

# **iLOOKABOUT Corp.**

## **Consolidated Financial Statements**

For the years ended December 31, 2014 and 2013

**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, CPA, CA  
Chief Financial Officer  
April 28, 2015

"Jeff Young"  
Jeff Young  
Chief Executive Officer  
April 28, 2015



**KPMG LLP**  
140 Fullarton Street Suite 1400  
London, ON N6A 5P2  
Canada

Telephone (519) 672-4880  
Fax (519) 672-5684  
Internet [www.kpmg.ca](http://www.kpmg.ca)

## 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, 2014 and 2013, the consolidated statements of comprehensive loss, changes in shareholders' equity (deficiency) and cash flows for the years then ended, 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 December 31, 2014 and 2013, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Chartered Professional Accountants, Licensed Public Accountants

April 28, 2015

London, Canada

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

As at December 31	Note	2014	2013
<b>Assets</b>			
<b>Current Assets:</b>			
Cash		\$ 2,634,779	\$ 1,058,192
Trade and other receivables		525,622	245,363
Prepaid expenses and other current assets		155,574	165,738
		<u>3,315,975</u>	<u>1,469,293</u>
<b>Non-current Assets:</b>			
Equipment	4	477,417	505,034
Intangible asset	5	26,167	130,833
		<u>503,584</u>	<u>635,867</u>
<b>Total Assets</b>		<b>\$ 3,819,559</b>	<b>\$ 2,105,160</b>
<b>Liabilities and Shareholders' Equity (Deficiency)</b>			
<b>Current Liabilities:</b>			
Accounts payable and accrued liabilities		\$ 822,204	\$ 567,363
Unearned revenue		808,403	882,528
Current portion of long-term debt	7	744,169	64,115
		<u>2,374,776</u>	<u>1,514,006</u>
<b>Non-current Liabilities:</b>			
Unearned revenue		458,056	406,499
Long-term debt	7	623,561	1,247,063
Provision	7(a)	121,000	61,000
		<u>1,202,617</u>	<u>1,714,562</u>
Shareholders' Equity (Deficiency)	8	242,166	(1,123,408)
Commitments	14		
Subsequent events	19		
<b>Total Liabilities and Shareholders' Equity (Deficiency)</b>		<b>\$ 3,819,559</b>	<b>\$ 2,105,160</b>

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

**iLOOKABOUT Corp.**  
**Consolidated Statements of Comprehensive Loss**  
**(in Canadian dollars)**

<b>Years ended December 31</b>	<b>Note</b>	<b>2014</b>	<b>2013</b>
<b>Revenue</b>		\$ 5,657,167	\$ 3,562,569
<b>Direct operating expenses</b>		2,706,118	1,298,130
<b>Gross margin</b>		2,951,049	2,264,439
<b>Other operating expenses:</b>			
Technology		1,018,632	926,063
Selling and business development		820,618	652,298
General and administration		1,909,195	1,475,330
		3,748,445	3,053,691
<b>Loss from operations</b>		(797,396)	(789,252)
Finance costs	18	(267,101)	(260,731)
Foreign exchange gain		121,448	131,726
<b>Loss for the year</b>		\$ (943,049)	\$ (918,257)
<b>Other comprehensive loss:</b>			
<b>Items that will not be reclassified to loss for the year:</b>			
Foreign exchange loss on the translation of foreign operations		(105,564)	(122,023)
<b>Comprehensive loss for the year</b>		\$ (1,048,613)	\$ (1,040,280)
<b>Weighted average number of common shares</b>			
Basic and diluted	12	46,681,920	45,659,623
<b>Loss per share</b>			
Basic and diluted	12	\$ (0.02)	\$ (0.02)

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

**iLOOKABOUT Corp.**  
**Consolidated Statements of Changes in Shareholders' Equity (Deficiency)**  
**(in Canadian dollars)**

**Year ended December 31, 2014**

	Note	Common share capital	Warrant capital	Conversion option reserve	Other reserve	Contributed surplus	Deficit	Translation reserve	Total Equity (Deficiency)
<b>Balance at December 31, 2013</b>		\$ 8,834,916	\$ 207,254	\$ 139,468	\$ -	\$ 3,526,394	\$ (13,744,001)	\$ (87,439)	\$ (1,123,408)
Loss for the year		-	-	-	-	-	(943,049)	-	(943,049)
Other comprehensive loss:									
Foreign exchange loss on the translation of foreign operations		-	-	-	-	-	-	(105,564)	(105,564)
Comprehensive loss for the year		-	-	-	-	-	(943,049)	(105,564)	(1,048,613)
Dividend conversion	8(a)	71,607	-	-	-	-	-	-	71,607
Issuance of common shares and warrants	8(b)	1,576,828	412,422	-	-	-	-	-	1,989,250
Options exercised	8(c)	24,300	-	-	-	(9,300)	-	-	15,000
Share-based compensation	10	-	-	-	-	338,330	-	-	338,330
<b>Balance at December 31, 2014</b>		\$ 10,507,651	\$ 619,676	\$ 139,468	\$ -	\$ 3,855,424	\$ (14,687,050)	\$ (193,003)	\$ 242,166

**Year ended December 31, 2013**

	Note	Common share capital	Warrant capital	Conversion option reserve	Other reserve	Contributed surplus	Deficit	Translation reserve	Total Deficiency
<b>Balance at December 31, 2012</b>		\$ 8,482,432	\$ 2,649,239	\$ 139,468	\$ (1,413,340)	\$ 2,056,426	\$ (12,825,744)	\$ 34,584	\$ (876,935)
Loss for the year		-	-	-	-	-	(918,257)	-	(918,257)
Other comprehensive loss:									
Foreign exchange loss on the translation of foreign operations		-	-	-	-	-	-	(122,023)	(122,023)
Comprehensive loss for the year		-	-	-	-	-	(918,257)	(122,023)	(1,040,280)
Dividend conversion	8(a)	71,568	-	-	-	-	-	-	71,568
Issuance of common shares and warrants	8(b)	280,916	207,254	-	-	-	-	-	488,170
Warrants expired	8(d)	-	(2,649,239)	-	1,413,340	1,235,899	-	-	-
Share-based compensation	10	-	-	-	-	234,069	-	-	234,069
<b>Balance at December 31, 2013</b>		\$ 8,834,916	\$ 207,254	\$ 139,468	\$ -	\$ 3,526,394	\$ (13,744,001)	\$ (87,439)	\$ (1,123,408)

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

**iLOOKABOUT Corp.**  
**Consolidated Statements of Cash Flows**  
**(in Canadian dollars)**

<b>Years ended December 31</b>	<b>Note</b>	<b>2014</b>	<b>2013</b>
<b>Cash flows from operating activities</b>			
Loss for the year		\$ (943,049)	\$ (918,257)
Adjustments for:			
Loss on disposal of equipment		2,255	4,926
Amortization of equipment	4	194,682	161,298
Amortization of intangible assets	5	104,666	104,667
Unrealized foreign exchange gain		(59,723)	(147,327)
Finance costs	18	267,101	260,731
Share-based compensation expense	10	338,330	234,069
		(95,738)	(299,893)
Changes in non-cash working capital	13	(126,924)	360,561
Interest paid		(45,723)	(59,597)
Interest received		252	252
Cash provided by (used in) operating activities		(268,133)	1,323
<b>Cash flows from financing activities</b>			
Repayment of debt financing of software licence	7(c)	(64,115)	(180,138)
Repayment of debt financing of vehicles	7(d)	(4,372)	-
Proceeds from options exercised		15,000	-
Corporate transaction costs	8	(16,775)	(17,633)
Proceeds from issuance of common shares and warrants	8(b)	2,000,000	499,838
Proceeds from debt financing of vehicles	7(d)	53,409	-
Cash provided by financing activities		1,983,147	302,067
<b>Cash flows from investing activities</b>			
Purchase of equipment	4	(170,139)	(368,791)
Proceeds on disposal of equipment		819	6,287
Cash used in investing activities		(169,320)	(362,504)
<b>Increase (decrease) in cash during the year</b>		1,545,694	(59,114)
<b>Effect of exchange rate fluctuations on cash</b>		30,893	46,844
<b>Cash - beginning of year</b>		1,058,192	1,070,462
<b>Cash - end of year</b>		\$ 2,634,779	\$ 1,058,192

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

**iLOOKABOUT Corp.**  
**Notes to Consolidated Financial Statements**  
**For the years ended December 31, 2014 and 2013**  
**(in Canadian dollars)**

**1. Corporate Information**

iLOOKABOUT Corp. and its subsidiaries are engaged in the visual and data intelligence business collecting, processing and geo-coding street-level image data, providing image and related data management software, aggregation of additional value-added property based data, custom application programming and professional services. The consolidated financial statements as at and for the year ended December 31, 2014 comprise iLOOKABOUT Corp. and its subsidiaries, (together referred to as the “Company”).

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

**2. Basis of Preparation**

**(a) Statement of compliance**

These consolidated financial statements have been prepared by management in compliance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”).

These consolidated financial statements for the years ended December 31, 2014 and 2013 were authorized for issuance by the Board of Directors of the Company on April 28, 2015.

**(b) Basis of measurement**

These consolidated financial statements are presented in Canadian dollars (“CAD”) and are prepared on the historical cost basis.

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 materially from these estimates.



**iLOOKABOUT Corp.**  
**Notes to Consolidated Financial Statements**  
**For the years ended December 31, 2014 and 2013**  
**(in Canadian dollars)**

**(Note 2 - continued)**

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:

*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.

*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.

*Warrants*

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

*Provision*

To establish a provision with respect to a bonus interest payment which will be due upon maturity of the secured term credit facility, Management is required to make estimates with respect to the Company's expected financial results for fiscal 2015, as it is the financial results for fiscal 2014 and 2015 upon which the bonus interest amount is to be calculated.

*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.

Management must also use judgement in determining whether components within a revenue arrangement have stand alone value.

*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, 2014 and 2013, 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.

**iLOOKABOUT Corp.**  
**Notes to Consolidated Financial Statements**  
**For the years ended December 31, 2014 and 2013**  
**(in Canadian dollars)**

**(Note 2 - continued)**

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.

*Accounts receivable*

Management is required to use judgement in assessing the collectability of accounts receivable. Factors considered in making these judgements include, but are not limited, to age of the receivable, payment history and financial condition of the debtor.

*Impairment of non-financial assets*

Management exercises judgement in assessing whether there are indications that an asset may be impaired. Factors considered include whether an active market exists for the output produced by the asset or group of assets, as well as how management monitors and makes decisions about the Company's operations. Management must also use judgement in regularly assessing whether any previously recorded impairment losses should be reversed.

**3. Significant Accounting Policies**

The significant accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, 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., iLOOKABOUT (US) Inc., and Municipal Tax Advisory Group Inc. iLOOKABOUT Global Inc. had been inactive since it was incorporated and in March 2013 was dissolved. All intercompany balances and transactions have been eliminated on consolidation.

**(b) Revenue recognition**

The Company earns revenue primarily from its StreetScape imagery, GeoViewPort geographical information system ("GIS") application, and related services which can be sold on a stand-alone basis or in a sales arrangement with multiple components. The Company also generates revenue from the provision of professional services.

Licence 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.

**iLOOKABOUT Corp.**  
**Notes to Consolidated Financial Statements**  
**For the years ended December 31, 2014 and 2013**  
**(in Canadian dollars)**

**(Note 3 - continued)**

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 service delivered has stand-alone value to the customer and the fair value can be measured reliably. If these criteria are not met, revenue for the arrangement as a whole is accounted for as a single unit of accounting. 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 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.

Amounts billed in accordance with customer contracts, but not yet earned, is recorded and presented as unearned revenue.

**(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 less 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 less 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 trade and other receivables.

Subsequent to initial recognition, other liabilities are measured at amortized cost using the effective interest method. Accounts payable, accrued liabilities, and long-term debt are classified as other liabilities.

**(iii) Offsetting policy**

Financial assets and liabilities are offset and the net amount presented in the statements 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.

**iLOOKABOUT Corp.**  
**Notes to Consolidated Financial Statements**  
**For the years ended December 31, 2014 and 2013**  
**(in Canadian dollars)**

**(Note 3 - continued)**

(iv) De-recognition 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 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 statements of comprehensive loss and reflected in an allowance account against accounts receivable.

(vi) Compound financial instruments

The financial liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The equity component, representing the holders' option to convert into the Company's common shares, is recognized initially at fair value determined as the excess of the face value of the compound financial instrument and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition.

Interest, dividends, losses and gains relating to the financial liability are recognized in profit or loss.

**(d) Equipment**

Equipment is stated at cost less accumulated amortization and accumulated impairment losses, 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.

**iLOOKABOUT Corp.**  
**Notes to Consolidated Financial Statements**  
**For the years ended December 31, 2014 and 2013**  
**(in Canadian dollars)**

(Note 3 - continued)

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	Depreciation Method	Recorded as
Computer hardware	30%	Declining balance	Direct operating expenses
Computer software	100%	Declining balance	Direct operating expenses
Equipment – Virtual Tours	20%	Declining balance	Direct operating expenses
Equipment – StreetScape Imaging	2-4 years	Straight-line	Direct operating expenses
Furniture and equipment	20%	Declining balance	General and administration expenses
Leasehold improvements	lease term	Straight-line	General and administration expenses
Vehicles	30%	Declining balance	Direct operating expenses

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

Management reviews amortization methods, rates, and residual values annually and adjusts amortization accordingly on a prospective basis.

**(e) Intangible assets**

Intangible assets are stated at cost less accumulated amortization and accumulated impairment losses. The balance of intangible assets relates to a software licence which was acquired to service a revenue contract. Amortization is recorded in direct operating expense on a straight-line basis over three years which corresponds to the term of the licence. Annually, Management assesses the appropriateness of the estimated useful lives and amortization methods.

Further intangible assets, which were acquired to service revenue contracts, and which were of a short-term nature, were included in other current assets. Amortization is recorded in direct operating expense on a straight-line basis over the term of the licences.

**(f) 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.

At each reporting date, Management assesses whether there is an indication that a previously recognised impairment loss has reversed, and accordingly whether the impairment loss should be reversed.

**iLOOKABOUT Corp.**  
**Notes to Consolidated Financial Statements**  
**For the years ended December 31, 2014 and 2013**  
**(in Canadian dollars)**

**(Note 3 - continued)**

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. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets.

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.

**(g) 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.

**(h) 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 measured at the estimated future cash flows required to settle the present obligation based on the most reliable evidence available at the reporting date. The estimated cash flows are discounted at a rate that reflects current market assessments of the time value of money and the risks specific to the liability. The amortization of the discount and the change in the estimate of the provision are recognized as part of finance costs.

**(i) 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 tax 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.

**iLOOKABOUT Corp.**  
**Notes to Consolidated Financial Statements**  
**For the years ended December 31, 2014 and 2013**  
**(in Canadian dollars)**

**(Note 3 - continued)**

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.

**(j) 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.

**(k) 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.

**(l) 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.

**(m) Finance Costs**

Finance costs consist of interest on borrowings, long-term debt accretion, changes in the estimate of provisions, and dividends on preference shares. Finance costs are recognized as they accrue using the effective interest method.

**(n) 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 income (loss) in the translation reserve in shareholders' equity (deficiency).

**iLOOKABOUT Corp.**  
**Notes to Consolidated Financial Statements**  
**For the years ended December 31, 2014 and 2013**  
**(in Canadian dollars)**

(Note 3 - continued)

**(o) Share-based compensation**

***Stock options***

All stock options granted to employees, directors and contractors are settled with common 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 the difference between expected and actual outcomes.

Stock options issued to contractors are measured based on the fair value of the goods and services received unless that fair value cannot be estimated reliably. If the fair value of the goods and services cannot be reliably measured, then the fair value of the equity instruments granted will be used to recognize the expense.

***Deferred Share Units***

In June 2014, the Company implemented a Directors' Deferred Share Unit Plan. As the Company has the option and intent to settle the DSUs in common shares upon the retirement of a director, upon the grant of Deferred Share Units ("DSUs") the Company records an expense with a corresponding increase to contributed surplus.

**(p) 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.

**(q) New accounting pronouncements adopted during the year**

The Company has adopted the following accounting pronouncements during the year. These standards did not have a significant impact on the Company's interim financial statements.

***IAS 32, Financial Instruments: Presentation***

In December 2011, the IASB amended IAS 32 to clarify the meaning of when an entity has a current legally enforceable right of set-off. The amendments were effective for annual periods beginning on or after January 1, 2014 and were required to be applied retrospectively. The amendment did not have a significant impact on the Company's consolidated financial statements.



**iLOOKABOUT Corp.**  
**Notes to Consolidated Financial Statements**  
**For the years ended December 31, 2014 and 2013**  
**(in Canadian dollars)**

(Note 3 - continued)

***IAS 36, Impairment of Assets***

The IASB has issued amendments to IAS 36, *Impairment of Assets*. The amendments require recoverable amounts to be disclosed only when an impairment loss has been recognized or reversed. The amendments became effective January 1, 2014. The amendments impact certain disclosure requirements only, and did not have a significant impact on the consolidated financial statements.

***IFRIC 21, Levies***

In May 2013, the IFRS Interpretations Committee issued IFRIC 21, *Levies*, which provides guidance on when to recognize a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37, *Provisions, Contingent Liabilities and Contingent Assets* and those where the timing and amount of the levy is certain. The interpretation became effective January 1, 2014. The Interpretation identifies the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with the relevant legislation. It provides the following guidance on recognition of a liability to pay levies (i) the liability is recognized progressively if the obligating event occurs over a period of time, and (ii) if an obligation is triggered on reaching a minimum threshold, the liability is recognized when that minimum threshold is reached. The interpretation did not have an impact on the Company's consolidated financial statements.

**(r) Recent accounting pronouncements not yet adopted**

The IASB has issued new standards and amendments to existing standards. These changes in accounting were not yet effective at December 31, 2014, and could have an impact on future periods.

***IFRS 15, Revenue from Contracts with Customers***

In May 2014, the IASB issued IFRS 15 which supersedes existing standards and interpretations including IAS 18, Revenue and IFRIC 13, Customer Loyalty Programmes.

IFRS 15 introduces a single model for recognizing revenue from contracts with customers with the exception of certain contracts under other IFRSs such as IAS 17, Leases. The standard requires revenue to be recognized in a manner that depicts the transfer of promised goods or services to a customer and at an amount that reflects the expected consideration receivable in exchange for transferring those goods or services. This is achieved by applying the following five steps:

1. Identify the contract with a customer;
2. Identify the performance obligations in the contract;
3. Determine the transaction price;
4. Allocate the transaction price to the performance obligations in the contract; and
5. Recognize revenue when (or as) the entity satisfies a performance obligation.

IFRS 15 also provides guidance relating to the treatment of contract acquisition and contract fulfillment costs.

We expect the application of this new standard will have significant impacts on the Company's reported results, specifically with regards to the timing of recognition and classification of revenue, and the treatment of costs incurred in obtaining customer contracts. The standard is effective for annual periods beginning on or after January 1, 2017. Management is assessing the impact of this standard on our consolidated financial statements.

**iLOOKABOUT Corp.**  
**Notes to Consolidated Financial Statements**  
**For the years ended December 31, 2014 and 2013**  
**(in Canadian dollars)**

(Note 3 - continued)

***IFRS 9, Financial Instruments***

In July 2014, the IASB issued the final publication of the IFRS 9 standard, superseding the current IAS 39, Financial Instruments: recognition and measurement (IAS 39) standard. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The standard is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted. Management is assessing the impact of this standard on our consolidated financial statements.

***IAS 1, Presentation of Financial Statements***

In December 2014, the IASB issued amendments to *IAS 1, Presentation of Financial Statements* as part of its initiative to improve presentation and disclosure in financial reports. The amendments are effective for annual periods beginning on or after January 1, 2016. Early adoption is permitted. These amendments will not require any significant change to current practice, but should facilitate improved financial statement disclosures. Management intends to adopt these amendments in its consolidated financial statements for the annual period beginning on January 1, 2016. The extent of the impact of adoption of the amendments has not yet been determined.

**iLOOKABOUT Corp.**  
**Notes to Consolidated Financial Statements**  
**For the years ended December 31, 2014 and 2013**  
**(in Canadian dollars)**

**4. Equipment**

	<b>Computer hardware</b>	<b>Computer software</b>	<b>Equipment – Virtual Tours</b>	<b>Equipment – StreetScape</b>	<b>Furniture and equipment</b>	<b>Leasehold improvements</b>	<b>Vehicles</b>	<b>Total</b>
<b>Cost or deemed cost</b>								
Balance at December 31, 2012	748,357	196,658	20,971	278,153	135,644	48,677	91,928	1,520,388
Additions	162,202	5,481	-	110,781	2,854	-	87,473	368,791
Disposals	-	-	-	(10,339)	-	-	(42,109)	(52,448)
Balance at December 31, 2013	910,559	202,139	20,971	378,595	138,498	48,677	137,292	1,836,731
Additions	53,532	1,254	-	46,421	4,806	17,802	46,324	170,139
Disposals	-	(203,393)	(20,971)	(3,479)	(277)	-	-	(228,120)
Balance at December 31, 2014	964,091	-	-	421,537	143,027	66,479	183,616	1,778,750
<b>Amortization and impairment losses</b>								
Balance at December 31, 2012	545,077	195,148	17,390	261,110	98,901	41,138	52,870	1,211,634
Amortization	85,315	4,250	716	34,474	7,634	5,595	23,314	161,298
Disposals	-	-	-	(9,751)	-	-	(31,484)	(41,235)
Balance at December 31, 2013	630,392	199,398	18,106	285,833	106,535	46,733	44,700	1,331,697
Amortization	92,080	3,993	573	52,789	6,857	3,665	34,725	194,682
Disposals	-	(203,391)	(18,679)	(2,914)	(62)	-	-	(225,046)
Balance at December 31, 2014	722,472	-	-	335,708	113,330	50,398	79,425	1,301,333
<b>Carrying amounts</b>								
At December 31, 2014	241,619	-	-	85,829	29,697	16,081	104,191	477,417
At December 31, 2013	280,167	2,741	2,865	92,762	31,963	1,944	92,592	505,034

**iLOOKABOUT Corp.**  
**Notes to Consolidated Financial Statements**  
**For the years ended December 31, 2014 and 2013**  
(in Canadian dollars)

**5. Intangible asset**

<b>Cost</b>	
At December 31, 2012, 2013, and 2014	\$ 436,857
<b>Accumulated Amortization and Impairment Loss</b>	
At December 31, 2012	\$ 201,357
Amortization	104,667
At December 31, 2013	\$ 306,024
Amortization	104,666
At December 31, 2014	\$ 410,690
<b>Carrying amounts</b>	
At December 31, 2014	\$ 26,167
At December 31, 2013	\$ 130,833

In March 2012, the Company acquired a software licence, which is being amortized on a straight-line basis over the licence term of 3 years, until March 2015.

**6. Income taxes**

The components of income tax expense (benefit) for the years ended December 31, 2014 and 2013 were as follows:

	<b>Year ended</b>	
	<b>December 31, 2014</b>	<b>December 31, 2013</b>
<b>Current tax expense</b>	\$ -	\$ -
<b>Deferred tax expense (benefit)</b>		
Origination and reversal of temporary differences	\$ (78,000)	\$ (3,000)
Effect of tax rate changes	-	(8,700)
Change in unrecognized deductible temporary differences	274,200	(34,100)
Other	(196,200)	45,800
<b>Deferred tax benefit</b>	\$ -	\$ -

**iLOOKABOUT Corp.**  
**Notes to Consolidated Financial Statements**  
**For the years ended December 31, 2014 and 2013**  
**(in Canadian dollars)**

(Note 6 - 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:

	<b>Year ended</b>		<b>Year ended</b>	
	<b>December 31, 2014</b>		<b>December 31, 2013</b>	
Statutory income tax rate		26.50%		26.50%
Comprehensive loss	\$	(1,048,614)	\$	(1,040,280)
Computed income tax expense (recovery)	\$	(277,900)	\$	(275,700)
Increase (decrease) in income tax resulting from:				
Amounts not deductible for tax		199,300		107,500
Change in unrecognized deductible temporary differences		274,200		(34,100)
Effect of tax rate changes		-		(8,700)
Other		(195,600)		211,000
<b>Income tax expense</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>-</b>

As at December 31, 2014 and 2013, deferred tax assets have not been recognized in respect of the following items:

	<b>December 31, 2014</b>		<b>December 31, 2013</b>	
Non-capital losses	\$	2,253,500	\$	2,207,200
Deductible temporary differences		1,404,500		1,176,600
	<b>\$</b>	<b>3,658,000</b>	<b>\$</b>	<b>3,383,800</b>

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, 2014 and 2013 have not been recognized in the consolidated financial statements.

As at December 31, 2014, the Company had non-capital loss carry-forwards of approximately \$7,898,000 that expire between 2015 and 2034.

As at December 31, 2014, the Company also had Scientific Research and Experimental Development (“SR&ED”) expenditures of approximately \$3,949,000 available for future years. These SR&ED expenditures do not expire. In addition, the Company has unused investment tax credits of approximately \$711,000.

**iLOOKABOUT Corp.**  
**Notes to Consolidated Financial Statements**  
**For the years ended December 31, 2014 and 2013**  
(in Canadian dollars)

**7. Long-term debt**

	<b>December 31, 2014</b>	<b>December 31, 2013</b>
(a) Secured term credit facility	\$ 584,237	\$ 571,626
(b) Debt component of Series 1 Preference Shares	734,456	675,437
(c) Debt financing of software licence	-	64,115
(d) Debt financing of vehicles	49,037	-
	<b>\$ 1,367,730</b>	<b>\$ 1,311,178</b>
Due within 1 year	\$ 744,169	\$ 64,115
Due between 1 and 5 years	623,561	1,247,063
Due thereafter	-	-
	<b>\$ 1,367,730</b>	<b>\$ 1,311,178</b>

(a) *Secured term credit facility*

	<b>Face Value</b>	<b>Carrying Value</b>
<b>Balance, December 31, 2012</b>	\$ 600,000	\$ 559,016
Accretion expense	-	12,610
<b>Balance, December 31, 2013</b>	<b>\$ 600,000</b>	<b>\$ 571,626</b>
Accretion expense	-	12,611
<b>Balance, December 31, 2014</b>	<b>\$ 600,000</b>	<b>\$ 584,237</b>

The Company has a term credit facility which allowed the Company to draw up to \$2,000,000. The facility provided for the distribution of the financing in stages, subject to the Company meeting specified performance milestones.

In March 2012, the Company achieved the required performance milestones to trigger the first disbursement of \$600,000 and received these funds at that time.

Key terms of the credit facility include the following:

- Principal of \$2,000,000 to be released in three disbursements of \$600,000, \$500,000 and \$900,000;
- Disbursements were to be triggered by the achievement of pre-determined performance milestones;
- Acceptance of triggered disbursements was at the option of the Company;
- Interest at the rate of 5% per annum;
- Maturity date of April 15, 2016;
- Bonus interest payment, to be calculated and paid at maturity, based on the Company's financial performance in the final two fiscal years of the loan;
- Provides for monthly interest payments only. All principal amounts are due and payable at maturity or earlier in the event of default; and

**iLOOKABOUT Corp.**  
**Notes to Consolidated Financial Statements**  
**For the years ended December 31, 2014 and 2013**  
**(in Canadian dollars)**

(Note 7 - continued)

- The credit facility is collateralized by a first ranking general security agreement covering all assets of the Company and a first assignment of two key man life insurance policies for up to \$2,000,000.

In March 2014, the second and third tranches of the facility were cancelled without being drawn upon.

A provision has been recorded with respect to the bonus interest payment. In order to estimate the expected bonus amount, Management has prepared the expected bonus calculation by including actual financial results for fiscal 2014 and estimating the expected financial results for fiscal 2015, as this is the basis for the bonus calculation. A degree of uncertainty exists with respect to the reliability of Management's estimates of the future financial results upon which this bonus will be calculated. Actual results could differ materially from these estimates.

The bonus amount estimate will be accreted over the remaining term of the loan. When a material change in the expected financial results occurs, Management reassesses the bonus estimate and adjusts the provision accordingly, by discounting the revised estimated cash flows using the original effective interest rate of 8.5%, calculated at the inception of the loan. The difference between the current and revised present value of the estimated bonus is recorded in the period the estimate is revised as finance cost with the offset being an increase in the related provision. The remaining difference is recognized over the remaining term of the financing.

In December 2014, Management revised the estimated undiscounted bonus from \$130,000 to \$168,000. The change in the provision during the year was as follows:

<b>Balance, December 31, 2013</b>	\$	61,000
Accretion of provision		28,000
Change due to reassessment of provision		32,000
<b>Balance, December 31, 2014</b>	<b>\$</b>	<b>121,000</b>

(b) *Series 1 Preference Shares*

		<b>Face Value</b>		<b>Carrying Value</b>
<b>Balance, December 31, 2012</b>	\$	750,000	\$	621,161
Accretion expense		-		54,276
<b>Balance, December 31, 2013</b>	<b>\$</b>	<b>750,000</b>	<b>\$</b>	<b>675,437</b>
Accretion expense		-		59,019
<b>Balance, December 31, 2014</b>	<b>\$</b>	<b>750,000</b>	<b>\$</b>	<b>734,456</b>

In March 2012, the Company issued 750,000 Series 1 Preference Shares ("Preference Shares") at a subscription price of \$1.00 per share. These Preference Shares are fully paid, have no par value and have no voting rights. They carry a cumulative dividend rate of 12% per annum and are convertible into common shares and warrants at the option of the holder, subject to certain conversion requirements.

**iLOOKABOUT Corp.**  
**Notes to Consolidated Financial Statements**  
**For the years ended December 31, 2014 and 2013**  
(in Canadian dollars)

(Note 7 - continued)

The key terms of the Preference Shares include the following:

- Redeemable after the third anniversary of issuance at the option of the Company or the holder at a Redemption Amount of \$1.00 per share, plus accrued dividends;
- Fixed preferential cumulative dividends at a rate of 12% per annum. Dividends shall be paid when declared by the Board of Directors or the cumulative balance can be converted to common shares, in certain circumstances, at the option of the holder, at the market price of the common shares on the day before the conversion right is exercised;
- 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 the Preference Shares, subject to certain earlier conversion requirements and later conversion rights in specified circumstances; and
- 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 Preference Shares, subject to certain earlier exercise requirements in specified circumstances.

As at December 31, 2014 accrued but unpaid dividends with respect to the Preference Shares totaled \$53,695 (December 31, 2013 - \$41,326) and are included in accounts payable and accrued liabilities in the consolidated statement of financial position. See note 8(a) for conversion of unpaid dividends into common shares.

(c) *Debt financing of software licence*

	<b>Carrying Value</b>
<b>Balance, December 31, 2012</b>	\$ 244,253
Repayment of financing	(180,138)
<b>Balance, December 31, 2013</b>	<b>\$ 64,115</b>
Repayment of financing	(64,115)
<b>Balance, December 31, 2014</b>	<b>\$ -</b>

In April 2012, the Company executed an agreement, at an effective interest rate of 9.93%, to finance a software licence in the amount of \$354,820. This financing arrangement required equal monthly payments of \$16,361 over a two year term.

(d) *Debt financing of vehicles*

	<b>Carrying Value</b>
<b>Balance, December 31, 2013</b>	\$ -
Financing obtained	53,409
Repayment of financing	(4,372)
<b>Balance, December 31, 2014</b>	<b>\$ 49,037</b>

In 2014, the Company financed the purchase of three vehicles at an effective interest rate of 6.00%. These financing arrangements require equal monthly payments over each of their 5 year terms.



**iLOOKABOUT Corp.**  
**Notes to Consolidated Financial Statements**  
**For the years ended December 31, 2014 and 2013**  
(in Canadian dollars)

**8. Shareholders' Equity (Deficiency)**

	Expiry date	Exercise price	December 31, 2014		December 31, 2013	
			Issued	Amount	Issued	Amount
Issued and outstanding:						
Common shares			52,966,712	\$ 10,507,651	45,818,365	\$ 8,834,916
Share purchase warrants:						
Series H warrants	January 27, 2016	0.15	1,481,000	63,050	1,481,000	63,050
Series I warrants	January 27, 2017	0.15	1,481,000	68,044	1,481,000	68,044
Series J warrants	January 27, 2018	0.15	1,481,000	76,160	1,481,000	76,160
Series K warrants	December 22, 2016	0.60	3,333,333	412,422	-	-
			7,776,333	619,676	4,443,000	207,254
Share capital and warrant capital			60,743,045	\$ 11,127,327	50,261,365	\$ 9,042,170

The authorized capital is an unlimited number of common shares and an unlimited number of preference shares, issuable in series. The common shares have no par value and are each entitled to one vote. All issued common shares are fully paid.

The following table presents changes in common share capital:

		Number of shares	Amount
<b>Balance, December 31, 2012</b>		<b>40,964,535</b>	<b>\$ 8,482,432</b>
Shares issued, dividend conversion	(a)	410,830	71,568
Shares issued, private placement	(b)	4,443,000	280,916
<b>Balance, December 31, 2013</b>		<b>45,818,365</b>	<b>\$ 8,834,916</b>
Shares issued, dividend conversion	(a)	381,682	71,607
Shares issued, private placement	(b)	6,666,665	1,576,828
Options exercised	(c)	100,000	24,300
<b>Balance, December 31, 2014</b>		<b>52,966,712</b>	<b>\$ 10,507,651</b>

The following table presents changes in warrant capital:

		Number of warrants	Amount
<b>Balance, December 31, 2012</b>		<b>6,567,500</b>	<b>\$ 2,649,239</b>
Warrants issued, private placement	(b)	4,443,000	207,254
Warrants expired	(d)	(6,567,500)	(2,649,239)
<b>Balance, December 31, 2013</b>		<b>4,443,000</b>	<b>\$ 207,254</b>
Warrants issued, private placement	(b)	3,333,333	412,422
<b>Balance, December 31, 2014</b>		<b>7,776,333</b>	<b>\$ 619,676</b>

(a) Dividend conversion

The Company received notices from Preference Shareholders to convert unpaid cumulative dividends on Preference Shares totaling \$13,308 into common shares in October 2014. As a result, the Company issued 38,019 common shares, based on a closing market price on September 30, 2014 of \$0.35. The Company recorded \$11,941, net of costs of issuance of \$1,367, as an increase to common share capital and a decrease to accounts payable and accrued liabilities for the accrued dividends.

**iLOOKABOUT Corp.**  
**Notes to Consolidated Financial Statements**  
**For the years ended December 31, 2014 and 2013**  
**(in Canadian dollars)**

**(Note 8 - continued)**

The Company received notices from Preference Shareholders to convert unpaid cumulative dividends on Preference Shares totaling \$17,652 into common shares in July 2014. As a result, the Company issued 110,316 common shares, based on a closing market price on June 30, 2014 of \$0.16. The Company recorded \$15,881, net of costs of issuance of \$1,771, as an increase to common share capital.

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

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

The Company received notices from Preference Shareholders to convert unpaid cumulative dividends on Preference Shares totaling \$ 18,673 into common shares in October 2013. As a result, the Company issued 77,800 common shares, based on a closing market price on September 30, 2013 of \$0.24. The Company recorded \$17,233, net of costs of issuance of \$1,440, as an increase to common share capital and a decrease to accounts payable and accrued liabilities for the accrued dividends.

The Company received notices from Preference Shareholders to convert unpaid cumulative dividends on Preference Shares totaling \$16,031 into common shares in July 2013. As a result, the Company issued 61,651 common shares, based on a closing market price on July 2, 2013 of \$0.26. The Company recorded \$14,601, net of costs of issuance of \$1,430, as an increase to common share capital and a decrease to accounts payable and accrued liabilities for the accrued dividends.

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

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

**iLOOKABOUT Corp.**  
**Notes to Consolidated Financial Statements**  
**For the years ended December 31, 2014 and 2013**  
**(in Canadian dollars)**

**(Note 8 - continued)**

(b) Private Placement

In December 2014, the Company completed a non-brokered private placement, resulting in the issuance of 6,666,665 units for \$0.30 per unit. Each unit consists of one common share, and one half of one Series K Warrant, with each full warrant entitling the holder to purchase one common share of the Company at an exercise price of \$0.60. The warrants expire 24 months from the date of issuance.

In total, 6,666,665 common shares and 3,333,333 common share purchase warrants were issued for gross proceeds of \$2,000,000, or \$1,989,250 net of issuance costs of \$10,750.

Proceeds from the private placement were allocated to common share capital and warrant capital using the relative fair value method. The fair value of common share capital was determined using the closing price of the Company's common shares on December 23, 2014, being the closing date of the private placement, and the fair value of warrant capital was determined using the Black-Scholes option pricing model, using the following assumptions:

	<b>Series K Warrants</b>
Exercise price	\$0.60
Risk free interest rate	1.06%
Expected dividend yield	0%
Expected share volatility	133%
Expected life	24 months

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

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

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

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

(c) Options exercised

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

**iLOOKABOUT Corp.**  
**Notes to Consolidated Financial Statements**  
**For the years ended December 31, 2014 and 2013**  
**(in Canadian dollars)**

(Note 8 - continued)

(d) Warrant expiry

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

*Other components of shareholders' equity (deficiency)*

Other components of shareholders' equity (deficiency) include:

- (i) Conversion option reserve, which represents the equity component of the Series 1 Preference Shares (described in note 7(b));
- (ii) Other reserve, which represents the incremental difference in the fair value of the warrants immediately prior to and after warrant modifications; and
- (iii) Translation reserve, which represents the accumulated impact of foreign exchange translation of foreign operations.

**9. 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 Stock Option Plan discussed in note 10.

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

Key management personnel compensation is included in General and administration, and Technology expenses and comprised the following:

	<b>2014</b>	<b>2013</b>
Short-term employee benefits	\$ 573,004	\$ 574,880
Share-based compensation	331,439	197,684
	<b>\$ 904,443</b>	<b>\$ 772,564</b>

*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, 2014, the Company paid rent to the related company of \$12,000 (2013 - \$12,000), which is included in general and administration expense.

A company owned by the Executive Chair of the Company had a consulting agreement with the Company. Under this agreement, the Executive Chair's company received \$120,000 as a draw in fiscal 2014 (2013 - \$nil). This agreement was negotiated prior to the Executive Chair becoming a related party. The full amount of this draw was determined to have been earned, and accordingly is included in general and administration expense.

**iLOOKABOUT Corp.**  
**Notes to Consolidated Financial Statements**  
**For the years ended December 31, 2014 and 2013**  
**(in Canadian dollars)**

**(Note 9 - continued)**

In May 2014 the Company began contracting consulting services with respect to software development and related services from Yeoman & Company Paralegal Professionals Corp. (“YCP”). Two of the principals of YCP are the sons of the Executive Chair of the Company, therefore, transactions between the Company and YCP represent related party transactions. Until December 2014, the consulting services were provided outside of a formal agreement.

In December 2014, the Company entered into a technology asset purchase agreement (the “Purchase Agreement”) to purchase certain technology assets (the “Software”) from YCP and 2025832 Ontario Inc.. The Software included the Realty Tax Management Platform and the Real Property Tax Analytics Platform. The proposed purchase constituted a non-arm’s length transaction under TSXV regulations and, as such, it required regulatory and shareholder approval. As uncertainty existed with respect to the timing and ability of the Company to obtain the necessary approvals, the Company entered an exclusive Licence Agreement with YCP and 2025832 Ontario Inc. with respect to the Software. The Licence Agreement was for a term of the earlier of the closing of the purchase of the Software or twenty years.

To provide for ongoing support and development of the Software, in December 2014 the Company entered a Consulting Agreement with YCP. The Consulting Agreement has a term of twenty years and provides for an annual fee of \$265,000 plus 15% of revenue recognized and received by the Company from end customers for use of the Software.

For the year ended December 31, 2014, the Company paid consulting fees of \$45,988 (2013 – \$nil) to YCP, which were included in direct operating expense.

These transactions are in the normal course of operations and are measured at the transaction amount, being the amount of consideration established and agreed to by the related parties.

*Preference Shares*

Five of the current Directors and/or Senior Officers of the Company participated in the March 2012 private placement of Preference Shares.

Where dividends on these Preference Shares have accrued, the holder has the option to convert these unpaid dividends into common shares. In 2014, Directors and Senior Officers converted a total of \$30,600 (2013 - \$43,082) accrued dividends into 145,996 common shares (2013 - 238,239).

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

**iLOOKABOUT Corp.**  
**Notes to Consolidated Financial Statements**  
**For the years ended December 31, 2014 and 2013**  
(in Canadian dollars)

**10. Personnel expenses and share-based compensation**

*Personnel expenses*

Personnel expenses consist of and are presented in the consolidated statements of comprehensive loss as follows:

	<b>2014</b>	<b>2013</b>
Wages, salaries and benefits	\$ 2,532,285	\$ 2,069,348
Share-based compensation	338,330	234,069
	<b>\$ 2,870,615</b>	<b>\$ 2,303,417</b>
Direct operating expenses	473,710	286,763
Technology	992,968	866,066
Selling and business development	469,396	366,103
General and administration	934,541	784,485
	<b>\$ 2,870,615</b>	<b>\$ 2,303,417</b>

*Share-based compensation – Options*

The Company has established a Stock Option Plan (“Option Plan”) whereby the Company may grant options to purchase common shares of the Company to its directors, officers, employees and contractors. The number of authorized common shares that may be issued upon the exercise of options granted under the Option Plan, at any time, plus the number of common shares reserved for issuance under outstanding incentive stock options otherwise granted by the Company, may not exceed 10% of the Company’s issued and outstanding common shares on a non-diluted basis. Such aggregate number of common shares shall automatically increase or decrease as the number of issued and outstanding common shares changes. The Board of Directors has authority to determine which eligible persons will be issued options, the number of options to be granted to each, the time when options shall be granted, when such options will vest, when such options will expire, and at what price the options may be exercised.

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

	<b>Number of Options</b>	<b>Weighted Average Exercise Price</b>	<b>Weighted Average Remaining Contractual Life in Years</b>
<b>Outstanding December 31, 2012</b>	2,861,951	\$ 0.28	3.5
Granted	1,414,393	\$ 0.23	
Forfeited	(10,000)	\$ 0.37	
<b>Outstanding December 31, 2013</b>	4,266,344	\$ 0.27	3.3
Granted	1,214,725	\$ 0.17	
Exercised	(100,000)	\$ 0.15	
Expired	(2,591,594)	\$ 0.30	
<b>Outstanding December 31, 2014</b>	2,789,475	\$ 0.20	3.6

The options outstanding at December 31, 2014 have exercise prices ranging from \$0.12 to \$0.37. All options outstanding had a contractual life of 5 years upon grant.

**iLOOKABOUT Corp.**  
**Notes to Consolidated Financial Statements**  
**For the years ended December 31, 2014 and 2013**  
**(in Canadian dollars)**

(Note 10 - continued)

The terms relating to options outstanding as at December 31, 2014 are as follows:

<b>Personnel entitled and Grant Date</b>	<b>Options Outstanding</b>	<b>Exercise Price</b>	<b>Vesting conditions</b>
<b>Key management personnel:</b>			
March 15, 2010	115,000	\$ 0.370	Vesting is 25% upon grant and 25% on each of next 3 anniversaries.
April 25, 2012	100,000	\$ 0.120	Vesting is 25% upon grant and 25% on each of next 3 anniversaries.
June 12, 2013	41,625	\$ 0.295	Vesting is 25% upon grant and 25% on each of next 3 anniversaries.
December 31, 2013	863,125	\$ 0.200	Fully vested upon grant.
June 25, 2014	980,625	\$ 0.145	Fully vested upon grant.
December 31, 2014	234,100	\$ 0.290	Fully vested upon grant.
<b>Other employees and contractors:</b>			
March 15, 2010	155,000	\$ 0.370	Vesting is 25% upon grant and 25% on each of next 3 anniversaries.
April 25, 2011	50,000	\$ 0.290	Vesting is 25% upon grant and 25% on each of next 3 anniversaries.
April 25, 2012	200,000	\$ 0.120	Vesting is 25% upon grant and 25% on each of next 3 anniversaries.
June 12, 2013	50,000	\$ 0.225	Vesting is 25% upon grant and 25% on each of next 3 anniversaries.

The fair value of options granted during the period was determined at the date of grant using the Black-Scholes option pricing model with the following assumptions:

	<b>2014</b>	<b>2013</b>	<b>All Options</b>
Exercise price	\$0.145 to \$0.29	\$0.20 to \$0.295	\$0.12 to \$0.48
Estimated fair value at grant	\$0.145 to \$0.29	\$0.20 to \$0.295	\$0.15 to \$0.48
Risk free interest rate	1.34% to 1.57%	1.13% to 1.95%	0.88% to 2.50%
Expected dividend yield	0%	0%	0%
Expected share volatility	138% to 142%	110% to 166%	100% to 153%
Expected average option life	5 years	1 - 5 years	1 - 5 years

Volatilities are calculated based on the actual historical trading statistics of the Company's common shares for the period commensurate with the expected option term.

For the year ended December 31, 2014, the Company recorded share-based compensation expense of \$198,455 (2013 - \$234,069) related to stock options granted to employees, officers, contractors and directors, which is included in technology expense, selling and business development expense, and general and administration expense.

Of the 2,789,475 unexercised options as at December 31, 2014, 2,668,663 had vested and were exercisable, with exercise prices ranging from \$0.12 to \$0.48 per share.

**iLOOKABOUT Corp.**  
**Notes to Consolidated Financial Statements**  
**For the years ended December 31, 2014 and 2013**  
**(in Canadian dollars)**

(Note 10 - continued)

*Share-based compensation – Deferred Share Unit Plan*

In July 2014, the Company implemented a Directors Deferred Share Unit Plan (“DSU Plan”) for non-management directors. Under the DSU Plan, Directors who are entitled to receive compensation under the Company’s Director Compensation Program, which currently excludes Directors who are also employees of the Company, are granted DSUs in lieu of some or all of their Director compensation entitlement. Under this plan, Deferred Share Units (“DSUs”) are granted to eligible Directors bi-annually in arrears on the last trading day prior to the Company’s annual meeting and the last trading day of December and vest immediately upon being granted. The number of DSUs to be granted is calculated by dividing the amount that the Director would have received in cash by the market price of the Company’s common shares on the relevant date. Upon the Director ceasing to be a Director, the value of his or her Deferred Share Unit Account (“DSU Account”) will be determined on the date specified in the DSU Plan by multiplying the number of DSUs in the Director’s DSU Account by the market price of the common shares as at such date, and will be settled prior to December 31st of the year following the date that the Director ceases to be a director of the Company. The actual settlement of a DSU Account will be made by way of cash or shares, or a combination of both, as determined under the Company’s then-current Director Compensation Program. It is currently the Company’s option and intent to settle any DSU redemptions with common shares.

A summary of the DSUs outstanding under this share based incentive plan is presented below.

	Number of DSUs	Contributed Surplus Amount
<b>Outstanding December 31, 2013</b>	-	\$ -
Granted	482,324	\$ 139,875
<b>Outstanding December 31, 2014</b>	482,324	\$ 139,875

For the year ended December 31, 2014, the Company recorded share-based payment expense of \$139,875 (2013 – \$nil) related to DSUs granted to directors, which is included in general and administration expense.

**11. 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 \$53,990 during the year ended December 31, 2014 (2013 - \$48,139). Of this amount, \$846 (2013 – \$nil) was related to capital items, and \$53,144 (2013 – \$48,139) was recorded as a reduction of direct operating expenses in the consolidated statements of comprehensive loss.



**iLOOKABOUT Corp.**  
**Notes to Consolidated Financial Statements**  
**For the years ended December 31, 2014 and 2013**  
**(in Canadian dollars)**

**12. Loss per share**

There were no dilutive items outstanding at December 31, 2014 or at December 31, 2013. Diluted loss per share does not take into account any outstanding warrants, options, or convertible preference shares as their effect would be anti-dilutive for these periods. As at December 31, 2014, there were a total of:

- 7,776,333 warrants outstanding (2013 – 4,443,000);
- 2,789,475 options outstanding (2013 – 4,266,344); and
- 750,000 convertible preference shares outstanding (2013 – 750,000), which could be converted into 2,419,355 common shares and 1,209,678 warrants to purchase common shares at the option of the holder (2013 – 2,419,355 and 1,209,678, respectively);
- 482,324 deferred share units, (2013 – nil); and
- \$53,695 of accrued but unpaid preference share dividends which can be converted to common shares at the option of the holder at the closing market price of the common shares on the day before the conversion right is exercised (2013 – \$41,326).

**13. Supplementary cash flow information**

	<b>2014</b>	<b>2013</b>
Changes in non cash working capital:		
Trade and other receivables	\$ (280,259)	\$ 48,654
Prepaid expenses and other current assets	10,164	(1,683)
Accounts payable and accrued liabilities	242,473	78,109
Unearned revenue	(22,568)	257,021
Unrealized foreign exchange losses related to non-cash working capital	(76,734)	(21,540)
	<b>\$ (126,924)</b>	<b>\$ 360,561</b>

- In the year ended December 31, 2014, the Company recorded accrued dividends in the amount of \$90,000, and converted \$77,632 accrued dividends into common shares (2013 - \$90,000 and \$77,533 respectively).

**14. Commitments**

The Company is committed to minimum payments under service agreements, purchase commitments, and operating leases in the following amounts:

As at	<b>December 31, 2014</b>
Due within 1 year	\$ 374,778
Due from 1 to 2 years	501,111
Due from 2 to 5 years	2,295,000
Due more than 5 years	5,475,000

**iLOOKABOUT Corp.**  
**Notes to Consolidated Financial Statements**  
**For the years ended December 31, 2014 and 2013**  
**(in Canadian dollars)**

**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. Financial 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.

*Financial 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 financial risk management policies. The Audit Committee reports regularly to the Board of Directors.

The Company's financial risk management policies are established to identify and analyze the financial risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits and controls. Financial 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 financial risk management policies and procedures, and reviews the adequacy of the financial risk management framework in relation to the financial 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 cash.

*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. Management also considers the demographics of the Company's customer base, including the default risk of the industry in which the customers operate, as these factors also have an influence on credit risk. A large portion of the Company's accounts receivable is with public sector government or government related agencies, or with partners for whom the end customer is a public sector government or government related agency, where credit risk has historically been assessed as low.

The Company establishes an allowance for doubtful accounts 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. The Company writes off balances when it becomes apparent that the customer has no intent or no ability to pay for the Company's services.

*Cash*

The credit risk related to cash is minimized by ensuring cash is held only in highly rated financial institutions.

**iLOOKABOUT Corp.**  
**Notes to Consolidated Financial Statements**  
**For the years ended December 31, 2014 and 2013**  
(in Canadian dollars)

(Note 15 - continued)

*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, 2014	December 31, 2013
Cash	\$ 2,634,779	\$ 1,058,192
Trade and other receivables	525,622	245,363
	\$ 3,160,401	\$ 1,303,555

At December 31, 2014, three customers each accounted for more than 10% of trade accounts receivable, totalling approximately 90% of trade accounts receivable at December 31, 2014, of which 96% was collected subsequent to December 31, 2014.

At December 31, 2013, two customers each accounted for more than 10% of trade accounts receivable, totalling approximately 87% of trade accounts receivable at December 31, 2013, of which 100% was collected subsequent to December 31, 2013.

*Impairment losses*

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

As at	December 31, 2014	December 31, 2013
Current	\$ 381,891	\$ 221,033
Past due 1-90 days	108,089	18,168
Past due over 90 days	35,642	6,162
	\$ 525,622	\$ 245,363

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

<b>Allowance for doubtful accounts at December 31, 2012</b>	<b>\$ 131,095</b>
Accounts written off	(127,187)
<b>Allowance for doubtful accounts at December 31, 2013</b>	<b>\$ 3,908</b>
Accounts written off	-
<b>Allowance for doubtful accounts at December 31, 2014</b>	<b>\$ 3,908</b>

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 the likelihood of collection for specific customer balances.

**iLOOKABOUT Corp.**  
**Notes to Consolidated Financial Statements**  
**For the years ended December 31, 2014 and 2013**  
(in Canadian dollars)

(Note 15 - continued)

***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.

The following are the remaining undiscounted contractual cash flows, including estimated interest payments of financial liabilities at the end of the reporting dates:

As at December 31, 2014	Carrying Amounts	Contractual cash outflows				
		Total	within 1 year	1 - 2 years	2 - 5 years	More than 5 years
Accounts payable and accrued liabilities	\$ 822,204	\$ 822,204	\$ 822,204	\$ -	\$ -	\$ -
Secured term credit facility	584,237	806,750	30,000	776,750	-	-
Preference Shares	734,456	803,505	803,505	-	-	-
Debt financing of vehicles	49,037	56,126	12,390	12,390	31,346	-
Operating leases	-	145,889	109,778	36,111	-	-
Purchase commitments	-	8,500,000	265,000	465,000	2,295,000	5,475,000
	\$ 2,189,934	\$ 11,134,474	\$ 2,042,877	\$ 1,290,251	\$ 2,326,346	\$ 5,475,000

As at December 31, 2013	Carrying Amounts	Contractual cash outflows				
		Total	within 1 year	1 - 2 years	2 - 5 years	More than 5 years
Accounts payable and accrued liabilities	\$ 567,363	\$ 567,363	\$ 567,363	\$ -	\$ -	\$ -
Secured term credit facility	571,626	824,303	55,553	30,000	738,750	-
Preference Shares	675,437	856,353	-	856,353	-	-
Debt financing of software licence	64,115	65,447	65,447	-	-	-
Operating leases	-	46,215	44,772	1,443	-	-
Purchase commitment	-	3,200,000	-	-	1,100,000	2,100,000
	\$ 1,878,541	\$ 5,559,681	\$ 733,135	\$ 887,796	\$ 1,838,750	\$ 2,100,000

The Company is obligated to pay a bonus amount with respect to the secured term credit facility at the maturity of the loan. Included in the above noted undiscounted contractual cash flows related to the secured term credit facility is an estimated bonus payment amount of \$168,000. A degree of uncertainty exists with respect to the reliability of Management's estimates of the future financial results upon which this bonus will be calculated. Actual results could differ materially from these estimates.

**iLOOKABOUT Corp.**  
**Notes to Consolidated Financial Statements**  
**For the years ended December 31, 2014 and 2013**  
**(in Canadian dollars)**

(Note 15 - continued)

In March 2015, the Company converted 357,500 Preference Shares into Units at the pre-established conversion rate of 1/0.31 (being approximately 3.226). Each Unit consisted 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. As such, the Company issued 1,153,223 common shares and 576,611.5 warrants to settle the conversion requests. In April 2015, the Company redeemed the remaining 392,500 Preference Shares plus accrued dividends for a total of \$405,991.

**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 and accrued liabilities. 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.

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

As at	December 31, 2014		
	CAD	USD	Total
Cash	\$ 2,197,620	\$ 437,159	\$ 2,634,779
Trade and other receivables	518,510	7,112	525,622
Accounts payable and accrued liabilities	(742,830)	(79,374)	(822,204)
Long-term debt	(1,367,730)	-	(1,367,730)
	\$ 605,570	\$ 364,897	\$ 970,467

As at	December 31, 2013		
	CAD	USD	Total
Cash	\$ 647,627	\$ 410,565	\$ 1,058,192
Trade and other receivables	240,964	4,399	245,363
Accounts payable and accrued liabilities	(554,057)	(13,306)	(567,363)
Long-term debt	(1,311,178)	-	(1,311,178)
	\$ (976,644)	\$ 401,658	\$ (574,986)

*Sensitivity analysis*

A 5% strengthening of the CAD against the USD at December 31, 2014 would have decreased equity and the loss for the year by approximately \$30,000. 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.

**iLOOKABOUT Corp.**  
**Notes to Consolidated Financial Statements**  
**For the years ended December 31, 2014 and 2013**  
**(in Canadian dollars)**

(Note 15 - continued)

*Interest rate risk*

All of the Company's debt has fixed interest rates; therefore, changes in interest rates do not have an impact on the results of the Company.

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 hold any variable rate financial assets or liabilities; therefore, a change in interest rates at the reporting date would not affect profit or loss.

***Capital management***

The Company defines capital as debt and equity (deficiency), which it determines as follows:

As at	December 31, 2014	December 31, 2013
Secured term credit facility	\$ 584,237	\$ 571,626
Preference Shares	734,456	675,437
Debt financing of software licence	-	64,115
Debt financing of software licence	49,037	-
Shareholders' Equity (Deficiency)	242,166	(1,123,408)
	\$ 1,609,896	\$ 187,770

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. In order to maintain or adjust the capital structure, the Company may incur or repay debt, issue new shares, purchase shares for cancellation, or a combination thereof.

The Company is subject to certain financial covenants related to its long-term debt. These covenants are with respect to Adjusted Working Capital and Debt to Net Tangible Worth. Adjusted Working Capital is defined and calculated as current assets less current liabilities, excluding items that are not financial assets or financial liabilities. Management monitors covenant compliance and the factors affecting their calculation. The Company complied with all externally imposed covenants during the year and was in compliance as at December 31, 2014.

**iLOOKABOUT Corp.**  
**Notes to Consolidated Financial Statements**  
**For the years ended December 31, 2014 and 2013**  
(in Canadian dollars)

**16. Financial instruments**

**Fair Values versus carrying amounts**

The fair values of financial assets and liabilities, together with the carrying amounts shown in the consolidated statements of financial position, are as follows:

As at	December 31, 2014		December 31, 2013	
	Carrying amount	Fair value	Carrying amount	Fair value
Cash	\$ 2,634,779	\$ 2,634,779	\$ 1,058,192	\$ 1,058,192
Trade and other receivables	525,622	525,622	245,363	245,363
Accounts payable and accrued liabilities	(822,204)	(822,204)	(567,363)	(567,363)
Secured term credit facility	(584,237)	(681,873)	(571,626)	(724,090)
Preference shares	(734,456)	(769,609)	(675,437)	(794,624)
Debt financing of software licence	-	-	(64,115)	(64,115)
Debt financing of vehicles	(49,037)	(49,037)	-	-
	\$ 970,467	\$ 837,678	\$ (574,986)	\$ (846,637)

Cash, trade and other receivables, and accounts payable and accrued liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. The fair values of the secured term credit facility, preference shares, debt financing of software licence, and debt financing of vehicles were determined based on present valuing future estimated cash flows using market rates of interest.

**17. Segmented information**

The Company operates and reports its results as one operating segment which is the visual and data intelligence business. Geographically, the Company operates primarily in Canada and the United States.

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

	Year ended			
	December 31, 2014			
	Canada	United States	United Kingdom	Total
Revenue	\$ 4,571,614	\$ 1,073,909	\$ 11,644	\$ 5,657,167
Finance costs	(267,101)	-	-	(267,101)
Amortization	(299,348)	-	-	(299,348)
Trade and other receivables	518,510	7,112	-	525,622
Equipment	477,417	-	-	477,417
Intangible assets	26,167	-	-	26,167

**iLOOKABOUT Corp.**  
**Notes to Consolidated Financial Statements**  
**For the years ended December 31, 2014 and 2013**  
**(in Canadian dollars)**

(Note 17 - continued)

	Year ended December 31, 2013			
	Canada	United States	United Kingdom	Total
Revenue	\$ 2,703,469	\$ 812,186	\$ 46,914	\$ 3,562,569
Finance costs	(260,731)	-	-	(260,731)
Amortization	(265,965)	-	-	(265,965)
Trade and other receivables	240,964	4,399	-	245,363
Equipment	505,034	-	-	505,034
Intangible assets	130,833	-	-	130,833

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

For the year ended December 31, 2014, the Company had two significant customers; one represented 46%, and the other represented 23% of total revenue.

For the year ended December 31, 2013, the Company had two significant customers; one represented 41%, and the other represented 24% of total revenue.

**18. Finance costs**

	2014	2013
Finance income	\$ 252	\$ 252
Finance costs:		
Secured term credit facility - accretion expense	(12,610)	(12,610)
Secured term credit facility - interest costs	(42,937)	(43,394)
Secured term credit facility - bonus provision	(60,000)	(44,500)
Debt component of Series I Preference Shares - accretion expense	(59,019)	(54,276)
Debt component of Series I Preference Shares - accrued dividends	(90,000)	(90,000)
Debt financing of software licence	(1,332)	(16,203)
Debt financing of vehicles	(1,455)	-
	<b>\$ (267,101)</b>	<b>\$ (260,731)</b>



**iLOOKABOUT Corp.**  
**Notes to Consolidated Financial Statements**  
**For the years ended December 31, 2014 and 2013**  
**(in Canadian dollars)**

**19. Subsequent events**

(i) Conversion of Unpaid Dividends

In January 2015, the Company issued 75,474 common shares to settle \$21,888 of accrued dividends on its Series 1 Preference Shares, based on a closing market price of the common shares on December 31, 2014 of \$0.29.

In April 2015, the Company issued 118,375 common shares to settle \$41,432 of accrued dividends on its Series 1 Preference Shares, based on a closing market price of the common shares on March 31, 2015 of \$0.35.

(ii) Conversion and Redemption of Preference Shares

In March 2015, the Company received notices from Series 1 Preference Shareholders to convert 357,500 Series 1 Preference Shares into Units. The Preference Shares were convertible at the option of the holder at a conversion rate of 1/0.31 (being approximately 3.226) Units per share. Each Unit consisted 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 March 30, 2017, subject to certain earlier exercise requirements in specified circumstances. Upon conversion, the Company issued 1,153,223 common shares and 576,611.5 warrants. Of the conversion notices received, 232,500 related to current Directors and/or Officers of the Company.

The Company also received notices from certain Preference Shareholders to redeem 335,000 Preference Shares, including accrued dividends, held by them for an aggregate redemption amount of \$346,952. The Preference Shares were redeemable at the option of the holder on at least 30 days' notice at a Redemption Amount of \$1.00 per Preference Share, plus accrued but unpaid dividends. The preference shares were also redeemable at the option of the Company on at least 2 business days' notice at a Redemption Amount of \$1.00 per Preference Share, plus accrued but unpaid dividends. The Company chose to redeem the remaining 57,500 Preference Shares and related accrued dividends for a total of \$59,039. The Company completed such redemptions on April 10, 2015.

(iii) Executive Employment Agreement

In February 2015, the Company entered into an Executive Employment Agreement with the Executive Chair of the Board. As part of this agreement, the Company granted options to the Executive Chair to acquire 2,233,000 common shares of iLOOKABOUT, of which 25% vested on the date of grant and 25% will vest on each of the next three anniversaries of the grant date. These options have an exercise price of \$0.335 per option, being the closing market price of the Company's common shares on February 20, 2015, which was the trading day immediately preceding the date of grant. All of the options expire 5 years from the date of grant, subject to earlier termination in accordance with the Company's Stock Option Plan.

**iLOOKABOUT Corp.**  
**Notes to Consolidated Financial Statements**  
**For the years ended December 31, 2014 and 2013**  
**(in Canadian dollars)**

**(Note 19 - continued)**

(iv) Asset Purchase

In December 2014, the Company executed an Asset Purchase Agreement (the “APA”) to purchase the Real Property Tax Analytics and Realty Tax Management Software (the “Software”) from Yeoman & Company Paralegal Professional Corporation (“YCP”) and 2025832 Ontario Inc., for a purchase price of \$1,530,000 to be settled by the issuance of 6,000,000 common shares of iLOOKABOUT. As two principals of YCP are the sons of the Executive Chair of iLOOKABOUT, under TSXV regulations the transaction represented a non-arm’s length transaction, and as such, shareholder approval (by way of written consent of the holders of more than 50% of the Company’s voting shares) and TSXV approval were required. The required approvals were obtained February 4 and 5, 2015, respectively. The transaction closed on February 11, 2015. As the closing share price on February 11, 2015 was \$0.38, the cost of the asset was determined to be \$2,280,000, representing the fair value of consideration given to acquire the asset at the time of acquisition. The Company will record the Software as an intangible asset and will amortize the cost over the Software’s estimated life of ten years as a direct cost of sales.

Recognizing that the required regulatory and shareholder approvals could require significant time to complete and since there was some uncertainty as to whether the asset purchase would receive all of the required approvals, in December 2014 the Company entered a Licence Agreement for the Software and a Consulting Agreement, to provide development and maintenance services with respect to the Software, until such time as an asset purchase could be completed. Upon closing of the asset purchase, the Licence Agreement terminated but the Consulting Agreement remains in place. The term of the Consulting Agreement is twenty years, commencing December 2014. Fees under the Consulting Agreement are \$265,000 per year plus 15% of revenue recognized and received by the Company with respect to the Software.