Condensed Interim Consolidated Financial Statements

Opsens Inc.

Three-month periods ended November 30, 2014 and 2013
(unaudited)

Notice

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

Opsens Inc.

Three-month periods ended November 30, 2014 and 2013

Table of contents

Opsens Inc.

Interim Consolidated Statements of Earnings (Loss) and Comprehensive Income (Loss)

(unaudited)

	Three-month periods ended November 30, 2014	2013
	$	$
Revenues		
Sales	**1,228,389**	2,201,785
Distribution rights (note 4)	**3,117,500**	-
Licensing (note 4)	**91,352**	-
	4,437,241	2,201,785
Cost of sales	**928,506**	1,401,925
Gross margin	**3,508,735**	799,860
Expenses (revenues)		
Administrative	**657,224**	572,906
Sales and Marketing	**425,625**	294,400
Research and development	**505,329**	506,492
Financial expenses (revenues)	**(38,023)**	111,087
Impairment of assets (note 3)	**796,237**	-
	2,346,392	1,484,885
Net earnings (loss) and comprehensive income (loss)	**1,162,343**	(685,025)
Net earnings (loss) per share (note 7)		
Basic	**0.02**	(0.01)
Diluted	**0.02**	(0.01)

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

Opsens Inc.

Interim Consolidated Statements of Changes in Equity
Three-month period ended November 30, 2014
(unaudited)

	Common shares	Warrants	**Total**	Common shares	Reserve - Stock option plan	Reserve - Warrants	Deficit	**Total**
	(number)	(number)	**(number)**	$	$	$	$	**$**
Balance as at August 31, 2014	59,758,003	3,475,426	**63,233,429**	22,839,799	1,426,056	2,316,854	(18,373,480)	**8,209,229**
Fair value of stock options exercised (note 6a)	-	-	**-**	37,525	(37,525)	-	-	**-**
Issued pursuant to the stock option plan (note 6a)	340,000	-	**340,000**	73,175	-	-	-	**73,175**
Stock-based compensation costs	-	-	**-**	-	62,915	-	-	**62,915**
Net earnings	-	-	**-**	-	-	-	1,162,343	**1,162,343**
Balance as at November 30, 2014	60,098,003	3,475,426	**63,573,429**	22,950,499	1,451,446	2,316,854	(17,211,137)	**9,507,662**

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

Opsens Inc.
Interim Consolidated Statements of Changes in Equity
Three-month period ended November 30, 2013
(unaudited)

	Common shares	Warrants	**Total**	Common shares	Reserve – Stock option plan	Reserve - Warrants	Deficit	**Total**
	(number)	(number)	**(number)**	$	$	$	$	**$**
Balance as at August 31, 2013	47,865,983	-	**47,865,983**	15,201,618	1,275,946	2,190,382	(15,274,768)	**3,393,178**
Fair value of stock options exercised (note 6a)	-	-	**-**	21,121	(21,121)	-	-	**-**
Issued pursuant to the stock option plan (note 6a)	60,000	-	**-**	22,600	-	-	-	**22,600**
Stock-based compensation costs	-	-	**-**	-	80,130	-	-	**80,130**
Net loss	-	-	**-**	-	-	-	(685,025)	**(685,025)**
Balance as at November 30, 2013	47,925,983	-	**47,925,983**	15,245,339	1,334,955	2,190,382	(15,959,793)	**2,810,883**

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

Opsens Inc.
Consolidated Statements of Financial Position
(unaudited)

	As at November 30, 2014	As at August 31, 2014
	$	$
Assets		
Current		
Cash and cash equivalents (note 9)	**10,841,289**	10,621,011
Trade and other receivables	**964,068**	969,311
Tax credits receivable	**468,434**	383,500
Inventories	**2,519,797**	2,445,884
Prepaid expenses	**71,299**	193,116
	14,864,887	14,612,822
Property, plant and equipment (note 3)	**849,064**	1,042,813
Intangible assets	**485,231**	456,411
Goodwill (note 3)	**-**	676,574
	16,199,182	16,788,620
Liabilities		
Current		
Accounts payable and accrued liabilities	**1,276,060**	1,412,792
Warranty provision	**133,500**	133,500
Current portion of deferred revenues	**948,174**	2,708,371
Current portion of long-term debt	**174,261**	173,548
	2,531,995	4,428,211
Deferred revenues (note 4)	**1,050,559**	1,138,338
Long-term debt	**622,535**	653,286
Convertible debenture (note 5)	**2,486,431**	2,359,556
	6,691,520	8,579,391
Shareholders' equity		
Share capital	**22,950,499**	22,839,799
Reserve – Stock option plan	**1,451,446**	1,426,056
Reserve – Warrants	**2,316,854**	2,316,854
Deficit	**(17,211,137)**	(18,373,480)
	9,507,662	8,209,229
	16,199,182	16,788,620

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

Approved by the Board

Signed [Jean Lavigueur] director

Signed [Louis Laflamme] director

Opsens Inc.

Interim Consolidated Statements of Cash Flows
(unaudited)

	Three-month periods ended November 30,	
	2014	2013
	$	$
Operating activities		
Net earnings (loss) for the period	**1,162,343**	(685,025)
Adjustments for:		
Depreciation of property, plant and equipment	**101,253**	79,193
Amortization of intangible assets	**13,844**	10,778
Impairment of assets (note 3)	**796,237**	-
Stock-based compensation costs	**62,915**	80,130
Change in fair value of embedded derivative	**(10,530)**	78,342
Interest expense (revenue)	**(6,668)**	11,168
Effect of foreign exchange rate changes on cash and cash equivalents	**137,235**	6,562
Unrealized foreign exchange loss	**118,777**	17,048
Government grants on long-term debt	**-**	(110,808)
Changes in non-cash operating working capital items (note 9)	**(2,016,495)**	(562,912)
	358,911	(1,075,524)
Investing activities		
Acquisition of property, plant and equipment	**(27,167)**	(46,142)
Additions to intangible assets	**(42,664)**	(18,949)
Interest received	**38,380**	10,763
	(31,451)	(54,328)
Financing activities		
Increase in long-term debt	**-**	314,213
Reimbursement of long-term debt	**(43,122)**	(44,830)
Proceeds from the issuance of shares	**73,175**	22,600
	30,053	291,983
Effect of foreign exchange rate changes on cash and cash equivalents	**(137,235)**	(6,562)
Increase (decrease) in cash and cash equivalents	**220,278**	(844,431)
Cash and cash equivalents - Beginning of period	**10,621,011**	3,662,259
Cash and cash equivalents - End of period	**10,841,289**	2,817,828

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

Additional information on the consolidated statements of cash flows is presented in note 9.

1. Incorporation and Description of Business

Opsens Inc. ("Opsens" or the "Company") is incorporated under the *Business Corporations Act* (Quebec). The Company focuses mainly on two large and growing markets: interventional cardiology with a focus on Fractional Flow Reserve ("FFR") as well as the industrial, oil & gas segment. In interventional cardiology, Opsens offers an advanced optical-based pressure guidewire (OptoWire) that aims at improving the clinical outcome of patients with coronary artery disease. In the industrial, oil & gas segment, Opsens develops, manufactures and installs innovative fiber optic sensing solutions for critical applications such as the monitoring of oil wells and other demanding industrial applications. The Company's head office is located at 125-2014, Cyrille-Duquet, Québec, Québec, Canada, G1N 4N6.

2. Basis of Preparation

Statement of Compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as set out in the Canadian Institute of Chartered Accountants ("CICA") Handbook applicable to the preparation of interim financial statements, including International Accounting Standards ("IAS") 34, *Interim Financial Reporting* and using the same accounting policies and methods of computation as our most recent annual financial statements, except for the changes in accounting policies described below. These condensed interim consolidated financial statements should be read in conjunction with the annual financial statements for the year ended August 31, 2014, which have been prepared in accordance with IFRS as issued by the International Accounting Standards Board.

Changes in Accounting Policies

New and amended standards adopted by the Company

IAS 32, Financial Instruments: Presentation

In December 2011, amendments to IAS 32, *Financial Instruments: Presentation*, were issued to clarify the application of offsetting criteria with regard to offsetting financial assets and financial liabilities. The amendments to IAS 32 are effective for fiscal years beginning on or after January 1, 2014 with earlier adoption permitted. The adoption of these new requirements had no impact on the Company's consolidated financial statements.

IAS 36, Impairment of Assets

IAS 36, *Impairment of Assets*, has been revised to integrate the amendments issued in May 2013. Those amendments make it possible to better reflect a prior decision to require the recoverable amount of impaired assets to be reported along with other disclosures regarding the measurement of the recoverable amount of impaired assets in cases where said recoverable amount is based on fair value less cost of disposal, including the discount rate, when a discounting technique is used to determine the recoverable amount. Those amendments are effective for fiscal years beginning on or after January 1, 2014 with earlier adoption permitted. The adoption of these IFRS amendments did not have a significant impact on the Company's consolidated financial statements.

IFRIC 21, Levies

IFRIC 21, *Levies*, which is an interpretation of IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, applies to the accounting for levies imposed by governments. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event ("obligating event"). IFRIC 21 clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. IFRIC 21 is effective for annual periods commencing on or after January 1, 2014. The adoption of IFRIC 21 did not have a significant impact on the Company's consolidated financial statements.

3. Impairment of assets

During the three-month period ended November 30, 2014, the Company updated its long-term financial forecast for Opsens Solutions Inc.'s cash generating unit ("CGU") which corresponds to a reportable segment of the Company. As a result of lower than anticipated long-term revenue projections due to economic factors, including the significant decrease of the crude oil prices, the Company concluded its goodwill may be impaired and as a result performed an impairment analysis. The recoverable amount of the goodwill as at November 30, 2014 was determined using the fair value less costs of disposal method, in the same manner as disclosed in the audited consolidated financial statements for the years ending August 31, 2014 and 2013.

As a result of the impairment analysis as at November 30, 2014, the Company concluded the carrying value of the Opsens Solutions Inc.'s CGU was in excess of its recoverable amount. The recoverable amount of Opsens Solutions Inc.'s CGU amounted to $1,611,000 and is classified at level 3 in the fair value hierarchy. The Company has recorded an impairment charge relating to its goodwill of $676,574 for the three-month period ended November 30, 2014.

In addition, an impairment charge of $119,663 was also recorded during the three-month period ended November 30, 2014 for automotive equipment resulting from the challenging economic environment Opsens Solutions Inc.' CGU is facing.

There were no tax impacts as a result of the impairment charges.

4. Deferred Revenues

a) Distribution and Other Rights Agreement

On November 19, 2012, the Company announced the granting of distribution and other rights for OptoWire and OptoMonitor, Opsens' products for measuring FFR. Under the terms of the agreement, the Company received:

- US$3 million for the distribution rights for its FFR products for Japan, Korea and Taiwan, which includes:
  a. US$2 million at signing ("upfront license fee");
  b. US$1 million once Opsens gets regulatory approval for its FFR devices in Japan ("milestone payment");
- US$2 million in convertible debenture, at signing, as described in note 5 of these condensed interim consolidated financial statements.

Under the terms of the agreement, the Company shall reimburse the upfront license fee upon the occurrence of any of the following events:

a. The Company fails to obtain regulatory approval for the OptoWire and the OptoMonitor within five years of the agreement date for all the following geographic regions: Canada, European Union and the United States;

b. The Company abandons the development of the OptoWire and OptoMonitor before obtaining the milestone payment;

c. The Company materially breaches any terms of the agreement or is subject to bankruptcy.

On November 19, 2014, the Company announced it has received CE Mark approval to market in Europe its FFR products. The CE mark approval, in addition to the Shonin approval obtained on October 2, 2014, allow the Company to record in the consolidated statement of earnings (loss) and comprehensive income (loss) under the caption “Distribution rights” the $2,002,000 (US$2,000,000) upfront license fee it received upon the signature of the agreement that were previously accounted for as deferred revenues.

On October 2, 2014, the Company announced it has received Shonin approval from the Japanese Ministry of Health, Labor and Welfare to market the OptoWire and the OptoMonitor, Opsens’ products that measure FFR in patients with coronary artery disease.

Obtaining Shonin approval was the final condition for the release of a milestone payment of US$1,000,000 ($1,115,500). This amount has been recorded in the consolidated statement of earnings (loss) and comprehensive income (loss) under the caption “Distribution rights”.

b) Licensing Agreement

On April 15, 2014, the Company announced it had entered into an agreement with Abiomed, Inc. (“Abiomed”) in connection with its miniature optical pressure sensor technology for applications in circulatory assist devices. The Company has granted Abiomed an exclusive worldwide license to integrate its miniature pressure sensor in connection with Abiomed’s circulatory assist devices. Under the agreement, Abiomed will pay Opsens an aggregate amount of US$6,000,000. US$1,500,000 has been paid on closing, while the balance will be disbursed based on the achievement of certain milestones.

The Company will apply the principles of IAS 18, *Revenue*, to record revenues arising from the agreement with Abiomed. Therefore, the amount of $1,647,000 (US$1,500,000) paid on closing will be recognized over the term of the agreement. Revenues from milestone payments will be limited to costs incurred as long as the milestones are not achieved. Upon the achievement of a milestone, the unrecognized portion of the milestone will be recorded as revenues. During the quarter ended November 30, 2014, an amount of $91,532 related to the Abiomed agreement has been recognized as licensing revenues in the consolidated statements of earnings (loss) and comprehensive income (loss).

c) Other Deferred Revenues

Deferred revenues also comprise contracts where billings exceed contract costs incurred to date plus recognized profits less recognized losses or when the Company receives payments in advance of meeting the revenue recognition criteria.

5. Convertible Debenture

On November 19, 2012, the Company issued a US$2,000,000 ($2,002,000) subordinated secured convertible debenture maturing November 19, 2017. The convertible debenture bears interest at a rate of 2.0% per annum, payable at maturity. At the holder’s option, the convertible debenture may be converted into common shares of the Company at any time up to the maturity date at a conversion price representing the market price of the shares. However, the conversion price is subject to a minimum of $0.50 and a maximum of $0.75 per common share (the “conversion price”).

The convertible debenture is also convertible at the Company’s option at the conversion price if the volume-weighted average closing price per common share for the twenty trading days immediately preceding the fifth trading day before such conversion date is at least $1.20 and if a minimum of 50,000 common shares have traded on the TSX Venture Exchange during each of the twenty trading days taken into account in the calculation of the conversion price.

To secure the repayment of the convertible debenture, a movable hypothec on certain equipment has been given. As at November 30, 2014, the net book value of property, plant and equipment pledged as collateral was $24,500 ($32,800 as at August 31, 2014). This hypothec will rank second to certain long-term loans of the Company.

As noted above, the convertible debenture contains a conversion option that will result in an obligation to deliver a fixed amount of equity in exchange of a variable amount of convertible debentures when translated into the functional currency of the Company. Consequently, under IAS 32, *Financial Instruments: Presentation*, the convertible debenture is accounted for as a compound instrument with a debt component and a separate embedded derivative representing the conversion option. Both the debt and embedded derivative components of this compound financial instrument are measured at fair value on initial recognition. The debt component is subsequently accounted for at amortized cost using the effective interest rate method. The embedded derivative is subsequently measured at fair value at each reporting date, with gains and losses in fair value recognized through profit or loss.

The carrying value of the convertible debenture and embedded derivative as of November 30, 2014 and August 31, 2014 is as follows:

	As of November 30, 2014	**As of August 31, 2014**
	$	**$**
Debt component reported as long-term liability (US$2,053,654; US$2,040,906 as at August 31, 2014)	**2,349,380**	2,219,077
Embedded derivative reported as long-term liability (US$119,800; US$129,200 as at August 31, 2014)	**137,051**	140,479
Total	**2,486,431**	2,359,556

6. Shareholders' Equity

a) Public offering and shares issued under the stock option plan

On February 18, 2014, the Company completed a public offering for aggregate gross proceeds of $8,505,104. In connection with the offering, the Company issued a total of 5,340,220 units at a price of $0.75 per unit and 6,164,300 common shares at a price of $0.73 per common share. Each unit consists of one common share in the capital stock of Opsens and one-half of one common share purchase warrant, with each whole common share purchase warrant entitling the holder thereof to purchase one common share at a price of $1.05 until February 18, 2016.

The value of one-half of one common share purchase warrant was established at $0.02, being the difference between the issuing price of $0.75 per unit and of $0.73 per common share. Expenses of the offering include underwriting fees of $595,357 and other professional fees and miscellaneous fees of $373,991 for total fees of $969,348.

The Company also issued 805,316 broker warrants as additional compensation, each warrant entitling the holder to purchase one common share at a price of $0.73 until February 18, 2016. The total fees of $969,348 and the broker warrants value of $32,213 have been allocated on a prorata basis between share capital and the warrants reserve, $989,015 and $12,546 respectively, based on the ratio established by their respective values as described above.

During the three-month period ended November 30, 2014, following the exercise of stock options, the Company issued 340,000 common shares (60,000 for the three-month period ended November 30, 2013) for a cash consideration of $73,175 ($22,600 for the three-month period ended November 30, 2013). The fair value of the stock options exercised was $37,525 ($21,121 for the three-month period ended November 30, 2013).

b) Stock options

The changes in the number of stock options granted by the Company and their weighted-average exercise prices, for the three-month periods ended November 30, 2014 and 2013, are as follows:

	Three-month period ended November 30, 2014,		**Three-month period ended November 30, 2013,**	
	Number of options	**Weighted average exercise price**	**Number of options**	**Weighted average exercise price**
		$		**$**
Balance – Beginning of period	**4,172,500**	**0.36**	4,141,667	0.27
Granted	**400,000**	**0.70**	240,000	0.68
Exercised	**(340,000)**	**0.22**	(60,000)	0.38
Forfeited	**(10,000)**	**1.15**	(50,000)	0.40
Cancelled	**(475,000)**	**0.22**	(486,667)	0.33
Balance – End of period	**3,747,500**	**0.42**	3,785,000	0.27

7. Net Earnings (Loss) per Share

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

	Three-month periods ended November 30,	
	2014	2013
	$	$
Net earnings (loss) attributable to shareholders		
Basic and diluted	**1,162,343**	(685,025)
Number of shares		
Basic weighted average number of shares outstanding	**59,803,168**	47,872,137
Dilutive effect of stock options	**1,884,211**	-
Diluted weighted average number of shares outstanding	**61,687,379**	47,872,137
Amount per share		
Net earnings (loss) per share		
Basic	**0.02**	(0.01)
Diluted	**0.02**	(0.01)

Stock options, warrants and the convertible debenture are excluded from the calculation of the diluted weighted average number of shares outstanding when their exercise price is greater than the average market price of common shares or when their effect is antidilutive. The number of such stock options and warrants and the nominal value of the convertible debenture are presented below:

	Three-month periods ended November 30, 2014	2013
Stock options	**1,085,000**	3,785,000
Warrants	**3,475,426**	-
Convertible debenture (US$2,000,000)	**$2,002,000**	$2,002,000

For the three-month period ended November 30, 2013, the diluted amount per share was the same amount as the basic amount per share, since the dilutive effect of stock options and convertible debenture was not included in the calculation; otherwise, the effect would have been antidilutive. Accordingly, the diluted amount per share for this period was calculated using the basic weighted average number of shares outstanding.

8. Fair Value of Financial Instruments

The following table provides information about financial instruments measured at fair value in the statement of financial position and categorized by level according to the significance of the inputs used in making the measurements:

		As of November 30, 2014	As of August 31, 2014
	Input level*	**Fair Value and Carrying Value**	**Fair Value and Carrying Value**
		$	**$**
Financial assets (liabilities) measured at fair value:			
Convertible debenture – embedded derivative	**2**	**(137,051)**	(140,479)

* Level 2 – Quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

The fair value of the embedded derivative financial instruments included in the convertible debenture is calculated using a financial model which includes observable data like share price and interest rates.

9. Additional Information on the Statements of Cash Flows

	Three-month periods ended November 30,	
	2014	2013
	$	$
Changes in non-cash operating working capital items		
Trade and other receivables	**5,243**	(848,578)
Tax credits receivable	**(84,934)**	246,689
Work in progress	**-**	47,341
Inventories	**(73,913)**	(43,383)
Prepaid expenses	**121,817**	38,282
Accounts payable and accrued liabilities	**(136,732)**	(99,394)
Warranty provision	**-**	(8,500)
Deferred revenues	**(1,847,976)**	104,631
	(2,016,495)	(562,912)

	As of November 30, 2014	**As of August 31, 2014**
	$	$
Cash and cash equivalents		
Cash	**741,852**	785,907
Short-term investments	**10,099,437**	9,835,104
	10,841,289	10,621,011

10. Segmented information

Sector's Information

The Company's reportable segments are strategic business units managed separately as one is focused on developing, producing and supplying fiber optic sensors (Opsens Inc.) and the other (Opsens Solutions Inc.) is specialized in the commercialization and 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 amount, which approximates prevailing prices in the markets.

	Three-month period ended November 30, 2014			Three-month period ended November 30, 2013		
	Opsens Inc.	**Opsens Solutions Inc.**	**Total**	Opsens Inc.	Opsens Solutions Inc.	Total
	$	**$**	**$**	$	$	$
External sales	**617,041**	**611,348**	**1,228,389**	426,906	1,774,879	2,201,785
Internal sales	**82,203**	**-**	**82,203**	315,348	-	315,348
Depreciation of property, plant and equipment	**67,569**	**33,684**	**101,253**	45,931	33,262	79,193
Amortization of intangible assets	**11,966**	**1,878**	**13,844**	7,087	3,691	10,778
Financial expenses (revenues)	**(77,824)**	**39,801**	**(38,023)**	32,211	78,876	111,087
Impairment of assets	**796,237**	**-**	**796,237**	-	-	-
Net earnings (loss)	**1,521,720**	**(359,377)**	**1,162,343**	(806,988)	121,963	(685,025)
Acquisition of property, plant and equipment	**26,036**	**1,131**	**27,167**	41,026	5,116	46,142
Additions to intangible assets	**42,664**	**-**	**42,664**	16,678	2,271	18,949
Segment assets	**13,208,858**	**2,990,324**	**16,199,182**	5,892,199	4,326,266	10,218,465
Segment liabilities	**6,016,845**	**674,675**	**6,691,520**	6,692,036	715,546	7,407,582

Geographic sector's information

	Three-month periods ended November 30,	
	2014	2013
	$	$
Revenue per geographic sector		
Canada	**634,308**	**1,790,212**
United States	**106,124**	**151,212**
Other*	**487,957**	**260,361**
	1,228,389	**2,201,785**

* Comprise revenues generated in countries for which amounts are individually not significant.

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 November 30, 2014, revenues from four clients represented individually more than 10% of the total revenues of the Company, i.e. approximately 17% (Opsens Inc.'s reportable segment), 14% (Opsens Solutions Inc.'s reportable segment), 13% (Opsens Solutions Inc.'s reportable segment) and 11% (Opsens Solutions Inc.'s reportable segment).

During the three-month period ended November 30, 2013, revenues from three clients represented individually more than 10% of the total revenues of the Company, i.e. approximately 38% (Opsens Solutions Inc.'s reportable segment), 21% (Opsens Solutions Inc.'s reportable segment) and 17% (Opsens Solutions Inc.'s reportable segment).

11. Approval of Condensed Interim Consolidated Financial Statements

The condensed interim consolidated financial statements were approved by the Board of Directors and authorized for issue on January 19, 2015.