INTERIM MANAGEMENT'S DISCUSSION & ANALYSIS

First quarter ended November 30, 2006

The following comments are intended to provide a review and analysis of the Company's operational results and financial position as of November 30, 2006 and for the three-month period ending November 30, 2006 compared to the three-month period ending November 30, 2005 and should be read and interpreted in conjunction with the audited financial statements as well as accompanying notes as of August 31, 2006.

The interim management discussion & analysis have been prepared, excepted as mentioned, in accordance with Canadian generally accepted accounting principles. All amounts are in thousand Canadian dollars, unless otherwise stated.

This interim management report contains forward-looking statements that involve risks and uncertainties. These forward-looking statements are not a warranty of our future results and actual results could differ materially form those contemplated by such statements for factors such capital expenditures and the measure instrumentation sector, currency variation and our ability to manage Opsens in this uncertainty situation. Consequently, the reader should not place undue reliance on the Company's forward-looking statements. The forward-looking statements are appropriate at the signature date of this analysis. The Company is under no obligation to update these forward-looking statements after the publication of this analysis.

CORPORATE OVERVIEW

Opsens is a leading developer, manufacturer and supplier of a wide range of fiber optic sensors and associated signal conditioners based on proprietary and patent pending technologies. Opsens sensors provide long-term accuracy and reliability in the harshest environments and are able to address various critical measurement requirements notably in the oil and gas field. Opsens provides patent pending sensors to measure pressure, temperature, strain and displacement to original equipment manufacturers (OEM) and end-users in the oil and gas, medical, energy and laboratory fields. Opsens offers technical services, as on site installation, training and turnkey fiber optic systems.

Opsens has 6 strategic patents pending covering its technologies used for marketed products in transformers, medical and energy markets and provide freedom-to-operate without any royalties to be paid to any partners. With this patents pending technology and highly recognized expertise, Opsens intend to respond customer needs in medical, Oil & Gas, electric transformers and scientific labs.

VISION AND STRATEGY

World wide sensor market is a multi billion markets. Opsens commercialization strategy target providing products for various niche markets and develop new specific markets. Opsens also target global sensor market penetration with its innovative technology and products. Opsens expertise, know-how and patents pending technology are the keys toward production techniques improving equipment measurement reliability. Also, Opsens production technique called MEMS (Micro-Electro-Mechanical-System) increase global market penetration since higher production volume and cost reduction.

opSens

SELECTED FINANCIAL DATAS

(In thousand of dollars)	Three-month period ended November 30, 2006	Three-month period ended November 30, 2005	Year ended August 31, 2006	Year ended August 31, 2005	Year ended August 31, 2004
	$	$	$	$	$
Sales	174	105	691	131	-
Partnership revenues	-	25	231	619	-
Revenues	174	130	922	750	-
Cost of sales	119	83	367	171	-
Gross margin	55	47	555	579	-
Administrative	249	52	324	208	177
Marketing	230	64	434	221	13
R&D	126	82	418	329	200
Financial	12	43	149	95	35
	617	241	1,325	853	425
Loss before accretion on Class A retractable shares and income taxes	(562)	(194)	(770)	(274)	(425)
Accretion on Class A retractable shares	-	-	273	-	-
Loss before income taxes	(562)	(194)	(1,043)	(274)	(425)
Income taxes	-	-	-	-	-
Net loss	(562)	(194)	(1,043)	(274)	(425)

Net loss per share ($/share)	Three-month period ended November 30, 2006	Three-month period ended November 30, 2005
	$/share	$/share
Basic	(0.02)	(0.01)
Diluted	(0.02)	(0.01)

(In thousand of dollars)	As at November 30 2006	As at August 31, 2006	As August 31, 2005	As August 31, 2004
	$	$	$	$
Current assets	3,037	1,172	712	411
Total assets	3,420	1,610	1,041	613
Current liabilities	660	889	497	350
Long-term debt	454	622	935	537
Convertible debentures	-	-	279	140
Redeemable Class A common shares redeemable at the holder option	-	774	-	-
Shareholder equity	2,306	(675)	(670)	(414)

No dividend declared on each share categories.

On October 3, 2006, Opsens completed a qualifying transaction under Policy 2.4 of the TSX Venture Exchange Corporate Finance Manual which improved financial position of the Company to support anticipated growth plan.

PERFORMANCE BENCHMARKS

To evaluate Company's performance and to generate long-term value for shareholders, the Company identified financial and non-financial performance benchmarks.

1) Distribution, sales and long-term recurring revenues;
2) Products and innovation;
3) Financial performance and cash flows;
4) Strategic acquisitions and high potential projects development;

THREE-MONTH PERIOD ENDED NOVEMBER 30, 2006 AND 2005

DISTRIBUTION, SALES AND LONG-TERM RECURRING REVENUS

(Amounts are expressed in thousand dollars)

Opsens recorded revenues from sales and partnerships revenues related to product development agreement.

Total Revenues for the three-month period ending November 30, 2006 were $174 compared to $130 for the same period in 2005. In 2005, Opsens dedicated significant resources for the achievement of partnership milestones. Opsens strategy is now oriented toward product sales instead of partnership revenues. On a selective basis, management is convinced of the short and medium term value of partnership related to OEM products developments which are recurrent and highly valuable for our shareholders on a long-term basis. For the quarter ended November 30, 2006, the sales oriented strategy generated $174 compared to sales for $105 for the quarter ended November 30, 2005 which constitute a 65.7% increase. As of November 30, 2006, the backlog was US$154. Also, in this amount, some orders come from original equipment manufacturers (OEM) that traditionally generates recurring sales on a long term basis.

Since strong Opsens revenues proportion is generated in US Dollars, currency variation impacted revenues. The average conversion rate for revenues was lower for the three-month period ended November 30, 2006 compared to the three-month period ended November 30, 2005. This variation negatively affected revenues for an approximative amount of $12. Usually, industry and Company revenues are not affected by seasonal fluctuations. Fiber optic sensors acceptance by market is increasing in various sectors. Consequently, some sectors such as electric transformers see additional competition. To face competition, Opsens try to position the features of its products compare to competitors.

(In thousand of dollars)	Three-month period ended November 30		Three-month period ended November 30	
	2006		2005	
	$	%	%	%
Product sales	174	100.0%	105	100.0%
Cost of sales	119	68.4 %	83	79.0 %
Gross margin	55	31.6 %	22	21.0 %

The gross margin rate and the gross margin on sales increase for 10.6% for the three-month period ended November 30, 2006 compared to last year quarter. The gross margin rate is under anticipated gross margin rate since the establishment of a production team capable to support higher volume.

PRODUCTS AND INNOVATION

(Amounts are expressed in thousand dollars)

R&D expenses increased at $126 for the three-month period ended November 30, 2006 compared to $82 for the same period in 2005.

Opsens efforts are oriented toward constant improvement for its intellectual property and expand customer offer. For the period ended November 30, 2006, Opsens emphasis had been made toward existing product line and Oil & Gas product. R&D team focus on product development for very high market potential. Oil & gas market has the appropriate profile since market needs and various potential applications. R&D expenses variation had been generated by a lower reimbursement rate for R&D tax credits since the Company is now a public company and by the increase in supplies required by the acceleration of our R&D activities.

SHORT TERM FINANCIAL PERFORMANCE AND CASH FLOWS
(Amounts are expressed in thousand dollars)

Net loss

Reconciliation of EBITDA to the Quarterly Results

(In thousand of dollars)	Three-month period ended November 30, 2006	Three-month period ended November 30, 2005
	$	$
Loss for the period	(562)	(194)
Depreciation	15	14
Amortization	2	1
Financial expenses	12	43
EBITDA[1]	(533)	(136)
Stock-based compensation costs	111	-
EBITDA before stock-based compensation costs	(422)	(136)

(1) The Company uses only one financial measure that is not consistent with canadian GAAP, namely earnings before interest, income taxes, depreciation and amortization (EBITDA). Such a measure is used because management believes it provides meaningful information on the Company's performance and operating results. Such a non-GAAP measure has no standardized meaning as prescribed by GAAP and may not be comparable to similarly titled measures presented by other companies. Accordingly, it should not be considered in isolation.

Net results for the up-coming quarters are subject to sales volume. Expected commercialization in the Oil & Gas market should contribute positively to net results. Compare to last year quarter, the net loss and the EBITDA before stock-based compensation expense increase since extensive commercialization expenses, lower R&D tax credits and the establishment of a corporative structure.

Administrative expenses

Administrative expenses increased by $197 at $249 for the period of three months ended November 30, 2006 compared to $52 for the comparative period. A $111 stock-based compensation expenses had been recorded into administrative expenses compare to none for fiscal year ended August 31, 2006. For the quarter ended November 30, 2006, stock-options had been issued to employees and directors. For good governance, options granted to directors are not subject to a vesting period. Consequently, a $95 stock-based compensation had been recorded in the quarter for options granted to directors. For the next quarters of the current exercise, stock-based compensation should be lower than the quarter ended November 30, 2006. Without considering stock-based compensation expenses, administrative expenses increase for $86 since the establishment of a corporative structure necessary for future growth and the governance of a public company. Since the listing on the stock market occurred in the quarter, management expect a slight increase in administrative expenses for next 2007 quarters.

Commercialization expenses

Commercialization expenses amounted to $230 for the three-month period ended November 30, 2006 compared to $64 for the same period last year which is an increase for $166.

Commercialization activities were low for the quarter ended November 30, 2005. Since that date, Opsens commercialization strategy included additional presence in congress, sales team establishment to capitalize on market opportunities and recognized expertise of our R&D team. Commercialization expenses should increase from quarter to quarter to achieve the objective of a better market awareness of our products.

Financial expenses

Financial expenses were $12 for the three-month period ended November 30, 2006 compared to $43 for the comparative period. The decrease is the consequence of a better financial position, the conclusion of the qualifying transaction and convertible-debt conversion. Financial expenses level should be lower for next 2007 quarters since Opsens financial position.

Financing activities cash flow

The main highlight is the conclusion of the qualifying transaction and the private placement for $2,215 in October 2006. The following summary compares the use of proceeds published in *Déclaration de changement à l'inscription de Capital DCB* filed on August 31, 2006 ("DCI") compared to spending made for the quarter ended November 30, 2006.

(In thousand of dollars)	Use of proceeds forecasted in the DCI	Three-month period ended November 30, 2006
	$	$
Products commercialization	700	230
R&D	700	126
Financing fees for the qualifying transaction	250	262
Investing activities for fixed assets and intangibles	300	22
Administrative and others	300	138
Total	2,250	778

Opsens maintains the expected use of proceeds as of November 30, 2006 compared to use of proceeds published previously. To evaluate progress made, milestones had been determined:

- *Signature with a new OEM important partner in the medical devices sector.* To reach the milestone, multiple meetings had been done. Opsens will dedicate forecasted cash resources to progress toward this milestone.

- *Recording of significant Oil & Gas revenues.* Opsens is in discussion with customer in the petroleum industry. Opsens continue to execute the established action plan for milestone achievement.

- *Signature of a new OEM agreement in electric transformers sector.* Opsens received a purchase order from a customer that could integrate our sensor as OEM component. In the next quarters, a constant follow-up will be made with the customer to evaluate milestone achievement.

- For product improvement, there was a difficulty to determine precise target since R&D department work continuously on existing products.

- *For capital expenditures, the completion of a strategic fixed asset acquisition is a milestone. Meanwhile, investment decision will be subject to market demand for Opsens products.*

Qualifying transaction

As part of the qualifying transaction and according to the rules of the TSX Venture Exchange, DCB Capital Inc. issued to shareholders holding Class A shares of Opsens Inc., 20,000,000 common shares of its share capital, as consideration for the acquisition of all the Class A shares of Opsens Inc. at a price of $0.40 per common share.

Private placement – October 3, 2006

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. 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 paid a monetary commission of $77 and a right to subscribe up to a maximum of 208,000 common shares of the Company. Each warrant 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.

Private placement – October 11, 2006

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. Each unit is made up of one common share and one share purchase warrant of the Company. Each 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 paid a monetary commission of $94 and a right to subscribe to a maximum of 235,000 common shares of the Company. Each warrant 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.

The private placement will provide to Opsens cash resources for growing commercialization activities and cash resources for our two main product development partnerships which should provide long-term recurring revenues to the Company.

At the date of the production of this management discussion and analysis, the shareholders equity components are:

Common shares	32 328 610
Stock options	1 733 333
Warrants	7 202 722
Fully diluted basis	41 264 665

The outstanding common shares, stock options and warrants include following subsequent events.

i. Private placement

On December 5, 2006, the Company realized a private placement of 2,444,444 units at a price of $0.45 per unit, for a total of $1,100. Each unit is made up of one common share and a half share purchase warrant of the Company. Each complete warrant entitles its holder to acquire one common share of the Company at a price of $0.55 per share on December 5, 2008 at the latest.

ii. Stock options

On December 5, 2006, the Company issued 50,000 stock options to an employee and an officer.

Investing activities cash flow

Opsens acquired some fixed assets for $16 and intangibles for $6 in the quarter ended November 30, 2006. Theses acquisitions give additional access to high tech R&D equipment and new softwares.

Cash, cash equivalents

As of November 30, 2006, the Company had cash and cash equivalents of $2,041 compared to $323 as of August 31, 2006. From cash and cash equivalents as of November 30, 2006, $1,930 had been invested in regard of Opsens investment policy, in highly liquid short-term investments. The Company has an available line of credit for the amount of $200. This line of credit bears interest at prime + 2%.

Financial position

As of November 30, 2006, Opsens had a working capital for $2,377 compared to working capital for $283 as of August 31, 2006. Since recent financing activities, cash and cash-equivalents and working capital, Opsens has sufficient financial resources for short term operation, to honour commitments and to support anticipated growth and development activities. For a long-term perspective, Opsens may need to raise additional financing by issuing equity component and debts. On a long-term perspective, Opsens capability to raise additional financing remains uncertain since risks and uncertainty identified in the section Risks Factors of this analysis. For the next quarter, cash and cash-equivalents should decrease to support growth for commercialization activities, inventory and development activities.

Commitments

The following table summarizes Company's minimum aggregate commitments for the next twelve month period ending November 30, 2007, 2008, 2009, 2010 and 2011

	Obligations – Capital lease			Other debt	Debt and principal portion of capital lease
	Total payments	Imputed interest	Principal Payments		
	$	$	$	$	$
2007	1	-	1	238	239
2008	1	-	1	289	290
2009	1	-	1	89	90
2010	1	-	1	41	42
2011	1	-	1	31	32

To this date, the Company is not involved in any significant off-balance sheet arrangements except leases offices under an operating lease for yearly payments of $81 until expiration on December 31, 2008 for a cumulative commitment of $168.

Related party transactions

For the period ended November 30, 2006 and for the year ended August 31, 2006 and 2005, premiums related to notes payable to certain shareholders and management fees were treated like related party transactions have been recorded at the exchange amount. Management fees agreed under the subscription agreement dated January 19, 2006 for operating support had been paid until October 3, 2006 following Termination of the shareholders' agreement.

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.

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.

STRATEGIC ACQUISITIONS AND HIGH POTENTIAL PROJECTS DEVELOPMENT

In its business plan, Opsens identified some acquisition targets. To maximize value creation for our shareholders, Opsens does not expect, in a short-term window, to conclude any transactions to give time to realize value from our product line and our intellectual property. Meanwhile, Opsens remains open-minded on any business occasions that could occurred at any time.

YEAR ENDED AUGUST 31, 2006 AND 2005

DISTRIBUTION, SALES AND LONG-TERM RECURRING REVENUS

(Amounts are expressed in thousand dollars)

Opsens recorded revenues from sales and partnerships revenues related to product development agreement.

Opsens recorded revenues for $922 compared to $750 $ for the year ended August 31, 2005. For the year ended August 31, 2006, sales and partnerships revenues had been respectively $691 and $231 compared to $131 and $619 in the comparative exercise. Opsens invested to reach milestones related to two product development partnerships in medical devices and oil and gas market. In regard of sales, commercialization activities for scientific labs, electric transformers and medical devices had been made for the complete year in 2006 compared to third and fourth quarter in 2005.

PRODUCTS AND INNOVATION

(Amounts are expressed in thousand dollars)

R&D expenses increased to $418 for the year ended August 31, 2006 compared to $329 in 2005. Increase is attributable to higher level of staff and lower Government assistance. Since increase in salaries, Opsens recorded higher income tax credits. R&D expenses for 2006 and 2005 provide Opsens significant advancement in regard of product development partnerships.

SHORT TERM FINANCIAL PERFORMANCE AND CASH FLOWS

(Amounts are expressed in thousand dollars)

Net loss

Net loss amounted to $1,043 and $274 for respective year end 2006 and 2005. Net loss for 2006 had been impacted by a non-cash expense for accretion on Class A retractable shares for $273. Also, increase net loss is attributable to higher expenses level in all departments such as commercialization, R&D, administration and financial expenses since higher average debt for the exercise. For 2005, partnerships revenues for $619 impacted positively net loss.

Administrative expenses

Administrative expenses were higher for $116 to $324 for the year ended August 31, 2006 compared to $208 in 2005. A corporative structure tailored to a public company and professional fees incurred in connection with the financing process and the company's listing on the stock market explains administrative expenses increase. The principal expenses are salaries and professional fees.

Commercialization expenses

Commercialization expenses are $434 for the year ended August 31, 2006 compared to $221 in 2005. Presence at meetings and customers visits had been stronger compared to 2005. The most important commercialization expenses are salaries and social benefits, meetings and publicity.

Financial expenses

Financial expenses are $149 for the year ended August 31, 2006 compared to $95 for the year ended August 31, 2005. Higher average long-term debt and debentures is the main cause for variance between year ended August 31, 2006 and 2005.

Income taxes

Opsens had no income taxes payable for 2006 and 2005. The tax benefits resulting from these tax losses have not been recognized in the accounts.

Operating activities cash flow

Operating activities generated outflows for $887 for the year ended August 31, 2006 compared to outflows for $472 in 2005. Net loss for each year 2006 and 2005 explains a major portion of the outflows. Also, higher intensity in commercialization department required from Opsens investing for inventories, Accounts receivable and other working capital components for $235 for the year ended August 31, 2006 compared to $277 in 2005.

Financing activities cash flow

Financing activities inflows were $1,198 and $641 respectively for year ended August 31, 2006 and 2005. Class A shares issuance for $550, convertible debt issuance for $300, demand loan for $305 and other debts for $224 were financing activities highlights.

On January 19, 2006, the convertible debentures of a par value of $300 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 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, $3 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 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.

In July 2005, the Company issued convertible debentures for an amount of $100, $7 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 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 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.

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. In addition, had the Company proceeded with a round of financing totalling a minimum amount of $500 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.

On October 4, 2005, the Company issued convertible debentures for an amount of $300, $21 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.

Investing activities cash flow

Investing activities generated outflows for $120 and $185 for the year ended August 31, 2006 and 2005. Opsens acquired fixed assets for $62 and $153 respectively for the year ended August 31, 2006 and 2005. The acquired fixed assets will provide Opsens proper R&D equipment for efficiency and efficacity into our R&D activities. Theses investments generated tax credits for $3 and $14 for the year ended August 31, 2006 and 2005. Opsens also acquired intangibles assets for $61 and $8 for the year ended August 31, 2006 and 2005. Intangible assets acquired are related to intellectual property protection.

FINANCIAL POSITION

(Amounts are expressed in thousand dollars)

Cash and cash equivalents

As at August 31, 2006 and 2005, Opsens cash and cash equivalents was $323 and $132 respectively for year 2006 and 2005. Slight increase was generated by financing activities higher than operating and investing activities.

CHANGES IN ACCOUNTING POLICIES

(Amounts are expressed in thousand dollars)

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.

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 $774 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 and increase long-term liabilities of

$774 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 $273, 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.

SIGNIFICANT ACCOUNTING POLICIES

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

Unaudited interim financial statements

The accompanying unaudited interim financial statements are prepared in accordance with Canadian generally accepted accounting principles 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 financial statements. These unaudited interim financial statements and related notes should be read in conjunction with the most recent Company's annual audited financial statements.

The financial statements as at November 30, 2006 and for the three-month periods ended November 30, 2006 and 2005 are unaudited. However, in the opinion of management, all adjustments, consisting solely of normal recurring adjustments, considered necessary for a fair presentation of the results of operations for the period presented, have been included. 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. Actual results could differ from those estimates.

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.

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.

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.

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.

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.

RISK FACTORS

Opsens is involved in an industry subject to various risks and uncertainties. Company's business, financial position and operating results could be impacted negatively by theses risks and uncertainties. The risks and uncertainties discussed below, and described in the *déclaration de changement à l'inscription pour une opération admissible par Capital DCB inc*., are not the only risks and uncertainties that could impacted the Company:

- Intellectual property and exclusive rights
- Cash needs
- Competition and technological evolution
- Growth management and market development
- Conflict of interest
- Revenues
- Pricing politics
- Workmen
- Acquisitions
- Products failures and mistakes
- Fiber-optic sensor uncertainty
- Regulation
- Variation in share price
- Stock market
- Economical situation
- Activities growth
- Currency exchange rate
- Dependancy regarding limited number of clients
- Credit risk
- Financial ratios
- Warranties, recall and pursuit
- International operations

OTHER INFORMATION

Updated information on the Company can be found on the SEDAR Web site at http://www.sedar.com.

On behalf of management,

(s) Louis Laflamme, CA

Chief Financial Officer and secretary
January 23, 2007