

MINAEAN INTERNATIONAL CORP.

CONSOLIDATED FINANCIAL STATEMENTS

**FOR THE THREE MONTHS ENDED
JUNE 30, 2006 AND 2005**

MINAEAN INTERNATIONAL CORP.

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim consolidated financial statements of the Company have been prepared by management and approved by the Audit Committee and Board of Directors of the Company.

The Company's independent auditors have not performed a review of these consolidated financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditors.

August 17, 2006

MINAEAN INTERNATIONAL CORP.

CONSOLIDATED BALANCE SHEETS

AS AT JUNE 30, 2006 AND MARCH 31, 2006

	June 30, 2006	March 31, 2006
ASSETS		
Current		
Cash	\$ 342,279	\$ 280,885
Accounts and advances receivable	347,693	343,998
Inventories	314,343	303,101
Prepaid expenses and deposits	<u>85,397</u>	<u>33,891</u>
	1,089,712	961,875
Deferred financing fees (Note 3)	40,994	44,994
Land, buildings and equipment (Note 4)	<u>97,207</u>	<u>102,891</u>
	<u>\$ 1,227,913</u>	<u>\$ 1,109,760</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Bank indebtedness (Note 5)	\$ 201,236	\$ 186,681
Accounts payable and accrued liabilities	378,280	365,187
Due to related parties (Note 9)	154,142	41,956
Current portion of long-term debt (Note 6)	<u>1,165</u>	<u>1,679</u>
	734,823	595,503
Promissory notes payable (Note 7)	<u>166,011</u>	<u>161,524</u>
	<u>900,834</u>	<u>757,027</u>
Shareholders' equity		
Capital stock (Note 8)	4,291,459	4,012,613
Contributed surplus (Note 8)	311,922	425,768
Deficit	<u>(4,276,302)</u>	<u>(4,085,648)</u>
	<u>327,079</u>	<u>352,733</u>
	<u>\$ 1,227,913</u>	<u>\$ 1,109,760</u>

Nature and continuance of operations (Note 1)

Contingency (Note 12)

Subsequent events (Note 15)

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

MINAEAN INTERNATIONAL CORP.
CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT
FOR THE THREE MONTHS ENDED JUNE 30

	2006	2005
SALES	\$ 55,085	\$ 290,630
COST OF SALES	<u>73,966</u>	<u>282,273</u>
	<u>(18,881)</u>	<u>8,357</u>
EXPENSES		
Advertising	-	5,346
Amortization	9,918	20,824
Commissions	868	4,534
Consulting fees	16,178	24,991
Interest and bank charges	7,531	8,683
Interest on promissory notes	4,487	5,983
Management fees	15,372	15,000
Office and administration	25,002	24,296
Professional fees	4,378	7,473
Regulatory and transfer agent fees	1,476	5,943
Rent	12,658	14,975
Travel and promotion	9,196	47,734
Wages and benefits	<u>64,812</u>	<u>111,644</u>
	<u>(171,876)</u>	<u>(297,426)</u>
Loss before other items	<u>(190,757)</u>	<u>(289,069)</u>
OTHER ITEMS		
Government grants	-	15,000
Interest and other income	<u>102</u>	<u>2,204</u>
	<u>105</u>	<u>17,204</u>
Loss for the period	(190,655)	(271,865)
Deficit, beginning of period	<u>(4,085,647)</u>	<u>(2,903,312)</u>
Deficit, end of period	\$ (4,276,302)	\$ (3,175,177)
Basic and diluted loss per share	\$ (0.01)	\$ (0.01)
Weighted average number of shares outstanding	27,890,405	25,691,339

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

MINAEAN INTERNATIONAL CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED JUNE 30

	2006	2005
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	\$ (190,655)	\$ (271,865)
Items not affecting cash:		
Amortization	9,918	20,824
Interest accrued on promissory notes	4,487	4,011
Changes in non-cash working capital items:		
Decrease (increase) in accounts and advances receivable	(3,695)	(45,775)
Decrease (increase) in inventories	(11,242)	(30,027)
Decrease (increase) in prepaid expenses and deposits	(51,506)	(19,401)
Increase in accounts payable and accrued liabilities	<u>13,093</u>	<u>101,597</u>
Net cash used in operating activities	<u>(229,600)</u>	<u>(240,636)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of buildings and equipment	<u>(233)</u>	<u>(4,296)</u>
Net cash used in investing activities	<u>(233)</u>	<u>(4,296)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Due to related parties	112,186	6,081
Share issuance costs	-	(23,600)
Bank indebtedness	14,555	33,068
Proceeds (repayments) on long-term debt	(514)	(1,575)
Promissory notes payable	-	(28,393)
Proceeds on share issuance	<u>165,000</u>	<u>236,000</u>
Net cash provided by financing activities	<u>291,227</u>	<u>221,581</u>
Change in cash during the period	61,394	(23,351)
Cash, beginning of period	<u>280,885</u>	<u>687,474</u>
Cash, end of period	<u>\$ 342,279</u>	<u>\$ 664,143</u>
Cash paid during the period for interest	<u>\$ -</u>	<u>\$ 8,219</u>

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.

These consolidated financial statements have been prepared with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation.

The Company's continuing operations are dependent upon its ability to either secure additional equity capital or generate consistent cash flow from operations in the future. These consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded assets and the classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

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 Power Structures Inc. ("MPS") and on a proportionate basis the accounts of its joint venture, Minaean Vanitech Engineers Inc. ("Vanitech"). 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.

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.

MINAEAN INTERNATIONAL CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2006

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

Buildings, equipment and amortization

Buildings and equipment are recorded at cost less accumulated amortization. Amortization is recorded using the following rates and methods:

Assets	Rate	Basis
Buildings	4%	Declining balance
Furniture and equipment	20%	Declining balance
Computer equipment	30%	Declining balance
Computer software	100%	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. This policy was adopted in fiscal 2005, pursuant to CICA Handbook Section 3110, "Asset Retirement Obligations".

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.

Deferred financing fees

Costs incurred to obtain long-term debt are deferred and amortized on a basis consistent with the repayment terms of the underlying debt.

Deferred development costs

Development costs (other than capital expenditures) relating to the development of housing construction systems are expensed as incurred unless they meet Canadian generally accepted accounting principles for deferral and amortization. Deferred development costs are recorded at cost and are amortized upon commencement of commercial sales on a straight-line basis over a period of five years. The Company reassesses whether it has met the relevant criteria for deferral and amortization at each report date.

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

Revenue recognition

Revenue and income from 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. Revenues from cost plus fee contracts are recognized on the basis of costs incurred. Provision is made for anticipated contract losses as soon as they are evident. Claims for additional contract compensation are not recognized until resolved.

Government grants and investment tax credits

Government assistance is recorded as either a reduction of the cost of the applicable assets or credited in the statement of operations as determined by the terms and conditions of the agreement under which the assistance is provided to the Company. Investment tax credits are recorded as either a reduction of the cost of applicable assets or credited in the statement of operations depending on the nature of the expenditures which gave rise to the credits. Claims for tax credits are accrued upon the Company attaining reasonable assurance of collections from the Canada Revenue Agency.

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 period. For the periods ended June 30, 2006 and 2005 the calculation proved to be anti-dilutive.

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

Stock-based compensation

The Company recognizes compensation expense for all stock options granted, 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.

MINAEAN INTERNATIONAL CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2006

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

Comparative figures

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

3. DEFERRED FINANCING FEES

	JUNE 30, 2006			MARCH 31, 2006		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Deferred financing fees	\$ 80,000	\$ 39,006	\$ 40,994	\$ 80,000	\$ 35,006	\$ 44,994

4. LAND, BUILDINGS AND EQUIPMENT

	JUNE 30, 2006			MARCH 31, 2006		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Land	\$ 15,110	\$ -	\$ 15,110	\$ 15,110	\$ -	\$ 15,110
Buildings	25,708	6,026	19,682	25,708	5,714	19,994
Furniture and equipment	72,521	34,036	38,485	72,521	33,252	39,269
Computer equipment	49,213	32,997	16,216	48,977	29,667	19,310
Computer software	13,747	13,747	-	13,747	13,747	-
Leasehold improvements	7,296	4,046	3,250	7,296	3,741	3,555
Vehicle	19,204	14,740	4,464	19,204	13,551	5,653
	\$ 202,799	\$ 105,592	\$ 97,207	\$ 202,563	\$ 99,672	\$ 102,891

MINAEAN INTERNATIONAL CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2006

5. BANK INDEBTEDNESS

	June 30, 2006	March 31, 2006
The bank indebtedness of \$201,236 (Indian Rupee "INR" 8,281,337) bears interest at 7.8% per annum and is secured by fixed deposits of \$229,050.	\$ 201,236	\$ 186,681

6. LONG-TERM DEBT

	June 30, 2006	March 31, 2006
Kotak Mahindra Primus Ltd. bearing interest at 11% per annum, repayable in monthly installments of \$501 (INR 18,087), maturing June 1, 2006 and secured by vehicle	\$ 1,165	\$ 1,679
Less: current portion	<u>(1,165)</u>	<u>(1,679)</u>
	\$ -	\$ -

7. PROMISSORY NOTES PAYABLE

	June 30, 2006	March 31, 2006
Promissory note payable including accrued interest of \$14,005, unsecured, bearing interest at 12% per annum, maturing December 1, 2008.	\$ 114,005	\$ 111,015
Promissory note payable including accrued interest of \$2,006, unsecured, bearing interest at 12% per annum, maturing March 19, 2009. The note is payable to a company controlled by the spouse of a director of the Company.	<u>52,006</u>	<u>50,509</u>
	\$ 166,011	\$ 161,524

MINAEAN INTERNATIONAL CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2006

8. CAPITAL STOCK AND CONTRIBUTED SURPLUS

	Capital Stock		Contributed Surplus
	Number of Shares	Amount	
Authorized			
Unlimited common shares without par value			
As at March 31, 2004	21,125,000	\$ 2,163,750	\$ 201,885
Exercise of warrants	342,750	102,825	-
Exercise of options	320,000	112,940	(32,940)
Private placements	3,480,000	1,044,000	-
Stock-based compensation	-	-	165,412
Share issue costs	-	(62,067)	-
	25,267,750	3,361,448	334,357
Shares issued pursuant to private placement to be returned to treasury	33,333	-	-
As at March 31, 2005	25,301,083	3,361,448	334,357
Shares returned to treasury	(33,333)	-	-
Exercise of options	200,000	72,435	(22,435)
Private placements	2,286,666	611,000	-
Stock-based compensation	-	-	113,846
Share issue costs	-	(32,270)	-
As at March 31, 2006	27,754,416	4,012,613	425,768
Exercise of options	825,000	278,846	(113,846)
As at June 30, 2006	28,579,416	\$ 4,291,459	\$ 311,922

Included in capital stock as at June 30, 2006 are 4,519,430 (March 31, 2006 – 5,961,832) common shares held in escrow subject to a periodic schedule of release.

Share issuances

During the three months ended June 30, 2006, 825,000 options were exercised at a price of \$0.20 per common share and 825,000 common shares were issued for gross proceeds of \$165,000. In addition, a reallocation of \$113,846 from contributed surplus to share capital was recorded on the exercise of these options.

During the year ended March 31, 2006, the Company issued common shares as follows:

- a) In May, 2005, the Company issued 786,666 units at \$0.30 per unit for proceeds of \$236,000. Each unit consisted of one common share and one half of one common share purchase warrant. Each whole warrant entitles the holder to acquire one additional common share at \$0.40 expiring May 13, 2006 then at \$0.50 expiring May 13, 2007.
- b) In February, 2006, the Company issued 1,500,000 units at \$0.25 per unit for proceeds of \$375,000. Each unit consisted of one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to acquire one additional common share at \$0.30 per share expiring March 2, 2007.

MINAEAN INTERNATIONAL CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2006

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

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.

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, 2004	2,065,000	\$ 0.30	1,720,000	\$ 0.25
Granted	1,756,666	0.40	600,000	0.35
Exercised	(342,750)	0.30	(320,000)	0.25
Expired/cancelled	<u>(16,667)</u>	0.40	<u>-</u>	-
Outstanding, March 31, 2005	3,462,249	0.40	2,000,000	0.28
Granted	1,143,333	0.33	825,000	0.20
Exercised	-	-	(200,000)	0.25
Expired	<u>(1,722,250)</u>	0.40	<u>-</u>	-
Outstanding, March 31, 2006	2,883,332	0.43	2,625,000	0.26
Exercised	-	-	825,000	0.20
Cancelled	<u>-</u>	-	<u>250,000</u>	0.25
Outstanding, June 30, 2006	2,883,332	\$ 0.45	1,550,000	\$ 0.29
Number currently exercisable	2,883,332	\$ 0.45	1,550,000	\$ 0.29

MINAEAN INTERNATIONAL CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2006

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

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

As at June 30, 2006, incentive stock options and share purchase warrants were outstanding as follows:

	Number of Shares	Exercise Price	Expiry Date
Options	60,000	\$ 0.32	March 1, 2007
	540,000	0.25	April 28, 2008
	425,000	0.25	January 16, 2009
	525,000	0.35	July 19, 2009
Warrants	1,256,666	0.50	January 21, 2007
	483,333	0.50	March 31, 2007
	393,333	0.50	May 13, 2007
	750,000	0.30	March 2, 2007

Stock-based compensation

The Company uses 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 \$nil (2005 – \$nil) and the weighted average fair value of options granted was \$nil (2005 – \$nil) per share. This amount was also recorded as contributed surplus on the balance sheet.

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

June 30,	2006	2006
Risk-free interest rate	–%	–%
Expected life of options	– years	– years
Annualized volatility	–%	–%
Dividend rate	0.00%	0.00%

MINAEAN INTERNATIONAL CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2006

9. RELATED PARTY TRANSACTIONS

During the period ended June 30, 2006, the Company entered into the following transactions with related parties:

- a) Paid \$15,000 (2005 – \$15,000) for management fees and \$3,000 (2005 – \$3,000) for reimbursement of administrative services to a company controlled by directors of the Company.
- b) Paid \$4,577 (2005 – \$4,638) for rent to a company having directors in common and a company controlled by the spouse of a director of the Company.
- c) Paid \$nil (2005 – \$1,000) for commissions to a company having a director in common.
- d) Paid or accrued \$1,496 (2005 – \$2,992) for interest to a company controlled by the spouse of a director.

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.

10. INTEREST IN JOINT VENTURES

Amounts included in these financial statements related to the Company's interest in joint ventures are as follows:

June 30,	2006	2005
Current assets	\$ 36,969	\$ 44,229
Long-term assets	1,046	1,238
Current liabilities	9,816	29,787
Expenses	2,202	84,305

11. 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:

June 30,	2006	2005
Sales for the year		
India	\$ 55,085	\$ 268,930
U.S.A.	–	21,700
	\$ 55,085	\$ 290,630
Capital assets		
Canada	\$ 17,024	\$ 188,268
U.S.A.	2,481	–
India	77,702	84,135
	\$ 97,207	\$ 272,403

MINAEAN INTERNATIONAL CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2006

12. CONTINGENCY

The Company is involved in a claim and litigation in the amount of \$97,637 plus additional damages arising as a result of the termination of certain consulting services. In the opinion of management, this claim is without merit and the Company has filed a counter claim. No provision has been made for this claim in the accounts.

13. SIGNIFICANT CUSTOMER

During the three months ended June 30, 2006, one customer individually comprised 49% (2005 - 81%) of total sales and, as at June 30, 2006, represented 45% (March 31, 2006 – 19%) of total accounts and advances receivable.

14. 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 long-term debt. 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.

15. SUBSEQUENT EVENTS

Subsequent to June 30, 2006, the Company:

- a) granted options to acquire 1,122,500 common shares exercisable at \$0.25 expiring July 4, 2011 and amended the exercise price of previously granted stock options to acquire 585,000 common shares from \$0.32 per share and \$0.35 per share to a new exercise price of \$0.25 per share.
- b) received TSX Venture Exchange acceptance for the repricing of 2,133,332 warrants expiring between January 21, 2007 to May 13, 2007 from \$0.50 to \$0.35.