SENSIO Technologies Inc.

Unaudited Interim Financial Statements
February 29, 2008

Financial Statements

Reader's Notice

The Unaudited Interim Financial Statements for the three months period ending February 29, 2008 have not been examined by the company auditors.

SENSIO Technologies Inc.
Earnings

	Unaudited 2008-02-29 (3 months)	Unaudited 2007-02-28 (3 months)	Unaudited 2008-02-29 (9 months)	Unaudited 2007-02-28 (9 months)
	$	$	$	$
Sales				
Products	24,061	2,347	167,264	182,952
Other	6,413	20,069	12,205	37,385
	30,474	22,416	179,469	220,337
Cost of goods sold				
Products	11,116	326	34,885	91,418
Other	5,564	11,158	10,560	17,497
	16,680	11,484	45,445	108,915
Gross profit	13,794	10,932	134,024	111,422
Research and development expenses	90,967	227,311	255,553	373,642
Selling expenses	185,551	291,078	442,415	715,257
Administrative expenses	245,361	196,073	638,276	487,650
Amortization of intangible assets	36,925	6,303	101,995	18,139
Financial expenses	13,879	10,203	49,481	18,726
Stock-based compensation (Note 4)	59,660	66,014	122,513	196,922
	632,343	796,982	1,610,233	1,810,336
Interest income	165	925	4,784	6,709
	632,178	796,057	1,605,449	1,803,627
Net loss	(618,384)	(785,125)	(1,471,425)	(1,692,205)
Net loss per share	(0.0182)	(0.0322)	(0.0463)	(0.0693)
Weighted average number of shares outstanding	33,915,281	24,405,000	31,792,079	24,405,000

The accompanying notes are an integral part of these unaudited interim financial statements and Note 3 provides other information on the earnings.

SENSIO Technologies Inc.
Deficit

	Unaudited 2008-02-29 (3 months)	Unaudited 2007-02-28 (3 months)	Unaudited 2008-02-29 (9 months)	Unaudited 2007-02-28 (9 months)
	$	$	$	$
Balance, beginning of period	5,707,905	3,439,824	4,860,828	2,532,744
Accounting policy modifications (Note 2)			(5,964)	
Net loss	618,384	785,125	1,471,425	1,692,205
Balance, end of period	6,326,289	4,224,949	6,326,289	4,224,949

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

SENSIO Technologies Inc.
Cash Flows

	Unaudited 2008-02-29 (3 months) $	Unaudited 2007-02-28 (3 months) $	Unaudited 2008-02-29 (9 months) $	Unaudited 2007-02-28 (9 months) $
OPERATING ACTIVITIES				
Net loss	(618,384)	(785,125)	(1,471,425)	(1,692,205)
Non-cash items				
Amortization of property, plant and equipment	36,965	29,372	128,272	62,761
Amortization of intangible assets	36,925	6,303	101,995	18,139
Tax credits applied against property, plant and equipment		1,536		8,516
Stock options issued to consultant	3,175	3,175	9,523	3,175
Stock-based compensation	59,660	66,014	122,513	196,922
Amortization of lease inducement	(3,460)	(3,460)	(10,380)	(3,460)
Unrealized exchange gain on balance of purchase price of rights to use a technology	(5,209)		(28,020)	
Interest on balance of purchase price of rights to use a technology	6,397		19,508	
Implicit interest expense	1,109		3,327	
Changes in working capital items (Note 5)	67,984	(19,820)	(515,332)	128,520
Cash flows from operating activities	(414,838)	(702,005)	(1,640,019)	(1,277,632)
INVESTING ACTIVITIES				
Property, plant and equipment	(335)	(24,991)	(18,866)	(749,221)
Intangible assets	(3 155)	(5,138)	(10,753)	(19,787)
Cash flows from investing activities	(3,490)	(30,129)	(29,619)	(769,008)
FINANCING ACTIVITIES				
Bank debt		(2,000)		(140,000)
Long-term loans		300,000		332,233
Repayment of long-term debts	(25,233)	(18,967)	(108,729)	(80,809)
Lease inducement		72,660		96,880
Share issue			3,609,906	
Share issue expenses			(347,754)	
Cash flows from financing activities	(25,233)	351,693	3,153,423	208,304
Net increase (decrease) in cash and cash equivalents	(443,561)	(380,441)	1,483,785	(1,838,336)
Cash and cash equivalents, beginning of period	2,163,289	745,438	235,943	2,203,333
Cash and cash equivalents, end of period	1,719,728	364,997	1,719,728	364,997

The cash and cash equivalents represent the cash balance and the term deposit.

SENSIO Technologies Inc.
Balance Sheets

	Unaudited 2008-02-29	Audited 2007-05-31
	$	$
ASSETS		
Current assets		
Cash	20,130	10,943
Term deposit, 4,35%, maturing August 2008	1,699,598	225,000
Accounts receivable (Note 6)	252,137	168,606
Inventories	69,452	71,363
Prepaid expenses	216,321	2,750
	2,257,638	478,662
Property, plant and equipment (Note 7)	715,227	824,633
Intangible assets (Note 8)	403,797	495,039
Security deposit (Note 9)	7,655	7,655
	3,384,317	1,805,989
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	372,519	672,080
Deferred revenues	89,482	10,062
Instalments on long-term debt	273,336	184,486
	735,337	866,628
Long-term debt (Note 10)	453,209	661,937
Lease inducement (Note 11)	79,580	89,960
	1,268,126	1,618,525
SHAREHOLDERS' EQUITY		
Capital stock (Note 12)	6,684,222	4,593,693
Contribution surplus	1,758,258	454,599
Deficit	(6,326,289)	(4,860,828)
	2,116,191	187,464
	3,384,317	1,805,989

The accompanying notes are an integral part of these unaudited interim financial statements.

On behalf of the board,

/S/ Nicholas Routhier
Director

/S/ Yvan Goineau
Director

SENSIO Technologies Inc.
Notes to the Unaudited Interim Financial Statements

1 - BASIS OF PRESENTATION

The unaudited interim financial statements were drawn up by the management in accordance with the accounting policies generally accepted in Canada and follow the same policies and accounting methods as the annual financial statements of the Company for the year ending May 31, 2007. However, they do not include all information which must be presented in the annual financial statements. These financial statements should thus be read in parallel with the annual financial statements of the Company, for the year ending May 31, 2007. All amounts presented are in canadian dollars.

2 - ACCOUNTING POLICY MODIFICATIONS

On June 1, 2007, in accordance with applicable transitional provisions, the Company adopted the new recommendations of the CICA Handbook relating to Sections 3855, Financial Instruments — Recognition and Measurement, 1530, Comprehensive Income and 3861, Financial Instruments — Disclosure and Presentation.

Sections 3855 and 3861 address the recognition, measurement, presentation and disclosure of information pertaining to financial instruments and non-financial derivatives in financial statements. The transitional provisions in these sections require that the Company remeasures assets and liabilities as appropriate, at the beginning of its year. Any adjustment of the previous carrying amount is recognized as an adjustment of the balance of retained earnings at the beginning of the fiscal year in which it was adopted or as an adjustment in the opening balance in a separate component of accumulated other comprehensive income, as appropriate. The financial statements of previous years are not restated.

Section 1530 addresses the display of comprehensive income. In accordance with the applicable transitional provisions of these sections, the Company's financial statements of previous years of the Company were not restated.

The adoption of these new recommendations had the following effects on the classification and measurement of the Company's financial statements which had previously been recognized at cost:

Cash is classified as a financial asset held for trading purposes. It is measured at the fair value and changes in the fair value are recognized in net earnings. This change had no impact on the interim financial statements as at February 29th, 2008.

Temporary investments are classified as assets available for sale. Financial assets classified as available for sale are recognized at their fair value with the changes in fair value, net of applicable income taxes, and recognized in other components of comprehensive income until the financial assets are sold or impaired. This change had no significant effect on the interim financial statements as at February 29th, 2008.

Trade accounts receivable are classified as loans and accounts receivable. They are measured at amortized cost, which generally corresponds to the amount initially recognized less any allowance for doubtful accounts. This change had no impact on the interim financial statements as at February 29th,2008.

Accounts payable and accrued liabilities are classified as other financial liabilities. They are measured at amortized cost using the effective interest method. This change had no effect on the interim financial statements as at February 29th,2008.

Long term debt is classified as other financial liabilities. It is measured at amortized cost using the effective interest method. Financing expenses are now applied against long term debt. As at June 1, 2007, this change resulted in a decrease of long term debt and of the deficit opening balance of $5,964. This change resulted in a decrease of long-term debt of $2,637 and net loss of $3,327 as at February 29th,2008 for the period then ended.

On June 1, 2007, the Company adopted the new recommendations of Section 1506 of the CICA Handbook, Accounting Changes, which prescribe the criteria for accounting treatment and disclosure of changes in accounting policies, changes in accounting estimates and corrections of errors. This Section states that a change in accounting policy that is not required by a primary source of GAAP should only be made if it results in reliable and more relevant information. Section 1506 establishes the requirements for disclosure on the description and impacts on the Company's financial results of future accounting standards that have not as yet been applied. The adoption of the new Section had no effect on the interim financial statements as at February 29th, 2008

SENSIO Technologies Inc.
Notes to the Unaudited Interim Financial Statements

2 - ACCOUNTING POLICY MODIFICATIONS (continued)

Future accounting standards

In December 2006, the CICA published the following new recommendations, which come into effect for fiscal periods beginning October 1st, 2007. During the next quarters, the Company will assess the impact of adopting these new sections on its financial statements.

Section 3862, Financial Instruments - Disclosures requires entities to provide disclosures on the significance of financial instruments for the entity's financial position and performance and the nature and extent of risks arising from financial instruments to which the entity is exposed, and how the entity manages those risks. The principles in this Section complement the principles for recognizing, measuring and presenting financial assets and financial liabilities in Section 3855 - Financial Instruments – Recognition and Measurement.

Section 3863, Financial Instruments - Presentation establishes standards for presentation of financial instruments and non-financial derivatives. It replaces the presentation standards described in Section 3861, Financial Instruments – Disclosure and Presentation.

Section 1535, Capital Disclosures establishes standards for disclosing information about an entity's capital and how it is managed to enable users of its financial statements to evaluate the entity's objectives, policies and processes for managing capital.

In March 2007, the CICA published Section 3031, Inventories, which replaced Section 3030, Inventories. This section applies to interim and annual financial statements for fiscal years beginning January 1, 2008. It prescribes the accounting treatment for inventories such as the measurement of inventories at lower of cost and the net realizable value. It provides guidelines on the determination of cost and its subsequent recognition as an expense, including any write-down to net realizable value and any reversal of a write-down of inventories resulting from an increase in the net realizable value. It also provides guidance on the cost formulas that are used to assign costs to inventories and describes the disclosure on the carrying amount of inventories, the amount of inventories recognized as an expense and the amount of any write-down or reversal of a write-down of inventories. During the next quarters, the Company will assess the impact of adopting these new sections on its financial statements.

3 - INFORMATION INCLUDED IN EARNINGS

	Unaudited 2008-02-29 (3 months)	Unaudited 2007-02-28 (3 months)	Unaudited 2008-02-29 (9 months)	Unaudited 2007-02-28 (9 months)
	$	$	$	$
Amortization of property, plant and equipment	36,965	29,372	128,272	62,761
Interest on long-term debt	14,179	5,953	36,896	11,538
Exchange loss (gain)	(8,326)	2,940	(34,111)	3,089
Research and development expenses				
Expenses	109,690	275,963	308,563	509,034
Reseach and development tax credits applied against research and development expenses	(18,723)	(48,652)	(53,010)	(135,392)
	90,967	227,311	255,553	373,642

4 - STOCK-BASED COMPENSATION PLAN

On May 31, 2006, the Company awarded 1,036,000 stock options to some officers, directors and employees. One third of the options may be exercised at the end of each of the three following years at an exercise price of $0.50 per share. The fair value of the options granted to employees and non-employees used to calculate the related expense is $0.41. The fair value of stock options was determined using the Black-Scholes option pricing model and the following assumptions:

Expected dividend	None
Expected volatility	130%
Risk-free interest rate	4.17%
Estimated term	5 years

SENSIO Technologies Inc.
Notes to the Unaudited Interim Financial Statements

4 - STOCK-BASED COMPENSATION PLAN (continued)

On September 26, 2006, 20,000 stock options were awarded to an employee. One third of the options may be exercised at the end of each of the three following years at an exercise price of $0.47 per share. The fair value of the options granted used to calculate the related expense is $0.37. The fair value of the stock options was determined using the Black-Scholes option pricing model and the following assumptions:

Expected dividend	None
Expected volatility	100%
Risk-free interest rate	3.87%
Estimated term	5 years

On December 12, 2006, 100,000 stock options were awarded to a consultant at an exercise price of $0.50. The fair value of these options granted used to calculate the related expense is $0.25. The fair value of the stock options was determined using the Black-Sholes option pricing model and the following assumptions:

Expected dividend	None
Expected volatility	100%
Risk-free interest rate	3.86%
Estimated term	2 years

On September 26, 2007, 20,000 stock options were awarded to a director and 20,000 to an employee at an exercise price of $0.55. The fair value of the stock option granted used to calculate the related expense is $0.46. It was determined using the Black-Sholes option pricing model and the following assumptions:

Expected dividend	None
Expected volatility	100%
Risk-free interest rate	4.29%
Estimated term	5 years

On Decembre 18, 2007, 50 000 stock options were awarded to some officers at an exercise price of $0.43. The fair value of the stock option granted used to calculate the related expense is $0.30. It was determined using the Black-Sholes option pricing model and the following assumptions:

Expected dividend	None
Expected volatility	100%
Risk-free interest rate	3.89%
Estimated term	5 years

On February 1st, 2008, 100 000 stock options were awarded to directors and employees at an exercise price of $0.29. The fair value of the stock option granted used to calculate the related expense is $0.25. It was determined using the Black-Sholes option pricing model and the following assumptions:

Expected dividend	None
Expected volatility	100%
Risk-free interest rate	3.44%
Estimated term	5 years

SENSIO Technologies Inc.
Notes to the Unaudited Interim Financial Statements

5 - INFORMATIONS INCLUDED IN THE CASH FLOWS

Changes in working capital items are detailed as follows

	Unaudited 2008-02-29 (3 months)	Unaudited 2007-02-28 (3 months)	Unaudited 2008-02-29 (9 months)	Unaudited 2007-02-28 (9 months)
	$	$	$	$
Accounts receivable	24,268	178,586	(83,531)	(64,301)
Inventories	(2,845)	(10,567)	1,911	(4,096)
Prepaid expenses	(198,215)	(8,383)	(213,571)	(6,380)
Accounts payable and accrued liabilities	246,194	(179,456)	(299,561)	203,297
Deferred revenue	(1,418)		79,420	
	67,984	(19,820)	(515,332)	128,520

Cash flows related to interest from operating activities are detailed as follow

	Unaudited 2008-02-29 (3 months)	Unaudited 2007-02-28 (3 months)	Unaudited 2008-02-29 (9 months)	Unaudited 2007-02-28 (9 months)
	$	$	$	$
Interest paid	6,673	5,953	14,061	11,558

6 - ACCOUNTS RECEIVABLE

	Unaudited 2008-02-29	Audited 2007-05-31
	$	$
Trade accounts	57,320	4,305
Research and development tax credits receivable	166,154	113,143
Sales taxes receivable	28,092	17,179
Interests receivable		32,092
Others	571	1,887
	252,137	168,606

7 - PROPERTY, PLANT AND EQUIPMENT

Unaudited 2008-02-29

	Cost	Accumulated amortization	Net
	$	$	$
Computer equipment	147,848	85,417	62,431
Office furniture	39,940	14,076	25,864
Machinery and equipment	550,927	161,828	389,099
Leasehold improvements	295,411	57,578	237,833
	1,034,126	318,899	715,227

Audited 2007-05-31

	Cost	Accumulated amortization	Net
	$	$	$
Computer equipment	147,848	58,125	89,723
Office furniture	39,940	8,818	31,122
Machinery and equipment	532,061	97,132	434,929
Leasehold improvements	295,411	26,552	268,859
	1,015,260	190,627	824,633

SENSIO Technologies Inc.
Notes to the Unaudited Interim Financial Statements

8 - INTANGIBLE ASSETS

	Unaudited 2008-02-29		
	Cost	Accumulated amortization	Net
	$	$	$
Patents	146,199	84,249	61,950
Rights to use a technology (a)	481,712	139,865	341,847
	627,911	224,114	403,797

	Audited 2007-05-31		
	Cost	Accumulated amortization	Net
	$	$	$
Patents	135,447	54,511	80,936
Rights to use a technology (a)	481,712	67,609	414,103
	617,159	122,120	495,039

(a) During the year ending May 31, 2007, the Company acquired the rights to use a technology that converts 2D images to 3D images in real time for $140,600 in cash and a balance of purchase price payable of an amount of $341,112 (which corresponds to US $375,000 discounted at a rate of 7,75%).

Under the agreement to purchase rights to use the technology, the Company has commited to pay royalties on annual sales.

9- SECURITY DEPOSIT

The security deposit is applicable against the last lease payment maturing in November 2013.

10 - LONG-TERM DEBT

	Unaudited 2008-02-29	Audited 2007-05-31
	$	$
Term loan, under the IDÉE-SME program, interest free, effective interest rate of 5,50 % payable in annual instalments of $25,000 beginning July 1, 2006, maturing in May 2009	47,788	75,000
Term loan, under the IDÉE-SME program, interest free, effective interest rate of 6,75 % payable in annual instalments of $25,000 beginning July 1, 2005, maturing in May 2008	24,575	50,000
Term loan, 10%		4,264
Term loan, 8,65 %, payable in monthly instalments of $321, principal and interest, maturing in May 2009	4,155	6,685
Term loan, secured by a movable hypothec on the universality of property and by a 70 % guarantee from Investissement Quebec, prime rate plus 1,75% (7,75 %), payable in monthly instalments of $7,000 beginning in September 2007, principal only, maturing in October 2011	308,000	350,000
Balance of purchase price of rights to use a technology, in US dollars (US$375,000), without interest, discounted at the rate of 7.75%, payable in annual instalments of US $125,000, principal and interest, maturing in May 2010	331,541	340,054

SENSIO Technologies Inc.
Notes to the Unaudited Interim Financial Statements

10 - LONG-TERM DEBT (continued)

Obligation under the terms of a capital lease contract, 7,22 %, payable in monthly instalments of $1,200, principal and interest, maturing in January 2009	10,486	20,420
	726,545	846,423
Instalments due within one year	273,336	184,486
	453,209	661,937

11 - LEASE INDUCEMENT

This amount is an inducement granted by the lessor to the Company which was received to carry out leasehold improvements. This inducement is amortized on a straight-line basis over the lease term of seven years.

12 - CAPITAL STOCK

Authorized

Unlimited number of common shares, voting and participating

	Unaudited 2008-02-29	Audited 2007-05-31
	$	$
Issued and fully paid		
33,915,281 common shares (24,888,462 common shares as at May 31, 2007)	6,684,222	4,593,693

On August 2, 2007, the Company concluded a private placement for a gross amount of $3,500,000 following the issuance of 8,750,000 units for $0.40 each. Each unit consisted of one common share and one warrant entitling the holder to obtain one common share at an exercise price of $0.60 for a 24-month period following the unit issue. The share issue expenses for this placement were $347,754 and were applied against the capital stock.

In connection with the private placement, the Company issued 8,750,000 warrants entitling the holders to subscribe for 8,750,000 common shares at $0.60 per share at any time in the 24 months following the closing of the placement, that is on August 2, 2009. The fair value of these warrants, valued at $945,173, has been debited against capital stock and credited to contributed surplus. The fair value of the warrants was estimated using the Black-Scholes option pricing model using the following assumptions: expected life of 24 months, exercise price of $0.292, volatility of 100%, dividend yield of 0% and risk-free interest rate of 4,64%.

In connection with the private placement, under the terms of the underwriting agreement, the Company issued 522,500 warrants to the underwriter entitling the underwriter to subscribe for 522,500 common shares at $0.40 per share at any time in the 24 months following the closing of the placement, that is on August 2, 2009. The fair value of these warrants, valued at $177,142, has been debited against capital stock and credited to contributed surplus. The fair value of the warrants was estimated using the Black-Scholes option pricing model using the following assumptions: expected life of 24 months, exercise price of $0.40, volatility of 100%, dividend yield of 0% and risk-free interest rate of 4,64%

Under the terms of an agreement, the Company also issued 125,000 stock options to a consultant entitling the consultant to subscribe for 125,000 common shares at $0.60 per share. These options may be exercised as follows: one third one year after the grant date, the second third two years after the grant date and the final third three years after the grant date. The fair value of these warrants, valued at $51,883, has been debited against capital stock and credited to contributed surplus. The fair value of the warrants was estimated using the Black-Scholes option pricing model using the following assumptions: expected life of 60 months, exercise price of $0.60, volatility of 100%, dividend yield of 0% and risk-free interest rate of 4,56%.

On October 9, 2007, the Company issued 160,000 common shares following the exercise of 160,000 warrants. Following this sha issuance the Company received $80,000. An amount of $1,484 has been credited against capital stock and debited from the contributed surplus.

On November 6, 2007, the Company issued 116,819 common shares following the exercise of 116,819 warrants. Following this share issuance, the Company received $29,906 in cash. An amount of $1,091 has been credited against capital stock and debited from the contributed surplus.

SENSIO Technologies Inc.
Notes to the Unaudited Interim Financial Statements

13- SEGMENTED INFORMATION

The Company has examined its activities and determined that it operates in a single reportable segment. This single reportable segment is 3D video systems for consumer and commercial markets. The Company's revenues are derived from the following areas:

	Unaudited 2008-02-29 (3 months)	Unaudited 2007-02-28 (3 months)	Unaudited 2008-02-29 (9 months)	Unaudited 2007-02-28 (9 months)
	$	$	$	$
Revenue by location				
North America				
Canada	14,590	15,908	17,721	186,665
United States	4,337	5,874	121,103	16,826
Europe	4,736	152	12,748	1,275
Asia	6,811	482	27,897	15,571
	30,474	22,416	179,469	220,337

Revenue is attributed to countries based on the location of the customer

The Company earned 66.0 % of its sales from two customers as at February 29th, 2008 (78,1 % from one customer as at February 28th, 2007).