

iLOOKABOUT Corp.

Unaudited Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2015 and 2014

iLOOKABOUT Corp.
Unaudited Condensed Interim Consolidated Statements of Financial Position
(in Canadian dollars)

As at	Note	March 31, 2015	December 31, 2014
Assets			
Current Assets:			
Cash		\$ 2,481,783	\$ 2,634,779
Trade and other receivables		645,302	525,622
Prepaid expenses and other current assets		214,091	155,574
		<u>3,341,176</u>	<u>3,315,975</u>
Non-current Assets:			
Equipment		460,042	477,417
Intangible asset	4	2,249,464	26,167
		<u>2,709,506</u>	<u>503,584</u>
Total Assets		\$ 6,050,682	\$ 3,819,559
Liabilities and Shareholders' Equity			
Current Liabilities:			
Accounts payable and accrued liabilities		\$ 1,019,041	\$ 822,204
Unearned revenue		911,992	808,403
Current portion of long-term debt		759,908	744,169
		<u>2,690,941</u>	<u>2,374,776</u>
Non-current Liabilities:			
Unearned revenue		478,066	458,056
Long-term debt		624,145	623,561
Provision		129,000	121,000
		<u>1,231,211</u>	<u>1,202,617</u>
Shareholders' Equity	5	2,128,530	242,166
Subsequent events	13		
Total Liabilities and Shareholders' Equity		\$ 6,050,682	\$ 3,819,559

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

iLOOKABOUT Corp.
Unaudited Condensed Interim Consolidated Statements of Comprehensive Loss
(in Canadian dollars)

	Note	Three months ended	
		March 31, 2015	March 31, 2014
Revenue		\$ 1,516,419	\$ 1,122,136
Direct operating expenses		687,682	525,035
Gross margin		828,737	597,101
Other operating expenses:			
Technology		323,852	254,494
Selling and business development		303,623	213,135
General and administration		786,282	335,952
		1,413,757	803,581
Loss from operations		(585,020)	(206,480)
Finance costs		(55,788)	(65,781)
Foreign exchange gain		103,362	48,095
Loss for the period		\$ (537,446)	\$ (224,166)
Other comprehensive loss:			
Items that will not be reclassified to loss for the period:			
Foreign exchange loss on the translation of foreign operations		(81,518)	(48,053)
Comprehensive loss for the period		\$ (618,964)	\$ (272,219)
Weighted average number of common shares			
Basic and diluted	8	57,017,028	45,907,608
Loss per share			
Basic and diluted	8	\$ (0.01)	\$ -

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iLOOKABOUT Corp.

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

(in Canadian dollars)

Period ended March 31, 2015

	Note	Common share capital	Warrant capital	Conversion option reserve	Contributed surplus	Deficit	Translation reserve	Total Equity
Balance at December 31, 2014		\$ 10,507,651	\$ 619,676	\$ 139,468	\$ 3,855,424	\$ (14,687,050)	\$ (193,003)	\$ 242,166
Loss for the period		-	-	-	-	(537,446)	-	(537,446)
Other comprehensive loss:								
Foreign exchange loss on the translation of foreign operations		-	-	-	-	-	(81,518)	(81,518)
Comprehensive loss for the period		-	-	-	-	(537,446)	(81,518)	(618,964)
Dividend conversion	5(a)	20,229	-	-	-	-	-	20,229
Issuance of common shares	5(b)	2,279,550	-	-	-	-	-	2,279,550
Share-based compensation		-	-	-	205,549	-	-	205,549
Balance at March 31, 2015		\$ 12,807,430	\$ 619,676	\$ 139,468	\$ 4,060,973	\$ (15,224,496)	\$ (274,521)	\$ 2,128,530

Period ended March 31, 2014

	Note	Common share capital	Warrant capital	Conversion option reserve	Contributed surplus	Deficit	Translation reserve	Total Deficiency
Balance at December 31, 2013		\$ 8,834,916	\$ 207,254	\$ 139,468	\$ 3,526,394	\$ (13,744,001)	\$ (87,439)	\$ (1,123,408)
Loss for the period		-	-	-	-	(224,166)	-	(224,166)
Other comprehensive loss:								
Foreign exchange loss on the translation of foreign operations		-	-	-	-	-	(48,053)	(48,053)
Comprehensive loss for the period		-	-	-	-	(224,166)	(48,053)	(272,219)
Dividend conversion		25,332	-	-	-	-	-	25,332
Share-based compensation		-	-	-	4,564	-	-	4,564
Balance at March 31, 2014		\$ 8,860,248	\$ 207,254	\$ 139,468	\$ 3,530,958	\$ (13,968,167)	\$ (135,492)	\$ (1,365,731)

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

iLOOKABOUT Corp.
Unaudited Condensed Interim Consolidated Statements of Cash Flows
(in Canadian dollars)

	Three months ended	
	March 31, 2015	March 31, 2014
Cash flows from operating activities		
Loss for the period	\$ (537,446)	\$ (224,166)
Adjustments for:		
Amortization of equipment	41,727	42,812
Amortization of intangible assets	4 56,703	26,166
Unrealized foreign exchange (gain) loss	(37,166)	38,699
Finance costs	55,788	65,781
Share-based compensation expense	205,549	4,564
	(214,845)	(46,144)
Changes in non-cash working capital	9 51,900	18,741
Interest paid	(8,421)	(19,251)
Interest received	1,027	109
Cash used in operating activities	(170,339)	(46,545)
Cash flows from financing activities		
Repayment of debt financing of software licence	-	(47,888)
Repayment of debt financing of vehicles	(2,373)	-
Corporate transaction costs	5 (2,109)	(1,443)
Cash used in financing activities	(4,482)	(49,331)
Cash flows from investing activities		
Purchase of equipment	(24,352)	(35,368)
Cash used in investing activities	(24,352)	(35,368)
Decrease in cash during the period	(199,173)	(131,244)
Effect of exchange rate fluctuations on cash	46,177	15,046
Cash - beginning of period	2,634,779	1,058,192
Cash - end of period	\$ 2,481,783	\$ 941,994

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

iLOOKABOUT Corp.
Notes to Unaudited Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2015 and 2014
(in Canadian dollars)

1. Corporate Information

iLOOKABOUT Corp. and its subsidiaries are engaged in the visual and data intelligence business collecting, processing and geo-coding street-level image data, providing image and related data management software, aggregation of additional value-added property based data, 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, 2015 comprise iLOOKABOUT Corp. and its subsidiaries, (together referred to as the “Company”).

iLOOKABOUT Corp. 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. Statement of compliance

These interim financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting as issued by the International Accounting Standards Board (“IASB”). The notes presented in these interim financial statements include only significant changes and transactions occurring since the Company’s last year end and are not fully inclusive of all disclosures required by International Financial Reporting Standards (“IFRS”) for annual financial statements. These interim financial statements should be read in conjunction with the Company’s annual audited consolidated financial statements as at and for the year ended December 31, 2014, which are available on SEDAR.

These interim financial statements were approved by the Board of Directors on May 21, 2015.

3. Significant Accounting Policies

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 December 31, 2014.

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

(a) New accounting pronouncements adopted

Annual Improvements to IFRS

In December 2013, the IASB issued narrow-scope amendments to a total of nine standards. Most of the amendments apply prospectively for annual periods beginning on or after July 1, 2014. The Company adopted these amendments in its financial statements effective January 1, 2015. The adoption of these amendments did not have a material impact on the financial statements.

iLOOKABOUT Corp.
Notes to Unaudited Condensed Interim Consolidated Financial Statements
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4. Intangible asset

Cost	
At December 31, 2014	\$ 436,857
Addition (a)	2,280,000
Expiry (b)	(314,000)
At March 31, 2015	\$ 2,402,857
Accumulated Amortization and Impairment Loss	
At December 31, 2014	\$ 410,690
Amortization	56,703
Expiry (b)	(314,000)
At March 31, 2015	\$ 153,393
Carrying amounts	
At December 31, 2014	\$ 26,167
At March 31, 2015	\$ 2,249,464

(a) Software Asset Purchase

In February 2015, the Company completed a software asset purchase. The purchase included Real Property Tax Analytics Software and Realty Tax Management Software (the “Software”) from Yeoman & Company Paralegal Professional Corporation (“YCP”), a related party as disclosed in note 6, and 2025832 Ontario Inc. (collectively the “Vendors”). The Company intends to re-licence this Software to end customers. In exchange for the Software, the Company issued 6,000,000 common shares of the Company at a price of \$0.38 per share, being the closing share price on the date prior to the share issuance date. The Company valued the software at the fair value of the shares granted as the fair value of the software could not be estimated reliably.

The Company has determined that the expected life of the Software is approximately ten years. The Software will be amortized over ten years on a straight line basis, commencing on the date of acquisition. Such amortization is included in direct operating expenses.

(b) Software licence expiry

In March 2012, the Company acquired a software licence, which was amortized on a straight-line basis over the licence term of 3 years, until March 2015, at which time it expired.

iLOOKABOUT Corp.
Notes to Unaudited Condensed Interim Consolidated Financial Statements
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5. Common Share and Warrant Capital

	Expiry date	Exercise price	March 31, 2015		December 31, 2014	
			Issued	Amount	Issued	Amount
Issued and outstanding:						
Common shares			59,042,186	\$ 12,807,430	52,966,712	\$ 10,507,651
Share purchase warrants:						
Series H warrants	January 27, 2016	0.15	1,481,000	63,050	1,481,000	63,050
Series I warrants	January 27, 2017	0.15	1,481,000	68,044	1,481,000	68,044
Series J warrants	January 27, 2018	0.15	1,481,000	76,160	1,481,000	76,160
Series K warrants	December 22, 2016	0.60	3,333,333	412,422	3,333,333	412,422
			7,776,333	619,676	7,776,333	619,676
Share capital and warrant capital			66,818,519	\$ 13,427,106	60,743,045	\$ 11,127,327

The authorized capital is an unlimited number of common shares and an unlimited number of preference shares, issuable in series. The common shares have no par value and are each entitled to one vote. All issued common shares are fully paid.

The following table presents changes in common share capital:

	Number of shares	Amount
Balance, December 31, 2014	52,966,712	\$ 10,507,651
Shares issued, dividend conversion (a)	75,474	20,229
Shares issued, software asset purchase (b)	6,000,000	2,279,550
Balance, March 31, 2015	59,042,186	\$ 12,807,430

(a) Dividend conversion

The Company received notices from Preference Shareholders to convert unpaid cumulative dividends on Preference Shares totaling \$21,888 into common shares in January 2015. As a result, the Company issued 75,474 common shares, based on a closing market price on December 31, 2014 of \$0.29. The Company recorded \$20,229, net of costs of issuance of \$1,659, as an increase to common share capital and a decrease to accounts payable and accrued liabilities for the accrued dividends.

(b) Software asset purchase

In February 2015, the Company issued 6,000,000 common shares as payment for Software acquired, as disclosed in Note 4(a).

As the closing share price on the date prior to this share issuance was \$0.38, the Company recorded an increase to share capital of \$2,280,000, less share issuance costs of \$450.

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6. Related party transactions

Key management personnel transactions

One of the premises occupied by the Company is rented on an annual basis from a related company owned by a Director and Officer of the Company. For the three months ended March 31, 2015, the Company paid rent to the related company of \$3,000 (2014 - \$3,000), which is included in general and administration expense.

Five of the current Directors and/or Officers of the Company participated in the March 2012 private placement of Preference Shares. Where dividends on these Preference Shares have accrued, the holder has the option to convert these unpaid dividends into common shares. For the three months ended March 31, 2015, current Directors and Officers converted a total of \$7,109 (2014 - \$7,797) accrued dividends into 24,511 common shares (2014 - 38,979 common shares). The terms of these Preference Shares are the same as those issued to non-related parties.

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.

Other related party transactions

The Company receives consulting services with respect to software development and related services from Yeoman & Company Paralegal Professionals Corp. ("YCP"). YCP is related to a Director and Officer of the Company. For the three months ended March 31, 2015, the Company paid consulting fees of \$70,587 (2014 - \$nil) to YCP, which is included in technology 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 December 2014, the Company entered into a technology asset purchase agreement (the "Purchase Agreement") to purchase certain technology assets (the "Software") from YCP and 2025832 Ontario Inc. (collectively, the "Vendors"). The Software included the Realty Tax Management Platform and the Real Property Tax Analytics Platform as disclosed in note 4(a). The purchase constituted a non-arm's length transaction under TSX-V regulations and, as such, it required regulatory and shareholder approval. Upon receiving such approvals in February 2015, the transaction closed. As consideration for the Software, upon closing of transaction, the Company issued 6,000,000 common shares at a share price of \$0.38, being the closing share price on the date prior to the share issuance.

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7. Share-based compensation

The number and weighted average exercise prices of share options are as follows:

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life in Years
Outstanding December 31, 2014	2,789,475	\$ 0.200	3.6
Granted	2,333,000	\$ 0.335	
Expired	(270,000)	\$ 0.370	
Outstanding March 31, 2015	4,852,475	\$ 0.255	4.3

The options outstanding at March 31, 2015 have exercise prices ranging from \$0.120 to \$0.335. All options outstanding had a contractual life of 5 years upon grant.

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

Exercise price	\$0.335
Common share value at grant date	\$0.335
Risk free interest rate	0.45% to 0.74%
Expected dividend yield	0%
Expected share volatility	139.10% to 148.04%
Expected life	2.5 to 5 years

Of the 4,852,475 unexercised options as at March 31, 2015, 2,981,913 had vested and were exercisable, with exercise prices ranging from \$0.120 to \$0.335 per share.

8. Loss per share

There were no dilutive items outstanding at March 31, 2015 or March 31, 2014. Diluted loss per share does not take into account any outstanding warrants, options, deferred share units or convertible preference shares as their effect would be anti-dilutive for these periods. As at March 31, 2015, there were a total of:

- 7,776,333 warrants outstanding (March 31, 2014 – 4,443,000);
- 4,852,475 options outstanding (March 31, 2014 – 4,146,344);
- 750,000 convertible preference shares outstanding (March 31, 2014 – 750,000), which could be converted into 2,419,355 common shares and 1,209,678 warrants to purchase common shares at the option of the holder (March 31, 2014 – 2,419,355 and 1,209,678, respectively);
- 482,324 deferred share units (March 31, 2014 – nil); and
- \$53,504 of accrued but unpaid preference share dividends which can be converted to common shares at the option of the holder at the closing market price of the common shares on the day before the conversion right is exercised (March 31, 2014 – \$36,744).

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9. Supplementary cash flow information

	2015		2014	
Changes in non cash working capital:				
Trade and other receivables	\$	(119,680)	\$	(224,406)
Prepaid expenses and other current assets		(58,517)		(22,138)
Accounts payable and accrued liabilities		197,027		305,839
Unearned revenue		123,599		61,244
Unrealized foreign exchange losses related to non-cash working capital		(90,529)		(101,798)
	\$	51,900	\$	18,741

Significant non-cash transactions

- In the three months ended March 31, 2015, the Company recorded accrued dividends in the amount of \$21,698, and converted \$21,888 accrued dividends into common shares (March 31, 2014 – \$22,191 and \$26,775, respectively). See note 5(a)
- In December 2014, the Company entered into a Purchase Agreement to acquire Software to be settled by the issuance of 6,000,000 common shares of iLOOKABOUT. The transaction closed on February 11, 2015. As the closing share price on February 11, 2015 was \$0.38, the cost of the Software asset was determined to be \$2,280,000. The Company valued the software at the fair value of the shares granted as the fair value of the software could not be estimated reliably.

10. 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. Financial 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, 2014.

11. Financial instruments

Fair values versus carrying amounts

Cash, trade and other receivables, and accounts payable and accrued liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. The fair values of the secured term credit facility, preference shares, and debt financing of vehicles were determined based on present valuing future estimated cash flows using market rates of interest, as follows:

As at	March 31, 2015		December 31, 2014	
	Carrying amount	Fair value	Carrying amount	Fair value
Secured term credit facility	(587,390)	(696,693)	(584,237)	(681,873)
Preference shares	(803,505)	(794,894)	(788,151)	(769,609)
Debt financing of vehicles	(46,663)	(46,663)	(49,037)	(49,037)
	\$	(1,437,558)	\$	(1,500,519)

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(Note 11 - continued)

The fair value and carrying amount of the Preference Shares presented in the table above include accrued dividends of \$53,505 (December 31, 2014 – \$53,695), whereas the financial statements report the accrued dividends as accounts payable and accrued liabilities.

12. Segmented information

The Company operates and reports its results as one operating segment which is the visual and data intelligence 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, 2015			
	Canada	United States	United Kingdom	Total
Revenue	\$ 1,266,958	\$ 249,461	\$ -	\$ 1,516,419
Equipment	460,042	-	-	460,042
Intangible asset	2,249,464	-	-	2,249,464

	Three months ended			
	March 31, 2014			
	Canada	United States	United Kingdom	Total
Revenue	\$ 992,262	\$ 118,230	\$ 11,644	\$ 1,122,136
Equipment	497,590	-	-	497,590
Intangible asset	104,667	-	-	104,667

Customers representing more than 10% of revenue are classified as significant customers.

For the three months ended March 31, 2015, the Company had two significant customers; one represented 48%, and the other represented 13% of total revenue.

For the three months ended March 31, 2014, the Company had two significant customers; one represented 54%, and the other represented 18% of total revenue.

At March 31, 2015, four customers each accounted for more than 10% of trade accounts receivable, totalling approximately 87% of trade accounts receivable, of which 70% was collected subsequent to March 31, 2015.

At March 31, 2014, three customers each accounted for more than 10% of trade accounts receivable, totalling approximately 74% of trade accounts receivable, of which 100% was collected subsequent to March 31, 2014.

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13. Subsequent events

(i) Conversion of Unpaid Dividends

In April 2015, the Company issued 118,375 common shares to settle \$41,432 of accrued dividends on its Series 1 Preference Shares, based on a closing market price of the common shares on March 31, 2015 of \$0.35.

(ii) Conversion and Redemption of Preference Shares

In March 2015, the Company received notices from Series 1 Preference Shareholders (“Preference Shareholders”) to convert 357,500 Series 1 Preference Shares (“Preference Shares”) into Units. The Preference Shares were convertible at the option of the holder at a conversion rate of 1/0.31 (being approximately 3.226) Units per share. Each Unit consisted 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 March 30, 2017, subject to certain earlier exercise requirements in specified circumstances. Upon conversion, the Company issued 1,153,223 common shares and 576,611.5 warrants. Of the conversion notices received, 232,500 related to current Directors and/or Officers of the Company. The Company completed such conversions on April 6, 2015.

The Company also received notices from certain Preference Shareholders to redeem 335,000 Preference Shares, including accrued dividends, held by them for an aggregate redemption amount of \$346,952. The Preference Shares were redeemable at the option of the holder on at least 30 days’ notice at a Redemption Amount of \$1.00 per Preference Share, plus accrued but unpaid dividends. The Preference Shares were also redeemable at the option of the Company on at least 2 business days’ notice at a Redemption Amount of \$1.00 per Preference Share, plus accrued but unpaid dividends. The Company chose to redeem the remaining 57,500 Preference Shares and related accrued dividends for a total of \$59,039. The Company completed such redemptions on April 10, 2015.

As at March 31, 2015, the liability component of the Preference Shares, being \$750,000, was included in current portion of long-term debt.