iLOOKABOUT Corp.

Unaudited Condensed Interim Consolidated Financial Statements

For the three and six months ended June 30, 2013 and 2012

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

As at		**June 30, 2013**		**December 31, 2012**
Assets				
Current Assets:				
Cash	$	1,354,678	$	1,070,462
Trade and other receivables		425,914		294,017
Prepaid expenses and other current assets		196,395		164,055
		1,976,987		1,528,534
Equipment		363,264		308,754
Intangible asset		183,167		235,500
Total Assets	$	2,523,418	$	2,072,788
Liabilities and Shareholders' Deficiency				
Current Liabilities:				
Accounts payable and accrued liabilities	$	539,633	$	476,787
Unearned revenue		892,692		528,446
Current portion of long-term debt		156,410		180,138
		1,588,735		1,185,371
Unearned revenue		445,795		503,560
Long-term debt		1,213,052		1,244,292
Provision		28,000		16,500
Shareholders' Deficiency		(752,164)		(876,935)
Going concern (note 2)				
Commitments (note 13)				
Subsequent event (note 15)				
Total Liabilities and Shareholders' Deficiency	$	2,523,418	$	2,072,788

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

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

	Three months ended		Six months ended	
	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012
Revenue	$ 881,128	$ 901,066	$ 1,694,838	$ 1,450,186
Direct operating expenses	380,678	373,228	651,051	645,562
Gross margin	500,450	527,838	1,043,787	804,624
Other operating expenses:				
Technology	253,471	250,821	505,712	465,476
Selling and business development	144,775	118,724	252,159	210,194
General and administration	436,603	417,606	680,381	682,002
	834,849	787,151	1,438,252	1,357,672
Loss from operations	(334,399)	(259,313)	(394,465)	(553,048)
Finance costs, net of finance income	(57,498)	(39,990)	(114,740)	(40,156)
Foreign exchange gain	73,874	50,007	112,574	7,305
Loss for the period	$ (318,023)	$ (249,296)	$ (396,631)	$ (585,899)
Other comprehensive loss:				
Foreign exchange loss on the translation of foreign operations	(63,565)	(57,184)	(102,283)	(9,377)
Comprehensive loss for the period	**$ (381,588)**	**$ (306,480)**	**$ (498,914)**	**$ (595,276)**
Weighted average number of common shares				
Basic and diluted (note 8)	45,631,806	40,722,084	45,563,023	40,716,251
Loss per share				
Basic and diluted (note 8)	$ (0.01)	$ (0.01)	$ (0.01)	$ (0.01)

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

iLOOKABOUT Corp.
Unaudited Condensed Interim Consolidated Statements of Changes in Shareholders' Deficiency
(All amounts in Canadian dollars)

Six months ended June 30, 2013

	Common share capital	Warrant capital	Conversion option reserve	Other reserve	Contributed surplus	Deficit	Translation reserve	Total Deficiency
Balance at December 31, 2012	$ 8,482,432	$ 2,649,239	$ 139,468	$ (1,413,340)	$ 2,056,426	$ (12,825,744)	$ 34,584	$ (876,935)
Loss for the period	-	-	-	-	-	(396,631)	-	(396,631)
Other comprehensive loss:								
Foreign exchange loss on the translation of foreign operations	-	-	-	-	-	-	(102,283)	(102,283)
Comprehensive loss for the period	-	-	-	-	-	(396,631)	(102,283)	(498,914)
Dividend conversion (note 5(a))	39,734	-	-	-	-	-	-	39,734
Issuance of common shares and warrants (note 5(b))	280,916	207,254	-	-	-	-	-	488,170
Warrants expired (note 5(c))	-	(2,649,239)	-	1,413,340	1,235,899	-	-	-
Share-based compensation	-	-	-	-	95,781	-	-	95,781
Balance at June 30, 2013	$ 8,803,082	$ 207,254	$ 139,468	$ -	$ 3,388,106	$ (13,222,375)	$ (67,699)	$ (752,164)

Six months ended June 30, 2012

	Common share capital	Warrant capital	Conversion option reserve	Other reserve	Contributed surplus	Deficit	Translation reserve	Total Deficiency
Balance at December 31, 2011	$ 8,428,961	$ 2,242,054	$ -	$ (1,006,155)	$ 1,950,455	$ (11,998,396)	$ (6,458)	$ (389,539)
Loss for the period	-	-	-	-	-	(585,899)	-	(585,899)
Other comprehensive loss:								
Foreign exchange loss on the translation of foreign operations	-	-	-	-	-	-	(9,377)	(9,377)
Comprehensive loss for the period	-	-	-	-	-	(585,899)	(9,377)	(595,276)
Equity component of preference shares	-	-	139,468	-	-	-	-	139,468
Warrant modification	-	407,185	-	(407,185)	-	-	-	-
Options exercised	14,726	-	-	-	(10,351)	-	-	4,375
Share-based compensation	-	-	-	-	44,557	-	-	44,557
Balance at June 30, 2012	$ 8,443,687	$ 2,649,239	$ 139,468	$ (1,413,340)	$ 1,984,661	$ (12,584,295)	$ (15,835)	$ (796,415)

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

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

	Six months ended	
	June 30, 2013	June 30, 2012
Cash flows from operating activities		
Loss for the period	$ (396,631)	$ (585,899)
Adjustments for:		
Loss on disposal of equipment	3,293	768
Amortization of equipment	60,663	80,555
Amortization of intangible asset	52,333	26,167
Unrealized foreign exchange (gain) loss	(109,823)	29,315
Finance costs, net of finance income	114,740	40,156
Share-based compensation expense	95,781	44,557
	(179,644)	(364,381)
Changes in non-cash working capital (note 9)	171,263	42,736
Interest paid	(25,882)	(12,674)
Interest received	148	-
Cash used in operating activities	(34,115)	(334,319)
Cash flows from financing activities		
Repayment of finance lease liabilities	-	(11,523)
Repayment of debt financing of software licence	(87,843)	(26,962)
Proceeds from options exercised	-	4,375
Corporate transaction costs (note 5)	(14,763)	(77,638)
Proceeds from issuance of common shares and warrants (note 5(b))	499,838	-
Proceeds from issuance of preference shares	-	750,000
Proceeds from secured term credit facility	-	600,000
Proceeds from debt financing of software licence	-	354,820
Cash provided by financing activities	397,232	1,593,072
Cash flows from investing activities		
Purchase of equipment	(121,227)	(13,292)
Proceeds on disposal of equipment	2,761	965
Purchase of intangible asset	-	(314,000)
Cash used in investing activities	(118,466)	(326,327)
Increase in cash during the period	244,651	932,426
Effect of exchange rate fluctuations on cash	39,565	4,192
Cash - beginning of period	1,070,462	303,437
Cash - end of period	$ 1,354,678	$ 1,240,055

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

1. Corporate Information

iLOOKABOUT Corp. is engaged in the visual and data intelligence business collecting, processing and geo-coding street-level image data, providing image and related data management software, 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 and six months ended June 30, 2013 comprise iLOOKABOUT Corp. and its subsidiaries, (together referred to as the "Company").

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

2. Going Concern

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.

During the three and six months ended June 30, 2013, the Company incurred a loss of $318,023 and $396,631, respectively (three and six months ended June 30, 2012 – $249,296 and $585,899, respectively). In addition, during the six months ended June 30, 2013, the Company had negative cash flow from operations of $34,115 (six months ended June 30, 2012 – $334,319). The Company has a history of operating losses resulting in a deficit of $13,222,375 (December 31, 2012 – $12,825,744), a shareholders' deficiency of $752,164 (December 31, 2012 – $876,935), and working capital of $388,252 (December 31, 2012 – $343,163). Furthermore, the Company has not been able to meet performance milestones to trigger additional disbursements under its secured term credit facility. As a result, significant doubt exists as to the Company's ability to continue as a going concern and to execute on its business plan or that cash generated from operations will be sufficient to satisfy liquidity requirements. The Company's continued existence is dependent on, but not limited to, management's ability to successfully execute its business plan, including a substantial increase in revenue while maintaining an appropriate level of expenses. Further, the Company is dependent on its ability 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.

The financial statements have been prepared assuming that the Company will continue as a going concern. If the going concern basis was not appropriate for these financial statements, then adjustments would be necessary to the carrying values of assets and liabilities, the reported revenues and expenses and the statement of financial position classifications used. Any adjustments could be material.

(All amounts in Canadian dollars)

3. Statement of compliance

These interim financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting. These interim financial statements do not include all of the information required for full annual financial statements and therefore should be read in conjunction with the Company's consolidated financial statements as at and for the year ended December 31, 2012, which are available on SEDAR.

4. Significant Accounting Policies

Except as described below, these interim financial statements follow the same accounting policies and methods of application as the consolidated financial statements as at and for the year ended for December 31, 2012.

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

(a) New accounting pronouncements

The Company has adopted the following accounting pronouncements during the period, details of which are included in the Company's 2012 year-end annual consolidated financial statements. These standards did not have a significant impact on the Company's interim financial statements. Additional fair value disclosure was required with respect to the adoption of IFRS 13, Fair Value Measurement, which is included in note 10.

- IFRS 10, Consolidated Financial Statements
- IFRS 12, Disclosure of Interest in Other Entities
- IFRS 13, Fair Value Measurement
- Amendments to IAS 1, Presentation of Financial Statements
- Amendments to IAS 19, Employee Benefits
- Amendments to IFRS 7, Offsetting Financial Assets and Liabilities
- Annual improvements to IFRS 2009–2011

5. Share and warrant capital

			June 30, 2013		December 31, 2012	
	Expiry date	**Exercise price**	**Issued**	**Amount**	**Issued**	**Amount**
Issued and outstanding:						
Common shares			45,678,914	$ 8,803,082	40,964,535	$ 8,482,432
Share purchase warrants:						
Series E warrants	April 1, 2013	$1.00	-	-	6,567,500	2,649,239
Series H warrants	January 27, 2016	0.15	1,481,000	63,050	-	-
Series I warrants	January 27, 2017	0.15	1,481,000	68,044	-	-
Series J warrants	January 27, 2018	0.15	1,481,000	76,160	-	-
			4,443,000	207,254	6,567,500	2,649,239
Share capital and warrant capital			50,121,914	$ 9,010,336	47,532,035	$ 11,131,671

(All amounts in Canadian dollars)

(Note 5 - continued)

The following table presents changes in common share capital:

		Number of shares		Amount
Balance, December 31, 2012		**40,964,535**	**$**	**8,482,432**
Shares issued, dividend conversion	(a)	271,379		39,734
Shares issued, private placement	(b)	4,443,000		280,916
Balance, June 30, 2013		**45,678,914**	**$**	**8,803,082**

(a) Dividend conversion
In January 2013, the Company received notices from Preference Shareholders to convert unpaid cumulative dividends on Preference Shares totaling $19,509 into common shares. As a result, the Company issued 130,056 Common Shares, based on a closing market price on January 1, 2013 of $0.15. The Company recorded $17,743, net of costs of issuance of $1,766, as an increase to common share capital and a decrease to accounts payable and accrued liabilities for the accrued dividends.

In April 2013, the Company received notices from Preference Shareholders to convert unpaid cumulative dividends on Preference Shares totaling $23,320 into common shares. As a result, the Company issued 141,323 Common Shares, based on a closing market price on April 1, 2013 of $0.165. The Company recorded $21,991, net of costs of issuance of $1,329, as an increase to common share capital and a decrease to accounts payable and accrued liabilities for the accrued dividends.

(b) Private Placement
In January 2013, the Company completed a non-brokered private placement, resulting in the issuance of 1,481 units for $337.50 per unit. Each Unit consists of 3,000 common shares, 1,000 Series H Warrants, 1,000 Series I Warrants and 1,000 Series J Warrants, with each warrant entitling the holder to purchase one common share of the Company at an exercise price of $0.15. The warrants' expiry dates range from three to five years from the date of issuance.

In total, 4,443,000 common shares and 4,443,000 common share purchase warrants were issued for gross proceeds of $499,838, or $488,170 net of issuance costs of $11,668.

Proceeds from the private placement were allocated to common share capital and warrant capital using the relative fair value method. The fair value of common share capital was determined using the closing price of the Company's common shares on January 21, 2013 and the fair value of warrant capital was determined using the Black-Scholes option pricing model, using the following assumptions:

	Series H Warrants	Series I Warrants	Series J Warrants
Exercise price	$0.15	$0.15	$0.15
Risk free interest rate	1.50%	1.50%	1.50%
Expected dividend yield	0%	0%	0%
Expected share volatility	111.43%	108.24%	115.39%
Expected life	3 years	4 years	5 years

(All amounts in Canadian dollars)

(Note 5 - continued)

The following table presents changes in warrant capital:

		Number of warrants		Amount
Balance, December 31, 2012		**6,567,500**	**$**	**2,649,239**
Warrants issued, private placement	(b)	4,443,000		207,254
Warrants expired	(c)	(6,567,500)		(2,649,239)
Balance, June 30, 2013		**4,443,000**	**$**	**207,254**

(c) Warrant expiry
On April 1, 2013, 6,567,500 Series E common share purchase warrants previously issued for the purchase of 6,567,500 common shares at a price of $1.00 expired unexercised. The tax effect of the expiration of these warrants has been recorded as an adjustment to contributed surplus of $163,700. In addition, the tax effect of $617,900 previously unrecognized non-capital losses has now been recognized with a corresponding adjustment of $163,700 to contributed surplus.

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 an officer and director of the Company. For the three and six months ended June 30, 2013, the Company paid rent to the related company of $3,000 and $6,000, respectively (three and six months ended June 30, 2012 - $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.

Preference Shares
Each of the Directors and Senior Officers of the Company participated in the March 2012 private placement of 750,000 Preference Shares, purchasing an aggregate of 465,000 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 six months ended June 30, 2013, Directors and Senior Officers converted a total of $27,824 accrued dividends into 177,144 common shares.

The terms of these Preference Shares are the same as those issued to non-related parties.

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, 2012 and March 31, 2013	2,861,951	$	0.28	3.5
Granted	551,268	$	0.29	
Forfeited	(10,000)	$	0.37	
Outstanding June 30, 2013	3,403,219	$	0.28	3.3

(All amounts in Canadian dollars)

(Note 7 - continued)

The options outstanding at June 30, 2013 have exercise prices ranging from $0.12 to $0.60.

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	$0.225 to $0.295
Estimated fair value at grant	$0.176 to $0.239
Risk free interest rate	1.125% to 1.250%
Expected dividend yield	0%
Expected share volatility	110.02% to 165.82%
Expected average option life	1 - 5 years

Of the 3,403,219 unexercised options as at June 30, 2013, 3,172,000 had vested and were exercisable, with exercise prices ranging from $0.12 to $0.60 per share.

8. Loss per share

There were no dilutive items outstanding at June 30, 2013 or at June 30, 2012. Diluted loss per share does not take into account any outstanding warrants, options, or convertible preference shares as their effect would be anti-dilutive for these periods. As at June 30, 2013, a total of 7,846,219 (June 30, 2012 – 9,274,746) warrants and options were outstanding, and 750,000 convertible preference shares were outstanding, which could be converted into 2,419,355 common shares and 1,209,678 warrants to purchase common shares (June 30, 2012 – 2,419,355 common shares and 1,209,678 warrants) at the option of the holder.

9. Supplementary cash flow information

For the six months ended June 30		**2013**		**2012**
Changes in non cash working capital:				
Trade and other receivables	$	(131,897)	$	(183,836)
Prepaid expenses and other current assets		(32,340)		(15,693)
Accounts payable and accrued liabilities		61,044		154,105
Unearned revenue		306,481		131,044
Unrealized foreign exchange losses related to working capital		(32,025)		(42,884)
	$	**171,263**	**$**	**42,736**

Non-cash activities:

- In the six months ended June 30, 2013, the Company recorded accrued dividends in the amount of $44,631, and converted $42,829 accrued dividends into common shares.
- On April 1, 2013, 6,567,500 Series E common share purchase warrants previously issued for the purchase of 6,567,500 common shares at a price of $1.00 expired unexercised.

(All amounts in Canadian dollars)

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, 2012.

11. Financial instruments

Fair values versus carrying amounts
The fair values of long-term debt, together with the carrying amounts, shown in the consolidated statements of financial position, are as follows:

As at	June 30, 2013		December 31, 2012	
	Carrying amount	Fair value	Carrying amount	Fair value
Secured term credit facility	(565,321)	(476,827)	(559,016)	(448,139)
Preference shares	(647,731)	(674,226)	(621,161)	(613,580)
Debt financing of software licence	(156,410)	(156,410)	(244,253)	(244,253)
	$ (1,369,462)	$ (1,307,463)	$ (1,424,430)	$ (1,305,972)

The fair value of the Company's long term debt, which is determined for disclosure purposes, is calculated using the present value of future principal and interest payments, discounted at the current market rates of interest available to the Company for the same or similar debt instruments with the same remaining maturity.

Interest rates used for determining fair value
The interest rates used to discount the estimated cash flows were as follows:

	June 30, 2013	December 31, 2012
Secured term credit facility	19.00%	19.00%
Preference shares	19.00%	19.00%
Debt financing of software licence	9.93%	9.93%

12. Segmented information

The Company operates and reports its results as one operating segment which is the visual knowledge business. Geographically, the Company operates primarily in Canada and United States. Information regarding the results of each geographic area is included below:

	Three months ended June 30, 2013			
	Canada	United States	United Kingdom	Total
Revenue	$ 643,438	$ 226,046	$ 11,644	$ 881,128
Equipment	363,264	-	-	363,264
Intangible assets	183,167	-	-	183,167

(All amounts in Canadian dollars)

(Note 12 - continued)

	Three months ended June 30, 2012			
	Canada	United States	United Kingdom	Total
Revenue	$ 688,072	$ 201,012	$ 11,982	$ 901,066
Equipment	365,714	-	-	365,714
Intangible assets	287,833	-	-	287,833

	Six months ended June 30, 2013			
	Canada	United States	United Kingdom	Total
Revenue	$ 1,251,273	$ 419,939	$ 23,626	$ 1,694,838
Equipment	363,264	-	-	363,264
Intangible assets	183,167	-	-	183,167

	Six months ended June 30, 2012			
	Canada	United States	United Kingdom	Total
Revenue	$ 1,164,645	$ 261,757	$ 23,784	$ 1,450,186
Equipment	365,714	-	-	365,714
Intangible assets	287,833	-	-	287,833

Three customers each accounted for more than 10% of total revenue, and together represent approximately 79% and 75% of total revenue for the three and six months ended June 30, 2013, respectively.

Three customers each accounted for more than 10% of total revenue, and together represent approximately 84% and 81% of total revenue for the three and six months ended June 30, 2012, respectively.

At June 30, 2013, two customers each accounted for more than 10% of trade accounts receivable, totalling approximately 93% of trade accounts receivable at June 30, 2013, of which 100% was collected subsequent to June 30, 2013.

At June 30, 2012, three customers each accounted for more than 10% of trade accounts receivable, totalling approximately 94% of trade accounts receivable at June 30, 2012, of which approximately 87% was collected subsequent to June 30, 2012. The remaining uncollected balance was written off.

(All amounts in Canadian dollars)

13. Commitments

On June 1, 2013, the Company entered into a multi-year agreement to licence certain Ontario property information which will enable the Company to develop and sub-licence a new property analysis related product. This agreement commits the Company to minimum annual purchases, other than in the first year of the contract, totaling $3,200,000 over a period of seven years.

The Company is committed to minimum payments under the purchase commitment and operating leases in the following amounts:

As at		**June 30, 2013**
Due within 1 year	$	98,939
Due from 1 to 2 years		5,774
Due from 2 to 5 years		1,100,000
Due more than 5 years		2,100,000

14. Seasonality

The number of hours per day of daylight suitable for image capture and weather conditions vary with the seasons and impact peak periods of image data capture. As the Company's image capture activity to date has primarily been focused in Canada and the northeastern region of the US, the majority of costs associated with image capture are incurred in the second and third quarters of the year. Should the Company expand its image capture to the southern US, the impact of seasonality on image capture will be less significant.

15. Subsequent event

(i) Conversion of Unpaid Dividends

On July 15, 2013, the Company issued 61,651 Common Shares to settle $16,031 of accrued but unpaid dividends on its Series 1 Preference Shares, based on a closing market price of the Common Shares on July 2, 2013 of $0.26.