

MINAEAN INTERNATIONAL CORP.

CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2008

AUDITORS' REPORT

To the Shareholders of
Minaean International Corp.

We have audited the consolidated balance sheets of Minaean International Corp as at March 31, 2008 and 2007 and the consolidated statements of operations and deficit and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2008 and 2007 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

“DAVIDSON & COMPANY LLP”

Vancouver, Canada

Chartered Accountants

July 21, 2008



MINAEAN INTERNATIONAL CORP.
CONSOLIDATED BALANCE SHEETS
AS AT MARCH 31

	2008	2007
ASSETS		
Current		
Cash	\$ 1,361,848	\$ 1,051,625
Receivables	385,636	687,103
Holdback receivable	177,119	97,075
Inventories	494,212	805,319
Prepaid expenses and deposits	<u>325,850</u>	<u>250,671</u>
	2,744,665	2,891,793
Deferred financing fees (Note 3)	-	13,667
Property, plant and equipment (Note 4)	<u>482,901</u>	<u>231,570</u>
	<u>\$ 3,227,566</u>	<u>\$ 3,137,030</u>
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)		
Current		
Bank indebtedness (Note 5)	\$ 1,129,211	\$ 399,955
Accounts payable and accrued liabilities	820,410	1,068,465
Deferred revenue	384,412	494,406
Current portion of loan payable (Note 6)	8,891	5,469
Promissory note payable (Note 7)	135,014	-
Convertible debentures (Note 8)	704,553	-
Due to related parties (Note 10)	<u>112,152</u>	<u>285,232</u>
	3,294,643	2,253,527
Loan payable (Note 6)	14,819	10,771
Promissory note payable (Note 7)	<u>-</u>	<u>123,014</u>
	<u>3,309,462</u>	<u>2,387,312</u>
Shareholders' equity (deficiency)		
Capital stock (Note 9)	5,772,161	5,587,044
Contributed surplus (Note 9)	574,938	599,860
Equity component of convertible debentures (Note 8)	200,000	-
Deficit	<u>(6,628,995)</u>	<u>(5,437,186)</u>
	<u>(81,896)</u>	<u>749,718</u>
	<u>\$ 3,227,556</u>	<u>\$ 3,137,030</u>

Nature and continuance of operations (Note 1)

Commitments (Note 14)

Subsequent event (Note 17)

On behalf of the Board:

"Hari Varshney"

Director

"Mervyn Pinto"

Director

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

MINAEAN INTERNATIONAL CORP.
CONSOLIDATED BALANCE SHEETS
FOR THE YEAR ENDED MARCH 31

	2008	2007
SALES	\$ 3,885,109	\$ 3,401,376
COST OF SALES	<u>2,888,276</u>	<u>2,614,391</u>
	<u>996,833</u>	<u>786,985</u>
EXPENSES		
Accretion of convertible debt	4,553	-
Advertising and promotion	26,872	141,316
Amortization	63,740	60,877
Bad debt expense	149,309	-
Commissions	-	81,098
Consulting fees	181,269	89,129
Interest and bank charges	149,077	73,043
Interest on promissory notes	12,000	17,375
Management fees	60,000	60,000
Office and administration	364,543	325,868
Professional fees	143,353	110,659
Regulatory and transfer agent fees	33,175	23,676
Rent	236,474	158,963
Stock-based compensation	6,178	288,677
Technical and engineering	-	1,094
Travel and promotion	131,332	175,349
Wages and benefits	<u>642,659</u>	<u>525,173</u>
	<u>(2,204,534)</u>	<u>(2,132,297)</u>
Loss before other items	<u>(1,207,701)</u>	<u>(1,345,312)</u>
OTHER ITEMS		
Loss on investment in joint venture	-	(25,711)
Gain on sale of equipment	-	3,233
Write off of equipment	-	(14,661)
Finders fees on convertible debenture	(51,200)	-
Interest and other income	<u>80,759</u>	<u>30,913</u>
	<u>29,559</u>	<u>(6,226)</u>
Loss for the year	<u>(1,178,142)</u>	<u>(1,351,538)</u>
Deficit, beginning of year	(5,437,186)	(4,085,648)
Adjustment to opening balance on adoption of standard (Note 2)	<u>(13,667)</u>	<u>-</u>
	<u>(5,450,853)</u>	<u>(4,085,678)</u>
Deficit, end of year	<u>\$ (6,628,995)</u>	<u>\$ (5,437,186)</u>
Basic and diluted loss per share	<u>\$ (0.04)</u>	<u>\$ (0.05)</u>
Weighted average number of shares outstanding	<u>33,157,283</u>	<u>29,951,565</u>

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

MINAEAN INTERNATIONAL CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	\$ (1,178,142)	\$ (1,351,538)
Items not affecting cash:		
Accretion of convertible debt	4,553	-
Amortization	63,740	60,877
Stock-based compensation	6,178	288,677
Interest accrued on promissory notes and convertible debentures	28,230	17,375
Gain on sale of equipment	-	(3,233)
Write-off of equipment	-	14,661
Bad debt expense	149,309	-
Finders fees on convertible debenture	51,200	-
Changes in non-cash working capital items:		
(Increase) decrease in accounts and advances receivable	152,158	(343,105)
Increase in holdback receivable	(80,044)	(97,075)
(Increase) decrease in inventories	311,107	(502,218)
Increase in prepaid expenses and deposits	(75,179)	(216,780)
Increase (decrease) in deferred revenue	(109,994)	494,406
Increase (decrease) in accounts payable and accrued liabilities	<u>(264,285)</u>	<u>761,505</u>
Net cash used in operating activities	<u>(941,169)</u>	<u>(876,448)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds on sale of equipment	-	11,083
Acquisition of equipment	<u>(315,071)</u>	<u>(180,740)</u>
Net cash used in investing activities	<u>(315,071)</u>	<u>(169,657)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Due to related parties	(173,080)	185,049
Share issuance costs	(6,013)	(30,523)
Bank indebtedness	729,256	213,274
Repayments on loan payable	(16,240)	(1,679)
Loans payable	23,710	16,240
Promissory note payable	-	(55,885)
Proceeds on share issuance	108,830	1,490,369
Proceeds on convertible debenture	<u>900,000</u>	<u>-</u>
Net cash provided by financing activities	<u>1,566,463</u>	<u>1,816,845</u>
Increase in cash during the year	310,223	770,740
Cash, beginning of year	<u>1,051,625</u>	<u>280,885</u>
Cash, end of year	<u>\$ 1,361,848</u>	<u>\$ 1,051,625</u>
Cash paid during the year for interest	<u>\$ -</u>	<u>\$ 5,885</u>
Cash paid during the year for income taxes	<u>\$ -</u>	<u>\$ -</u>

Supplemental disclosure with respect to cash flows (Note 11)

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

MINAEAN INTERNATIONAL CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2008

1. NATURE AND CONTINUANCE OF OPERATIONS

The Company was incorporated under the Business Corporations Act (Alberta) and is in the business of development and production of the "Vesta" quick building framing system that utilizes load-bearing steel panels in place of traditional "stick build" construction methods based on wood or steel studs. During the year, the Company began the development and production of the newly launched "Modular Building" systems, a construction technology capable of being assembled and delivered quickly.

These financial statements have been prepared assuming the Company will continue on a going-concern basis. The Company's continuing operations are dependent upon its ability to either secure additional equity capital and/or generate consistent cash flow from operations in the future. The Company has and may continue to have capital requirements in excess of its currently available resources. In order for the Company to meet its liabilities as they come due and to continue its operations, the Company is currently dependent upon its ability to generate such financing.

There can be no assurance that the Company will be able to continue to raise funds in which case the Company may be unable to meet its obligations. Should the Company be unable to realize on its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded on the balance sheets.

	2008	2007
Working capital (deficiency)	\$ (549,978)	\$ 638,266
Deficit	(6,628,995)	(5,437,186)

2. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Company have been prepared in accordance with Canadian generally accepted accounting principles. The following is a summary of the significant accounting policies used in the preparation of the financial statements.

Principles of consolidation

These consolidated financial statements include the accounts of the Company, its wholly-owned subsidiaries, Minaean Building Solutions Inc. ("MBS") and Minaean Habitat India Private Limited ("MHIPL") and Minaean Building Structures Inc. (formerly Minaean Power Structures Inc.) ("MPS") and, on a proportionate basis, the accounts of its joint venture, Minaean Vanitech Engineers Inc. until dissolution on December 27, 2006. All inter-company balances have been eliminated upon consolidation.

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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the year. Actual results may differ from these estimates.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Use of estimates (cont'd...)

Significant accounts that require estimates relate to the useful life of property, plant and equipment, valuation allowances for future income taxes, valuation of stock-based compensation, warrants in private placements and valuation of the equity portion of convertible debentures and asset retirement obligations.

Inventories

Finished goods are stated at the lower of average cost and net realizable value. Other inventories are stated at the lower of cost and replacement cost which is not in excess of net realizable value. Cost is determined on the first-in first-out basis.

Property, plant and equipment and amortization

Property, plant and equipment are recorded at cost. Amortization is recorded using the following rates and methods:

Assets	Rate	Basis
Buildings	4%	Declining balance
Furniture and equipment	20%	Declining balance
Computer equipment	45%	Declining balance
Leasehold improvements	6 years	Straight line
Vehicle	30%	Declining balance

Asset retirement obligation

An asset retirement obligation is a legal obligation associated with the retirement of tangible long-lived assets that the Company is required to settle. The Company recognizes the fair value of a liability for an asset retirement obligation in the year in which it is incurred when a reasonable estimate of fair value can be made. The carrying amount of the related long-lived asset is increased by the same amount as the liability.

Impairment of long-lived assets

The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to undiscounted future net cash flows expected to be generated by the asset. When the carrying value exceeds such cash flows, an impairment charge is recognized for the excess.

Financing fees

Financing fees and transaction costs to obtain long-term debt are expensed as incurred. Prior to fiscal 2008, costs incurred to obtain long-term debt were deferred and amortized on a basis consistent with the repayment terms of the underlying debt.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Revenue recognition

Revenue and income from long term fixed price construction contracts, including contracts in which the Company participates through joint ventures, are determined on the percentage of completion method, based on the ratio of costs incurred to date over estimated total costs. Contract costs include all direct material and labour costs and those indirect costs relating to contract performance such as indirect labour and supplies, tools and repairs. Provision is made for anticipated contract losses as soon as they are evident. Claims for additional contract compensation are not recognized until resolved.

Revenue from the sales of products are recognized when the products are delivered and collection is reasonably assured. Revenue from services such as contract engineering is recognized when collection is reasonably assured and the contract is complete.

Loss per share

The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method the dilutive effect on loss per share is recognized on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the year. For convertible securities, the weighted average number of common shares is adjusted for the shares to be issued on conversion. For the years ended March 31, 2008 and 2007 the calculation proved to be anti-dilutive.

Basic loss per share is calculated using the weighted-average number of shares outstanding during the year.

Stock-based compensation

The Company recognizes compensation expense for all stock options granted over the vesting period, using the fair value based method of accounting. Any cash paid on the exercise of stock options is added to the stated value of common shares.

Foreign currency translation

The Company's subsidiary activities denominated in currencies other than Canadian dollars are translated as integrated operations using the temporal method. Under this method, monetary items are translated at the exchange rate in effect at the balance sheet date, non-monetary items are translated at historical rates, and revenue and expense items are translated at exchange rates prevailing when such items are recognized in the statement of operations. Exchange gains or losses arising on translation of foreign currency items are included in operating results.

Future income taxes

Future income taxes are recorded using the asset and liability method whereby future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment or enactment occurs. To the extent that the Company does not consider it more likely than not that a future tax asset will be recovered, it provides a valuation allowance against the excess.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Comparative figures

Certain comparative figures have been reclassified to conform with the current year's presentation.

Change in accounting policy

On April 1, 2007, the Company adopted Canadian Institute of Chartered Accountants ("CICA") Handbook Sections 3855 "Financial Instruments – Recognition and Measurement", 3861 "Financial Instruments – Disclosure and Presentation", 3865 "Hedges", 1530 "Comprehensive Income", and 3251 "Equity", for fiscal years beginning on or after January 1, 2007. These standards have been adopted on a prospective basis with no restatement to prior period financial statements.

Financial instruments - recognition and measurement

Section 3855 establishes standards for the recognition and measurement of all financial instruments, provides a characteristics-based definition of a derivative financial instrument, provides criteria to be used to determine when a financial instrument should be recognized, and provides criteria to be used when a financial instrument is to be extinguished. Under this standard, all financial instruments are required to be measured at fair value on initial recognition. Measurement in subsequent periods depends on whether the financial instrument has been classified as held-for-trading, held-to-maturity, available-for-sale, loans and receivables, or other financial liabilities. The Company has implemented the following classifications for its financial instruments:

- a) Cash and bank indebtedness has been classified as held-for-trading.
- b) Receivables and hold back receivables have been classified as loans and receivables and measured at amortized cost.
- c) Accounts payable and accrued liabilities, due to related parties, loan payable, promissory note payable and convertible debentures have been classified as other financial liabilities and are measured at amortized cost.

Financing and transaction costs are recognized on the statement of operations resulting in deferred financing fees of \$13,667 charged to opening deficit for fiscal 2008.

Comprehensive income

Section 1530 establishes standards for reporting and displaying comprehensive income. Comprehensive income is defined as the change in equity (net assets) from transactions and other events from non-owner sources. Other comprehensive income is defined as revenues, expenses, gains and losses that, in accordance with primary sources of GAAP, are recognized in comprehensive income, but excluded from net income. This would include holding gains and losses from financial instruments classified as available-for-sale.

Recent accounting pronouncements

The CICA has issued new standards which may affect the financial disclosures and results of operations of the Company for interim and annual periods beginning April 1, 2008. The Company will adopt the required pronouncements commencing in the interim period ended June 30, 2008 and is currently considering the impact this will have on the Company's financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Recent accounting pronouncements (cont'd...)

Section 1400 – Assessing going concern

This Section was amended to include requirements for management to assess and disclose an entity's ability to continue as a going concern.

Section 1535 – Capital disclosures

This Section establishes standards for disclosing information about an entity's capital and how it is managed. Under this standard the Company will be required to disclose the following, based on the information provided internally to the entity's key management personnel:

- (i) qualitative information about its objectives, policies and processes for managing capital,
- (ii) summary quantitative data about what it manages as capital.
- (iii) whether during the period it complied with any externally imposed capital requirements to which it is subject.
- (iv) when the Company has not complied with such externally imposed capital requirements, the consequences of such non-compliance.

Section 3862 – Financial instruments – disclosures

This Section requires entities to provide disclosure of quantitative and qualitative information in their financial statements that enable users to evaluate (a) the significance of financial instruments for the entity's financial position and performance; and (b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the balance sheet date, and management's objectives, policies and procedures for managing such risks. Entities will be required to disclose the measurement basis or bases used, and the criteria used to determine classification for different types of instruments.

The Section requires specific disclosures to be made, including the criteria for:

- (i) designating financial assets and liabilities as held for trading;
- (ii) designating financial assets as available-for-sale; and
- (iii) determining when impairment is recorded against the related financial asset or when an allowance account is used.

Section 3863 – Financial instruments - presentation

This Section was issued to enhance financial statement users' understanding of the significance of financial instruments to an entity's financial position, performance and cash flows. This section establishes standards for presentation of financial instruments and non-financial derivatives. It deals with the classification of financial instruments, from the perspective of the issuer, between liabilities and equity, the classification of related interest, dividends, losses and gains, and the circumstances in which financial assets and financial liabilities are offset.

MINAEAN INTERNATIONAL CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2008

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Recent accounting pronouncements (cont'd...)

International financial reporting standards ("IFRS")

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008 the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended March 31, 2011. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

3. DEFERRED FINANCING FEES

	2008			2007		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Deferred financing fees	\$ 80,000	\$ 80,000	\$ -	\$ 80,000	\$ 66,333	\$ 13,667

4. PROPERTY, PLANT AND EQUIPMENT

	2008			2007		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Land	\$ 15,110	\$ -	\$ 15,110	\$ 15,110	\$ -	\$ 15,110
Buildings	25,708	8,569	17,139	25,708	7,090	18,618
Furniture and equipment	463,658	77,787	385,871	188,007	30,061	157,946
Computer equipment	57,667	29,173	28,494	39,529	24,636	14,893
Leasehold improvements	2,522	1,051	1,471	2,522	631	1,891
Vehicle	47,568	12,752	34,816	26,286	3,174	23,112
	\$ 612,233	\$ 129,332	\$ 482,901	\$ 297,162	\$ 65,592	\$ 231,570

MINAEAN INTERNATIONAL CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2008

5. BANK INDEBTEDNESS

	2008	2007
US Bank line of credit of US \$200,000 bearing interest at 6.62% per annum and is guaranteed by the Royal Bank of Canada expiring May 2, 2008 (subsequently extended to April 19, 2009, increased to US \$500,000 and guaranteed by Export Development Canada).	\$ 82,232	\$ -
State Bank of India line of credit of \$1,500,000 bearing interest at 12.75% per annum, guaranteed by Export Development Canada, expiring August 31, 2008.	<u>1,046,979</u>	<u>399,955</u>
	<u>\$ 1,129,211</u>	<u>\$ 399,955</u>

6. LOANS PAYABLE

	2008	2007
HDFC Bank Ltd. loan repayable in monthly installments of \$560 (INR 22,415) including interest at 12.5% per annum, maturing July 11, 2009 and secured by a vehicle.	\$ 10,069	\$ 16,240
Sundaram Finance loan repayable in monthly installments of \$388 (INR 15,530), including interest, maturing November 22, 2011 and secured by a vehicle.	<u>13,641</u>	<u>-</u>
Less: current portion	<u>(8,891)</u>	<u>(5,469)</u>
	<u>\$ 14,819</u>	<u>\$ 10,771</u>

7. PROMISSORY NOTE PAYABLE

	2008	2007
Promissory note payable including accrued interest of \$35,014, unsecured, bearing interest at 12% per annum, maturing December 1, 2008.	\$ 135,014	\$ 123,014

MINAEAN INTERNATIONAL CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2008

8. CONVERTIBLE DEBENTURES

	2008	2007
<p>Convertible debentures with a face value of \$900,000, unsecured, bearing interest at 11% per annum, paid semi-annually, maturing January 31, 2013. The debentures are convertible into common shares at the option of the lender at \$0.45 per share to January 31, 2011, then at \$0.60 per share to January 31, 2012, then at \$0.75 per share to January 31, 2013, and finally at \$0.90 per share thereafter. On issuance, the Company has allocated \$700,000 of the face value of the debentures to the liability component and \$200,000 to the equity component. The fair value of the liability component was estimated by discounting the future payments of interest and principal and will be accreted to the \$900,000 face value using the estimated effective interest rate of 18%. The residual carrying value of \$200,000 attributed to the equity component of the debentures was classified as equity component of convertible debentures. Interest and accretion relating to the convertible debentures totalled \$20,783 for fiscal 2008. The Company issued 160,000 common shares valued at \$51,200 as finders' fees on the financing (Note 9) recorded in the statement of operations for fiscal 2008.</p>	\$ 704,553	\$ -

9. CAPITAL STOCK AND CONTRIBUTED SURPLUS

	Capital Stock		Contributed Surplus
	Number of Shares	Amount	
Authorized			
Unlimited common shares without par value			
As at March 31, 2006	27,754,416	\$ 4,012,613	\$ 425,768
Exercise of options	835,000	282,585	(114,585)
Exercise of warrants	850,000	276,250	-
Private placements	3,487,064	1,046,119	-
Finders fees	112,000	33,600	-
Share issuance costs	-	(64,123)	-
Stock-based compensation	-	-	288,677
As at March 31, 2007	33,038,480	5,587,044	599,860
Exercise of options	170,000	73,600	(31,100)
Private placements	201,000	66,330	-
Finders fees on convertible debentures	160,000	51,200	-
Share issuance costs	-	(6,013)	-
Stock-based compensation	-	-	6,178
As at March 31, 2008	33,569,480	\$ 5,772,161	\$ 574,938

Included in capital stock as at March 31, 2008 are 2,259,717 (March 31, 2007 – 3,766,193) common shares held in escrow subject to a periodic schedule of release.

MINAEAN INTERNATIONAL CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2008

9. CAPITAL STOCK AND CONTRIBUTED SURPLUS (cont'd...)

Share issuances

During fiscal 2008, the Company issued a total of 201,000 units at a price of \$0.33 per unit for gross proceeds of \$66,330. Each unit consists of one common share and one half share purchase warrant of the Company. Each whole warrant entitles the holder to purchase one additional common share of the Company at a price of \$0.45 per share up to two years from the date of closing. The Company paid \$4,975 as finder's fees.

During fiscal 2007, the Company issued a total of 3,487,064 units at a price of \$0.30 per unit for gross proceeds of \$1,046,119. Each unit consists of one common share and one half share purchase warrant of the Company. Each whole warrant entitles the holder to purchase one additional common share of the Company at a price of \$0.40 per share up to two years from the date of closing. The Company paid \$27,566 and issued 112,000 common shares as finders' fees valued at \$33,600 to third parties on a portion of both tranches of the private placement and incurred \$2,957 for share issuance costs.

Stock options and warrants

The Company has a stock option plan under which it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. Under the plan, the exercise price of each option equals the market price of the Company's stock, less applicable discount, as calculated on the date of grant. The options can be granted for a maximum term of 5 years and vest at the discretion of the Board of Directors.

Stock option and share purchase warrant transactions are summarized as follows:

	Warrants		Stock Options	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
Outstanding, March 31, 2006	2,883,332	\$ 0.43	2,625,000	\$ 0.26
Granted	1,743,535	0.40	2,192,500	0.28
Exercised	(850,000)	0.33	(835,000)	0.20
Expired	<u>(1,639,999)</u>	0.34	<u>(762,500)</u>	0.25
Outstanding, March 31, 2007	2,136,868	0.39	3,220,000	0.27
Granted	100,500	0.45	-	-
Exercised	-	-	(170,000)	0.25
Expired/cancelled	<u>(393,333)</u>	0.35	<u>(35,000)</u>	0.28
Outstanding, March 31, 2008	1,844,035	\$ 0.40	3,015,000	\$ 0.27
Number currently exercisable	1,844,035	\$ 0.40	3,015,000	\$ 0.27

MINAEAN INTERNATIONAL CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2008

9. CAPITAL STOCK AND CONTRIBUTED SURPLUS (cont'd...)

Stock options and warrants (cont'd...)

As at March 31, 2008, incentive stock options and share purchase warrants were outstanding as follows:

	Number of Shares	Exercise Price	Expiry Date
Options	340,000	\$ 0.25	April 24, 2008 ⁽¹⁾
	140,000	0.30	January 1, 2009
	285,000	0.25 ⁽²⁾	January 16, 2009
	375,000	0.25	July 19, 2009
	975,000	0.25	July 4, 2011
	900,000	0.31	March 6, 2012
Warrants	1,227,168	0.40	October 27, 2008
	349,700	0.40	November 21, 2008
	166,667	0.40	December 13, 2008
	100,500	0.45	January 30, 2010

(1) Subsequently expired unexercised.

(2) During fiscal 2007, the Company repriced these options from \$0.35 to \$0.25 resulting in additional stock based compensation expenses of \$13,158.

Stock-based compensation

During fiscal 2008 the Company recognized \$6,178 in stock-based compensation as a result of options vested that were previously granted in fiscal 2007.

During fiscal 2007, the Company granted 2,192,500 options to consultants, office, directors and employees. Accordingly, using the Black-Scholes option pricing model, the stock options are recorded at fair value in the statement of operations over the vesting period. Total stock-based compensation recognized in the statement of operations was \$288,677 and the weighted average fair value of options granted was \$0.13 per share. This amount was also credited to contributed surplus on the balance sheet.

The following weighted average assumptions were used for the valuation of stock options and share purchase warrants:

	2008	2007
Risk-free interest rate	-	4.2%
Expected life of options	-	4 years
Annualized volatility	-	78%
Dividend rate	-	0.00%

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10. RELATED PARTY TRANSACTIONS

During fiscal 2008, the Company entered into the following transactions with related parties:

- a) Paid \$60,000 (2007 – \$60,000) for management fees and \$12,000 (2007 – \$12,000) for reimbursement of administrative services to a company controlled by directors of the Company.
- b) Paid \$24,470 (2007 – \$18,474) for rent to a company controlled by the spouse of a director of the Company.
- c) Paid or accrued \$Nil (2007 – \$5,885) for interest to a company controlled by the spouse of a director.
- d) Paid or accrued \$4,500 (2007 – \$3,000) for consulting fees to a director.
- e) Paid or accrued \$13,448 (2007 - \$Nil) as a performance bonus to a company controlled by the president of the Company.

These transactions were in the normal course of operations and were measured at the exchange amount of consideration established and agreed to by the related parties.

Amounts due to related parties are unsecured and have no specified interest rate or terms of repayment.

11. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

The significant non-cash transaction for the year ended March 31, 2008 consisted of the Company issuing a total of 160,000 common shares at a value of \$51,200 for finder's fees on the convertible debt.

The significant non-cash transaction for the year ended March 31, 2007 consisted of the Company issuing a total of 112,000 common shares at a value of \$33,600 for finders' fees on the private placement.

12. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes follows:

	2008	2007
Loss for the year	\$ (1,178,142)	\$ (1,351,538)
Income tax recovery	\$ (394,784)	\$ (460,266)
Non deductible items	18,581	105,240
Unrecognized benefit of non-capital losses	<u>376,203</u>	<u>355,026</u>
Total income taxes	<u>\$ -</u>	<u>\$ -</u>

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12. INCOME TAXES (cont'd...)

Details of future income taxes are as follows:

	2008	2007
Future income tax assets and liabilities:		
Other items	\$ 19,745	\$ 55,990
Non-capital loss carryforwards	<u>1,069,855</u>	<u>1,070,320</u>
	1,089,600	1,126,310
Less: Valuation allowance	<u>(1,089,600)</u>	<u>(1,126,310)</u>
Future income tax assets /liability	\$ -	\$ -

The Company has available for deduction against future taxable income in Canada and India non-capital losses of approximately \$3,962,000. These losses, if not utilized, will expire through 2028. Future tax benefits which may arise as a result of these non-capital losses have not been recognized in these financial statements.

13. SEGMENTED INFORMATION

The Company operates in one industry segment, being the development and production of building framing systems, and in the geographic areas as follows:

	2008	2007
Sales for the year		
India	\$ 1,475,279	\$ 2,390,271
U.S.A.	<u>2,409,830</u>	<u>1,011,105</u>
	\$ 3,885,109	\$ 3,401,376
Capital assets		
Canada	\$ 5,901	\$ 6,338
U.S.A.	5,804	4,250
India	<u>471,196</u>	<u>220,982</u>
	\$ 482,901	\$ 231,570

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14. COMMITMENTS

The Company has the following rental commitments on its leased premises:

2009	\$ 139,300
2010 to 2012	<u>151,171</u>
	<u>\$ 290,471</u>

15. SIGNIFICANT CUSTOMERS

During fiscal 2008, two customers individually comprised 43% (2007 - 67%) and 18% (2007 - 31%) of total sales.

16. FINANCIAL INSTRUMENTS

a) Fair value:

The Company's financial instruments consist of cash, accounts and advances receivable, bank indebtedness, accounts payable and accrued liabilities, promissory notes payable, amounts due to related parties and loans payable. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest or currency risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

b) Credit risk:

The Company is exposed to credit risk only with respect to uncertainties as to the timing and collectibility of accounts receivable. The Company mitigates credit risk through standard credit and reference checks.

c) Currency risk:

The Company is exposed to financial risk arising from fluctuations in foreign exchange rates and the degree of volatility of these rates. The Company does not use derivative instruments to reduce its exposure to foreign currency risk.

17. SUBSEQUENT EVENT

On May 23, 2008, the Company completed a private placement of 3,568,545 units at \$0.275 per unit for gross proceeds of \$981,350. Each unit consisted of one common share and three-quarters of one share purchase warrant with each whole warrant entitling the holder to purchase on common share at a price of \$0.45 until May 23, 2010. The Company paid \$73,601 and granted 266,210 broker warrants as finders fees, under the same terms as above.