

MINAEAN INTERNATIONAL CORP.

CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2006

AUDITORS' REPORT

To the Shareholders of
Minaean International Corp.

We have audited the consolidated balance sheets of Minaean International Corp. as at March 31, 2006 and 2005 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, 2006 and 2005 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

August 2, 2006

A Member of *SC INTERNATIONAL*

MINAEAN INTERNATIONAL CORP.
CONSOLIDATED BALANCE SHEETS
AS AT MARCH 31

	2006	2005
ASSETS		
Current		
Cash	\$ 280,885	\$ 687,494
Accounts and advances receivable	343,998	282,055
Inventories	303,101	158,750
Prepaid expenses and deposits	<u>33,891</u>	<u>17,061</u>
	961,875	1,145,360
Deferred financing fees (Note 3)	44,994	60,994
Land, buildings and equipment (Note 4)	102,891	113,290
Deferred development costs (Note 5)	<u>-</u>	<u>114,648</u>
	<u>\$ 1,109,760</u>	<u>\$ 1,434,292</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Bank indebtedness (Note 6)	\$ 186,681	\$ 140,003
Accounts payable and accrued liabilities	365,187	194,347
Due to related parties (Note 10)	41,956	71,028
Current portion of long-term debt	<u>1,679</u>	<u>7,025</u>
	595,503	412,403
Long-term debt (Note 7)	-	1,003
Promissory notes payable (Note 8)	<u>161,524</u>	<u>228,393</u>
	<u>757,027</u>	<u>641,799</u>
Shareholders' equity		
Capital stock (Note 9)	4,012,613	3,361,448
Contributed surplus (Note 9)	425,768	334,357
Deficit	<u>(4,085,648)</u>	<u>(2,903,312)</u>
	<u>352,733</u>	<u>792,493</u>
	<u>\$ 1,109,760</u>	<u>\$ 1,434,292</u>

Nature and continuance of operations (Note 1)

Contingency (Note 16)

Subsequent events (Note 19)

On behalf of the Board:

“Mervyn Pinto”

Director

“Hari Varshney”

Director

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

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

	2006	2005
SALES	\$ 814,764	\$ 371,292
COST OF SALES	<u>748,696</u>	<u>404,489</u>
	<u>66,068</u>	<u>(33,197)</u>
EXPENSES		
Advertising	11,884	17,787
Amortization	157,726	82,362
Commissions	11,000	10,299
Consulting fees	27,083	51,789
Interest and bank charges	38,549	19,387
Interest on promissory notes	23,490	24,000
Management fees	60,000	61,719
Office and administration	283,868	100,936
Professional fees	33,416	53,740
Regulatory and transfer agent fees	31,693	32,829
Rent	61,011	101,058
Stock-based compensation	113,846	165,412
Technical and engineering	7,885	75,416
Travel and promotion	89,017	170,706
Wages and benefits	<u>355,999</u>	<u>409,085</u>
	<u>(1,306,467)</u>	<u>(1,376,525)</u>
Loss before other items	<u>(1,240,399)</u>	<u>(1,409,722)</u>
OTHER ITEMS		
Government grants (Note 14)	35,011	207,000
Interest and other income	<u>23,052</u>	<u>8,633</u>
	<u>58,063</u>	<u>215,633</u>
Loss for the year	(1,182,336)	(1,194,089)
Deficit, beginning of year	<u>(2,903,312)</u>	<u>(1,709,223)</u>
Deficit, end of year	\$ (4,085,648)	\$ (2,903,312)
Basic and diluted loss per share	\$ (0.05)	\$ (0.05)
Weighted average number of shares outstanding	26,203,987	22,156,410

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

	2006	2005
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	\$ (1,182,336)	\$ (1,194,089)
Items not affecting cash:		
Amortization	157,726	82,362
Stock-based compensation	113,846	165,412
Interest accrued on promissory notes	-	24,000
Changes in non-cash working capital items:		
Decrease (increase) in accounts and advances receivable	(128,543)	7,656
Decrease (increase) in inventories	(144,351)	44,397
Decrease (increase) in prepaid expenses and deposits	(16,830)	766
Increase in accounts payable and accrued liabilities	<u>170,840</u>	<u>31,088</u>
Net cash used in operating activities	<u>(1,029,648)</u>	<u>(838,408)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of buildings and equipment	<u>(16,679)</u>	<u>(32,040)</u>
Net cash used in investing activities	<u>(16,679)</u>	<u>(32,040)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Due to related parties	(29,072)	11,755
Share issuance costs	(32,270)	(62,067)
Bank indebtedness	46,678	140,003
Proceeds (repayments) on long-term debt	(6,349)	(7,384)
Promissory notes payable	(66,869)	-
Proceeds on share issuance	<u>727,600</u>	<u>1,160,225</u>
Net cash provided by financing activities	<u>639,718</u>	<u>1,242,532</u>
Change in cash during the year	(406,609)	372,084
Cash, beginning of year	<u>687,494</u>	<u>315,410</u>
Cash, end of year	<u>\$ 280,885</u>	<u>\$ 687,494</u>
Cash paid during the year for interest	<u>\$ 27,311</u>	<u>\$ 4,868</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.

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
MARCH 31, 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 year. For the years ended March 31, 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 year.

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
MARCH 31, 2006

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

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.

Comparative figures

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

3. DEFERRED FINANCING FEES

	2006			2005		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Deferred financing fees	\$ 80,000	\$ 35,006	\$ 44,994	\$ 80,000	\$ 19,006	\$ 60,994

4. LAND, BUILDINGS AND EQUIPMENT

	2006			2005		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Land	\$ 15,110	\$ -	\$ 15,110	\$ 15,110	\$ -	\$ 15,110
Buildings	25,708	5,714	19,994	52,222	9,714	42,508
Furniture and equipment	72,521	33,252	39,269	41,300	21,607	19,693
Computer equipment	48,977	29,667	19,310	39,788	22,479	17,309
Computer software	13,747	13,747	-	13,747	7,614	6,133
Leasehold improvements	7,296	3,741	3,555	4,774	2,736	2,038
Vehicle	19,204	13,551	5,653	18,943	8,444	10,499
	\$ 202,563	\$ 99,672	\$ 102,891	\$ 185,884	\$ 72,594	\$ 113,290

MINAEAN INTERNATIONAL CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2006

5. DEFERRED DEVELOPMENT COSTS

	2006			2005		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Deferred development costs	\$ 191,077	\$ 191,077	\$ -	\$ 191,077	\$ 76,429	\$ 114,648

Due to the uncertainty in the recoverability of the deferred development costs, the remaining costs were charged to operations during fiscal 2006.

6. BANK INDEBTEDNESS

	2006	2005
The bank indebtedness of \$186,681 (Indian Rupee "INR" 7,040,822) bears interest at 7.8% per annum and is secured by fixed deposits of \$229,050.	\$ 186,681	\$ 140,003

7. LONG-TERM DEBT

	2006	2005
Central Bank of India, term loan bearing interest at 14% per annum, repayable in monthly installments of \$147 (INR 5,300), maturing December 1, 2005 and secured by computers and office equipment	\$ -	\$ 1,127
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	1,679	6,901
Less: current portion	(1,679)	(7,025)
	\$ -	\$ 1,003

MINAEAN INTERNATIONAL CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2006

8. PROMISSORY NOTES PAYABLE

	2006	2005
Promissory note payable including accrued interest of \$11,015, unsecured, bearing interest at 12% per annum, maturing December 1, 2008.	\$ 111,015	\$ 116,000
Promissory note payable including accrued interest of \$509, 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.	50,509	112,393
	\$ 161,524	\$ 228,393

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, 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

MINAEAN INTERNATIONAL CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2006

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

Included in capital stock as at March 31, 2006 are 5,961,832 common shares held in escrow subject to a periodic schedule of release.

Share issuances

During fiscal 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.

During fiscal 2005, the Company issued common shares as follows:

- a) In January, 2005, the Company issued 2,513,333 units at \$0.30 per unit for proceeds of \$754,000. 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 January 21, 2006 then at \$0.50 expiring January 21, 2007.
- b) In March, 2005, the Company issued 966,667 units at \$0.30 per unit for proceeds of \$290,000. 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 March 31, 2006 then at \$0.50 expiring March 31, 2007.

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.

MINAEAN INTERNATIONAL CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2006

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

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

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
Number currently exercisable	2,883,332	\$ 0.43	2,625,000	\$ 0.26

As at March 31, 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
	640,000	0.25	April 28, 2008
	500,000	0.25	January 16, 2009
	600,000	0.35	July 19, 2009
	300,000	0.20	September 2, 2010
	525,000	0.20	January 26, 2011
Warrants	1,256,666	0.50	January 21, 2007
	483,333	0.50	March 31, 2007
	393,333	0.40	May 13, 2006
		then at 0.50	May 13, 2007
	750,000	0.30	March 2, 2007

MINAEAN INTERNATIONAL CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2006

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

Stock-based compensation

During the year, the Company granted 825,000 (2005 – 600,000) options to consultants, officers and directors. 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 \$113,846 (2005 – \$165,412) and the weighted average fair value of options granted was \$0.14 (2005 – \$0.26) 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:

	2006	2005
Risk-free interest rate	3.7%	2.0%
Expected life of options	5 years	5 years
Annualized volatility	81%	97%
Dividend rate	0.00%	0.00%

10. RELATED PARTY TRANSACTIONS

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

- a) Paid \$60,000 (2005 – \$61,719) for management fees and \$12,000 (2005 – \$12,000) for reimbursement of administrative services to a company controlled by directors of the Company.
- b) Paid \$17,724 (2005 – \$17,769) for rent to a company having directors in common and a company controlled by the spouse of a director of the Company.
- c) Paid \$1,000 (2005 – \$7,750) for commissions to a company having a director in common.
- d) Paid or accrued \$11,490 (2005 – \$12,000) for interest to a company controlled by the spouse of a director.
- e) Paid or accrued \$20,758 (2005 – \$15,000) for consulting fees to a company having a director in common.

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.

Included in accounts receivable is \$30,909 (2005 - \$35,103) due from directors of the Company.

Amounts due to related parties are due to a director and former shareholders of MBS and are unsecured and have no specified interest rate or terms of repayment.

MINAEAN INTERNATIONAL CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2006

11. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

There were no significant non-cash transactions for the year ended March 31, 2006.

Significant non-cash transaction for the year ended March 31, 2005 consisted of the Company issuing 222,000 common shares in exchange for a subscription receivable of \$66,600 received subsequent to March 31, 2005.

12. INCOME TAXES

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

	2006	2005
Loss for the year	\$ (1,182,336)	\$ (1,194,089)
Income taxes (recovery)	\$ (407,906)	\$ (421,513)
Non deductible items	93,692	79,270
Unrecognized benefit of non-capital losses	<u>314,214</u>	<u>342,243</u>
Total income taxes	<u>\$ -</u>	<u>\$ -</u>

Details of future income taxes are as follows:

	2006	2005
Future income tax assets and liabilities:		
Buildings and equipment	\$ 8,726	\$ 9,936
Non-capital loss carryforwards	698,770	617,661
Deferred development costs	<u>-</u>	<u>(40,471)</u>
	707,496	587,126
Less: Valuation allowance	<u>(707,496)</u>	<u>(587,126)</u>
Future income tax assets /liability	<u>\$ -</u>	<u>\$ -</u>

The Company has available for deduction against future taxable income in Canada non-capital losses of approximately \$2,254,000. These losses, if not utilized, will expire through 2016. Future tax benefits which may arise as a result of these non-capital losses have not been recognized in these financial statements.

MINAEAN INTERNATIONAL CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2006

13. INTEREST IN JOINT VENTURES

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

	2006	2005
Current assets	\$ 8,812	\$ 10,037
Long-term assets	1,077	593
Current liabilities	11,489	22,285
Expenses	9,025	56,909

14. CONTRIBUTION AGREEMENT

During fiscal 2005, the Company entered into a contribution agreement with the Canadian International Development Agency ("CIDA") pursuant to which the CIDA will, on approval, contribute 70% of the total amount of allowable expenses incurred on a specified project, up to a maximum of \$242,011. During the year, the Company claimed \$35,011 under this agreement for total claims amounting to \$242,011 as at March 31, 2006.

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:

	2006	2005
Sales for the year		
India	\$ 596,467	\$ 371,292
U.S.A.	<u>218,297</u>	<u>-</u>
	<u>\$ 814,764</u>	<u>\$ 371,292</u>
Capital assets		
Canada	\$ 18,447	\$ 24,778
U.S.A.	2,481	-
India	<u>81,963</u>	<u>88,512</u>
	<u>\$ 102,891</u>	<u>\$ 113,290</u>

MINAEAN INTERNATIONAL CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2006

16. 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.

17. SIGNIFICANT CUSTOMER

During fiscal 2006, one customer individually comprised 47% (2005 - 86%) of total sales and, as at March 31, 2006, represented 31% (March 31, 2005 - 19%) of total accounts and advances receivable.

18. 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.

19. SUBSEQUENT EVENTS

Subsequent to March 31, 2006, the Company:

- a) Issued 825,000 common shares for proceeds of \$165,000 pursuant to the exercise of options.
- b) 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.