

Company Summary

May 18, 2010

Alphinat Inc. (NPA : TSX-V)

Current Price : \$0.115

Coverage Initiated:
\$0.085 (February 8, 2010)

Highlights:

- significant agreement in place with the Direction Générale de Modernisation de l'Etat (DGME) of the French Republic
- partnership with Bell Canada secured in October 2009
- Q2 financial results improved significantly with inclusion of revenues from the recently announced French Government contract
- technology transposable/usable for other private sector industries

DISCUSSION:

Alphinat Inc. completed its initial public offering in July 2004 through the issuance of 9.25 million shares at \$0.20 per share. The company is a developer, marketer and supporter of software to build online self-service tools that make it easier to deal with organizations or governments. Alphinat's clients have included leading organizations such as Computer Associates, Cossette Communication Group, Molson Breweries, the Government of Quebec and the French Republic.

Alphinat's primary product is a software suite called SmartGuide™ which simplifies and accelerates building of on-line applications to improve interactions with business constituents resulting in greater cost-effectiveness, customer satisfaction and employee productivity. The technology uses sophisticated data organization and processing software to automate interactions between systems, employees, clients, suppliers and partners. In effect, SmartGuide™ permits a Web environment to have the benefits and ease of use of an "in person" experience. Alphinat is also expanding its technology to include the healthcare, banking, insurance, telecommunications and other sectors, in modernizing, automating and reducing costs associated with conventional solutions.

After concluding the sale of the government license for SmartGuide™ to the Quebec government in 2007, Alphinat implemented an innovative online government solution that is entirely centered on the needs of citizens and entrepreneurs. This solution is a past winner of IBM's "Top Star" award for online government solutions among applications from 189 different countries. Furthermore, the Organization for Economic Co-operation and Development recognized Alphinat's e-government solution as a "best Internet practice". The company's successful implementations with the Quebec government drew international recognition that led to commercial dialogue between Alphinat and the French government. In addition, in September 2008, Alphinat announced its first European contracts by way of partnerships with large French systems integrators and in June 2009, the company signed a limited production licence with a Swiss canton for Alphinat's SmartGuide suite to provide up to 10 initial on-line e-government services to its citizens and enterprises.

The number of Internet applications based on SmartGuide™ deployed within the Quebec government has grown to more than 30. In the first quarter ended November 30, 2009, Alphinat completed an agreement with Bell Canada for the commercialization of SmartGuide™ and the establishment of a SmartGuide™ center of expertise. Initial joint efforts will focus on the Quebec Government, an existing client that could benefit from the combination of Bell's professional services and SmartGuide™. In addition, the two companies intend to pursue mutual opportunities for license sales of Alphinat's software and Bell's professional services in other regions and markets.

In October 2009, the DGME of the French Republic adopted the proposal of a consortium led by a major French systems integrator and partner of Alphinat. The DGME has launched a vast program in an attempt to simplify the administrative approaches for all public service users as part of its mission to modernize operating processes. The DGME defined an ambitious program of putting administrative procedures online with a new "on-line services factory" that guarantees agility for the French government. To address this task, Alphinat and its partners designed an application that allows the French government to optimize the secure implementation of e-services by leveraging existing applications and developing new, simplified e-services, which is exactly what SmartGuide™ was designed to accomplish. By mid-February 2010, the DGME had already launched certain online services with a goal of attaining 11 million users by the end of 2011.

In February 2010, Alphinat released version 4 of SmartGuide™ and also reported that the Québec government has renewed the annual maintenance contract for the SmartGuide™ license used to deploy e-government services to better serve constituents and enterprises.

For the 3 months ended February 28, 2010, Alphinat reported revenues of \$632,721 and net earnings of \$210,336 as compared to sales of \$345,967 and a net loss of \$51,915 during the second quarter last year. Several factors are expected to contribute to the company's ongoing success including a large number of retirements anticipated over the next decade, an ever-increasing number of complex online

procedures that are required of citizens and customers, and the reduction of operating budgets. Each of these issues will play a key role in the need to improve productivity in both the public and private sectors.

Alphinat has undertaken several initiatives that are expected to lead to significant revenue and earnings growth in the coming quarters. The recent French Government announcement is a “company-builder” for Alphinat and while contract amounts have not been publicly disclosed, we expect this project to lead to a significant increase in revenues as demonstrated during the second quarter ended February 28, 2010. Furthermore, a large portion of the government work could represent a recurring revenue stream thus establishing a stable base of revenues and earnings from which to grow. The potential also exists for a takeover bid from one of the large system integrators Alphinat is currently partnered with. The company has also undertaken steps to position itself in the American market through the commencement of a talent recruiting process as well as initiation of partnership discussions with firms that have a strong US presence. While an investment in the company at this time remains speculative, all of these factors combined should lead to a substantial improvement in financial results and corresponding shareholder value, and a significant potential increase in investor interest.

FINANCIAL SUMMARY (For the years ending August 31)

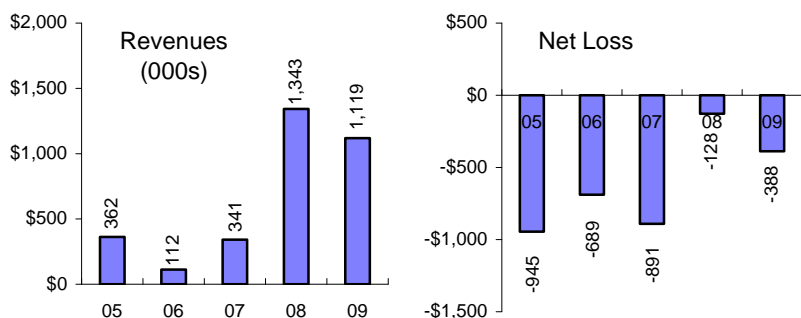
	2005	2006	2007	2008	2009
Revenues	\$ 362,439	\$ 111,550	\$ 341,060	\$ 1,342,504	\$ 1,119,032
Gross Profit*	87,492	(275,857)	(383,942)	227,788	100,341
Operating Loss**	(182,607)	(684,216)	(716,608)	(99,678)	(362,427)
Net Loss	(945,454)	(689,129)	(890,969)	(128,377)	(387,860)
per share	(\$0.046)	(\$0.024)	(\$0.026)	(\$0.004)	(\$0.011)

* revenues minus cost of services, selling & admin. expense

** income before amortization, interest, taxes, and stock based compensation

LATEST FINANCIAL RESULTS

	3 Months Ended Feb. 28		6 Months Ended Feb. 28	
	2010	2009	2010	2009
Revenues	\$632,721	\$345,967	\$966,891	\$633,048
Cost of Services, Selling & Admin.	210,780	273,919	356,081	511,445
Gross Profit	421,941	72,048	610,900	121,603
R&D Expense	106,224	120,068	221,171	235,230
Other Expenses	105,381	3,895	115,274	6,463
Net Income	210,336	(51,915)	274,365	(120,090)
per share	\$0.006	(\$0.001)	\$0.008	(\$0.003)



MANAGEMENT & DIRECTORS:

Philippe Lecoq, *President & CEO, Director*

Curtis Page, *Executive VP, CFO, COO, Director*

Michel Lemoine, *Chairman & Director*

John McDonald Brown, *Director*

Benoit Ste-Marie, *Director*

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BALANCE SHEET

(As at February 28, 2010)

Current Assets	\$ 1,170,337
Total Assets	1,182,262
Current Liabilities	1,455,603
Long-Term Debt	nil
Shareholders' Deficiency	(273,341)

SHARES OUTSTANDING

(As at February 28, 2010)

Basic	35,491,112*
Options	3,907,888**
Warrants	4,437,500**
Fully-diluted	43,786,500

* insiders and directors own approximately 55% of the basic shares issued and outstanding

** stock options have a weighted average exercise price of \$0.19. warrants are exercisable at \$0.12 per share

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