iLOOKABOUT Corp.

Unaudited Interim Consolidated Financial Statements

For the three months ended March 31, 2011 and 2010

iLOOKABOUT Corp.

Unaudited Interim Consolidated Statements of Financial Position

In Canadian dollars

As at	**March 31, 2011**	**December 31, 2010**	**January 1, 2010**
Assets			
Current Assets:			
Cash and cash equivalents	$ 200,838	$ 177,730	$ 1,410,006
Short-term investments	801,534	1,004,850	1,000,000
Trade and other receivables	58,338	137,725	115,467
Prepaid expenses and other current assets	256,529	159,583	142,329
	1,317,239	1,479,888	2,667,802
Equipment	462,787	513,953	456,161
Intangible assets (note 6)	-	-	80,471
Total Assets	$ 1,780,026	$ 1,993,841	$ 3,204,434
Liabilities and Shareholders' Equity			
Current Liabilities:			
Accounts payable and accrued liabilities	$ 346,761	$ 334,798	$ 317,808
Unearned revenue	355,948	177,023	413,352
	702,709	511,821	731,160
Unearned revenue	152,332	163,802	40,498
Shareholders' Equity:			
Share capital (note 8)	8,418,442	8,418,442	7,936,201
Warrant capital (note 8)	2,242,054	1,932,054	1,560,329
Other reserve	(1,006,155)	(696,155)	-
Contributed surplus	1,781,132	1,761,420	1,209,136
Deficit	(10,538,695)	(10,084,317)	(8,272,890)
Translation reserve	28,207	(13,226)	-
	924,985	1,318,218	2,432,776
Going Concern (note 2)			
Subsequent events (note 15)			
Total Liabilities and Shareholders' Equity	$ 1,780,026	$ 1,993,841	$ 3,204,434

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

iLOOKABOUT Corp.
Unaudited Interim Consolidated Statements of Comprehensive Loss
In Canadian dollars

	Three months ended	
	March 31, 2011	March 31, 2010
Revenue	$ 577,366	$ 704,386
Direct operating expenses	376,439	321,459
Gross Margin	200,927	382,927
Other operating expenses:		
Technology	203,119	194,720
Selling and business development	163,305	205,127
General and administration	244,785	234,633
	611,209	634,480
Loss from operations before the undernoted	(410,282)	(251,553)
Other items:		
Finance income	1,339	6,833
Other income	-	2,446
Foreign exchange losses	(45,435)	(45,135)
	(44,096)	(35,856)
Net loss	$ (454,378)	$ (287,409)
Other comprehensive income:		
Foreign exchange gain on the translation of foreign operation	41,433	27,063
	41,433	27,063
Comprehensive loss	**$ (412,945)**	**$ (260,346)**
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
In Canadian dollars

	Share capital	Warrant capital	Other reserve	Contributed surplus	Deficit	Translation reserve	Total Equity
Balance at December 31, 2010	$ 8,418,442	$ 1,932,054	$ (696,155)	$ 1,761,420	$ (10,084,317)	$ (13,226)	$ 1,318,218
Net loss	-	-	-	-	(454,378)	-	(454,378)
Other comprehensive income:							
Foreign exchange gain on the translation of foreign operation	-	-	-	-	-	41,433	41,433
Comprehensive income (loss)	-	-	-	-	(454,378)	41,433	(412,945)
Warrant modification (Note 8)	-	310,000	(310,000)	-	-	-	-
Stock-based compensation	-	-	-	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

	Share capital	Warrant capital	Other reserve	Contributed surplus	Deficit	Translation reserve	Total Equity
Balance at January 1, 2010	$ 7,936,201	$ 1,560,329	$ -	$ 1,209,136	$ (8,272,890)	$ -	$ 2,432,776
Net loss	-	-	-	-	(287,409)	-	(287,409)
Other comprehensive income:							
Foreign exchange gain on the translation of foreign operation	-	-	-	-	-	27,063	27,063
Comprehensive income (loss)	-	-	-	-	(287,409)	27,063	(260,346)
Warrant modification (Note 8)	-	696,155	(696,155)	-	-	-	-
Stock-based compensation	-	-	-	59,673	-	-	59,673
Balance at March 31, 2010	$ 7,936,201	$ 2,256,484	$ (696,155)	$ 1,268,809	$ (8,560,299)	$ 27,063	$ 2,232,103

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

iLOOKABOUT Corp.
Unaudited Interim Consolidated Statements of Cash Flows
In Canadian dollars

	Three months ended March 31, 2011	Three months ended March 31, 2010
Cash flows from operating activities		
Net loss	$ (454,378)	$ (287,409)
Adjustments for non-cash items:		
Depreciation of equipment	51,738	47,469
Amortization of intangible assets	-	3,768
Unrealized foreign exchange gains	66,342	37,884
Finance income	(1,339)	(6,833)
Share-based compensation expense (note 9)	19,712	59,673
	(317,925)	(145,448)
Changes in non-cash working capital (note 10)	144,212	(135,766)
Interest received	2,393	-
Net cash used in operating activities	(171,320)	(281,214)
Cash flows from investing activities		
Purchase of short-term investments	(225,000)	-
Proceeds on disposal of short-term investments	420,000	-
Purchase of equipment	(572)	(92,872)
Net cash provided by (used in) investing activities	194,428 `	(92,872)
Increase (decrease) in cash and cash equivalents during the period	23,108	(374,086)
Cash and cash equivalents - beginning of period	177,730	1,410,006
Cash and cash equivalents - end of period	$ 200,838	$ 1,035,920
Represented by:		
Cash	$ 200,838	$ 535,965
Cash equivalents	-	499,955
	$ 200,838	$ 1,035,920

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

1. Corporate Information

iLOOKABOUT Corp. (the "Company") is engaged in the visual and data intelligence 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, 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.

These unaudited interim consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern. 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, 2011, the Company incurred a net loss of $454,378 and had negative cash flow from operations of $171,320. Furthermore, the Company has a history of operating losses with an accumulated deficit of $10,538,695 (December 31, 2010 - $10,084,317), shareholders' equity of $924,985 (December 31, 2010 - $1,318,218) and working capital of $614,530 (December 31, 2010 - $968,067).

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. The Company cannot be certain that it will be able to execute on its business plan or that cash generated from its operations will be sufficient to satisfy its liquidity requirements and it may need to continue to raise funds by selling additional equity or by securing credit facilities. No assurance can be given that any such additional funding will be available or that, if available, it can be obtained on terms favourable to the Company.

If the going concern basis was not appropriate for these 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 Company's unaudited interim 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. Statement of Compliance

These unaudited interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting* ("IAS 34") using accounting policies consistent with International Financial Reporting Standards ("IFRS").

These are the Company's first unaudited interim consolidated financial statements prepared in accordance with IAS 34. These unaudited interim consolidated financial statements do not include all the information required for full annual financial statements. The accounting policies have been selected to be consistent with policies the Company expects to adopt in its consolidated financial statements as at and for the year ending December 31, 2011, the Company's first annual IFRS reporting date. Previously, the Company prepared its interim and annual consolidated financial statements in accordance with Canadian Generally Accepted Accounting Principles ("Canadian GAAP").

The adoption of IFRS resulted in changes to the accounting policies as compared with the most recent annual financial statements prepared under Canadian GAAP. The accounting policies set out below were consistently applied to all periods presented unless otherwise noted. They also have been applied in the preparation of an opening IFRS statement of financial position as at January 1, 2010, as required by IFRS 1, *First Time Adoption of International Financial Reporting Standards* ("IFRS 1"). The impact of the transition from Canadian GAAP to IFRS is explained in Note 16.

The standards and interpretations within IFRS are subject to change and accordingly, the accounting policies for the annual period that are relevant to these unaudited interim consolidated financial statements will be finalized only when the first annual IFRS financial statements are prepared for the year ending December 31, 2011.

These unaudited interim consolidated financial statements should be read in conjunction with the Company's 2010 annual consolidated financial statements prepared in accordance with Canadian GAAP and in consideration of the IFRS transition disclosures included in Note 16 to these unaudited interim consolidated financial statements.

These unaudited interim consolidated financial statements for the three month period ended March 31, 2011 were authorized for issuance by the Board of Directors of the Company on June 29, 2011.

4. Significant Accounting Policies

(a) Basis of Presentation

These unaudited interim consolidated financial statements have been prepared mainly on a historical cost basis, unless otherwise noted and described in the applicable notes herein.

(b) Basis of Consolidation

Subsidiaries are legal entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The consolidated financial statements include the accounts of iLOOKABOUT Corp. and its wholly-owned subsidiaries iLOOKABOUT Inc., iLOOKABOUT Global Inc., and iLOOKABOUT (US) Inc. All intercompany balances and transactions have been eliminated on consolidation.

(Note 4 - continued)

(c) Revenue recognition

The Company earns revenue primarily from its StreetScape and Virtual Tour products, and professional services.

StreetScape related revenue is generated through the licensing of geo-coded, street-level images. The related revenue is recognized as service is delivered, when persuasive evidence of an arrangement exists, the fee is fixed and determinable and collection is considered probable. Revenue for long term licensing contracts is generally recognized over the life of the contract, in accordance with contract terms, as service is provided.

Revenue from the Virtual Tour products is recognized on delivery of services when the fees are fixed and determinable and collection is considered probable.

Revenue related to professional services is recognized as service is delivered and collection is considered probable.

Revenue from sales arrangements that include multiple components is allocated amongst the components based on the relative fair value of the components included in the arrangement. An element is considered to be separately identifiable if the product or service delivered has stand-alone value to the customer and the fair value can be measured reliably. The amount recognized as revenue for each component is the fair value of the element in relation to the fair value of the arrangement as a whole. The fair value of each component is based on a hierarchy of (1) vendor specific objective evidence of selling price (“VSOE”), if available, (2) third-party evidence (“TPE”) of selling price, if VSOE is unavailable, and (3) the cost-plus-margin (“CPM”) method if neither VSOE nor TPE is available.

Payments received in advance of service delivery are recorded as unearned revenue and recognized as revenue over the term of the license as service is delivered.

(d) Financial instruments – non-derivative

(i) Initial recognition

The Company recognizes loans and receivables on the date that they originate. All other financial assets and financial liabilities are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument. All of the Company’s financial assets are classified as loans and receivables. Under IFRS, loans and receivables are defined as financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs.

All of the Company’s financial liabilities are classified as other liabilities. Other liabilities are recognized initially at fair value plus any directly attributable transaction costs.

(ii) Measurement

Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest rate method less any impairment losses. Loans and receivables comprise trade and other receivables, cash and cash equivalents, and short-term investments.

(Note 4 - continued)

Subsequent to initial recognition other liabilities are measured at amortized costs using the effective interest method. Accounts payable and accrued liabilities are classified as other liabilities.

(iii) Offsetting policy

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the assets and settle the liability simultaneously.

(iv) Derecognition policy

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability. The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

(v) Impairment

A financial asset carried at amortized cost is considered impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flow of that asset that can be estimated reliably. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively.

An impairment loss in respect of a financial asset is measured at amortized cost, calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

In assessing collective impairment, the Company uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends. Losses are recognized in the statement of comprehensive loss and reflected in an allowance account against accounts receivable.

(e) Cash and cash equivalents

Cash and cash equivalents include balances with banks and short-term highly liquid investments such as treasury bills and guaranteed investment certificates with maturities at purchase date of three months or less.

(f) Short-term investments

Short-term investments consist of interest-bearing securities with maturities at purchase date of more than three months but less than one year.

(Note 4 - continued)

(g) Equipment

Equipment is stated at cost less accumulated amortization and accumulated impairment, if any. Cost includes expenditures that are directly attributable to the acquisition of the asset. When significant parts of an item of equipment have different useful lives, those components are accounted for as separate items of equipment and depreciated separately.

Gains and losses on disposal are determined by comparing the proceeds from disposal with the carrying amount of equipment and are recognized in gain (loss) on disposal of equipment in profit or loss.

Equipment is depreciated over the estimated useful life of the asset based on the following:

Asset	Rate	Method
Computer hardware	30%	declining balance method
Computer software	100%	declining balance method
Equipment - Virtual Tours	20%	declining balance method
Equipment - StreetScape Imaging	2 years	straight-line method
Furniture and equipment	20%	declining balance method
Leasehold improvements	lease term	straight-line method
Vehicles	30%	declining balance method

Management reviews depreciation methods, rates, and residual values annually and adjusts depreciation accordingly on a prospective basis. Subsequent costs are included in the asset's carrying amount or as a separate asset only when it is probable that future economic benefits associated with the item of equipment will flow to the Company and the costs of the item can be reliably measured. All other expenditures are charged to direct operating expense if the related item is computer hardware, computer software, virtual tour equipment or vehicles, and charged to general and administration expense if the related item is furniture, office equipment or leasehold improvements.

(h) Intangible assets

Intangible assets, including patents and trademarks, are stated at cost less accumulated amortization and accumulated impairment losses. Amortization is provided on a straight-line basis over the asset's estimated useful life of between one to three years for patents, and ten to fifteen years for trademarks. Annually, Management assesses the appropriateness of the estimated useful lives and amortization methods.

(i) Impairment of non-financial assets

At each reporting date, the Company's non-financial assets, such as equipment and intangible assets, are reviewed to determine whether there is an indication that those assets are impaired. If such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted at a rate that reflects current market assessments of the time value of money and the risks specific to the asset.

(Note 4 - continued)

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. When an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount so that the increased carrying amount does not exceed the carrying amount that would have been recorded had no impairment losses been recognized for the asset in prior years.

(j) Research and development

Research costs are expensed in profit or loss as incurred. Development costs are expensed as incurred, unless certain criteria are met for recognition as an intangible asset. Software development costs incurred prior to establishment of technological feasibility do not meet these criteria. To date, the Company has not recognized any development costs as intangible assets.

(k) Income taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized through profit or loss unless they arise from business combinations or items charged directly to equity or in other comprehensive loss.

Current tax is the expected taxes payable or receivable within the following twelve months and is based on taxable income or loss using tax rates enacted or substantively enacted at the reporting date, combined with any adjustments to taxes payable in respect of previous years.

Deferred tax assets and liabilities are recognized based on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levies by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced when, in management's judgement, it is no longer probable that the related tax benefit will be realized.

(l) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service by the employee and the obligation can be estimated readily.

(m) Finance income

Finance income consists of interest earned on cash and cash equivalents, and short-term investments. Finance income is recognized as it accrues using the effective interest rate method.

(Note 4 - continued)

(n) Investment tax credits and government grants

Scientific Research and Experimental Development investment tax credits:

The Company applies for investment tax credits in relation to scientific research and experimental development expenditures incurred. When the Company has reasonable assurance that these investment tax credits will be received, they are accounted for as a reduction in the related expenditure or as a reduction of the related equipment cost.

Government grants:

Government grants are recognized when the Company has reasonable assurance that they will be received and that it is in compliance with the conditions underlying the agreement under which the government grants were granted. They are accounted for as a reduction in the related expenditure or as a reduction of the related equipment cost.

(o) Lease payments

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease.

(p) Foreign currency translation

The Company's functional and presentation currency is the Canadian dollar. Functional currency is also determined for each of the Company's subsidiaries, and items included in the financial statements of the subsidiary are measured using that functional currency.

Transactions denominated in a foreign currency are translated into Canadian dollars using the exchange rates prevailing at the dates of the transaction. Monetary assets and liabilities denominated in a foreign currency are translated into Canadian dollars at the rates of exchange in effect at each reporting date. Foreign exchange gains and losses are recognized in profit or loss.

Assets and liabilities of a foreign operation that has a functional currency other than the Canadian dollar are translated into Canadian dollars at the reporting date exchange rate, and transactions are translated using the exchange rate prevailing at the dates of the transaction. All resulting changes are recognized in other comprehensive loss and in the translation reserve in shareholders' equity.

(q) Share-based compensation

All stock options granted to employees and directors are settled with shares of the Company. The expense and corresponding increase in contributed surplus in shareholders' equity are determined based on the grant date fair value of the award and recognized using the graded method over the period that the employees unconditionally become entitled to the awards. Upon the exercise of the option, consideration received, together with the amount previously recognized in contributed surplus, is recorded as an increase to share capital.

(Note 4 - continued)

The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For awards with non-vesting conditions, the grant date fair value is measured to reflect such conditions and there is no adjustment for difference between expected and actual outcomes.

Share based payment arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions.

(r) Loss per share

The Company presents basic and diluted loss per share data. Basic loss per share is calculated by dividing net loss for the period by the weighted average number of shares outstanding during the period. Diluted loss per share is determined by adjusting the net loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares. When a net loss is incurred, basic and diluted loss per share are the same because the exercise of options and warrants are anti-dilutive.

5. Critical Accounting Estimates and Judgements

Critical accounting estimates

The preparation of these unaudited interim consolidated financial statements requires the Company to apply judgment when making estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results could differ from these estimates.

Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Key areas of estimation are as follows:

Revenue recognition

Revenue from sales arrangements that include multiple elements is allocated amongst the separately identifiable components based on the relative fair value of the components included in the arrangement. In order to allocate the total revenue from an arrangement with multiple elements, management is required to estimate the fair value of each of those elements. These estimates can affect the timing of revenue recognition over the term of the sales arrangement.

Depreciation and amortization

Management is required to make certain estimates and assumptions when determining the depreciation and amortization methods and rates, and residual values of equipment and intangible assets. Useful lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology. Management reviews depreciation methods, rates, and residual values annually and adjusts depreciation accordingly on a prospective basis.

(Note 5 - continued)

Impairment of non-financial assets

When there are indications that an asset may be impaired, the Company is required to estimate the asset's recoverable amount. Recoverable amount is the greater of value in use and fair value less costs to sell. Determining the value in use requires the Company to estimate expected future cash flows associated with the asset and a suitable discount rate in order to calculate present value.

Share-based compensation

Management is required to make certain estimates and assumptions when determining the grant date fair value of stock option awards and the number of awards that are expected to vest. Fair value is determined using the Black-Scholes option pricing model. Estimates are made with respect to risk-free interest rates, expected share volatility, expected dividend yield, and expected life.

Warrant term modifications

Management is required to make certain estimates and assumptions when determining the fair value of modifications of warrants, such as the extension of the warrant term. Fair value is determined using the Black-Scholes option pricing model. Estimates are made with respect to inputs to the Black-Scholes model with respect to risk-free interest rates, expected share volatility, expected dividend yield and expected life.

Critical judgments in applying accounting policies

In the preparation of these condensed consolidated financial statements the Company has made judgments, aside from those that involve estimates, in the process of applying the accounting policies. These judgments can have an effect on the amounts recognized in the financial statements.

Revenue recognition

Management must use judgement in determining whether the Company is acting as an agent or principal based on an evaluation of risks and responsibilities taken by the Company. Judgement is required in each applicable revenue arrangement and all relevant facts and circumstances must be considered.

Income Tax

Management is required to apply judgement in determining whether it is probable that deferred income tax assets will be realized. At March 31, 2011, management had determined that future realization of its deferred income tax assets did not meet the threshold of being probable, and as such, has not recognized any deferred income tax assets in the unaudited interim consolidated statements of financial position.

In addition, the measurement of income taxes payable and deferred income tax assets and liabilities requires management to make judgments in the interpretation and application of the relevant tax laws. The actual amount of income taxes only becomes final upon filing and acceptance of the tax return by the relevant authorities, which occurs subsequent to the issuance of the financial statements.

(In Canadian dollars)

6. Intangible assets

Cost		
At January 1, 2010	**$**	**105,176**
Additions		9,024
At December 31, 2010 and March 31, 2011	**$**	**114,200**

Accumulated Amortization and Impairment Loss		
At January 1, 2010	**$**	**24,706**
Amortization		17,960
Impairment loss		71,534
At December 31, 2010 and March 31, 2011	**$**	**114,200**

Carrying amount at December 31, 2010 and March 31, 2011	**$**	**-**

At least annually, Management conducts its assessment of the potential impairment of long lived assets and the appropriateness of estimates with respect to the useful lives of long lived assets.

In 2010, the Company determined that it was no longer able to conclude objectively and reliably that future undiscounted cash flows, expected to result from the use of its long-lived assets which include equipment and intangible assets, exceed the carrying amount of these assets. The Company was unable to reliably and objectively, without undue cost and effort, establish the fair value of its intangible assets. Therefore, an impairment loss was recorded against these assets to fully write down their value.

7. 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, 2011, the Company paid rent to the related company of $3,000 (March 31, 2010 - $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.

(In Canadian dollars)

8. Share and warrant capital

Share and warrant capital

		March 31, 2011		December 31, 2010	
	Expiry date	Issued	Amount	Issued	Amount
Authorized:					
Unlimited common shares					
Unlimited preferred shares					
Issued:					
Common shares		40,685,417	$ 8,418,442	40,685,417	$ 8,418,442
Share purchase warrants:					
$0.40 agent warrants	July 3/11	231,100	-	231,100	-
$0.40 agent warrants	July 13/11	208,640	-	208,640	-
$1.00 warrants	April 1/12	6,567,500	2,242,054	6,567,500	1,932,054
		7,007,240	2,242,054	7,007,240	1,932,054
Share capital and warrant capital		47,692,657	$ 10,660,496	47,692,657	$ 10,350,496

The following table presents changes in share capital:

	Number of shares		Amount
Balance, January 1, 2010	**39,966,042**	**$**	**7,936,201**
Warrants exercised (b)	719,375		482,241
Balance, December 31, 2010 and March 31, 2011	**40,685,417**	**$**	**8,418,442**

The following table presents changes in warrant capital:

	Number of warrants		Amount
Balance, January 1, 2010	**10,271,015**	**$**	**1,560,329**
Warrant modification (a)	-		696,155
Warrants exercised (b)	(719,375)		(86,584)
Warrants expired (c)	(2,544,400)		(237,846)
Balance, December 31, 2010	**7,007,240**	**$**	**1,932,054**
Warrant modification (a)	-		310,000
Balance, March 31, 2011	**7,007,240**	**$**	**2,242,054**

(a) Warrant Modifications

In March 2010, an extension of 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, was approved by the Board of Directors.

(In Canadian dollars)

(Note 8 - continued)

Each full Class E Warrant entitled 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 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	1.50%	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 an increase to warrant capital within shareholders' equity, with the offset to other reserve, also within shareholders' equity.

In March 2011, a further extension of the term of the Company's 6,567,500 Series E common share purchase warrants (the "Class E Warrants"), was approved by the Board of Directors.

Their term was extended to the earlier of (i) April 1, 2012, 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	1.78%	1.78%
Expected dividend yield	0%	0%
Expected share volatility	138%	103%
Expected life	23 days	389 days

The resulting incremental fair value of $310,000 associated with the common share purchase warrants held by shareholders was recorded as an increase to warrant capital within shareholders' equity, with the offset to other reserve, also within shareholders' equity.

(In Canadian dollars)

(Note 8 - continued)

(b) Exercise of Warrants

(i) 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.

(c) Expiry of Warrants

(i) On July 3, 2010, 725,000 of the total 1,444,375 warrants previously issued for the purchase of 725,000 common shares, at a price of $0.55, expired unexercised. The remaining 719,375 warrants were exercised during the year as noted above.
(ii) On July 13, 2010, 1,304,000 of the warrants previously issued for the purchase of 1,304,000 common shares, at a price of $0.55, expired unexercised.
(iii) On April 1, 2010, 515,400 of the warrants previously issued for the purchase of 515,400 common shares at a price of $0.80, expired unexercised.

9. Share-based compensation

Of the 2,429,434 unexercised options as at March 31, 2011; 2,096,934 had vested and were exercisable, with exercise prices ranging from $0.125 to $0.60 per share.

In the first quarter of 2011, 10,000 options having an exercise price of $0.37 were forfeited.

During the three months ended March 31, 2011 the Company recorded stock-based compensation expense of $19,712 (March 31, 2010 - $59,673) related to stock options granted to employees, officers, directors and consultants, which is included in technology expense, general and administration expense, and selling and business development expense.

10. Non-cash working capital

for the three months ended March 31		2011		2010
Changes in non cash working capital:				
Trade and other receivables	$	78,333	$	(38,338)
Prepaid expenses and other current assets		(96,946)		(92,982)
Accounts payable and accrued liabilities		11,963		76,803
Unearned revenue		167,455		(70,428)
Unrealized foreign exchange loss in working capital		(16,593)		(10,821)
	$	**144,212**	**$**	**(135,766)**

(In Canadian dollars)

11. Loss per share

	Three months ended March 31, 2011	Three months ended March 31, 2010
Loss for the period	$ (454,378)	$ (287,409)
Weighted average number of common shares, options and warrants outstanding:		
Basic	40,685,417	39,966,042
Effect of stock options and warrants	-	-
Diluted	40,685,417	39,966,042
Loss per share:		
Basic and diluted	$ (0.01)	$ (0.01)

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, 2011 a total of 9,436,674 warrants and options were outstanding.

12. 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, 2010.

13. Financial instruments

The carrying amounts of cash and cash equivalents, short term investments, trade and other receivables, and accounts payable and accrued liabilities approximate their fair values due to the short-term nature of these financial instruments.

14. 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 March 31, 2011				Three months ended March 31, 2010			
	Canada	United States	Other	Total	Canada	United States	Other	Total
Revenue	$ 516,191	$ 49,654	$ 11,521	$ 577,366	$ 500,631	$ 177,097	$ 26,658	$ 704,386
Equipment	462,787	-	-	462,787	501,564	-	-	501,564
Intangible assets	-	-	-	-	76,703	-	-	76,703

(Note 14 - continued)

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

Three customers each accounted for more than 10% of total revenue, and accounted for a combined total of 69% of total revenue for the three months ended March 31, 2010.

15. Subsequent events

On April 25, 2011, in accordance with the terms of an employment agreement, a total of 50,000 stock options were granted at an exercise price of $0.29. These options expire five years after the grant date and vest over a period of three years.

On May 25, 2011, in accordance with the terms of the Directors' Compensation Plan, a total of 281,875 stock options were granted to non-management directors at an exercise price of $0.37. These options expire five years after the grant date and vested immediately upon grant.

16. Transition to IFRS

First-time adoption of IFRS

The adoption of IFRS requires the application of IFRS 1, which provides guidance for an entity's initial adoption of IFRS. IFRS 1 generally requires retrospective application of IFRS effective at the end of an entity's first annual IFRS reporting period. However, IFRS 1 also provides certain optional exemptions and mandatory exceptions to this retrospective treatment.

The Company has elected to apply the following optional exemptions in its preparation of its opening IFRS interim consolidated statement of financial position as at January 1, 2010, (Transition Date):

- To apply IFRS 2 Share-based Payments only to equity-settled instruments that had not vested by the Transition Date.
- To apply IFRS 3 *Business Combinations* prospectively from the Transition Date, therefore not restating business combinations that took place prior to the Transition Date.
- To deem cumulative foreign currency translation difference for foreign operations to be zero at the Transition Date. Any gains and losses on subsequent disposal of foreign operations will not be impacted by translation differences that arose prior to the Transition Date.

IFRS 1 does not permit changes to estimates that have been made previously. Estimates used in the preparation of the Company's opening IFRS statement of financial position, and other comparative information restated to comply with IFRS, are consistent with those made previously under current Canadian GAAP.

As stated in Note 3, these are the Company's first interim consolidated financial statements prepared in accordance with IFRS.

The accounting policies set out in Note 4 have been applied in preparing the unaudited interim consolidated financial statements for the three months ended March 31, 2011, the comparative information for both the three months ended March 31, 2010 and the year ended December 31, 2010, and in the preparation of an opening IFRS statement of financial position at January 1, 2010 (the Company's date of transition).

(In Canadian dollars)

(Note 16 - continued)

In preparing its opening IFRS statement of financial position, comparative statement of comprehensive loss information for the three months ended March 31, 2010, and comparative financial statement information for the year ended December 31, 2010, the Company has adjusted amounts reported previously in financial statements prepared in accordance with Canadian GAAP (the Company's previous GAAP).

An explanation of how the transition from Canadian GAAP to IFRS has affected the Company's financial position, financial performance, and cash flows is set out in the following tables and the notes that accompany the tables.

	Note		January 1, 2010		March 31, 2010		December 31, 2010
Shareholders' equity under Canadian GAAP		**$**	**2,432,776**	**$**	**2,226,933**	**$**	**1,308,025**
Change in functional currency of iLOOKABOUT (US) Inc.	**a**		-		5,170		10,193
Modification of warrants	**b**		-		-		-
Shareholders' equity under IFRS		**$**	**2,432,776**	**$**	**2,232,103**	**$**	**1,318,218**

	Note		Three months ended March 31, 2010		Year ended December 31, 2010
Comprehensive loss under Canadian GAAP		**$**	**(265,516)**	**$**	**(1,834,846)**
Change in functional currency of iLOOKABOUT (US) Inc.	**a**		5,170		10,193
Comprehensive loss under IFRS		**$**	**(260,346)**	**$**	**(1,824,653)**

(In Canadian dollars)

(Note 16 - continued)

Transitional adjustments
Reconciliations of Canadian GAAP to IFRS

The following provides reconciliations from Canadian GAAP to IFRS.

As at		January 1, 2010				March 31, 2010				December 31, 2010			
	Note	Canadian GAAP[1]	Foreign Currency Translation	IFRS 1 Election	IFRS	Canadian GAAP[1]	Foreign Currency Translation	Warrant Modification	IFRS	Canadian GAAP[1]	Foreign Currency Translation	Warrant Modification	IFRS
Assets													
Current Assets:													
Cash and cash equivalents		$ 1,410,006	$ -	$ -	$ 1,410,006	$ 1,035,920	$ -	$ -	$ 1,035,920	$ 177,730	$ -	$ -	$ 177,730
Short-term investments		1,000,000	-	-	1,000,000	1,000,000	-	-	1,000,000	1,004,850	-	-	1,004,850
Trade and other receivables	**a**	115,467	-	-	115,467	158,931	1,707	-	160,638	134,940	2,785	-	137,725
Prepaid expenses and other current assets	**a**	142,329	-	-	142,329	235,786	(475)	-	235,311	161,315	(1,732)	-	159,583
		2,667,802	-	-	2,667,802	2,430,637	1,232	-	2,431,869	1,478,835	1,053	-	1,479,888
Equipment		456,161	-	-	456,161	501,564	-	-	501,564	513,953	-	-	513,953
Intangible assets		80,471	-	-	80,471	76,703	-	-	76,703	-	-	-	-
Total Assets		$ 3,204,434	$ -	$ -	$ 3,204,434	$ 3,008,904	$ 1,232	$ -	$ 3,010,136	$ 1,992,788	$ 1,053	$ -	$ 1,993,841
Liabilities and Shareholders' Equity													
Current Liabilities:													
Accounts payable and accrued liabilities		$ 317,808	$ -	$ -	$ 317,808	$ 394,611	$ -	$ -	$ 394,611	$ 334,798	$ -	$ -	$ 334,798
Unearned revenue	**a**	413,352	-	-	413,352	364,365	(3,394)	-	360,971	181,016	(3,993)	-	177,023
		731,160	-	-	731,160	758,976	(3,394)	-	755,582	515,814	(3,993)	-	511,821
Unearned revenue	**a**	40,498	-	-	40,498	22,995	(544)	-	22,451	168,949	(5,147)	-	163,802
Shareholders' Equity:													
Share capital		7,936,201	-	-	7,936,201	7,936,201	-	-	7,936,201	8,418,442	-	-	8,418,442
Warrant capital		1,560,329	-	-	1,560,329	2,256,484	-	-	2,256,484	1,932,054	-	-	1,932,054
Other reserve	**b**	-	-	-	-	-	-	(696,155)	(696,155)	-	-	(696,155)	(696,155)
Contributed surplus		1,209,136	-	-	1,209,136	1,268,809	-	-	1,268,809	1,761,420	-	-	1,761,420
Deficit	**a, b**	(8,272,890)	99,704	(99,704)	(8,272,890)	(9,234,561)	(21,893)	696,155	(8,560,299)	(10,803,891)	23,419	696,155	(10,084,317)
Translation reserve	**a**	-	(99,704)	99,704	-	-	27,063	-	27,063	-	(13,226)	-	(13,226)
		2,432,776	-	-	2,432,776	2,226,933	5,170	-	2,232,103	1,308,025	10,193	-	1,318,218
Total Liabilities and Shareholders' Equity		$ 3,204,434	$ -	$ -	$ 3,204,434	$ 3,008,904	$ 1,232	$ -	$ 3,010,136	$ 1,992,788	$ 1,053	$ -	$ 1,993,841

(1) Certain of the Canadian GAAP balances have been reclassified to conform to IFRS presentation.

(In Canadian dollars)

(Note 16 - continued)

		For the Three Months Ended March 31, 2010				For the Year Ended December 31, 2010			
	Note	Canadian GAAP	Presentation Adjustments	Foreign Currency Translation	IFRS	Canadian GAAP	Presentation Adjustments	Foreign Currency Translation	IFRS
Revenue	a	$ 703,514	$ -	$ 872	$ 704,386	$ 2,958,905	$ -	$ 540	$ 2,959,445
Direct operating expenses	d	-	321,480	(21)	321,459	-	1,819,964	-	1,819,964
Gross Margin		-	(321,480)	893	382,927	-	(1,819,964)	540	1,139,481
Operations, technology and research	d	326,504	(326,504)	-	-	1,670,520	(1,670,520)	-	-
Technology	a, d	-	194,720	-	194,720	-	696,901	-	696,901
Selling, general and administration	d	518,546	(518,546)	-	-	2,549,896	(2,549,896)	-	-
Selling and business development	a, d	-	205,127	-	205,127	-	801,436	76	801,512
General and administration	a, d	-	234,633	-	234,633	-	1,371,236	122	1,371,358
Investment tax credits and government assistance	d	-	-	-	-	(102,705)	102,705	-	-
Amortization of equipment	d	47,469	(47,469)	-	-	239,427	(239,427)	-	-
Amortization of intangible assets	d	3,768	(3,768)	-	-	17,960	(17,960)	-	-
Stock-based compensation	d	59,673	(59,673)	-	-	314,439	(314,439)	-	-
		955,960	(321,480)	-	634,480	4,689,537	(1,819,964)	198	2,869,771
Loss from operations before the undernoted		(252,446)	-	893	(251,553)	(1,730,632)	-	342	(1,730,290)
Other items:									
Interest and other income (expense), net	d	9,279	(9,279)	-	-	(864)	864		-
Finance income (costs)	d	-	6,833	-	6,833	-	(714)	-	(714)
Other income (expenses)	d	-	2,446	-	2,446	-	(150)	41	(109)
Gain on disposal of equipment		-	-	-	-	642	-	-	642
Impairment of intangible assets		-	-	-	-	(71,534)	-	-	(71,534)
Foreign exchange gains (losses)	a	(22,349)	-	(22,786)	(45,135)	(32,458)	-	23,036	(9,422)
		(13,070)	-	(22,786)	(35,856)	(104,214)	-	23,077	(81,137)
Net loss		$ (265,516)	$ -	$ (21,893)	$ (287,409)	$ (1,834,846)	$ -	$ 23,419	$ (1,811,427)
Other comprehensive income (loss):									
Unrealized gain (loss) on the translation of foreign operation	a	-	-	27,063	27,063	-	-	(13,226)	(13,226)
		-	-	27,063	27,063	-	-	(13,226)	(13,226)
Comprehensive loss		**$ (265,516)**	**$ -**	**$ 5,170**	**$ (260,346)**	**$ (1,834,846)**	**$ -**	**$ 10,193**	**$ (1,824,653)**

(Note 16 - continued)

The following notes describe the adjustments required by the transition to IFRS:

(a) *Foreign currency translation*

Under Canadian GAAP, an entity is not explicitly required to assess the unit of measure (functional currency) in which it measures its own assets, liabilities, revenues and expenses. Under Canadian GAAP, an entity applies criteria to determine only whether a foreign subsidiary's operations is integrated or self-sustaining, in which case the temporal or current methods of translation respectively, are then applied to the subsidiary's financial statement balances and results of operations. Under Canadian GAAP, the Company prepared its financial statements in Canadian dollars and its US subsidiaries were determined to be integrated foreign operations, and were translated using the temporal method.

Under IFRS, the functional currency of the Company and each of its subsidiaries must be assessed independently, giving consideration to the primary economic environment in which each operates. IFRS provides guidance in respect of factors to be considered in determining an entity's functional currency that are similar to those noted in Canadian GAAP, however, unlike Canadian GAAP, IFRS distinguishes between primary and secondary factors in making such an assessment. Based on the assessment under IFRS, management has determined that the functional currency of iLOOKABOUT (US) Inc. is the United States dollar (USD) (Canadian dollar under Canadian GAAP). Accordingly, the change in functional currency has been reflected in reporting the Company's consolidated financial position and results of operations under IFRS.

As a result of this change, non-monetary assets and liabilities are translated at the current rate (historic rate under Canadian GAAP) at each reporting period and the unrealized translation gain or loss for the foreign operation is recognized as part of other comprehensive loss and included in translation reserve in shareholders' equity, whereas under Canadian GAAP, it was included in net loss and deficit.

The Company applied this change in an accounting policy retrospectively in conjunction with the application of the first-time adoption exemption to deem the cumulative translation adjustment to be zero at the Transition Date, leaving shareholders' equity unchanged as at January 1, 2010.

(b) *Modification of warrants*

Under Canadian GAAP, the incremental increase in the fair value of the warrants resulting from a modification of the warrant term was recorded in warrant capital with a corresponding increase in deficit within shareholders' equity. Under IFRS, the Company has changed its accounting policy to record the incremental increase in fair value associated with warrant modifications as an increase in other reserve, a component of shareholders' equity, as opposed to deficit. This change resulted in a reclassification within shareholders' equity, reducing deficit by $696,155 and increasing other reserve for the same amount.

(c) *Reclassifications in statements of cash flow*

Interest received has been moved into the body of the interim consolidated statements of cash flow as part of operating activities, whereas it was previously disclosed as supplementary information under Canadian GAAP.

(Note 16 - continued)

(d) *Presentation adjustments*

The Company has chosen to classify its expenses according to their function. Accordingly, the following classification changes have occurred:

Canadian GAAP Classification	Nature of Expense	IFRS Classification
Operations, technology and research	Direct operating cost of sales.	Direct operating expenses
	Staff and related support costs related to the technology function	Technology
Selling, general and administration	Staff and related support costs of corporate, finance and administration staff; general costs of office administration such as rent, communications, etc.; regulatory and compliance costs; insurance and professional fees.	General and administration
	Staff and related support costs of sales and business development staff; travel, meals; tradeshows and promotion.	Selling and business development
Amortization of equipment	Amortization of imaging equipment, vehicles, hardware and software.	Direct operating expenses
	Amortization of office related furniture and equipment and leasehold improvements.	General and administration
Amortization of intangible assets	Amortization of patents and trademarks.	Technology
Stock-based compensation	Stock based compensation related to individuals classified within the direct operations function.	Direct operating expenses
	Stock based compensation related to individuals classified within the technology function.	Technology
	Stock based compensation related to individuals classified within the general and administration function, including directors.	General and administration
	Stock based compensation related to individuals classified within selling and business development function.	Selling and business development
Investment tax credits and government assistance	Offset against the expenditure to which it relates.	Technology (as applicable)