

**INTERNATIONAL BIOANALOGICS SYSTEMS INC.**  
**(Subsequently renamed "reWORKS Environmental Corp.")**

**CONSOLIDATED FINANCIAL STATEMENTS**

**APRIL 30, 2007 AND 2006**

**(Amounts expressed in Canadian Dollars)**

**INTERNATIONAL BIOANALOGICS SYSTEMS INC.**  
**(Subsequently renamed "reWORKS Environmental Corp.")**

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**CONTENTS**

<b><u>Index</u></b>	<b><u>Page</u></b>
<b>Auditors' Report</b>	<b>1</b>
<b>Consolidated Balance Sheets</b>	<b>2</b>
<b>Consolidated Statements of Operations</b>	<b>3</b>
<b>Consolidated Statements of Changes In Shareholders' Deficiency</b>	<b>4</b>
<b>Consolidated Statements of Cash Flows</b>	<b>5</b>
<b>Notes to the Consolidated Financial Statements</b>	<b>6 - 11</b>



McGovern, Hurley, Cunningham, LLP  
Chartered Accountants

## AUDITORS' REPORT

To the Shareholders of  
International Bioanalogs Systems Inc.  
(Subsequently renamed "reWORKS Environmental Corp.")

We have audited the consolidated balance sheets of International Bioanalogs Systems Inc. (Subsequently renamed "reWORKS Environmental Corp.") as at April 30, 2007 and the consolidated statements of operations, changes in shareholders' deficiency and cash flows for the year ended April 30, 2007. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

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 consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated 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 April 30, 2007 and the results of its operations and its cash flows for the year ended April 30, 2007 in accordance with Canadian generally accepted accounting principles.

The financial statements as at April 30, 2006 and for the year then ended were audited by another firm of Chartered Accountants who expressed an opinion without reservation on those statements in their report dated June 27, 2006.

**McGOVERN, HURLEY, CUNNINGHAM, LLP**

**Chartered Accountants  
Licensed Public Accountants**

TORONTO, Canada  
July 18, 2007

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**INTERNATIONAL BIOANALOGICS SYSTEMS INC.**  
**(Subsequently renamed "reWORKS Environmental Corp.")**

**CONSOLIDATED BALANCE SHEETS (\$CAD)**

**AS AT APRIL 30**

	<b>2007</b>	<b>2006</b>
	<b>\$</b>	<b>\$</b>
<hr/>		
ASSETS		
TOTAL ASSETS	<u>          -</u>	<u>          -</u>
LIABILITIES		
Accounts Payable and Accrued Liabilities (Note 4)	95,491	84,991
Notes Payable (Note 5)	<u>484,687</u>	<u>514,279</u>
TOTAL CURRENT LIABILITIES	<u>580,178</u>	<u>599,270</u>
SHAREHOLDERS' DEFICIENCY		
Common Stock, no par value, Authorized 50,000,000 common shares and 10,000,000 shares of preferred stock; issued and outstanding 10,297,533 common shares as at April 30, 2007 and 2006 (Note 6)	9,408,007	9,408,007
Contributed Surplus (Note 6)	142,500	120,000
Accumulated Deficit	<u>(10,130,685)</u>	<u>(10,127,277)</u>
TOTAL SHAREHOLDERS' DEFICIENCY	<u>(580,178)</u>	<u>(599,270)</u>
CONTINGENCIES (Notes 3 and 9)	<u>          -</u>	<u>          -</u>

Approved by the Board

Signed "DON GREEN", Director

Signed "DAVID WOOLFORD", Director

See accompanying notes to the consolidated financial statements.

**INTERNATIONAL BIOANALOGICS SYSTEMS INC.**  
**(Subsequently renamed "reWORKS Environmental Corp.")**

**CONSOLIDATED STATEMENTS OF OPERATIONS (\$CAD)**

**FOR THE YEARS ENDED APRIL 30**

	<b>2007</b>	<b>2006</b>
	<b>\$</b>	<b>\$</b>
SELLING, GENERAL AND ADMINISTRATIVE	<u>(33,000)</u>	<u>(107,000)</u>
OPERATING LOSS	(33,000)	(107,000)
Interest Expense	<u>-</u>	<u>(55,732)</u>
LOSS BEFORE THE UNDERNOTED	(33,000)	(162,732)
Forgiveness of debt	<u>29,592</u>	<u>-</u>
NET LOSS	<u><u>(3,408)</u></u>	<u><u>(162,732)</u></u>
NET LOSS PER COMMON SHARE, BASIC AND DILUTED	(0.00)	(0.02)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	<u>10,297,533</u>	<u>10,297,533</u>

See accompanying notes to the consolidated financial statements.

**INTERNATIONAL BIOANALOGICS SYSTEMS INC.**  
**(Subsequently renamed "reWORKS Environmental Corp.")**

**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIENCY**  
**(\$CAD)**

**FOR THE YEARS ENDED APRIL 30**

	Common Stock		Accumulated Deficit \$	Contributed Surplus \$	Total Shareholders' Deficit \$
	Number of Shares #	Amount \$			
Balance as of <b>April 30, 2005</b>	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 <b>April 30, 2006</b>	10,297,533	9,408,007	(10,127,277)	120,000	(599,270)
Contributed Services	-	-	-	22,500	22,500
Net Loss for Year ending April 30, 2007	-	-	(3,408)	-	(3,408)
Balance as of <b>April 30, 2007</b>	10,297,533	9,408,008	(10,130,685)	142,500	(580,178)

See accompanying notes to the consolidated financial statements.

**INTERNATIONAL BIOANALOGICS SYSTEMS INC.**  
**(Subsequently renamed "reWORKS Environmental Corp.")**

**CONSOLIDATED STATEMENTS OF CASH FLOWS (\$CAD)**

**FOR THE YEARS ENDED APRIL 30**

	<b>2007</b>	<b>2006</b>
	<b>\$</b>	<b>\$</b>
<hr/>		
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Loss	(3,408)	(162,732)
Adjustment to reconcile net loss to net cash used in operating activities		
Increase in accounts payable and accrued liabilities	10,500	17,000
Increase in notes payable	-	55,732
Forgiveness of debt	(29,592)	-
Contributed services	<u>22,500</u>	<u>90,000</u>
NET CASH USED IN OPERATING ACTIVITIES	-	-
CASH, beginning of year	<u>-</u>	<u>-</u>
CASH, end of year	<u><u>-</u></u>	<u><u>-</u></u>
Interest paid	<u><u>-</u></u>	<u><u>-</u></u>

See accompanying notes to the consolidated financial statements.

**INTERNATIONAL BIOANALOGICS SYSTEMS INC.**  
**(Subsequently renamed "reWORKS Environmental Corp.")**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**(Amounts expressed in Canadian Dollars)**

**APRIL 30, 2007 AND 2006**

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**1. NATURE OF OPERATIONS**

International BioAnalogs Systems Inc., (subsequently renamed reWORKS Environmental Corp.) (the "Company") was incorporated in the state of Oregon, United States. The Company was continued under the Canada Business Corporations Act ("CBCA") on September 29, 2006, upon the filing that date of Articles of Conversion with the Office of the Secretary of State (Corporate Division) of the State of Oregon and the concomitant filing of Articles of Continuance with Corporations Canada.

During May 2007 the Company effected a reorganization accounted for as a reverse takeover ("RTO"), and changed its name to reWORKS Environmental Corp. The reorganized company continues as reWORKS Environmental Corp. and trades under the symbol "REW" on the TSX Venture Exchange. Refer to Subsequent Events Note below for more details on the reorganization.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

(a) Principles of Consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, 6605893 Canada Corp., which was incorporated in Canada under the CBCA.

(b) Basis of Presentation

These consolidated financial statements are prepared in accordance with accounting principles generally accepted in Canada ("Canadian GAAP").

(c) Fair Value of Financial Instruments

The carrying amount of the Company's accounts payable and accrued liabilities approximate their fair values due to the short maturity or demand nature of these instruments. The notes payable were settled subsequent to April 30, 2007 for common shares with an estimated fair value of approximately \$140,000.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**APRIL 30, 2007 AND 2006**

---

(d) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in Canada requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. These estimates are periodically reviewed and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

(e) Net loss per common share

Basic income (loss) per share is calculated using the weighted average number of shares outstanding. Diluted income (loss) per share is calculated using the treasury stock method. In order to determine diluted income (loss) per share, the treasury stock method assumes that any proceeds from the exercise of dilutive stock options and warrants would be used to repurchase common shares at the average market price during the period, with the incremental number of shares being included in the denominator of the diluted income (loss) per share calculation. The diluted income (loss) per share calculation excludes any potential conversion of options and warrants that would increase income per share or decrease loss per share.

(f) Income Taxes

Future income taxes are recognized for the tax consequences in future years of temporary differences between the tax bases of assets and liabilities and their financial reporting amounts at each year end, based on enacted tax laws and statutory tax rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established, when necessary, to reduce future tax assets to the amount expected to be realized. Income tax expense is the tax payable for the period and the change during the period in net deferred tax assets and liabilities.

(g) Foreign currency translation

Accounts in foreign currencies have been translated into Canadian dollars using the "temporal" method. Under this method, monetary assets and liabilities have been translated at the year-end exchange rate, non-monetary balances at historical exchange rates and revenue and expenses have been translated at the average rate of exchange during the year. Realized and unrealized foreign exchange gains and losses are included in operations.

**INTERNATIONAL BIOANALOGICS SYSTEMS INC.**  
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**APRIL 30, 2007 AND 2006**

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**3. GOING CONCERN**

The accompanying consolidated financial statements have been prepared in conformity with Canadian GAAP which contemplate continuation of the Company as a going concern.

The Company has generated a net loss of \$3,408 in fiscal 2007 (2006 - \$162,732). The Company has a working capital deficiency and shareholders deficiency of \$580,178 at April 30, 2007 (2006 - \$599,270).

The Company was able to settle its liabilities and contingencies (See Note 10 below) during May 2007 pursuant to the amalgamation agreement entered into between the Company and reWORKS Inc. and approved by its shareholders. reWORKS Inc., the RTO target company, also raised approximately \$3.6 million.

**4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	2007	2006
	\$	\$
Accounts payable	77,991	77,991
Accrued liabilities	17,500	7,000
	<u>95,491</u>	<u>84,991</u>

Accounts payable totalling \$8,800 were satisfied subsequent to year end via the issuance of 35,200 common shares at \$0.25 per share.

**5. NOTES PAYABLE**

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

Interest expense on these notes was \$NIL for the year ended April 30, 2007 (2006 - \$55,732). Notes payable include \$213,489 of accrued interest (2006 - \$213,489) of which \$187,374 is owed to related parties (2006 - \$187,374).

Effective April 30, 2006 these notes have ceased to attract interest charges and remain unpaid as at April 30, 2007. These notes were substantially satisfied on May 10, 2007 via the issuance of 1,938,748 common shares. See also Subsequent Events Note 10.

**INTERNATIONAL BIOANALOGICS SYSTEMS INC.**  
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**APRIL 30, 2007 AND 2006**

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**6. CAPITAL STOCK**

The Company is authorized to issue up to 50,000,000 common shares and up to 10,000,000 shares of preferred stock. Currently there are 10,297,533 common shares issued and outstanding. The Company has not issued any preferred stock.

No issuances of stock were made during fiscal 2007 or fiscal 2006. 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 2007 with an estimated fair value of \$22,500 (2006 - \$90,000). These services were provided by directors of the Company.

As of April 30, 2007 and 2006 there are no options outstanding nor any warrants outstanding with regards to the capital stock of the Company. See Subsequent Events Note below.

**7. RELATED PARTY TRANSACTIONS**

Notes payable in the amount of \$399,572 are due to directors and one former director as at April 30, 2007 and 2006. These notes bear interest at 14% per annum, compounded annually, and have no fixed repayment terms. Included in these notes payable is \$187,374 of accrued interest (2006 - \$187,374). During May 2007, these notes were substantially repaid via conversion into common shares. See Subsequent Events Note 10.

**8. INCOME TAXES**

	2007	2006
	\$	\$
Net operating tax loss carryforward	-	1,289,000
Alternative minimum tax credits	-	9,000
Total deferred tax credits	-	1,298,000
Less valuation allowance	-	(1,298,000)
Net	-	-

As a consequence of continuance of the Company out of Oregon, U.S. and into Canada in September 2006, all tax losses have expired.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**APRIL 30, 2007 AND 2006**

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## **9. 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, entered into an amalgamation agreement with reWORKS Inc. and 6605893 Canada Corp, a wholly-owned subsidiary established by the Company solely for the purpose of seeking a relisting and continuing with commercial activities.

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. pursuant to the promissory note by issuing to Greenfleet Ltd., subject to all necessary regulatory approvals, 1,366,684 common shares in full satisfaction of the promissory note. These common shares were issued during May 2007. See Subsequent Events note 10.

## **10. SUBSEQUENT EVENTS**

### **Issuance of Shares**

On May 10, 2007 the Company issued 3,340,632 pre consolidation common shares in settlement of: (i) Notes Payable in the amount of \$484,687; (ii) accounts payable in the amount of \$8,800 and (iii) its contingent obligation to Greenfleet Ltd. in the amount of \$683,341.

### **Name Change**

On May 11, 2007 the Company changed its name from International Bioanalogics Systems Inc. to reWORKS Environmental Corp.

### **Share consolidation and authorization**

On May 11, 2007 the Company consolidated its issued and outstanding common shares on the basis of one post-consolidation common share for each 2.9543557 common shares issued and outstanding prior to the consolidation. The Company became authorized to issue an unlimited amount of common shares. The Company's class of preference shares was deleted.

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**APRIL 30, 2007 AND 2006**

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**10. SUBSEQUENT EVENTS (continued)**

**Amalgamation**

On May 14, 2007 reWORKS Inc. and the Company's wholly owned subsidiary 6605893 Canada Corp. amalgamated under the CBCA to become reWORKS Inc. The amalgamated company became a wholly owned subsidiary of the Company.

Each issued and outstanding common share of reWORKS Inc. was exchanged for one post-consolidation common share of the Company.

Each outstanding warrant to purchase a common share of reWORKS Inc. was exchanged for a warrant to purchase a post-consolidation common share of the Company.

Each outstanding option to purchase a common share of reWORKS Inc. was exchanged for an option to purchase a post-consolidation common share of the Company.

**Trading in Common Shares**

Following completion of the amalgamation the common shares of the Company were listed for trading on the TSX Venture Exchange.

**Change in year end**

The Company changed its year end to December 31 of each year subsequent to the amalgamation.

**Issuance of Stock Options**

On June 25, 2007 the Company issued 3,900,000 options to purchase post consolidation common shares to officers, directors and consultants, subject to regulatory approvals. The options have an exercise price of \$0.217 and a life of five years.