iLOOKABOUT Corp.

Consolidated Financial Statements

For the years ended December 31, 2011 and 2010

To the Shareholders of iLOOKABOUT Corp.:

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements of the Company and its subsidiaries, including responsibility for significant accounting judgments and estimates. Management's responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which judgment is required. These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

Management is also responsible for establishing and maintaining adequate internal control over financial reporting processes that include those policies and procedures that provide reasonable assurance over the safeguarding of assets and over the completeness, fairness and accuracy of the financial statements and other financial information.

The Board is responsible for overseeing management in the performance of its financial reporting responsibilities. To fulfill these responsibilities, the Board reviews the financial information prepared by management and discusses relevant and significant matters with management. The Board carries out its responsibility principally through its Audit Committee. The Board appoints an Audit Committee, which meets at least quarterly with management and regularly with the external auditors, KPMG LLP. The Audit Committee reports its findings to the Board who ultimately approve the financial statements for issuance to the shareholders. The Audit Committee also considers, for review by the Board and approval by the shareholders, the engagement or reappointment of the external auditors.

KPMG LLP, an independent firm of Chartered Accountants, was appointed by the shareholders to audit the consolidated financial statements and report directly to them. Their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Audit Committee and management to discuss their audit findings.

"Robin Dyson"
Robin Dyson, CA
Chief Financial Officer
April 25, 2012

"Jeff Young"
Jeff Young
Chief Executive Officer
April 25, 2012

INDEPENDENT AUDITORS' REPORT

To the Shareholders of iLOOKABOUT Corp.

We have audited the accompanying consolidated financial statements of iLOOKABOUT Corp., which comprise the consolidated statements of financial position as at December 31, 2011, December 31, 2010 and January 1, 2010, the consolidated statements of comprehensive loss, changes in equity and cash flows for the years ended December 31, 2011 and December 31, 2010, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of iLOOKABOUT Corp. as at as at December 31, 2011, December 31, 2010 and January 1, 2010, and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2011 and December 31, 2010 in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 2 to the consolidated financial statements which describes that for the year ended December 31, 2011, the Company incurred a net loss of $1,914,079, had negative cash flow from operations of $738,994 and as at December 31, 2011 has an accumulated deficit of $11,998,396. These conditions, along with other matters described in Note 2, indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern.

KPMG LLP

Chartered Accountants, Licensed Public Accountants

April 25, 2012

London, Canada

iLOOKABOUT Corp.
Consolidated Statements of Financial Position

As at	December 31, 2011	December 31, 2010	January 1, 2010
Assets			
Current Assets:			
Cash and cash equivalents	$ 303,437	$ 177,730	$ 1,410,006
Short-term investments	-	1,004,850	1,000,000
Trade and other receivables	259,616	137,725	115,467
Prepaid expenses and other current assets	179,903	159,583	142,329
	742,956	1,479,888	2,667,802
Equipment (note 6)	434,711	513,953	456,161
Intangible assets (note 7)	-	-	80,471
Total Assets	$ 1,177,667	$ 1,993,841	$ 3,204,434
Liabilities and Shareholders' (Deficiency) Equity			
Current Liabilities:			
Accounts payable and accrued liabilities	$ 438,933	$ 334,798	$ 317,808
Unearned revenue	586,034	177,023	413,352
Finance lease liability	11,523	-	-
	1,036,490	511,821	731,160
Unearned revenue	530,716	163,802	40,498
Shareholders' (Deficiency) Equity	(389,539)	1,318,218	2,432,776
Going concern (note 2)			
Commitments (note 14)			
Subsequent events (note 18)			
Total Liabilities and Shareholders' (Deficit) Equity	$ 1,177,667	$ 1,993,841	$ 3,204,434

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

iLOOKABOUT Corp.
Consolidated Statements of Comprehensive Loss

Years ended December 31		2011		2010
Revenue	$	2,735,899	$	2,959,445
Direct operating expenses		1,954,919		1,819,964
Gross Margin		780,980		1,139,481
Other operating expenses:				
Technology		797,219		768,435
Selling and business development		644,349		801,512
General and administration		1,250,498		1,370,825
		2,692,066		2,940,772
Loss from operations		(1,911,086)		(1,801,291)
Finance income (costs), net		1,392		(714)
Foreign exchange losses		(4,385)		(9,422)
Loss for the year	$	(1,914,079)	$	(1,811,427)
Other comprehensive income (loss):				
Foreign exchange gain (loss) on the translation of foreign operations		6,768		(13,226)
		6,768		(13,226)
Comprehensive loss for the year	**$**	**(1,907,311)**	**$**	**(1,824,653)**
Loss per share				
Basic and diluted (note 13)	$	(0.05)	$	(0.04)

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

iLOOKABOUT Corp.

Consolidated Statements of Changes in Shareholders' (Deficiency) Equity

Year ended December 31, 2011

	Share capital	Warrant capital	Other reserve	Contributed surplus	Deficit	Translation reserve	Total Deficiciency
Balance at January 1, 2011	$ 8,418,442	$ 1,932,054	$ (696,155)	$ 1,761,420	$ (10,084,317)	$ (13,226)	$ 1,318,218
Loss for the year	-	-	-	-	(1,914,079)	-	(1,914,079)
Other comprehensive income (loss):							
Foreign exchange gain on the translation of foreign operations	-	-	-	-	-	6,768	6,768
Comprehensive income (loss)	-	-	-	-	(1,914,079)	6,768	(1,907,311)
Warrant modification (note 9)	-	310,000	(310,000)	-	-	-	-
Options exercised (note 9)	10,519	-	-	(7,394)	-	-	3,125
Share-based compensation (note 10)	-	-	-	196,429	-	-	196,429
Balance at December 31, 2011	$ 8,428,961	$ 2,242,054	$ (1,006,155)	$ 1,950,455	$ (11,998,396)	$ (6,458)	$ (389,539)

Year ended December 31, 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 for the year	-	-	-	-	(1,811,427)	-	(1,811,427)
Other comprehensive loss:							
Foreign exchange loss on the translation of foreign operations	-	-	-	-	-	(13,226)	(13,226)
Comprehensive loss	-	-	-	-	(1,811,427)	(13,226)	(1,824,653)
Warrant modification (note 9)	-	696,155	(696,155)	-	-	-	-
Warrants exercised (note 9)	482,241	(86,584)	-	-	-	-	395,657
Warrants expired (note 9)	-	(237,846)	-	237,846	-	-	-
Share-based compensation (note 10)	-	-	-	314,438	-	-	314,438
Balance at December 31, 2010	$ 8,418,442	$ 1,932,054	$ (696,155)	$ 1,761,420	$ (10,084,317)	$ (13,226)	$ 1,318,218

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

iLOOKABOUT Corp.
Consolidated Statements of Cash Flows

Years ended December 31		**2011**		**2010**
Cash flows from operating activities				
Loss for the year	$	(1,914,079)	$	(1,811,427)
Adjustments for non-cash items:				
Gain on disposal of equipment		(1,687)		(641)
Impairment of intangible assets (note 7)		-		71,534
Amortization of equipment		260,925		239,427
Amortization of intangible assets		-		17,960
Unrealized foreign exchange losses		(20,159)		(19,928)
Finance (income) costs, net		(1,392)		714
Share-based compensation expense (note 10)		196,429		314,439
		(1,479,963)		(1,187,922)
Changes in non-cash working capital (note 12)		692,122		(211,913)
Interest received		2,263		2,831
Taxes received		46,584		72,819
Net cash used in operating activities		(738,994)		(1,324,185)
Financing activities				
Payment of finance lease liabilities		(18,212)		-
Proceeds from warrants exercised (note 9)		-		395,657
Proceeds from options exercised		3,125		-
Corporate transaction costs		(1,733)		-
Net cash provided by (used in) financing activities		(16,820)		395,657
Cash flows from investing activities				
Investment tax credits and government assistance, capital portion (note 5)		359		3,125
Purchase of short-term investments		(225,000)		(299,850)
Proceeds on disposal of short-term investments		1,229,850		295,000
Purchase of equipment		(155,419)		(316,933)
Proceeds on disposal of equipment		4,804		17,231
Purchase of intangible assets		-		(9,023)
Net cash provided by (used in) investing activities		854,594		(310,450)
Increase (decrease) in cash during the period		98,780		(1,238,978)
Effect of exchange rate fluctuations on cash and cash equivalents		26,927		6,702
Cash and cash equivalents - beginning of year		177,730		1,410,006
Cash - end of year	$	303,437	$	177,730
Represented by:				
Cash	$	303,437	$	177,730
Cash equivalents		-		-
	$	303,437	$	177,730

The accompanying notes are an integral part of these 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, custom application programming and professional services. The consolidated financial statements as at and for the year ended December 31, 2011 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

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 year ended December 31, 2011, the Company incurred a loss of $1,914,079 (2010 – $1,811,472). In addition, during the year ended December 31, 2011, the Company had negative cash flow from operations of $738,994 (2010 – $1,324,185). The Company has a history of operating losses with an accumulated deficit of $11,998,396 (2010 - $10,084,317), shareholders' (deficiency) equity of $(389,539) (2010 - $1,318,218) and a working capital (deficiency) surplus of $(293,534) (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. In August 2011, the Company received notice that one of its licensees made a decision to discontinue access to its StreetScape imagery for many of its end-user customers. Subsequent to August 2011, revenue related to these services will be negatively impacted by approximately $280,000 per quarter. Significant doubt exists as to whether the Company will be able to continue as a going concern and to execute on its business plan as currently contemplated or that cash generated from operations will be sufficient to satisfy liquidity requirements.

Subsequent to the reporting date, the Company completed a Private Placement of Series 1Preference Shares for gross proceeds of $750,000 and secured a credit facility $2,000,000 term credit facility. The facility provides for the distribution of the financing in stages, subject to the Company meeting specified sales and financial performance milestones. Subsequent to the reporting period, the Company achieved the required milestones to trigger the first disbursement of $600,000 and received these funds in March 2012. See note 18 – Subsequent events.

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 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 consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern.

(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 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. Basis of Preparation

(a) Statement of compliance

Effective January 1, 2011, all Canadian publicly accountable enterprises are required to prepare their financial statements using International Financial Reporting Standards ("IFRS"), issued by the International Accounting Standards Board ("IASB"), and as adopted by the Accounting Standards Board of Canada. IFRS 1 *First-time Adoption of International Financial Reporting Standards* ("IFRS 1") requires that an entity's accounting policies used in its opening statement of financial position and throughout all periods presented in its first IFRS financial statements comply with IFRS effective at the end of its first IFRS reporting period. Accordingly, the IFRS issued and effective as at December 31, 2011 have been applied in preparing the consolidated financial statements as at and for the year ended December 31, 2011, the comparative information presented as at and for the year ended December 31, 2010, and in preparation of the opening IFRS statement of financial position as at January 1, 2010. The impacts of the transition to IFRS for the comparative information are presented in Note 19.

These consolidated financial statements have been prepared by management in compliance with IFRS as issued by the IASB.

These consolidated financial statements for the years ended December 31, 2011 and 2010 were authorized for issuance by the Board of Directors of the Company on April 25, 2012.

(b) Basis of measurement

These consolidated financial statements are presented in Canadian dollars ("CAD") and are prepared mainly on the historical basis. Other measurement bases are described in the applicable notes.

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

(c) Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency.

(d) Use of estimates and judgements

Critical accounting estimates

The preparation of these consolidated financial statements requires management to apply judgement when making estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results could differ from these estimates.

Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Key areas of estimation are as follows:

(Note 3 - continued)

Revenue recognition

Revenue from sales arrangements that include multiple elements is allocated amongst the separately identifiable components based on the relative fair value of the components included in the arrangement. In order to allocate the total revenue from an arrangement with multiple elements, management is required to estimate the fair value of each of those elements. These estimates can affect the timing of revenue recognition over the term of the sales arrangement.

Amortization

Management is required to make certain estimates and assumptions when determining the amortization methods and rates, and residual values of equipment and intangible assets. Useful lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology. Management reviews amortization methods, rates, and residual values annually and adjusts amortization accordingly on a prospective basis.

Impairment of non-financial assets

When there are indications that an asset may be impaired, the Company is required to estimate the asset's recoverable amount. The recoverable amount is the greater of value in use and fair value less costs to sell. Determining the value in use requires the Company to estimate expected future cash flows associated with the asset and a suitable discount rate in order to calculate present value.

Share-based compensation

Management is required to make certain estimates and assumptions when determining the grant date fair value of stock option awards and the number of awards that are expected to vest. Fair value is determined using the Black-Scholes option pricing model. Estimates are made with respect to risk-free interest rates, expected share volatility, expected dividend yield, forfeiture rates, and expected life.

Warrant term modifications

Management is required to make certain estimates and assumptions when determining the fair value of modifications of warrants, such as the extension of the warrant term. Fair value is determined using the Black-Scholes option pricing model. Estimates are made with respect to inputs to the Black-Scholes model with respect to risk-free interest rates, expected share volatility, expected dividend yield, forfeiture rates, and expected life.

Critical judgements in applying accounting policies

In the preparation of these consolidated financial statements management has made judgements, aside from those that involve estimates, in the process of applying the accounting policies. These judgements can have an effect on the amounts recognized in the financial statements.

Revenue recognition

Management must use judgement in determining whether the Company is acting as an agent or principal in a transaction based on an evaluation of risks and responsibilities taken by the Company. Judgement is required in each applicable revenue arrangement and all relevant facts and circumstances must be considered.

(Note 3 - continued)

Income tax

Management is required to apply judgement in determining whether it is probable that deferred income tax assets will be realized. At December 31, 2011, management had determined that future realization of its deferred income tax assets did not meet the threshold of being probable, and as such, has not recognized any deferred income tax assets in the consolidated statements of financial position.

In addition, the measurement of income taxes payable and deferred income tax assets and liabilities requires management to make judgements in the interpretation and application of the relevant tax laws. The actual amount of income taxes only becomes final upon filing and acceptance of the tax return by the relevant authorities, which occurs subsequent to the issuance of the financial statements.

4. Significant Accounting Policies

The significant accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements and in preparing the opening IFRS statement of financial position as at January 1, 2010 for the purposes of transition to IFRS, unless otherwise indicated.

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

(a) Basis of consolidation

Subsidiaries are legal entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The consolidated financial statements include the accounts of iLOOKABOUT Corp. and its wholly-owned subsidiaries iLOOKABOUT Inc., iLOOKABOUT Global Inc., and iLOOKABOUT (US) Inc. All intercompany balances and transactions have been eliminated on consolidation.

(b) Revenue recognition

The Company earns revenue primarily from its StreetScape and related products/services, which are typically license or transaction based. The Company also generates revenue from the provision of professional services.

License and transaction based revenue is primarily generated from the delivery of geo-coded, street-level images and related data. This revenue is recognized as service is delivered, when persuasive evidence of an arrangement exists, the fee is fixed and determinable and collection is considered probable. Revenue for long term licensing contracts is generally recognized over the life of the contract, in accordance with contract terms, as service is provided. Transaction based revenue is recognized as transactions are completed and service is provided.

Revenue related to professional services is recognized as service is delivered and collection is considered probable.

Revenue from sales arrangements that include multiple components is allocated amongst the components based on the relative fair value of the components included in the arrangement. An element is considered to be separately identifiable if the product or service delivered has stand-alone value to the customer and the fair value can be measured reliably. The amount recognized as revenue for each component is the fair value of the element in relation to the fair value of the arrangement as a whole. The fair value of each component is based on a hierarchy of (1) vendor specific objective

(Note 4 - continued)

evidence (“VSOE”) of selling price, if available, (2) third-party evidence (“TPE”) of selling price, if VSOE is unavailable, and (3) the cost-plus-margin (“CPM”) method if neither VSOE nor TPE is available.

Payments received in advance of service delivery are recorded as unearned revenue and recognized as revenue over the term of the license as service is delivered.

(c) Financial instruments – non-derivative

(i) Initial recognition

The Company recognizes loans and receivables on the date that they originate. All other financial assets and financial liabilities are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument. All of the Company’s financial assets are classified as loans and receivables. Under IFRS, loans and receivables are defined as financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs.

All of the Company’s financial liabilities are classified as other liabilities. Other liabilities are recognized initially at fair value plus any directly attributable transaction costs.

(ii) Measurement

Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest rate method less any impairment losses. Loans and receivables comprise cash and cash equivalents, short-term investments, and trade and other receivables.

Subsequent to initial recognition other liabilities are measured at amortized costs using the effective interest method. Accounts payable and accrued liabilities are classified as other liabilities.

(iii) Offsetting policy

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the assets and settle the liability simultaneously.

(iv) Derecognition policy

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability. The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

(v) Impairment

A financial asset carried at amortized cost is considered impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flow of that asset

(Note 4 - continued)

that can be estimated reliably. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively.

An impairment loss in respect of a financial asset is measured at amortized cost, calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

In assessing collective impairment, the Company uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends. Losses are recognized in the statement of comprehensive loss and reflected in an allowance account against accounts receivable.

(d) Cash and cash equivalents

Cash and cash equivalents include balances with banks and short-term highly liquid investments such as treasury bills and guaranteed investment certificates with maturities at purchase date of three months or less.

(e) Short-term investments

Short-term investments consist of interest-bearing securities with maturities at purchase date of more than three months but less than one year.

(f) Equipment

Equipment is stated at cost less accumulated amortization and accumulated impairment, if any. Cost includes expenditures that are directly attributable to the acquisition of the asset. When significant parts of an item of equipment have different useful lives, those components are accounted for as separate items of equipment and amortized separately.

Gains and losses on disposal are determined by comparing the proceeds from disposal with the carrying amount of equipment and are recognized in gain (loss) on disposal of equipment in profit or loss.

Equipment is amortized over the estimated useful life of the asset based on the following:

Asset	Rate	Method
Computer hardware	30%	declining balance method
Computer software	100%	declining balance method
Equipment - Virtual Tours	20%	declining balance method
Equipment - StreetScape Imaging	2 years	straight-line method
Furniture and equipment	20%	declining balance method
Leasehold improvements	lease term	straight-line method
Vehicles	30%	declining balance method
Leased vehicles	30%	declining balance method

In the year of acquisition, a half-year of amortization is recorded.

(Note 4 - continued)

Management reviews amortization methods, rates, and residual values annually and adjusts amortization accordingly on a prospective basis. Subsequent costs are included in the asset's carrying amount or as a separate asset only when it is probable that future economic benefits associated with the item of equipment will flow to the Company and the costs of the item can be reliably measured. All other expenditures are charged to direct operating expenses if the related item is computer hardware, computer software, virtual tour equipment or vehicles, and charged to general and administration expense if the related item is furniture, office equipment or leasehold improvements.

(g) Intangible assets

Intangible assets, including patents and trademarks, are stated at cost less accumulated amortization and accumulated impairment losses. Amortization is provided on a straight-line basis over the asset's estimated useful life of between one to three years for patents, and ten to fifteen years for trademarks. Annually, Management assesses the appropriateness of the estimated useful lives and amortization methods.

(h) Impairment of non-financial assets

At each reporting date, the Company's non-financial assets, such as equipment and intangible assets, are reviewed to determine whether there is an indication that those assets are impaired. If such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted at a rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. When an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount so that the increased carrying amount does not exceed the carrying amount that would have been recorded had no impairment losses been recognized for the asset in prior years.

(i) Research and development

Research costs are expensed as incurred. Development costs are expensed as incurred, unless certain criteria are met for recognition as an intangible asset. Software development costs incurred prior to establishment of technological feasibility do not meet these criteria. To date, the Company has not recognized any development costs as intangible assets.

(j) Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

(Note 4 - continued)

(k) Income taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized through profit or loss unless they arise from business combinations or items charged directly to equity or in other comprehensive loss.

Current tax is the expected taxes payable or receivable within the following twelve months and is based on taxable income or loss using tax rates enacted or substantively enacted at the reporting date, combined with any adjustments to taxes payable in respect of previous years.

Deferred tax assets and liabilities are recognized based on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levies by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced when, in management's judgement, it is no longer probable that the related tax benefit will be realized.

(l) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service by the employee and the obligation can be estimated readily.

(m) Finance income

Finance income consists of interest earned on cash and cash equivalents, and short-term investments. Finance income is recognized as it accrues using the effective interest rate method.

(n) Investment tax credits and government grants

Scientific Research and Experimental Development investment tax credits:

The Company applies for investment tax credits in relation to scientific research and experimental development expenditures incurred. When the Company has reasonable assurance that these investment tax credits will be received, they are accounted for as a reduction in the related expenditure or as a reduction of the related equipment cost.

Government grants:

Government grants are recognized when the Company has reasonable assurance that they will be received and that it is in compliance with the conditions underlying the agreement under which the government grants were granted. They are accounted for as a reduction in the related expenditure or as a reduction of the related equipment cost.

(Note 4 - continued)

(o) Lease payments

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are recognized in profit or loss as the payments become due.

(p) Foreign currency translation

The Company's functional and presentation currency is the Canadian dollar. Functional currency is also determined for each of the Company's subsidiaries, and items included in the financial statements of the subsidiary are measured using that functional currency.

Transactions denominated in a foreign currency are translated into Canadian dollars using the exchange rates prevailing at the dates of the transaction. Monetary assets and liabilities denominated in a foreign currency are translated into Canadian dollars at the rates of exchange in effect at each reporting date. Foreign exchange gains and losses are recognized in profit or loss.

Assets and liabilities of a foreign operation that has a functional currency other than the Canadian dollar are translated into Canadian dollars at the reporting date exchange rate, and transactions are translated using the exchange rate prevailing at the dates of the transaction. All resulting changes are recognized in other comprehensive loss and in the translation reserve in shareholders' equity (deficiency).

(q) Share-based compensation

All stock options granted to employees and directors are settled with shares of the Company. The expense and corresponding increase in contributed surplus in shareholders' equity (deficiency) are determined based on the grant date fair value of the award and recognized using the graded method over the period that the employees unconditionally become entitled to the awards. Upon the exercise of the option, consideration received, together with the amount previously recognized in contributed surplus, is recorded as an increase to share capital.

The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For awards with non-vesting conditions, the grant date fair value is measured to reflect such conditions and there is no adjustment for difference between expected and actual outcomes.

Share-based payment arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions.

(r) Loss per share

The Company presents basic and diluted loss per share data. Basic loss per share is calculated by dividing net loss for the period by the weighted average number of shares outstanding during the period. Diluted loss per share is determined by adjusting the net loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares. When a net loss is incurred, basic and diluted loss per share are the same because the exercise of options and warrants are anti-dilutive.

(Note 4 - continued)

(s) Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. The Company operates and reports its results as one operating segment.

(t) Recent accounting pronouncements

The IASB and International Financial Reporting Interpretations Committee ("IFRIC") have issued the following standards that have not been applied in preparing these consolidated financial statements as their effective dates fall within annual periods beginning subsequent to the current reporting period.

IFRS 7, Financial Instruments: Disclosures
In October 2010, the IASB amended IFRS 7, *Financial Instruments: Disclosures* ("IFRS 7"). This amendment enhances disclosure requirements to aid financial statement users in evaluating the nature of, and risks associated with, an entity's continuing involvement in derecognized financial assets. The amendment is effective for the Company's interim and annual consolidated financial statements commencing January 1, 2012. The Company is assessing the impact of this amended standard on its consolidated financial statements.

IFRS 10, Consolidated Financial Statements
In May 2011, the IASB issued IFRS 10, *Consolidated Financial Statements* ("IFRS 10"). IFRS 10, which replaces the consolidation requirements of SIC-12 *Consolidation-Special Purpose Entities* and IAS 27 *Consolidated and Separate Financial Statements*, establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. This new standard is effective for the Company's interim and annual consolidated financial statements commencing January 1, 2013. The Company is assessing the impact of this new standard on its consolidated financial statements.

IFRS 12, Disclosure of Interests in Other Entities
In May 2011, the IASB issued IFRS 12, *Disclosure of Interests in Other Entities* ("IFRS 12"). IFRS 12 establishes new and comprehensive disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structured entities. This new standard is effective for the Company's interim and annual consolidated financial statements commencing January 1, 2013. The Company is assessing the impact of this new standard on its consolidated financial statements.

IFRS 13, Fair Value Measurement
In May 2011, the IASB issued IFRS 13, *Fair Value Measurement* ("IFRS 13"). IFRS 13 replaces the fair value guidance contained in individual IFRS with a single source of fair value measurement guidance. The standard also requires disclosures which enable users to assess the methods and inputs used to develop fair value measurements. This new standard is effective for the Company's interim and annual consolidated financial statements commencing January 1, 2013. The Company is assessing the impact of this new standard on its consolidated financial statements.

IAS 1, Presentation of Financial Statements
In June 2011, the IASB amended IAS 1, *Presentation of Financial Statements* ("IAS 1"). This amendment requires an entity to separately present the items of OCI as items that may or may not be reclassified to profit and loss. This amended standard is effective for the Company's interim and annual consolidated financial statements commencing January 1, 2013. The Company is assessing the impact of this amended standard on its consolidated financial statements.

(Note 4 - continued)

IAS 27, Separate Financial Statements
In May 2011, the IASB amended IAS 27, *Separate Financial Statements* ("IAS 27"). This amendment removes the requirements for consolidated statements from IAS 27, and moves it over to IFRS 10 *Consolidated Financial Statements*. The amendment mandates that when a company prepares separate financial statements, investment in subsidiaries, associates, and jointly controlled entities are to be accounted for using either the cost method or in accordance with IFRS 9 *Financial Instruments*. In addition, this amendment determines the treatment for recognizing dividends, the treatment of certain group reorganizations, and some disclosure requirements. This amendment is effective for the Company's interim and annual consolidated financial statements commencing January 1, 2013. The Company is assessing the impact of this amended standard on its consolidated financial statements.

IFRS 9, Financial Instruments
In October 2010, the IASB issued IFRS 9, *Financial Instruments* ("IFRS 9"). IFRS 9, which replaces IAS 39, *Financial Instruments: Recognition and Measurement*, establishes principles for the financial reporting of financial assets and financial liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. This new standard is effective for the Company's interim and annual consolidated financial statements commencing January 1, 2015. The Company is assessing the impact of this new standard on its consolidated financial statements.

5. Investment Tax Credits and Government Assistance

The Company received refunds with respect to Scientific Research and Experimental Development ("SR&ED") tax credits in the amount of $54,981 during the year ended December 31, 2011 (2010 - $74,303). Of this amount, $358 (2010 – $3,125) was related to capital items, while the remaining $54,623 (2010 – $71,179) was recorded as a reduction of expenses in the statement of operations.

During the year, the Company received funds from the Government of Canada with respect to the Industrial Research Assistance Program ("IRAP") in the amount of $17,474 (2010 - $31,526). This amount was recorded as a reduction of expenses in the statement of comprehensive loss.

6. Equipment

	Computer hardware	Computer software	Equipment – Virtual Tours	Equipment – StreetScape	Furniture and equipment	Leasehold improvements	Vehicles	Leased vehicles	Total
Cost or deemed cost									
Balance at January 1, 2010	544,257	156,844	19,786	229,945	132,834	48,081	34,270	-	1,166,017
Additions	86,545	36,794	1,185	145,242	1,663	596	41,783	-	313,808
Disposals	-	-	-	(127,625)	-	-	-	-	(127,625)
Balance at December 31, 2010	630,802	193,638	20,971	247,562	134,497	48,677	76,053	-	1,352,200
Additions	96,994	-	-	57,853	572	-	-	29,735	185,154
Disposals	-	-	-	(8,280)	-	-	(4,804)	-	(13,084)
Balance at December 31, 2011	727,796	193,638	20,971	297,135	135,069	48,677	71,249	29,735	1,524,270
Amortization and impairment losses									
Balance at January 1, 2010	275,900	111,885	14,126	219,698	64,756	18,574	4,917	-	709,856
Amortization for the year	93,489	63,356	1,250	44,995	13,782	7,482	15,073	-	239,427
Disposals	-	-	-	(111,036)	-	-	-	-	(111,036)
Balance at December 31, 2010	369,389	175,241	15,376	153,657	78,538	26,056	19,990	-	838,247
Amortization for the year	92,973	18,397	1,119	108,367	11,249	7,541	16,819	4,460	260,925
Disposals	-	-	-	(8,280)	-	-	(1,333)	-	(9,613)
Balance at December 31, 2011	462,362	193,638	16,495	253,744	89,787	33,597	35,476	4,460	1,089,559
Carrying amounts									
At January 1, 2010	268,357	44,959	5,660	10,247	68,078	29,507	29,353	-	456,161
At December 31, 2010	261,413	18,397	5,595	93,905	55,959	22,621	56,063	-	513,953
At December 31, 2011	265,434	-	4,476	43,391	45,282	15,080	35,773	25,275	434,711

7. Intangible assets

Cost		
At January 1, 2010	**$**	**113,834**
Additions		9,023
At December 31, 2010 and 2011	**$**	**122,857**

Accumulated Amortization and Impairment Loss		
At January 1, 2010	**$**	**33,363**
Amortization		17,960
Impairment loss		71,534
At December 31, 2010 and 2011	**$**	**122,857**

Carrying amount at December 31, 2010 and 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 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.

8. Income taxes

The components of income tax expense (benefit) for the years ended December 31, 2011 and 2010 were as follows:

		Year ended December 31, 2011		**Year ended December 31, 2010**
Current tax expense	$	-	$	-
Deferred tax expense (benefit)				
Origination and reversal of temporary differences	$	(391,000)	$	(449,000)
Effect of tax rate changes		54,500		132,300
Change in unrecognized deductible temporary differences		284,700		350,700
Other		51,800		(34,000)
Deferred tax benefit	$	-	$	-

(Note 8 - continued)

The recovery of income tax differs from the amount that would be computed by applying the combined federal and provincial statutory income tax rate to the comprehensive loss before income taxes for reasons as follows:

		Year ended December 31, 2011		Year ended December 31, 2010
Statutory income tax rate		**28.25%**		**31.00%**
Computed income tax expense (recovery)	$	(538,800)	$	(565,500)
Increase (decrease) in income tax resulting from:				
Amounts not deductible for tax		80,200		121,600
Change in unrecognized deductible temporary differences		284,700		350,700
Effect of tax rate changes		54,500		132,300
Other		119,400		(39,100)
Income tax expense	$	-	$	-

Due to Canadian federal and provincial enacted corporate income tax rate changes, the statutory income tax rate for the Company decreased from 31.0% in 2010 to 28.25% in 2011.

As at December 31, 2011, deferred tax assets have not been recognized in respect of the following items:

		December 31, 2011		December 31, 2010
Non-capital losses	$	2,137,700	$	1,879,200
Deductible temporary differences		1,048,700		1,022,500
	$	3,186,400	$	2,901,700

In assessing the ability to realize the benefit of the deferred tax assets, management considers whether it is probable that some portion or all of the deferred tax assets will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income. Management considers the likelihood of future profitability, the character of the deferred tax assets and available tax planning strategies in making this assessment. To the extent that management believes it is probable the deferred tax assets will be realized, that portion of the deferred tax assets is recognized in the financial statements. Based on this assessment, the deferred tax assets as at December 31, 2011 and 2010 have not been recognized in the consolidated financial statements.

As at December 31, 2011, the Company had non-capital loss carry-forwards of approximately $8,321,000 that expire between 2012 and 2031.

As at December 31, 2011, the Company also had Scientific Research and Experimental Development (“SR&ED”) expenditures of approximately $2,967,000 available for future years. These SR&ED expenditures do not expire. In addition, the Company has unused investment tax credits of approximately $561,000.

9. Share and warrant capital

		December 31, 2011		December 31, 2010		January 1, 2010	
	Expiry date	Issued	Amount	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	39,966,042	$ 7,936,201
Share purchase warrants:							
$0.80 agent warrants	April 1/10	-	-	-	-	515,400	-
$0.55 warrants	July 3/10	-	-	-	-	1,444,375	173,845
$0.55 warrants	July 13/10	-	-	-	-	1,304,000	150,585
$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	6,567,500	1,235,899
		6,567,500	2,242,054	7,007,240	1,932,054	10,271,015	1,560,329
Share capital and warrant capital		47,277,917	$ 10,671,015	47,692,657	$ 10,350,496	50,237,057	$ 9,496,530

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, December 31, 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**	**$**	**1,560,329**
Warrant modification (a)	-		696,155
Warrants exercised (b)	(719,375)		(86,584)
Warrants expired (c)	(2,544,400)		(237,846)
Balance, December 31, 2010	**7,007,240**	**$**	**1,932,054**
Warrant modification (a)	-		310,000
Warrants expired (c)	(439,740)		-
Balance, December 31, 2011	**6,567,500**	**$**	**2,242,054**

(a) Warrant Modifications

In March 2010, an extension of the term of the Company's 6,567,500 Series E common share purchase warrants (the "Class E Warrants") that were issued as part of a private placement which closed on February 22, 2008, was approved by the Board of Directors.

Each full Class E Warrant entitled its holder to purchase one common share of the Company at an exercise price of $1.00 per share. The Class E Warrants were scheduled to expire on April 1, 2010. The term of the Class E Warrants was extended to the earlier of (i) April 1, 2011, or (ii) on the 30th calendar day following the Company's common shares attaining a closing price of $1.20 or greater for ten consecutive trading days on the TSX Venture Exchange.

(Note 9 - continued)

The Company has calculated the incremental difference in the fair value of these warrants immediately prior to and after the modification. The fair value of the warrants was determined using a Black-Scholes option pricing model applying the following assumptions prior to and as at the date of extension:

	Pre extension	**Post extension**
Risk free interest rate	1.50%	1.50%
Expected dividend yield	0%	0%
Expected share volatility	102%	104%
Expected life	21 days	386 days

The resulting incremental fair value of $696,155 associated with the common share purchase warrants held by shareholders was recorded as an increase to warrant capital within shareholders' equity (deficiency), with the offset to other reserve, also within shareholders' equity (deficiency).

In March 2011, a further extension of the term of the Company's 6,567,500 Class E Warrants was approved by the Board of Directors.

Their term was extended to the earlier of (i) April 1, 2012, or (ii) on the 30th calendar day following the Company's common shares attaining a closing price of $1.20 or greater for ten consecutive trading days on the TSX Venture Exchange.

The Company has calculated the incremental difference in the fair value of these warrants immediately prior to and after the modification. The fair value of the warrants was determined using a Black-Scholes option pricing model applying the following assumptions prior to and as at the date of extension:

	Pre extension	**Post extension**
Risk free interest rate	1.78%	1.78%
Expected dividend yield	0%	0%
Expected share volatility	138%	103%
Expected life	23 days	389 days

The resulting incremental fair value of $310,000 associated with the common share purchase warrants held by shareholders was recorded as an increase to warrant capital within shareholders' equity (deficiency), with the offset to other reserve, also within shareholders' equity (deficiency).

(b) Exercise of Warrants

(i) In June 2010, 719,375 of the warrants issued as part of the July 3, 2009 private placement, with an exercise price of $0.55 per warrant, were exercised for aggregate consideration of $395,657. The common shares issued were recorded at $482,241, being the value of the consideration paid plus the book value of the warrants exercised.

(Note 9 - continued)

(c) Expiry of Warrants

(i) On April 1, 2010, 515,400 of the warrants previously issued for the purchase of 515,400 common shares at a price of $0.80, expired unexercised.
(ii) On July 3, 2010, 725,000 of the total 1,444,375 warrants previously issued for the purchase of 725,000 common shares, at a price of $0.55, expired unexercised. The remaining 719,375 warrants were exercised during the year as noted above.
(iii) On July 13, 2010, 1,304,000 of the warrants previously issued for the purchase of 1,304,000 common shares, at a price of $0.55, expired unexercised.
(iv) On July 3, 2011, 231,100 of the warrants previously issued for the purchase of 231,100 common shares, at a price of $0.40, expired unexercised.
(v) On July 13, 2011, 208,640 of the warrants previously issued for the purchase of 208,640 common shares, at a price of $0.40, expired unexercised.

Warrant capital has been reduced by and contributed surplus has been increased by the book value of the warrants expired unexercised.

10. Share-based payments

Description of the share-based payment arrangements
Since May 2007, the Company has established a share option program that entitles key management personnel and other employees and contractors to purchase shares in the Company. In accordance with these programs options are exercisable at the market price of the shares less 25% at the date of grant for employees and contractors and at market price of the shares at the date of grant for key management personnel.

Disclosure of share option program
The number and weighted average exercise prices of share options are as follows:

	Number of Options		Weighted Average Exercise Price		Weighted Average Share Price	Weighted Average Years to Expiry
Outstanding January 1, 2010	1,768,300	$	0.42	$	0.44	3.4
Granted	870,000	$	0.43	$	0.48	
Forfeited	(198,867)	$	0.45	$	0.10	
Outstanding December 31, 2010	2,439,433	$	0.42	$	0.48	3.2
Granted	608,125	$	0.33	$	0.34	
Exercised	(25,000)	$	0.13	$	0.38	
Forfeited	(565,000)	$	0.42	$	0.52	
Outstanding December 31, 2011	2,457,558	$	0.40	$	0.43	2.8

The options outstanding at December 31, 2011 have an exercise price from $0.125 to $0.60. All options outstanding had a contractual life of 5 years upon grant.

(Note 10 - continued)

Terms and conditions of share option program
The terms and conditions relating to the grants of the share option program, which to be settled by physical delivery of shares, are as follows:

Personnel entitled and Grant Date	Options Granted	Vesting conditions	Contractual life of options
Key management personnel:			
September 14, 2007	208,300	Fully vested upon grant.	5 years
January 2, 2009	120,000	Fully vested upon grant.	5 years
May 29, 2009	125,000	Vesting is 50% upon grant and 50% at January 1, 2010	5 years
March 15, 2010	115,000	Vesting is 25% upon grant and 25% on each of next 3 anniversaries.	5 years
June 1, 2010	200,000	Fully vested upon grant.	5 years
December 1, 2010	255,000	Fully vested upon grant.	5 years
May 25, 2011	281,875	Fully vested upon grant.	5 years
December 30, 2011	276,250	Fully vested upon grant.	5 years
Other employees and contractors:			
May 14, 2007	160,000	Vesting is 25% upon grant, 25% at April 1, 2008 (Liquidity Event) and 25% on each of next 2 anniversaries.	5 years
July 18, 2007	175,000	Vesting is 25% upon grant, 25% at April 1, 2008 (Liquidity Event) and 25% on each of next 2 anniversaries.	5 years
September 4, 2007	125,000	Vesting is 25% upon grant, 25% at April 1, 2008 (Liquidity Event) and 25% on each of next 2 anniversaries.	5 years
October 1, 2007	335,000	Vesting is 25% upon grant, 25% at April 1, 2008 (Liquidity Event) and 25% on each of next 2 anniversaries.	5 years
September 22, 2008	400,000	Fully vested upon grant.	5 years
November 18, 2009	250,000	Vesting is 25% upon grant and 25% on each of next 3 anniversaries.	5 years
March 15, 2010	300,000	Vesting is 25% upon grant and 25% on each of next 3 anniversaries.	5 years
April 25, 2011	50,000	Vesting is 25% upon grant and 25% on each of next 3 anniversaries.	5 years

Key management personnel include the directors and officers of the Company.

Share-based compensation
For the year ended December 31, 2011, the Company recorded share-based compensation expense of $196,429 (2010 - $314,439) related to stock options granted to employees, officers, directors and contractors, which is included in technology expense, selling and business development expense, and general and administration expense.

Of the 2,457,558 unexercised options as at December 31, 2011, 2,150,058 had vested and were exercisable, with exercise prices ranging from $0.125 to $0.60 per share.

11. Related party transactions

Key management personnel compensation
In addition to their salaries and any bonuses, the Company also provides non-cash benefits to key management personnel. Key management personnel also participate in the Company's share option program discussed in note 10.

Key management personnel compensation comprised:

For the year ended December 31		2011		2010
Short-term employee benefits	$	517,603	$	509,056
Other long-term benefits		12,795		12,795
Share-based compensation		190,576		154,756
	$	**720,974**	**$**	**676,607**

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 year ended December 31, 2011, the Company paid rent to the related company of $12,000 (2010 - $12,000), which is included in general and administration expense.

During the year, the Company disposed of a vehicle to a related party for proceeds equal to the fair value of the disposed asset resulting in a recognized gain on the disposal. Subsequent to year end, the amount outstanding, related to this transaction, was paid by the related party to the Company.

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.

12. Non-cash working capital

For the year ended December 31		2011		2010
Changes in non cash working capital:				
Trade and other receivables	$	(169,351)	$	(98,623)
Prepaid expenses and other current assets		(18,587)		(17,254)
Accounts payable and accrued liabilities		104,135		16,989
Unearned revenue		775,925		(113,025)
	$	**692,122**	**$**	**(211,913)**

13. Loss per share

For the year ended December 31		2011		2010
Loss	$	(1,914,079)	$	(1,811,427)
Weighted average number of common shares, options and warrants outstanding:				
Basic		40,702,084		40,325,730
Effect of stock options and warrants		-		-
Diluted		40,702,084		40,325,730
Loss per share:				
Basic and diluted	$	(0.05)	$	(0.04)

There were no dilutive items outstanding at December 31, 2011 or at December 31, 2010. 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 December 31, 2011, a total of 9,025,058 (2010 – 9,446,673) warrants and options were outstanding.

14. Commitments

The Company is committed to minimum payments under operating leases for vehicles and premises in the following amounts:

As at		December 31, 2011		December 31, 2010		January 1, 2010
Due within 1 year	$	119,532	$	39,638	$	114,429
Due from 1 to 5 years		162,444		-		31,444
Due thereafter		-		-		-

15. 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. Risk management strategies are designed to ensure the Company's risks and related exposures are consistent with its business objectives and risk tolerance.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Audit Committee is responsible for assisting in developing and monitoring the Company's risk management policies. The Audit Committee reports regularly to the Board of Directors.

(Note 15 - continued)

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Company's Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and short-term investments.

Trade and other receivables
The Company's exposure to credit risk is influenced by the individual characteristics of each customer. Given the current volume of customers, the Company assesses the credit worthiness of each customer on a customer by customer basis.

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The allowance is comprised entirely of a specific loss component that relates to individually significant exposures.

Short-term investments
The Company limits its exposure to credit risk by investing only in liquid securities and only in guaranteed investments and treasury-type investments. Given that the Company only has invested in securities with high credit ratings, management does not expect any counterparty to fail to meet its obligations.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. On an ongoing basis, the Company monitors and manages its actual and projected cash flows, with the primary objectives of maintaining liquidity and financial flexibility.

(Note 15 - continued)

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Currency risk
The international operations of the Company expose it to foreign currency exchange risk in the ordinary course of business. The Company is exposed to this risk primarily through its United States dollar denominated cash, accounts receivable and accounts payable. The nature of the Company's operations provides a natural hedge which is considered by management to be sufficient to mitigate exchange rate risk based on the Company's risk tolerance. The nature, extent and timing of foreign currency denominated cash flows are regularly monitored to identify changes in exposure and assess the need for active management of the exposure such as through the use of foreign exchange contracts.

Interest rate risk
Given the nature of the Company's operations, changes in interest rates do not have a significant impact on the results of the Company.

Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Company's operations.

The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to the Officers of the Company. This responsibility is supported by the development of overall Company standards for the management of operational risk. Annually, management identifies key risks and key controls. Where significant gaps are identified, consideration is given to likelihood and expected impact of the risk. Appropriate actions are taken based on this analysis.

A key component of the Company's risk management program is the maintenance of an insurance program. Annually, management reviews the appropriateness of its insurance coverage.

(Note 15 - continued)

Capital management

The Company defines capital as the components of shareholders' equity (deficiency).

The Company's objectives in managing capital are to:

- Ensure financial capacity to meet current obligations is maintained and continue as a going concern;
- Ensure financial capacity to execute strategic plans is maintained; and
- Prevent capital erosion.

In order to manage capital, the Company regularly identifies and assesses risks that threaten the ability to meet the Company's capital management objectives, and determines the appropriate strategy to mitigate these risks.

The Company is not subject to any externally imposed capital requirements.

16. Financial instruments

Credit risk

Exposure to credit risk
The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

As at	December 31, 2011	December 31, 2010	January 1, 2010
Cash	$ 303,437	$ 177,730	$ 1,410,006
Short-term investments	-	1,004,850	1,000,000
Trade and other receivables	259,616	137,725	115,467
	$ 563,053	$ 1,320,305	$ 2,525,473

The maximum exposure to credit risk for loans and receivables at the reporting date by geographic region was as follows:

As at	December 31, 2011	December 31, 2010	January 1, 2010
Canada	$ 199,930	$ 101,307	$ 42,687
United States	59,686	36,418	72,780
	$ 259,616	$ 137,725	$ 115,467

(Note 16 - continued)

The maximum exposure to credit risk for loans and receivables at the reporting date by type of counterparty was:

As at	December 31, 2011	December 31, 2010	January 1, 2010
Customer	$ 231,539	$ 115,337	$ 101,192
Government	6,260	6,546	-
Other	21,817	15,842	14,275
	$ 259,616	$ 137,725	$ 115,467

Significant customers

At December 31, 2011, two customers each accounted for more than 10% of trade accounts receivable, totalling approximately 73% of trade accounts receivable at December 31, 2011, of which 65% was collected subsequent to December 31, 2011.

At December 31, 2010, two customers each accounted for more than 10% of trade accounts receivable, totalling approximately 69% of trade accounts receivable at December 31, 2010, of which 100% was collected subsequent to December 31, 2010.

At January 1, 2010, two customers each accounted for more than 10% of trade accounts receivable, totalling approximately 90% of trade accounts receivable at January 1, 2010, of which 100% was collected subsequent to January 1, 2010.

Impairment losses

The aging of loans and receivables at the reporting date was:

As at	December 31, 2011	December 31, 2010	January 1, 2010
Current	$ 169,331	$ 83,023	$ 70,627
Past due 0-90 days	62,990	54,702	38,723
Past due over 90 days	27,295	-	6,117
	$ 259,616	$ 137,725	$ 115,467

The movement in the allowance for impairment in respect of loans and receivables during the year was as follows:

Allowance for doubtful accounts at January 1, 2010	**$ 1,365**
Increase in allowance	29,992
Accounts written off	(3,379)
Allowance for doubtful accounts at December 31, 2010	**$ 27,978**
Accounts collected	(19,505)
Increase in allowance	42,375
Accounts written off	(4,565)
Allowance for doubtful accounts at December 31, 2011	**$ 46,283**

Based on historic default rates, the Company believes that, apart from the above, no impairment allowance is necessary in respect of trade and other receivables. The allowance above has been established based on management's assessment of a specific customer's ability to pay their outstanding balance.

(Note 16 - continued)

Liquidity risk

The following are the carrying amount of financial liabilities:

As at	December 31, 2011	December 31, 2010	January 1, 2010
Accounts payable and accrued liabilities	$ 438,933	$ 334,798	$ 317,808
Finance lease liability	11,523	-	-
	$ 450,456	$ 334,798	$ 317,808

The following are the contractual cash flows to be made on the above financial liabilities, all of which are expected to be settled within the next 6 months:

As at	December 31, 2011	December 31, 2010	January 1, 2010
Accounts payable and accrued liabilities	$ (438,933)	$ (334,798)	$ (317,808)
Finance lease liability	(12,300)	-	-
	$ (451,233)	$ (334,798)	$ (317,808)

Currency risk

The Company's exposure to foreign currency risk was as follows based on notional amounts (all amounts shown in CAD):

As at	December 31, 2011			
	CAD	USD	GBP	Total
Cash	$ 88,415	$ 215,022	$ -	$ 303,437
Short-term investments	-	-	-	-
Trade and other receivables	199,930	59,686	-	259,616
Accounts payable and accrued liabilities	(332,326)	(50,383)	(56,224)	(438,933)
Finance lease liability	(11,523)	-	-	(11,523)
	$ (55,504)	$ 224,325	$ (56,224)	$ 112,597

As at	December 31, 2010			
	CAD	USD	GBP	Total
Cash	$ 162,531	$ 15,199	$ -	$ 177,730
Short-term investments	705,000	299,850	-	1,004,850
Trade and other receivables	101,307	36,418	-	137,725
Accounts payable and accrued liabilities	(295,463)	(18,015)	(21,320)	(334,798)
Finance lease liability	-	-	-	-
	$ 673,375	$ 333,452	$ (21,320)	$ 985,507

(Note 16 - continued)

As at	January 1, 2010			
	CAD	**USD**	**GBP**	**Total**
Cash	$ 1,215,402	$ 194,604	$ -	$ 1,410,006
Short-term investments	1,000,000	-	-	1,000,000
Trade and other receivables	42,687	72,780	-	115,467
Accounts payable and accrued liabilities	(284,538)	(20,020)	(13,250)	(317,808)
Finance lease liability	-	-	-	-
	$ 1,973,551	$ 247,364	$ (13,250)	$ 2,207,665

Sensitivity analysis
A 5% strengthening of the CAD against the USD at December 31, 2011 would have decreased the loss by approximately $14,000 (2010 – $16,000). A 5% weakening of the CAD against the USD at those dates would have had the equal but opposite effect, on the basis that all other variables remain constant. Changes in the CAD vis a vis the USD would not have a significant impact on equity.

Changes in the CAD vis a vis the GBP would not have a significant impact on loss or equity.

Interest rate risk
At December 31, 2011 there were no interest-bearing financial instruments. At December 31, 2010, the Company's only interest-bearing financial instruments were short-term investments in the amount of $1,004,850, of which $299,850 were fixed rate instruments and $705,000 were variable rate instruments.

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Company does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model; therefore a change in interest rates at the reporting date would not affect profit or loss.

A change of 100 basis points in interest rates would not have a significant impact on loss or equity.

Fair Values

The Company's financial assets classified as fair value through profit or loss include cash.

The Company's financial assets classified as loans and receivables include trade and other receivables, and short-term investments. Subsequent to initial recognition, loans and receivables are carried at amortized cost using the effective interest method.

The Company's other financial liabilities include accounts payable and accrued liabilities, and finance lease liabilities. Subsequent to initial recognition, other financial liabilities are measured at amortized cost using the effective interest method.

At December 31, 2011 and December 31, 2010, the Company's financial assets and financial liabilities had fair values equal to their carrying amounts.

17. 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:

	Year ended December 31, 2011			
	Canada	United States	United Kingdom	Total
Revenue from external customers	$ 2,072,558	$ 616,413	$ 46,928	$ 2,735,899
Finance income (costs), net	1,392	-	-	1,392
Depreciation	260,925	-	-	260,925
Income tax recovery (expense)	54,981	(8,038)		46,943
Trade and other receivables	199,930	59,686	-	259,616
Equipment	434,711	-	-	434,711
Intangible assets	-	-	-	-

	Year ended December 31, 2010			
	Canada	United States	United Kingdom	Total
Revenue from external customers	$ 2,116,206	$ 772,809	$ 70,430	$ 2,959,445
Finance income (costs), net	(714)	-	-	(714)
Depreciation	239,427	-	-	239,427
Income tax recovery (expense)	75,312	(2,493)		72,819
Trade and other receivables	101,307	36,418	-	137,725
Equipment	513,953	-	-	513,953
Intangible assets	-	-	-	-

There were no revenues from transactions with other operating segments of the same entity since the Company operates as one operating segment.

Three customers each accounted for more than 10% of total revenue, representing 71% of total revenue for the year ended December 31, 2011. Two customers each accounted for more than 10% of total revenue, representing 52% of total revenue for the year ended December 31, 2010.

18. Subsequent events

(i) Warrant term extension

On February 6, 2012, the Company announced that it will extend the term of the 6,567,500 Series E common share purchase warrants (the "Class E Warrants") that were issued as part of a private placement which closed on February 22, 2008.

Each full Class E Warrant entitles its holder to purchase one common share of the Company at an exercise price of $1.00 per share. The Class E Warrants were scheduled to expire on April 1, 2012. The term of the Class E Warrants was extended to the earlier of (i) April 1, 2013, or (ii) on the 30th calendar day following the Company's common shares attaining a closing price of $1.20 or greater for ten consecutive trading days on the TSXV.

The incremental difference in the fair value of these warrants immediately prior to and after the modification will be recorded as an increase to warrant capital within shareholders' equity (deficiency), with the offset to other reserve, also within shareholders' equity (deficiency).

(ii) BDC financing

Subsequent to the year end, the Company signed a loan agreement for a $2,000,000 term credit facility. The facility provides for the distribution of the financing in stages, subject to the Company meeting specified sales and financial performance milestones.

Key terms of the loan agreement include the following:

- Principal of $2,000,000 to be released in three disbursements of $600,000, $500,000 and $900,000;
- Disbursements are to be triggered by the achievement of pre-determined sales and financial performance milestones;
- Acceptance of triggered disbursements is at the option of the Company;
- Interest at the rate of 5% per annum;
- Maturity date of April 15, 2016; and
- Bonus, to be calculated and paid at maturity, based on financial performance in the final two fiscal years of the loan.

Subsequent to the reporting period, the Company achieved the required sales and financial performance milestones to trigger the first disbursement of $600,000 and received these funds in March 2012.

(iii) Private placement

Subsequent to the reporting date, the Company closed its private placement offering of Series 1 Preference Shares for gross proceeds of $750,000, representing the issuance of 750,000 Series 1 Preference Shares.

(Note 18 - continued)

The key terms of the Series 1 Preference Shares include the following:

- Redemption Amount of $1.00 per share;
- Fixed preferential cumulative dividends at a rate of 12% per annum, which dividends may be satisfied by the issuance of the common shares in certain circumstances at the option of the holder;
- Convertible at the option of the holder at a conversion rate of 1/0.31 (being approximately 3.226) Units per share until the third anniversary of the issuance of such shares, subject to certain earlier conversion requirements and later conversion rights in specified circumstances, where each Unit consists of one common share and one-half of a warrant to purchase one common share at an exercise price of $0.31 per full warrant, which warrants are exercisable until the last business day preceding the fifth anniversary of the issuance of the Series 1 Preference Shares, subject to certain earlier exercise requirements in specified circumstances;
- Redeemable after the third anniversary of the issuance of such date at the option of the Company or the holder; and
- In addition to any applicable hold periods imposed by the TSXV and applicable securities laws, the Company is imposing a contractual hold period on the trade of any Series 1 Preference Shares (and any securities that such shares may be converted into during such contractual hold period) until two full trading days following the public release of the Company's audited consolidated financial statements for the year ended December 31, 2011.

Key management personnel of iLOOKABOUT have subscribed for $465,000 of the $750,000 Private Placement.

(iv) On April 25, 2012, a total of 300,000 stock options were granted to employees at an exercise price of $0.12. These options expire five years after the grant date if not earlier exercised or terminated, and vest over a period of three years.

(v) In April 2012, the Company acquired a software license that was required under a new customer contract with related financing requiring equal monthly payments totaling $392,680 over a two year term.

19. 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 have been applied in preparing the consolidated financial statements as at and for the year ended December 31, 2011, the comparative information as at and for 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 year ended December 31, 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.

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.

(Note 19 - continued)

Transitional adjustments
Reconciliations of Canadian GAAP to IFRS

The following provide reconciliations from Canadian GAAP to IFRS.

	Note		January 1, 2010		December 31, 2010
Shareholders' equity under Canadian GAAP		$	**2,432,776**	$	**1,308,025**
Change in functional currency of iLOOKABOUT (US) Inc.	**a**		-		10,193
Modification of warrants	**b**		-		-
Shareholders' equity under IFRS		$	**2,432,776**	$	**1,318,218**

	Note		Year ended December 30, 2010
Comprehensive loss under Canadian GAAP		$	**(1,834,846)**
Change in functional currency of iLOOKABOUT (US) Inc.	**a**		10,193
Comprehensive loss under IFRS		$	**(1,824,653)**

iLOOKABOUT Corp.
Notes to Consolidated Financial Statements
For the years ended December 31, 2011 and 2010

(Note 19 - continued)

As at	Note	January 1, 2010 Canadian GAAP[1]	January 1, 2010 Foreign Currency Translation	January 1, 2010 IFRS 1 Election	January 1, 2010 IFRS	December 31, 2010 Canadian GAAP[1]	December 31, 2010 Foreign Currency Translation	December 31, 2010 Warrant Modification	December 31, 2010 IFRS
Assets									
Current Assets:									
Cash and cash equivalents		$ 1,410,006	$ -	$ -	$ 1,410,006	$ 177,730	$ -	$ -	$ 177,730
Short-term investments		1,000,000	-	-	1,000,000	1,004,850	-	-	1,004,850
Trade and other receivables	a	115,467	-	-	115,467	134,940	2,785	-	137,725
Prepaid expenses and other current assets	a	142,329	-	-	142,329	161,315	(1,732)	-	159,583
		2,667,802	-	-	2,667,802	1,478,835	1,053	-	1,479,888
Equipment		456,161	-	-	456,161	513,953	-	-	513,953
Intangible assets		80,471	-	-	80,471	-	-	-	-
Total Assets		$ 3,204,434	$ -	$ -	$ 3,204,434	$ 1,992,788	$ 1,053	$ -	$ 1,993,841
Liabilities and Shareholders' Equity									
Current Liabilities:									
Accounts payable and accrued liabilities		$ 317,808	$ -	$ -	$ 317,808	$ 334,798	$ -	$ -	$ 334,798
Unearned revenue	a	413,352	-	-	413,352	181,016	(3,993)	-	177,023
		731,160	-	-	731,160	515,814	(3,993)	-	511,821
Unearned revenue	a	40,498	-	-	40,498	168,949	(5,147)	-	163,802
Shareholders' Equity:									
Share capital		7,936,201	-	-	7,936,201	8,418,442	-	-	8,418,442
Warrant capital		1,560,329	-	-	1,560,329	1,932,054	-	-	1,932,054
Other reserve	b	-	-	-	-	-	-	(696,155)	(696,155)
Contributed surplus		1,209,136	-	-	1,209,136	1,761,420	-	-	1,761,420
Deficit	a, b	(8,272,890)	99,704	(99,704)	(8,272,890)	(10,803,891)	23,419	696,155	(10,084,317)
Translation reserve	a	-	(99,704)	99,704	-	-	(13,226)	-	(13,226)
		2,432,776	-	-	2,432,776	1,308,025	10,193	-	1,318,218
Total Liabilities and Shareholders' Equity		$ 3,204,434	$ -	$ -	$ 3,204,434	$ 1,992,788	$ 1,053	$ -	$ 1,993,841

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

(Note 19 - continued)

		For the Year Ended December 31, 2010			
	Note	**Canadian GAAP**	**Presentation Adjustments**	**Foreign Currency Translation**	**IFRS**
Revenue	**a**	$ 2,958,905	$ -	$ 540	$ 2,959,445
Direct operating expenses	**d**	-	1,819,964	-	1,819,964
Gross Margin		-	(1,819,964)	540	1,139,481
Operations, technology and research	**d**	1,670,520	(1,670,520)	-	-
Technology	**a, d**	-	768,435	-	768,435
Selling, general and administration	**d**	2,549,896	(2,549,896)	-	-
Selling and business development	**a, d**	-	801,436	76	801,512
General and administration	**a, d**	-	1,370,744	81	1,370,825
Investment tax credits and government assistance	**d**	(102,705)	102,705	-	-
Amortization of equipment	**d**	239,427	(239,427)	-	-
Amortization of intangible assets	**d**	17,960	(17,960)	-	-
Stock-based compensation	**d**	314,439	(314,439)	-	-
		4,689,537	(1,748,922)	157	2,940,772
Loss from operations before the undernoted		(1,730,632)	(71,042)	383	(1,801,291)
Other items:					
Interest and other income (expense), net	**d**	(864)	864		-
Finance income (costs)	**d**	-	(714)	-	(714)
Gain on disposal of equipment		642	(642)	-	-
Impairment of intangible assets		(71,534)	71,534	-	-
Foreign exchange gains (losses)	**a**	(32,458)	-	23,036	(9,422)
		(104,214)	71,042	23,036	(10,136)
Loss		$ (1,834,846)	$ -	$ 23,419	$ (1,811,427)
Other comprehensive income (loss):					
Unrealized gain (loss) on the translation of foreign operation	**a**	-	-	(13,226)	(13,226)
		-	-	(13,226)	(13,226)
Comprehensive loss		**$ (1,834,846)**	**$ -**	**$ 10,193**	**$ (1,824,653)**

(Note 19 - 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.

(Note 19 - 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; tradeshows 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)

20. Comparative figures

Certain of the comparative figures have been reclassified to conform with the financial statement presentation adopted in the current year.