MANAGEMENT DISCUSSION & ANALYSIS
Quarterly report for shareholders
Period ended May 31, 2011

The following comments are intended to provide a review and analysis of the operating results and financial position of Opsens Inc. as of May 31, 2011, and for the three- and nine-month periods ended this date, in comparison with the corresponding periods ended May 31, 2010. They should be read and interpreted in conjunction with the audited financial statements as well as the accompanying notes as of August 31, 2010.

Unless stated otherwise, the interim Management Discussion and Analysis has been prepared in accordance with Canadian Generally Accepted Accounting Principles (GAAP) on a consolidated basis. This document was prepared on June 25, 2011. All amounts are in Canadian dollars.

This report contains forward-looking statements that involve risks and uncertainties. These forward-looking statements are not guarantees of our future results, and actual results could differ significantly from those foreseen by such statements due to several factors, including economic conditions, capital expenditures in the measuring instrument sector, currency exchange rate variation, and our ability to manage Opsens successfully under these uncertain conditions. Consequently, the reader should not place undue reliance on these forward-looking statements. These forward-looking statements are only valid as at the date of this document. The Company is under no obligation to revise or update these forward-looking statements in order to reflect the events or circumstances that occur after the date of this analysis, except when it is required by law.

CORPORATE OVERVIEW

Opsens Inc. (the “Company”) is a leading developer, manufacturer, and supplier of a wide range of fiber optic sensors and associated signal conditioners based on proprietary patented and patent-pending technologies. Opsens’ sensors provide long-term accuracy and reliability in the harshest environments. Opsens provides sensors to measure pressure, temperature, strain, and displacement to original equipment manufacturers (OEM) and end-users in the oil and gas, medical, transformers, and laboratory fields. Opsens provides complete technical support, including installation, training, and after-sales service in conformity with ISO 9001:2008.

Opsens holds four (4) patents and has five (5) patents pending covering its products and technology provided to its markets, giving the Company freedom to operate. With its patented technologies and highly recognized expertise, Opsens meets consumer needs in the medical, oil and gas and laboratory markets. Since December 11, 2007, activities in the oil and gas market have been performed by the wholly-owned subsidiary Opsens Solutions Inc. (“Opsens Solutions”), formerly Inflo Solutions Inc.

VISION, STRATEGY, AND OUTLOOK

The worldwide market for fiber optic and conventional sensors is a multi-billion dollar market. The Opsens sales and marketing strategy aims to provide solutions for the various current niche markets and develop specific new markets for its optic sensors. The Company’s expertise, know-how, and patented technology are the keys to new production techniques improving the reliability of measuring equipment. Also, the Opsens production technique called MEMS (Micro-Electro-Mechanical-System) encourages penetration into markets traditionally occupied by conventional sensors through higher production volumes and reduced manufacturing costs.

For fiscal year 2011, Opsens expects revenue from product sales to be higher than a year earlier, despite the exit from high-power transformers and the challenging economic environment. The increase market acceptance and enhanced product development and likely lead to increase revenues.

SELECTED CONSOLIDATED FINANCIAL DATA

(In thousands of Canadian dollars, except for information per share)	Three-month period ended May 31, 2011	Three-month period ended May 31, 2010	Nine-month period ended May 31, 2011	Nine-month period ended May 31, 2010
	$	$	$	$
Sales	2,415	1,469	4,898	3,586
Cost of revenues	1,626	770	3,478	2,112
Gross margin	789	699	1,420	1,474
Administrative expenses	550	386	1,436	1,121
Marketing expenses	184	233	447	652
R&D expenses	389	346	1,063	819
Stock option-based compensation	43	43	133	145
Amortization of property, plant and equipment	49	45	139	131
Amortization of intangible assets	6	5	18	26
Financial expenses (income)	(42)	(18)	(36)	3
	1,179	1,040	3,200	2,897
Loss before income taxes	(390)	(341)	(1,780)	(1,423)
Income taxes	-	-	-	-
Net loss	(390)	(341)	(1,780)	(1,423)
Net loss per share – Basic	(0.01)	(0.01)	(0.04)	(0.03)
Net loss per share – Diluted	(0.01)	(0.01)	(0.04)	(0.03)

(In thousands of Canadian dollars)	As at May 31, 2011	As at February 28, 2011	As at November 30, 2010	As at, August 31, 2010
	$	$	$	$
Current assets	7,292	7,975	8,685	9,597
Total assets	9,458	9,949	10,649	11,516
Current liabilities	1,212	1,335	1,360	1,527
Long-term debt	33	54	98	129
Shareholders' equity	8,213	8,560	9,191	9,860

No dividend was declared per share for each share class.

On April 8, 2008, the Company completed a private placement of 4,711,126 units at a price of $0.80 per unit for gross proceeds of $3,768,901. On June 25, 2009, the Company completed a private placement of 2,916,667 units at a price of $0.60 per unit for gross proceeds of $1,750,000. On February 12, 2010, the Company completed a private placement of 4,287,500 units at a price of $0.85 per unit for gross proceeds of $3,644,375.

SUMMARY OF CONSOLIDATED QUARTERLY RESULTS

The summary below presents the unaudited interim consolidated financial statements for the last 8 quarters.

(In thousands of Canadian dollars, except for information per share)	**Three-month period ended May 31, 2011**	**Three-month period ended February 28, 2011**	**Three-month period ended November 30, 2010**	**Three-month period ended August 31, 2010**
	$	**$**	**$**	**$**
Revenues	2,415	1,336	1,147	1,695
Net loss for the period	(390)	(683)	(707)	2,016
Net loss per share - Basic	(0.01)	(0.01)	(0.01)	0.04
Net loss per share - Diluted	(0.01)	(0.01)	(0.01)	0.04

(In thousands of Canadian dollars, except for information per share)	**Three-month period ended May 31, 2010**	**Three-month period ended February 28, 2010**	**Three-month period ended November 30, 2009**	**Three-month period ended August 31, 2009**
	$	**$**	**$**	**$**
Revenues	1,469	1,047	1,070	591
Net loss for the period	(341)	(586)	(496)	(719)
Net loss per share - Basic	(0.01)	(0.01)	(0.01)	(0.02)
Net loss per share - Diluted	(0.01)	(0.01)	(0.01)	(0.02)

As of August 2010, the Company sold its high-power transformer business. Consequently, revenues from transformers product line should decrease substantially in the year 2011.

PERFORMANCE INDICATORS

In order to evaluate the Company’s performance and generate long-term value for its shareholders, the Company has identified the following financial and non-financial performance indicators:

1) Distribution, sales, and long-term recurring revenues;
2) Products and innovation;
3) Short-term financial performance and cash flows;
4) Strategic acquisitions and development of new projects.

THREE- AND NINE-MONTH PERIODS ENDED MAY 31, 2011 AND 2010

DISTRIBUTION, SALES, AND LONG-TERM RECURRING REVENUES

(In thousands of dollars except for percentage data figures)	Three-month period ended May 31, 2011	Three-month period ended May 31, 2010	Nine-month period ended May 31, 2011	Nine-month period ended May 31, 2010
	$	$	$	$
Revenues	2,415	1,469	4,898	3,586
Growth rate (%)	64.4		36.6	
Gross margin	789	699	1,420	1,474
Growth rate (%)	12.9		(3.7)	

The Company reported revenue of $2,415,000 for the three-month period ended May 31, 2011, compared with $1,469,000 for the same period the previous year, an increase of 64.4%. The third quarter's sales figure was mostly generated by a growth of more than $1,000,000 in the oil and gas market. The increase in revenues in this sector is the result of greater deliveries of the OPP-W sensor for SAGD, revenues from Distributed Temperature Sensing equipment and conventional sensors installation.

Revenue growth is expected in the fourth quarter of 2011 reflecting the combined impact of the backlog and discussion for potential new orders in all our fields.

The Company reported revenue of $4,898,000 for the nine-month period ended May 31, 2011, compared with $3,586,000 for the same period the previous year, an increase of 36.6%. The upsurge in sales for the nine-month period ended May 31, 2011, was primarily generated from a growth of close to $2 million in the oil and gas industry. The increase in revenues in this sector is the result of greater deliveries of the OPP-W sensor for SAGD.

(In thousands of Canadian dollars except for percentage data figures)	Three-month period ended May 31, 2011	Three-month period ended May 31, 2011	Three-month period ended May 31, 2011	Three-month period ended May 31, 2011
	Opsens Inc.'s reportable segment $	Opsens Solutions Inc.'s reportable segment $	Eliminations $	Consolidated financial statements $
Revenues	676	1,899	(160)	2,415
Cost of revenues	553	1,233	(160)	1,626
Gross margin	123	666	-	789
Gross margin rate (%)	18	35	-	33

(In thousands of Canadian dollars except for percentage data figures)	Three-month period ended May 31, 2010	Three-month period ended May 31, 2010	Three-month period ended May 31, 2010	Three-month period ended May 31, 2010
	Opsens Inc.'s reportable segment $	Opsens Solutions Inc.'s reportable segment $	Eliminations $	Consolidated financial statements $
Revenues	855	853	(239)	1,469
Cost of revenues	386	557	(173)	770
Gross margin	469	296	(66)	699
Gross margin rate (%)	55	35	28	48

(In thousands of Canadian dollars except for percentage data figures)	Nine-month period ended May 31, 2011	Nine-month period ended May 31, 2011	Nine-month period ended May 31, 2011	Nine-month period ended May 31, 2011
	Opsens Inc.'s reportable segment $	Opsens Solutions Inc.'s reportable segment $	Eliminations $	Consolidated financial statements $
Revenues	1,815	3,496	(413)	4,898
Cost of revenues	1,440	2,451	(413)	3,478
Gross margin	375	1,045	-	1,420
Gross margin rate (%)	21	30	-	29

(In thousands of Canadian dollars except for percentage data figures)	Nine-month period ended May 31, 2010	Nine-month period ended May 31, 2010	Nine-month period ended May 31, 2010	Nine-month period ended May 31, 2010
	Opsens Inc.'s reportable segment $	Opsens Solutions Inc.'s reportable segment $	Eliminations $	Consolidated financial statements $
Revenues	2,423	1,516	(353)	3,586
Cost of revenues	1,192	1,207	(287)	2,112
Gross margin	1,231	309	(66)	1,474
Gross margin rate (%)	51	20	19	41

The gross margin rate decreased for the three-month and nine-month periods ended May 31, 2011 from the comparative periods in 2010 since mainly due the decrease in gross margin for Opsens Inc.'s reportable segment. This decrease had been generated by mainly lower sales in high-margin laboratories sector and increased warranty provision. Opsens Solutions generated a sharp increase in its margin compared with recent comparative periods, although it was lower than the rate expected for the medium term, given the production overhead costs incurred to deal with the expected growth in sales in the coming quarters. For the next quarters, the Company expects Opsens Inc.'s consolidated gross margin to move towards its minimum target of 40%.

As at May 31, 2011, the backlog amounted to $785,000 compared with a backlog of $1,436,000 as at August 31, 2010.

Given that a large proportion of the Company's revenue is generated in U.S. dollars, while most costs are incurred in Canadian dollars, fluctuation in the exchange rate affects revenue. For the three- and nine-month periods ended May

31, 2011, the average exchange rate was lower than the previous year, which negatively affected sales by $29,000 and $71,000 respectively.

Market acceptance of fiber optic sensors is increasing in the company's markets, leading to higher sales. That said some sectors, such as oil & gas, are seeing additional competition. Opsens is addressing the added competition by highlighting the performance characteristics of its products compared with those of its competitors. For the nine-month periods ended May 31, 2011 and 2010, pricing fluctuations did not have a significant impact on revenues. In the year 2011, the launches of a distributed temperature sensing system for oil and gas market contributed to sales growth.

PRODUCTS AND INNOVATION

The Company is constantly working to improve its position in terms of intellectual property and what it can offer to its customers. For the three- and nine-month periods ended May 31, 2011, the Company focused on continuous improvements to its technology in markets with the highest perceived potential payoff, particularly oil and gas and medical devices. The Company's R&D strategy involves steering new product development efforts towards markets with very high potential, such as oil and gas and medical devices.

Research and development expenses increased to $389,000 from $346,000 for the three-month period ended May 31, 2011, compared with the same period in 2010. Research and development expenses increased to $1,063,000 from $819,000 for the nine-month period ended May 31, 2011, compared with the same period in 2010. The variation reflects for the three- and nine-month periods mainly an increase in the number of employees.

Opsens Inc. unveiled its complete tool box for cardiologists to use in the measurement of Fractional Flow Reserve ("FFR"). FFR is an index of the functional severity of a coronary stenosis that is calculated from pressure measurements taken before and after a narrowing of the arteries during coronary arteriography. This increasingly used approach enables an "on the spot" diagnosis for a better assessment as to whether a stent is an appropriate intervention to improve blood circulation in the cardiovascular system.

A study published in 2009 in the New England Journal of Medicine, "Fractional Flow Reserve vs. Angiography for Multivessel Evaluation", found that a stent was not always an appropriate intervention, and that its overuse was actually doing patients more harm than good in some cases. Patients of doctors using FFR had fewer stents used and better outcomes overall, the study found.

The FFR market represents a real and significant opportunity for Opsens. Opsens intends to fully exploit this opportunity by aggressive development of the EasyWire and the OptoWire through the stages of animal and human testing, and then commercialization. For the year 2011, Opsens expects R&D expenses to increase by a few hundred thousands of dollars in comparison with the previous year because of work performed on the FFR opportunity.

EasyWire for the Measurement of Fractional Flow Reserve

The EasyWire is a miniature catheter that slides over a vast variety of guide wires. The EasyWire provides a no-drift, highly accurate and reliable measurement of blood pressure in coronary arteries and gives cardiologists the freedom to use their favourite guide wire. With the EasyWire the cardiologist can reach the area under investigation faster and easier than with other products on the market, simplifying the procedure. Opsens has filed a patent application for the EasyWire, "Eccentric Pressure Catheter with Guidewire Capability".

OptoWire for the Measurement of Fractional Flow Reserve

Unlike traditional guide wires, the OptoWire is a guide wire instrumented with a fiber optic pressure sensor, which is drift free and provides a high fidelity measurement of blood pressure in coronary arteries. In addition to more reliable measurement, the OptoWire offers better mechanical performance in terms of trackability, torquability and support over other existing pressure guide wires.

Scientific Advisory Board

To support the development and refinement of the EasyWire and OptoWire, Opsens has put together a scientific advisory board of experts in the field of FFR and clinical research, composed of Drs. Morton Kern, Olivier F. Bertrand and Michael J. Lim. These leading cardiologists are advising the Company on the development, clinical studies and commercialization of the EasyWire and OptoWire.

Contingencies

On March 9, 2011, Opsens stated that it would vigorously defend itself against a lawsuit filed by ACIST Medical Systems Inc., a Delaware corporation ("ACIST"), alleging the improper use of alleged ACIST confidential information in connection with Opsens' EasyWire device and certain patent applications Opsens has filed, including U.S. Patent Application No. 12/725,951 and International Application No. PCT/CA2010/000396 (the "Applications"). ACIST's lawsuit seeks unspecified monetary damages, and further seeks that Opsens assign or abandon the Applications and cease development and testing of its EasyWire device.

Opsens has denied all of ACIST's legal claims in its Answer to the lawsuit filed in the United States District Court for the District of Minnesota. Opsens further filed a counterclaim against ACIST accusing ACIST of a violation of the covenant of good faith and fair dealing while seeking monetary damages against ACIST. ACIST has filed a motion to dismiss Opsens's counterclaim, and Opsens intends to oppose ACIST's motion. Opsens maintains that ACIST's lawsuit is entirely without merit and looks forward to proving its case in Court.

SHORT-TERM FINANCIAL PERFORMANCE AND CASH FLOWS

Non-GAAP financial measure - EBITDAO

The Company quarterly reviews Net loss and Earnings before Interest, Taxes, Depreciation, Amortization and Stock option-based compensation "EBITDAO". The EBITDAO has no normalized sense prescribed by the CICA. It is unlikely that this measure is comparable with measures of the same type presented by other issuers. The EBITDAO is defined by the Company as the cash flows from operating activities without taking into consideration changes in non-cash operating working capital items.

Reconciliation of EBITDAO to the Quarterly Results (in Thousands of Canadian dollars)

	Three-month period ended May 31, 2011	**Three-month period ended May 31, 2010**	**Nine-month period ended May 31, 2011**	**Nine-month period ended May 31, 2010**
	$	**$**	**$**	$
Net loss	(390)	(341)	(1,780)	(1,423)
Financial charges (income)	(42)	(18)	(36)	3
Amortization of property, plant and equipment	49	45	139	131
Amortization of intangible assets	6	5	18	26
EBITDA	(377)	(309)	(1,659)	(1,263)
Stock option-based compensation	43	43	133	145
EBITDAO	(334)	(266)	(1,526)	(1,118)

Net loss

For the three-month period ended May 31, 2011, net loss totalled $390,000, compared with $341,000 a year earlier. This increase in the net loss and the unfavourable fluctuation in EBITDAO for the third quarter 2011 compared with the previous quarter mostly reflect the increase in research and development and administration expenses. On the other hand, financial expenses and gross margin positively affected the change in net loss by $24,000 and $90,000 respectively.

For the nine-month period ended May 31, 2011, net loss totalled $1,780,000, compared with $1,423,000 a year earlier. The increase in the net loss and the unfavourable fluctuation of EBITDAO for the nine-month period ended May 31, 2011, compared with the same period in 2010, mostly reflect the increase in research and development, the increase in administration expenses and the decrease for the gross margin.

The net results for the next quarters will be strongly influenced by product sales volume. The backlog and the expansion of marketing activities within the oil and gas market following the OPP-W installations performed previously should contribute to an increase in EBITDAO on a mid-term basis.

Capital management

The Company uses its capital to finance marketing expenses, research and development activities, administrative expenses, working capital and capital assets. Historically, the Company has financed activities through rounds of public and private financing, debt financing and government grants.

The Company reviews net loss and EBITDAO quarterly.

In Q4 2010, the Company recorded a gain of disposal for $2,375,000. Without taking in consideration the gain of disposal, the Company expects these performance indicators to be lower during the fourth quarter of 2011 in relation with the fourth quarter of 2010. The Company believes that its current liquid assets are sufficient to finance its activities for the short term.

The Company has an authorized line of credit for a maximum amount of $200,000, $50,000 of which is available at all times and which is not limited by margin requirements. When using the line of credit in an amount varying from $50,000 and $100,000, the available credit is limited to an amount equal to 75% of Canadian accounts receivable and 65% of foreign accounts receivable plus 50% of inventories of raw materials and finished goods. If the amount used exceeds $100,000, the credit available is limited to an amount equal to 75% of Canadian accounts receivable and 90% of ensured foreign accounts receivable plus 50% of inventories of raw materials and finished goods. Under the terms and conditions of the credit agreement, the Company is subject to certain covenants with respect to maintaining minimum financial ratios related to the maintenance of a maximum ratio of 3 to 1 for total debt to equity, and a ratio of at least 1.5 to 1 for debt to working capital, with a minimum working capital of $200,000. The covenants were met as of May 31, 2011.

INFORMATION BY REPORTABLE SEGMENTS

Segmented information

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

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

	Three-month period ended May 31, 2011			Three-month period ended May 31, 2010		
	Opsens inc.	Opsens Solutions Inc.	Total	Opsens inc.	Opsens Solutions Inc.	Total
	$	$	$	$	$	$
External sales	515,589	1,899,510	2,415,099	615,747	852,660	1,468,407
Internal sales	160,035	-	160,035	239,969	-	239,969
Amortization of property, plant and equipment	36,538	12,957	49,495	38,253	7,038	45,291
Amortization of intangible assets	5,094	674	5,768	4,847	464	5,311
Financial charges (income)	(97,117)	55,384	(41,733)	(61,323)	42,778	(18,545)
Net loss (profit)	624,593	(234,767)	389,826	375,381	(34,194)	341,187
Acquisition of property, plant and equipment	56,834	142,330	199,164	8,856	28,868	37,724
Acquisition of intangible assets	30,813	1,211	32,024	16,378	-	16,378
Segment assets	6,443,747	3,013,845	9,457,592	6,422,816	2,216,111	8,638,927

	Nine-month period ended May 31, 2011			Nine-month period ended May 31, 2010		
	Opsens inc.	Opsens Solutions Inc.	Total	Opsens inc.	Opsens Solutions Inc.	Total
	$	$	$	$	$	$
External sales	1,402,496	3,495,790	4,898,286	2,070,077	1,515,963	3,586,040
Internal sales	412,738	-	412,738	352,891	-	352,891
Amortization of property, plant and equipment	106,455	33,190	139,645	112,536	18,697	131,233
Amortization of intangible assets	16,206	1,907	18,113	24,314	1,261	25,575
Financial charges (income)	(202,635)	166,179	(36,456)	(104,393)	107,154	2,761
Net loss (profit)	1,758,381	21,261	1,779,642	1,106,400	316,715	1,423,115
Acquisition of property, plant and equipment	108,904	205,677	314,581	41,849	33,453	75,302
Acquisition of intangible assets	66,206	17,641	83,847	25,388	8,083	33,471
Segment assets	6,443,747	3,013,845	9,457,592	6,422,816	2,216,111	8,638,927

Information by geographic segments

	Three-month period ended May 31		Nine-month period ended May 31	
	2011	2010	2011	2010
	$	$	$	$
Revenues per geographic sector				
Canada	1,993,346	897,006	3,623,970	1,648,198
United States	252,987	199,650	836,035	664,629
Other	168,766	371,751	438,281	1,273,213
	2,415,099	1,468,407	4,898,286	3,586,040

Revenues are attributed to the geographic sector based on the clients' location.

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

During the three-month period ended May 31, 2011, revenues from two clients represent individually more than 10% of the total revenues of the company, i.e. approximately 33.0% (Opsens Solutions Inc.'s reportable segment) and 24.1% (Opsens Solutions Inc.'s reportable segment).

During the three-month period ended May 31, 2010, revenues from two clients represent individually more than 10% of the total revenues of the company, i.e. approximately 25.1% (Opsens Solutions Inc.'s reportable segment) and 24.1% (Opsens Solutions Inc.'s reportable segment).

During the nine-month period ended May 31, 2011, revenues from three clients represent individually more than 10% of the total revenues of the company, i.e. approximately 36.7% (Opsens Solutions Inc.'s reportable segment), 18% (Opsens Solutions Inc.'s reportable segment) and 10.7% (Opsens Inc.'s reportable segment).

During the nine-month period ended May 31, 2010, revenues from two clients represent individually more than 10% of the total revenues of the company, i.e. approximately 19.1% (Opsens Solutions Inc.'s reportable segment) and 11.9% (Opsens Solutions Inc.'s reportable segment).

Administrative expenses

Administrative expenses were $550,000 and $386,000 respectively for the three-month periods ended May 31, 2011 and 2010. Administrative expenses were $1,436,000 and $1,121,000 respectively for the nine-month periods ended May 31, 2011 and 2010.

Administrative expenses increased mainly due to a rise in employment levels within the two reportable segments (Opsens Inc. and Opsens Solutions Inc.). In the coming quarters, administrative expenses should slightly increase due to legal expenses.

Sales and marketing expenses

Sales and marketing expenses were $184,000 for the three-month period ended May 31, 2011, compared with $233,000, for the three-month period ended May 31, 2010. Sales and marketing expenses were $447,000 for the nine-month period ended May 31, 2011, compared with $652,000 for the nine-month period ended May 31, 2010.

Sales and marketing decreased due to the sale of our high-power transformer business which affected employment levels. Sales and marketing expenses should remain relatively stable in the fourth quarter in relation to the nine-month period ended May 31, 2011.

Financial expenses (income)

Financial income was $42,000 for the three-month period ended May 31, 2011, compared with financial incomes of $18,000 for the same period of the previous year, an increase of $24,000. The increase in financial income during third quarter 2011 compared with third quarter 2010 resulted directly from the $29,000 increase of interest income mainly composed of implicit interest earned on the balance of purchase price to be received.

Financial incomes were $36,000 for the nine-month period ended May 31, 2011, compared with financial expenses of $3,000 for the same period of the previous year, an increase of $39,000. An increase of loss on foreign currency for the comparative nine-month ended May 31, 2011 and 2010 in the amount of $90,000 were offset by a growth of more than $120,000 from interest income mainly composed of implicit interest earned on the balance of purchase price to be received.

Financing activities cash flow

On February 12, 2010, the Company completed a private placement of 4,287,500 units at a price of $0.85 per unit, for gross proceeds of $3,644,375. Each Unit is comprised of one common share of Opsens and one-half of one common share purchase warrant. Each whole common share purchase warrant entitles its holder thereof to purchase one common share of the Company at a price of $1.15 per common share for a period of 24 months following the closing date of the Private Placement. Opsens paid a cash commission of $254,404 to the brokers and issued 299,299 non transferable warrants to acquire one common share of Opsens at $0.85 for a period of 24 months from the closing of the Private Placement. The net proceeds of the Private Placement will be used for working capital purposes and potential acquisitions. With this financing Opsens will expand its marketing activities and finalize main product development partnerships, which should provide long-term recurring revenues.

In 2009 the Company completed a private placement of 2,916,667 common shares at a price of $0.60 a share for gross proceeds of $1.75 million. Opsens also issued non-transferable warrants to the brokers entitling them to acquire 204,167 common shares of Opsens at $0.60 a share for a period of 24 months from the closing of the offering.

Warrants cancelled

On June 25, 2011, 204,167 warrants entitling its holder to acquire one common share of the Company at a price of $0.60 per share expired.

As at the date of this Management Discussion and Analysis, the following components of shareholders' equity are outstanding:

Common shares	47,865,983
Stock options	3,901,500
Warrants	2,443,049
Securities on a fully diluted basis	54,210,532

Investing activities cash flow

Opsens R&D, production and administrative equipment purchases amounted to $199,000 for the nine-month period ended May 31, 2011. These acquisitions were made primarily to gain access to production equipment and high-tech R&D environment.

As for intangible assets, Opsens invested $32,000 for the nine-month period ended May 31, 2011. These investments involved software and patent protection for the Company's inventions.

Cash and cash equivalents

On May 31, 2011, the Company had cash and cash equivalents of $3,497,000, compared with $5,348,000 as of August 31, 2010. Of this amount as at May 31, 2011, $2,919,000 was invested in highly liquid, safe investments. The Company also has an available line of credit in the amount of $200,000. This line of credit incurs interest at prime +2%. The restrictive clauses of the Company's financial institution are respected.

Financial position

As at May 31, 2011, Opsens had working capital of $6,080,000, compared with working capital of $8,069,000 as at August 31, 2010. Based on the private placement completed on February 12, 2010, the use of proceeds from company's high-power transformer sale, its cash and cash equivalents, its working capital, and its order backlog, Opsens has the financial resources necessary to maintain short-term operations, honour its commitments, and support its anticipated growth and development activities. From a medium-term perspective, Opsens may need to raise additional financing by issuing equity securities and debt. In the long term, there is uncertainty about obtaining additional financing, given the risks and uncertainties identified in the *Risks and Uncertainties* section. Fluctuation in cash assets will depend particularly on the rate of revenue growth, for the coming quarters.

For the fourth quarter 2011, the Company does not expect any additional investment in working capital.

Commitments

- Leases

The Company leases offices under an operating lease expiring on January 31, 2014. This agreement is renewable for an additional five-year period. Future rent, without considering the escalation clause, will amount to $391,180.

Opsens Solutions Inc. rents four vehicles under operating lease expiring in September 2013, October 2013 and May 2014. Future rent payments will amount to $93,704.

Future payments for leases and other commitments, totalling $524,260 are summarized for the next five years as follows:

	$
2012	214,238
2013	186,329
2014	123,693
2015	-
2016	-

- 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.

- Related-party transactions

In the normal course of its operations, the Company has entered into transactions with related parties. These transactions have been measured at the exchange amount.

	Three-month period ended		Nine-month period ended	
	May 31, 2011	May 31, 2010	May 31, 2011	May 31, 2010
	$	$	$	$
Professional fees to a company				
Controlled by a director	7,555	-	28,615	-
	7,555	-	28,615	-

Financial instruments

Cash equivalents and temporary investments

The Company is exposed to various types of risks in the management of its cash and cash equivalents, including those related to the use of financial instruments. To manage these risks, controls were put in place, particularly those related to investment policy. The investment policy is approved by the Board of Directors. The Company's investment policy aims primarily to protect capital, while considering return on investment and income taxes.

Market Risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in the parameters underlying their measurement, particularly interest rates and market prices.

Interest Rate Risk

Interest rate risk exists when interest rate fluctuations modify the cash flows of the Company's investments. The Company owns investments with fixed interest rates. As at May 31, 2011, the Company was holding 83.4% of its cash equivalents portfolio in term deposits redeemable at any time.

Details of financial charges (income)

	Three-month period Ended May 31		Nine-month period Ended May 31	
	2011	2010	2011	2010
	$	$	$	$
Interest and bank charges	2,637	4,277	9,274	14,559
Interest on long-term debt	4,407	4,893	15,266	18,346
Loss (gain) on foreign currency translation	7,000	(923)	115,232	25,368
Interest income	(55,777)	(26,792)	(176,228)	(55,512)
	(41,733)	(18,545)	(36,456)	2,761

Credit Risk

The use of financial instruments can create a credit risk that is the risk of financial loss resulting from a counterparty's inability or refusal to fully discharge its contractual obligations. The Company's credit risk management policies include the authorization to carry out investment transactions with recognized financial institutions, with credit ratings of at least 'A' and higher, in either bonds, money market funds or guaranteed investment certificates. Consequently, the Company manages credit risk by complying with established investment policies.

Concentration Risk

Concentration risk exists when investments are made with multiple entities that share similar characteristics or when a large investment is made with a single entity. As of May 31, 2011, the Company was holding more than 83.4% of its cash equivalents portfolio in term deposits redeemable at any time.

Operational credit risk

The Company provides credit for a conventional period of 30 days 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. Four major customers represent 82.9 % of the Company's accounts receivable as at May 31, 2011.

As at May 31, 2011, 9.9 % of the accounts receivable were of more than 90 days whereas 31.5 % of those were with less than 30 days. The maximum exposure to the risk of credit for receivables corresponded to their book value. On May 31, 2011, the bad debt provision was established at $3,082 ($6,110 on August 31, 2010).

Management considers that substantially all receivables are fully collectible as most of our customers are large corporations with good credit standing and no history or default.

Interest rate and cash flow risk

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

Assuming the cash equivalents and long-term debt as reported on May 31, 2011 had been the same throughout the period, a hypothetical 1% interest rate increase would have had an unfavourable impact of $116 and $475 respectively on the net loss for the three-month and nine-month periods ended May 31, 2011. The net loss would have had an equal but opposite effect for a hypothetical 1% interest rate decrease.

Foreign exchange risk

The Company realizes certain sales 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.

For the three-month and nine-month periods ended May 31, 2011, if the Canadian dollar had strengthened 10% against the U.S. dollar with all other variables held constant, after-tax net income and other comprehensive income would have been respectively $7,000 and $22,000 lower. Conversely, if the Canadian dollar had weakened 10% against the U.S. dollar with all other variables held constant, after-tax net income and other comprehensive income would have been $7,000 and $22,000 higher for the same periods.

As at May 31, 2011, the risk to which the Company was exposed is established as follows:

	As at May 31, 2011	As at August 31, 2010
	$	$
Cash (US$455,033)	441,137	509,164
Accounts receivable (US$132,707)	128,540	501,350
Balance of purchase price to be received (US$900,353)	872,082	826,037
Accounts payable and accrued liabilities (US$145,886)	(141,306)	(93,826)
Total	1,300,453	1,742,725

Fair value

The fair value of cash and cash equivalents, accounts receivable, income tax credits receivable, balance of purchase price to be received 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.

The Company defines the fair value hierarchy under which its financial instruments are valued as follows:

Cash and cash equivalents are classified under Level 1, that is the valuation based on active market price in determining fair value.

Liquidity Risk

Liquidity risk represents the possibility of the Company not being able to raise the funds needed to meet financial commitments at the appropriate time and under reasonable conditions. The Company manages this risk by maintaining permanent and sufficient liquidity to meet current and future financial obligations, under both normal and exceptional circumstances. The funding strategies used to manage this risk include turning to capital markets to carry out issues of equity and debt securities.

The following are the contractual maturities of the financial liabilities, principal and interest (assuming current interest rates), as at May 31, 2011:

	Total	0 to 12 months	1 to 2 years	2 to 5 years	More than 5 years
	$	$	$	$	$
Accounts payable and accrued liabilities	1,104,571	1,104,571	-	-	-
Long-term debt	123,293	106,680	16,613	-	-
Obligation under capital lease	37,277	16,753	11,309	9,215	-
Commitments	524,260	214,238	186,329	123,693	-
Total	1,789,401	1,442,242	214,251	132,908	-

STRATEGIC ACQUISITIONS AND NEW PROJECT DEVELOPMENT

As part of its business plan, Opsens has identified means to grow through acquisitions. To maximize value creation for shareholders and depending on opportunities, Opsens could make strategic acquisitions. The Company remains ready for opportunities that may arise at any moment.

On August 16, 2010, Opsens reached an agreement to license through an Intellectual Property and Assignment Agreement ("The Agreement") its technology in the high-power transformers business to a subsidiary of LumaSense Technologies Inc., of Santa Clara, California, representing Opsens' exit from that line of business.

The Agreement gives LumaSense exclusive rights to use Opsens' technology in the transformer business. LumaSense will also have access to Opsens' existing distribution channels for its transformer business. LumaSense has paid Opsens US$2.2 million in cash upon closing and will pay a further US$500,000 in one year and US$500,000 two years after closing.

The Agreement was recorded as a disposal. Gain on disposal calculation had been calculated as follow:

	Amount
	$
Proceeds	
Cash received at closing	2,190,720
Balance of purchase price to be received as of August 16, 2011 (nominal value of 500,000 $US)	443,360
Balance of purchase price to be received as of August 16, 2012 (nominal value of 500,000 $US)	376,856
	3,010,936
Disposal expenses	
Inventory and purchases credit	150,000
Other expenses and accrued expenses	265,829
Deferred revenues – manufacturing agreement*	220,000
	635,829
Gain on disposal	2,375,107

* Opsens engaged in a manufacturing agreement with terms and conditions that are beneficial to LumaSense.

CAPACITY TO GENERATE RESULTS

As we explained in the section relative to financial position, Opsens has the financial resources for its short term operations, for the fulfillment of commitments, for the maintenance of its growth plan and for its development activities. On a mid-term perspective, it is possible that additional financing through the issuance of shares or debt financing may be required.

During the fourth quarter 2011, no additional investment in working capital should be required. On the other hand, investments in capital of less than one hundred thousands of dollars will be needed to respond to Opsens' operational needs.

From the point of view of human resources, the main corporate executive positions are filled within the Company. However, additional production personnel will be required in Quebec and Alberta. Taking into account the competitive employment market in Canada, Opsens is confident of its capacity to recruit qualified human resources in a timely fashion.

Regarding the strategy on corporate executive remuneration, it is oriented towards creation of long-term value for the shareholders. Several corporate executives hold an important share and share-purchase option position, with rights to be acquired over a four-year period in order to align shareholders' interests with corporate executives' interests. This long-term vision stimulates innovation and the development of recurrent revenues.

CHANGES IN ACCOUNTING POLICIES

The unaudited financial statements for the three and nine-months periods ended May 31, 2011 are consistent with the policies outlined in the Company's audited financial statements for the year ending August 31, 2010.

International Financial Reporting Standards

The Accounting Standards Board of Canada (“AcSB”) has announced that accounting standards in Canada, as used by public companies, will converge to International Financial Reporting Standards (“IFRS”) over a transition period that is expected to be completed by 2011. On February 13, 2008, the AcSB confirmed 2011 as the official changeover date from current Canadian GAAP to IFRS. The changeover date applies to the annual and interim financial statements beginning on or after January 1, 2011. The Company will convert to these new standards according to the timetable set with these new rules.

The Company is currently assessing the future impact of these new standards on its commercial activities, financial information systems and its consolidated financial statements.

RISK FACTORS AND UNCERTAINTIES

Opsens operates in an industry that is subject to various risks and uncertainties. The Company’s business, financial position, and operating results could be impacted negatively by these risks and uncertainties. The most important risks and uncertainties are described in the management discussion and analysis for the year ended August 31, 2010.

OTHER INFORMATION

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

On behalf of management,
Chief Financial Officer and Secretary

(s) Louis Laflamme

July 5, 2011