iLOOKABOUT Corp.

Unaudited Condensed Interim Consolidated Financial Statements

For the three and six months ended June 30, 2014 and 2013

iLOOKABOUT Corp.
Unaudited Condensed Interim Consolidated Statements of Financial Position

As at	June 30, 2014	December 31, 2013
Assets		
Current Assets:		
Cash	$ 880,119	$ 1,058,192
Trade and other receivables	506,084	245,363
Prepaid expenses and other current assets	164,566	165,738
	1,550,769	1,469,293
Equipment	490,512	505,034
Intangible asset	78,500	130,833
Total Assets	$ 2,119,781	$ 2,105,160
Liabilities and Shareholders' Deficiency		
Current Liabilities:		
Accounts payable and accrued liabilities	$ 931,969	$ 567,363
Unearned revenue	1,091,411	882,528
Current portion of long-term debt (note 4)	707,379	64,115
	2,730,759	1,514,006
Unearned revenue	331,677	406,499
Long-term debt	591,801	1,247,063
Provision	75,000	61,000
Shareholders' Deficiency	(1,609,456)	(1,123,408)
Subsequent event (note 14)		
Total Liabilities and Shareholders' Deficiency	$ 2,119,781	$ 2,105,160

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

iLOOKABOUT Corp.
Unaudited Condensed Interim Consolidated Statements of Comprehensive Loss

	Three months ended		Six months ended	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
Revenue	$ 1,399,427	$ 881,128	$ 2,521,563	$ 1,694,838
Direct operating expenses	716,342	380,678	1,241,377	651,051
Gross margin	683,085	500,450	1,280,186	1,043,787
Other operating expenses:				
Technology	276,863	253,471	531,357	505,712
Selling and business development	228,610	144,775	441,745	252,159
General and administration	523,636	436,603	859,588	680,381
	1,029,109	834,849	1,832,690	1,438,252
Loss from operations	(346,024)	(334,399)	(552,504)	(394,465)
Finance income (costs), net	(56,649)	(57,498)	(122,430)	(114,740)
Foreign exchange gain (loss), net	(53,743)	73,874	(5,648)	112,574
Loss for the period	$ (456,416)	$ (318,023)	$ (680,582)	$ (396,631)
Other comprehensive income (loss):				
Items that will not be reclassified to loss for the period:				
Foreign exchange gain (loss) on the translation of foreign operations	49,570	(63,565)	1,517	(102,283)
Comprehensive loss for the period	**$ (406,846)**	**$ (381,588)**	**$ (679,065)**	**$ (498,914)**
Weighted average number of common shares				
Basic and diluted (note 8)	46,085,218	45,631,806	45,996,413	45,563,023
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

Period ended June 30, 2014

	Common share capital	Warrant capital	Conversion option reserve	Other 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	-	-	-	-	-	(680,582)	-	(680,582)
Other comprehensive income:								
Foreign exchange gain on the translation of foreign operations	-	-	-	-	-	-	1,517	1,517
Comprehensive income (loss) for the period	-	-	-	-	-	(680,582)	1,517	(679,065)
Dividend conversion (note 5(a))	43,785	-	-	-	-	-	-	43,785
Options exercised (note 5(b))	24,300	-	-	-	(9,300)	-	-	15,000
Share-based compensation (note 7)	-	-	-	-	134,232	-	-	134,232
Balance at June 30, 2014	$ 8,903,001	$ 207,254	$ 139,468	$ -	$ 3,651,326	$ (14,424,583)	$ (85,922)	$ (1,609,456)

Period 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	39,734	-	-	-	-	-	-	39,734
Issuance of common shares and warrants	280,916	207,254	-	-	-	-	-	488,170
Warrants expired	-	(2,649,239)	-	1,413,340	1,235,899	-	-	-
Share-based compensation (note 7)	-	-	-	-	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)

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

iLOOKABOUT Corp.
Unaudited Condensed Interim Consolidated Statements of Cash Flows

	Six months ended	
	June 30, 2014	June 30, 2013
Cash flows from operating activities		
Loss for the period	$ (680,582)	$ (396,631)
Adjustments for:		
Loss on disposal of equipment	-	3,293
Amortization of equipment	89,367	60,663
Amortization of intangible asset	103,408	52,333
Unrealized foreign exchange (gain) loss, net	97,028	(109,823)
Finance (income) costs, net	122,430	114,740
Share-based compensation expense	134,232	95,781
	(134,117)	(179,644)
Changes in non-cash working capital (note 9)	151,547	171,263
Interest paid	(28,714)	(25,882)
Interest received	111	148
Cash provided by (used in) operating activities	(11,173)	(34,115)
Cash flows from financing activities		
Repayment of debt financing of software licence	(64,115)	(87,843)
Repayment of debt financing of vehicles	(246)	-
Proceeds from options exercised	15,000	-
Corporate transaction costs (note 5)	(2,887)	(14,763)
Proceeds from issuance of common shares and warrants	-	499,838
Proceeds from debt financing of vehicles	17,166	-
Cash provided by (used in) financing activities	(35,082)	397,232
Cash flows from investing activities		
Purchase of equipment	(74,845)	(121,227)
Proceeds on disposal of equipment	-	2,761
Purchase of intangible asset	(55,125)	-
Cash used in investing activities	(129,970)	(118,466)
Increase (decrease) in cash during the period	(176,225)	244,651
Effect of exchange rate fluctuations on cash	(1,848)	39,565
Cash - beginning of period	1,058,192	1,070,462
Cash - end of period	$ 880,119	$ 1,354,678

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, 2014 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 ("TSXV") 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, 2013, which are available on SEDAR.

These interim financial statements were approved by the Board of Directors on August 26, 2014.

3. 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 December 31, 2013.

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 2013 year-end annual consolidated financial statements. These standards did not have a significant impact on the Company's interim financial statements.

- IAS 32, Financial Instruments: Presentation
- IAS 36, Impairment of Assets

(b) New standards and interpretations not yet adopted

IFRS 9, Financial Instruments
IFRS 9 introduces new requirements for the classification and measurement of financial assets and liabilities. The IASB has tentatively decided on an effective date of January 1, 2018. The Company is currently assessing the impact of the issued and proposed changes to IFRS 9.

(Note 3 - continued)

IFRS 8, Operating Segments
IFRS 8, with amendments effective January 1, 2015 requires disclosure of the judgements made by management in aggregating operating segments. This includes a description of the segments which have been aggregated and the economic conditions which have been assessed in determining that the aggregated segments share similar economic characteristics. The Company is currently assessing the impact of the amendments on its annual financial statement disclosures.

IFRS 15, Revenue from Contracts with Customers
In May 2014, the IASB issued *IFRS 15, Revenue from Contracts with Customers*, which introduces a single model for recognizing revenue from contracts with customers except leases, financial instruments and insurance contracts. The standard is effective for annual periods beginning on or after January 1, 2017 with retroactive application. The Company is currently assessing the potential impact of the adoption of IFRS 15 on its financial statements.

4. Current portion of long-term debt

The Company reclassified its Series 1 Preference Shares to current liabilities in the period. The shares are redeemable at the option of the holder or the Company after March 31, 2015, for a total face value of $750,000. However, the Ontario *Business Corporations Act* prohibits the Corporation from redeeming any redeemable shares issued “if there are reasonable grounds for believing that the corporation is or, after the payment, would be unable to pay its liabilities as they become due.” Unless the Company is able to significantly increase its net operating cash inflows, raise additional funds through debt and/or equity financing, or some combination thereof, the Company will be prohibited from redeeming any Series 1 Preference Shares.

5. Share and warrant capital

			June 30, 2014		December 31, 2013	
	Expiry date	**Exercise price**	**Issued**	**Amount**	**Issued**	**Amount**
Issued and outstanding:						
Common shares			46,151,712	$ 8,903,001	45,818,365	$ 8,834,916
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
			4,443,000	207,254	4,443,000	207,254
Share capital and warrant capital			50,594,712	$ 9,110,255	50,261,365	$ 9,042,170

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.

(Note 5 - continued)

The following table presents changes in common share capital:

		Number of shares		Amount
Balance, December 31, 2013		**45,818,365**	**$**	**8,834,916**
Shares issued, dividend conversion	(a)	233,347		43,785
Options exercised	(b)	100,000		24,300
Balance, June 30, 2014		**46,151,712**	**$**	**8,903,001**

(a) Dividend conversion

In January 2014, the Company received notices from Preference Shareholders to convert unpaid cumulative dividends on Preference Shares totaling $26,775 into common shares. As a result, the Company issued 133,865 common shares, based on a closing market price on January 2, 2014 of $0.20, which represents the closing market price on December 18, 2013, being the date that the Company's common shares were halted from trading due to the Company's announcement of a proposed business combination transaction. The Company recorded $25,332, net of costs of issuance of $1,443, as an increase to common share capital.

In April 2014, the Company received notices from Preference Shareholders to convert unpaid cumulative dividends on Preference Shares totaling $19,897 into common shares. As a result, the Company issued 99,482 common shares, based on a closing market price on April 3, 2014 of $0.20, which represents the closing market price on December 18, 2013, being the date that the Company's common shares were halted from trading due to the Company's announcement of a proposed business combination transaction. The Company recorded $18,453, net of costs of issuance of $1,444, as an increase to common share capital.

(b) Options exercised

In April 2014, 100,000 stock options were exercised at an exercise price of $0.15 per option.

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, 2014, the Company paid rent to the related company of $3,000 and $6,000, respectively (three and six months ended June 30, 2013 - $3,000 and $6,000, respectively), which is included in general and administration expense.

A company owned by one of the current Directors has a consulting agreement with the Company. Under this agreement, the Director has received as a recoverable draw, $30,000 and $60,000 for the three and six months ended June 30, 2014 (three and six months ended June 30, 2013 – nil and nil). This agreement was negotiated prior to the Director becoming a related party.

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.

(Note 6 - continued)

Preference Shares

Past and current Directors and Officers of the Company participated in the March 2012 private placement of Preference Shares. Current Directors and Officers of the Company hold a total of $255,000 of the $750,000 Preference Shares outstanding (December 31, 2013 – $255,000).

Where dividends on these Preference Shares have accrued, the holder has the option to convert these unpaid dividends into common shares. For the three and six months ended June 30, 2014, current Directors and Officers converted a total of $7,461 and $15,258 accrued dividends into 37,305 and 76,284 common shares, respectively. For the three and six months ended June 30, 2013, then current Directors and Officers converted a total of $13,759 and $27,824 accrued dividends into 83,382 and 177,144 common shares, respectively.

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, 2013	4,266,344	$	0.27	3.3
Granted	980,625	$	0.15	
Exercised	(100,000)	$	0.15	
Expired	(170,000)	$	0.27	
Forfeited	(2,171,594)	$	0.28	
Outstanding June, 2014	2,805,375	$	0.22	3.7

The options outstanding at June 30, 2014 have exercise prices ranging from $0.12 to $0.48. 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	$0.145
Common share value at grant date	$0.145
Risk free interest rate	1.57%
Expected dividend yield	0%
Expected share volatility	137.71%
Expected life	5 years

Of the 2,805,375 unexercised options as at June 30, 2014, 2,684,563 had vested and were exercisable, with exercise prices ranging from $0.12 to $0.48 per share.

8. Loss per share

There were no dilutive items outstanding at June 30, 2014 or at June 30, 2013. 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, 2014, there were a total of:

- 4,443,000 warrants outstanding (June 30, 2013 – 4,443,000);
- 2,805,375 options outstanding (June 30, 2013 – 3,403,219);
- 750,000 convertible preference shares outstanding (June 30, 2013 – 750,000), which could be converted into 2,419,355 common shares and 1,209,678 warrants to purchase common shares (June 30, 2013 – 2,419,355 and 1,209,678, respectively) at the option of the holder; and
- $39,286 of accrued but unpaid preference share dividends (June 30, 2013 – $30,661) 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.

9. Supplementary cash flow information

		2014		2013
Changes in non cash working capital:				
Trade and other receivables	$	(260,721)	$	(131,897)
Prepaid expenses and other current assets		5,222		(32,340)
Accounts payable and accrued liabilities		366,648		61,044
Unearned revenue		134,061		306,481
Unrealized foreign exchange losses related to non-cash working capital		(93,663)		(32,025)
	$	**151,547**	**$**	**171,263**

- In the six months ended June 30, 2014, the Company recorded accrued dividends in the amount of $44,630, and converted $46,672 accrued dividends into common shares (June 30, 2013 - $44,631 and $42,829 respectively). See note 4(a)

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, 2013.

11. Financial instruments

Fair values versus carrying amounts

The carrying value of cash, trade and other receivables, and accounts payable and accrued liabilities approximate their fair values because of the short-term nature of these instruments. The fair values of long-term debt, which was determined by measuring the present value of expected future payments, together with the carrying amounts, shown in the consolidated statements of financial position, are as follows:

As at	June 30, 2014		December 31, 2013	
	Carrying amount	Fair value	Carrying amount	Fair value
Secured term credit facility	(577,931)	(704,978)	(571,626)	(724,090)
Preference shares	(704,329)	(814,690)	(675,437)	(794,624)
Debt financing of software licence	-	-	(64,115)	(64,115)
Debt financing of vehicles	(16,920)	(16,920)	-	-
	$ (1,299,180)	$ (1,536,588)	$ (1,311,178)	$ (1,582,829)

Interest rates used for determining fair value

The interest rates used to present value the expected future payments were as follows:

	June 30, 2014	December 31, 2013
Secured term credit facility	6.00%	6.00%
Preference shares	6.00%	6.00%
Debt financing of software licence	n/a	9.93%
Debt financing of vehicle	6.00%	n/a

The interest rate used to determine the fair value of the secured term credit facility, preference shares and debt financing of the vehicle was the prime interest rate plus 3%. The interest rate used to determine the fair value of the debt financing of the software licence was the rate implicit in the financing agreement.

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

	Three months ended June 30, 2014			
	Canada	United States	United Kingdom	Total
Revenue	$ 1,130,463	$ 268,964	$ -	$ 1,399,427
Equipment	490,512	-	-	490,512
Intangible assets	78,500	-	-	78,500

(Note 12 - continued)

	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

	Six months ended June 30, 2014			
	Canada	United States	United Kingdom	Total
Revenue	$ 2,122,726	$ 387,193	$ 11,644	$ 2,521,563
Equipment	490,512	-	-	490,512
Intangible assets	78,500	-	-	78,500

	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

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

For the three months ended June 30, 2014, the Company had two significant customers; one represented 47%, and the other represented 22% of total revenue. For the three months ended June 30, 2013, the Company had two significant customers; one represented 37%, and the other represented 25% of total revenue.

For the six months ended June 30, 2014, the Company had two significant customers; one represented 50%, and the other represented 21% of total revenue. For the six months ended June 30, 2013, the Company had two significant customers; one represented 38%, and the other represented 24% of total revenue.

At June 30, 2014, four customers each accounted for more than 10% of trade accounts receivable, totalling approximately 94% of trade accounts receivable at that time, of which 92% was collected subsequent to June 30, 2014.

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

13. 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 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.

14. Subsequent event

(i) Conversion of Unpaid Dividends

In July 2014, the Company issued 110,316 common shares to settle $17,652 of accrued but unpaid dividends on its Series 1 Preference Shares, based on a closing market price of the Common Shares on June 30, 2014 of $0.16