1,290)	(1,291)
Net loss and comprehensive loss	(689)	(357)	(1,290)	(1,291)
Net loss per share – Basic	(0.01)	(0.01)	(0.03)	(0.03)
Net loss per share – Diluted	(0.01)	(0.01)	(0.03)	(0.03)

(In thousands of Canadian dollars)	As at May 31, 2013	As at August 31, 2012
	$	$
Current assets	8,657	5,895
Total assets	10,723	7,735
Current liabilities	1,561	1,595
Long-term debt	4,727	507
Shareholders' equity	4,435	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 May 31, 2013**	**Three-month period ended February 28, 2013**	**Three-month period ended November 30, 2012**	**Three-month period ended August 31, 2012**
	$	**$**	**$**	**$**
Revenues	1,706	1,836	2,533	1,416
Net profit (net loss) for the period	(689)	(623)	21	(639)
Net profit (net loss) per share – Basic	(0.01)	(0.01)	0.00	(0.01)
Net profit (net loss) per share – Diluted	(0.01)	(0.01)	0.00	(0.01)

(In thousands of Canadian dollars)	**Three-month period ended May 31, 2012**	**Three-month period ended February 29, 2012**	**Three-month period ended November 30, 2011**	**Three-month period ended August 31, 2011**
	$	**$**	**$**	**$**
Revenues	2,174	2,377	2,495	1,107
Net loss for the period	(357)	(675)	(259)	(718)
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)

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 NINE-MONTH PERIODS ENDED MAY 31, 2013 AND 2012

DISTRIBUTION, SALES, AND LONG-TERM RECURRING REVENUES

(In thousands of Canadian dollars except for percentage data figures)	Three-month period ended May 31, 2013 $		Three-month period ended May 31, 2012 $	Nine-month period ended May 31, 2013 $		Nine-month period ended May 31, 2012 $
Revenues	1,706		2,174	6,075		7,046
Growth rate (%)		(21.5%)			(13.8%)	
Gross margin	564		859	2,425		2,335
Growth rate (%)		(34.3%)			3.9%	

The Company reported consolidated revenues of $1,706,000 for the three-month period ended May 31, 2013, compared with $2,174,000 for the three-month period ended May 31, 2012, a decrease of 22%. For the nine-month period ended May 31, 2013, consolidated revenues were $6,075,000 compared with $7,046,000 in the same period last year, a decrease of 14%.

Sales in the oil and gas sector totalled $1,355,000 compared with $1,594,000 in the comparative three-month period. Sales in this field were $4,733,000 and $5,266,000 respectively for the nine-month periods ended May 31, 2013 and 2012. Lower revenues in oil and gas are explained by several installations originally planned for the third quarter that were carried over to the next quarters. Management anticipates that revenues from oil and gas will show growth for the fourth quarter of 2013 compared to fourth quarter of 2012, as the backlog for the fourth quarter of fiscal 2013 already reflects a sustained growth with an increase in OPP-W's sales.

Revenues in the laboratories field totaled $176,000 for the three-month period ended May 31, 2013 compared with revenues of $315,000 for the same period in 2012. Lower revenues in the laboratories field are explained by higher sales in the third quarter in 2012 compared with historical sales levels in that field. For the nine-month periods ended May 31, 2013 and 2012, revenues were $833,000 and $714,000, respectively.

(In thousands of Canadian dollars except for percentage data figures)	Three-month period ended May 31, 2013 Opsens Inc.'s reportable segment $	Three-month period ended May 31, 2013 Opsens Solutions Inc.'s reportable segment $	Three-month period ended May 31, 2013 Eliminations $	Three-month period ended May 31, 2013 Consolidated financial statements $
Revenues	893	1,327	(514)	1,706
Cost of sales	776	880	(514)	1,142
Gross margin	117	447	-	564
Gross margin rate (%)	13%	34%	-	33%

(In thousands of Canadian dollars except for percentage data figures)	Three-month period ended May 31, 2012	Three-month period ended May 31, 2012	Three-month period ended May 31, 2012	Three-month period ended May 31, 2012
	Opsens Inc.'s reportable segment $	**Opsens Solutions Inc.'s reportable segment $**	**Eliminations $**	**Consolidated financial statements $**
Revenues	735	1,594	(155)	2,174
Cost of sales	402	1,068	(155)	1,315
Gross margin	333	526	-	859
Gross margin rate (%)	45%	33%	-	39%

The consolidated gross margin and gross margin rate for the quarter ended May 31, 2013 decrease from the comparative quarter in 2012 is attributable to lower revenues as explained previously.

(In thousands of Canadian dollars except for percentage data figures)	Nine-month period ended May 31, 2013	Nine-month period ended May 31, 2013	Nine-month period ended May 31, 2013	Nine-month period ended May 31, 2013
	Opsens Inc.'s reportable segment $	**Opsens Solutions Inc.'s reportable segment $**	**Eliminations $**	**Consolidated financial statements $**
Revenues	2,542	4,673	(1,140)	6,075
Cost of sales	1,909	2,881	(1,140)	3,650
Gross margin	633	1,792	-	2,425
Gross margin rate (%)	25%	38%	-	40%

(In thousands of Canadian dollars except for percentage data figures)	Nine-month period ended May 31, 2012	Nine-month period ended May 31, 2012	Nine-month period ended May 31, 2012	Nine-month period ended May 31, 2012
	Opsens Inc.'s reportable segment $	**Opsens Solutions Inc.'s reportable segment $**	**Eliminations $**	**Consolidated financial statements $**
Revenues	2,872	5,250	(1,076)	7,046
Cost of sales	2,159	3,628	(1,076)	4,711
Gross margin	713	1,622	-	2,335
Gross margin rate (%)	25%	31%	-	33%

The consolidated gross margin and the consolidated gross margin rate on product sales increased for the nine-month period ended May 31, 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 remain close to its target of 40% over the next quarters.

As at May 31, 2013, the backlog amounted to $4,921,000 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, fluctuations in the exchange rate affects revenues. For the three-month period ended May 31, 2013, the average exchange rate was higher than the previous year, which affected positively the revenues by $8,000 (positive impact of $21,000 for three-month period ended May 31, 2012). For the nine-month period ended May 31, 2013, the average exchange rate was lower than the previous year, which affected negatively revenues by $10,000 (positive effect of $28,000 for the nine-month period ended May 31, 2012).

Market acceptance of fiber optic sensors is increasing in the Company's markets. 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 nine-month periods ended May 31, 2013 and 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 nine-month period ended May 31, 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 increased from $418,000 to $426,000 for the three-month period ended May 31, 2013 compared with 2012. The increase is mainly attributable to verification and validation expenses for our FFR project that is well underway.

Research and development expenses increased to $1,237,000 from $1,186,000 for the nine-month periods ended May 31, 2013 compared with the same period in 2012. The variation reflects higher staffing level required for the FFR project.

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 of its FFR product in the second half of 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 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 May 31, 2013**	**Three-month period ended May 31, 2012**	**Nine-month period ended May 31, 2013**	**Nine-month period ended May 31, 2012**
	$	**$**	**$**	**$**
Net loss	(689)	(357)	(1,290)	(1,291)
Financial expenses (revenues)	27	(59)	54	(116)
Depreciation of property, plant and equipment	77	57	209	170
Amortization of intangible assets	8	8	23	26
EBITDA	(577)	(351)	(1,004)	(1,211)
Stock-based compensation costs	36	27	91	108
EBITDAO	(541)	(324)	(913)	(1,103)

Net Loss

For the three-month period ended May 31, 2013, net loss totalled $689,000 compared with $357,000 a year earlier. The increase in net loss and the decrease of the EBITDAO compared with last year is explained by lower gross margin as explained previously partly offset by lower administrative and marketing expenses, reflecting effective cost control by the Company.

For the nine-month period ended May 31, 2013, net loss totalled $1,290,000 compared with $1,291,000 a year earlier. The improvement of EBITDAO mainly reflects the increase in gross margin, lower administrative and marketing expenses partly offset by higher 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 will be sufficient to offset the increase in administrative, marketing and R&D expenses. We should not see any significant variance in the EBITDAO compared to last year.

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 insured 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 $358,238 as of May 31, 2013 ($456,381 as of August 31, 2012. The covenants were met as of May 31, 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 amount which approximates prevailing prices in the markets.

	Three-month period ended May 31, 2013			Three-month period ended May 31, 2012		
	Opsens Inc.	Opsens Solutions Inc.	Total	Opsens Inc.	Opsens Solutions Inc.	Total
	$	$	$	$	$	$
External sales	378,345	1,327,434	1,705,779	580,241	1,593,893	2,174,134
Internal sales	514,564	-	514,564	154,868	-	154,868
Depreciation of property, plant and equipment	45,496	31,952	77,448	36,019	21,205	57,224
Amortization of intangible assets	6,714	1,453	8,167	6,921	953	7,874
Financial expenses (revenues)	(50,143)	77,063	26,920	(131,066)	72,175	(58,891)
Net profit (net loss)	(616,733)	(71,918)	(688,651)	(398,968)	41,647	(357,321)
Purchase of property, plant and equipment	32,210	28,701	60,911	20,692	22,552	43,244
Additions to intangible assets	21,486	600	22,086	14,318	-	14,318
Segment assets	6,474,509	4,248,809	10,723,318	4,819,047	3,265,797	8,084,844
Segment liabilities	5,665,758	622,952	6,288,710	1,508,462	333,887	1,842,349

	Nine-month period ended May 31, 2013			Nine-month period ended May 31, 2012		
	Opsens Inc.	Opsens Solutions Inc.	Total	Opsens Inc.	Opsens Solutions Inc.	Total
	$	$	$	$	$	$
External sales	1,401,885	4,673,409	6,075,294	1,796,236	5,250,228	7,046,464
Internal sales	1,139,744	-	1,139,744	1,075,522	-	1,075,522
Depreciation of property, plant and equipment	122,859	85,885	208,744	111,048	59,376	170,424
Amortization of intangible assets	18,327	4,253	22,580	23,346	2,828	26,174
Financial expenses (revenues)	(161,200)	214,746	53,546	(326,030)	209,572	(116,458)
Net profit (net loss)	(1,576,733)	286,795	(1,289,938)	(1,536,028)	247,620	(1,291,408)
Purchase of property, plant and equipment	122,042	287,957	409,999	58,564	192,282	250,846
Additions to intangible assets	47,566	600	48,166	76,566	1,867	78,433
Segment assets	6,474,509	4,248,809	10,723,318	4,819,047	3,265,797	8,084,844
Segment liabilities	5,665,758	622,952	6,288,710	1,508,462	333,887	1,842,349

Geographic segment's information

	Three-month period ended		Nine-month period ended	
	May 31, 2013	**May 31, 2012**	**May 31, 2013**	**May 31, 2012**
	$	**$**	**$**	**$**
Revenues per geographic sector				
Canada	1,329,586	1,628,874	4,716,602	5,360,144
United States	109,210	281,081	453,642	1,064,668
Others	266,983	264,179	905,050	621,652
	1,705,770	2,174,134	6,075,294	7,046,464

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, 2013, revenues from three clients represented individually more than 10% of the total revenues of the Company, i.e. approximately 53% (Opsens Solutions Inc.'s reportable segment), 13% (Opsens Solutions Inc's reportable segment) and 10% (Opsens Solutions Inc.'s reportable segment).

During the three-month period ended May 31, 2012, revenues from two clients represented individually more than 10% of the total revenues of the Company, i.e. approximately 50% (Opsens Solutions Inc.'s reportable segment) and 20% (Opsens Solutions Inc.'s reportable segment).

During the nine-month period ended May 31, 2013, revenues from three clients represented individually more than 10% of the total revenues of the Company, i.e. approximately 46% (Opsens Solutions Inc.'s reportable segment), 13% (Opsens Solutions Inc.'s reportable segment) and 13% (Opsens Solutions Inc.'s reportable segment).

During the nine-month period ended May 31, 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 15% (Opsens Solutions Inc.'s reportable segment).

Opsens Inc. segment

For the three-month period ended May 31, 2013, revenues from Opsens Inc. segment decreased by $202,000 compared to the same period last year. This decrease was primarily due to lower budgets of government agencies since they constitute an important market for Opsens Inc.'s products.

Given the decrease in revenues as explained above and the decrease in gross margin as explained under "DISTRIBUTION, SALES AND LONG-TERM RECURRING REVENUES" section of this MD&A, net loss of Opsens Inc. segment increased from $399,000 for the three-month period ended May 31, 2012 to $617,000 for the three-month period ended May 31, 2013.

For the nine-month period ended May 31, 2013, revenues from Opsens Inc. segment decreased by $394,000 compared to the same period last year. This decrease is primarily attributable to the termination of the manufacturing contract in the transformers field.

Given the decrease in revenues as explained above, offset by the increase in gross margin as explained under "DISTRIBUTION, SALES AND LONG-TERM RECURRING REVENUES" section of this MD&A, net loss of Opsens Inc. segment remained relatively stable from $1,536,000 for the three-month period ended May 31, 2012 to $1,577,000 for the three-month period ended May 31, 2013.

The working capital of Opsens Inc. segment as at May 31, 2013 was $4,844,000 compared to $ 2,936,000 as at August 31, 2012. The increase of $1,908,000 in the working capital is due to the amounts received by Opsens Inc. following the signing of the distribution agreement with a japanese medical company in November 2012. Of this amount, a sum of $1,368,000 was invested in the working capital and another portion was used to offset the net loss for the period.

Opsens Solutions Inc. segment

For the three-month period ended May 31, 2013, revenues from Opsens Solutions Inc. segment decreased by $267,000 compared to the same period last year. This decrease is mainly attributable to installations originally planned for the third quarter of 2013 carried over to the next quarters.

Given the decrease in revenues as explained above, partially offset by the increase in gross margin as explained under "DISTRIBUTION, SALES AND LONG-TERM RECURRING REVENUES", net income of Opsens Solutions Inc. segment went from $42,000 for the three-month period ended May 31, 2012 to a net loss of $72,000 for the three-month period ended May 31, 2013.

For the nine-month period ended May 31, 2013, revenues from Opsens Solutions Inc. segment decreased by $577,000 compared to the same period last year. This decrease is mainly attributable to installations originally planned for the third quarter of 2013 carried over to the next quarters.

Given the increase in the gross margin, as explained under "DISTRIBUTION, SALES AND LONG-TERM RECURRING REVENUES", partially offset by lower revenues as explained above, net profit of Opsens Solutions Inc. segment increased from $248,000 for the nine-month period ended May 31, 2012 to $287,000 for the nine-month period ended May 31, 2013.

The working capital of Opsens Solutions Inc. segment as at May 31, 2013 was $2,440,000 compared to $1,364,000 as at August 31, 2012. The increase of $1,076,000 in the working capital is due advances received from Opsens Inc. segment.

Administrative expenses

Administrative expenses were $545,000 and $553,000 respectively for the three-month periods ended May 31, 2013 and 2012. The decrease in administrative expenses is explained by legal fees incurred in 2012 related to partnership discussions partly offset by higher salaries in 2013 compared to 2012 since the position of President of Opsens Solutions Inc. was vacant.

For the nine-month periods ended May 31, 2013 and 2012, administrative expenses were $1,695,000 and $1,811,000 respectively for the nine-month periods ended May 31, 2013 and 2012. The decrease in administrative expenses is the result of lower professional fees related to a lawsuit settled in the second quarter of 2012 partly offset by higher salaries fees as explained in the preceding paragraph.

Marketing expenses

Marketing expenses were $254,000 for the period ended May 31, 2013 compared with $305,000, for the three-month period ended May 31, 2012. The decrease in marketing expenses is mainly attributable to lower salaries explained by lower headcount when compared to last year and by a decrease in travelling expenses.

For the nine-month periods ended May 31, 2013 and 2012, marketing expenses were somewhat stable at $730,000 and $747,000, respectively.

Financial expenses (revenues)

Financial expenses reached $27,000 in the third quarter ended May 31, 2013 compared with financial revenues of $59,000 for the same period in 2012. This increase in the financial expenses in the third quarter of 2013 is explained by an unfavorable variation of $32,000 in the gain (loss) on foreign exchange and by a lower interest income of $33,000 compared with the same quarter in 2012 explained by a lower balance on sale receivable.

Financial expenses reached $54,000 for the nine-month period ended May 31, 2013 compared with financial revenues of $116,000 for the same period in 2012, a negative impact of $170,000. This increase for the first nine months of 2013 is mainly the result of lower interest income of $74,000 compared with the corresponding period in 2012 and was generated by a lower balance on sale receivable, by an unfavourable variation of $51,000 in the gain (loss) on foreign exchange and by higher interest expense of $44,000 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 May 31, 2013, cash flows generated by our financing activities reached $32,000. The increase in our long-term debt of $76,000 was partly offset by the $30,000 payments on our long-term debt and by the $14,000 used for interest payments.

For the nine-month period ended May 31, 2013, cash flows generated by our financing activities reached $4,112,000. 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 $265,000 were partly offset by the $127,000 payments on the long-term debt and by the $31,000 used for interest payments.

For the quarter ended May 31, 2012, cash flows generated by our financing activities reached $21,000. The increase in our long-term debt of $71,000 was partly offset by payments of $33,000 on our long-term debt and by the $16,000 used for interest payments.

For the nine-month period ended May 31, 2012, cash flows generated by our financing activities reached $518,000. The increase in our long-term debt of $653,000 was partly offset by payments of $106,000 on our long-term debt and by the $28,000 used for interest payments.

Stock options granted, cancelled and expired

For the nine-month period ended May 31, 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 35,000 stock options with an exercise price of $0.20 and 715,000 stock options with an exercise price of $0.77 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	4,102,667
Convertible debentures	4,000,000
Securities on a fully diluted basis	55,968,650

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 May 31, 2013, cash flows used by our investing activities reached $83,000 and were mainly used for the acquisition of property, plant and equipment for an amount of $61,000 and $22,000 was used for the acquisition of intangible assets. For the nine-month period ended May 31, 2013, cash flows used by our investing activities reached $458,000 and were used for acquisition of property, plant and equipment for an amount of $410,000 and $48,000 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 May 31, 2013, the Company had cash and cash equivalents of $4,036,000 compared with $2,577,000 as of August 31, 2012. Of this amount as at May 31, 2013, $3,401,000 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 May 31, 2013, Opsens had a working capital of $7,096,000 compared with a working capital of $4,300,000 as at August 31, 2012. Based on the 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 fourth quarter of 2013, 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.

For next year, the activity level should require additional investment of a few hundreds of thousands of dollars in working capital. In addition, 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 May 31, 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

July 3, 2013