

# **iLOOKABOUT Corp.**

## **Unaudited Condensed Interim Consolidated Financial Statements**

For the three and nine months ended September 30, 2016 and 2015

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

As at	Note	September 30, 2016	December 31, 2015
<b>Assets</b>			
<b>Current Assets:</b>			
Cash		\$ 1,433,536	\$ 2,600,269
Trade and other receivables		1,363,031	525,849
Prepaid expenses and other current assets		206,096	158,902
		<u>3,002,663</u>	<u>3,285,020</u>
<b>Non-current Assets:</b>			
Equipment		457,708	394,076
Intangible assets		1,909,926	2,079,385
		<u>2,367,634</u>	<u>2,473,461</u>
<b>Total Assets</b>		<b>\$ 5,370,297</b>	<b>\$ 5,758,481</b>
<b>Liabilities and Shareholders' Equity</b>			
<b>Current Liabilities:</b>			
Accounts payable and accrued liabilities		\$ 1,082,652	\$ 1,244,414
Unearned revenue		1,243,558	746,584
Current portion of long-term debt	4	10,785	607,159
		<u>2,336,995</u>	<u>2,598,157</u>
<b>Non-current Liabilities:</b>			
Unearned revenue		579,465	673,124
Long-term debt	4	20,864	29,013
		<u>600,329</u>	<u>702,137</u>
Shareholders' Equity	5	2,432,973	2,458,187
Subsequent event	13		
<b>Total Liabilities and Shareholders' Equity</b>		<b>\$ 5,370,297</b>	<b>\$ 5,758,481</b>

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

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

	Note	Three months ended		Nine months ended	
		September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015
<b>Revenue</b>	7	\$ 2,255,283	\$ 2,277,269	\$ 6,597,679	\$ 5,853,498
<b>Direct operating expenses</b>		860,807	911,822	2,805,909	2,674,811
<b>Gross margin</b>		1,394,476	1,365,447	3,791,770	3,178,687
<b>Other operating expenses:</b>					
Technology		366,572	205,127	1,132,751	873,873
Selling and business development		223,520	273,152	830,224	933,034
General and administration		689,048	570,009	2,087,759	2,141,282
		1,279,140	1,048,288	4,050,734	3,948,189
<b>Earnings (loss) from operations</b>		115,336	317,159	(258,964)	(769,502)
Finance costs		(308)	(28,691)	(14,888)	(106,170)
Foreign exchange gain (loss)		10,874	132,909	(50,652)	217,644
<b>Earnings (loss) for the period</b>		\$ 125,902	\$ 421,377	\$ (324,504)	\$ (658,028)
<b>Other comprehensive income (loss):</b>					
<b>Items that will not be reclassified to earnings (loss) for the period:</b>					
Foreign exchange gain (loss) on the translation of foreign operations		(4,183)	(68,853)	38,712	(128,078)
<b>Comprehensive income (loss) for the period</b>		\$ 121,719	\$ 352,524	\$ (285,792)	\$ (786,106)
<b>Weighted average number of common shares</b>					
Basic	9	60,313,784	60,313,784	60,313,784	59,073,577
Diluted	9	63,394,145	64,306,493	60,313,784	59,073,577
<b>Earnings (loss) per share</b>					
Basic	9	\$ -	\$ 0.01	\$ (0.01)	\$ (0.01)
Diluted	9	\$ -	\$ 0.01	\$ (0.01)	\$ (0.01)

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**iLOOKABOUT Corp.**

**Unaudited Condensed Interim Consolidated Statements of Changes in Shareholders' Equity**

**(in Canadian dollars)**

**Period ended September 30, 2016**

	Note	Common share capital	Warrant capital	Conversion option reserve	Contributed surplus	Deficit	Translation reserve	Total Equity
<b>Balance at December 31, 2015</b>		\$ 13,173,500	\$ 717,230	\$ -	\$ 4,558,722	\$ (15,646,886)	\$ (344,379)	\$ 2,458,187
Loss for the period		-	-	-	-	(324,504)	-	(324,504)
Other comprehensive income:								
Foreign exchange gain on the translation of foreign operations		-	-	-	-	-	38,712	38,712
Comprehensive loss for the period		-	-	-	-	(324,504)	38,712	(285,792)
Warrants expired	5 (a)	-	(63,050)	-	63,050	-	-	-
Share-based compensation	8	-	-	-	260,578	-	-	260,578
<b>Balance at September 30, 2016</b>		\$ 13,173,500	\$ 654,180	\$ -	\$ 4,882,350	\$ (15,971,390)	\$ (305,667)	\$ 2,432,973

**Period ended September 30, 2015**

	Note	Common share capital	Warrant capital	Conversion option reserve	Contributed surplus	Deficit	Translation reserve	Total Equity
<b>Balance at December 31, 2014</b>		\$ 10,507,651	\$ 619,676	\$ 139,468	\$ 3,855,424	\$ (14,687,050)	\$ (193,003)	\$ 242,166
Loss for the period		-	-	-	-	(658,028)	-	(658,028)
Other comprehensive loss:								
Foreign exchange loss on the translation of foreign operations		-	-	-	-	-	(128,078)	(128,078)
Comprehensive loss for the period		-	-	-	-	(658,028)	(128,078)	(786,106)
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	-	-	-	468,613	-	-	468,613
<b>Balance at September 30, 2015</b>		\$ 13,173,500	\$ 717,230	\$ -	\$ 4,397,026	\$ (15,345,078)	\$ (321,081)	\$ 2,621,597

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	Nine months ended	
		September 30, 2016	September 30, 2015
<b>Cash flows from operating activities</b>			
Loss for the period		\$ (324,504)	\$ (658,028)
Adjustments for:			
Loss on disposal of equipment		8,528	5,211
Gain on disposal of intangible assets		(387)	-
Amortization of equipment		111,391	131,822
Amortization of intangible assets		173,887	170,703
Unrealized foreign exchange (gain) loss		27,891	(180,039)
Finance costs		14,888	106,170
Share-based compensation expense	8	260,578	468,613
		<u>272,272</u>	<u>44,452</u>
Changes in non-cash operating assets and liabilities	10	(513,641)	(174,779)
Interest paid		(177,571)	(25,714)
Interest received		286	1,663
Tax credits received		62,061	245,923
Cash provided by (used in) operating activities		<u>(356,593)</u>	<u>91,545</u>
<b>Cash flows from financing activities</b>			
Repayment of secured term credit facility	4 (a)	(600,000)	-
Repayment of debt financing of vehicles	4 (b)	(7,676)	(7,230)
Redemption of preference shares		-	(405,992)
Corporate transaction costs		-	(3,896)
Cash used in financing activities		<u>(607,676)</u>	<u>(417,118)</u>
<b>Cash flows from investing activities</b>			
Purchase of equipment		(193,961)	(88,337)
Proceeds on disposal of equipment		10,410	4,327
Purchase of intangible asset		(4,816)	-
Proceeds on disposal of intangible assets		775	-
Cash used in investing activities		<u>(187,592)</u>	<u>(84,010)</u>
<b>Decrease in cash during the period</b>		<b>(1,151,861)</b>	<b>(409,583)</b>
<b>Effect of exchange rate fluctuations on cash</b>		<b>(14,872)</b>	<b>116,670</b>
<b>Cash - beginning of period</b>		<b>2,600,269</b>	<b>2,634,779</b>
<b>Cash - end of period</b>		<b>\$ 1,433,536</b>	<b>\$ 2,341,866</b>

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 nine months ended September 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 November 25, 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**  
**For the three and nine months ended September 30, 2016 and 2015**  
(in Canadian dollars)

**4. Long-term debt**

	September 30, 2016		December 31, 2015	
(a) Secured term credit facility	\$	-	\$	596,847
(b) Debt financing of vehicles		31,649		39,325
	\$	<b>31,649</b>	\$	<b>636,172</b>
Due within 1 year	\$	10,785	\$	607,159
Due between 1 and 5 years		20,864		29,013
	\$	<b>31,649</b>	\$	<b>636,172</b>

**(a) Secured term credit facility**

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

**(b) Debt financing of vehicles**

				Carrying Value
<b>Balance, December 31, 2015</b>			\$	39,325
Repayment of financing				(7,676)
<b>Balance, September 30, 2016</b>			\$	<b>31,649</b>

**5. Common Share and Warrant Capital**

	Expiry date	Exercise price	September 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**  
**For the three and nine months ended September 30, 2016 and 2015**  
**(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
<b>Balance, December 31, 2015</b>	<b>8,352,944</b>	<b>\$</b>	<b>717,230</b>
Warrants expired (a)	(1,481,000)		(63,050)
<b>Balance, September 30, 2016</b>	<b>6,871,944</b>	<b>\$</b>	<b>654,180</b>

(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 transactions*

One of the premises occupied by the Company is rented on an annual basis from a related company owned in part by an officer and director of the Company. For the three and nine months ended September 30, 2016, the Company paid rent to the related company of \$3,000 and \$9,000, respectively (three and nine months ended September 30, 2015 - \$3,000 and \$9,000, 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 nine months ended September 30, 2016, the Company incurred consulting fees of \$84,439 and \$268,948 (three and nine months ended September 30, 2015 - \$56,224 and \$212,118) 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 \$6,088 and \$23,319 for the three and nine months ended September 30, 2016 (three and nine months ended September 30, 2015 - \$4,000 and \$4,000).

The Company also provides business development related consulting services to YCP. For the three and nine months ended September 30, 2016, the Company earned fees of \$9,043 and \$14,992 for these services (three and nine months ended September 30, 2015 - \$2,400 and \$2,400).

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 Condensed Interim Consolidated Financial Statements**  
**For the three and nine months ended September 30, 2016 and 2015**  
(in Canadian dollars)

**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		Nine months ended	
	September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015
Visual and data services	\$ 2,021,679	\$ 1,964,231	\$ 5,927,920	\$ 5,073,509
Consulting services	233,604	313,038	669,759	779,989
Total	\$ 2,255,283	\$ 2,277,269	\$ 6,597,679	\$ 5,853,498

***Significant customers:***

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

For the three months ended September 30, 2016, the Company had two significant customers; one represented 53%, and the other represented 12% of total revenue. For the three months ended September 30, 2015, the Company had two significant customers; one represented 40%, and the other represented 13% of total revenue.

For the nine months ended September 30, 2016, the Company had two significant customers; one represented 54%, and the other represented 16% of total revenue. For the nine months ended September 30, 2015, the Company had two significant customers; one represented 47%, and the other represented 13% of total revenue.

At September 30, 2016, two customers each accounted for more than 10% of trade accounts receivable, totalling approximately 61% of trade accounts receivable at that time, of which 89% was collected subsequent to September 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.

***Geographic information:***

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

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

	Three months ended		Nine months ended	
	September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015
Canada	\$ 1,898,077	\$ 1,703,524	\$ 5,822,009	\$ 4,740,682
United States	357,206	573,745	775,670	1,112,816
Total	\$ 2,255,283	\$ 2,277,269	\$ 6,597,679	\$ 5,853,498

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

(Note 7 - continued)

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
<b>Outstanding December 31, 2015</b>	4,852,475	\$ 0.255	3.6
Expired	(50,000)	\$ 0.290	
Issued	1,000,000	\$ 0.300	
<b>Outstanding September 30, 2016</b>	5,802,475	\$ 0.263	3.2

The options outstanding at September 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 5,802,475 unexercised options as at September 30, 2016, 3,885,975 had vested and were exercisable.

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	\$0.300
Common share value at grant date	\$0.260
Risk free interest rate	0.58% to 0.65%
Expected dividend yield	0%
Expected share volatility	103.09% to 122.78%
Expected life	2.5 to 4 years

For the three and nine months ended September 30, 2016, the Company recorded share-based compensation expense of \$80,316 and \$178,078 (three and nine months ended September 30, 2015 - \$79,196 and \$364,663) 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.

*Deferred Share Units:*

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

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

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

**(Note 8 - continued)**

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

**9. Earnings (loss) per share**

	<b>Three months ended</b>		<b>Nine months ended</b>	
	<b>September 30, 2016</b>	<b>September 30, 2015</b>	<b>September 30, 2016</b>	<b>September 30, 2015</b>
Numerator (basic) -				
Earnings (loss) for the period	\$ 125,902	\$ 421,377	\$ (324,504)	\$ (658,028)
Denominator - Number of common shares				
Weighted average number of common shares outstanding, basic	60,313,784	60,313,784	60,313,784	59,073,577
Effects of dilutive securities				
Options	579,691	980,150	-	-
Warrants	981,005	2,205,392	-	-
Deferred share units	1,519,665	807,167	-	-
Weighted average number of common shares outstanding, diluted	63,394,145	64,306,493	60,313,784	59,073,577
Earnings (loss) per share:				
Basic	\$ -	\$ 0.01	\$ (0.01)	\$ (0.01)
Diluted	\$ -	\$ 0.01	\$ (0.01)	\$ (0.01)

Basic earnings per share (“EPS”) is calculated using the weighted average number of common shares outstanding during the period.

For the three months ended September 30, 2016 and September 30, 2015, diluted earnings per share did not take into account any outstanding warrants or options whose exercise price exceeded the average share price for the period (“not in the money”). As at September 30, 2016, there were a total of:

- 3,909,944 warrants not in the money (September 30, 2015 – 3,909,944); and
- 3,608,725 options not in the money (September 30, 2015 – 2,658,725).

For the nine months ended September 30, 2016 and September 30, 2015, diluted loss per share did not take into account any outstanding warrants, options, or deferred share units as their effect would be anti-dilutive for these periods. As at September 30, 2016, there were a total of:

- 6,871,944 warrants outstanding (September 30, 2015 – 8,352,944);
- 5,802,475 options outstanding (September 30, 2015 – 4,852,475);
- 1,519,665 deferred share units outstanding (September 30, 2015 – 807,167);

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**Notes to Unaudited Condensed Interim Consolidated Financial Statements**  
**For the three and nine months ended September 30, 2016 and 2015**  
**(in Canadian dollars)**

**10. Supplementary cash flow information**

	Nine Months Ended	
	September 30, 2016	September 30, 2015
Changes in non-cash operating assets and liabilities:		
Trade and other receivables	\$ (899,243)	\$ (438,936)
Prepaid expenses and other current assets	(47,194)	(36,860)
Accounts payable and accrued liabilities	3,788	284,919
Unearned revenue	403,315	80,806
Unrealized foreign exchange (gains) losses related to non-cash operating assets and liabilities	25,693	(64,708)
	<b>\$ (513,641)</b>	<b>\$ (174,779)</b>

**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.

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

As at	September 30, 2016	December 31, 2015
Current	\$ 1,146,809	\$ 479,176
Past due 1-90 days	94,896	46,517
Past due over 90 days	121,326	156
	<b>\$ 1,363,031</b>	<b>\$ 525,849</b>

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.

**iLOOKABOUT Corp.**

**Notes to Unaudited Condensed Interim Consolidated Financial Statements**

**For the three and nine months ended September 30, 2016 and 2015**

**(in Canadian dollars)**

**13. Subsequent event**

Subsequent to the period ended September 30, 2016, the Company closed a non-brokered private placement (the "Private Placement") of 1,000,000 Units. Each Unit consisted of one common share of the Company and one common share purchase warrant. Each whole warrant entitles the holder to purchase one common share of the Company for a period of five years from the date of issuance at an exercise price of \$0.40. The subscription price of each Unit was \$0.21, for aggregate gross proceeds of \$210,000. Net proceeds will be used to help fund the Company's working capital requirements. All of the Units were subscribed for by the Chief Executive Officer of the Company and his spouse.