

INTERNATIONAL BIOANALOGICS SYSTEMS INC.

FINANCIAL STATEMENTS

October 31, 2006

UNAUDITED

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these 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 auditor.

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INTERNATIONAL BIOANALOGICS SYSTEMS INC.
BALANCE SHEETS (\$CAD)

AS AT OCTOBER 31, 2006 AND APRIL 30, 2006

UNAUDITED

**OCTOBER 31,
2006**

APRIL 30,2006

ASSETS

TOTAL ASSETS (Note 2)

\$ -

\$ -

LIABILITIES

CURRENT LIABILITIES

Accounts Payable and Accrued Liabilities

87,991

84,991

Notes Payable (Note 4)

484,687

514,279

TOTAL CURRENT LIABILITIES

572,678

599,270

SHAREHOLDERS' DEFICIENCY

Common Stock, no par value,
Authorized 50,000,000 shares; issued and
outstanding 10,297,533 as at October 31,
2006 and April 30, 2006 (Notes 3 and 8)

9,408,007

9,408,007

Contributed Surplus

142,500

120,000

Accumulated Deficit

(10,123,185)

(10,127,277)

TOTAL SHAREHOLDERS' DEFICIENCY

(572,678)

(599,270)

TOTAL LIABILITIES AND SHAREHOLDERS'
DEFICIENCY

\$ -

\$ -

Approved by the Board

 "Signed"
David Woolford, Director

 "Signed"
Donald Green, Director

See Accompanying Notes

INTERNATIONAL BIOANALOGICS SYSTEMS INC.
STATEMENTS OF OPERATIONS (\$CAD)
FOR THE SIX MONTHS ENDED OCTOBER 31, 2006 AND 2005
UNAUDITED

Six months ended October 31,	2006	2005
SALES, NET	\$ -	\$ -
COST OF SALES	<u>-</u>	<u>-</u>
GROSS MARGIN	-	-
SELLING, GENERAL AND ADMINISTRATIVE	<u>(25,500)</u>	<u>(51,000)</u>
OPERATING LOSS	(25,500)	(51,000)
OTHER EXPENSES		
Interest Expense	<u>-</u>	<u>(27,866)</u>
NET LOSS BEFORE INCOME TAXES AND EXTRAORDINARY ITEM	<u>(25,500)</u>	<u>(78,866)</u>
Provision for Tax	<u>-</u>	<u>-</u>
NET LOSS BEFORE EXTRAORDINARY ITEM		
Forgiveness of Debt	29,592	-
NET INCOME (LOSS)	<u>\$ 4,092</u>	<u>\$ (78,866)</u>
NET INCOME (LOSS) PER COMMON SHARE, BASIC AND DILUTED		
Before Extraordinary Item	<u>\$ (0.01)</u>	<u>\$ (0.02)</u>
After Extraordinary Item	<u>\$ 0.00</u>	<u>\$ -</u>
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	<u>10,297,533</u>	<u>10,297,533</u>

See Accompanying Notes

INTERNATIONAL BIOANALOGICS SYSTEMS INC.
STATEMENTS OF OPERATIONS (\$CAD)
FOR THE THREE MONTHS ENDED OCTOBER 31, 2006 AND 2005

UNAUDITED

Three months ended October 31,	2006	2005
SALES, NET	\$ -	\$ -
COST OF SALES	<u>-</u>	<u>-</u>
GROSS MARGIN	-	-
SELLING, GENERAL AND ADMINISTRATIVE	<u>-</u>	<u>(25,500)</u>
OPERATING LOSS	-	(25,500)
OTHER EXPENSES		
Interest Expense	<u>-</u>	<u>(13,933)</u>
NET LOSS BEFORE INCOME TAXES	<u>-</u>	<u>(39,433)</u>
Provision for Tax	<u>-</u>	<u>-</u>
NET INCOME (LOSS)	<u>\$ -</u>	<u>\$ (39,433)</u>
NET INCOME (LOSS) PER COMMON SHARE, BASIC AND DILUTED	<u>\$ (0.00)</u>	<u>\$ (0.01)</u>
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	<u>10,297,533</u>	<u>10,297,533</u>

See Accompanying Notes

INTERNATIONAL BIOANALOGICS SYSTEMS INC.
STATEMENT OF CHANGES IN SHAREHOLDERS' DEFICIENCY
FOR THE SIX MONTHS ENDED OCTOBER 31, 2006 (\$CAD)

UNAUDITED

	<u>Common Stock</u>				Total
	<u>Number of</u>		<u>Accumulated</u>	<u>Contributed</u>	<u>Shareholders'</u>
	<u>Shares</u>	<u>Amount</u>	<u>Deficit</u>	<u>Surplus</u>	<u>Deficiency</u>
Balance as of April 30, 2004	10,297,533	\$9,408,007	\$(9,971,625)		\$(563,618)
Contributed Services				30,000	30,000
Net Income for the year ending April 30, 2005			7,080		7,080
Balance as of April 30, 2005	10,297,533	\$9,408,007	\$(9,964,545)	\$30,000	\$(526,538)
Contributed Services				90,000	90,000
Net Loss for the year ending April 30, 2006			(162,732)		(162,732)
Balance as of April 30, 2006	10,297,533	\$9,408,007	\$(10,127,277)	\$120,000	\$(599,270)
Contributed Services				22,500	22,500
Net Income for the six months ended Oct. 31, 2006			4,092		4,092
Balance as of Oct. 31, 2006	10,297,533	\$9,408,007	\$(10,123,185)	\$142,500	\$(572,678)

See Accompanying Notes

INTERNATIONAL BIOANALOGICS SYSTEMS INC.

STATEMENTS OF CASH FLOWS (\$CAD)

FOR THE THREE AND SIX MONTHS ENDED OCTOBER 31, 2006 AND 2005

UNAUDITED

	Three Months Ended October 31,		Six Months Ended October 31,	
	2006	2005	2006	2005
CASH FLOWS FROM OPERATING ACTIVITIES				
Net Income (Loss)	-	\$(39,433)	\$ 4,092	\$(78,866)
Adjustment to reconcile net loss to net cash used in operating activities				
Increase in accounts payable and accrued liabilities			3,000	
Increase in Notes Payable		13,933	-	27,866
Forgiveness of Debt	-	-	(29,592)	-
Contributed Services	-	25,500	22,500	51,000
NET CASH USED IN OPERATING ACTIVITIES	\$ -	\$ -	\$ -	\$ -
NET CASH USED IN INVESTING ACTIVITIES	-	-	-	-
CASH PROVIDED BY FINANCING ACTIVITIES	-	-	-	-
NET INCREASE IN CASH	-	-	-	-
CASH, beginning of period	\$ -	\$ -	\$ -	\$ -
CASH, end of period	\$ -	\$ -	\$ -	\$ -
Interest Paid	\$ -	\$ -	\$ -	\$ -

See Accompanying Notes

INTERNATIONAL BIOANALOGICS SYSTEMS INC.

CONDENSED NOTES TO INTERIM FINANCIAL STATEMENTS

OCTOBER 31, 2006

UNAUDITED

1. NOTES TO INTERIM FINANCIAL STATEMENTS

The accompanying unaudited financial statements do not include all the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of all recurring accruals) considered necessary for fair presentation have been included. Operating results for the interim periods are not necessarily indicative of the results that may be expected for the year ending April 30, 2007. Interim financial statements should be read in conjunction with the Company's annual audited financial statements for the year ended April 30, 2006.

2. GOING CONCERN

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles which contemplate continuation of the Company as a going concern. As of October 31, 2006 and as of April 30, 2006 several adverse conditions cast substantial doubt upon the validity of this assumption.

The Company has generated a net income (primarily due to forgiveness of debt) of \$4,092 in the six months ended October 31, 2006, (six months ended October 31, 2005 – loss of \$78,866) and has a working capital deficiency and shareholders deficiency of \$572,678 at October 31, 2006 (April 30, 2006 - \$599,270). If the Company is unable to satisfy its liabilities or negotiate a settlement with creditors, it may be unable to continue in any form. Management is presently attempting to settle all of its debts with creditors, and note holders. Funding may still be required to settle remaining liabilities and notes payable. These matters raise substantial doubt as to the Company's ability to continue as a going concern. See also Note 9 – Subsequent Event.

3. CAPITAL STOCK

The Company is authorized to issue up to 50,000,000 common shares and has currently 10,297,533 shares issued and outstanding.

No issuances of stock were made during the six months ended October 31, 2006, or fiscal 2005. An increase in contributed surplus was reflected as a result of the provision of pro bono legal and management services provided to the Company during the six months ended October 31, 2006 in an estimated amount of \$22,500. (October 31, 2005 - \$51,000)

As of October 31, 2006 and April 30, 2006 there are no options outstanding, nor any warrants outstanding with regards to the capital stock of the Company. See also Note 9 – Subsequent Event for changes in capital stock approved at a special shareholders meeting held November 9, 2006.

4. NOTES PAYABLE

Promissory notes bear interest at 14% per annum, compounded annually as to approximately \$407,000 (April 30, 2006 - \$407,000) and 8% per annum compounded annually as to approximately \$78,000 (April 30, 2006 - \$78,000). These notes are unsecured and have no fixed repayment terms.

Interest expense on these notes was \$ NIL for the six months ended October 31, 2006 (2005 - \$ 28,866). Notes payable include \$213,489 of accrued interest (April 30, 2006 – \$213,489) of which \$ 177,551 is owed to related parties (April 30, 2006 – \$177,551).

Effective April 30, 2006 these notes have ceased to attract interest charges and remain unpaid. See also Notes 5, 7 and 9 below.

5. RELATED PARTY TRANSACTIONS

Notes payable in the amount of \$377,749 are due to directors as at October 31, 2006 (April 30, 2006 - \$377,749). Until April 30, 2006 these notes were bearing interest at 14% per annum compounded annually and had no fixed repayment terms. Included in the notes payable is \$177,551 of accrued interest (April 30, 2006 - \$177,551).

Effective April 30, 2006 these notes have ceased to attract interest charges and remain unpaid. See also Notes 7 and 9 below.

6. SUBSIDIARY

During September, 2006 the Company established a wholly-owned subsidiary - 6605893 Canada Corp. in order to facilitate a restructuring of the Company.

7. CONTINGENCIES

On January 10, 2001, E-celerate Investments Inc. (“E-celerate”), a former affiliate of the Company, issued a promissory note in the amount of \$500,000 and bearing interest at 8% per annum to Greenfleet Ltd., pursuant to an application by the Company to the Canadian Venture Exchange (now the TSX Venture Exchange) to cause E-celerate to be merged with or acquired by the Company. Regulatory approval was never obtained and the Company was subsequently delisted.

The Company, in pursuit of a relisting with the TSX Venture Exchange, has entered into an amalgamation agreement with reWorks Inc., an unrelated privately held company.

It is a condition of the amalgamation agreement for the benefit of and as requested by reWorks Inc. that the Company honour its indirect legal obligation to Greenfleet Ltd.(a private company wholly-owned by Don Green, a director of the Company) pursuant to the promissory note by converting the Greenfleet Ltd. promissory note, subject to all necessary regulatory approvals, into 1,366,684 common shares at a conversion rate of \$0.50 per share, in full satisfaction of the promissory note.

Under the amalgamation agreement it has been proposed to convert the outstanding promissory notes and certain accounts payable into common shares prior to a consolidation of the capital stock and amalgamation with reWorks Inc. All promissory notes totalling \$484,687 would be converted into common shares and \$8,800 of accounts payable would be converted into common shares, at a conversion rate of \$0.25 per share.

8. CHANGE OF JURISDICTION

The Company held a special shareholders meeting during September, 2006. It was resolved at the meeting to change the corporate law jurisdiction of the Company from the state of Oregon to the corporate law jurisdiction of the Canada Business Corporations Act. Considering that all of the Company's business interests and its head office are in Canada, and all of its management members and a majority of its Board of Directors and shareholders are Canadian we believe that continuance to Canada will provide better opportunities for a strategic acquisition of another entity.

9. SUBSEQUENT EVENT

On November 9, 2006 the Company held a special meeting of shareholders and successfully passed the following resolutions:

To acquire the company reWORKS Inc. via amalgamation of all of the common shares, warrants and options of reWORKS Inc. The transaction will be completed in accordance with the TSX Venture Exchange's Policy 5.2 as a reverse takeover ("RTO") of IBO and is subject to regulatory approval and the lifting of the cease trading orders.

To amend the articles of the Company in order to: (i) change the name of the Company to reWorks Environmental Corp.; (ii) allow the Company to issue an unlimited number of common shares; (iii) change the number of directors from a fixed number to a minimum of 3 and a maximum of 10 directors; (iv) consolidate the issued and outstanding shares of the Company such that the issued and outstanding shares of the Company immediately following consolidation will represent 10% of the issued and outstanding shares of the Company immediately following the completion of the RTO; and (v) provide that the Board of Directors may, between annual meetings appoint one or more additional directors to serve until the next annual meeting of the Company, provided that the number of additional directors may not at any time exceed one third of the number of directors who held office at the expiration of the last annual meeting of the Company.

To elect the directors of the Company to take office from the date of the special meeting;

To appoint the auditors for the ensuing year and to authorize the board to fix the auditors remuneration;

To approve a new stock option plan for the Company; and

To confirm a new general bylaw for the Company.

The Company, together with reWORKS Inc. filed a Joint Management Proxy and Information Circular on SEDAR dated as of September 29, 2006 describing, in detail, the essence of the RTO and the resulting shareholdings of the respective parties. The lifting of the cease trade orders and the approval of the RTO is subject to the review and approval of all relevant regulatory bodies.