
INTERIM FINANCIAL STATEMENTS

(unaudited)

ALPHINAT INC.

First quarter ended

NOVEMBER 30, 2007

The enclosed unaudited interim financial statements have been prepared by management and have not been reviewed by the Company's auditors. The Financial Statements should be read in conjunction with the audited annual financial statements for the year ended August 31, 2007. The financial statements contain prospective declarations based on assumptions that reflect the expectations of Alphinat Inc. at this time. With these declarations come risks and uncertainty that can affect income, and events may be noticeably different from what is expected. Other factors of uncertainty are noted in the documentation that Alphinat filed with the Canadian Securities Administration.

ALPHINAT INC.**INTERIM BALANCE SHEETS**As at November 30, 2007 and August 31, 2007

	(unaudited) November 30, 2007 \$	(audited) August 31, 2007 \$
ASSETS		
Current assets		
Cash and cash equivalents	349 234	773 439
Accounts receivable, <i>less provision for bad debts</i>	40 842	340
Sales taxes receivable	14 016	12 476
Prepaid expenses	938	3 751
Research and development tax credits receivable	144 175	116 564
	549 205	906 570
Furniture and equipment (<i>note 3</i>)	11 720	11 556
Computer software, <i>less accumulated amortization of \$ 22 505 (August 31, 2007 - \$ 21 222)</i>	424	707
Intangible assets - trade marks, <i>less accumulated amortization of \$ 813</i>	5 687	-
	567 036	918 833
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (<i>note 4</i>)	189 792	260 063
Deferred revenues	563 812	851 750
Advances from a director and persons related to a director, without interest	84 967	84 967
Loan from a company under common control (<i>note 5</i>)	98 391	122 391
Current portion of long-term debt (<i>note 6</i>)	20 040	20 040
	957 002	1 339 211
Long-term debt (<i>note 6</i>)	11 690	16 700
	968 692	1 355 911
Shareholders' Equity (Deficiency)		
Capital stock (<i>note 7</i>)	4 312 673	4 314 100
Stock options (<i>note 8 a</i>)	1 048 484	1 031 442
Warrants (<i>note 8 b</i>)	114 316	114 316
Contributed surplus (<i>note 9</i>)	310 957	310 957
Deficit	(6 188 086)	(6 207 893)
	(401 656)	(437 078)
	567 036	918 833

Going concern (note 1)

Approved by the Board of Directors,

Administrator

Administrator

ALPHINAT INC.**INTERIM STATEMENTS OF DEFICIT**

For the 3 months period ended November 30, 2007 and November 30, 2006

	2007	2006
	\$	\$
BALANCE - BEGINNING OF PERIOD	(6 207 893)	(5 316 924)
Retained earnings (loss) for the period	19 807	(161 189)
BALANCE - END OF PERIOD	(6 188 086)	(5 478 113)

ALPHINAT INC.**INTERIM STATEMENTS OF EARNINGS**For the 3 months period ended November 30, 2007 and November 30, 2006

	2007	2006
	\$	\$
REVENUES	328 440	39 498
OPERATING EXPENSES		
Cost of services, selling and administrative	212 166	48 227
Amortization of furniture and equipment and computer software	4 781	1 398
Amortization of intangible assets	813	-
Stock-based compensation <i>(note 8 a)</i>	17 042	58 600
Research and development <i>(note 11)</i>	76 354	91 036
	311 156	199 261
OPERATING EARNINGS (LOSS)	17 284	(159 763)
FINANCING EXPENSES (REVENUES)		
Interest and bank charges	554	425
Interest on long-term debt	1 171	1 327
Interest income	(4 248)	(326)
	(2 523)	1 426
NET EARNING (LOSS) FOR THE PERIOD	19 807	(161 189)
Basic and diluted earnings (loss) per share <i>(note 13)</i>	0,001	(0,005)
Weighted average number of common shares outstanding	34 556 667	34 556 667

ALPHINAT INC.**INTERIM STATEMENT OF CASH FLOW**For the 3 months period ended November 30, 2007 and November 30, 2006

	2007	2006
	\$	\$
Cash Flows from		
OPERATING ACTIVITIES		
Net earning (loss) for the period	19 807	(161 189)
Adjustments for non-cash items		
Amortization of furniture and equipment	4 498	1 280
Amortization of computer software	283	118
Amortization of intangible assets	813	-
	25 401	(159 791)
Net changes in non-cash working capital items		
Decrease (increase) in accounts receivable	(40 502)	(145 812)
Decrease in sales tax receivable	(1 540)	15 370
Increase in prepaid expenses	2 813	1 580
Decrease in research and development tax credits receivable	(27 611)	(32 655)
Increase (decrease) in accounts payable and accrued liabilities	(70 271)	(3 425)
Increase (decrease) in deferred revenue	(287 938)	124 437
	(399 648)	(200 296)
INVESTING ACTIVITIES		
Purchase of furniture and equipment	(4 662)	-
Purchase of intangible assets	(6 500)	-
	(11 162)	-
FINANCING ACTIVITIES		
Repayment of advances from a director and persons related to a director	-	5 495
Repayment of loan from a company under common control	(24 000)	-
Repayment of long-term debt	(5 010)	(5 010)
Share issue costs	15 615	47 609
	(13 395)	48 094
INCREASE IN CASH AND CASH EQUIVALENTS DURING THE PERIOD	(424 205)	(152 202)
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD	773 439	443 726
CASH AND CASH EQUIVALENTS - END OF PERIOD	349 234	291 524
<i>Composed of :</i>		
<i>Cash</i>	(75 766)	291 524
<i>Guaranteed investment certificate</i>	425 000	-
	349 234	291 524
Going concern (note 1)		
Additional information		
<i>Interest paid</i>	(2 523)	1 426

As at November 30, 2007

NOTES TO FINANCIAL STATEMENT

1. CONSTITUTION, DESCRIPTION OF BUSINESS AND GOING CONCERN

Alphinat Inc. develops markets and supports software technology that enables non-technical managers to configure and deploy Web applications and utilities to better serve clients. This technology uses sophisticated data organization and processing software to automate interactions between systems, employees, clients, suppliers and partners. The software is ubiquitous across organizational entities and information processing platforms, permitting a high level of collaboration in delivering complex service outcomes using existing legacy systems.

The focus of the Company's commercial activities is on the public and health care sectors and financial institutions.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. The Company has suffered recurring losses from operations in previous years. Although cash flows are positive for the year ending August 31, 2007, they were negative for the years ending August 31, 2004, 2005, 2005 and 2006, and the Company may lack sufficient funds to meet its obligations. All of which raise substantial doubt about its ability to continue as a going concern.

The Company's focus has been shifted from the development of its product suite to sales and marketing. For the period ending November 30, 2007, the Company has net earnings of \$ 19,807 and deferred revenues of \$ 563,512 (August 31, 2007: \$ 851,750) that will be recognized this year. The ongoing operations of the Company will depend on management's ability to successfully execute its business plan under which it expects to increase revenues from its existing products as well as from its agreement and partnerships with third parties. There is, however, no guarantee that the measures taken by management will be successful. The financial statements do not include any adjustments that might be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and discharge its liabilities in other than the normal course of business. These adjustments could be significant.

2. ACCOUNTING POLICIES**Use of estimates**

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts of assets and liabilities at the date of the financial statements and the estimates. The most significant estimates include stock-based compensation, warrants and research and development tax credits receivable.

Cash and cash equivalents

Cash and cash equivalents comprise cash, bank overdraft and highly liquid investments with original maturities of three months or less from the acquisition date.

As at November 30, 2007

NOTES TO FINANCIAL STATEMENT

2. ACCOUNTING POLICIES (CONTINUED)**Furniture and equipment and computer software**

Furniture and equipment and computer software are recorded at cost, less research and development tax credits applied against them. Amortization of furniture and equipment and computer software is accounted for using the declining balance method at the following annual rates:

Office furniture and equipment	20%
Computer equipment	40%
Software	40%

Impairment of long-lived assets

Long-lived assets are subject to impairment tests when events or changes in circumstances indicate that the carrying amount may exceed its recoverable amount. Impairment losses are recognized if the book value of the asset exceeds the undiscounted future cash flows that should be derived from the asset. If the carrying amount of an asset exceeds its recoverable amount, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds its fair value.

Share issue costs

Share issue costs are accounted for as a reduction of the proceeds from the issuance of capital stock.

Research and development tax credits

Research and Development tax credits are recognized when there is reasonable assurance that they will be received. Government authorities may not agree with the Company's interpretation as it relates to admissibility of its research and development tax credit demands. When research and development tax credits relate to an asset, they are recognized as a decrease in the asset acquisition cost. When they relate to an expense item, they are reported in the statement of income.

Research and development expenses

Research and development expenses are charged to expense in the year in which they are incurred. Development costs are deferred if they meet generally accepted accounting criteria for deferral and amortization; otherwise they are expensed as incurred. At August 31, 2007 no development costs have been deferred.

As at November 30, 2007

NOTES TO FINANCIAL STATEMENT

2. ACCOUNTING POLICIES (CONTINUED)**Revenue recognition**

Professional service revenues are recognized according to the percentage-of-completion method. Work in progress is established by taking into account services rendered that have not yet been invoiced. Any payment received before services are rendered is recorded as deferred revenue.

The Company recognizes software products and all related service revenues, including after-sale technical support, in accordance with Statement of Position (“SOP”) 97-2, “Software Revenue Recognition”, issued by the American Institute of Certified Public Accountants. Fees from software products, after-sales technical support and other services are normally allocated among the various elements based on vendor-specific evidence of the fair value of each element. Due to a lack of sufficient sales history, it is deemed that the Company does not have vendor-specific objective evidence of fair value of the various elements under these multiple-element arrangements. Consequently, all fees related to the software and after-sales technical support are bundled together and recognized ratably over the contractual service period. Revenues from other services are recognized as the services are rendered.

Income taxes

Income taxes are accounted for under the asset and liability method. Under this method, future income tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their tax bases. Future income tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply in years in which the temporary differences are expected to reverse.

The Company reduces future income tax assets by a valuation allowance to the extent that is more likely than not that some portion or all of the future income tax assets will not be realized.

Financial instruments

The company has evaluated the fair value of its financial instruments based on current interest rates, market value and current value of financial instruments with similar terms and conditions. Unless otherwise indicated, the book value of the financial instruments approximates their fair value.

Earnings (loss) per share

Basic loss per share is determined using the weighted average number of shares outstanding during the year. Diluted loss per share is determined using the weighted average number of shares outstanding during the year plus the dilutive potential effect of the common shares outstanding during the year. The diluted result per share is calculated using the treasury stock method as if all the potential dilutive shares had been issued no later than the beginning of the year or the issuance date, and the proceeds received had been used to redeem the Company’s shares at the average market price during the year.

ALPHINAT INC.

As at November 30, 2007

NOTES TO FINANCIAL STATEMENT

2. ACCOUNTING POLICIES (CONTINUED)**Stock-based compensation**

The Company has granted stock options, as described in note 8(a). Stock-based compensation cost is recorded using the fair value method for the options granted to directors, officers, employees and non-employees. Under this method, the stock-based compensation expense is measured at the fair value at the date of grant using an option pricing model and is recognized over the vesting period of the options.

The Company estimates the fair value of stock options using the Black-Scholes option pricing model. The Black-Scholes model was developed to estimate the fair value of traded options that have no vesting restrictions including expected stock price volatility.

All considerations paid for stock options and the amount previously included for these stock options in contributed surplus are credited to capital stock, when they are exercised.

3. FURNITURE AND EQUIPMENT

	November 30, 2007 (unaudited)		
	Cost	Accumulated amortization	Net
	\$	\$	\$
Computer equipment	115 425	108 312	7 113
Office furniture and equipment	20 245	15 638	4 607
	135 670	123 950	11 720
			August 31, 2007 (audited)
Computer equipment	111 521	104 871	6 650
Office furniture and equipment	19 487	14 581	4 906
	131 008	119 452	11 556

4. ACCOUNTS PAYABLES AND ACCRUED LIABILITIES

	(unaudited) November 30, 2007	(audited) August 31, 2007
	\$	\$
Salaries and fringe benefits	-	148 493
Accounts payable and accrued liabilities	189 792	111 570
	189 792	260 063

As at November 30, 2007

NOTES TO FINANCIAL STATEMENT

5. LOAN FROM A COMPANY UNDER COMMON CONTROL

The loan from a company under common control is non-interest bearing and will be reimbursed by monthly payments of \$12,000 starting October 2007. During the period, an amount of \$ 24 000 has been reimbursed.

6. LONG-TERM DEBT

	(unaudited) November 30, 2007	(audited) August 31, 2007
a) Long-term debt comprises the following:		
	\$	\$
Loan for an original amount of 100 000\$ supporting marketing expenses for technological solutions, secured by a first ranking movable hypothec over all of the Company's assets, tangible and intangible present and future as well as a guarantee from the parent company, bearing interest at the basic floating rate +5%, payable in monthly installments of 1 670\$, maturing June 2009.	31 730	36 740
Current portion:	(20 040)	(20 040)
	11 690	16 700

During the financial year ending August 31, 2007, the Company benefited from a deferred capital payment on the loan for a period of six months.

Principal repayments to be made during the following year is 20 040\$ and 16 700\$ in 2009.

b) Credit facility

During the year ended August 31, 2007, one of the Company's directors extended a \$240,000 credit facility to the Company, bearing an annual interest rate of 6% and secured by accounts receivable. The terms of the credit facility provide for the granting of stock options equal to the amount loaned divided by the market price of the Company's shares as quoted at closing of the TSX Venture Exchange (with a minimum price of \$0.10 per share) the previous day to the loan. As at November 30, 2007, no amount of this facility was in use.

ALPHINAT INC.

As at November 30, 2007

NOTES TO FINANCIAL STATEMENT

7. CAPITAL STOCK

a) Authorized an unlimited number of voting and participating common shares.

Issued	Number	(unaudited) November 30, 2007 \$	(audited) August 31, 2007 \$
Common shares			
Outstanding shares as at August 31, 2005	27 896 667	3 615 657	3 615 657
Conversion of a portion of a loan from Company under common control (note 7 b))	793 333	119 000	119 000
Conversion of debentures (note 7 b))	866 667	130 000	130 000
Share issuance (note 7 b))	5 000 000	600 000	600 000
Share issue costs	-	(37 668)	(36 241)
Fair value of warrants issued	-	(114 316)	(114 316)
Outstanding shares as at November 30, 2006 and August 31, 2007 (note 7 c))	34 556 667	4 312 673	4 314 100

b) In fiscal year 2006, the Company issued 5,000,000 common shares for cash proceeds of \$600,000 in a private placement. Additionally, the Company issued convertible debentures bearing interest at 6% for an amount of \$130,000. On August 23, 2006, these debentures were converted into 866,667 common shares.

Additionally, a portion of a loan from a company under common control in the amount of \$119,000 was cancelled and converted into 793,333 common shares.

c) In November 2006, the Company authorized the issuance of 300,000 common shares as additional compensation to one of its officers. As at November 30, 2007, these shares had not yet been issued. These shares have an approximate value of \$27,000 which has been accounted for in accounts payable and accrued liabilities.

As at November 30, 2007

NOTES TO FINANCIAL STATEMENT

8. STOCK OPTIONS AND WARRANTS

- a) Subsequent to the reverse takeover on April 27, 2005, the Company introduced a stock option plan. This plan replaced the stock option plan that existed in the capital pool company prior to the reverse takeover transaction.

Pursuant to the terms of the new plan, the Board of Directors is authorized to grant directors, officers, employees and consultants of the Company options to acquire common shares of the Company. Options granted under this plan have a maximum term of five years and will be granted at a price and for other conditions determined by the directors in order to achieve the objective of the new plan, the whole in accordance with the applicable regulatory policies. The maximum number of options that can be granted under this plan is 3,937,955.

The maximum number of options that may be granted to a beneficiary of the Company cannot exceed 5% of the total outstanding common shares. The maximum number of options that may be granted to consultants cannot exceed 2% of the total outstanding common shares.

The 2,000,000 options granted under the old plan are still valid but are now subject to the terms and conditions of the new plan.

The following table presents information concerning outstanding stock options granted by the Company as at November 30, 2007 and August 31, 2007

	Number	Book Value	Weighted average exercise price per share	Weighted average remaining contractual life (months)
	\$	\$	\$	
Outstanding at as August 31, 2006	4 296 144	993 537	0,27	42
Granted during the year	1 765 000	134 766	0,10	56
Cancelled during the year	(425 000)	(96 861)	0,30	-
Outstanding at as August 31, 2007	5 636 144	1 031 442	0,22	38,00
- Granted during the year	370 000	17 042	0,10	59
Outstanding at as November 30, 2007	6 006 144	1 048 484	0,21	39

As at November 30, 2007

NOTES TO FINANCIAL STATEMENT

8. STOCK OPTIONS AND WARRANTS (CONTINUED)

The estimated fair value of the options granted during the year ended August 31, 2007 was \$17,042, using the Black-Scholes option pricing model with the following assumptions:

	Directors and employees
Risk-free interest rate	3,85 % and 4,5 %
Expected volatility	100%
Dividend yield	nil
Expected life	5 years

- b) No warrants were issued during the period ended November 30, 2007.

The estimated fair value of the 3,366,667 warrants issued in 2006 is \$114,316, using the Black-Scholes option pricing model with the following assumptions:

Risk-free interest rate	4,06%
Expected volatility	100%
Dividend yield	nil
Expected life	1.5 years
Issuance date fair value	\$ 0,03

The following table presents a reconciliation and information concerning outstanding warrants granted by the Company as at August 31, 2007 and 2006:

	Number	Book Value	Weighted average exercise price per share	Weighted average remaining contractual life (months)
	\$	\$	\$	
Outstanding and exercisable at the beginning	3 566 667	146 392	0,19	16
Expired during the year	(200 000)	(32 076)	0,30	-
Outstanding and exercisable at the end	3 366 667	114 316	0,18	4

ALPHINAT INC.

As at November 30, 2007

NOTES TO FINANCIAL STATEMENT

9. CONTRIBUTED SURPLUS

	(unaudited) November 30, 2007 \$	(audited) August 31, 2007 \$
Balance - Beginning of year	182 020	182 020
Forfeited or expired stock options	96 861	96 861
Expired warrants	32 076	32 076
Balance - End of year	310 957	310 957

10. COMMITMENTS

The minimum future payments under the terms of a vehicle lease matured in September 2007 total \$613. The minimum payments related to the leases of the Company's premises in Montréal and Québec City, maturing in October 2007 and August 2008, total \$3,701 and \$5,600 respectively.

11. FINANCIAL INSTRUMENTS**Credit risk**

Financial instruments that potentially expose the Company to credit risk consist of cash, temporary investments and accounts receivable. The Company maintains its cash balance and temporary investments with a large financial institution, and an allowance for doubtful accounts receivable is established when collection of amounts due from clients is deemed improbable. Management therefore believes that the credit risk is limited.

Interest rate risk

The following table presents the Company's exposure to interest rate risk:

Cash	Non-interest bearing
Temporary investments	Variable rate
Accounts receivable	Non-interest bearing
Sales taxes receivable	Non-interest bearing
Research and development tax credits receivable	Non-interest bearing
Accounts payable and accrued liabilities	Non-interest bearing
Advances from a director and persons related to a director	Non-interest bearing
Loan from a Company under common control	Non-interest bearing
Long-term debt	Variable rate

ALPHINAT INC.

As at November 30, 2007

NOTES TO FINANCIAL STATEMENT

12. RESEARCH AND DEVELOPMENT EXPENSES

	(unaudited) November 30, 2007	(audited) August 31, 2007
	\$	\$
Research and development expenses	103 965	447 806
Less: Research and development tax credits	(27 611)	(115 140)
	76 354	332 666

13. EARNINGS (LOSS) PER SHARE

For the years ended November 30, 2007 and August 31, 2007, there was no difference between the basic and diluted loss per share due to the fact that all stock options and warrants issued have an anti-dilutive effect and consequently were not included in the calculation. The diluted loss per share was calculated using the weighted average number of common shares outstanding.

Options with acquisition rights to 2,796,144 common shares with an exercise price of \$0.30 per share, 1,075,000 common shares with an exercise price of \$0.20 per share and 2,135,000 common shares with an exercise price of \$0.10 per share were outstanding as at November 30, 2007. However, those options were not used in calculating the diluted loss per share due to the fact that the exercise price of the options was greater than the average market value of the common shares.

14. INCOME TAXES

- a) Income tax expense (recovery) on benefits vary from the amount that would have been calculated using the statutory income tax rate of 31.68% as at August 31, 2007 (as at August 31, 2006 – 31.72%) for the following reasons:

	(unaudited) November 30, 2007	(audited) August 31, 2007
	\$	\$
Income tax recovery using the statutory income tax rate	(282 259)	(282 259)
Permanent differences and other	72 979	72 979
Unrecognized tax benefits from non-capital loss	(53 629)	(53 629)
Unrecognized tax benefits from temporary differences	262 909	262 909
	-	-

ALPHINAT INC.

As at November 30, 2007

NOTES TO FINANCIAL STATEMENT

14. INCOME TAXES (CONTINUED)

b) Future income taxes comprise the following items:

	(unaudited) November 30, 2007 \$	(audited) August 31, 2007 \$
Future income tax assets		
Non-capital loss	485 230	485 230
Research and development expenses	551 647	551 647
Intellectual properties	68 186	68 186
Deferred revenues	259 784	259 784
Furniture and equipment and computer software	175	175
Share issue costs	94 625	94 625
	1 459 647	1 459 647
Future income tax liabilities		
Furniture and equipment and computer software	-	-
Research and development tax credits	62 404	62 404
	62 404	62 404
	1 397 243	1 397 243
Valuation allowance	(1 397 243)	(1 397 243)
	-	-

As at November 30, 2007 the Company has non-capital loss of approximately 1 670 208 \$ at the federal level and 1 410 843 \$ at the provincial level. These losses will expired during the following financial years:

	Federal \$	Provincial \$
2008	169 462	137 789
2013	506 139	423 066
2014	165 836	132 200
2015	43 753	7 597
2026	785 018	710 191
	1 670 208	1 410 843

ALPHINAT INC.

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NOTES TO FINANCIAL STATEMENT

14. INCOME TAXES (CONTINUED)

The Company has unused research and development expenses totalling approximately \$1,076,574 at the federal level and \$2,916,788 at the provincial level that may be carried forward indefinitely.

The Company has unused share issue costs that gradually expire by August 31, 2010 totalling approximately \$306,229 at both the federal and provincial levels.

In addition, the Company has research and development tax credits totalling approximately \$201,956 at the federal level that it may use to offset future taxable income. These tax credits expire as follows:

2008	5 578
2009	13 988
2010	3 143
2011	123
2015	32 101
2016	83 657
2017	63 366
	<hr/>
	201 956
	<hr/>

15. SEGMENTED INFORMATION AND ECONOMIC DEPENDENCE

The Company operates under one reportable segment and all of its long-term assets are located in Canada.

	(unaudited) November 30, 2007	(audited) August 31, 2007
	%	%
Revenues realized from major clients		
Client A	84	45
Client B	4	55
Client C	12	-

All of the Company's clients are located in Canada.