

iLOOKABOUT Corp.
Consolidated Financial Statements

Six Months Ended June 30, 2010 and 2009



iLOOKABOUT Corp.
Consolidated Balance Sheets

As at	June 30, 2010 (Unaudited)	December 31, 2009 (Audited)
Assets		
Current Assets:		
Cash and cash equivalents	\$ 1,777,435	2,410,006
Trade and other receivables	203,654	107,775
Prepaid expenses and other current assets	236,400	150,021
	2,217,489	2,667,802
Equipment	553,735	456,161
Intangible assets	72,937	80,471
Total Assets	\$ 2,844,161	3,204,434
Liabilities and Shareholders' Equity		
Current Liabilities:		
Accounts payable and accrued liabilities	\$ 412,011	317,808
Deferred revenue	418,448	413,352
	830,459	731,160
Deferred revenue	24,632	40,498
Shareholders' Equity:		
Share capital (note 4)	8,418,442	7,936,201
Warrant capital (note 4)	2,169,900	1,560,329
Contributed surplus (note 4)	1,393,970	1,209,136
Deficit	(9,993,242)	(8,272,890)
	1,989,070	2,432,776
Total Liabilities and Shareholders' Equity	\$ 2,844,161	3,204,434

See accompanying notes to the consolidated financial statements.

Approved by the Board of Directors:

"Ronald Breen"
 Ronald Breen, FCA
 Director

"Jeff Young"
 Jeff Young
 Director

iLOOKABOUT Corp.
Consolidated Statements of Operations and Comprehensive Loss
(Unaudited)

	Three months ended		Six months ended	
	June 30, 2010	June 30, 2009	June 30, 2010	June 30, 2009
Revenue	\$ 699,684	\$ 551,339	\$ 1,403,198	\$ 982,401
Operating expenses				
Operations, technology and research	581,409	346,869	907,913	637,572
Selling, general and administration	689,655	643,838	1,208,201	1,185,386
Amortization of equipment	58,982	84,681	106,451	154,227
Amortization of intangible assets	3,766	6,036	7,534	10,363
Stock-based compensation (note 5)	125,161	32,407	184,834	60,548
	1,458,973	1,113,831	2,414,933	2,048,096
Loss from operations before the undernoted	(759,289)	(562,492)	(1,011,735)	(1,065,695)
Interest and other income (expense), net	(11,583)	(5,071)	(2,304)	(1,688)
Foreign exchange gain (loss)	12,191	(5,526)	(10,158)	(20,200)
Loss and comprehensive loss for the period	\$ (758,681)	\$ (573,089)	\$ (1,024,197)	\$ (1,087,583)
Weighted average number of shares outstanding				
Basic	39,966,042	34,401,159	39,966,042	34,392,825
Diluted	40,549,678	34,600,339	40,381,761	34,551,191
Loss per share				
Basic and diluted	\$ (0.02)	\$ (0.02)	\$ (0.03)	\$ (0.03)

See accompanying notes to the consolidated financial statements.

Consolidated Statements of Deficit
(Unaudited)

	Three months ended		Six months ended	
	June 30, 2010	June 30, 2009	June 30, 2010	June 30, 2009
Deficit - beginning of period	\$ (9,234,561)	\$ (6,898,070)	\$ (8,272,890)	\$ (6,383,576)
Loss for the period	(758,681)	(573,089)	(1,024,197)	(1,087,583)
Warrant modification (note 4)	-	-	(696,155)	-
Deficit - end of period	\$ (9,993,242)	\$ (7,471,159)	\$ (9,993,242)	\$ (7,471,159)

See accompanying notes to the consolidated financial statements.

iLOOKABOUT Corp.
Consolidated Statements of Cash Flows
(Unaudited)

	Three months ended		Six months ended	
	June 30, 2010	June 30, 2009	June 30, 2010	June 30, 2009
Cash provided by (used in):				
Operating activities				
Loss for the period	\$ (758,681)	\$ (573,089)	\$ (1,024,197)	\$ (1,087,583)
Adjustments for non-cash items:				
Loss on disposal of equipment	-	1,467	-	1,467
Amortization of equipment	58,982	84,681	106,451	154,227
Amortization of intangible assets	3,766	6,036	7,534	10,363
Stock-based compensation	125,161	32,407	184,834	60,548
	(570,772)	(448,498)	(725,378)	(860,978)
Changes in non-cash working capital:				
Trade and other receivables	(65,877)	177,526	(95,879)	58,649
Prepaid expenses and other current assets	20,540	(20,124)	(86,379)	(25,343)
Accounts payable and accrued liabilities	17,399	88,542	94,203	73,280
Deferred revenue	55,720	107,008	(10,770)	173,582
	27,782	352,952	(98,825)	280,168
Cash flow used in operating activities	(542,990)	(95,546)	(824,203)	(580,810)
Financing activities				
Proceeds from warrants exercised	395,657	-	395,657	-
Proceeds from options exercised	-	6,250	-	6,250
Cash flow from financing activities	395,657	6,250	395,657	6,250
Investing activities				
Purchase of equipment	(111,153)	(114,174)	(204,025)	(137,060)
Proceeds on disposal of equipment	-	100	-	100
Purchase of intangible assets	-	-	-	(1,127)
Cash flow used in investing activities	(111,153)	(114,074)	(204,025)	(138,087)
Decrease in cash and cash equivalents during the period	(258,486)	(203,370)	(632,571)	(712,647)
Cash and cash equivalents - beginning of period	2,035,921	1,072,661	2,410,006	1,581,938
Cash and cash equivalents - end of period	\$ 1,777,435	\$ 869,291	\$ 1,777,435	\$ 869,291
Represented by:				
Cash	\$ 877,435	\$ 369,301	\$ 877,435	\$ 369,301
Cash equivalents	900,000	499,990	900,000	499,990
	\$ 1,777,435	\$ 869,291	\$ 1,777,435	\$ 869,291
Supplemental Disclosure				
Cash received (paid) for interest	\$ -	\$ 1,503	\$ -	\$ 1,565
Cash received (paid) for income taxes	-	-	-	-

See accompanying notes to the consolidated financial statements.

iLOOKABOUT Corp.
Notes to Consolidated Financial Statements
For the six months ended June 30, 2010 and 2009
(Unaudited)

1. Nature of Business

iLOOKABOUT Corp. (the “Company”) is engaged in the visual knowledge business collecting, processing and geo-coding street-level image data, providing virtual tour services, image management software, custom application programming and professional services.

The Company is incorporated under the laws of the Province of Ontario.

2. Going Concern

Financial statements are required to be prepared on a going concern basis unless management either intends to liquidate the Company or cease trading or has no realistic alternative but to do so within the foreseeable future. The going concern basis of presentation assumes that the Company will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of operations.

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern. The Company is subject to risks common to early stage, technology based companies including limited operating history, dependence on key personnel, the potential need to raise additional capital to support the Company’s development and operations to meet the Company’s liabilities and commitments as they become due. Specifically, the Company has a history of operating losses with an accumulated deficit of \$9,993,242 (December 31, 2009 - \$8,272,890), shareholders’ equity of \$1,989,070 (December 31, 2009 - \$2,432,776) and working capital of \$1,387,030 (December 31, 2009 - \$1,936,642). The Company has not generated sufficient revenues to date which would provide net cash inflows to fund operations. Failure to generate sufficient cash inflows through future sales growth, financing or a combination of these actions, could result in the inability of the Company to continue as a going concern in the future.

The Company’s consolidated financial statements do not include adjustments, which could be material, and disclosures that would be required if the going concern assumption was not appropriate.

3. Basis of Presentation

These unaudited interim consolidated financial statements include the accounts of iLOOKABOUT Corp. and its wholly-owned subsidiaries iLOOKABOUT Inc., iLOOKABOUT Global Inc., and iLOOKABOUT (US) Inc. All material intercompany balances and transactions have been eliminated on consolidation.

These unaudited interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles (“GAAP”) for interim financial statements, and follow the same policies and methods of their application as the most recent annual financial statements. These unaudited interim consolidated financial statements do not conform in all respects with disclosures for annual financial statements and should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2009.

iLOOKABOUT Corp.
Notes to Consolidated Financial Statements
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(Unaudited)

4. Share capital, warrant capital and contributed surplus

(i) Warrant Modification

On March 12, 2010 the Board of Directors passed a resolution to extend the term of the Company's 6,567,500 Series E common share purchase warrants (the "Class E Warrants") that were issued as part of a private placement which closed on February 22, 2008.

Each full Class E Warrant entitles its holder to purchase one common share of the Company at an exercise price of \$1.00 per share. The Class E Warrants were scheduled to expire on April 1, 2010. The term of the Class E Warrants was extended to the earlier of (i) April 1, 2011, or (ii) on the 30th calendar day following the Company's common shares attaining a closing price of \$1.20 or greater for ten consecutive trading days on the TSX Venture Exchange.

The Company has recorded the incremental difference in the fair value of these warrants immediately prior to and after the modification. The fair value of the warrants was determined using a Black-Scholes option pricing model applying the following assumptions prior to and as at the date of extension:

	Pre extension	Post extension
Risk free interest rate	1.50%	1.50%
Expected dividend yield	0%	0%
Expected share volatility	102%	104%
Expected life	21 days	386 days

The resulting incremental fair value of \$696,155 associated with the common share purchase warrants held by shareholders was recorded as a charge to deficit, with a corresponding increase to warrant capital.

ii) Exercise of Warrants

In June 2010, 719,375 of the warrants issued as part of the July 3, 2009 private placement, with an exercise price of \$0.55 per warrant, were exercised for aggregate consideration of \$395,657.

The details of changes in share capital, warrant capital and contributed surplus are summarized in the following tables:

Share capital

	Number of shares	Amount
Balance, December 31, 2009	39,966,042	\$ 7,936,201
Warrants exercised	719,375	482,241
Balance, June 30, 2010	40,685,417	\$ 8,418,442

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Note 4 (continued)

Warrant capital

	Number of warrants		Amount
Balance, December 31, 2009	10,271,015	\$	1,560,329
Warrant modification	-		696,155
Warrants exercised	(719,375)		(86,584)
Balance, June 30, 2010	9,551,640	\$	2,169,900

Contributed surplus

Balance, December 31, 2009	\$	1,209,136
Stock-based compensation		184,834
Balance, June 30, 2010	\$	1,393,970

Subsequent to the period, 2,029,000 warrants previously issued for the purchase of 2,029,000 common shares, at a price of \$0.55 per share, expired unexercised.

5. Stock-based compensation

The Company has established a Stock Option Plan ("Plan") whereby the Company may grant options to purchase common shares of the Company to its directors, officers, employees and consultants.

Under the Plan, the number of authorized common shares that may be issued upon the exercise of options granted under the Plan at any time plus the number of common shares reserved for issuance under outstanding incentive stock options otherwise granted by the Company may not exceed 10% of the issued and outstanding common shares on a non-diluted basis at any time, and such aggregate number of common shares shall automatically increase or decrease as the number of issued and outstanding common shares changes.

The Board of Directors has authority to determine which eligible persons will be issued options, the number of options to be granted to each, the time when options shall be granted, when such options will vest, when such options will expire, and at what price the options may be exercised.

The following table presents changes in the Company's options:

	Number of Options	Weighted Average Exercise Price	Weighted Average Share Price	Weighted Average Years to Expiry
Outstanding December 31, 2009	1,768,300	\$ 0.42	\$ 0.44	3.4
Granted	415,000	\$ 0.37	\$ 0.49	
Outstanding March 31, 2010	2,183,300	\$ 0.41	\$ 0.45	3.5
Granted	200,000	\$ 0.60	\$ 0.60	
Outstanding June 30, 2010	2,383,300	\$ 0.43	\$ 0.46	3.4

Of the 2,383,300 unexercised options as at June 30, 2010; 1,884,550 had vested, with exercise prices ranging from \$0.125 to \$0.60 per share.

The fair value of options granted is determined at the date of grant using the Black-Scholes option pricing model with the following assumptions:

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Note 5 (continued)

	2010
Exercise price	\$0.37 to \$0.60
Estimated fair value at grant	\$0.49 to \$0.60
Risk free interest rate	2.50%
Expected dividend yield	0%
Expected share volatility	102% to 104%
Expected average option life	5 years

During the three months and six months ended June 30, 2010, the Company recorded stock-based compensation expense of \$125,161 (2009 - \$32,407) and \$184,834 (2009 - \$60,548) respectively, related to stock options granted to employees, officers, directors and consultants.

6. Financial risk management

The Company is exposed to credit risk, foreign exchange risk, interest rate risk and liquidity risk from its financial assets and liabilities. Risk management strategies are designed to ensure the Company's risks and related exposures are consistent with its business objectives and risk tolerance. There have been no significant changes to the Company's key financial risks or risk management strategies since December 31, 2009.

7. Segmented information

The Company operates and reports its results as one operating segment which is the visual knowledge business.

Operations of the Company are in the following geographic areas:

	Three months ended June 30, 2010			Three months ended June 30, 2009		
	Canada	United States	Total	Canada	United States	Total
Revenue	\$ 285,086	\$ 414,598	\$ 699,684	\$ 375,506	\$ 175,833	\$ 551,339
Equipment	553,735	-	553,735	563,843	-	563,843
Intangible assets	72,937	-	72,937	79,077	-	79,077

	Six months ended June 30, 2010			Six months ended June 30, 2009		
	Canada	United States	Total	Canada	United States	Total
Revenue	\$ 617,981	\$ 785,217	\$ 1,403,198	\$ 659,531	\$ 322,870	\$ 982,401
Equipment	553,735	-	553,735	563,843	-	563,843
Intangible assets	72,937	-	72,937	79,077	-	79,077

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Note 7 (continued)

Three customers each accounted for more than 10% of revenue recognized, representing a combined total of 69%, for the three months ended June 30, 2010, and a combined total of 66% of revenue recognized for the six months ended June 30, 2010. As at June 30, 2010, two customers each accounted for more than 10% of trade accounts receivable, representing a combined total of 42%, or \$75,788 of which \$51,630 was collected subsequent to June 30, 2010.

Two customers accounted for 79% of revenue recognized for the three months ended June 30, 2009, and 76% of revenue recognized for the six months ended June 30, 2009. As at June 30, 2009, one customer accounted for 84% of trade accounts receivable, which was fully collected subsequent to June 30, 2009.

8. Seasonality

The Company's experience to date is that seasonality has not had a significant impact on the Company's primary revenue stream, rather, fluctuations are more closely tied to customer budget cycles. Further, StreetScape sales agreements are typically multi-year, reducing seasonal fluctuation in revenue levels.

Data capture undertaken by the Company to date has primarily been in Canada and the northern United States. In these geographic areas, customers typically require images when snow is not on the ground, thus substantially limiting the data capture season to between April and October. Further, lighting conditions in late autumn and winter shorten productive driver days, negatively impacting the cost effectiveness of data capture; therefore, capture during these seasons is avoided, resulting in lower data capture costs in the first and fourth quarters as compared to the second and third quarters.

9. Comparative figures

Certain of the comparative figures have been reclassified to conform with the financial statement presentation adopted in the current year.

10. Future accounting changes

International Financial Reporting Standards

In February 2008, the CICA's Accounting Standards Board confirmed that publicly accountable enterprises will adopt International Financial Reporting Standards ("IFRS") effective in calendar year 2011. IFRS uses a conceptual framework similar to Canadian GAAP, but there are significant differences with respect to recognition, measurement and disclosures. The Company's changeover to IFRS will be required for interim and annual financial statements beginning on January 1, 2011. The adoption of IFRS will require restatement of the Company's consolidated financial statements for comparative purposes for its year ended December 31, 2010 and of the opening balance sheet as at January 1, 2010. The Company is currently assessing the impact of adopting IFRS on its financial statements.