

**REWORKS INC.** (Formerly, “Riverdale Amendments Inc.”)  
(A Development Stage Company)  
Interim Financial Statements  
March 31, 2007 and 2006

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(Unaudited – Prepared by Management)

**REWORKS INC. (Formerly, “Riverdale Amendments Inc.”)**

(A Development Stage Company)

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**NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS**  
MARCH 31, 2007

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Under National Instrument 51-102, Part 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

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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**BALANCE SHEETS**

AS AT MARCH 31, 2007 AND DECEMBER 31, 2006

	March 31 2007 \$	December 31, 2006 \$
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	68,161	79,879
Amounts receivable	50,865	49,700
Inventory	2,759	-
Prepaid expenses and deposits	38,296	38,296
	<u>160,081</u>	<u>167,875</u>
<b>EQUIPMENT</b> (Note 2)	1,634,451	1,710,000
<b>INTANGIBLE ASSETS</b> (Note 3)	1,500,414	1,507,985
	<u>3,294,946</u>	<u>3,385,860</u>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Amounts payable and accrued liabilities (Note 9)	1,179,333	1,122,414
Related party advances (Note 4)	212,662	158,992
Current portion of loan payable (Note 5)	203,500	434,075
Current portion of capital lease payable (Note 6)	3,080	3,080
	<u>1,598,575</u>	<u>1,718,561</u>
<b>LOAN PAYABLE</b> (Note 5)	366,408	133,333
<b>CAPITAL LEASE PAYABLE</b> (Note 6)	5,970	6,641
<b>LEASEHOLD INDUCEMENT</b>	55,395	47,385
	<u>2,026,348</u>	<u>1,905,920</u>
<b>SHAREHOLDERS' EQUITY</b>		
<b>CAPITAL STOCK</b> (Note 7)	5,047,517	4,771,517
<b>CONTRIBUTED SURPLUS</b>	9,600	9,600
<b>(DEFICIT)</b>	<u>(3,788,519)</u>	<u>(3,301,177)</u>
	<u>1,268,598</u>	<u>1,479,940</u>
On behalf of the Board:	<u>3,294,946</u>	<u>3,385,860</u>
 Gary Gould, Director		
 David Prue, Director		

See accompanying notes to the unaudited interim financial statements

**STATEMENTS OF OPERATIONS AND DEFICIT**  
FOR THE PERIODS ENDED MARCH 31, 2007 AND 2006

	3 Months ended March 31, 2007 \$	3 Months ended March 31, 2006 \$
<b>SALES</b>	2,275	-
<b>COST OF GOODS SOLD</b>	<u>864</u>	<u>-</u>
	1,411	-
<b>EXPENSES</b>		
General and administrative	146,238	247,613
Sales and marketing	17,099	32,837
Research and development	35,378	43,500
Production facility development	<u>161,142</u>	<u>72,504</u>
<b>(LOSS) before other expenses</b>	(358,446)	(396,454)
<b>OTHER EXPENSES</b>		
Amortization equipment	83,834	2,436
Amortization intangibles	21,252	21,197
Interest	<u>23,810</u>	<u>21,784</u>
<b>NET (LOSS) FOR THE PERIOD</b>	(487,342)	(441,871)
<b>DEFICIT, beginning of period</b>	(3,301,177)	(1,647,180)
<b>DEFICIT, end of period</b>	<u><u>(3,788,519)</u></u>	<u><u>(2,089,051)</u></u>

See accompanying notes to the unaudited interim financial statements

**STATEMENTS OF EXPENSES**

FOR THE PERIODS ENDED MARCH 31, 2007 AND 2006

	3 Months ended March 31, 2007 \$	3 Months ended March 31, 2006 \$
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>		
Salaries and benefits	99,962	78,329
Occupancy costs	14,207	14,147
Accounting and legal	7,476	116,206
Office and general	10,113	16,603
Consulting	1,750	25,631
Vehicle and travel	12,730	7,520
Loss (gain) on foreign exchange	-	(10,823)
<b>TOTAL GENERAL AND ADMINISTRATIVE EXPENSES</b>	<b>146,238</b>	<b>247,613</b>
<b>SALES AND MARKETING</b>		
Consulting	17,099	29,580
Promotion and General	-	3,257
<b>TOTAL SALES AND MARKETING</b>	<b>17,099</b>	<b>32,837</b>
<b>RESEARCH AND DEVELOPMENT</b>		
Salaries and benefits	3,799	14,971
Consulting	31,529	28,037
Resources	50	492
<b>TOTAL RESEARCH AND DEVELOPMENT</b>	<b>35,378</b>	<b>43,500</b>
<b>PRODUCTION FACILITY DEVELOPMENT</b>		
Occupancy costs	106,181	71,391
Salaries and benefits	53,431	-
General	1,530	1,113
<b>TOTAL PRODUCTION FACILITY DEVELOPMENT</b>	<b>161,142</b>	<b>72,504</b>

See accompanying notes to the unaudited interim financial statements

**STATEMENTS OF CASH FLOWS**

FOR THE PERIODS ENDED MARCH 31, 2007 AND 2006

	3 Months ended March 31, 2007 \$	3 Months ended March 31, 2006 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net loss for the period	(487,342)	(441,871)
Changes to income not involving cash		
Amortization	105,086	23,633
Shares issued for services	-	72,449
Leasehold inducement	8,010	-
Accrued interest on debt	16,756	16,390
Loss (gain) on foreign exchange	-	(10,823)
	<u>(357,490)</u>	<u>(340,222)</u>
Changes in non-cash working capital balances		
(Increase) decrease in amounts receivable	(1,165)	32,301
(Increase) decrease in inventory	(2,758)	-
Increase (decrease) in amounts payable	<u>60,042</u>	<u>7,247</u>
Cash flows from operating activities	<u>(301,371)</u>	<u>(300,674)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Loans payable (net)	(12,500)	187,500
Shareholders' loans payable	53,525	161,088
Private placements	276,000	30,000
Cash flow from financing activities	<u>317,025</u>	<u>378,588</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions to equipment	(27,372)	(199,331)
Additions to intangible assets	-	(1,957)
Cash flows from investing activities	<u>(27,372)</u>	<u>(201,288)</u>
(Decrease) increase in cash	(11,718)	(123,374)
Cash, Beginning of period	<u>79,879</u>	<u>138,418</u>
Cash, End of period	<u><u>68,161</u></u>	<u><u>15,044</u></u>
<b>SUPPLEMENTAL INFORMATION</b>		
Interest paid	7,054	5,394
Income taxes paid	-	-
Issuance of shares for share issue costs	-	20,000
Issuance of shares for acquisition of equipment	-	25,274

See accompanying notes to the unaudited interim financial statements

**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS**  
MARCH 31, 2007

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**1. NATURE OF OPERATIONS AND BASIS OF PRESENTATION**

Reworks Inc. (the "Company") is a development stage enterprise, involved in the research and development of worm castings.

The accompanying unaudited interim financial statements are prepared in accordance with Canadian generally accepted accounting principles ("GAAP") for the preparation of interim financial information and follow the same accounting policies and methods of application as the audited financial statements of the Company for the period ended December 31, 2006. They do not include all of the information and disclosures required by Canadian GAAP for annual financial statements. In the opinion of management, all adjustments considered necessary for fair presentation have been included in these financial statements. Operating results for the period ended March 31, 2007 are not necessarily indicative of the results that may be expected for the full year ended December 31, 2007. For further information, see the Company's audited financial statements including the notes thereto for the year ended December 31, 2006. The Company is dependent upon obtaining additional financing sufficient for continued operations as well as the achievement and maintenance of a level of profitable operations. These financial statements have been prepared on the basis that the Company will receive additional financing and will be able to achieve profitable operations. However, there is no assurance that these conditions will be achieved.

**2. EQUIPMENT**

	<b>Cost</b>	<b>Accumulated</b>	<b>31-Mar-07</b>
	<b>\$</b>	<b>Amortization</b>	<b>Net</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Computer equipment	11,338	5,281	6,057
Computer software	16,104	10,200	5,904
Office equipment and furnishings	23,685	13,733	9,952
Machinery and equipment	1,635,716	89,517	1,546,199
Warehouse equipment	13,368	3,340	10,028
Warehouse equipment - under capital lease	10,416	1,510	8,906
Reusable packaging	1,566	409	1,157
Leasehold improvements	4,925	1,724	3,201
Worms	43,047	-	43,047
	<b><u>1,760,165</u></b>	<b><u>125,714</u></b>	<b><u>1,634,451</u></b>

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS**  
MARCH 31, 2007

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**3. INTANGIBLE ASSETS**

	<b>Cost</b> \$	<b>Accumulated Amortization</b> \$	<b>31-Mar-07 Net</b> \$
	<u>          </u>	<u>          </u>	<u>          </u>
Licence	1,275,113	196,631	1,078,482
Deferred corporate transaction costs	421,932	-	421,932
	<u><b>1,697,045</b></u>	<u><b>196,631</b></u>	<u><b>1,500,414</b></u>

The licence agreement is an exclusive agreement between Worm World Inc. and Harry Windle (the “Licensor”) and the Company for a period of 20 years for the use of the worm gin rights in Canada, the United States and Europe. Under the terms of the agreement the licence will automatically convert to a patent which will be entirely owned by the Company upon the Company becoming publicly listed and the full repayment of the licence fee payable (Note 5).

Deferred corporate transaction costs are capitalized until such time as the transition to the TSX Venture exchange occurs.

**4. RELATED PARTY TRANSACTIONS**

Advances from related parties are due on demand. The advances are due from one director and three shareholders of the Company and have interest from 0 to 36 percent.

The above transactions charged were in the normal course of operations and are measured at the exchange amount, which is the amount established and agreed to by the related parties.

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS**  
MARCH 31, 2007

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**5. LOAN PAYABLE**

	<b>31-Mar-07</b>
	<b>\$</b>
Licence fee payable repayable at a rate of US\$2 per ton of waste processed, due May 2008, unsecured	245,575
Bank loan payable repayable in fixed monthly principal payments of \$4,166.67, plus interest at prime plus 3%, due November 17, 2009, partially guaranteed by the Government of Canada and partially guaranteed by a shareholder of the Company, secured by certain property, plant and equipment	170,833
Short term convertible debenture (i) accrues interest at a rate of 36% (3% per month) due on demand, secured by a general security agreement covering all of the assets of the Company	<u>153,500</u>
	<u>569,908</u>
Less: Current portion	
Bank loan payable	50,000
Convertible debenture	<u>153,500</u>
	<u>203,500</u>
	<u><u>366,408</u></u>

- (i) The Company has determined the value of the equity conversion feature by calculating the present value of the required interest and principal payments discounted at a rate approximating the interest rate that would have been applicable to non-convertible debt at the time the debenture was issued and is being accreted to the principal amount as additional interest over the term of the debenture. Accordingly, \$196,723 was allocated to debt and the residual of \$3,333 was allocated to the conversion feature and on September 29, 2006 \$85,000 of the debenture was converted in to 500,000 common shares.

**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS**  
 MARCH 31, 2007

**6. CAPITAL LEASE PAYABLE**

	<b>31-Mar-07</b>
	<b>\$</b>
Payable in fixed monthly payments of \$348.02 including interest at 15.72% due October 2009. Leasecor holds security on the equipment until paid in full.	9,050
Less: Current portion	3,080
	5,970
<b>Payment commitment:</b>	
	<b>\$</b>
Remaining 2007	3,132
2008	4,176
2009	3,480

**7. CAPITAL STOCK**

**a. Authorized:**  
 Unlimited number of common shares

**b. Issued:**

Common Shares	<b>39,954,796</b>
Capital Stock Value	<b>\$5,047,517</b>

Transactions are as follows:	Shares	Amount
	\$	\$
<b>Balance December 31, 2006</b>	<b>38,574,796</b>	<b>\$ 4,771,517</b>
Private Placements (i)	1,380,000	276,000
<b>Total Balance March 31, 2007</b>	<b>39,954,796</b>	<b>5,047,517</b>

(i) In January, February and March 2007, the Company, as part of a private placement, issued 1,380,000 units at \$0.20 per unit for gross proceeds of \$276,000. Each unit consists of one common share and one common share purchase warrant. Each unit entitles the holder to acquire one common share of the Company for \$0.30 per share until June 30, 2007. No value has been allocated to these warrants.

**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS**  
 MARCH 31, 2007

**7. CAPITAL STOCK** (Continued)

**c. Warrants:**

Exercise Price	Shares	Value	Expiry Date
\$	#	\$	
0.25	150,000	-	June 30, 2007
0.30	5,984,172	-	June 30, 2007
0.30	2,670,001	-	December 31, 2007
0.20	1,000,000	-	December 31, 2007
0.30	1,166,667	-	June 1, 2007
0.50	333,331	-	December 1, 2007
0.30	500,000	-	December 31, 2007
	<u>11,804,171</u>	<u>-</u>	

**Transactions are as follows:**

	Warrants	Weighted
	#	Average Price
		\$
Balance December 31, 2006	<u>10,757,505</u>	<u>0.30</u>
Expired January 1, 2007	(333,334)	0.50
Granted, private placements	<u>1,380,000</u>	<u>0.30</u>
Balance, March 31, 2006	<u>11,804,171</u>	<u>0.30</u>

**d. Stock Option Plan**

The board of directors and shareholders have approved a stock option plan for directors, officers, employees and other persons who perform ongoing services for the Company. The purpose of the plan is to attract, retain and motivate these parties by providing them with the opportunity, through share options, to acquire a proprietary interest in the Company. The maximum number of common shares reserved for issuance upon the exercise of options is not to exceed 20% of the total number of common shares outstanding immediately prior to such an issuance.

As of March 31, 2007 the following option have been issued:

Number of Options	Vesting Date	Exercise Price	Expiry Date
240,000	July 4, 2006	\$ 0.20	July 24, 2006
240,000	January 1, 2007	\$ 0.30	July 24, 2006
240,000	July 1, 2007	\$ 0.50	July 24, 2006
<u>720,000</u>			

**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS**  
MARCH 31, 2007

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**8. FINANCIAL INSTRUMENTS**

**Fair Value**

Canadian generally accepted accounting principles require that the Company disclose information about the fair value of its assets and liabilities. Fair value estimates are made at the balance sheet date, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

The carrying amounts for amounts receivable, advances from related parties, amounts payable and accrued liabilities and loan payable on the balance sheet approximate fair value because of the limited term of these instruments.

**Foreign Exchange Risk**

The licence fee as described in Note 5 is repayable in United States currency and is therefore subject to gains or losses due to fluctuations in that currency's value relative to Canadian currency.

**Interest Rate risk**

The Company has interest-bearings borrowing for which general rate fluctuations apply.

**9. OTHER PAYABLE**

One shareholder of the Company exercised his right, in accordance with Section 190 of the Canada Business Corporations Act, to dissent to the reverse takeover transaction (Note 10). Due to the dissention, the Company is required to buy back the shares of the Company held by this shareholder at their fair value. Management has estimated that, based on recent private placements, the fair value of each common share is approximately \$0.20. The dissenting shareholder was the owner of 1,000,000 common shares of the Company. This matter remains pending resolution at March 31, 2007; however, the Company has taken possession of these common shares and has accrued for this matter as stated below:

- Increase in accounts payable and accrued liabilities of \$200,000 (1,000,000 common shares with an estimated fair value of \$0.20 per common share).
  - Decrease in capital stock of \$130,000 (1,000,000 common shares at the average price per common share of \$0.13 on date of dissention).
  - Decrease in contributed surplus of \$1,666
  - Increase in deficit of \$68,334
  - 1,000,000 common shares returned to treasury
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**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS**  
MARCH 31, 2007

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**10. SUBSEQUENT EVENTS**

- (a) On May 14, 2007 the Company was amalgamated with 6605893 Canada Corp., a wholly owned subsidiary of INTERNATIONAL BIOANALOGICS SYSTEMS, INC. ("IBO"). Each share of the Company was exchanged for one share of IBO. This transaction is a capital transaction that will be accounted for as a reverse takeover that does not meet the criteria for a business combination.
  
  - (b) Subsequent to the period end, the Company, as part of a private placement, issued 16,938,000 units at \$0.217 per unit for gross proceeds of \$3,675,546. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to acquire one common share of the Company for \$0.40 on or before May 2, 2009. The agent for this private placement received 1,691,300 warrants exercisable on or before May 2, 2009. Each warrant is exercisable at \$0.217 for one unit consisting of one common share and one common share purchase warrant of the company. The warrant included as part of each unit is exercisable at \$0.40 on or before May 2, 2009.
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