

MINAEAN INTERNATIONAL CORP.

CONSOLIDATED FINANCIAL STATEMENTS

**FOR THE THREE MONTHS ENDED
JUNE 30, 2008 AND 2007**

MINAEAN INTERNATIONAL CORP.

NOTICE OF NO AUDITOR REVIEW OF INTERIM CONSOLIDATED 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 consolidated financial statements, they must be accompanied by a notice indicating that the interim consolidated 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 interim 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 28, 2008

MINAEAN INTERNATIONAL CORP.
CONSOLIDATED BALANCE SHEETS
AS AT JUNE 30, 2008 AND MARCH 31, 2008

	June 30, 2008	March 31, 2008
ASSETS		
Current		
Cash	\$ 1,583,046	\$ 1,361,848
Receivables	1,018,419	385,636
Holdback receivable	125,282	177,119
Inventories	302,557	494,212
Prepaid expenses and deposits	<u>245,063</u>	<u>325,850</u>
	3,274,367	2,744,665
Property, plant and equipment	<u>494,729</u>	<u>482,901</u>
	\$ 3,769,096	\$ 3,227,566
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Bank indebtedness (Note 2)	\$ 878,622	\$ 1,129,211
Accounts payable and accrued liabilities	905,107	820,410
Deferred revenue	190,703	384,412
Current portion of loan payable	—	8,891
Promissory note payable	137,997	135,014
Convertible debentures (Note 4)	704,553	704,553
Due to related parties	<u>73,400</u>	<u>112,152</u>
	2,890,382	3,294,643
Loan payable (Note 3)	<u>—</u>	<u>14,819</u>
	<u>2,890,382</u>	<u>3,309,642</u>
Shareholders' equity		
Capital stock (Note 5)	6,609,846	5,772,161
Contributed surplus (Note 5)	596,006	574,938
Equity component of convertible debentures	200,000	200,000
Deficit	<u>(6,527,138)</u>	<u>(6,628,995)</u>
	<u>878,714</u>	<u>(81,896)</u>
	\$ 3,769,096	\$ 3,227,566

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

	2008	2007
SALES	\$ 1,352,210	\$ 792,723
COST OF SALES	<u>903,595</u>	<u>439,941</u>
	<u>448,615</u>	<u>352,782</u>
EXPENSES		
Advertising and promotion	4,027	2,453
Amortization	18,080	13,429
Consulting fees	41,415	57,942
Interest and bank charges	34,621	20,712
Interest on promissory notes	2,984	2,992
Interest on debentures	24,615	—
Management fees	15,000	15,000
Office and administration	28,614	107,785
Professional fees	16,768	13,192
Regulatory and transfer agent fees	2,107	3,736
Rent	60,079	50,103
Stock-based compensation	—	3,696
Travel and promotion	23,547	26,407
Wages and benefits	<u>173,561</u>	<u>148,890</u>
	<u>(445,418)</u>	<u>(466,337)</u>
Loss before other items	<u>3,197</u>	<u>(113,555)</u>
OTHER ITEMS		
Forgiveness of Debt	—	2,412
Interest and other income	<u>98,660</u>	<u>22,186</u>
	<u>98,660</u>	<u>24,598</u>
Income (loss) for the period	101,857	(88,957)
Deficit, beginning of period	<u>(6,628,995)</u>	<u>(5,437,186)</u>
Deficit, end of period	\$ (6,527,138)	\$ (5,526,143)
Basic and diluted earnings (loss) per share	\$ 0.00	\$ (0.00)
Weighted average number of shares outstanding		
Basic	34,507,987	33,038,480
Diluted	34,558,372	33,038,480

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

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) for the period	\$ 101,854	\$ (88,957)
Items not affecting cash:		
Amortization	18,080	13,429
Stock-based compensation	—	3,696
Interest accrued on promissory notes and convertible debentures	43,827	2,992
Changes in non-cash working capital items:		
Accounts and advances receivable	(632,783)	(143,060)
Holdback receivable	51,837	(27,634)
Inventories	191,655	(33,103)
Prepaid expenses and deposits	80,789	4,369
Deferred revenue	(193,709)	(13,220)
Accounts payable and accrued liabilities	43,853	37,740
Net cash used in operating activities	<u>(294,597)</u>	<u>(243,748)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of equipment	<u>(29,908)</u>	<u>(21,867)</u>
Net cash used in investing activities	<u>(29,908)</u>	<u>(21,867)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Due to related parties	(38,752)	(121,330)
Bank indebtedness	(250,589)	244,512
Repayments on long-term debt	(23,710)	(2,090)
Share issuance cost	(122,596)	—
Proceeds on share issuance	981,350	—
Net cash provided by financing activities	<u>545,703</u>	<u>121,092</u>
Change in cash during the period	221,198	(144,523)
Cash, beginning of period	<u>1,361,848</u>	<u>1,051,625</u>
Cash, end of period	<u>\$ 1,583,046</u>	<u>\$ 907,102</u>
Cash paid during the period for interest	\$ —	\$ —

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

MINAEAN INTERNATIONAL CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2008

1. BASIS OF PRESENTATION

These interim consolidated financial statements have been prepared using Canadian generally accepted accounting principles (Canadian GAAP). The interim financial statements include normal recurring adjustments, which in management's opinion, are necessary for a fair presentation of the financial results of the interim period presented.

The disclosures in these statements do not conform in all aspects to the requirements of Canadian GAAP for annual financial statements. These statements follow the same accounting policies and methods of their application as the most recent annual financial statements. These statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's audited financial statements for the year ended March 31, 2008.

	June 30, 2008	March 31, 2008
Working capital (deficiency)	\$ 383,985	\$ (549,978)
Deficit	(6,548,206)	(6,628,995)

2. BANK INDEBTEDNESS

	June 30, 2008	March 31, 2008
US Bank line of credit of US \$500,000 bearing interest at 6.62% per annum, guaranteed by Export Development Canada, expiring April 19, 2009.	\$ 239,371	\$ -
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.	639,251	1,046,979
	<u>\$ 878,622</u>	<u>\$ 1,046,979</u>

3. LOANS PAYABLE

	June 30, 2008	March 31, 2008
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
Sundaram Finance loan repayable in monthly installments of \$388 (INR 15,530), including interest, maturing November 22, 2011 and secured by a vehicle.	-	13,641
Less: current portion	-	(8,891)
	<u>\$ -</u>	<u>\$ 14,819</u>

MINAEAN INTERNATIONAL CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2008

4. CONVERTIBLE DEBENTURES

	June 30, 2008	March 31, 2008
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.	\$ 704,553	\$ 704,553

As at June 30, 2008, \$40,844 (March 31, 2008 - \$16,230) was accrued as interest payable

5. CAPITAL STOCK AND CONTRIBUTED SURPLUS

	Capital Stock		Contributed Surplus
	Number of Shares	Amount	
Authorized			
Unlimited common shares without par value			
As at March 31, 2008	33,569,480	\$ 5,772,161	\$ 574,938
Private placements	3,568,545	981,350	-
Share issuance costs	-	(143,665)	21,068
As at June 30, 2008	37,138,025	\$ 6,609,846	\$ 596,006

Included in capital stock as at June 30, 2008 are 1,506,478 (March 31, 2008 – 2,259,717) common shares held in escrow subject to a periodic schedule of release.

Share issuances

The Company issued 3,568,545 units (each a "Unit") at a price of \$0.275 per Unit, of which 3,327,636 Units were sold on a brokered basis by First Canadian Capital Markets Ltd. ("First Canadian"), for gross proceeds of \$981,350. Each Unit consists of one common share and three-quarters of one share purchase warrant of the Company. Each whole share purchase warrant will entitle the holder to purchase one common share at a price of \$0.45 for a period of two years from the closing date.

In connection with the private placement, the Company paid total cash finder's fees of \$73,601 and finder's warrants entitling First Canadian to purchase up to 266,210 Units at an exercise price of \$0.275, valued at \$21,068, for a period of two years from the closing date. The Company also paid \$27,926 in share issuance costs.

MINAEAN INTERNATIONAL CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2008

5. CAPITAL STOCK AND CONTRIBUTED SURPLUS (continued)

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, 2008	1,844,035	\$ 0.40	3,015,000	\$ 0.27
Granted	2,942,618	0.43	-	-
Expired/cancelled	-	-	(665,000)	0.25
Outstanding, June 30, 2008	4,786,653	\$ 0.42	2,350,000	\$ 0.26
Number currently exercisable	4,786,653	\$ 0.42	2,350,000	\$ 0.26

As at June 30, 2008, incentive stock options and share purchase warrants were outstanding as follows:

	Number of Shares	Exercise Price	Expiry Date
Options	140,000	0.300	January 1, 2009
	285,000	0.250 ⁽¹⁾	January 16, 2009
	150,000	0.250	July 19, 2009
	875,000	0.250	July 4, 2011
	900,000	0.310	March 6, 2012
Warrants	1,227,168	0.400	October 27, 2008
	349,700	0.400	November 21, 2008
	166,667	0.400	December 13, 2008
	100,500	0.450	January 30, 2010
	2,676,408	0.450	May 9, 2010
	266,210	0.275	May 9, 2010

(1) During fiscal 2007, the Company repriced these options from \$0.35 to \$0.25.

Stock-based compensation

During the three months ended June 30, 2008, the Company recognized \$21,069 in stock-based compensation as a result of 266,210 Finder's Warrants for the private placement on May 9, 2008, which are included in share issuance cost.

MINAEAN INTERNATIONAL CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2008

5. CAPITAL STOCK AND CONTRIBUTED SURPLUS (continued)

During the three months ended June 30, 2007, \$3,696 in stock based compensation was recognized in the statement of operations.

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

June 30,	2008	2007
Risk-free interest rate	2.71%	4.2%
Expected life of options	2 years	4 years
Annualized volatility	71%	78%
Dividend rate	0.00%	0.00%

The weighted average fair value of agents warrants granted was \$0.08 (2007 - \$nil) per share. The weighted average fair value of options granted was \$nil (2007 - \$0.12) per share.

6. RELATED PARTY TRANSACTIONS

During the three months ended June 30, 2008, the Company entered into the following transactions with related parties:

- a) Paid \$15,000 (2007 - \$15,000) for management fees and \$3,000 (2007 - \$3,000) for administrative services to a company controlled by directors of the Company.
- b) Paid \$6,866 (2007 - \$3,554) for rent to a company controlled by the spouse of a director of the Company.
- c) Paid or accrued \$Nil (2007 - \$1,500) for consulting fees to 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.

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

7. 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,	2008	2007
Sales for the period		
India	\$ 1,199,723	\$ 62,731
U.S.A.	<u>152,487</u>	<u>729,992</u>
	\$ 1,352,210	\$ 792,723
Capital assets		
Canada	\$ 6,367	\$ 5,901
U.S.A.	4,367	5,804
India	<u>483,995</u>	<u>471,196</u>
	\$ 494,729	\$ 482,901

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8. SIGNIFICANT CUSTOMERS

During fiscal 2008, two customers individually comprised 76% (2007 - 8%) and 14% (2007 – 6%) of total sales.

9. SUBSEQUENT EVENT

On July 30, 2008, the Company announced that it has engaged First Canadian Capital Corp. (“FCCC”) for its investor relations services. Under the terms of the 12 month agreement, the Company will pay FCCC \$5,000 per month and grant 250,000 stock options exercisable at \$0.275 per share which will vest over 12 months, subject to approval of the TSX Venture Exchange. FCCC will assist the Company in fostering productive and continuing dialogues with private investors, analysts, brokers and other financial professionals.