

MINAEAN INTERNATIONAL CORP.

CONSOLIDATED FINANCIAL STATEMENTS

**FOR THE NINE MONTHS ENDED
DECEMBER 31, 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 consolidated financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim consolidated financial statements by an entity's auditors.

January 20, 2009

MINAEAN INTERNATIONAL CORP.

CONSOLIDATED BALANCE SHEETS

AS AT DECEMBER 31, 2008 AND MARCH 31, 2008

(UNAUDITED – PREPARED BY MANAGEMENT)

	December 31, 2008	March 31, 2008
	(unaudited)	(audited)
ASSETS		
Current		
Cash	\$ 1,021,164	\$ 1,361,848
Receivables	1,635,266	385,636
Holdback receivable	299,325	177,119
Inventories	490,603	494,212
Prepaid expenses and deposits	<u>392,634</u>	<u>325,850</u>
	3,838,992	2,744,665
Property, plant and equipment	<u>557,086</u>	<u>482,901</u>
	<u>\$ 4,396,078</u>	<u>\$ 3,227,566</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Bank indebtedness (Note 2)	\$ 687,972	\$ 1,129,211
Accounts payable and accrued liabilities	2,295,956	820,410
Deferred Revenue	103,724	384,412
Due to related parties	30,717	112,152
Convertible debentures (Note 4)	725,946	704,553
Current portion of loan payable	–	8,891
Promissory note payable	<u>–</u>	<u>135,014</u>
	3,844,315	3,294,643
Loan payable (Note 3)	<u>–</u>	<u>14,819</u>
	<u>3,844,315</u>	<u>3,309,462</u>
Shareholders' equity		
Capital stock (Note 5)	6,609,846	5,772,161
Contributed surplus (Note 5)	754,856	574,938
Equity component of convertible securities (Note 4)	200,000	200,000
Deficit	<u>(7,012,939)</u>	<u>(6,628,995)</u>
	<u>551,763</u>	<u>(81,896)</u>
	<u>\$ 4,396,078</u>	<u>\$ 3,227,566</u>

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

MINAEAN INTERNATIONAL CORP.

CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT
FOR THE NINE MONTHS ENDED DECEMBER 31, 2008 AND 2007
(UNAUDITED – PREPARED BY MANAGEMENT)

	Three months ended December 31,		Nine months ended December 31,	
	2008	2007	2008	2007
SALES	\$ 2,628,486	\$ 804,102	\$ 5,578,876	\$ 3,374,055
COST OF SALES	<u>2,112,483</u>	<u>464,773</u>	<u>4,284,288</u>	<u>2,115,244</u>
	<u>516,003</u>	<u>339,329</u>	<u>1,294,588</u>	<u>1,258,811</u>
EXPENSES				
Accretion of convertible debentures	7,131	–	21,393	–
Advertising	899	54,344	26,515	60,831
Amortization	22,501	15,640	59,330	42,450
Bad debt (recovery)	(72,757)	–	(145,513)	–
Consulting fees	36,189	73,817	122,451	229,139
Interest and bank charges	27,450	31,047	82,874	89,902
Interest on convertible debentures	24,310	–	94,638	–
Interest on promissory notes	557	3,016	6,557	9,016
Management fees	15,000	15,000	45,000	45,000
Office and administration	152,001	114,434	339,800	300,603
Professional fees	16,193	37,873	43,091	69,706
Regulatory and transfer agent fees	2,320	3,977	8,225	12,197
Rent	87,716	48,904	196,390	160,536
Stock-based compensation	4,994	591	158,850	6,178
Travel and promotion	39,208	38,107	116,742	96,181
Wages and benefits	201,208	117,365	563,181	403,567
	<u>(564,920)</u>	<u>(554,115)</u>	<u>(1,739,524)</u>	<u>(1,525,306)</u>
Loss before other items	<u>(48,917)</u>	<u>(214,786)</u>	<u>(444,936)</u>	<u>(266,495)</u>
OTHER ITEMS				
Forgiveness of debt	–	–	–	2,412
Write-off of loan	–	15,656	–	15,656
Interest and other income (expense)	<u>(354,664)</u>	<u>12,107</u>	<u>60,992</u>	<u>131,137</u>
	<u>(354,664)</u>	<u>27,763</u>	<u>60,992</u>	<u>149,205</u>
Loss for the period	<u>(403,581)</u>	<u>(187,023)</u>	<u>(383,944)</u>	<u>(117,290)</u>
Deficit, beginning of period	<u>(6,609,358)</u>	<u>(5,367,453)</u>	<u>(6,628,995)</u>	<u>(5,437,186)</u>
Deficit, end of period	\$ <u>(7,012,939)</u>	\$ <u>(5,554,476)</u>	\$ <u>(7,012,939)</u>	\$ <u>(5,554,476)</u>
Loss per share	\$ <u>(0.01)</u>	\$ <u>(0.01)</u>	\$ <u>(0.01)</u>	\$ <u>(0.00)</u>
Weighted average number of shares outstanding	<u>37,138,025</u>	<u>33,135,763</u>	<u>36,657,017</u>	<u>33,071,025</u>

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

MINAEAN INTERNATIONAL CORP.

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED DECEMBER 31, 2008 AND 2007
(UNAUDITED – PREPARED BY MANAGEMENT)

	Three months ended December 31,		Nine months ended December 31,	
	2008	2007	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES				
Income (loss) for the period	\$ (403,581)	\$ (186,923)	\$ (383,944)	\$ (117,190)
Items not affecting cash:				
Accretion on convertible debentures	7,131	–	21,393	–
Amortization	22,501	15,640	59,330	42,450
Stock-based compensation	4,994	591	158,850	6,178
Interest accrued on promissory notes and convertible debentures	24,885	3,016	41,385	9,016
Bad debt (recovery)	(72,757)	–	(145,513)	–
Changes in non-cash working capital items:				
Receivables	(311,287)	517,500	(1,190,636)	(63,109)
Holdback receivable	(36,254)	(229,171)	(35,688)	(132,096)
Inventories	(47,316)	14,497	3,609	273,297
Prepaid expenses and deposits	(95,247)	(10,558)	(66,784)	26,277
Deferred revenue	(786)	102,279	(280,688)	89,059
Due from related parties	–	(306,947)	–	(306,947)
Accounts payable, accrued liabilities	<u>1,106,663</u>	<u>(2,502)</u>	<u>1,399,147</u>	<u>(274,693)</u>
Net cash used in operating activities	<u>198,946</u>	<u>(82,578)</u>	<u>(419,539)</u>	<u>(447,758)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of property, plant and equipment	<u>(89,995)</u>	<u>(42,325)</u>	<u>(133,515)</u>	<u>(284,855)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Due to related parties	(13,922)	88,621	(81,435)	–
Bank indebtedness	(264,098)	213,492	(441,239)	671,181
Repayments on long-term debt	–	–	(23,710)	(16,240)
Repayments of promissory note	(100,000)	–	(100,000)	–
Share issuance costs	–	–	(122,596)	42,500
Subscriptions	–	766,230	–	766,230
Proceeds on share issuance	<u>–</u>	<u>42,500</u>	<u>981,350</u>	<u>–</u>
Net cash provided by financing activities	<u>(378,020)</u>	<u>1,110,843</u>	<u>212,370</u>	<u>1,463,671</u>
Change in cash during the period	(269,069)	985,940	(340,684)	731,058
Cash, beginning of period	<u>1,290,233</u>	<u>796,743</u>	<u>1,361,848</u>	<u>1,051,625</u>
Cash, end of period	<u>\$ 1,021,164</u>	<u>\$ 1,782,683</u>	<u>\$ 1,021,164</u>	<u>\$ 1,782,683</u>
Cash paid during the period for interest	\$ 6,821	\$ –	\$ 90,800	\$ –
Cash paid during the period for income taxes	\$ –	\$ –	\$ –	\$ –

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

MINAEAN INTERNATIONAL CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2008

(UNAUDITED – PREPARED BY MANAGEMENT)

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.

2. BANK INDEBTEDNESS

	December 31, 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.	\$ 336,765	\$ 82,232
State Bank of India line of credit of \$1,500,000 bearing interest at 12.75% per annum, guaranteed by Export Development Canada, expiring January 31, 2009.	<u>351,207</u>	<u>1,046,979</u>
	<u>\$ 687,972</u>	<u>\$ 1,129,211</u>

3. LOANS PAYABLE

	December 31, 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.	<u>–</u>	<u>13,641</u>
	<u>–</u>	<u>23,710</u>
Less: current portion	<u>–</u>	<u>(8,891)</u>
	<u>\$ –</u>	<u>\$ 14,819</u>

MINAEAN INTERNATIONAL CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2008

(UNAUDITED – PREPARED BY MANAGEMENT)

4. CONVERTIBLE DEBENTURES

	December 31, 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 \$95,778 for the nine months ended December 31, 2008 (fiscal 2008 - \$20,783). 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.	\$ 725,946	\$ 704,553

As at December 31, 2008, \$41,385 (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
Stock-based compensation	–	–	158,850
As at December 31, 2008	37,138,025	\$ 6,609,846	\$ 754,856

Included in capital stock as at December 31, 2008 are 753,239 (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.

MINAEAN INTERNATIONAL CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2008

(UNAUDITED – PREPARED BY MANAGEMENT)

5. CAPITAL STOCK AND CONTRIBUTED SURPLUS (continued)

Share issuances (continued)

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 \$48,996 in share issuance costs.

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	1,250,000	0.18
Expired/cancelled	(1,743,535)	0.40	(677,500)	0.25
Outstanding, December 31, 2008	3,043,118	\$ 0.42	3,587,500	\$ 0.21
Number currently exercisable	3,043,118	\$ 0.42	3,337,500	\$ 0.20

As at December 31, 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
	867,500	\$0.250	July 4, 2011
	895,000	\$0.160 ⁽²⁾	March 6, 2012
	250,000	\$0.275	July 30, 2010
	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) During fiscal 2007, the Company repriced these options from \$0.35 to \$0.25.

(2) During the period ended December 31, 2008, the Company repriced these options from \$0.31 to \$0.16.

5. CAPITAL STOCK AND CONTRIBUTED SURPLUS (continued)

MINAEAN INTERNATIONAL CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2008

(UNAUDITED – PREPARED BY MANAGEMENT)

Stock options and warrants

During the nine months ended December 31, 2008, the Company granted an aggregate of 1,000,000 stock options to directors, officers, employees, and consultants, exercisable for a period of five years, at a price of \$0.16 per share. Also, during the nine months ended December 31, 2008, the Company's previously granted stock options to a number of employees, officers, directors and consultants to acquire 895,000 common shares at a price of \$0.31 per share, exercisable on or before March 6, 2012, have been re-priced to \$0.16 per share.

Stock-based compensation

During the nine months ended December 31, 2008, the Company recognized \$21,069 in stock-based compensation as a result of 266,210 Finder's Warrants for the private placement completed on May 9, 2008, which is included in share issuance cost.

During the nine months ended December 31, 2008, \$158,850 (2007 - \$5,587) 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:

December 31,	2008	2007
Risk-free interest rate	3.12%	3.9%
Expected life of options	5 years	2 years
Annualized volatility	63%	75%
Dividend rate	0.00%	0.00%
Weighted average fair value of options	\$0.08	\$0.12

6. RELATED PARTY TRANSACTIONS

During the nine months ended December 31, 2008, the Company entered into the following transactions with related parties:

- a) Paid \$45,000 (2007 – \$45,000) for management fees and \$9,000 (2007 – \$9,000) for administrative services to a company controlled by directors of the Company.
- b) Paid or accrued \$19,729 (2007 – \$8,302) 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.
- d) Paid or accrued \$13,448 (2007 - \$19,795) for consulting services to a company controlled by 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

DECEMBER 31, 2008

(UNAUDITED – PREPARED BY MANAGEMENT)

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:

December 31,	2008	2007
Sales for the period		
India	\$ 3,108,308	\$ 976,175
U.S.A.	<u>2,470,568</u>	<u>2,397,880</u>
	<u>\$ 5,578,876</u>	<u>\$ 3,374,055</u>

	December 31,	March 31,
	2008	2008
Capital assets		
Canada	\$ 5,315	\$ 5,901
U.S.A.	5,639	5,804
India	<u>546,132</u>	<u>471,196</u>
	<u>\$ 557,086</u>	<u>\$ 482,901</u>

8. SIGNIFICANT CUSTOMERS

During fiscal 2008, one customer individually comprised 70% (2007 - 53%) of total sales.