

Interim Consolidated Financial Statements

Opsens Inc.

Six-month periods ended February 29, 2008 and February 28, 2007

Notice

These interim consolidated financial statements have not been reviewed by the Company's external auditors.

Opsens Inc.

February 29, 2008

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Opsens Inc.

Consolidated Statements of Loss and Comprehensive Income

Periods ended February 29, 2008 and February 28, 2007

(unaudited)	Second quarter		Six months	
	2008	2007	2008	2007
	\$	\$	\$	\$
Sales	637,273	265,513	1,205,982	439,301
Cost of sales	395,433	196,651	663,185	314,053
Gross margin	241,840	68,862	542,797	125,248
Expenses (income)				
Administrative	287,125	175,052	539,739	420,089
Marketing	134,615	181,967	329,701	411,957
Research and development	185,908	210,033	348,766	325,118
Depreciation of property, plant and equipment	20,759	16,341	39,331	31,004
Amortization of intangible assets	14,119	16,280	18,973	18,208
Amortization of deferred financing costs	-	465	-	9,033
Financial	2,078	(11,697)	16,148	(8,426)
	644,604	588,441	1,292,658	1,206,983
Loss before income taxes	(402,764)	(519,579)	(749,861)	(1,081,735)
Income taxes	-	-	-	-
Net loss and comprehensive income	(402,764)	(519,579)	(749,861)	(1,081,735)
Net loss per share (note 5)				
Basic	(0.01)	(0.02)	(0.02)	(0.04)
Diluted	(0.01)	(0.02)	(0.02)	(0.04)

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

Opsens Inc.

Consolidated Statements of Deficit

Periods ended February 29, 2008 and February 28, 2007

(unaudited)	Second quarter		Six months	
	2008	2007	2008	2007
	\$	\$	\$	\$
Balance at beginning	4,860,555	2,755,970	4,587,145	1,757,494
Net loss	402,764	519,579	749,861	1,081,735
	5,263,319	3,275,549	5,337,006	2,839,229
Change in accounting policies (Note 2)	-	-	(73,687)	-
Issuance expenses on equity component	-	80,313	-	516,633
Balance at end	5,263,319	3,355,862	5,263,319	3,355,862

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

Opsens Inc.

Consolidated Balance Sheets

	February 29, 2008 (unaudited)	August 31, 2007 (audited)
	\$	\$
Assets		
Current		
Cash and cash equivalents	1,059,477	1,839,379
Accounts receivable	599,354	120,697
Income tax credits receivable	267,028	177,355
Work in progress	64,291	-
Inventories	487,368	372,650
Prepaid expenses	107,385	32,593
Service contracts, net of accumulated amortization of \$8,430	11,570	-
	<u>2,596,473</u>	<u>2,542,674</u>
Property, plant and equipment	407,435	339,293
Intangible assets	159,747	142,444
Deferred financing costs	-	4,336
Goodwill	389,000	-
	<u>3,552,655</u>	<u>3,028,747</u>
Liabilities		
Current		
Accounts payable and accrued liabilities	468,126	320,960
Deferred revenue	20,000	20,000
Current portion of long-term debt	193,990	200,315
	<u>682,116</u>	<u>541,275</u>
Long-term debt	321,609	498,927
	<u>1,003,725</u>	<u>1,040,202</u>
Shareholders' equity		
Share capital (Note 4a)	6,689,026	5,332,483
Stock-options (Note 4b)	487,284	408,701
Warrants (Note 4c)	635,939	834,506
Deficit	(5,263,319)	(4,587,145)
	<u>2,548,930</u>	<u>1,988,545</u>
	<u>3,552,655</u>	<u>3,028,747</u>

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

Approved by the Board

Signé [Pierre Carrier] administrateur

Signé [Mario Jacob] administrateur

Opsens Inc.

Consolidated Statements of Cash Flows

Periods ended February 29, 2008 and February 28, 2007

(unaudited)	Second quarter		Six months	
	2008	2007	2008	2007
	\$	\$	\$	\$
Operating activities				
Net loss	(402,764)	(519,579)	(749,861)	(1,081,735)
Adjustments for:				
Amortization of property, plant and equipment	20,759	16,341	39,331	31,004
Amortization of intangible assets	14,119	4,071	18,973	5,999
Write off of patents	-	12,209	-	12,209
Amortization of deferred financing costs	-	465	-	9,033
Premium payable to <i>Canada Economic Development</i>	7,569	3,546	15,138	5,863
Premium payable to <i>Investissement Québec</i>	2,130	2,130	4,260	4,260
Stock-based compensation	43,010	44,348	93,448	155,448
Changes in non-cash operating working capital items	(281,789)	(197,603)	(676,991)	(224,811)
	<u>(596,966)</u>	<u>(634,072)</u>	<u>(1,255,702)</u>	<u>(1,082,730)</u>
Investing activities				
Acquisition of property, plant and equipment	(90,878)	(40,352)	(107,473)	(56,402)
Acquisition of intangible assets	(15,568)	(12,394)	(27,846)	(18,432)
Cash and cash equivalents paid in business combination	(63,647)	-	(63,647)	-
	<u>(170,093)</u>	<u>(52,746)</u>	<u>(198,966)</u>	<u>(74,834)</u>
Financing activities				
Increase in deferred financing costs	-	-	-	(51,286)
Increase in long-term debt	26,173	-	26,173	35,298
Reimbursement of demand loan	-	-	-	(204,824)
Reimbursement of long-term debt	(89,915)	(27,293)	(151,518)	(131,243)
Issuance of equity component	93,000	1,100,000	800,111	3,315,000
Issuance expenses of equity component	-	(79,568)	-	(341,335)
Cash and cash equivalents acquired in the qualifying transaction	-	-	-	558,718
	<u>29,258</u>	<u>993,139</u>	<u>674,766</u>	<u>3,180,956</u>
Increase (decrease) in cash and cash equivalents	(737,801)	306,321	(779,902)	2,023,392
Cash and cash equivalents at beginning	1,797,278	2,040,491	1,839,379	323,420
Cash and cash equivalents at end	<u>1,059,477</u>	<u>2,346,812</u>	<u>1,059,477</u>	<u>2,346,812</u>

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

Opsens Inc.

Notes to Consolidated Financial Statements

Periods ended February 29, 2008 and February 28, 2007

(unaudited)

1. Accounting policies

The significant accounting policies used to prepare these financial statements are summarized below.

Principles of consolidation

The consolidated interim financial statements include the accounts of the Company and those of its wholly-owned subsidiary Opsens Solutions Inc.

Unaudited interim financial statements

The accompanying unaudited interim financial statements are prepared in accordance with Canadian generally accepted accounting principles ("GAAP") for interim financial statements, and they are consistent with the accounting policies and methods used in the preparation of the Company's most recent audited financial statements. However, they do not include all information required for annual consolidated financial statements. These unaudited consolidated interim financial statements and related notes should be read in conjunction with the most recent Company's annual audited financial statements.

The consolidated financial statements as at February 29, 2008 and for the three-month and six-month periods ended February 29, 2008 and February 28, 2007 are unaudited. However, in the opinion of management, all adjustments, consisting solely of normal recurring adjustments, considered necessary for a fair presentation of the consolidated results of operations for the period presented, have been included. Consolidated results for the interim periods presented are not necessarily indicative of the results that may be expected for the year.

All amounts are disclosed in Canadian dollars.

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. The main accounting estimates relate to the income tax credit receivable, the provision for warranty and the assumptions used in the determination of the fair value of the stock options and warrants. Actual results could differ from those estimates.

Service contracts

Service contracts are intangible assets with definite useful life which are accounted for at cost. Amortization is based on the fair value of the contracts on the total value of the contracts portfolio acquired.

Opsens Inc.

Notes to Consolidated Financial Statements

Periods ended February 29, 2008 and February 28, 2007

(unaudited)

1. Accounting policies (continued)

Goodwill

Goodwill representing the excess of purchase price over fair value of the net identifiable assets of acquired businesses is tested for impairment annually or more frequently when an event or circumstance occurs that indicates that goodwill might be impaired. When the carrying amount exceeds the fair value, an impairment loss is recognized in the statement of earnings in an amount equal to the excess.

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.

The sensor installation services, the contracts revenues earned on a long period and the 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.

Loss per share

Loss per share is determined using the weighted average number of outstanding shares during the period. The Company uses the treasury stock method to calculate the diluting effect of share purchase options, warrants and convertible debentures. Reconciliations of the numerators and the denominators used in the calculation of the basic and diluted loss are disclosed in accordance with the standard.

Stock-based compensation and other stock-based payments

The Company uses the fair value method to measure the fair value of the stock options or the warrants options or warrants. The fair value is determined using the Black-Scholes option pricing model and is amortized to earnings over the vesting period with an offset to contributed surplus. When options or warrants are exercised, the corresponding contributed surplus and the proceeds received by the Company are credited to share capital.

2. Changes in accounting policies

Impact of adopting Financial instruments

On September 1, 2007, the Company adopted the new accounting standards issued by the Canadian Institute of Chartered Accountants regarding Financial instruments (Section 3855) and Comprehensive Income (section 1530). Information released prior to September 1, 2007 was not restated.

Opsens Inc.

Notes to Consolidated Financial Statements

Periods ended February 29, 2008 and February 28, 2007

(unaudited)

2. Changes in accounting policies (continued)

On September 1, 2007, the Company made the following adjustments in order to conform to the new accounting standards:

	Amount
	\$
<i>Decrease</i>	
Balance Sheet	
Assets	
Deferred financing costs	4,336
Liabilities	
Long-term debt	78,023
Statements of deficit	
Change in accounting policies	73,687

Other comprehensive income

According to the new accounting standards, the Company must present a comprehensive income statement. Since the Company has classified all of its financial instruments as financial instruments "held for trading", except for the long-term debt which is classified as "other liabilities", there is no element to be disclosed distinctively in other comprehensive income. Consequently, the net earnings (net loss) also represents the results of the comprehensive income.

Financial Instruments – Evaluation and Recognition

Short-term investments

Short-term investments are classified as financial instruments "held for trading". As such, these financial instruments are recorded at their fair values. Changes in the fair value of held for trading instruments are recorded as investment income and disclosed as financial expenses in the income statement.

The fair value of financial instruments represents the amount at which the financial instruments could be traded knowingly and voluntarily between the parties involved. The fair value is based on market prices (buyer-seller prices) in an active market. If this is not the case, the fair value is based on market prices prevailing for instruments with similar risk profiles or characteristics or on internal or external valuation models that use observable market data.

Derivative financial instruments

Derivative financial instruments must be recorded at fair value unless they are specifically designated in an effective hedging relationship, and the change in fair value will be recorded directly in net earnings.

Long-term debt

The long-term debt is classified as "other liabilities" and is recorded at cost. Transaction fees related to "other liabilities" are capitalized and amortized using the effective interest rate and are recorded in the income statement.

Opsens Inc.

Notes to Consolidated Financial Statements

Periods ended February 29, 2008 and February 28, 2007

(unaudited)

3. Business acquisition

On December 11, 2007, the Company concludes the acquisition of all outstanding shares of Inflo Solutions Inc. ("Inflo"), a company dedicated to the design and installation of reservoir surveillance solutions based on optical and conventional sensors to the oil and gas market. The purchase price is 1,199,997 Opsens common shares and \$120,000 cash. At the closing, 510,000 shares out of the first 600,000 shares were paid into escrow and will be released over a 48-month period. The balance of the shares and the cash, represented by a series of promissory notes, have also been paid in escrow, to be released or cancelled, as applicable, over a 48-month period ending December 11, 2011, following the achievement or non achievement of certain performance milestones. The Company has also committed to invest up to \$350,000 into the working capital of Inflo during the 48-month period following the acquisition. The shares issued at closing are subject to a statutory 4-month hold period ending on April 12, 2008.

The acquisition has been accounted for using the purchase method, and the results of operations have been included in the consolidated financial statements of the company from the date of acquisition. The purchase price allocation shown below is based on the fair value estimate made by the company :

	Amount
	\$
Assets	
Cash	6 029
Current assets	42 024
Customer relationships	20 000
	<hr/> 68 053
Liabilities	
Current liabilities	44 377
	<hr/>
Net identifiable assets acquired	23 676
Goodwill*	389 000
	<hr/>
Purchase price	412 676
Moins :	
Cash acquired	6 029
Issuance of shares in connection with the acquisition	343 000
	<hr/>
Net cash used for the acquisition	63 647

* Goodwill is not deductible for income taxes calculation.

On December 11, 2007, the company Inflo changed its name for Opsens Solutions Inc. ("Opsens Solutions").

Opsens Inc.

Notes to Consolidated Financial Statements

Periods ended February 29, 2008 and February 28, 2007

(unaudited)

4. Share capital, stock-options and warrants

a) Common share capital

Authorized, unlimited number, voting and participating without par value

Issued and fully paid

	Number	Amount
		\$
Balance at beginning	32,628,610	5,332,483
Share issuance – Inflo Solution inc. acquisition i)	700,000	343,000
Share issuance – options exercised	30,000	29,866
Share issuance – warrants exercised ii)	1,401,111	983,678
Balance as at February 29, 2008	34,759,721	6,689,027

i. Contingently issuable shares :

With respect to the accounting standards from the Accounting Institute of Chartered Accountant (CICA), contingently issuable shares should be considered outstanding common shares and included in the computation of basic earnings per share only as of the date that all conditions necessary for their issuance have been satisfied (i.e. when issuance of the shares is no longer contingent). Outstanding common shares that are contingently returnable (that is, subject to recall) should be treated in the same manner as contingently issuable shares.

For the acquisition transaction of Inflo Solutions Inc., in addition to 600,000 common shares issued at the closing, 100,000 common shares had been included into the number of outstanding common shares since the full assurance in the milestone success. The company issued additional 499,997 common shares subject to recall in case of the failure to meet a milestone.

ii. Warrants exercised

During the six-month period ended February 29, 2008, 1,401,111 warrants entitling their holders to acquire one common share of the Company at an average price of \$0.56 per share were exercised for a total amount of \$785,111. The book value of the exercised warrants was transferred to Share capital for an amount of \$198,567.

Opsens Inc.

Notes to Consolidated Financial Statements

Periods ended February 29, 2008 and February 28, 2007

(unaudited)

4. Share capital, stock-options and warrants (continued)

b) Stock options

The Company changed the stock option plan on January 22, 2008. The number of common shares reserved by the Board of Directors for options granted under the plan shall not exceed 10% of the issued and outstanding common shares of the Company. The plan is available to the Company's directors, consultants, officers and employees.

The stock option plan stipulates that the terms of the options and the option price shall be fixed by the directors subject to the price restrictions and other requirements imposed by TSX Venture Exchange. The exercise period cannot exceed five years, beginning on the grant date.

The compensation expense for the six-month period ended February 29, 2008 for the stock option plan includes in the administrative expenses was \$93,448 (\$155,448 for the six-month period ended February 28, 2007).

The situation of the outstanding stock option plan and the changes that took place during the period are as follows:

	Number of options	Weighted average exercise price
		\$
Outstanding at beginning of period	2,033,333	0.53
Options granted	550,000	0.73
Options cancelled	(225,000)	0.50
Options exercised	(30,000)	0.50
Outstanding at end of period	2,328,333	0.58
Options exercisable at end of period	1,278,333	0.49

The table below provides information on the outstanding stock options as at February 29, 2008:

Exercise price	Number of outstanding stock options	Number of exercisable stock options	Weighted average residual duration (years)
\$			
0.30	333,333	333,333	0.25
0.45	50,000	25,000	3.76
0.50	1,095,000	770,000	3.60
0.72	500,000	-	4.78
0.80	150,000	100,000	4.41
0.95	200,000	50,000	4.13
	2,328,333	1,278,333	3.48

Opsens Inc.

Notes to Consolidated Financial Statements

Periods ended February 29, 2008 and February 28, 2007

(unaudited)

4. Share capital, stock-options and warrants (continued)

c) Warrants

The situation of the outstanding warrants and the changes that took place during the period are as follows:

	Number of warrants	Weighted average exercise price
		\$
Outstanding at beginning of period	6,902,722	0,58
Warrants exercised during the period (Note 3a)ii)	1,401,111	0.56
Outstanding at end of period	5,501,611	0.58
Warrants exercisable at end of period	5,501,611	0.58

The table below provides information on the outstanding warrants as at February 29, 2008:

Exercise price \$	Number of outstanding warrants	Number of exercisable warrants	Weighted average residual duration (years)
0.40	443,000	443,000	0.61
0.55	111,111	111,111	0.77
0.60	4,947,500	4,947,500	0.61
	5,626,611	5,626,611	0.61

Opsens Inc.

Notes to Consolidated Financial Statements

Periods ended February 29, 2008 and February 28, 2007

(unaudited)

5. Loss per share

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

	Three-month period ended		Six-month period ended	
	February 29		February 29	
	2008	2007	2008	2007
	\$	\$	\$	\$
Numerator				
Net loss	(402,764)	(519,579)	(749,861)	(1,081,735)
Amount available for calculating				
the loss per share	(402,764)	(519,579)	(749,861)	(1,081,735)
Denominator				
Number of shares				
Weighted average number				
of shares outstanding	34,543,842	32,192,808	33,889,462	29,100,190
Dilutive effect of stock options				
and warrants	-	-	-	-
Weighted average number of shares				
outstanding on diluted basis	34,543,842	32,192,808	33,889,462	29,100,190
Amount per share				
Net loss per share				
Basic	(0.01)	(0.02)	(0.02)	(0.04)
Diluted	(0.01)	(0.02)	(0.02)	(0.04)

The calculation of dilution effects excluded options and warrants that have an anti-diluting effect.

However, should the Company's basic earnings per share have been positive, some options and warrants, at an exercise price of \$0.30, \$0.40, \$0.45, \$0.50, \$0.55, \$0.60, \$0.72 and \$0.80, would have been dilutive and would have resulted in the addition of 2,396,376 and 2,410,030 shares to the weighted average number of shares outstanding used in the diluted earnings per share calculation respectively for the three-month and six-month period ended February, 2008 (332,872 and 326,601 shares respectively for the three-month and six-month period ended February 28, 2007).

Opsens Inc.

Notes to Consolidated Financial Statements

Periods ended February 29, 2008 and February 28, 2007

(unaudited)

6. Commitments

Lease

The Company leases offices under an operating lease expiring on December 31, 2008. This agreement is renewable for an additional five-year period. Future rent, without considering the escalation clause, will amount to \$67,290.

Opsens Solutions rent an office in Alberta with respect to a letter agreement. A lease should be signed in the next quarter in order to finalize a verbal commitment. In the case that the lease won't be signed, the company is committed to pay the monthly lease payments until September 30, 2008. As a result, future lease payments will amount to \$29,853.

Opsens Solutions rent a vehicle under an operating lease expiring in November 2010. Future rent payments will amount to \$23,155.

Future payments required in each of the next 12 month periods are as follows:

	\$
2009	105 563
2010	8 420
2011	6 315

License

According to an exclusive license agreement with a third party, the Company has committed to providing exclusivity for the marketing of some of its products for a defined territory.

7. Contractual guarantees

During the normal course of business, the Company replaces defective parts under warranties offered at the sale of the products. The term of the warranties is 12 months. During the three-month and six-month periods ended February 29, 2008, the Company recognized an expense of \$2,000 for guarantees. A provision for \$18,312 (\$16,312 as at August 31, 2007) had been recorded for guarantees. 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 the moment when the parts should be replaced can differ from the estimated amount.

Opsens Inc.

Notes to Consolidated Financial Statements

Periods ended February 29, 2008 and February 28, 2007

(unaudited)

8. Segmented information

The Company is structured according to a single operating unit.

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

	Three-month period ended		Six-month period ended	
	February		February	
	2007	2006	2008	2007
	\$	\$	\$	\$
Revenue per geographic sector				
Canada	188,899	-	203,011	9,304
United States	136,050	154,263	469,939	234,906
Germany	108,537	60,542	161,961	100,864
Japan	6,737	5,611	6,737	5,611
United Kingdom	31,017	3,037	179,930	37,108
France	115,325	-	121,453	-
Other	50,708	42,060	62,951	51,508
	<u>637,273</u>	<u>265,513</u>	<u>1,205,982</u>	<u>439,301</u>

Revenue is 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 and the six-month periods ended February 29, 2008, revenues from four clients represent individually more than 10 % of the total revenues of the company, i.e. approximately 23.49%, 18.52%, 16.86%, 12.37% and 25.75%, 18.91%, 14.51%, 13.47% respectively. For the three-month and the six-month periods ended February 28, 2007, revenues from one client represent respectively 21.99% and 22.10% of the Company's total revenues.

Opsens Inc.

Notes to Consolidated Financial Statements

Periods ended February 29, 2008 and February 28, 2007

(unaudited)

9. Related party transactions

In the normal course of its operations, the company has entered into transactions with a company controlled by a shareholder and director. These transactions have been measured at the exchange amount.

	Three-month period ended February		Six-month period ended February	
	2008	2007	2008	2007
	\$	\$	\$	\$
Management fees to a shareholder	-	-	-	833
<i>Company controlled by shareholder and director</i>				
Professional fees	15,000	5,000	30,000	5,000
	15,000	5,000	30,000	5,833

10. Subsequent events

On April 8, 2008, the Company realized a private placement of 4,711,126 units at a price of \$0.80 per unit for gross proceeds of \$ 3,768,901. Each unit is comprised of one common share and one-half common share purchase warrant of the Company. Each whole common share purchase warrant will entitle the holder to purchase one common share of the Company at a price of \$1.10 for a period of 24 months following the closing of the Offering, provided however, that in the event the 20-day volume weighted average price of the common shares of Opsens trade, on the TSX Venture Exchange, at or above \$1.50, then the Warrants must be exercised or will expire 30 calendar days after notice of such event is received or deemed received by the Warrant holders.

Opsens will pay to the Agents a cash commission equal to \$ 263,823 and issue broker compensation warrants entitling the Agents to purchase 329,779 common shares of Opsens. The Broker Warrants shall be issuable at an exercise price per common share equal to the Offering Price for a period of 24 months from the closing of the Offering. The securities issued pursuant to the Offering will be subject to a 4-months restricted period expiring on August 9, 2008.

11. Comparative figures

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