

iLOOKABOUT Corp.

**Unaudited Condensed Interim
Consolidated Financial Statements**

For the three months ended March 31, 2012 and 2011

iLOOKABOUT Corp.
Unaudited Interim Consolidated Statements of Financial Position

As at	March 31, 2012	December 31, 2011
Assets		
Current Assets:		
Cash	\$ 1,496,533	\$ 303,437
Trade and other receivables	325,172	259,616
Prepaid expenses and other current assets	212,456	179,903
	<hr/> 2,034,161	<hr/> 742,956
Equipment	404,187	434,711
Intangible asset (note 5)	314,000	-
Total Assets	<hr/> \$ 2,752,348	<hr/> \$ 1,177,667
Liabilities and Shareholders' Deficiency		
Current Liabilities:		
Accounts payable and accrued liabilities	\$ 990,657	\$ 438,933
Unearned revenue	624,814	586,034
Finance lease liability	5,539	11,523
	<hr/> 1,621,010	<hr/> 1,036,490
Unearned revenue	537,312	530,716
Long-term debt (note 6)	1,132,893	-
Shareholders' Deficiency	(538,867)	(389,539)
Going concern (note 2)		
Subsequent events (note 14)		
Total Liabilities and Shareholders' Deficiency	<hr/> \$ 2,752,348	<hr/> \$ 1,177,667

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

iLOOKABOUT Corp.**Unaudited Interim Consolidated Statements of Comprehensive Loss**

	Three months ended	
	March 31, 2012	March 31, 2011
Revenue	\$ 549,120	\$ 577,366
Direct operating expenses	272,334	376,439
Gross margin	276,786	200,927
Other operating expenses:		
Technology	214,655	203,119
Selling and business development	91,470	163,305
General and administration	264,396	244,785
	570,521	611,209
Loss from operations	(293,735)	(410,282)
Finance (costs) income, net	(166)	1,339
Foreign exchange losses	(42,702)	(45,435)
Loss for the period	\$ (336,603)	\$ (454,378)
Other comprehensive income:		
Foreign exchange gain on the translation of foreign operations	47,807	41,433
	47,807	41,433
Comprehensive loss for the period	\$ (288,796)	\$ (412,945)
Loss per share		
Basic and diluted (note 11)	\$ (0.01)	\$ (0.01)

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

iLOOKABOUT Corp.

Unaudited Interim Consolidated Statements of Changes in Shareholders' Equity (Deficiency)

Three months ended March 31, 2012

	Common share capital	Preference share capital	Warrant capital	Other reserve	Contributed surplus	Deficit	Translation reserve	Total Deficiency
Balance at January 1, 2012	\$ 8,428,961	\$ -	\$ 2,242,054	\$ (1,006,155)	\$ 1,950,455	\$ (11,998,396)	\$ (6,458)	\$ (389,539)
Loss for the period	-	-	-	-	-	(336,603)	-	(336,603)
Other comprehensive income:								
Foreign exchange gain on the translation of foreign operations	-	-	-	-	-	-	47,807	47,807
Comprehensive loss for the period	-	-	-	-	-	(336,603)	47,807	(288,796)
Issuance of preferred shares (note 7)	-	139,468	-	-	-	-	-	139,468
Warrant modification (note 7)	-	-	407,185	(407,185)	-	-	-	-
Balance at March 31, 2012	\$ 8,428,961	\$ 139,468	\$ 2,649,239	\$ (1,413,340)	\$ 1,950,455	\$ (12,334,999)	\$ 41,349	\$ (538,867)

Three months ended March 31, 2011

	Common share capital	Preference share capital	Warrant capital	Other reserve	Contributed surplus	Deficit	Translation reserve	Total Equity
Balance at January 1, 2011	\$ 8,418,442	\$ -	\$ 1,932,054	\$ (696,155)	\$ 1,761,420	\$ (10,084,317)	\$ (13,226)	\$ 1,318,218
Loss for the period	-	-	-	-	-	(454,378)	-	(454,378)
Other comprehensive income:								
Foreign exchange gain on the translation of foreign operations	-	-	-	-	-	-	41,433	41,433
Comprehensive loss for the period	-	-	-	-	-	(454,378)	41,433	(412,945)
Warrant modification	-	-	310,000	(310,000)	-	-	-	-
Share-based compensation (note 8)	-	-	-	-	19,712	-	-	19,712
Balance at March 31, 2011	\$ 8,418,442	\$ -	\$ 2,242,054	\$ (1,006,155)	\$ 1,781,132	\$ (10,538,695)	\$ 28,207	\$ 924,985

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

iLOOKABOUT Corp.
Unaudited Interim Consolidated Statements of Cash Flows

	Three months ended	
	March 31, 2012	March 31, 2011
Cash flows from operating activities		
Loss for the period	\$ (336,603)	\$ (454,378)
Adjustments for non-cash items:		
Gain on disposal of equipment	(265)	-
Amortization of equipment	40,139	51,738
Unrealized foreign exchange losses	52,872	53,510
Finance (income) costs, net	166	(1,339)
Share-based compensation expense (note 8)	-	19,712
	(243,691)	(330,757)
Changes in non-cash working capital (note 10)	185,880	160,805
Interest (paid) received	(166)	2,393
Taxes paid	(888)	-
Net cash used in operating activities	(58,865)	(167,559)
Cash flows from financing activities		
Payment of finance lease liabilities	(5,984)	-
Corporate transaction costs	(77,638)	-
Proceeds from issuance of preferred shares (note 6)	750,000	-
Proceeds from issuance of long-term debt (note 6)	600,000	-
Net cash provided by financing activities	1,266,378	-
Cash flows from investing activities		
Purchase of short-term investments	-	(225,000)
Proceeds on disposal of short-term investments	-	420,000
Purchase of equipment	(9,617)	(572)
Proceeds on disposal of equipment	265	-
Net cash provided by (used in) investing activities	(9,352)	194,428
Increase (decrease) in cash during the period	1,198,161	26,869
Effect of exchange rate fluctuations on cash	(5,065)	(3,761)
Cash - beginning of period	303,437	177,730
Cash - end of period	\$ 1,496,533	\$ 200,838

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

iLOOKABOUT Corp.
Notes to the Unaudited Interim Consolidated Financial Statements
For the three months ended March 31, 2012 and 2011

1. Corporate Information

iLOOKABOUT Corp. is engaged in the visual and data intelligence business, collecting, processing and geo-coding street-level image data, providing image and related data management software, custom application programming and professional services. The unaudited condensed interim consolidated financial statements (“interim financial statements”) as at and for the three months ended March 31, 2012 comprise iLOOKABOUT Corp. and its subsidiaries (together referred to as the “Company”).

The Company is incorporated under the laws of the Province of Ontario, and its principal place of business is located at 383 Richmond Street, Suite 408, London, Ontario, Canada. The Company’s shares are traded in Canada on the TSX Venture Exchange (“TSX-V”) under the symbol ILA.

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.

The Company’s continued existence is dependent on, but not limited to, management’s ability to successfully execute its business plan, including a substantial increase in revenue while maintaining an appropriate level of expenses. Further, the Company is dependent on key personnel and the need to raise additional funds to support the Company’s development and continued operations, and to meet the Company’s liabilities and commitments as they become due. During the three months ended March 31, 2012, the Company incurred a loss of \$336,603 (March 31, 2011 – \$454,378). In addition, during the three months ended March 31, 2012, the Company had negative cash flow from operations of \$58,865 (March 31, 2011 – \$167,559). The Company has a history of operating losses with an accumulated deficit of \$12,334,999 (December 31, 2011 - \$11,998,396), shareholders’ deficiency of \$538,867 (December 31, 2011 – \$389,539) and a working capital surplus (deficiency) of \$413,151 (December 31, 2011 - \$(293,534)). Significant doubt exists as to whether the Company will be able to continue as a going concern and to execute on its business plan as currently contemplated or that cash generated from operations will be sufficient to satisfy liquidity requirements.

During the three months ended March 31, 2012, the Company completed a private placement of Series 1 Preference Shares for gross proceeds of \$750,000 and secured a \$2,000,000 term credit facility. The credit facility provides for the distribution of the financing in stages, subject to the Company meeting specified sales and financial performance milestones. In March 2012, the Company achieved the required milestones to trigger the first disbursement of \$600,000 and received these funds in the period.

Although significant material uncertainties exist with respect to the events and circumstances required for the continued existence of the Company, at this point in time, as set out above, none of the criteria exist that would require the Company to prepare the interim financial statements other than on the basis of a going concern. Therefore, the Company has determined that the going concern assumption is still appropriate, and these interim financial statements have been prepared on the basis of accounting principles applicable to a going concern.

If the going concern basis was not appropriate for these interim financial statements, then adjustments would be necessary in the carrying values of assets and liabilities, the reported revenues and expenses and the statement of financial position classifications used. The interim financial statements do not include adjustments, which could be material, and disclosures that would be required if the going concern assumption was not appropriate.

iLOOKABOUT Corp.
Notes to the Unaudited Interim Consolidated Financial Statements
For the three months ended March 31, 2012 and 2011

3. Statement of compliance

These interim financial statements have been prepared in accordance with IAS 34, *Interim Financial Reporting*. These interim financial statements do not include all of the information required for full annual financial statements. These interim financial statements should be read in conjunction with the Company's consolidated financial statements as at and for the year ended December 31, 2011, which are available on SEDAR.

4. Significant Accounting Policies

Except as described below, these interim financial statements follow the same accounting policies and methods of application as the consolidated financial statements as at and for the year ended for December 31, 2011.

The accounting policies have been consistently applied by the Company's subsidiaries.

(a) New accounting pronouncement

(i) IFRS 7, Financial Instruments: Disclosures

In October 2010, the IASB amended IFRS 7, Financial Instruments: Disclosures ("IFRS 7"). This amendment enhances disclosure requirements to aid financial statement users in evaluating the nature of, and risks associated with an entity's continuing involvement in derecognized financial assets. This amendment is effective for the Company's interim and annual consolidated financial statements commencing January 1, 2012. Management has assessed the impact of this amendment and determined there is no impact on the Company's interim financial statements.

(b) Accounting policies for new transactions and events

(i) Compound financial instruments

Compound financial instruments issued by the Company comprise convertible preference shares that can be converted to common shares and warrants at the option of the holder. The number of shares to be issued does not vary with changes in their fair value. The preference shares are redeemable by the Company or holder after three years.

The financial liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The equity component, representing the holders' option to convert into common shares, is recognized initially at fair value determined as the excess of the face value of the compound financial instrument and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition.

Interest, dividends, losses and gains relating to the financial liability are recognized in profit or loss.

iLOOKABOUT Corp.
Notes to the Unaudited Interim Consolidated Financial Statements
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5. Intangible asset

Cost	
At January 1, 2011 and December 31, 2011	\$ 122,857
Addition	314,000
At March 31, 2012	\$ 436,857
Accumulated Amortization and Impairment Loss	
At January 1, 2011 and December 31, 2011	\$ 122,857
Amortization	-
At March 31, 2012	\$ 122,857
Carrying amount at March 31, 2012	\$ 314,000

In March 2012, the Company acquired a software licence. The licence represents an intangible asset, initially recorded at cost and subsequently amortized on a straight-line basis over the economic life of the licence, which is 3 years. The half year rule has not been applied.

6. Long-term debt

	March 31, 2012	December 31, 2011
(a) Secured term credit facility		
5% facility, staged financing up to \$2,000,000	\$ 600,000	\$ -
less:		
Deferred financing costs	(50,442)	-
	549,558	-
(b) Debt component of Series 1 Preference Shares	605,284	-
less:		
Deferred financing costs	(21,949)	-
	583,335	-
	\$ 1,132,893	\$ -

iLOOKABOUT Corp.
Notes to the Unaudited Interim Consolidated Financial Statements
For the three months ended March 31, 2012 and 2011

(Note 6 - continued)

(a) *Secured term credit facility*

The Company has a term credit facility which allows the Company to draw up to \$2,000,000. The facility provides for the distribution of the financing in stages, subject to the Company meeting specified sales and financial performance milestones.

In March 2012, the Company achieved the required sales and financial performance milestones to trigger the first disbursement of \$600,000 and received these funds in the period.

Key terms of the credit facility include the following:

- Principal of \$2,000,000 to be released in three disbursements of \$600,000, \$500,000 and \$900,000;
- Disbursements are to be triggered by the achievement of pre-determined sales and financial performance milestones;
- Acceptance of triggered disbursements is at the option of the Company;
- Interest at the rate of 5% per annum;
- Maturity date of April 15, 2016; and
- Bonus interest payment, to be calculated and paid at maturity, based on the Company's financial performance in the final two fiscal years of the loan.

The bonus payment represents a contingent liability, as it will be calculated based on future events that are currently not determinable, including the amount of total disbursements under the credit facility and sales and financial performance over the final two years of the loan.

The loan was recorded at fair value, which was the face amount of \$600,000, less financing costs of \$50,442. The fair value was determined based on the present value of the contractual principal and interest, including expected bonus interest payments, using a discount rate of 19%, being the market interest rate at the date of issuance. Subsequent to initial recognition, the loan will be measured at amortized cost, using the effective interest method.

(b) *Series 1 Preference Shares*

In March 2012, the Company issued 750,000 Series 1 Preference Shares ("Preference Shares") at a subscription price of \$1.00 per share. These Preference Shares carry a cumulative dividend rate of 12% per annum and are convertible into common shares and warrants at the option of the holder, subject to certain conversion requirements. These Preference Shares are treated as a compound financial instrument, due to the retraction feature described below.

The key terms of the Preference Shares include the following:

- Redemption Amount of \$1.00 per share;
- Fixed preferential cumulative dividends at a rate of 12% per annum, which dividends may be satisfied by the issuance of the common shares in certain circumstances at the option of the holder;
- Convertible at the option of the holder at a conversion rate of 1/0.31 (being approximately 3.226) Units per share until the third anniversary of the issuance of these shares, subject to certain earlier conversion requirements and later conversion rights in specified circumstances;
- Each Unit consists of one common share and one-half of a warrant to purchase one common share at an exercise price of \$0.31 per full warrant, which warrants are exercisable until the last business day preceding the fifth anniversary of the issuance of the Preference Shares, subject to certain earlier exercise requirements in specified circumstances; and

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(Note 6 - continued)

- Redeemable after the third anniversary of the issuance of such date at the option of the Company or the holder.

The liability component of these shares was recognized initially at the fair value of \$605,284 less transaction costs of \$21,949. The fair value was determined based on the present value of the contractual principal and dividend payments to the initial retraction date, using a discount rate of 19%, being the expected rate applicable to a non-convertible financial instrument at the date of issuance. Subsequent to initial recognition, this liability component will be measured at amortized cost using the effective interest method. The original value assigned will increase over the three year period to the settlement amount at the initial retraction date, with a corresponding charge to finance costs. The equity component was recognized at the fair value of \$144,716 less transaction costs of \$5,248, and is presented in note 7 as part of share capital.

7. Share and warrant capital

	Expiry date	March 31, 2012		December 31, 2011	
		Issued	Amount	Issued	Amount
Issued:					
Common shares		40,710,417	\$ 8,428,961	40,710,417	\$ 8,428,961
Preference shares (note 6)		750,000	139,468	-	-
Share purchase warrants:					
\$1.00 warrants	April 1/13	6,567,500	2,649,239	6,567,500	2,242,054
		6,567,500	2,649,239	6,567,500	2,242,054
Share capital and warrant capital		48,027,917	\$ 11,217,668	47,277,917	\$ 10,671,015

The authorized capital is an unlimited number of common shares and an unlimited number of preference shares, issuable in series, of which an unlimited number of Series 1 Preference Shares have been created. The issued and outstanding capital consists of 40,710,417 common shares and 750,000 Series 1 Preference Shares as at March 31, 2012 (at December 31, 2011 – 40,710,417 and 0, respectively).

The following table presents changes in common share capital:

	Number of shares	Amount
Balance, January 1, 2011	40,685,417	\$ 8,418,442
Options exercised	25,000	10,519
Balance, December 31, 2011 and March 31, 2012	40,710,417	\$ 8,428,961

The following table presents changes in preference share capital:

	Number of shares	Amount
Balance, January 1, 2011 and December 31, 2011	-	\$ -
Shares issued, private placement (note 6)	750,000	139,468
Balance, March 31, 2012	750,000	\$ 139,468

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(Note 7 - continued)

The following table presents changes in warrant capital:

	Number of warrants		Amount
Balance, January 1, 2011	7,007,240	\$	1,932,054
Warrant modification	-		310,000
Warrants expired	(439,740)		-
Balance, December 31, 2011	6,567,500	\$	2,242,054
Warrant modification (a)	-		407,185
Balance, March 31, 2012	6,567,500	\$	2,649,239

(a) Warrant modification

In February 2012, an extension of the term of the Company's 6,567,500 Class E Warrants was approved by the Board of Directors and the TSX Venture Exchange.

The term was extended to the earlier of (i) April 1, 2013, 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 calculated 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	1.05%	1.05%
Expected dividend yield	0%	0%
Expected share volatility	120%	120%
Expected life	45 days	410 days

The resulting incremental fair value of \$407,185 associated with the Class E Warrants held by shareholders was recorded as an increase to warrant capital within shareholders' deficiency, with the offset to other reserve, also within shareholders' deficiency.

8. Share-based compensation

For the three months ended March 31, 2012, the Company recorded share-based compensation expense of \$0 (March 31, 2011 - \$19,712) related to stock options granted to employees, officers, directors and contractors, which is included in operating expenses.

Of the 2,262,558 unexercised options as at March 31, 2012, 2,058,808 had vested and were exercisable, with exercise prices ranging from \$0.125 to \$0.60 per share.

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9. Related party transactions

One of the premises occupied by the Company is rented on an annual basis from a related company owned by an officer and director of the Company. For the three months ended March 31, 2012, the Company paid rent to the related company of \$3,000 (March 31, 2011 - \$3,000), which is included in general and administration expense.

These transactions are in the normal course of operations and are measured at the transaction amount, being the amount of consideration established and agreed to by the related parties.

10. Non-cash working capital

For the three months ended March 31	2012	2011
Changes in non cash working capital:		
Trade and other receivables	\$ (23,847)	\$ 78,333
Prepaid expenses and other current assets	(32,553)	(96,946)
Accounts payable and accrued liabilities	196,904	11,963
Unearned revenue	45,376	167,455
	\$ 185,880	\$ 160,805

11. Loss per share

For the three months ended March 31	2012	2011
Loss	\$ (336,603)	\$ (454,378)
Weighted average number of common shares, options and warrants outstanding:		
Basic	40,710,417	40,685,417
Effect of stock options and warrants	-	-
Diluted	40,710,417	40,685,417
Loss per share:		
Basic and diluted	\$ (0.01)	\$ (0.01)

There were no dilutive items outstanding at March 31, 2012 or at March 31, 2011. Diluted loss per share does not take into account any outstanding warrants or options, as their effect would be anti-dilutive for these periods. As at March 31, 2012, a total of 8,830,058 (March 31, 2011 – 9,436,674) warrants and options were outstanding.

12. Financial risk management

The Company is exposed to credit risk, liquidity risk, foreign exchange risk, and interest rate 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, 2011.

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13. Segmented information

The Company operates and reports its results as one operating segment which is the visual knowledge business. Geographically, the Company operates primarily in Canada and the United States.

Information regarding the results of each geographic area is included below:

	Three months ended			
	March 31, 2012			
	Canada	United States	United Kingdom	Total
Revenue	\$ 476,573	\$ 60,745	\$ 11,802	\$ 549,120
Equipment	404,187	-	-	404,187
Intangible assets	314,000	-	-	314,000

	Three months ended			
	March 31, 2011			
	Canada	United States	United Kingdom	Total
Revenue	\$ 516,191	\$ 49,654	\$ 11,521	\$ 577,366
Equipment	462,787	-	-	462,787
Intangible assets	-	-	-	-

There were no revenues from transactions with other operating segments of the same entity since the Company operates as one operating segment.

Two customers each accounted for more than 10% of total revenue, representing 67% of total revenue for the three months ended March 31, 2012. Two customers each accounted for more than 10% of total revenue, representing 67% of total revenue for the three months ended March 31, 2011.

14. Subsequent events

(i) Financing of Licence

In March 2012, the Company acquired a multi-year software licence, as discussed in note 5. In April 2012, the Company signed a financing agreement related to this licence requiring equal monthly payments totaling \$392,680 over a two year term.

(ii) Stock Option Grant

On April 25, 2012, a total of 300,000 stock options were granted to employees at an exercise price of \$0.12. These options expire five years after the grant date if not exercised earlier or terminated, and vest over a period of three years.

15. Comparative figures

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