

MINAEAN INTERNATIONAL CORP.

CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2009

AUDITORS' REPORT

To the Shareholders of
Minaean International Corp.

We have audited the consolidated balance sheets of Minaean International Corp as at March 31, 2009 and 2008 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, 2009 and 2008 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 23, 2009



MINAEAN INTERNATIONAL CORP.
CONSOLIDATED BALANCE SHEETS
AS AT MARCH 31

	2009	2008
		(Restated – Note 8)
ASSETS		
Current		
Cash	\$ 824,584	\$ 1,361,848
Accounts receivable	1,552,220	385,636
Holdback receivable	299,111	177,119
Inventories (Note 3)	572,171	494,212
Prepaid expenses and deposits	<u>231,327</u>	<u>325,850</u>
	3,479,413	2,744,665
Property, plant and equipment (Note 4)	<u>532,708</u>	<u>482,901</u>
	<u>\$ 4,012,121</u>	<u>\$ 3,227,566</u>
LIABILITIES AND SHAREHOLDERS' DEFICIENCY		
Current		
Bank indebtedness (Note 5)	\$ 1,326,771	\$ 1,129,211
Accounts payable and accrued liabilities	1,697,788	820,410
Deferred revenue	629,695	384,412
Current portion of loans payable (Note 6)	8,742	8,891
Promissory note payable (Note 7)	-	135,014
Due to related parties (Note 12)	<u>104,689</u>	<u>112,152</u>
	3,767,685	2,590,090
Loans payable (Note 6)	18,663	14,819
Convertible debentures (Note 8)	<u>733,077</u>	<u>704,553</u>
	<u>4,519,425</u>	<u>3,309,462</u>
Shareholders' deficiency		
Capital stock (Note 9)	6,520,631	5,772,161
Contributed surplus (Note 9)	797,014	574,938
Equity component of convertible debentures (Note 8)	200,000	200,000
Deficit	<u>(8,024,949)</u>	<u>(6,628,995)</u>
	<u>(507,304)</u>	<u>(81,896)</u>
	<u>\$ 4,012,121</u>	<u>\$ 3,227,566</u>

Nature and continuance of operations (Note 1)

Commitments (Note 16)

On behalf of the Board:

“Mervyn Pinto”

Director

“Keith Scott”

Director

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

MINAEAN INTERNATIONAL CORP.
CONSOLIDATED STATEMENTS OF OPERATIONS & DEFICIT
FOR THE YEAR ENDED MARCH 31

	2009	2008
SALES	\$ 7,071,157	\$ 3,885,109
COST OF SALES	<u>5,841,057</u>	<u>2,888,276</u>
	<u>1,230,100</u>	<u>996,833</u>
EXPENSES		
Accretion of convertible debt	28,524	4,553
Advertising and promotion	169,029	26,872
Amortization	86,841	63,740
Bad debt expense	19,176	149,309
Consulting fees	190,123	181,269
Interest and bank charges	116,917	149,077
Interest on promissory notes	5,999	12,000
Interest on convertible debentures	98,730	-
Management fees	60,000	60,000
Office and administration	438,838	364,543
Professional fees	127,769	143,353
Regulatory and transfer agent fees	16,117	33,175
Rent	241,245	236,474
Stock-based compensation	111,793	6,178
Travel and promotion	186,312	131,332
Wages and benefits	<u>798,805</u>	<u>642,659</u>
	<u>(2,696,218)</u>	<u>(2,204,534)</u>
Loss before other items	<u>(1,466,118)</u>	<u>(1,207,701)</u>
OTHER ITEMS		
Finders fees on convertible debenture	-	(51,200)
Interest and other income	<u>70,164</u>	<u>80,759</u>
	<u>70,164</u>	<u>29,559</u>
Loss for the year	<u>(1,395,954)</u>	<u>(1,178,142)</u>
Deficit, beginning of year	(6,628,995)	(5,437,186)
Adjustment to opening balance on adoption of standard (Note 2)	<u>-</u>	<u>(13,667)</u>
	<u>(6,628,995)</u>	<u>(5,450,853)</u>
Deficit, end of year	<u>\$ (8,024,949)</u>	<u>\$ (6,628,995)</u>
Basic and diluted loss per share	<u>\$ (0.04)</u>	<u>\$ (0.04)</u>
Weighted average number of shares outstanding	<u>36,775,622</u>	<u>33,157,283</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

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	\$ (1,395,954)	\$ (1,178,142)
Items not affecting cash:		
Accretion of convertible debt	28,524	4,553
Amortization	86,841	63,740
Stock-based compensation	111,793	6,178
Interest accrued on promissory notes, loans payable and convertible debentures	10,723	28,230
Bad debt expense	69,432	149,309
Finders fees on convertible debenture	-	51,200
Changes in non-cash working capital items:		
(Increase) decrease in accounts receivable	(1,236,016)	152,158
Increase in holdback receivable	(121,992)	(80,044)
(Increase) decrease in inventories	(77,959)	311,107
Decrease (increase) in prepaid expenses and deposits	94,523	(75,179)
Increase (decrease) in deferred revenue	245,283	(109,994)
Increase (decrease) in accounts payable and accrued liabilities	<u>877,378</u>	<u>(264,285)</u>
Net cash used in operating activities	<u>(1,307,424)</u>	<u>(941,169)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of equipment	<u>(136,648)</u>	<u>(315,071)</u>
Net cash used in investing activities	<u>(136,648)</u>	<u>(315,071)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Due to related parties	(7,463)	(173,080)
Share issuance costs	(122,597)	(6,013)
Bank indebtedness	197,560	729,256
Payments on loans payable	(156,904)	(16,240)
Loans payable	14,862	23,710
Proceeds on share issuance	981,350	108,830
Proceeds on convertible debenture	<u>-</u>	<u>900,000</u>
Net cash provided by financing activities	<u>906,808</u>	<u>1,566,463</u>
Change in cash during the year	(537,264)	310,223
Cash, beginning of the year	<u>1,361,848</u>	<u>1,051,625</u>
Cash, end of year	\$ 824,584	\$ 1,361,848
Cash paid during the year for interest	\$ 140,301	\$ -
Cash paid during the year for income taxes	\$ -	\$ -

Supplemental disclosure with respect to cash flows (Note 13)

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

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 fiscal 2008, 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.

Current market conditions make the present environment for raising additional equity financing unfavorable. An inability to raise additional financing may impact the future assessment of the Company as a going concern. See Note 11 for further disclosure regarding liquidity risk.

	2009	2008
Working capital (deficiency)	\$ (288,272)	\$ (154,575)
Deficit	(8,024,949)	(6,628,995)

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"), MHI Projects Private Limited ("MHI") and Minaean Power Structures Inc. ("MPS"). All inter-company balances have been eliminated upon consolidation.

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

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.

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. On April 1, 2009 the Company adopted the recommendations of the Canadian Institute of Chartered Accountants under CICA Handbook Section 3031, "Inventories".

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.

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, 2009 and 2008 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...)

Financial instruments

On April 1, 2009, the Company has adopted the recommendations of the Canadian Institute of Chartered Accountants (“CICA”) under CICA Handbook Section 1530, “Comprehensive Income”, Section 3251, “Equity”, Section 3855, “Financial Instruments – Recognition and Measurement”, Section 3861 “Financial Instruments – Disclosure and Presentation” and Section 3865, “Hedges”.

Under Section 3855, all financial instruments are classified into one of five categories: held-for-trading, held-to-maturity investments, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments and derivatives are measured in the balance sheet at fair value except for loans and receivables, held-to-maturity investments and other financial liabilities which are measured at amortized cost. Subsequent measurement and changes in fair value will depend on their initial classification. Held-for-trading financial assets are measured at fair value and changes in fair value are recognized in net income. Available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income until the instrument is derecognized or impaired. Financing fees and transaction costs to obtain long-term debt are expensed as incurred.

As a result of the adoption of these new standards, the Company has classified its cash as held-for-trading, accounts receivable and holdback receivables are classified as loans and receivables. Bank indebtedness, accounts payable and accrued liabilities, promissory note payable, convertible debentures, due to related parties, and loan payable are classified as other liabilities, which are measured at amortized cost.

There were no transitional adjustments on the adoption of the financial instruments standard.

Comparative figures

Certain comparative figures have been reclassified to conform to the current period’s presentation.

Adoption of new accounting standards

Assessing going concern

The Canadian Accountability Standards Board (“AcSB”) AcSB amended CICA Handbook Section 1400, to include requirements for management to assess and disclose an entity’s ability to continue as a going concern (Note 1).

Capital disclosures

The AcSB issued CICA Handbook Section 1535 “Capital Disclosures”. The section specifies the disclosure of (i) an entity’s objectives, policies, and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with capital requirements; and (iv) if it has not complied, the consequences of such non-compliance (Note 10).

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

Adoption of new accounting standards (cont'd...)

Inventories

The Accounting Standards Board released Section 3031 “Inventories”, which replaces Section 3030 “Inventories” and establishes standards for the measurement of inventories, allocations of overheads, accounting for write-downs and reversals of previous write-downs, and provides additional disclosure requirements. This standard recommends the measurement of inventories at the lower of cost and net realizable value. It provides further guidance on the determination of cost and its subsequent recognition as an expense. It also provides more restrictive guidance on the cost methodologies that are used to assign costs to inventories. This accounting standard was adopted by the Company effective April 1, 2008.

The adoption of this standard had no effect on the Company’s financial statements.

Financial instruments

CICA Handbook Section 3862, Financial Instruments - Disclosure, increases the disclosures currently required to enable users to evaluate the significance of financial instruments for an entity's financial position and performance, including disclosures about fair value. CICA Handbook Section 3863, Financial Instruments – Presentation, replaces the existing requirements on the presentation of financial instruments, which have been carried forward unchanged. The Company adopted these changes on the disclosure and presentation within its financial statements (Note 11).

Recently released Canadian accounting standards

Goodwill and intangible assets

The AcSB issued CICA Handbook Section 3064 which replaces Section 3062, “Goodwill and Other Intangible Assets”, and Section 3450, “Research and Development Costs”. This new section establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets. Standards concerning goodwill remain unchanged from the standards included in the previous Section 3062. The section applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2008. Accordingly, the Company will adopt the new standards for its fiscal year beginning May 1, 2009. The Company is currently evaluating the impact of the adoption of this new section on its consolidated financial statements.

Business combinations, Non-controlling interest and consolidated financial statements

In January 2009, the CICA issued Handbook Sections 1582 “Business Combinations”, 1601 “Consolidated Financial Statements” and 1602 “Non-controlling Interests” which replace CICA Handbook Sections 1581 “Business Combinations” and 1600 “Consolidated Financial Statements”. Section 1582 establishes standards for the accounting for business combinations that is equivalent to the business combination accounting standard under IFRS. Section 1582 is applicable for the Company’s business combinations with acquisition dates on or after January 1, 2011. Early adoption of this Section is permitted. Section 1601 together with Section 1602 establishes standards for the preparation of consolidated financial statements. Section 1601 is applicable for the Company’s interim and annual consolidated financial statements for its fiscal year beginning May 1, 2011. Early adoption of this Section is permitted and all three Sections must be adopted concurrently.

MINAEAN INTERNATIONAL CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2009

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

Adoption of new accounting standards (cont'd...)

International financial reporting standards ("IFRS")

In 2006, 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 April 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. INVENTORIES

	2009	2008
Raw materials and supplies	\$ 289,255	\$ 239,090
Work-in-progress	202,184	82,572
Finished Goods	<u>80,732</u>	<u>172,550</u>
	<u>\$ 572,171</u>	<u>\$ 494,212</u>

The carrying amount of inventories recognized as an expense in the year in which revenue was recognized was \$2,592,796 (2008 - \$1,157,165). There were no write-downs of inventory from cost to net realizable value or reversals of any write-downs during the current year.

4. PROPERTY, PLANT AND EQUIPMENT

	2009			2008		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Land	\$ 15,110	\$ -	\$ 15,110	\$ 15,110	\$ -	\$ 15,110
Buildings	25,708	9,831	15,877	25,708	8,569	17,139
Furniture and equipment	526,299	127,744	398,555	463,658	77,787	385,871
Computer equipment	60,513	38,839	21,674	57,667	29,173	28,494
Leasehold improvements	38,508	5,643	32,865	2,522	1,051	1,471
Vehicle	<u>79,911</u>	<u>31,284</u>	<u>48,627</u>	<u>47,568</u>	<u>12,752</u>	<u>34,816</u>
	<u>\$ 746,049</u>	<u>\$ 213,341</u>	<u>\$ 532,708</u>	<u>\$ 612,233</u>	<u>\$ 129,332</u>	<u>\$ 482,901</u>

MINAEAN INTERNATIONAL CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2009

5. BANK INDEBTEDNESS

	2009	2008
US Bank line of credit of US \$500,000 bearing interest at 6.62% per annum and is guaranteed by the Royal Bank of Canada expiring April 30, 2009 (subsequently extended to April 30, 2010, guaranteed by Export Development Canada).	\$ 436,029	\$ 82,232
State Bank of India line of credit of \$1,050,000 bearing interest at 14.75% per annum, guaranteed by Export Development Canada, expiring April 30, 2009 (subsequently extended to November 30, 2009).	<u>890,742</u>	<u>1,046,979</u>
	<u>\$ 1,326,771</u>	<u>\$ 1,129,211</u>

6. LOANS PAYABLE

	2009	2008
HDFC Bank Ltd. loan repayable in monthly installments of \$541 (INR 22,415) including interest at 12.5% per annum, maturing July 11, 2009 and secured by a vehicle.	\$ 4,241	\$ 10,069
Sundaram Finance loan repayable in monthly installments of \$375 (INR 15,530), including interest, maturing November 22, 2011 and secured by a vehicle.	10,076	13,641
Two ICICI Bank Ltd. loans repayable in monthly installments of \$169 (INR 7,011) each, including interest, maturing March 6, 2013 and secured by vehicles.	<u>13,088</u>	<u>-</u>
Less: current portion	<u>(8,742)</u>	<u>(8,891)</u>
	<u>\$ 18,663</u>	<u>\$ 14,819</u>

7. PROMISSORY NOTE PAYABLE

	2009	2008
Promissory note payable including accrued interest of \$35,014, unsecured, bearing interest at 12% per annum, maturing December 1, 2008.	\$ -	\$ 135,014

8. CONVERTIBLE DEBENTURES

	2009	2008
Convertible debentures	\$ 733,077	\$ 704,553

MINAEAN INTERNATIONAL CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2009

8. CONVERTIBLE DEBENTURES (cont'd...)

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 \$127,254 for fiscal 2009 (\$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.

Restatement

The balance of the convertible debenture was presented as a current liability as at March 31, 2008, however, the convertible debenture should be presented as a non-current liability. Accordingly, previously reported total current liabilities as at March 31, 2008 of \$3,294,643 were restated to \$2,590,090. There was no change to total liabilities or earnings per share.

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, 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
Private placements	3,568,545	892,136	89,214
Share issuance costs	-	(143,666)	21,069
Stock-based compensation	-	-	111,793
As at March 31, 2009	37,138,025	\$ 6,520,631	\$ 797,014

Included in capital stock as at March 31, 2009 are 753,239 (March 31, 2008 – 2,259,717) common shares held in escrow subject to a periodic schedule of release.

MINAEAN INTERNATIONAL CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2009

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

Share issuances

On May 9, 2008, the Company closed a private placement of 3,327,636 brokered units and 240,909 non-brokered units for a total of 3,568,545 units at a price of \$0.275 per unit for total gross proceeds of \$981,350 of which \$892,136 was assigned to the common shares and \$89,214 to the warrants. Each unit is comprised of one common share and three-quarters of one common share purchase warrant with each whole warrant exercisable for one common share at a price of \$0.45 until May 9, 2010. The agents were paid a total cash commission of \$73,601 and were granted 266,210 agent warrants valued at \$21,069. The agent warrants are exercisable at a price of \$0.275 per share until May 9, 2010. Legal and filing costs totaled an additional \$48,996.

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.

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, 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
Granted	2,942,618	0.43	1,500,000	0.18
Expired/cancelled	<u>(1,743,535)</u>	0.40	<u>(1,352,500)</u>	0.26
Outstanding, March 31, 2009	3,043,118	\$ 0.43	3,162,500	\$ 0.19
Number currently exercisable	3,043,118	\$ 0.43	3,037,500	\$ 0.19

MINAEAN INTERNATIONAL CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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9. CAPITAL STOCK AND CONTRIBUTED SURPLUS (cont'd...)

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

As at March 31, 2009, incentive stock options and share purchase warrants were outstanding as follows:

	Number of Shares	Exercise Price	Expiry Date
Options	150,000	\$ 0.25	July 19, 2009 ⁽¹⁾
	250,000	0.15	December 22, 2010
	867,500	0.25	July 4, 2011
	895,000	0.16	March 6, 2012 ⁽²⁾
	1,000,000	0.16	September 24, 2013
Warrants	100,500	0.45	January 30, 2010
	2,676,408	0.45	May 9, 2010
	266,210	0.275	May 9, 2010

(1) Subsequently expired unexercised.

(2) During fiscal 2009, the Company repriced these options from \$0.31 to \$0.16 resulting in additional stock based compensation expenses of \$24,685.

Stock-based compensation

During the year ended March 31, 2009 the Company granted 1,250,000 stock options. The Company has recorded \$87,108 of compensation expense relating to stock options which vested to employees and consultants in the year ended March 31, 2009. An additional \$24,685 of compensation expense was recorded related to the option re-pricing.

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.

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

	2009	2008
Risk-free interest rate	2.75%	-
Expected life	4.40 years	-
Annualized volatility	66.72%	-
Dividend rate	0.00%	-

10. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments based on the funds available in order to support continued operation and future business opportunities. The board of directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company considers its capital to be loans payable, convertible debentures and share capital.

The Company's operations are currently not generating positive cash flow; as such, the Company is dependent on external financing to fund its activities. In order to carry out potential expansion and to continue operations, and pay for administrative costs, the Company will spend its existing working capital, and raise additional amounts as needed. Companies in this stage typically rely upon equity and debt financing or joint venture partnerships to fund its operations. The current financial markets are very difficult and there is no certainty with respect to the Company's ability to raise capital.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the year ended March 31, 2009. The Company is not subject to externally imposed capital requirements.

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

The carrying value of cash, accounts receivable, holdback receivables, bank indebtedness and accounts payable and accrued liabilities approximate their fair value because of the short-term nature of these instruments.

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. Management believes that the credit risk concentration with respect to financial instruments included in cash is remote. Receivables are due primarily from two customers in India valuing over 10% each. Management continues to monitor the credit granted to all customers and used the services of Export Development Canada where possible.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when they come due. As at March 31, 2009, the Company had a working capital deficiency of \$288,272 (2008 - \$154,575). The Company has been successful in re-negotiating its bank indebtedness (Note 5) however there is no assurance the success of these efforts will continue.

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd...)

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. These fluctuations may be significant and the Company, as all other companies in its industry, has exposure to these risks.

(a) Interest rate risk

The Company has cash balances as well as bank indebtedness, loans payable and convertible debentures. The Company's current policy is to maintain cash and term deposits in its banking institutions. The Company holds two lines of credit with two separate financial institutions. Both lines of credit bear a fixed interest rate thereby reducing interest rate risk. The Company also invests in term deposits bearing a fixed rate of return.

(b) Foreign currency risk

The Company is exposed to foreign currency risk on fluctuations related to cash, receivables, accounts payable and accrued liabilities that are denominated in United States Dollars and Indian Rupees. Management does not hedge its exposure to foreign exchange risk and does not believe the Company's net exposure to foreign currency risk is significant.

(c) Price risk

The Company does not feel it is significantly exposed to price risk with respect to commodity prices.

12. RELATED PARTY TRANSACTIONS

During fiscal 2009, the Company entered into the following transactions with related parties:

- a) Paid or accrued \$60,000 (2008 – \$60,000) for management fees and \$18,000 (2008 – \$12,000) for reimbursement of administrative services to a company controlled by directors of the Company.
- b) Paid or accrued \$26,172 (2008 – \$24,470) for rent to a company controlled by the spouse of a director of the Company.
- c) Paid or accrued \$Nil (2008 – \$4,500) for consulting fees to a director.
- d) Paid or accrued \$8,053 (2008 - \$13,448) 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.

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13. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

The significant non-cash transactions for the year ended March 31, 2009 consisted of the Company issuing a total of 266,210 agent's warrants at a value of \$21,069 for finder's fee on its private placement .

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.

14. INCOME TAXES

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

	2009	2008
Loss for the year	\$ (1,395,954)	\$ (1,178,142)
Income tax recovery	\$ (450,998)	\$ (394,784)
Non deductible items	75,913	18,581
Unrecognized benefit of non-capital losses	<u>375,085</u>	<u>376,203</u>
Total income taxes	\$ -	\$ -

Details of future income taxes are as follows:

	2009	2008
Future income tax assets and liabilities:		
Other items	\$ 41,127	\$ 19,745
Non-capital loss carryforwards	<u>1,449,051</u>	<u>1,069,855</u>
	1,490,178	1,089,600
Less: Valuation allowance	<u>(1,490,178)</u>	<u>(1,089,600)</u>
Future income tax assets /liability	\$ -	\$ -

The Company has available for deduction against future taxable income in Canada, the USA and India non-capital losses of approximately \$5,796,000. 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.

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15. 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:

	2009	2008
Sales for the year		
India	\$ 3,803,298	\$ 1,475,279
U.S.A.	<u>3,267,859</u>	<u>2,409,830</u>
	<u>\$ 7,071,157</u>	<u>\$ 3,885,109</u>
Capital assets		
Canada	\$ 4,800	\$ 5,901
U.S.A.	5,054	5,804
India	<u>522,854</u>	<u>471,196</u>
	<u>\$ 532,708</u>	<u>\$ 482,901</u>

16. COMMITMENTS

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

2010	\$ 72,663
2011 to 2013	<u>224,115</u>
	<u>\$ 296,778</u>

17. SIGNIFICANT CUSTOMERS

During fiscal 2009, two customers individually comprised 23% (2008 - Nil) and 33% (2008 - Nil) of total sales.