

MINAEAN INTERNATIONAL CORP.

CONSOLIDATED FINANCIAL STATEMENTS

**FOR THE THREE MONTHS ENDED
JUNE 30, 2009 AND 2008**

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, 2009

MINAEAN INTERNATIONAL CORP.
CONSOLIDATED BALANCE SHEETS
AS AT JUNE 30, 2009 AND MARCH 31, 2009

	June 30, 2009	March 31, 2009
ASSETS		
Current		
Cash	\$ 692,129	\$ 824,584
Receivables	1,454,534	1,552,220
Holdback receivable	263,010	299,111
Inventories	377,785	572,171
Prepaid expenses and deposits	<u>63,315</u>	<u>231,327</u>
	2,850,773	3,479,413
Property, plant and equipment	<u>505,780</u>	<u>532,708</u>
	<u>\$ 3,356,553</u>	<u>\$ 4,012,121</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Bank indebtedness (Note 2)	\$ 1,390,265	\$ 1,326,771
Accounts payable and accrued liabilities	1,385,964	1,697,788
Deferred revenue	602,194	629,695
Current portion of loan payable (Note 3)	5,725	8,742
Due to related parties	<u>134,117</u>	<u>104,689</u>
	3,518,265	3,767,685
Loan payable (Note 3)	18,347	18,663
Convertible debentures (Note 4)	<u>741,499</u>	<u>733,077</u>
	<u>4,278,111</u>	<u>4,519,425</u>
Shareholders' equity		
Capital stock (Note 5)	6,520,631	6,520,631
Contributed surplus (Note 5)	797,635	797,014
Equity component of convertible debentures (Note 4)	200,000	200,000
Deficit	<u>(8,439,824)</u>	<u>(8,024,949)</u>
	<u>(921,558)</u>	<u>(507,304)</u>
	<u>\$ 3,356,553</u>	<u>\$ 4,012,121</u>

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

	2009	2008
SALES	\$ 632,587	\$ 1,352,210
COST OF SALES	<u>611,934</u>	<u>903,595</u>
EXPENSES	<u>20,653</u>	<u>448,615</u>
Accretion of convertible debt	8,422	–
Advertising and promotion	33,162	4,027
Amortization	22,842	18,080
Consulting fees	72,333	41,415
Interest and bank charges	38,873	34,621
Interest on promissory notes	–	2,984
Interest on debentures	24,631	24,615
Management fees	15,000	15,000
Office and administration	34,068	28,614
Professional fees	3,517	16,768
Regulatory and transfer agent fees	1,142	2,107
Rent	29,054	60,079
Stock-based compensation	621	–
Travel and promotion	6,460	23,547
Wages and benefits	<u>151,334</u>	<u>173,561</u>
	<u>(441,459)</u>	<u>(445,418)</u>
Income (loss) before other items	(420,806)	3,197
OTHER ITEMS		
Interest and other income	<u>5,931</u>	<u>98,660</u>
Income (loss) for the period	(414,875)	101,857
Deficit, beginning of period	<u>(8,024,949)</u>	<u>(6,628,995)</u>
Deficit, end of period	\$ (8,439,824)	\$ (6,527,138)
Basic and diluted earnings (loss) per share	\$ (0.01)	\$ 0.00
Weighted average number of shares outstanding		
Basic	37,138,025	34,507,987
Diluted	<u>37,138,025</u>	<u>34,558,372</u>

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

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) for the period	\$ (414,875)	\$ 101,857
Items not affecting cash:		
Accretion of convertible debt	8,422	–
Amortization	22,842	18,080
Stock-based compensation	621	–
Interest accrued on promissory notes and convertible debentures	–	43,827
Changes in non-cash working capital items:		
Receivables	97,686	(632,786)
Holdback receivable	36,101	51,837
Inventories	194,386	191,655
Prepaid expenses and deposits	168,012	80,789
Deferred revenue	(27,501)	(193,709)
Accounts payable and accrued liabilities	<u>(311,824)</u>	<u>43,853</u>
Net cash used in operating activities	<u>(226,130)</u>	<u>(294,597)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale (acquisition) of equipment	<u>4,086</u>	<u>(29,908)</u>
Net cash used in investing activities	<u>4,086</u>	<u>(29,908)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Due to related parties	29,428	(38,752)
Bank indebtedness	63,494	(250,589)
Repayments on long-term debt	(3,333)	(23,710)
Share issuance cost	–	(122,596)
Proceeds on share issuance	<u>–</u>	<u>981,350</u>
Net cash provided by financing activities	<u>89,589</u>	<u>545,703</u>
Change in cash during the period	(132,455)	221,198
Cash, beginning of period	<u>824,584</u>	<u>1,361,848</u>
Cash, end of period	<u>\$ 692,129</u>	<u>\$ 1,583,046</u>
Cash paid during the period for interest	<u>\$ –</u>	<u>\$ –</u>

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

MINAEAN INTERNATIONAL CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2009

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, 2009.

	June 30, 2009	March 31, 2009
Working capital (deficiency)	\$ (667,492)	\$ (288,272)
Deficit	(8,439,824)	(8,024,949)

2. BANK INDEBTEDNESS

	June 30, 2009	March 31, 2009
US Bank line of credit of US \$500,000 bearing interest at 6.62% per annum, guaranteed by Export Development Canada, expiring April 30, 2010.	\$ 537,075	\$ 436,029
State Bank of India line of credit of \$1,050,000 bearing interest at 14.75% per annum, guaranteed by Export Development Canada, expiring November 30, 2009.	<u>853,190</u>	<u>890,742</u>
	\$ 1,390,265	\$ 1,326,771

3. LOANS PAYABLE

	June 30, 2009	March 31, 2009
HDFC Bank Ltd. loan repayable in monthly installments of \$541 (INR 22,415) including interest at 12.5% per annum, maturing November 7, 2009 and secured by a vehicle.	\$ 2,646	\$ 4,241
Sundaram Finance loan repayable in monthly installments of \$375 (INR 15,530), including interest, maturing November 22, 2011 and secured by a vehicle.	9,138	10,076
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>12,288</u>	<u>13,088</u>
Less: current portion	<u>(5,725)</u>	<u>(8,742)</u>
	\$ 18,347	\$ 18,663

MINAEAN INTERNATIONAL CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2009

4. CONVERTIBLE DEBENTURES

	June 30, 2009	March 31, 2009
Convertible debentures	\$ 741,499	\$ 733,077

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 \$33,053 for the period ended June 30, 2009 (2008 - \$24,615). The Company issued 160,000 common shares valued at \$51,200 as finders' fees on the financing recorded in the statement of operations for fiscal 2008.

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, 2009	37,138,025	\$ 6,520,631	\$ 797,014
Stock-based compensation	-	-	621
As at June 30, 2009	37,138,025	\$ 6,520,631	\$ 797,635

Included in capital stock as at June 30, 2009 are nil (March 31, 2009 – 753,239) common shares held in escrow subject to a periodic schedule of release.

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, 2009 and June 30, 2009	3,043,118	\$ 0.43	3,162,500	\$ 0.19
Number currently exercisable	3,043,118	\$ 0.43	3,100,000	\$ 0.19

MINAEAN INTERNATIONAL CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2009

5. CAPITAL STOCK AND CONTRIBUTED SURPLUS (continued)

As at June 30, 2009, incentive stock options and share purchase warrants were outstanding as follows:

	Number of Shares	Exercise Price	Expiry Date
Options	150,000	0.250	July 19, 2009 ⁽¹⁾
	250,000	0.150	December 22, 2010
	867,500	0.250	July 4, 2011
	895,000	0.160	March 6, 2012 ⁽²⁾
	1,000,000	0.160	September 24, 2013
Warrants	100,500	0.450	January 30, 2010
	2,676,408	0.450	May 9, 2010
	266,210	0.275	May 9, 2010

⁽¹⁾ Subsequently expired unexercised

⁽²⁾ During fiscal 2009, the Company re-priced these options from \$0.31 to \$0.16.

Stock-based compensation

During the three months ended June 30, 2009, \$621 (2008 - \$nil) 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,	2009	2008
Risk-free interest rate	1.27%	2.71%
Expected life of options	2 years	2 years
Annualized volatility	82%	71%
Dividend rate	0.00%	0.00%

The weighted average fair value of agents warrants granted was \$nil (2008-\$0.08) per share. The weighted average fair value of options granted was \$0.01 (2008 - \$nil) per share.

6. RELATED PARTY TRANSACTIONS

During the three months ended June 30, 2009, the Company entered into the following transactions with related parties:

- a) Paid \$15,000 (2008 - \$15,000) for management fees and \$9,000 (2008 - \$3,000) for administrative services to a company controlled by directors of the Company.
- b) Paid \$6,412 (2008 - \$6,866) for rent to a company controlled by the spouse of a director 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.

MINAEAN INTERNATIONAL CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2009

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,	2009	2008
Sales for the period		
India	\$ 343,130	\$ 1,199,723
U.S.A.	<u>289,457</u>	<u>152,487</u>
	\$ 632,587	\$ 1,352,210

	June 30, 2009	March 31, 2009
Capital assets		
Canada	\$ 4,424	\$ 4,800
U.S.A.	4,673	5,054
India	<u>496,683</u>	<u>522,854</u>
	\$ 505,780	\$ 532,708

8. SIGNIFICANT CUSTOMERS

During the first quarter ended June 30, 2009, two customers individually comprised 46% (2008 – nil%) and 26% (2008 – nil%) of total sales.