

iLOOKABOUT Corp.

**Unaudited Condensed Interim
Consolidated Financial Statements**

For the three and six months ended June 30, 2011 and 2010

iLOOKABOUT Corp.
Unaudited Interim Consolidated Statements of Financial Position
In Canadian dollars

| As at | June 30, 2011 | December 31, 2010 |
|---|----------------------|--------------------------|
| Assets | | |
| Current Assets: | | |
| Cash | \$ 612,504 | \$ 177,730 |
| Short-term investments | 185,000 | 1,004,850 |
| Trade and other receivables | 250,159 | 137,725 |
| Prepaid expenses and other current assets | 239,424 | 159,583 |
| | 1,287,087 | 1,479,888 |
| Equipment | 494,320 | 513,953 |
| Total Assets | \$ 1,781,407 | \$ 1,993,841 |
| Liabilities and Shareholders' Equity | | |
| Current Liabilities: | | |
| Accounts payable and accrued liabilities | \$ 470,369 | \$ 334,798 |
| Unearned revenue | 615,367 | 177,023 |
| Finance lease liability | 23,185 | - |
| | 1,108,921 | 511,821 |
| Unearned revenue | 188,617 | 163,802 |
| Shareholders' Equity | 483,869 | 1,318,218 |
| Going concern (note 2) | | |
| Subsequent events (note 14) | | |
| Total Liabilities and Shareholders' Equity | \$ 1,781,407 | \$ 1,993,841 |

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 | | Six months ended | |
|---|--------------------|---------------|------------------|----------------|
| | June 30, 2011 | June 30, 2010 | June 30, 2011 | June 30, 2010 |
| Revenue | \$ 719,885 | \$ 698,780 | \$ 1,297,250 | \$ 1,403,166 |
| Direct operating expenses | 453,247 | 624,753 | 829,686 | 946,212 |
| Gross Margin | 266,638 | 74,027 | 467,564 | 456,954 |
| Other operating expenses: | | | | |
| Technology | 226,439 | 177,423 | 429,558 | 372,143 |
| Selling and business development | 180,321 | 233,588 | 343,626 | 438,715 |
| General and administration | 409,043 | 423,155 | 653,828 | 657,788 |
| | 815,803 | 834,166 | 1,427,012 | 1,468,646 |
| Loss from operations before the undernoted | (549,165) | (760,139) | (959,448) | (1,011,692) |
| Other items: | | | | |
| Finance income (costs), net | 444 | (9,965) | 1,783 | (3,132) |
| Other income (expense), net | 1,239 | (1,618) | 1,239 | 828 |
| Foreign exchange gains (losses) | 36,274 | 75,285 | (9,160) | 30,150 |
| | 37,957 | 63,702 | (6,138) | 27,846 |
| Loss | \$ (511,208) | \$ (696,437) | \$ (965,586) | \$ (983,846) |
| Other comprehensive income: | | | | |
| Foreign exchange gain (loss) on the translation of foreign operations | (28,401) | (70,189) | 13,032 | (43,126) |
| | (28,401) | (70,189) | 13,032 | (43,126) |
| Comprehensive loss | \$ (539,609) | \$ (766,626) | \$ (952,554) | \$ (1,026,972) |
| Loss per share | | | | |
| Basic and diluted (note 10) | \$ (0.01) | \$ (0.02) | \$ (0.02) | \$ (0.02) |

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

Six months ended June 30, 2011

| | 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 |
| Loss | - | - | - | - | (965,586) | - | (965,586) |
| Other comprehensive income: | | | | | | | |
| Foreign exchange gain on the translation of foreign operations | - | - | - | - | - | 13,032 | 13,032 |
| Comprehensive income (loss) | - | - | - | - | (965,586) | 13,032 | (952,554) |
| Warrant modification (Note 7) | - | 310,000 | (310,000) | - | - | - | - |
| Options exercised | 10,519 | - | - | (7,394) | - | - | 3,125 |
| Share-based compensation | - | - | - | 115,080 | - | - | 115,080 |
| Balance at June 30, 2011 | \$ 8,428,961 | \$ 2,242,054 | \$ (1,006,155) | \$ 1,869,106 | \$ (11,049,903) | \$ (194) | \$ 483,869 |

Six months ended June 30, 2010

| | 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 |
| Loss | - | - | - | - | (983,846) | - | (983,846) |
| Other comprehensive income: | | | | | | | |
| Foreign exchange gain on the translation of foreign operations | - | - | - | - | - | (43,126) | (43,126) |
| Comprehensive income (loss) | - | - | - | - | (983,846) | (43,126) | (1,026,972) |
| Warrant modification (Note 7) | - | 696,155 | (696,155) | - | - | - | - |
| Warrants exercised | 482,241 | (86,584) | - | - | - | - | 395,657 |
| Share-based compensation | - | - | - | 184,834 | - | - | 184,834 |
| Balance at June 30, 2010 | \$ 8,418,442 | \$ 2,169,900 | \$ (696,155) | \$ 1,393,970 | \$ (9,256,736) | \$ (43,126) | \$ 1,986,295 |

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

| | Six months ended | |
|--|-------------------|-------------------|
| | June 30, 2011 | June 30, 2010 |
| Cash flows from operating activities | | |
| Loss | \$ (965,586) | \$ (983,846) |
| Adjustments for non-cash items: | | |
| Depreciation of equipment | 124,455 | 106,451 |
| Amortization of intangible assets | - | 7,534 |
| Unrealized foreign exchange gains (losses) | 20,595 | (43,126) |
| Finance (income) costs, net | (1,783) | 3,132 |
| Share-based compensation expense (note 8) | 115,080 | 184,834 |
| | (707,239) | (725,021) |
| Changes in non-cash working capital (note 9) | 406,355 | (99,182) |
| Interest received | 2,393 | - |
| Taxes received (paid) | (509) | - |
| Net cash used in operating activities | (299,000) | (824,203) |
| Financing activities | | |
| Payment of finance lease liabilities | (6,550) | - |
| Proceeds from warrants exercised (note 7) | - | 395,657 |
| Proceeds from options exercised | 3,125 | - |
| Net cash provided by (used in) financing activities | (3,425) | 395,657 |
| Cash flows from investing activities | | |
| Purchase of short-term investments | (225,000) | - |
| Proceeds on disposal of short-term investments | 1,037,287 | 100,000 |
| Purchase of equipment | (75,088) | (204,025) |
| Net cash provided by (used in) investing activities | 737,199 | (104,025) |
| Increase (decrease) in cash during the period | 434,774 | (532,571) |
| Cash - beginning of period | 177,730 | 1,410,006 |
| Cash - end of period | \$ 612,504 | \$ 877,435 |

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

iLOOKABOUT Corp.
Notes to Unaudited Interim Consolidated Financial Statements
For the three and six months ended June 30, 2011 and 2010
In Canadian dollars

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.

The consolidated financial statements of the Company as at and for the year ended December 31, 2010, which were prepared under Canadian generally accepted accounting principles ("GAAP"), are available on SEDAR or at www.ilookabout.com.

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 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 and six months ended June 30, 2011, the Company incurred a net loss of \$511,208 and \$965,586, respectively, and had negative cash flow from operations of \$127,680 and \$299,000, respectively. Furthermore, the Company has a history of operating losses with an accumulated deficit of \$11,049,903 (December 31, 2010 - \$10,084,317), shareholders' equity of \$483,869 (December 31, 2010 - \$1,318,218) and working capital of \$178,166 (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. Subsequent to the reporting date, as described further in Note 14 of these financial statements, the Company received notice that one of its licensees made a decision to discontinue access to its StreetScape imagery for several of its end-user customers. Should the licensee discontinue paying these fees to the Company, which it has indicated it intends to do, quarterly revenue related to these services would be negatively impacted by approximately \$280,000. Significant doubt exists as to whether the Company will be able to execute on its business plan as currently contemplated or that cash generated from operations will be sufficient to satisfy liquidity requirements and the Company may need to continue to raise funds by selling additional equity or by securing debt financing. No assurance can be given that new sources of operating revenue will be secured or that such additional equity or debt financing will be available or, if available, such financing can be obtained on terms favourable to the Company.

Although material uncertainties exist with respect to the events and circumstances required for the continued existence of the Company, at this point in time, none of the criteria exist, as set out above, that would require the Company to prepare the unaudited interim consolidated 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 unaudited interim consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern.

iLOOKABOUT Corp.
Notes to Unaudited Interim Consolidated Financial Statements
For the three and six months ended June 30, 2011 and 2010
In Canadian dollars

(Note 2 - continued)

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 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. These accounting policies are disclosed in Note 4 of the Company's 2011 first quarter interim consolidated financial statements. 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 15.

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, the unaudited interim consolidated financial statements for the three months ended March 31, 2011 prepared in accordance with IFRS, and in consideration of the IFRS transition disclosures included in Note 15 to these unaudited interim consolidated financial statements. Since the Company's consolidated financial statements for the year ended December 31, 2010 were previously prepared in accordance with Canadian GAAP, a summary of significant accounting policies were disclosed in note 4 of the March 31, 2011 consolidated interim financial statements.

These unaudited interim consolidated financial statements are presented in Canadian dollars and are prepared mainly on the historical basis. Other measurement basis are described in the applicable notes.

The unaudited interim consolidated statements of comprehensive loss are presented using the functional classification for expenses.

These unaudited interim consolidated financial statements for the three and six month period ended June 30, 2011 were authorized for issuance by the Board of Directors of the Company on August 23, 2011.

iLOOKABOUT Corp.
Notes to Unaudited Interim Consolidated Financial Statements
For the three and six months ended June 30, 2011 and 2010
In Canadian dollars

4. Significant Accounting Policies

The accounting policies set out in note 4 of the unaudited interim consolidated financial statements for the three months ended March 31, 2011 have been applied consistently to all periods presented in these unaudited interim consolidated financial statements.

5. Intangible assets

| Cost | |
|---|-------------------|
| At January 1, 2010 | \$ 105,176 |
| Additions | 9,024 |
| At December 31, 2010 and June 30, 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 June 30, 2011 | \$ 114,200 |
| Carrying amount at December 31, 2010 and June 30, 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.

6. 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 and six months ended June 30, 2011, the Company paid rent to the related company of \$3,000 and \$6,000, respectively (three and six months ended June 30, 2010 - \$3,000 and \$6,000, respectively), 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.

iLOOKABOUT Corp.
Notes to Unaudited Interim Consolidated Financial Statements
For the three and six months ended June 30, 2011 and 2010
In Canadian dollars

7. Share and warrant capital

Share and warrant capital

| | Expiry date | June 30, 2011 | | December 31, 2010 | |
|-----------------------------------|-------------|---------------|---------------|-------------------|---------------|
| | | Issued | Amount | Issued | Amount |
| Authorized: | | | | | |
| Unlimited common shares | | | | | |
| Unlimited preferred shares | | | | | |
| Issued: | | | | | |
| Common shares | | 40,710,417 | \$ 8,428,961 | 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 | | 47,717,657 | \$ 10,671,015 | 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 | 719,375 | 482,241 |
| Balance, December 31, 2010 | 40,685,417 | \$ 8,418,442 |
| Options exercised | 25,000 | 10,519 |
| Balance, June 30, 2011 | 40,710,417 | \$ 8,428,961 |

The following table presents changes in warrant capital:

| | Number of warrants | Amount |
|-----------------------------------|--------------------|---------------------|
| Balance, January 1, 2010 | 10,271,015 | \$ 1,560,329 |
| Warrant modification | - | 696,155 |
| Warrants exercised | (719,375) | (86,584) |
| Warrants expired | (2,544,400) | (237,846) |
| Balance, December 31, 2010 | 7,007,240 | \$ 1,932,054 |
| Warrant modification | - | 310,000 |
| Balance, June 30, 2011 | 7,007,240 | \$ 2,242,054 |

8. Share-based compensation

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.

iLOOKABOUT Corp.
Notes to Unaudited Interim Consolidated Financial Statements
For the three and six months ended June 30, 2011 and 2010
In Canadian dollars

(Note 8 - continued)

For the three and six months ended June 30, 2011 the Company recorded stock-based compensation expense of \$95,368 and \$115,080, respectively (June 30, 2010 - \$125,161 and \$184,834, respectively) related to stock options granted to employees, officers, directors and consultants, which is included in direct operating expenses, technology expense, general and administration expense, and selling and business development expense.

Of the 2,736,309 unexercised options as at June 30, 2011, 2,366,309 had vested and were exercisable, with exercise prices ranging from \$0.125 to \$0.60 per share.

9. Non-cash working capital

| For the six months ended June 30 | 2011 | 2010 |
|---|-------------------|--------------------|
| Changes in non cash working capital: | | |
| Trade and other receivables | \$ (112,534) | \$ (124,142) |
| Prepaid expenses and other current assets | (79,841) | (61,976) |
| Accounts payable and accrued liabilities | 135,571 | 94,203 |
| Unearned revenue | 463,159 | (7,267) |
| | \$ 406,355 | \$ (99,182) |

10. Loss per share

| For the three months ended June 30 | 2011 | 2010 |
|---|--------------|--------------|
| Loss for the period | \$ (511,208) | \$ (696,437) |
| Weighted average number of common shares, options and warrants outstanding: | | |
| Basic | 40,702,084 | 39,966,042 |
| Effect of stock options and warrants | - | - |
| Diluted | 40,702,084 | 39,966,042 |
| Loss per share: | | |
| Basic and diluted | \$ (0.01) | \$ (0.02) |

iLOOKABOUT Corp.
Notes to Unaudited Interim Consolidated Financial Statements
For the three and six months ended June 30, 2011 and 2010
In Canadian dollars

(Note 10 - continued)

| For the six months ended June 30 | 2011 | | 2010 | |
|--|------|------------|------|------------|
| Loss for the period | \$ | (965,586) | \$ | (983,846) |
| <hr/> | | | | |
| Weighted average number of common shares, options and warrants outstanding: | | | | |
| Basic | | 40,693,750 | | 39,966,042 |
| Effect of stock options and warrants | | - | | - |
| Diluted | | 40,693,750 | | 39,966,042 |
| Loss per share: | | | | |
| Basic and diluted | \$ | (0.02) | \$ | (0.02) |
| <hr/> | | | | |

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 June 30, 2011 a total of 9,743,549 (June 30, 2010 – 11,934,940) warrants and options were outstanding.

11. 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.

12. 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.

iLOOKABOUT Corp.
Notes to Unaudited Interim Consolidated Financial Statements
For the three and six months ended June 30, 2011 and 2010
In Canadian dollars

13. Segmented information

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

Operations of the Company are in the following geographic areas:

| | Three months ended June 30, 2011 | | | | Three months ended June 30, 2010 | | | |
|-------------------|---|---------------|-----------|------------|---|---------------|-----------|------------|
| | Canada | United States | Other | Total | Canada | United States | Other | Total |
| Revenue | \$ 558,466 | \$ 149,617 | \$ 11,802 | \$ 719,885 | \$ 540,779 | \$ 146,480 | \$ 11,521 | \$ 698,780 |
| Equipment | 494,320 | - | - | 494,320 | 553,735 | - | - | 553,735 |
| Intangible assets | - | - | - | - | 72,937 | - | - | 72,937 |

| | Six months ended June 30, 2011 | | | | Six months ended June 30, 2010 | | | |
|-------------------|---|---------------|-----------|--------------|---|---------------|-----------|--------------|
| | Canada | United States | Other | Total | Canada | United States | Other | Total |
| Revenue | \$ 1,074,654 | \$ 199,272 | \$ 23,324 | \$ 1,297,250 | \$ 1,041,410 | \$ 323,577 | \$ 38,179 | \$ 1,403,166 |
| Equipment | 494,320 | - | - | 494,320 | 553,735 | - | - | 553,735 |
| Intangible assets | - | - | - | - | 72,937 | - | - | 72,937 |

Two customers each accounted for more than 10% of total revenue, and accounted for a combined total of 58% and 62% of total revenue for the three and six months ended June 30, 2011, respectively.

Three customers each accounted for more than 10% of total revenue, and accounted for a combined total of 69% and 66% of total revenue for the three and six months ended June 30, 2010.

14. Subsequent event

Subsequent to the reporting date, the Company received notice that one of its licensees has made a decision to discontinue the access to StreetScape imagery for several of its end-user customers, effective August 15, 2011. Quarterly revenue related to this licensee represents approximately \$280,000.

iLOOKABOUT Corp.
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In Canadian dollars

15. 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.

The accounting policies set out in Note 4 of the Company's first interim unaudited consolidated financial statements for the three months ended March 31, 2011 have been applied in preparing the unaudited interim consolidated financial statements for the three and six months ended June 30, 2011, the comparative information for both the three and six months ended June 30, 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 preparing its opening IFRS statement of financial position, comparative statement of comprehensive loss information for the three and six months ended June 30, 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.

iLOOKABOUT Corp.
Notes to Unaudited Interim Consolidated Financial Statements
For the three and six months ended June 30, 2011 and 2010
In Canadian dollars

(Note 15 - continued)

Transitional adjustments
Reconciliations of Canadian GAAP to IFRS

The following provide reconciliations from Canadian GAAP to IFRS.

| Note | June 30, 2010 | December 31, 2010 |
|--|---------------------|----------------------|
| Shareholders' equity under Canadian GAAP | \$ 1,989,070 | \$ 1,308,025 |
| Change in functional currency of iLOOKABOUT (US) Inc. | a (2,775) | 10,193 |
| Modification of warrants | b - | - |
| Shareholders' equity under IFRS | \$ 1,986,295 | \$ 1,318,218 |

| Note | Three months ended June 30, 2010 | Six months ended June 30, 2010 |
|--|-------------------------------------|-----------------------------------|
| Comprehensive loss under Canadian GAAP | \$ (758,681) | \$ (1,024,197) |
| Change in functional currency of iLOOKABOUT (US) Inc. | a (7,945) | (2,775) |
| Comprehensive loss under IFRS | \$ (766,626) | \$ (1,026,972) |

iLOOKABOUT Corp.
Notes to Unaudited Interim Consolidated Financial Statements
For the three and six months ended June 30, 2011 and 2010
In Canadian dollars

(Note 15 - continued)

| As at | | June 30, 2010 | | | | December 31, 2010 | | | |
|---|------|-------------------------------|------------------------------------|-------------------------|---------------------|-------------------------------|------------------------------------|-------------------------|---------------------|
| | Note | 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 | | \$ 877,435 | \$ - | \$ - | \$ 877,435 | \$ 177,730 | \$ - | \$ - | \$ 177,730 |
| Short-term investments | | 900,000 | - | - | 900,000 | 1,004,850 | - | - | 1,004,850 |
| Trade and other receivables | a | 236,346 | 131 | - | 236,477 | 134,940 | 2,785 | - | 137,725 |
| Prepaid expenses and other current assets | a | 203,708 | 597 | - | 204,305 | 161,315 | (1,732) | - | 159,583 |
| | | 2,217,489 | 728 | - | 2,218,217 | 1,478,835 | 1,053 | - | 1,479,888 |
| Equipment | | 553,735 | - | - | 553,735 | 513,953 | - | - | 513,953 |
| Intangible assets | | 72,937 | - | - | 72,937 | - | - | - | - |
| Total Assets | | \$ 2,844,161 | \$ 728 | \$ - | \$ 2,844,889 | \$ 1,992,788 | \$ 1,053 | \$ - | \$ 1,993,841 |
| Liabilities and Shareholders' Equity | | | | | | | | | |
| Current Liabilities: | | | | | | | | | |
| Accounts payable and accrued liabilities | | \$ 412,011 | \$ - | \$ - | \$ 412,011 | \$ 334,798 | \$ - | \$ - | \$ 334,798 |
| Unearned revenue | a | 418,448 | 3,417 | - | 421,865 | 181,016 | (3,993) | - | 177,023 |
| | | 830,459 | 3,417 | - | 833,876 | 515,814 | (3,993) | - | 511,821 |
| Unearned revenue | a | 24,632 | 86 | - | 24,718 | 168,949 | (5,147) | - | 163,802 |
| Shareholders' Equity: | | | | | | | | | |
| Share capital | | 8,418,442 | - | - | 8,418,442 | 8,418,442 | - | - | 8,418,442 |
| Warrant capital | | 2,169,900 | - | - | 2,169,900 | 1,932,054 | - | - | 1,932,054 |
| Other reserve | b | - | - | (696,155) | (696,155) | - | - | (696,155) | (696,155) |
| Contributed surplus | | 1,393,970 | - | - | 1,393,970 | 1,761,420 | - | - | 1,761,420 |
| Deficit | a, b | (9,993,242) | 40,351 | 696,155 | (9,256,736) | (10,803,891) | 23,419 | 696,155 | (10,084,317) |
| Translation reserve | a | - | (43,126) | - | (43,126) | - | (13,226) | - | (13,226) |
| | | 1,989,070 | (2,775) | - | 1,986,295 | 1,308,025 | 10,193 | - | 1,318,218 |
| Total Liabilities and Shareholders' Equity | | \$ 2,844,161 | \$ 728 | \$ - | \$ 2,844,889 | \$ 1,992,788 | \$ 1,053 | \$ - | \$ 1,993,841 |

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

iLOOKABOUT Corp.
Notes to Unaudited Interim Consolidated Financial Statements
For the three and six months ended June 30, 2011 and 2010
In Canadian dollars

(Note 15 - continued)

| | Note | For the Three Months Ended June 30, 2010 | | | | For the Six Months Ended June 30, 2010 | | | |
|--|-------------|---|-----------------------------|------------------------------------|--------------|---|-----------------------------|------------------------------------|----------------|
| | | Canadian GAAP | Presentation Adjustments | Foreign Currency Translation | IFRS | Canadian GAAP | Presentation Adjustments | Foreign Currency Translation | IFRS |
| Revenue | a | \$ 699,684 | \$ - | \$ (904) | \$ 698,780 | \$ 1,403,198 | \$ - | \$ (32) | \$ 1,403,166 |
| Direct operating expenses | d | - | 624,807 | (54) | 624,753 | - | 946,287 | (75) | 946,212 |
| Gross Margin | | - | (624,807) | (850) | 74,027 | - | (946,287) | 43 | 456,954 |
| Operations, technology and research | d | 581,409 | (581,409) | - | - | 907,913 | (907,913) | - | - |
| Technology | a, d | - | 177,423 | - | 177,423 | - | 372,143 | - | 372,143 |
| Selling, general and administration | d | 689,655 | (689,655) | - | - | 1,208,201 | (1,208,201) | - | - |
| Selling and business development | a, d | - | 233,588 | - | 233,588 | - | 438,715 | - | 438,715 |
| General and administration | a, d | - | 423,155 | - | 423,155 | - | 657,788 | - | 657,788 |
| Amortization of equipment | d | 58,982 | (58,982) | - | - | 106,451 | (106,451) | - | - |
| Amortization of intangible assets | d | 3,766 | (3,766) | - | - | 7,534 | (7,534) | - | - |
| Stock-based compensation | d | 125,161 | (125,161) | - | - | 184,834 | (184,834) | - | - |
| | | 1,458,973 | (624,807) | - | 834,166 | 2,414,933 | (946,287) | - | 1,468,646 |
| Loss from operations before the undernoted | | (759,289) | - | (850) | (760,139) | (1,011,735) | - | 43 | (1,011,692) |
| Other items: | | | | | | | | | |
| Interest and other income (expense), net | d | (11,583) | 11,583 | - | - | (2,304) | 2,304 | - | - |
| Finance income (costs) | d | - | (9,965) | - | (9,965) | - | (3,132) | - | (3,132) |
| Other income (expenses) | d | - | (1,618) | - | (1,618) | - | 828 | - | 828 |
| Gain on disposal of equipment | | - | - | - | - | - | - | - | - |
| Impairment of intangible assets | | - | - | - | - | - | - | - | - |
| Foreign exchange gains (losses) | a | 12,191 | - | 63,094 | 75,285 | (10,158) | - | 40,308 | 30,150 |
| | | 608 | - | 63,094 | 63,702 | (12,462) | - | 40,308 | 27,846 |
| Loss | | \$ (758,681) | \$ - | \$ 62,244 | \$ (696,437) | \$ (1,024,197) | \$ - | \$ 40,351 | \$ (983,846) |
| Other comprehensive income (loss): | | | | | | | | | |
| Unrealized gain (loss) on the translation of foreign operation | a | - | - | (70,189) | (70,189) | - | - | (43,126) | (43,126) |
| | | - | - | (70,189) | (70,189) | - | - | (43,126) | (43,126) |
| Comprehensive loss | | \$ (758,681) | \$ - | \$ (7,945) | \$ (766,626) | \$ (1,024,197) | \$ - | \$ (2,775) | \$ (1,026,972) |

iLOOKABOUT Corp.
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(Note 15 - 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.

iLOOKABOUT Corp.
Notes to Unaudited Interim Consolidated Financial Statements
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(Note 15 - 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; tradeshow 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) |