Financial Statements of

Opsens Inc.

August 31, 2006 and 2005

Opsens Inc.
August 31, 2006 and 2005

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Auditors' Report

To the Shareholders of
Opsens Inc.

We have audited the balance sheets of Opsens Inc. as at August 31, 2006 and 2005 and the statements of loss, deficit and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at August 31, 2006 and 2005 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants

October 6, 2006
(October 25, 2006 for Note 25)

Opsens Inc.

Statements of Loss

Years ended August 31, 2006 and 2005

	2006	2005
	$	$
Revenues		
Sales	691,169	131,018
Partnership revenue	230,612	619,164
	921,781	750,182
Cost of sales	367,227	171,393
Gross margin	554,554	578,789
Expenses		
Administrative	324,281	207,616
Marketing	433,598	220,671
Research and development	418,268	329,402
Financial	148,324	94,925
	1,324,471	852,614
Loss before accretion on Class A retractable shares and income taxes	(769,917)	(273,825)
Accretion on Class A retractable shares	272,680	-
Loss before income taxes	(1,042,597)	(273,825)
Income taxes (Note 19)	-	-
Net loss	(1,042,597)	(273,825)

The accompanying notes are an integral part of the financial statements.

Additional information on the Statements of Loss is presented in Note 23.

Opsens Inc.
Statements of Deficit
Years ended August 31, 2006 and 2005

	2006	2005
	$	$
Balance at beginning	699,052	425,227
Net loss	1,042,597	273,825
	1,741,649	699,052
Issuance expenses on equity components	15,845	-
Balance at end	1,757,494	699,052

The accompanying notes are an integral part of the financial statements.

Opsens Inc.
Balance Sheets
August 31

	2006	2005
	$	$
Assets		
Current assets		
Cash and cash equivalents	323,420	132,196
Accounts receivable (Note 5)	171,791	75,514
Income tax credits receivable (Note 20)	477,150	415,137
Inventories (Note 6)	179,781	70,219
Prepaid expenses	19,823	18,773
	1,171,965	711,839
Property, plant and equipment (Note 7)	268,736	272,637
Intangible assets (Note 8)	98,688	51,216
Deferred financing costs	70,528	5,171
	1,609,917	1,040,863
Liabilities		
Current liabilities		
Demand loans (Note 10)	204,824	150,000
Demand loans with *Capital DCB Inc.* (Notes 10 and 25)	250,000	-
Accounts payable and accrued liabilities (Notes 11 and 17)	279,919	215,348
Deferred revenue	20,000	50,612
Current portion of long-term debt (Note 12)	133,907	80,794
	888,650	496,754
Long-term debt (Note 12)	622,622	935,098
Convertible debentures (Note 13)	-	278,763
Class A retractable shares (Note 14)	773,767	-
	2,285,039	1,710,615
Shareholders' equity		
Share capital (Note 14)	1,082,372	500
Equity component of convertible debentures (Note 13)	-	28,800
Deficit	(1,757,494)	(699,052)
	(675,122)	(669,752)
	1,609,917	1,040,863

The accompanying notes are an integral part of the financial statements.

References:
- Commitments (Note 16)
- Contractual guarantees (Note 17)
- Subsequent events (Note 25)

Approved by the Board

[Signed Pierre Carrier] Director

[Signed Mario Jacob] Director

Opsens Inc.

Statements of Cash Flows
Years ended August 31, 2006 and 2005

	2006	2005
	$	$
Operating activities		
Net loss	(1,042,597)	(273,825)
Adjustments for:		
Amortization of property, plant and equipment	62,579	53,953
Amortization of intangible assets	13,489	3,271
Amortization of deferred financing costs	5,392	1,080
Premium payable to *Investissement Québec*	8,520	8,520
Premium payable to *Canada Economic Development*	22,293	-
Premium payable on notes payable to certain shareholders	-	5,455
Imputed interest on convertible debentures	5,881	6,646
Accretion on Class A retractable shares	272,680	-
Changes in non-cash operating working capital items (Note 15)	(234,943)	(277,355)
	(886,706)	(472,255)
Investing activities		
Acquisition of property, plant and equipment	(61,688)	(152,913)
Income tax credits for R&D on property, plant and equipment	3,010	14,040
Acquisition of intangible assets	(61,326)	(47,430)
Credits for R&D on intangible assets	365	1,138
	(119,639)	(185,165)
Financing activities		
Increase in deferred financing costs	(70,749)	-
Increase in demand loans	304,824	70,500
Increase in long-term debt	224,051	464,454
Reimbursement of long-term debt	(94,712)	(44,280)
Increase in convertible debentures	300,000	150,000
Issuance of Class A shares	550,000	-
Issuance expenses of equity component	(15,845)	-
	1,197,569	640,674
Increase (decrease) in cash and cash equivalents	191,224	(16,746)
Cash and cash equivalents at beginning	132,196	148,942
Cash and cash equivalents at end	323,420	132,196

The accompanying notes are an integral part of the financial statements.

Additional information is presented in Note 15.

1. Description of business

The Company, incorporated on August 22, 2003 under Part IA of the *Companies Act* (Québec), specializes in developing and manufacturing technical and scientific instruments.

Since its incorporation, the Company has carried out research and development work, set up research laboratories and facilities, initiated marketing activities, and secured financing.

The Company has financed its cash requirements primarily through share issuances, loans, research and development tax credits and government assistance and was deemed to be in the start-up phase. However, with the realization of significant sales of products, and the signing of the agreement in principle with *DCB Capital Inc.* (DCB) (Note 25), the Company has not been deemed to be in the start-up phase since May 31, 2006.

The financial statements are prepared using valid accounting principles in a context of ongoing operations, which depends on the Company's ability to develop and market its products and to obtain the required financing to support its operations.

2. Qualifying transaction and basis for presentation

On June 28, 2006, the Company signed an agreement in principle with respect to a qualifying proposed transaction under Policy 2.4 of the TSX Venture Exchange with DCB Capital Inc. (DCB), under which *DCB* proposes to issue a maximum of 20,000,000 common shares of its capital at a price of $0.40 per share to the Company's shareholders for a consideration of all of the Company's issued and outstanding shares.

If this transaction takes place, the combination will be accounted for as a reverse takeover, considering that the Company is the acquiring company. Following the qualifying transaction, the Company will be wound-up or merged according to the solution that is the most beneficial to the combined company in order to form the resulting issuer.

The completion of the qualifying transaction is subject to certain conditions including approval from the regulatory authorities. One of the conditions to the agreement, and prior to the closing of the final agreement, is the completion of the financing by DCB or the resulting issuer, in the amount varying from $1,000,000 to $2,000,000 and this, before October 18, 2006, or at any other date agreed to by the parties, as well as the implementation of a stock option plan.

On October 3, 2006, the Company completed the qualifying transaction as well as the required placement (Note 25).

3. Recent accounting policies

a) *For the year ended August 31, 2006*

Consolidation of variable interest entities

On September 1, 2005, the Company adopted the recommendations of Accounting Guideline 15 (AcG-15), *"Consolidation of Variable Interest Entities"* (VIEs). AcG-15 provides clarification on the consolidation of those entities defined as VIEs, in which equity investors are not considered to have a controlling financial interest, or in which they have not invested enough equity to allow the entity to finance its activities without additional subordinated financial support from other parties. According to AcG-15, a company must consolidate a VIE when it is considered to be the primary beneficiary. The adoption of this guideline had no impact on the Company's financial statements.

3. Recent accounting policies (continued)

a) *For the year ended August 31, 2006 (continued)*

Financial instruments

The Company adopted the recommendations of Section 3860 of the CICA Handbook on the classification of financial instruments as liabilities or equity. Therefore, Class A retractable shares are presented as liabilities at their retraction amount of $773,767 rather than as equity. This accounting policy was adopted effective September 1, 2005. The adoption of this recommendation did not have an impact on the financial statements of previous years. The effect of this recommendation was to reduce share capital by $501,087 and increase long-term liabilities of $773,767 representing the retraction amount of these shares as at August 31, 2006. In addition, the net loss for the year ended August 31, 2006 increased by $272,680, representing the accretion on these shares since their issuance.

Warranties

The Company accounts for a provision based on the estimated costs associated with warranties on products when the sales-related revenues of these products are recognized. The Company's products are generally covered by a replacement warranty on defective parts for a period of one year following delivery of the product. The liabilities generated by the realization of warranties depend on the rate of product default and the prescribed developments with respect to the requirements in the territories where the Company carries on business.

The estimate of the Company's costs is based on the historical failure of its products and components as well as the anticipated rate of product default and the repair costs of the units. Based on the fluctuation of the rate of product default or repair costs of the units, the Company may be required to review the estimate of the warranty provision.

b) *For the year ended August 31, 2005*

Generally accepted accounting principles

On September 1, 2004, the Company adopted the recommendations of Section 1100 of the CICA Handbook, "Generally Accepted Accounting Principles". Section 1100 establishes standards for financial reporting in accordance with generally accepted accounting principles (GAAP). It describes what constitutes Canadian generally accepted accounting principles and its sources. This Section also provides guidance on sources to consult when selecting accounting policies and determining appropriate disclosures when a matter is not dealt with explicitly in the primary sources of generally accepted accounting principles. Furthermore, the Section abolishes industry practices as a source of GAAP unless they are consistent with the primary sources of GAAP. The adoption of these recommendations did not have an impact on the Company's financial statements.

Impairment of long-lived assets

On September 1, 2004, the Company adopted the recommendations of Section 3063 of the CICA Handbook, "Impairment of Long-Lived Assets". In accordance with this new standard, impairments must be recognized when the carrying amount of a long-lived asset held for use exceeds the undiscounted cash flows expected to result from its use and disposal. An impairment loss should be measured as the amount by which the carrying amount of a long-lived asset exceeds its fair value. The adoption of these recommendations did not have an impact on the Company's financial statements.

4. Accounting policies

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include the following policies:

Cash and cash equivalents

Cash and cash equivalents include cash and short-term investments with a maturity of three months or less beginning on the acquisition date.

Inventories

Raw materials are valued at the lower of cost and replacement cost, and finished goods are valued at the lower of cost and the net realizable value. Cost is determined using the first in, first out method.

Property, plant and equipment and intangible assets

Property, plant and equipment and intangible assets with finite lives are recorded at their acquisition cost. Amortization is provided using the declining balance method based on their useful lives as follows, except for patents, which are amortized using the straight-line method at the following annual rates:

Property, plant and equipment

Office furniture and equipment	20%
Production equipment	20%
Research and development equipment	20%
Research and development computer equipment	30%
Computer equipment	30%

Intangible assets with finite lives

Patents	Term of underlying patent
Software	30%

Intangible assets with indefinite lives are recorded at cost and are tested for impairment annually or more frequently if events of changes in circumstances indicate a potential impairment in value. The excess of the carrying value over the fair value is recorded in loss.

Deferred financing costs

Deferred financing costs comprise legal expenses and expenses incurred for the issuance of long-term debt and expenses incurred to complete the qualifying transaction and the related placement. They are amortized using the straight-line method over the term of the corresponding debt and are applied against equity for expenses related to the qualifying transaction.

4. Accounting policies (continued)

Government assistance and income tax credits for research and development

Government grants are recorded when there is reasonable assurance that the Company has complied with and will continue to comply with all the conditions of the grant. Non-repayable grants or contributions related to operating expenses are included in the statement of loss when the related expenses are incurred. Grants related to capital expenditures are netted against the related assets when acquired.

The Company is also eligible for income tax credits for scientific research and experimental development (SR&ED) awarded by the federal and provincial governments. The portion of SR&ED credits immediately receivable is accounted for in the year during which the related costs or capital expenses are incurred. The portion of SR&ED credits not immediately receivable is accounted for in the year during which these costs or expenses are incurred, provided the Company has reasonable assurance that these credits will be recovered.

Income tax credits are applied against expenses or related assets. Recorded income tax credits are based on management's estimates of amounts expected to be recovered and are subject to an audit by the taxation authorities.

Income taxes

The Company accounts for income taxes using the tax liability method. Under this method, future income tax assets and liabilities are recognized for deductible or taxable temporary differences between the carrying value and the tax value of the assets and liabilities based on the enacted or substantially enacted tax rates expected to apply to the year in which the differences are expected to reverse.

The Company establishes a valuation allowance against future income tax assets if, based on available information, it is more likely than not that some or all the future income tax assets will not be realized.

Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate prevailing at the balance sheet date while non-monetary items are translated at the historical rate. Revenues and expenses denominated in foreign currencies are recorded at the average rate of exchange prevailing during the period, except for depreciation and amortization, which is translated at the historical rate. Foreign exchange gains or losses are included in expenses for the year.

Revenue recognition

Revenues related to the sale of products are recognized when persuasive evidence of an arrangement exists, delivery has occurred, the price to the buyer is fixed or determinable and collection is reasonably assured.

Partnership revenues are recorded using the percentage of completion method. Therefore, these revenues are recognized proportionately with the degree of completion of work. The Company uses the efforts expended method to calculate the degree of completion of work based on the number of hours incurred at the balance sheet date compared to estimated total number of hours. Work in progress is valued by taking into consideration the number of hours worked and which have not yet been invoiced, and the receipts. Losses are recorded as soon as they become apparent.

4. Accounting policies (continued)

Financial instruments

The Company adopted the recommendations of the Canadian Institute of Chartered Accountants (CICA) on the classification of financial instruments as liabilities or equity. As a result, the liability and equity components of convertible debentures are presented separately. Accordingly, the fair value of the liability component is presented at the discounted value of the contractual series of future cash flows, calculated on the open market interest rate for instruments with a comparable rating and essentially generating the same cash flows, at the same terms and conditions, but without a conversion option. The liability component is recorded at a discounted amount of its nominal value. This value will be accreted over its term through charges to interest expense and, at maturity, this value will be equal to the nominal value of the debentures.

Use of estimates

The presentation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

5. Accounts receivable

	2006	2005
	$	$
Trade	143,470	35,564
Taxes receivable	28,321	19,078
Advances receivable	-	12,453
Grant receivable	-	8,419
	171,791	75,514

6. Inventories

	2006	2005
	$	$
Raw materials	162,521	58,576
Finished goods	17,260	11,643
	179,781	70,219

7. Property, plant and equipment

2006	Cost	Accumulated Amortization	Net Book Value
	$	$	$
Office furniture and equipment	35,937	10,455	25,482
Leased office furniture and equipment	4,860	485	4,375
Production equipment	33,408	7,666	25,742
Research and development equipment, net of income tax credits of $23,834	278,810	98,988	179,822
Research and development computer equipment, net of income tax credits of $3,078	19,556	8,977	10,579
Computer equipment	34,021	11,285	22,736
	406,592	137,856	268,736

2005	Cost	Accumulated Amortization	Net Book Value
	$	$	$
Office furniture and equipment	24,947	5,538	19,409
Production equipment	25,578	2,558	23,020
Research and development equipment, net of income tax credits of $21,634	263,558	56,054	207,504
Research and development computer equipment, net of income tax credits of $2,268	13,933	5,273	8,660
Computer equipment	19,898	5,854	14,044
	347,914	75,277	272,637

8. Intangible assets

2006	Cost	Accumulated Amortization	Net Book Value
	$	$	$
Indefinite lives			
Trademarks	200	-	200
Finite lives			
Patents	86,595	6,873	79,722
Software	28,811	10,045	18,766
	115,606	16,918	98,688

2005	Cost	Accumulated Amortization	Net Book Value
	$	$	$
Finite lives			
Patents	33,577	-	33,577
Software	21,068	3,429	17,639
	54,645	3,429	51,216

9. Authorized line of credit

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 and $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 this amount 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. Two of these ratios have not been respected as at August 31, 2006 and the Company has received a margin call waiver from the creditor for a twelve-month period.

The Company also has credit cards for a maximum amount of $50,000 to finance its current operations. The balance used on these credit cards bears interest at the financial institution’s prime rate plus 4%.

10. Demand loans

The Company has an authorized demand loan that is limited to an amount of $358,500, to finance a maximum of 75% of the income tax credits receivable for scientific research and experimental development. This loan bears interest at the financial institution's prime rate plus 1.75% and is repayable on demand no later than 18 months following the grant date of this amount, from the receipt of income tax credits. This loan is secured by a first-rank movable hypothec in the amount of $358,500, on the universality of federal and provincial income tax credits receivable and by a second-rank movable hypothec in the amount of $358,500, on the universality of receivables, and by a guarantee certificate issued by *Investissement Québec* in the amount of $286,800 to ensure the repayment of the bank loan.

On August 3, 2006, DCB Capital Inc., as part of the qualifying transaction (Note 25), extended a loan in the amount of $250,000 to the Company, repayable on demand, but no later than August 3, 2007, and bearing interest at the prime rate of the Company's financial institution, plus 2%, secured by a movable hypothec in the amount of $300,000 on the universality of the Company's property.

11. Accounts payable and accrued liabilities

	2006	2005
	$	$
Suppliers	261,820	213,722
Provision for warranty	11,703	-
Payable to shareholders	6,396	1,626
	279,919	215,348

12. Long-term debt

	2006	2005
	$	$
BDC loan of an authorized amount of $285,000, bearing interest at the Bank's prime rate plus 2.5%, repayable in monthly principal instalments of $3,690 and a final payment of $870 in January 2011, secured by a first-rank movable hypothec in the amount of $285,000 on the universality of the Company's present and future, tangible and intangible property, subordinated only with respect to trade accounts receivable and inventories provided as security for the operating loans or operating lines of credits, and for which the BDC granted a subordinate clause in favour of *Investissement Québec* for an amount of $255,750 on the intellectual property, and by joint and several suretyship of certain shareholders for an amount equal to 25% of the outstanding commitment	192,750	237,030
Amounts carried forward	192,750	237,030

12. Long-term debt (continued)

	2006	2005
	$	$
Amounts carried forward	192,750	237,030
Investissement Québec loan of an authorized amount of $213,000, bearing interest at the weekly variable rate plus 3%, repayable in monthly principal instalments of $5,071 and a monthly premium of $1,014 starting in March 2006, maturing in September 2009, secured by a first-rank movable hypothec in the amount of $255,750 on the universality of the Company's present and future, tangible and intangible property, subordinated only with respect to trade accounts receivable and inventories provided as security for the operating loans or operating lines of credit, up to a maximum amount of $213,000	182,571	170,400
Premium payable to *Investissement Québec*	10,954	8,520
Contribution repayable to *Canada Economic Development* for a maximum amount of $100,000, repayable by annual royalties equal to 4% of gross annual sales effective September 1, 2004 up to 150% of the contribution paid. The total amount of the contribution should be repaid no later than November 1, 2011. The first repayment is due and payable effective November 1, 2006. Subsequent payments are due annually	100,000	100,000
Premium payable to *Canada Economic Development*	22,293	-
Contribution repayable to *Canada Economic Development* for a maximum amount of $197,835, repayable in five equal and consecutive annual instalments. The first repayment is due and payable effective February 1, 2008	197,835	80,427
Canada Small Business Financing Act loan, for an authorized amount of $119,340, bearing interest at the financial institution's prime rate plus 2.75% annually, repayable in monthly principal instalments of $1,423 until May 2009, secured by a first-rank movable hypothec in the amount of $119,340 on specific property	45,606	-
Capital lease, bearing interest at 10.6%, payable in monthly instalments of $98, including interest and a final payment of $486 maturing in March 2011	4,520	-
Amounts carried forward	756,529	596,377

12. Long-term debt (continued)

	2006	2005
	$	$
Amounts carried forward	756,529	596,377
Notes payable to certain shareholders, converted into Class A shares during the year*	-	200,000
Advances payable to a shareholder, converted into Class A shares during the year*	-	200,000
Premium payable on notes payable to certain shareholders, converted into Class A shares during the year*	-	19,515
	756,529	1,015,892
Current portion	133,907	80,794
	622,622	935,098

* On January 19, 2006, the notes and advances payable to shareholders totalling $400,000, and the premium payable on these notes totalling $19,515 were converted into a total of 95,889 Class A shares.

Principal payments required over the next five years are as follows:

	Obligations – Capital lease			Other debt	Debt and principal portion of capital lease
				$	$
	Total payments	Imputed interest	Principal payments		
	$	$	$		
2007	1,181	444	737	133,170	133,907
2008	1,181	362	819	240,110	240,929
2009	1,181	271	910	200,118	201,028
2010	1,181	170	1,011	83,847	84,858
2011	1,076	33	1,043	55,197	56,240

Under the terms and conditions of the agreement on long-term debt with *Investissement Québec*, the Company is subject to certain covenants with respect to maintaining minimum financial ratios. Two of these ratios have not been respected as at August 31, 2006 and the Company has received a margin call waiver for the *Investissement Québec* loan until August 31, 2007.

13. Convertible debentures

Convertible debentures and the changes occurred during each of the years are as follows:

	2006	2005
	$	$
Convertible debentures at beginning	300,000	150,000
Convertible debentures issued during the year	300,000	150,000
	600,000	300,000
Less		
Equity component of convertible debentures	(50,200)	(28,800)
	549,800	271,200
Add		
Imputed interest	13,444	7,563
	563,244	278,763
Conversion into Class A shares on January 19, 2006	(563,244)	-
Convertible debentures at end	-	278,763

On January 19, 2006, the convertible debentures of a par value of $300,000 that were in effect at the beginning of the year were converted into 91,428 Class A shares on the basis of $3.28 per share. In addition, the convertible debentures of a par value of $300,000 issued during the year were also converted into 68,572 Class A shares on the basis of $4.375 per share. Following these conversions, there are no outstanding debentures as at August 31, 2006.

In September 2004, the Company issued convertible debentures for an amount of $50,000, $2,500 of which was treated as an equity component. On January 19, 2006, these debentures were converted into Class A shares.

These debentures were bearing interest at an annual rate of 12.5% and were maturing on September 15, 2006. The first interest payment was required on October 1, 2004 and all interest payments thereafter were payable quarterly. The debentures ranked junior to all of the Company's secured debt. They were convertible at all times at the holder's option until September 15, 2006 into Class A shares on the basis of $5 per share. Had the Company proceeded with a round of financing totalling a minimum amount of $500,000 through share issuance until March 31, 2006, the conversion price would be equal to 75% of the average price per share for issued shares as part of the round of financing. The Company could have opted for an early redemption of the debentures with a penalty of $10,000.

In July 2005, the Company issued convertible debentures for an amount of $100,000, $7,300 of which was treated as an equity component. On January 19, 2006, these debentures were converted into Class A preferred shares.

13. Convertible debentures (continued)

These debentures were bearing interest at an annual rate of 12.5% and were maturing on July 1, 2007. The first interest payment was required on October 1, 2005 and all interest payments thereafter were payable quarterly. The debentures ranked junior to all of the Company's secured debt. They were convertible at all times at the holder's option until July 1, 2007 into Class A shares on the basis of $6 per share. Had the Company proceeded with a round of financing before July 1, 2007 totalling a minimum amount of $500,000 through share issuance, the conversion price would be equal to 75% of the average price per share for issued shares as part of the round of financing. The Company could have opted for an early redemption of the debentures with a penalty of $20,000.

In August 2005, the Company amended the convertible debentures issued in July 2004. The maturity date was extended to July 1, 2008 and the conversion right of the debentures had been extended to May 1, 2008. This resulted in an increase in the equity component of the debenture in the amount of $8,000. In addition, had the Company proceeded with a round of financing totalling a minimum amount of $500,000 through share issuance, until March 31, 2008, the conversion price would be equal to 75% of the average price per share for issued shares as part of the round of financing. The Company could have opted for an early redemption of the debentures with a penalty of $30,000.

On October 4, 2005, the Company issued convertible debentures for an amount of $300,000, $21,400 of which was treated as an equity component. On January 19, 2006, these debentures were converted into Class A preferred shares.

These debentures were bearing interest at an annual rate of 12.5% and were maturing on September 30, 2007. The first interest payment was required on December 31, 2005 and all interest payments thereafter were payable quarterly. The debentures ranked junior to all of the Company's secured debt. They were convertible at all times at the holder's option until maturity into Class A shares on the basis of $6 per share. The Company could have opted for an early redemption of the debentures with a penalty of $60,000.

14. Share capital and Class A retractable shares

Authorized, an unlimited number and without par value

Class A shares, voting and participating

Class B shares, non-voting and non-participating, fixed, annual and non-cumulative dividend at an annual interest rate posted from time to time by the Company's bankers for its preferred business clients, preferential to Class A and Class C shares, redeemable or retractable at an amount equal to the higher of (i), capital issued and paid with respect to each preferred share upon its issuance, plus all accumulated but unpaid dividends or (ii) the market value

Class C shares, non-voting and non-participating, fixed, annual, non-cumulative dividend at an annual interest rate posted from time to time by the Company's bankers for its preferred business clients, preferential to Class A shares, redeemable or retractable at the paid-up capital plus all declared and unpaid dividends

14. Share capital and Class A retractable shares (continued)

Outstanding shares and the changes occurred during the years are as follows:

	2006		2005	
Issued and fully paid				
Class A shares	Number	Amount $	Number	Amount $
Balance at beginning	800,000	500	800,000	500
Issuance of shares:				
In consideration for cash	125,714	550,000	-	-
In consideration of the conversion of convertible debentures				
• Liability component		563,244		-
• Equity component		50,200		-
	160,000	613,444	-	-
In consideration of the conversion of notes and advances payable to certain shareholders	95,889	419,515	-	-
	1,181,603	1,583,459	800,000	500
Accretion on Class A retractable shares	-	272,680	-	-
	1,181,603	1,856,139	800,000	500
Class A retractable shares presented as liabilities*	114,286	773,767	-	-
Balance at end	1,067,317	1,082,372	800,000	500

On January 19, 2006, the following transactions occurred:

- The Company issued 45,714 and 80,000 Class A shares for a cash consideration of $200,000 and $350,000, respectively.

- The convertible debentures of a par value of $300,000, which were in effect at the beginning of the year, were converted into 91,428 Class A shares on the basis of $3.28 per share. Also, convertible debentures with a par value of $300,000 issued during the year were converted into 68,572 Class A shares on the basis of $4.375 per share.

- Notes and advances payable to shareholders totalling $400,000, and the premium payable on these notes and advances payable totalling $19,515, were converted into a total of 95,889 Class A shares.

* As part of the shareholders' agreement signed on January 19, 2006, the Company entered into the agreement by committing to redeem, effective January 19, 2011, at the higher of the fair market or carrying value of the shares at the exercise of the put option, 114,286 Class A shares of a shareholder who will prevail his put option. The Company recorded these Class A shares as fair valued liabilities, the retraction amount having been determined based on the agreement in principle with an independent third party (Note 2).

15. Additional information on the Statements of Cash Flows

	2006	2005
	$	$
Changes in non-cash operating working capital items		
Accounts receivable	(96 277)	1 710
Income tax credits receivable	(62 013)	(231 883)
Inventories	(109 562)	(70 219)
Prepaid expenses	(1 050)	(16 799)
Accounts payable and accrued liabilities	64 571	88 187
Deferred revenue	(30 612)	(48 351)
	(234 943)	(277 355)
Cash and cash equivalents		
Cash	32 935	132 196
Short-term investments	290 485	-
	323 420	132 196
Other information		
Interest	71 043	73 495

Non-cash transactions

On January 19, 2006, the following non-cash transactions occurred:

- Convertible debentures of a par value of $300,000, which were in effect at the beginning of the year, were converted into 91,428 Class A shares on the basis of $3.28 per share. In addition, the convertible debentures of a par value of $300,000 issued during the year were converted into 68,572 Class A shares on the basis of $4.375 per share.

- Notes and advances payable to shareholders totalling $400,000, and the premium payable on these notes and advances, totalling $19,515, were converted into a total number of 95,889 Class A shares.

16. Commitments

Lease

The Company leases offices under an operating lease expiring on December 31, 2008. This contract is renewable for an additional five-year period. Future rent, without accounting for an escalation clause, will total $188,412 and include the following payments over the next three years:

	$
2007	80,748
2008	80,748
2009	26,916

Management fees

Under the agreement with a third party, the Company is committed to make a monthly payment of $6,250 in consulting fees for services rendered. This agreement can be cancelled at any time by sending a notice to the third party and by paying a one-month penalty.

Under the subscription agreement dated January 19, 2006, the Company is committed to paying annual management fees in the amount of $10,000 to a shareholder. This commitment will automatically cease to be effective starting on the date when the Company's common shares will be listed and traded on a recognized stock exchange.

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.

17. Contractual guarantees

During the normal course of business, the Company replaces defective parts under warranties offered when its products are sold. The term of the warranties is 12 months. During the year ended August 31, 2006, the Company recognized an expense of $11,703 ($Nil for the year ended August 31, 2005) as warranties. This expense is estimated based on past experience and is presented in liabilities under "Accounts payable and accrued liabilities". The actual amount of costs that the Company may incur as well as when the parts should be replaced can differ from the estimated amount.

18. Government assistance

Industrial Research Assistance Program (IRAP)

Under an agreement reached with the National Research Council with respect to the IRAP, the Company may receive non-refundable contributions for a maximum amount of $350,000 to cover some of its incurred costs to carry out a development project on cross-polarized white light. During the year ended August 31, 2006, the Company has not received any contributions under this program. For the year ended August 31, 2005, an amount of $156,189 has been recorded against research and development expenses in the statements of loss (Note 23). As at August 31, 2006 and 2005, there is no amount receivable under this program.

18. Government assistance (continued)

Emploi Québec

Under an agreement reached with *Emploi Québec*, the Company received non-refundable contributions to cover some of its incurred costs for hiring an employee. During the year ended August 31, 2006, the Company cashed a contribution of $3,807 ($5,252 for the year ended August 31, 2005), which was recorded against research and development expenses in the statements of loss (Note 23). During the year ended August 31, 2006, the Company had entirely cashed contributions totalling $3,807 ($5,252 for the year ended August 31, 2005).

Programme d'appui au développement d'une Cité de l'optique dans la région de Québec (PADCO)

Under an agreement reached with the *ministère du Développement économique et régional et de la Recherche* with respect to the PADCO, the Company may receive non-refundable contributions for a maximum amount of $40,000 to cover some of its incurred costs to carry out a promotion and marketing project on optical sensors. During the year ended August 31, 2006, the Company had not received any contributions under this program ($38,419 for the year ended August 31, 2005. This amount was recorded against marketing expenses in the statements of loss (Note 23)). As at August 31, 2006, there is no amount receivable under this program ($8,419 as at August 31, 2005).

19. Income taxes

As at August 31, 2006, the Company has tax losses of approximately $956,000 for federal purposes and $920,000 for provincial purposes that can be used to reduce future taxable income. These losses expire as follows:

	Federal	Provincial
	$	$
2011	380,000	340,000
2015	96,000	121,000
2026	480,000	459,000
	956,000	920,000

The Company also has undeducted research and development expenses in the amount of $886,000 for federal purposes and $1,337,000 for provincial purposes that are deferred over an undetermined period.

Future income tax assets related to tax losses, undeducted research and development expenses, and the difference between the undepreciated capital cost for tax purposes and the net book value of property, plant and equipment will be recorded in the financial statements once the Company concludes that these losses and tax benefits will likely be realized.

20. Income tax credits for scientific research and experimental development

For tax purposes, research and development expenses are detailed as follows:

	Years ended August 31 2006	2005
	$	$
Federal*	1,066,000	860,000
Provincial	595,000	432,000

* These expenses include research and development expenses regarding property, plant and equipment as follows:

Federal	25,000	108,000

These expenses have enabled the Company to become eligible for scientific research and experimental development tax credits reimbursable for the following amounts:

	Years ended August 31 2006	2005
	$	$
Federal	276,798	269,272
Provincial	195,580	143,805
	472,378	413,077
These credits were recorded in research and development expenses in the statements of loss	469,004	397,899
These credits were recorded against the related property, plant and equipment	3,374	15,178
Reimbursable scientific research income tax credits earned	472,378	413,077

Reimbursable scientific research income tax credits earned for the year ended August 31, 2006 have not yet been reviewed by the taxation authorities, and the amounts granted could differ from those that have been recorded.

21. Related party transactions

During the years ended August 31, 2006 and 2005, premiums related to notes payable to certain shareholders and management fees were treated like related party transactions. These transactions were carried out in the normal course of operations and have been recorded at the exchange amount. There is no amount payable with respect to notes payable to certain shareholders as at August 31, 2006 ($19,515 as at August 31, in 2005).

	2006	2005
	$	$
Premiums related to notes payable to certain shareholders	4,829	5,455
Management fees to a shareholder	5,833	-
	10,662	5,455

On January 19, 2006, the notes and advances payable to shareholders totalling $400,000, and the premium payable on notes totalling $19,515 were converted into a total of 95,889 Class A shares.

Management fees

Under the subscription agreement dated January 19, 2006, the Company is committed to paying annual management fees in the amount of $10,000 to a shareholder. This commitment will automatically cease to be effective starting on the date when the Company's common shares will be listed and traded on a recognized stock exchange.

22. Segmented information

The Company is structured according to a single operating segment, and all of its production and marketing activities are carried out at the same location.

This operating segment generates revenue in various geographic segments as follows:

	2006	2005
	$	$
Revenue per geographic sector		
Canada	51,857	32,316
United States	304,994	72,482
Germany	146,896	-
Japan	232,454	258,718
Other	185,580	386,666
	921,781	750,182

Revenue is attributed to the geographic segments based on the clients' location.

Capital assets, which include property, plant and equipment and intangible assets, are all located in Canada.

During the year ended August 31, 2006, revenue from one (1) client represents approximately 25.22% of the Company's total revenue. During the year ended August 31, 2005, revenue from two (2) clients represents approximately 85.69% of the Company's total sales, i.e. 51.19% and 34.50% for each client, respectively.

23. Additional information to the Statements of Loss

	2006	2005
	$	$
Amortization of property, plant and equipment	62,579	53,953
Amortization of intangible assets	13,489	3,271
Amortization of deferred financing costs	5,392	1,080
Marketing grant	-	(38,419)
Government assistance – IRAP Programme	-	(156,189)
Government assistance - Emploi Québec	(3,807)	(5,252)
Income tax credits for research and development	(469,004)	(397,899)
Interest and bank charges	7,626	8,611
Interest on demand loan, long-term debt and debentures	123,257	81,209
Imputed interest on convertible debentures	5,881	6,646
Exchange loss (gain)	12,970	(2,675)
Interest income	(6,801)	-

24. Financial instruments

Credit risk

The Company provides credit 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 48% of the Company's accounts receivable as at August 31, 2006.

Interest rate and cash flow risk

The Company is exposed to interest rate fluctuations on the demand loan and certain long-term debt that bears interest at variable rates. The Company does not actively manage this risk.

Foreign exchange risk

The Company makes certain sales and generates partnership revenue 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.

Fair value

The fair value of cash and cash equivalents, accounts receivable, income tax credits receivable, demand loans 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.

25. Subsequent events

i. Qualifying transaction

On October 3, 2006, DCB Capital Inc. (DCB) acquired all of the Class A shares of Opsens Inc. (Opsens) in exchange for 20,000,000 common shares of DCB. The Company, formerly known as DCB Capital Inc., adopted the corporate name Opsens Inc. following the conclusion of the qualifying transaction.

This qualifying transaction is considered to be a qualifying transaction under Policy 2.4 of the TSX Venture Exchange Corporate Finance Manual. The transaction was realized by means of an acquisition followed by a merger carried out on October 3, 2006.

For purposes of recording and presenting the information, this type of share exchange constitutes a reverse takeover, under which Opsens is deemed to have issued shares in consideration for the net assets of DCB. Consequently, DCB's control was transferred to the shareholders of Opsens.

In compliance with EIC-10 of the CICA Handbook, this constitutes an equity transaction rather than a business combination. Consequently, no goodwill or intangible asset will be accounted for, and the company's financial statements will present the continuation of Opsens.

ii. Termination of the shareholders' agreement and cancellation of the retraction right

Immediately preceding the share exchange, the agreement between shareholders of Opsens was terminated and the retraction right of the shares was also cancelled. Consequently, the Class A retractable shares presented in the liabilities of Opsens in the amount of $773,767 as at August 31, 2006 will be reclassified in equity.

iii. Loss of private company status for purposes of income tax credits for scientific research and experimental development

Following the qualifying transaction described in i, Opsens has lost its private company status and, consequently, income tax credits for scientific research and experimental development have been reduced by half. Also, the federal government credits are no longer reimbursable, but can serve only to compensate for income taxes otherwise payable.

iv. Deemed fiscal year-end

Following the merger that took place on October 3, 2006 between Opsens and DCB, a fiscal year-end is now deemed and, furthermore, the expiry of losses will occur one year earlier than that expected before the merger.

25. Subsequent events (continued)

v. *Private placement*

On October 3, 2006, the Company realized a private placement of 2,600,000 units at a price of $0.40 per unit, for a total of $1,040,000. Each unit is made up of one common share and one share purchase warrant of the Company. Each purchase warrant entitles its holder to acquire one common share of the Company at a price of $0.60 per share on October 3, 2008 at the latest. The securities related to the units issued as part of this placement are subject to a holding period until February 4, 2007.

The Company must pay a commission equal to 8% of the gross proceeds of the private placement (with the exception of the proceeds from units with institutional subscribers subscribing an amount exceeding $100,000 for which the placement agent will receive a commission equal to 5%) as well as an option to acquire a number of the Company's common shares corresponding to 8% of the Company's common shares issued as part of the placement. This share purchase option entitles the holder to acquire one common share of the Company at a price of $0.40 per share during the 24-month period following the closing of the placement.

On October 11, 2006, the Company realized a private placement of 2,937,500 units at a price of $0.40 per unit, for a total of $1,175,000. Each unit is made up of one common share and one share purchase warrant of the Company. Each purchase warrant entitles its holder to acquire one common share of the Company at a price of $0.60 per share on October 11, 2008 at the latest. The securities related to the units issued as part of this placement are subject to a holding period until February 12, 2007.

The Company must pay a commission equal to 8% of the gross proceeds of the private placement as well as an option to subscribe to a maximum of 235,000 common shares of the Company. This share purchase option entitles the holder to acquire one common share of the Company at a price of $0.40 per share during the 24-month period following the closing of the placement.

vi. *Granting of a share purchase option*

On October 11, 2006, the Board of Directors of Opsens granted a total of 1,100,000 share purchase options, of which 400,000 options are in favour of certain of its directors, and 700,000 options in favour of employees, in compliance with the stock option plan adopted by the directors on July 19, 2006 and by the shareholders on August 17, 2006. Under the stock option plan of Opsens, each option granted entitles the holder to subscribe to one common share of Opsens at a price of $0.50 per share on October 3, 2011 at the latest. The options granted to directors will entitle the holders to immediately subscribe to common shares, whereas those granted to employees will, for their part, vest over a four-year period at 25% per year, the first tranche vesting at the end of the first year following the granting of the options.

On October 25, 2006, the Board of Directors granted a total of 250,000 share purchase options in favour of employees. Each option granted entitles the holder to subscribe to one common share of Opsens at a price of $0.50 per share on October 24, 2006 at the latest. The right to exercise these options will vest over a four-year period at 25% per year, the first tranche vesting at the end of the first year following the granting of the options.

26. Comparative figures

Certain comparative figures have been reclassified in order to conform to the presentation adopted for the current year.