Condensed Interim Consolidated Financial Statements

Opsens Inc.

Six-month periods ended February 29, 2016 and February 28, 2015
(unaudited)

Notice

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

Opsens Inc.

Six-month periods ended February 29, 2016 and February 28, 2015

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Opsens Inc.

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

(unaudited)

	Three-month periods ended		Six-month periods ended	
	February 29, 2016	February 28, 2015	**February 29, 2016**	February 28, 2015
	$	$	**$**	$
Revenues				
Sales	**2,649,302**	1,856,074	**4,268,862**	3,084,463
Distribution rights (note 4)	**-**	340,000	**-**	3,457,500
Licensing (note 4)	**91,352**	90,348	**182,704**	181,700
	2,740,654	2,286,422	**4,451,566**	6,723,663
Cost of sales	**1,973,914**	1,178,024	**3,201,921**	2,106,530
Gross margin	**766,740**	1,108,398	**1,249,645**	4,617,133
Expenses (revenues)				
Administrative	**814,454**	715,481	**1,547,351**	1,372,705
Sales and marketing	**773,128**	415,713	**1,248,877**	841,338
Research and development	**624,989**	483,685	**1,308,899**	989,014
Financial expenses (revenues)	**76,806**	33,092	**325,223**	(4,931)
Impairment of assets (note 3)	**-**	-	**-**	796,237
	2,289,377	1,647,971	**4,430,350**	3,994,363
Earnings (loss) before income taxes	**(1,522,637)**	(539,573)	**(3,180,705)**	622,770
Current income tax expense (note 4)	**-**	340,000	**-**	340,000
Net earnings (loss) and comprehensive income (loss)	**(1,522,637)**	(879,573)	**(3,180,705)**	282,770
Net earnings (loss) per share (note 7)				
Basic	**(0.02)**	(0.01)	**(0.05)**	0.00
Diluted	**(0.02)**	(0.01)	**(0.05)**	0.00

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

Opsens Inc.

Interim Consolidated Statements of Changes in Equity
Six-month period ended February 29, 2016
(unaudited)

	Common shares					Reserve –			
					Share	Stock option	Reserve –		
	Issued	Subscribed	Warrants	**Total**	capital	plan	Warrants	Deficit	**Total**
	(number)	(number)	(number)	**(number)**	$	$	$	$	**$**
Balance as at									
August 31, 2015	60,497,253	140,000	3,450,426	**64,087,679**	23,226,679	1,608,161	2,315,944	(21,257,345)	**5,893,439**
Common shares and warrants issued in connection with a public offering (note 6a)	5,681,819	-	3,154,796	**8,836,615**	3,826,725	-	581,354	-	**4,408,079**
Common shares and warrants issued in connection with a private placement (note 6a)	184,400	-	92,200	**276,600**	134,896	-	17,294	-	**152,190**
Issued pursuant to the stock option plan (note 6a)	283,750	(140,000)	-	**143,750**	63,465	(23,090)	-	-	**40,375**
Warrants expired (note 6c)			(2,670,110)	**(2,670,110)**	-	-	-	-	**-**
Warrants exercised (note 6c)	780,316	-	(780,316)	**-**	600,843	-	(31,213)	-	**569,630**
Stock-based compensation costs (note 6a)	-	-	-	**-**	-	174,158	-	-	**174,158**
Net loss	-	-	-	**-**	-	-	-	(3,180,705)	**(3,180,705)**
Balance as at									
February 29, 2016	67,427,538	-	3,246,996	**70,674,534**	27,852,608	1,759,229	2,883,379	(24,438,050)	**8,057,166**

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

Opsens Inc.
Interim Consolidated Statements of Changes in Equity
Six-month period ended February 28, 2015
(unaudited)

	Common shares	Warrants	**Total**	Share capital	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**
Issued pursuant to the stock option plan (note 6a)	480,000	-	**480,000**	193,385	(70,410)	-	-	**122,975**
Stock-based compensation costs	-	-	**-**	-	185,670	-	-	**185,670**
Net earnings	-	-	**-**	-	-	-	282,770	**282,770**
Balance as at February 28, 2015	60,238,003	3,475,426	**63,713,429**	23,033,184	1,541,316	2,316,854	(18,090,710)	**8,800,644**

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

Opsens Inc.

Consolidated Statements of Financial Position

(unaudited)

	As at February 29, 2016	As at August 31, 2015
	$	$
Assets		
Current		
Cash and cash equivalents (note 9)	**6,004,204**	7,203,612
Trade and other receivables	**2,316,954**	561,093
Tax credits receivable	**527,727**	350,000
Inventories	**3,462,176**	2,837,770
Prepaid expenses	**153,247**	124,369
	12,464,308	11,076,844
Property, plant and equipment (note 3)	**3,418,258**	1,131,679
Intangible assets	**599,455**	554,730
	16,482,021	12,763,253
Liabilities		
Current		
Accounts payable and accrued liabilities	**3,412,741**	1,657,962
Warranty provision	**84,000**	84,000
Current portion of deferred revenues	**366,408**	609,937
Current portion of long-term debt	**166,259**	232,309
	4,029,408	2,584,208
Deferred revenues (note 4)	**592,797**	774,499
Long-term debt	**364,725**	462,779
Convertible debenture (note 5)	**3,352,928**	2,998,702
Deferred lease inducement	**84,997**	49,626
	8,424,855	6,869,814
Shareholders' equity		
Share capital	**27,852,608**	23,226,679
Reserve – Stock option plan	**1,759,229**	1,608,161
Reserve – Warrants	**2,883,379**	2,315,944
Deficit	**(24,438,050)**	(21,257,345)
	8,057,166	5,893,439
	16,482,021	12,763,253

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		Six-month periods ended	
	February 29, 2016	February 28, 2015	**February 29, 2016**	February 28, 2015
	$	$	**$**	$
Operating activities				
Net earnings (loss)	**(1,522,637)**	(879,573)	**(3,180,705)**	282,770
Adjustments for:				
Depreciation of property, plant and equipment	**103,235**	97,876	**199,715**	199,129
Amortization of intangible assets	**20,120**	12,663	**36,450**	26,507
Impairment of assets (note 3)	**-**	-	**-**	796,237
Stock-based compensation costs	**97,238**	122,755	**174,158**	185,670
Change in fair value of embedded derivative	**23,342**	41,786	**229,309**	31,256
Interest expense (revenue)	**4,949**	1,209	**8,982**	(5,459)
Effect of foreign exchange rate changes on cash and cash equivalents	**(31,733)**	(247,885)	**(54,611)**	(385,120)
Unrealized foreign exchange loss	**42,495**	223,826	**89,700**	342,603
Changes in non-cash operating working capital items (note 9)	**(921,967)**	(905,399)	**(1,923,077)**	(2,921,894)
	(2,184,958)	(1,532,742)	**(4,420,079)**	(1,448,301)
Investing activities				
Decrease in deferred financing cost	**26,297**	-	**-**	-
Acquisition of property, plant and equipment	**(1,782,744)**	(152,676)	**(1,915,181)**	(179,843)
Additions to intangible assets	**(49,952)**	(24,392)	**(95,602)**	(67,056)
Interest received	**27,630**	36,673	**55,287**	75,053
	(1,778,769)	(140,395)	**(1,955,496)**	(171,846)
Financing activities				
Reimbursement of long-term debt	**(137,194)**	(43,296)	**(193,156)**	(86,418)
Proceeds from issuance of shares and warrants (note 6a)	**5,750,902**	49,800	**5,772,277**	122,975
Share and warrants issue costs (note 6a)	**(457,565)**	-	**(457,565)**	-
	5,156,143	6,504	**5,121,556**	36,557
Effect of foreign exchange rate changes on cash and cash equivalents	**31,733**	247,885	**54,611**	385,120
Increase (decrease) in cash and cash equivalents	**1,224,149**	(1,418,748)	**(1,199,408)**	(1,198,470)
Cash and cash equivalents - Beginning of period	**4,780,055**	10,841,289	**7,203,612**	10,621,011
Cash and cash equivalents – End of period	**6,004,204**	9,422,541	**6,004,204**	9,422,541

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

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

1. Incorporation and Description of Business

Opsens Inc. ("Opsens" or the "Company") is incorporated under the *Business Corporations Act* (Quebec). Opsens focuses mainly on the measure of Fractional Flow Reserve ("FFR") 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. Opsens is also involved in industrial activities. The Company develops, manufactures and installs innovative fibre 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 750, boulevard du Parc-Technologique, Québec, Québec, Canada, G1P 4S3.

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, 2015, which have been prepared in accordance with IFRS as issued by the International Accounting Standards Board.

Changes in Accounting Policies

New and amended standards issued but not yet effective

IFRS 9, Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9, *Financial Instruments*. The new standard will replace IAS 39, *Financial instruments: recognition and measurement*. The final amendments made in the new version include guidance for the classification and measurement of financial assets and a third measurement category for financial assets, fair value through other comprehensive income. The standard also contains a new expected loss impairment model for debt instruments measured at amortized cost or fair value through other comprehensive income, lease receivables, contract assets and certain written loan commitments and financial guarantee contracts. The standard is effective for annual periods beginning on or after January 1, 2018 and must be applied retrospectively with some exceptions. Early adoption is permitted. Restatement of prior periods in relation to the classification and measurement, including impairment, is not required. The Company has not yet assessed the impact of this new standard.

IFRS 15, Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15, *Revenue from contracts with customers*. IFRS 15 replaces all previous revenue recognition standards, including IAS 18, *Revenue*, and related interpretations such as IFRIC 13, *Customer loyalty programmes*. The standard sets out the requirements for recognizing revenue. Specifically, the new standard introduces a comprehensive framework with the general principle being that an entity recognizes revenue to depict the transfer of promised goods and services in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduces more prescriptive guidance than was included in previous standards and may result in changes in classification and disclosure in addition to changes in the timing of recognition for certain types of revenues. On July 22, 2015, the IASB has confirmed a one-year deferral of the effective date of IFRS 15 to January 1, 2018. The Company has not yet assessed the impact of this new standard.

IFRS 16, Lease

On January 13, 2016, the IASB released IFRS 16, *Leases*, which replace IAS 17, *Leases*, and the related interpretations on leases such as IFRIC 4, *Determining whether an arrangement contains a lease*, SIC 15, *Operating leases – Incentives* and SIC 27, *Evaluating the substance of transactions in the legal form of a lease*. This new standard specifies how to recognize, measure, present and disclose leases. It also provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless lease term is 12 months or less or the underlying asset has a small value. Accounting for the lessor remain substantially unchanged. The standard is effective for periods beginning on or after January 1, 2019, with earlier application permitted for companies that also apply IFRS 15, *Revenue from Contracts with Customers*. The Company has not yet assessed the impact of this new standard.

IAS 7, Statement of cash flows

On January 29, 2016, the IASB published amendments to IAS 7, *Statements of cash flows*. The amendments are intended to clarify IAS 7 to improve information provided to users of financial statements about an entity's financing activities. They are effective for annual periods beginning on or after January 1, 2017, with earlier application being permitted. The Company has not yet assessed the impact of this new standard.

3. Impairment of assets

The Company performs its annual test for goodwill in the fourth quarter. For the purposes of the impairment test, goodwill was entirely allocated to Opsens Solutions Inc.'s Cash Generating Unit ("CGU"). The recoverable value of the CGU of Opsens Solutions Inc. was determined based on the fair value less costs to sell method (value in use method for the year ended August 31, 2014).

2015 Impairment Test

The fair value less costs to sell method is based on the best information available to reflect the amount that could be obtained from the disposal of the CGU in an arm's length transaction between knowledgeable parties, net of estimates of the costs of disposal.

During the three-month period ended November 30, 2014, the Company updated its long-term financial forecast for Opsens Solutions Inc.'s 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 and some long-term assets 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 to sell method. In applying this method to its goodwill impairment test, the Company used replacement costs, market data and comparable transactions to determine the recoverable value of Opsens Solutions Inc.'s CGU.

As a result of the impairment analysis performed 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 ($8,708,000 as at August 31, 2014) 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 October 2, 2014, the Company announced it received Shonin approval from the Japanese Ministry of Health, Labor and Welfare to market the OptoWire and the OptoMonitor. Obtaining Shonin approval was the final condition for the release of a milestone payment of $1,115,500 (US$1,000,000), net of income taxes. This amount has been recorded in the consolidated statements of earnings (loss) and comprehensive income (loss) under the caption "Distribution rights".

On November 19, 2014, the Company announced it received CE Mark approval to market in Europe its FFR products. The CE mark approval allows the Company to record in the consolidated statements of earnings (loss) and comprehensive income (loss) under the caption "Distribution rights" the $2,002,000 (US$2,000,000) upfront license fee, net of income taxes, it received upon the signature of the agreement that were previously accounted for as deferred revenue.

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. $1,647,000 (US$1,500,000) has been paid on closing, while the balance will be disbursed based on the achievement of certain milestones.

The Company applies 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. For the six-month period ended February 29, 2016, an amount of $182,704 ($181,700 for the six-month period ended February 28, 2015) 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 February 29, 2016, the net book value of property, plant and equipment pledged as collateral was nil ($2,000 as at August 31, 2015). This hypothec will rank second to certain long-term debts 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 debenture when translated in 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 February 29, 2016 and August 31, 2015 is as follows:

	As of February 29, 2016	As of August 31, 2015
	$	$
Debt component reported as long-term liability (US$2,118,360; US$2,092,368 as at August 31, 2015)	**2,866,353**	2,752,929
Embedded derivative reported as long-term liability (US$359,600; US$186,800 as at August 31, 2015)	**486,575**	245,773
Total	**3,352,928**	2,998,702

6. Shareholders' Equity

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

On December 22, 2015, the Company completed a public offering for aggregate gross proceeds of $5,000,000. In connection with the offering, the Company issued a total of 5,681,819 units at a price of $0.88 per unit. 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 $1.20 until June 22, 2017. The value of one-half of one common share purchase warrant was established at $0.10.

Expenses of the offering include underwriting fees of $276,202 and other professional fees and miscellaneous fees of $315,719 for total fees of $591,921 of which $457,565 have been paid and $134,356 are included in accounts payable and accrued liabilities.

The Company also issued 313,886 broker warrants as additional compensation, each warrant entitling the holder to purchase one common shares of the Corporation at a price of $0.88 until June 22, 2017. The value of one broker warrant was established at $0.29.

The total fees of $591,921 and the broker warrants value of $91,027 have been allocated on a prorata basis between share capital and the warrants reserve, $613,038 and $69,910 respectively, based on the ratio established by their respective values as described above.

Concurrently with the public offering, the Company completed a non-brokered private placement offering of 184,400 units at a price of $0.88 per unit for aggregate gross proceeds of $162,272. Each unit comprises the same terms and conditions than the units issued under the public offering. Expenses related to the private placement amounted to $10,082 and are included in accounts payable and accrued liabilities. The fees have been allocated on a prorata basis between share capital and the warrants reserve, $8,937 and $1,146 respectively, based on the ratio established by their respective values as discussed above.

During the six-month period ended February 29, 2016, following the exercise of stock options, the Company issued 143,750 common shares (480,000 for the six-month period ended February 28, 2015) for a cash consideration of $40,375 ($122,975 for the six-month period ended February 28, 2015). As a result, an amount of $23,090 was reallocated from “Reserve – Stock option plan” to “Share capital” in shareholders' equity ($70,410 for the six-month period ended February 28, 2015).

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 February 29, 2016 and February 28, 2015, are as follows:

	Six-month period ended February 29, 2016		Six-month period ended February 28, 2015	
	Number of options	**Weighted average exercise price**	Number of options	Weighted average exercise price
		$		$
Balance – Beginning of period	**3,542,750**	**0.50**	4,172,500	0.36
Granted	**1,857,250**	**0.87**	560,000	0.70
Exercised	**(143,750)**	**0.28**	(480,000)	0.26
Forfeited	**-**	**-**	(10,000)	1.15
Cancelled	**-**	**-**	(500,000)	0.24
Balance – End of period	**5,256,250**	**0.63**	3,742,500	0.44

c) Warrants

The changes in the number of warrants issued by the Company and their weighted-average exercise prices, for the six-month periods ended February 29, 2016 and February 28, 2015, are as follows:

	Six-month period ended February 29, 2016		Six-month period ended February 28, 2015	
	Number of warrants	**Weighted average exercise price**	Number of warrants	Weighted average exercise price
		$		$
Balance – Beginning of period	**3,450,426**	**0.98**	3,475,426	0.98
Issued with units (note 6a)	**2,933,110**	**1.20**	-	-
Issued to brokers (note 6a)	**313,886**	**0.88**	-	-
Exercised (note 6c)	**(780,316)**	**0.73**	-	-
Expired	**(2,670,110)**	**1.05**	-	-
Balance – End of period	**3,246,996**	**1.17**	3,475,426	0.98

During the six-month period ended February 29, 2016, following the exercise of warrants, the Company issued 780,316 common shares for a cash consideration of $569,630. As a result, an amount of $31,213 was reallocated from “Reserve – Warrants” to “Share capital” in shareholders’ equity.

The fair value of the warrants issued was estimated using the Black-Scholes option pricing model using the following assumptions:

	February 29, 2016
Risk-free interest rate	0.51%
Volatility	69%
Dividend yield on shares	Nil
Expected life	1.5 years
Weighted share price	$1.17
Weighted fair value per warrant at the grant date	$0.20

In addition, option valuation models require the input of highly-subjective assumptions, including the expected stock price volatility. Any changes in the subjective assumptions can affect the fair value estimate.

The expected volatility is based on the historical volatility of the underlying share price for a period equivalent to the expected life of the warrants.

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		**Six-month periods ended**	
	February 29, 2016	February 28, 2015	**February 29, 2016**	February 28, 2015
	$	$	**$**	$
Net earnings (loss) attributable to shareholders				
Basic and diluted	**(1,522,637)**	(879,573)	**(3,180,705)**	282,770
Number of shares				
Basic weighted average number of shares outstanding	**65,476,770**	60,236,465	**63,070,494**	60,011,649
Dilutive effect of stock options	**-**	-	**-**	1,623,430
Diluted weighted average number of shares outstanding	**65,476,770**	60,236,465	**63,070,494**	61,635,079
Amount per share				
Net earnings (loss) per share				
Basic	**(0.02)**	(0.01)	**(0.05)**	0.00
Diluted	**(0.02)**	(0.01)	**(0.05)**	0.00

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		**Six-month periods ended**	
	February 29, 2016	February 28, 2015	**February 29, 2016**	February 28, 2015
Stock options	**1,409,250**	1,230,000	**1,759,250**	1,230,000
Warrants	**2,933,110**	3,475,426	**3,246,996**	3,475,426
Convertible debenture (US$2,000,000)	**$2,002,000**	$2,002,000	**$2,002,000**	$2,002,000

For the three-month periods ended February 29, 2016 and February 28, 2015 and for the six-month periods ended February 29, 2016 and February 28, 2015, the diluted amount per share was the same amount as the basic amount per share, since the dilutive effect of stock options, warrants and convertible debenture was not included in the calculation; otherwise, the effect would have been antidilutive. Accordingly, the diluted amount per share for these periods 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 February 29, 2016	**As of August 31, 2015**
	Input level*	**Fair Value and Carrying Value**	Fair Value and Carrying Value
		$	$
Financial assets (liabilities) measured at fair value:			
Convertible debenture – embedded derivative	**2**	**(486,575)**	(245,773)

* 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 Consolidated Statements of Cash Flows

	Three-month periods ended		Six-month periods ended	
	February 29, 2016	February 28, 2015	**February 29, 2016**	February 28, 2015
	$	$	**$**	$
Changes in non-cash operating working capital items				
Trade and other receivables	**(1,181,215)**	(383,092)	**(1,755,861)**	(377,849)
Tax credits receivable	**(90,518)**	(101,328)	**(177,727)**	(186,262)
Inventories	**(409,175)**	(211,456)	**(624,406)**	(285,369)
Prepaid expenses	**56,257**	(94,428)	**(28,878)**	27,389
Accounts payable and accrued liabilities	**966,188**	(23,963)	**1,053,655**	(160,695)
Deferred revenues	**(269,839)**	(91,132)	**(425,231)**	(1,939,108)
Deferred lease inducement	**6,335**	-	**35,371**	-
	(921,967)	(905,399)	**(1,923,077)**	(2,921,894)
Supplementary information				
Unpaid acquisition of property, plant and equipment	**610,767**	-	**610,767**	-
Unpaid additions to intangible assets	**9,292**	-	**9,292**	-
Unpaid share and warrants issue costs	**144,438**	-	**144,438**	-

	As of February 29, 2016	As of August 31, 2015
	$	$
Cash and cash equivalents		
Cash	**793,714**	449,658
Short-term investments	**5,210,490**	6,753,954
	6,004,204	7,203,612

In October 2015, to fund its expansion project, the Company entered into three loan agreements for a total amount of $1,775,000. The first loan agreement, with Desjardins, amounting to $500,000, bears interest at prime rate plus 2.0%, is payable in monthly instalments of $10,417, calculated over an amortization period of forty-eight (48) months and will be maturing twelve (12) months following the first disbursement.

The second loan agreement with Desjardins, amounting to a maximum of $375,000, bears interest at prime rate plus 2.0%, and will be payable upon receipt by the Company of the reimbursement of its 2015 refundable research and development tax credits. This loan agreement will be maturing eighteen (18) months following the first disbursement.

The third loan agreement, with Investissement Québec, amounting to $900,000, bears interest at prime rate plus 0.25%, is payable in monthly instalments of $18,750, and will be maturing forty-eight (48) months following the first disbursement.

These loans are secured by various hypothecs on the Company's assets. Under these three loan agreements, the Company will be subject to certain covenants with respect to maintaining certain financial ratios. As of the date of these financial statements, no amount has been paid to the Company under these loan agreements.

An amount of approximately $900,000 is also available from the landlord, in addition to the financing already secured by the Company and described above.

10. Segmented information

In order to strengthen its medical identity to develop its full potential in the FFR market, the Company reorganized, on September 1, 2015, its corporate structure. Following the reorganization, the Company is now organized into two segments: Medical and Industrial.

Medical segment: In this segment, Opsens focuses mainly on the measure of FFR in interventional cardiology.

Industrial: In this 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 principal factors employed in the identification of the two segments reflected in this note include the Company's organizational structure, the nature of the reporting lines to the President and Chief Executive Officer and the structure of internal reporting documentation such as management accounts and budgets.

In accordance with IFRS 8, *Operating Segments*, the Company has restated the corresponding information for the three-month and six-month periods ended February 28, 2015 to reflect the corporate reorganization with the exception of the information on segment assets and liabilities because the information was not available and the cost to develop it would have been excessive.

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 February 29, 2016			Three-month period ended February 28, 2015		
	Medical	**Industrial**	**Total**	Medical	Industrial	Total
	$	**$**	**$**	$	$	$
External sales	**1,522,845**	**1,217,809**	**2,740,654**	678,866	1,607,556	2,286,422
Internal sales	**-**	**125,333**	**125,333**	-	-	-
Depreciation of property, plant and equipment	**77,144**	**26,091**	**103,235**	53,843	44,033	97,876
Amortization of intangible assets	**18,476**	**1,644**	**20,120**	9,652	3,011	12,663
Financial expenses (revenues)	**22,410**	**54,396**	**76,806**	(7,018)	40,110	33,092
Net loss	**(1,395,541)**	**(127,096)**	**(1,522,637)**	(356,905)	(522,668)	(879,573)
Acquisition of property, plant and equipment	**1,834,548**	**3,686**	**1,838,234**	82,250	70,426	152,676
Additions to intangible assets	**39,496**	**4,538**	**44,034**	15,081	9,311	24,392
Segment assets	**13,426,792**	**3,055,229**	**16,482,021**	N/A	N/A	N/A
Segment liabilities	**7,812,479**	**602,294**	**8,414,773**	N/A	N/A	N/A

	Six-month period ended February 29, 2016			Six-month period ended February 28, 2015		
	Medical	**Industrial**	**Total**	Medical	Industrial	Total
	$	**$**	**$**	$	$	$
External sales	**2,749,652**	**1,701,914**	**4,451,566**	4,096,616	2,627,047	6,723,663
Internal sales	**-**	**221,119**	**221,119**	-	-	-
Depreciation of property, plant and equipment	**149,577**	**50,138**	**199,715**	106,986	92,143	199,129
Amortization of intangible assets	**32,395**	**4,055**	**36,450**	18,848	7,659	26,507
Financial expenses (revenues)	**224,186**	**101,037**	**325,223**	(84,842)	79,911	(4,931)
Net earnings (loss)	**(2,680,490)**	**(500,215)**	**(3,180,705)**	2,315,247	(1,236,240)	1,079,007
Acquisition of property, plant and equipment	**2,477,869**	**8,425**	**2,486,294**	108,286	71,557	179,843
Additions to intangible assets	**70,966**	**10,209**	**81,175**	57,745	9,311	67,056
Segment assets	**13,426,792**	**3,055,229**	**16,482,021**	N/A	N/A	N/A
Segment liabilities	**7,812,479**	**602,294**	**8,414,773**	N/A	N/A	N/A

The Company's net earnings (loss) per reportable segments reconciles to its consolidated financial statements as follows:

	Three-month periods ended		Six-month periods ended	
	February 29, 2016	**February 28, 2015**	**February 29, 2016**	**February 28, 2015**
	$	$	**$**	$
Net loss per reportable segments	**(1,522,637)**	(879,573)	**(3,180,705)**	1,079,007
Impairment charge on property, plant and equipment (note 3)	**-**	-	**-**	(119,663)
Impairment charge on goodwill (note 3)	**-**	-	**-**	(676,574)
Net loss and comprehensive loss	**(1,522,637)**	(879,573)	**(3,180,705)**	282,770

Geographic sector's information

	Three-month periods ended		Six-month periods ended	
	February 29, 2016	February 28, 2015	**February 29, 2016**	February 28, 2015
	$	$	**$**	$
Revenues per geographic sector				
Japan	**988,612**	462,039	**1,786,923**	3,640,853
Canada	**930,025**	247,296	**1,122,609**	881,604
United States	**308,446**	165,663	**652,717**	363,139
Chile	**6,396**	1,169,182	**6,396**	1,169,182
Others*	**507,175**	242,242	**882,921**	668,885
	2,740,654	2,286,422	**4,451,566**	6,723,663

* Comprise of 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 February 29, 2016, revenues from three clients represented individually more than 10% of the total revenues of the Company, i.e. approximately 37% (medical's reportable segment), 17% (industrial's reportable segment) and 15% (industrial's reportable segment).

During the three-month period ended February 28, 2015, revenues from one client represented individually more than 10% of the total revenues of the Company, i.e. approximately 63% (industrial's reportable segment).

During the six-month period ended February 29, 2016, revenues from three clients represented individually more than 10% of the total revenues of the Company, i.e. approximately 41% (medical's reportable segment), 13% (industrial's reportable segment) and 11% (industrial's reportable segment).

During the six-month period ended February 28, 2015, revenues from one client represented individually more than 10% of the total revenues of the Company, i.e. approximately 38% (industrial'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 April 18, 2016.