

iLOOKABOUT Corp.

Unaudited Condensed Interim Consolidated Financial Statements

For the three and six months ended June 30, 2016 and 2015

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

As at	Note	June 30, 2016	December 31, 2015
Assets			
Current Assets:			
Cash		\$ 1,519,289	\$ 2,600,269
Trade and other receivables		1,429,880	525,849
Prepaid expenses and other current assets		170,200	158,902
		<u>3,119,369</u>	<u>3,285,020</u>
Non-current Assets:			
Equipment		362,311	394,076
Intangible assets		1,968,209	2,079,385
		<u>2,330,520</u>	<u>2,473,461</u>
Total Assets		\$ 5,449,889	\$ 5,758,481
Liabilities and Shareholders' Equity			
Current Liabilities:			
Accounts payable and accrued liabilities		\$ 1,174,127	\$ 1,244,414
Unearned revenue		1,334,327	746,584
Current portion of long-term debt	4	10,625	607,159
		<u>2,519,079</u>	<u>2,598,157</u>
Non-current Liabilities:			
Unearned revenue		676,251	673,124
Long-term debt	4	23,621	29,013
		<u>699,872</u>	<u>702,137</u>
Shareholders' Equity	5	2,230,938	2,458,187
Total Liabilities and Shareholders' Equity		\$ 5,449,889	\$ 5,758,481

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		Six months ended	
		June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
Revenue	7	\$ 2,192,692	\$ 2,059,810	\$ 4,342,396	\$ 3,576,229
Direct operating expenses		1,059,708	1,075,307	1,945,102	1,762,989
Gross margin		1,132,984	984,503	2,397,294	1,813,240
Other operating expenses:					
Technology		387,949	344,894	766,179	668,746
Selling and business development		298,186	356,259	606,704	659,882
General and administration		743,041	784,991	1,398,711	1,571,273
		1,429,176	1,486,144	2,771,594	2,899,901
Loss from operations		(296,192)	(501,641)	(374,300)	(1,086,661)
Finance costs		(3,131)	(21,691)	(14,580)	(77,479)
Foreign exchange gain (loss)		3,731	(18,627)	(61,526)	84,735
Loss for the period		\$ (295,592)	\$ (541,959)	\$ (450,406)	\$ (1,079,405)
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		238	22,293	42,895	(59,225)
Comprehensive loss for the period		\$ (295,354)	\$ (519,666)	\$ (407,511)	\$ (1,138,630)
Weighted average number of common shares					
Basic and diluted	9	60,313,784	59,889,918	60,313,784	58,453,473
Loss per share					
Basic and diluted	9	\$ -	\$ (0.01)	\$ (0.01)	\$ (0.02)

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

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

Period ended June 30, 2016

	Note	Common share capital	Warrant capital	Conversion option reserve	Contributed surplus	Deficit	Translation reserve	Total Equity
Balance at December 31, 2015		\$ 13,173,500	\$ 717,230	\$ -	\$ 4,558,722	\$ (15,646,886)	\$ (344,379)	\$ 2,458,187
Loss for the period		-	-	-	-	(450,406)	-	(450,406)
Other comprehensive income:								
Foreign exchange gain on the translation of foreign operations		-	-	-	-	-	42,895	42,895
Comprehensive loss for the period		-	-	-	-	(450,406)	42,895	(407,511)
Warrants expired	5 (a)	-	(63,050)	-	63,050	-	-	-
Share-based compensation	8	-	-	-	180,262	-	-	180,262
Balance at June 30, 2016		\$ 13,173,500	\$ 654,180	\$ -	\$ 4,802,034	\$ (16,097,292)	\$ (301,484)	\$ 2,230,938

Period ended June 30, 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		-	-	-	-	(1,079,405)	-	(1,079,405)
Other comprehensive loss:								
Foreign exchange loss on the translation of foreign operations		-	-	-	-	-	(59,225)	(59,225)
Comprehensive loss for the period		-	-	-	-	(1,079,405)	(59,225)	(1,138,630)
Dividend conversion		61,661	-	-	-	-	-	61,661
Issuance of common shares		2,279,550	-	-	-	-	-	2,279,550
Conversion of preference shares		324,638	97,554	(66,479)	-	-	-	355,713
Redemption of preference shares		-	-	(72,989)	72,989	-	-	-
Share-based compensation	8	-	-	-	389,417	-	-	389,417
Balance at June 30, 2015		\$ 13,173,500	\$ 717,230	\$ -	\$ 4,317,830	\$ (15,766,455)	\$ (252,228)	\$ 2,189,877

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)

	Note	Six months ended	
		June 30, 2016	June 30, 2015
Cash flows from operating activities			
Loss for the period		\$ (450,406)	\$ (1,079,405)
Adjustments for:			
Loss on disposal of equipment		10,078	2,259
Gain on disposal of intangible assets		(387)	-
Amortization of equipment		66,319	86,751
Amortization of intangible assets		115,604	113,703
Unrealized foreign exchange loss		50,186	40,029
Finance costs		14,580	77,479
Share-based compensation expense	8	180,262	389,417
		(13,764)	(369,767)
Changes in non-cash working capital	10	(215,657)	71,246
Interest paid		(177,070)	(16,970)
Interest received		93	1,458
Tax credits received		1,137	-
Cash used in operating activities		(405,261)	(314,033)
Cash flows from financing activities			
Repayment of secured term credit facility	4 (a)	(600,000)	-
Repayment of debt financing of vehicles	4 (b)	(5,079)	(4,784)
Redemption of preference shares		-	(405,992)
Corporate transaction costs		-	(3,896)
Cash used in financing activities		(605,079)	(414,672)
Cash flows from investing activities			
Purchase of equipment		(53,043)	(68,696)
Proceeds on disposal of equipment		8,411	1,327
Purchase of intangible asset		(4,816)	-
Proceeds on disposal of intangible assets		775	-
Cash used in investing activities		(48,673)	(67,369)
Decrease in cash during the period		(1,059,013)	(796,074)
Effect of exchange rate fluctuations on cash		(21,967)	29,757
Cash - beginning of period		2,600,269	2,634,779
Cash - end of period		\$ 1,519,289	\$ 1,868,462

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 and six months ended June 30, 2016 and 2015
(in Canadian dollars)

1. Corporate Information

iLOOKABOUT Corp. and its subsidiaries are engaged in the visual and data intelligence business of collecting, processing and geo-coding street-level image data; aggregating additional value-added property based data; providing image and related data management and data analysis software; developing custom software applications; and providing real estate consulting services with a focus on Property Tax and Valuation sectors.

The consolidated financial statements comprise iLOOKABOUT Corp., and its wholly-owned subsidiaries iLOOKABOUT Inc., iLOOKABOUT (US) Inc., and Municipal Tax Advisory Group Inc. (together referred to as the “Company”). iLOOKABOUT Corp., iLOOKABOUT Inc. and Municipal Tax Advisory Group Inc. are incorporated under the laws of the Province of Ontario, and iLOOKABOUT (US) Inc. is incorporated under the laws of the State of Delaware. iLOOKABOUT Corp. and its subsidiaries each have a December 31 year end.

The Company’s 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 consolidated 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 consolidated 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 consolidated 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, 2015, which are available on SEDAR.

These interim consolidated financial statements were approved by the Board of Directors on August 18, 2016.

3. Significant Accounting Policies

These interim consolidated 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, 2015.

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

(a) New accounting pronouncements adopted

IAS 1 - Presentation of Financial Statements

In December 2014, the IASB issued amendments to IAS 1 - Presentation of Financial Statements as part of its initiative to improve presentation and disclosure in financial reports. The amendments are effective for annual periods beginning on or after January 1, 2016. These amendments did not require any significant change to current practice, but facilitate improved financial statement disclosures. 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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(in Canadian dollars)

4. Long-term debt

	June 30, 2016		December 31, 2015	
(a) Secured term credit facility	\$	-	\$	596,847
(b) Debt financing of vehicles		34,246		39,325
	\$	34,246	\$	636,172
Due within 1 year	\$	10,625	\$	607,159
Due between 1 and 5 years		23,621		29,013
	\$	34,246	\$	636,172

(a) Secured term credit facility

	Face Value		Carrying Value	
Balance, December 31, 2015	\$	600,000	\$	596,847
Accretion expense		-		3,153
Repayment of financing		(600,000)		(600,000)
Balance, June 30, 2016	\$	-	\$	-

(b) Debt financing of vehicles

	Carrying Value	
Balance, December 31, 2015	\$	39,325
Repayment of financing		(5,079)
Balance, June 30, 2016	\$	34,246

5. Common Share and Warrant Capital

	Expiry date	Exercise price	June 30, 2016		December 31, 2015	
			Issued	Amount	Issued	Amount
Issued and outstanding:						
Common shares			60,313,784	\$ 13,173,500	60,313,784	\$ 13,173,500
Share purchase warrants:						
Series G warrants	March 29, 2017	0.31	576,611	97,554	576,611	97,554
Series H warrants	January 24, 2016	0.15	-	-	1,481,000	63,050
Series I warrants	January 24, 2017	0.15	1,481,000	68,044	1,481,000	68,044
Series J warrants	January 24, 2018	0.15	1,481,000	76,160	1,481,000	76,160
Series K warrants	December 23, 2016	0.60	3,333,333	412,422	3,333,333	412,422
			6,871,944	654,180	8,352,944	717,230
Share capital and warrant capital			67,185,728	\$ 13,827,680	68,666,728	\$ 13,890,730

iLOOKABOUT Corp.
Notes to Unaudited Condensed Interim Consolidated Financial Statements
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(in Canadian dollars)

(Note 5 - continued)

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.

There were no changes in common share capital during the period.

The following table presents changes in warrant capital:

	Number of warrants		Amount
Balance, December 31, 2015	8,352,944	\$	717,230
Warrants expired (a)	(1,481,000)		(63,050)
Balance, June 30, 2016	6,871,944	\$	654,180

(a) *Warrant expiry*

On January 24, 2016, 1,481,000 Series H common share purchase warrants, previously issued for the purchase of 1,481,000 common shares at a price of \$0.15, expired unexercised.

6. Related party transactions

Key management personnel compensation

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, 2016, the Company paid rent to the related company of \$3,000 and \$6,000, respectively (three and six months ended June 30, 2015 - \$3,000 and \$6,000, respectively), which is included in general and administration expense.

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 and six months ended June 30, 2016, the Company incurred consulting fees of \$88,566 and \$184,509 (three and six months ended June 30, 2015 - \$78,250 and \$155,894) from YCP, which is included in technology and direct operating expense.

YCP relicenses and/or utilizes the Company's software in order to provide services to YCP's end customers. Included in revenue are software licence sales of \$12,431 and \$17,231 for the three and six months ended June 30, 2016 (three and six months ended June 30, 2015 - nil).

The Company also provides business development related consulting services to YCP. For the three and six months ended June 30, 2016, the Company earned fees of \$5,625 and \$5,950 for these services (three and six months ended June 30, 2015 - nil).

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.

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7. Revenue

The Company operates and reports its results as one operating segment, which is real property related products and services.

Nature of services:

The Company generates revenue from the provision of visual and data services, and from consulting services.

	Three months ended		Six months ended	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
Visual and data services	\$ 2,011,377	\$ 1,774,069	\$ 3,906,243	\$ 3,109,277
Consulting services	181,315	285,741	436,153	466,952
Total	\$ 2,192,692	\$ 2,059,810	\$ 4,342,396	\$ 3,576,229

Significant customers:

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

For the three months ended June 30, 2016, the Company had two significant customers; one represented 53%, and the other represented 19% of total revenue. For the three months ended June 30, 2015, the Company had two significant customers; one represented 52%, and the other represented 13% of total revenue.

For the six months ended June 30, 2016, the Company had two significant customers; one represented 54%, and the other represented 18% of total revenue. For the six months ended June 30, 2015, the Company had two significant customers; one represented 50%, and the other represented 13% of total revenue.

At June 30, 2016, three customers each accounted for more than 10% of trade accounts receivable, totalling approximately 75% of trade accounts receivable at that time, of which 83% was collected subsequent to June 30, 2016.

At December 31, 2015, three customers each accounted for more than 10% of trade accounts receivable, totalling approximately 65% of trade accounts receivable at December 31, 2015, of which 100% was collected subsequent to December 31, 2015.

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(in Canadian dollars)

(Note 7 - continued)

Geographic information:

Geographically, the Company operates primarily in Canada and the United States.

Information regarding the revenue of each geographic area is included below:

	Three months ended		Six months ended	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
Canada	\$ 1,957,332	\$ 1,770,199	\$ 3,923,932	\$ 3,037,157
United States	235,360	289,611	418,464	539,072
Total	\$ 2,192,692	\$ 2,059,810	\$ 4,342,396	\$ 3,576,229

Equipment and intangible assets were entirely located in Canada.

8. Share-based compensation

Stock Options:

The number and weighted average exercise prices of options to purchase common shares are as follows:

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life in Years
Outstanding December 31, 2015	4,852,475	\$ 0.255	3.6
Expired	(50,000)	\$ 0.290	
Outstanding June, 2016	4,802,475	\$ 0.255	3.1

The options outstanding at June 30, 2016 have exercise prices ranging from \$0.120 to \$0.335. All options outstanding had a contractual life of 5 years upon grant. Of the 4,802,475 unexercised options as at June 30, 2016, 3,635,975 had vested and were exercisable.

For the three and six months ended June 30, 2016, the Company recorded share-based compensation expense of \$36,203 and \$97,762 (three and six months ended June 30, 2015 - \$79,918 and \$285,467) related to stock options granted to employees, officers, and directors, which is included in technology expense, selling and business development expense, and general and administration expense.

iLOOKABOUT Corp.
Notes to Unaudited Condensed Interim Consolidated Financial Statements
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(in Canadian dollars)

(Note 8 - continued)

Deferred Share Units:

The following table presents changes in Deferred Share Units (“DSUs”):

	Number of Units		Amount
Outstanding December 31, 2015	1,219,667	\$	326,325
Granted	299,998	\$	82,500
Outstanding June 30, 2016	1,519,665	\$	408,825

For the three and six months ended June 30, 2016, the Company recorded share-based compensation expense of \$82,500 and \$82,500 (three and six months ended June 30, 2015 – \$103,950 and \$103,950) related to DSUs granted to directors, which is included in general and administration expense.

9. Loss per share

For the three and six months ended June 30, 2016, diluted loss per share did 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, 2016, there were a total of:

- 6,871,944 warrants outstanding (June 30, 2015 – 8,352,944);
- 4,802,475 options outstanding (June 30, 2015 – 4,852,475); and
- 1,519,665 deferred share units outstanding (June 30, 2015 – 807,167);

10. Supplementary cash flow information

	2016	2015
Changes in non cash working capital:		
Trade and other receivables	\$ (905,168)	\$ (491,954)
Prepaid expenses and other current assets	(11,298)	(12,704)
Accounts payable and accrued liabilities	95,263	580,155
Unearned revenue	590,870	124,759
Unrealized foreign exchange (gains) losses related to non-cash working capital	14,676	(129,010)
	\$ (215,657)	\$ 71,246

11. 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, 2015.

iLOOKABOUT Corp.
Notes to Unaudited Condensed Interim Consolidated Financial Statements
For the three and six months ended June 30, 2016 and 2015
(in Canadian dollars)

(Note 11 - continued)

The aging of trade and other receivables at the reporting date was:

As at	June 30, 2016	December 31, 2015
Current	\$ 1,203,283	\$ 479,176
Past due 1-90 days	13,593	46,517
Past due over 90 days	213,004	156
	\$ 1,429,880	\$ 525,849

The balance of the past due amounts have been assessed by the Company and are considered collectible.

12. Financial instruments

Fair values versus carrying amounts

Fair values of 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 carrying amount of the vehicle debt approximates fair value as it is carried at market rates of interest.