
INTERIM FINANCIAL STATEMENTS

(unaudited)

ALPHINAT INC.

Second quarter ended

FEBRUARY 29, 2008

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.

As at February 29, 2008 and August 31, 2007

INTERIM BALANCE SHEETS

	(unaudited) February 29, 2008 \$	(audited) August 31, 2007 \$
ASSETS		
Current assets		
Cash and cash equivalents	55,118	773,439
Accounts receivable, <i>less provision for bad debts</i>	24,001	340
Work in progress	5,740	-
Sales taxes receivable	16,897	12,476
Prepaid expenses	5,909	3,751
Research and development tax credits receivable	176,884	116,564
	284,549	906,570
Furniture and equipment <i>(note 3)</i>	10,782	11,556
Computer software , <i>less accumulated amortization of \$ 21,547 (August 31, 2007 - \$ 21,222)</i>	382	707
Intangible assets - trade marks , <i>less accumulated amortization of \$ 1,016</i>	5,484	-
	301,197	918,833
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities <i>(note 4)</i>	158,212	260,063
Deferred revenues	376,269	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
	737,879	1,339,211
Long-term debt <i>(note 6)</i>	6,680	16,700
	744,559	1,355,911
SHAREHOLDERS' EQUITY (DEFICIENCY)		
Capital stock <i>(note 7)</i>	4,344,173	4,314,100
Stock options <i>(note 8 a))</i>	840,953	1,031,442
Warrants <i>(note 8 b))</i>	-	114,316
Contributed surplus <i>(note 9)</i>	632,804	310,957
Deficit	(6,261,292)	(6,207,893)
	(443,362)	(437,078)
	301,197	918,833

Going concern *(note 1)*

Approved by the Board of Directors,

Director

Director

ALPHINAT INC.For the three and six months period ended February 29, 2008 and February 28, 2007 *(note 16)***INTERIM STATEMENTS OF DEFICIT**

	Three months ended		Six months ended	
	February 29, 2008	February 28, 2007	February 29, 2008	February 28, 2007
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	\$	\$	\$	\$
BALANCE - BEGINNING OF PERIOD	(6,188,086)	(5,337,060)	(6,207,893)	(5,316,924)
Loss for the period	(73,206)	(228,158)	(53,399)	(389,347)
BALANCE - END OF PERIOD	(6,261,292)	(5,565,218)	(6,261,292)	(5,706,271)

Going concern *(note 1)*

ALPHINAT INC.For the three and six months period ended February 29, 2008 and February 28, 2007 *(note 16)***INTERIM STATEMENTS OF LOSS**

	Three months ended		Six months ended	
	February 29,	February 28,	February 29,	February 28,
	2008	2007	2008	2007
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	\$	\$	\$	\$
REVENUES	217,283	38,063	545,723	77,561
OPERATING EXPENSES				
Cost of services, selling and administrative	225,577	169,874	465,353	218,101
Amortization of furniture and equipment and computer software	980	1,267	5,761	2,665
Amortization of intangible assets	203	-	1,016	-
Stock-based compensation <i>(notes 7 c) and 8 a)</i>	4,500	-	21,542	58,600
Research and development <i>(note 12)</i>	58,058	92,231	106,801	183,267
	289,318	263,372	600,473	462,633
OPERATING LOSS	(72,035)	(225,309)	(54,750)	(385,072)
FINANCING EXPENSES (REVENUES)				
Interest and bank charges	597	2,166	1,151	2,591
Interest on long-term debt	979	1,218	2,151	2,545
Interest income	(405)	(535)	(4,653)	(861)
	1,171	2,849	(1,351)	4,275
LOSS FOR THE PERIOD	(73,206)	(228,158)	(53,399)	(389,347)
Basic and diluted loss per share <i>(note 13)</i>	(0.002)	(0.007)	(0.002)	(0.011)
Weighted average number of common shares outstanding	34,856,667	34,556,667	34,856,667	34,556,667

Going concern *(note 1)*

ALPHINAT INC.

For the three and six months period ended February 29, 2008 and February 28, 2007 (note 16)

INTERIM STATEMENTS OF CASH FLOW

	Three months ended		Six months ended	
	February 29, 2008	February 28, 2007	February 29, 2008	February 28, 2007
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	\$	\$	\$	\$
Cash flows from				
OPERATING ACTIVITES				
Loss for the period	(73,206)	(228,158)	(53,399)	(389,347)
Adjustments for non-cash items				
Amortization of furniture and equipment	938	1,161	5,436	2,362
Amortization of computer software	42	106	325	303
Amortization of intangible assets	203	-	1,016	-
Stock-based compensation expense	31,500	-	48,542	58,600
	(40,523)	(226,891)	1,920	(328,082)
Changes in non-cash working capital items				
Decrease (increase) in accounts receivable	16,841	171,622	(23,661)	25,811
Increase in work in progress	(5,740)	-	(5,740)	-
Decrease (increase) in sales taxes receivable	(2,881)	16,033	(4,421)	31,403
Decrease (increase) in prepaid expenses	(4,971)	(1,027)	(2,158)	553
Decrease (increase) in research and development tax credits receivable	(32,709)	28,105	(60,320)	(4,550)
Decrease in accounts payable and accrued liabilities	(31,580)	(12,938)	(101,851)	(16,364)
Increase (decrease) in deferred revenues	(187,543)	(38,063)	(475,481)	86,374
	(289,106)	(63,159)	(671,712)	(204,855)
INVESTING ACTIVITIES				
Purchase of furniture and equipment	-	-	(4,662)	-
Purchase of intangible assets	-	-	(6,500)	-
	-	-	(11,162)	-
FINANCING ACTIVITIES				
Repayment of long-term debt	(5,010)	-	(10,020)	(5,010)
Share issue costs	-	-	(1,427)	-
Repayment of loan from a company under common control	-	-	(24,000)	-
Repayment of advances from a director and persons related to a director	-	(1,963)	-	(7,459)
	(5,010)	(1,963)	(35,447)	(12,469)
DECREASE IN CASH DURING THE PERIOD	(294,116)	(65,122)	(718,321)	(217,324)
CASH - BEGINNING OF PERIOD	349,234	291,524	773,439	443,726
CASH - END OF PERIOD	55,118	226,402	55,118	226,402
Cash is composed of :				
Cash	55,118	226,402	55,118	226,402

Going concern (note 1)**Additional information**

<i>Interest paid</i>	<i>1,576</i>	<i>3,384</i>	<i>3,302</i>	<i>5,136</i>
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As at February 29, 2008 and August 31, 2007

NOTES TO FINANCIAL STATEMENTS

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 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 shifted from the development of its product suite to sales and marketing. The Company has generated more substantial income for the year ended August 31, 2007 and has deferred revenues amounting to \$851,750 which will be recognized next year. For the second quarter ending February 29, 2008, the Company has net loss of \$73,206 and deferred revenues of \$376,269 that will be recognized during subsequent quarters. 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 agreements 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 February 29, 2008 and August 31, 2007

NOTES TO FINANCIAL STATEMENTS

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%

Intangible assets

Intangible assets are recorded at cost. Amortization is calculated on their respective estimated useful life using the straight-line method over a period of four years.

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 February 29, 2008 and August 31, 2007, no development costs have been deferred.

As at February 29, 2008 and August 31, 2007

NOTES TO FINANCIAL STATEMENTS

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.

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 February 29, 2008 and August 31, 2007

NOTES TO FINANCIAL STATEMENTS

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

	Cost \$	Accumulated amortization \$	Net \$
February 29, 2008 (unaudited)			
Computer equipment	115,425	109,023	6,402
Office furniture and equipment	20,245	15,865	4,380
	135,670	124,888	10,782
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) February 29, 2008 \$	(audited) August 31, 2007 \$
Salaries and fringe benefits	98,966	148,493
Accounts payable and accrued liabilities	59,246	111,570
	158,212	260,063

As at February 29, 2008 and August 31, 2007

NOTES TO FINANCIAL STATEMENTS

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 installments of \$12,000 starting October 2007. No installment was made during the second quarter.

6. LONG-TERM DEBT

	(unaudited) February 29, 2008	(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 assets, tangible and intangible present and future as well as a guarantee from the parent company, bearing interest at the basic floating rate plus 5%, payable in monthly installments of \$1,670, maturing in June 2009.	26,720	36,740
Less: current portion:	(20,040)	(20,040)
	6,680	16,700

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

Principal repayment to be made is \$20,040 and \$16,700 respectively for 2008 and 2009.

b) Credit facility

During the year ended August 31, 2007, two 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 August 31, 2007 and February 29, 2008, no amount of this facility was in use.

ALPHINAT INC.

As at February 29, 2008 and August 31, 2007

NOTES TO FINANCIAL STATEMENTS

7. CAPITAL STOCK

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

Issued

	Number	Amount
		\$
<hr/>		
Common shares		
Balance - August 31, 2005	27,896,667	3,615,657
Share issuance (note 7 b))	5,000,000	600,000
Conversion of debentures (note 7 b))	866,667	130,000
Conversion of a portion of a loan from a company under common control (note 7 b))	793,333	119,000
Share issue costs	-	(36,241)
Fair value of warrants issued	-	(114,316)
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Balance - August 31, 2006 and 2007 (note 7 c))	34,556,667	4,314,100
Share issue costs		(1,427)
Share issuance (note 7 c))	300,000	31,500
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Balance - February 29, 2008	34,856,667	4,344,173
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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 August 31, 2007, these shares had not yet been issued and they were accounted for an approximate value of \$27,000 which was accounted for in accounts payable and accrued liabilities. The shares were issued January 16, 2008 for a value of \$31,500.

As at February 29, 2008 and August 31, 2007

NOTES TO FINANCIAL STATEMENTS

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 February 29, 2008 and August 31, 2007 and 2006 (these options are vested and granted).

	Number of options	Weighted average exercise price per share	Weighted average contractual life in (months)
		\$	
Balance - August 31, 2005	5,221,144	0.26	44
Expired	(925,000)	0.20	-
Balance - August 31, 2006	4,296,144	0.27	42
Granted	1,765,000	0.10	56
Forfeited	(425,000)	0.30	-
Balance - August 31, 2007	5,636,144	0.22	38
Granted	370,000	0.10	59
Expired	(860,000)	0.20	17
Balance - February 29, 2008	5,146,144	0.21	35

ALPHINAT INC.

As at February 29, 2008 and August 31, 2007

NOTES TO FINANCIAL STATEMENTS

8. STOCK OPTIONS AND WARRANTS (CONTINUED)

The estimated fair value of the options granted during the year ended August 31, 2007 was \$134,766, and \$17,042 during the first quarter ended November 30, 2007, 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

The following table summarizes information about outstanding stock options granted by the Company as at February 29, 2008:

Options outstanding				Options exercisable	
Range of exercise price	Number of options	Weighted average remaining contractual life (months)	Weighted average exercise price	Number of options	Weighted average exercise price
\$			\$		\$
0.10	2,135,000	51	0.10	2,135,000	0.10
0.20	215,000	17	0.20	215,000	0.20
0.30	2,796,144	25	0.30	2,796,144	0.30
	5,146,144	35	0.21	5,146,144	0.21

ALPHINAT INC.

As at February 29, 2008 and August 31, 2007

NOTES TO FINANCIAL STATEMENTS

8. STOCK OPTIONS AND WARRANTS (CONTINUED)

- b) No warrants were issued during the year ended August 31, 2007 and the first and second quarters ended February 29, 2008. As at February 29, 2008, all warrants outstanding had expired. 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:

	Directors and employees
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 February 29, 2008 and August 31, 2007 and 2006.

	Number	Weighted average exercise price per share \$	Weighted average contractual life in (months)
Balance - August 31, 2005	200,000	0.30	8
Issued	3,366,667	0.18	18
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Balance - August 31, 2006	3,566,667	0.19	16
Expired	(200,000)	0.30	-
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Balance - August 31, 2007	3,366,667	0.18	4
Expired	(3,366,667)	(0.18)	-
<hr/>			
Balance - February 29, 2008	-	-	-

9. CONTRIBUTED SURPLUS

	(unaudited) February 29, 2008 \$	(audited) August 31, 2007 \$
Balance - Beginning of period	310,957	182,020
Forfeited or expired stock options	207,531	96,861
Expired warrants	114,316	32,076
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Balance - End of period	632,804	310,957

ALPHINAT INC.

As at February 29, 2008 and August 31, 2007

NOTES TO FINANCIAL STATEMENTS

10. COMMITMENTS

The minimum future payments under the terms of a vehicle lease maturing in September 2010 total \$18,120. The minimum payments related to the leases of the Company's premises in Montreal and Quebec City, maturing in March 2008 and August 2008, total \$3,701 and \$7,800 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 and cash equivalents	Non-interest bearing
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

12. RESEARCH AND DEVELOPMENT EXPENSES

	(unaudited) February 29, 2008 \$	(audited) August 31, 2007 \$
Research and development expenses	90,767	447,806
Less: Research and development tax credits	(32,709)	(115,140)
	58,058	332,666

As at February 29, 2008 and August 31, 2007

NOTES TO FINANCIAL STATEMENTS

13. LOSS PER SHARE

For the period ended February 29, 2008 and the years ended August 31, 2007 and 2006, 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 (1,765,000 - August 31, 2007) with an exercise price of \$0.10 per share were outstanding as at February 29, 2008. 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) February 29, 2008	(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 February 29, 2008 and August 31, 2007

NOTES TO FINANCIAL STATEMENTS

14. INCOME TAXES (CONTINUED)

b) Future income taxes comprise the following items:

	(unaudited) February 29, 2008 \$	(audited) August 31, 2007 \$
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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
	<hr/>	<hr/>
	1,459,647	1,459,647
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Future income tax liabilities		
Furniture and equipment and computer software	-	-
Research and development tax credits	62,404	62,404
	<hr/>	<hr/>
	62,404	62,404
	<hr/>	<hr/>
	1,397,243	1,397,243
Valuation allowance	(1,397,243)	(1,397,243)
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	-	-

As at August 31, 2007, the Company had non-capital loss of approximately \$1,670,208 at the federal level and \$1,410,843 at the provincial level. These losses will expire 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
	<hr/>	<hr/>
	1,670,208	1,410,843

ALPHINAT INC.

As at February 29, 2008 and August 31, 2007

NOTES TO FINANCIAL STATEMENTS

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 will 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
2026	83,657
2027	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) February 29, 2008 %	(audited) August 31, 2007 %
Revenues realized from major clients		
Client A	3	-
Client B	-	45
Client C	97	55

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

16. COMPARATIVE DATES

The comparative dates are February 29, 2008 and February 28, 2007 because 2008 is a leap year.