

Unaudited Condensed Consolidated Interim Financial Statements of

LOOK COMMUNICATIONS INC.

For the three and six months ended February 28, 2013
and February 29, 2012

LOOK COMMUNICATIONS INC.

Condensed Consolidated Interim Statements of Financial Position

(In thousands of Canadian dollars)

(Unaudited)

As at

	February 28, 2013	August 31, 2012
Assets		
Current assets		
Cash and cash equivalents (note 3)	\$ 73	\$ 147
Short-term investments (note 3)	17,273	18,009
Accounts receivable and other receivables (note 4)	597	628
Prepaid expenses and deposits (note 5)	43	21
	\$ 17,986	\$ 18,805
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable	\$ 605	\$ 547
Accrued restructuring liabilities (note 6)	189	189
Accrued liabilities	144	179
	938	915
Shareholders' equity		
Share capital (note 7)	27,499	27,499
Deficit	(10,451)	(9,609)
	17,048	17,890
	\$ 17,986	\$ 18,805

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

Approved by the Board of Directors:

(Signed) - *David Rattee*

Director

(Signed) - *Henry Eaton*

Director

LOOK COMMUNICATIONS INC.

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss

(In thousands of Canadian dollars, except per share amounts)

(Unaudited)

	Three months ended		Six months ended	
	February 28, 2013	February 29, 2012	February 28, 2013	February 29, 2012
Revenue	\$ -	\$ -	\$ -	\$ -
Expenses				
Compensation (note 9)	53	28	107	81
General and administrative (note 10(a))	534	1,069	850	1,855
Loss before the undernoted	(587)	(1,097)	(957)	(1,936)
Interest income	57	78	115	158
Loss and comprehensive loss for the period	\$ (530)	\$ (1,019)	\$ (842)	\$ (1,778)
Loss per share				
Basic and diluted	(0.004)	(0.008)	(0.006)	(0.013)
Weighted average number of shares outstanding				
Basic and diluted	139,702	139,702	139,702	139,702

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

LOOK COMMUNICATIONS INC.

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity

(In thousands of Canadian dollars)

(Unaudited)

	Share Capital (note 7)			Total Shareholders' Equity
	Shares	Amount	Deficit	
Balance, September 1, 2011	139,702	\$ 34,484	\$ (5,388)	\$ 29,096
Net loss and comprehensive loss for the period	-	-	(1,778)	(1,778)
Balance, February 29, 2012	139,702	\$ 34,484	\$ (7,166)	\$ 27,318
Balance, September 1, 2012	139,702	\$ 27,499	\$ (9,609)	\$ 17,890
Net loss and comprehensive loss for the period	-	-	(842)	(842)
Balance, February 28, 2013	139,702	\$ 27,499	\$ (10,451)	\$ 17,048

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

LOOK COMMUNICATIONS INC.

Condensed Consolidated Interim Statements of Cash Flows

(In thousands of Canadian dollars)

(Unaudited)

	Three months ended		Six months ended	
	February 28, 2013	February 29, 2012	February 28, 2013	February 29, 2012
Cash flows from operating activities				
Net loss for the period	\$ (530)	\$ (1,019)	\$ (842)	\$ (1,778)
Items not affecting cash				
Interest earned on short-term investments	(57)	(78)	(115)	(158)
Change in non-cash operating assets and liabilities				
Accounts receivable and other receivables	(34)	(74)	31	(143)
Prepaid expenses and deposits	18	440	(22)	864
Accounts payable and accrued liabilities	350	222	23	(397)
Cash used in operating activities	(253)	(509)	(925)	(1,612)
Investing activities				
Redemption of short-term investments	-	700	650	1,300
Interest received on short-term investments	-	3	201	291
Cash provided by investing activities	-	703	851	1,591
Increase (decrease) in cash and cash equivalents	(253)	194	(74)	(21)
Cash and cash equivalents, beginning of period	326	21	147	236
Cash and cash equivalents, end of period	\$ 73	\$ 215	\$ 73	\$ 215

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

LOOK COMMUNICATIONS INC.

Notes to Unaudited Condensed Consolidated Interim Financial Statements

(In thousands of Canadian dollars, except per share amounts)

For the three and six months ended February 28, 2013 and February 29, 2012

(Unaudited)

1. Nature of operation

During fiscal 2009, the Corporation sold its spectrum and broadcast licence to Inukshuk Wireless Partnership ("Inukshuk"). As a result of this sale, the Corporation has limited operations and continues to examine potential investment opportunities that could utilize the Corporation's cash and tax attributes in an effort to maximize shareholder value.

Effective November 25, 2011, the Corporation is listed on the NEX, the trading symbol for the Corporation's multiple voting shares is LOK.H, and subordinate voting shares is LOK.K.

These unaudited condensed consolidated interim financial statements were approved for issue by the Board of Directors on April 19, 2013.

2. Summary of significant accounting policies

These unaudited condensed consolidated interim financial statements have been prepared, in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"), using accounting policies consistent with International Financial Reporting Standards ("IFRS").

Accounting policies and methods of their application followed in the preparation of these unaudited condensed consolidated interim financial statements are consistent with those used in the consolidated financial statements for the year ended August 31, 2012.

On December 28, 2012, the Corporation's wholly-owned subsidiaries – Look Mobility Inc., Look Mobile Corporation, Look Communications Limited Partnership, and Delphi SuperNet Inc. - were dissolved, as they were inactive.

3. Cash and cash equivalents and short-term investments

(a) Cash and cash equivalents

As at February 28, 2013, the Corporation held \$73 of cash (August 31, 2012 - \$147) and no cash equivalents.

(b) Short-term investments

As at February 28, 2013, the Corporation held \$17,273 of short-term investments (August 31, 2012 - \$18,009), which included variable rate guaranteed investment certificates ("GIC") with original maturities of less than 365 days. During the six months ended February 28, 2013, \$650 was redeemed. As at February 28, 2013, the effective annual interest rate on the GICs was 1.34%. The fair value of short-term investments has been valued using Level 1 inputs.

LOOK COMMUNICATIONS INC.

Notes to Unaudited Condensed Consolidated Interim Financial Statements

(In thousands of Canadian dollars, except per share amounts)

For the three and six months ended February 28, 2013 and February 29, 2012

(Unaudited)

4. Accounts receivable and other receivables

Accounts receivable and other receivables, as at February 28, 2013 and August 31, 2012, are set out in the following table:

	February 28, 2013	August 31, 2012
GST/HST receivable	\$ 511	\$ 446
Legal retainers ⁽¹⁾	86	164
Other receivables	-	18
Total	\$ 597	\$ 628

⁽¹⁾ During the quarter ended February 28, 2011, as a result of a settlement agreement executed between the Corporation and a former director, a legal retainer totalling \$164 was reallocated from prepayments. During the six months ended February 28, 2013, \$78 was expensed and, as at February 28, 2013, \$86 remained on retainer.

5. Prepaid expenses and deposits

Prepaid expenses, totalling \$43 as at February 28, 2013, included annual insurance payments and security deposits (August 31, 2012 - \$21).

6. Restructuring

As a result of the sale of its spectrum and broadcast licence to Inukshuk (note 1), the Corporation initiated a Plan of Arrangement in 2009, under the *Canada Business Corporations Act* (Section 192).

From the commencement of the restructuring process through November 30, 2010, the amounts expensed included, among others, legal and consulting charges incurred in relation to the Plan of Arrangement, legal charges incurred related to former Director and former management indemnities, site restoration charges, contract termination charges, and estimated amounts due to government bodies. Additional charges may be incurred as the Corporation continues in its attempts to maximize shareholder value, including the monetization of the remaining assets, the return of capital to shareholders, and legal charges incurred related to the recovery of advances made by former directors and former management to various law firms.

There were no restructuring expenses or payments during the three and six months ended February 28, 2013 and February 29, 2012.

LOOK COMMUNICATIONS INC.

Notes to Unaudited Condensed Consolidated Interim Financial Statements

(In thousands of Canadian dollars, except per share amounts)

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(Unaudited)

7. Share capital

(a) Authorized

Preference Shares – non-voting, issuable in series. The number of shares under each series, designation, privileges, restrictions and conditions attaching thereto to be determined by the Board of Directors prior to issue. No such shares are issued and outstanding.

Unlimited Multiple Voting Shares - voting, entitled to 150 votes per share (except at separate meetings of holders of shares of any other class), subject to the rights of holders of any preference shares, entitled to dividends, and to the receipt of any distribution of property or assets upon the liquidation, winding-up or other dissolution of the Corporation.

Unlimited Subordinate Voting Shares - voting, entitled to one vote per share (except at separate meetings of holders of shares of any other class), subject to the rights of holders of any preference shares, entitled to dividends and to the receipt of any distribution of property or assets upon the liquidation, winding-up or other dissolution of the Corporation.

Unlimited Class A Non-Voting Shares – non-voting, entitled to dividends, subject to the rights holders of any preference shares, and to the receipt of any distribution of property or assets upon the liquidation, winding-up or other dissolution of the Corporation. No such shares are issued and outstanding.

(b) Issued and outstanding

	Multiple Voting Shares		Subordinate Voting Shares		Total
Balance, as at September 1, 2011	66,165	\$ 16,499	73,537	\$ 17,985	\$ 34,484
Return of capital ⁽¹⁾		(3,308)		(3,677)	(6,985)
Balance, as at August 31, 2012 and February 28, 2013	66,165	\$ 13,191	73,537	\$ 14,308	\$ 27,499

⁽¹⁾ On March 13, 2012, the Corporation paid a distribution of \$6,985 to the holders of its multiple voting shares and subordinate voting shares, as a return of capital equivalent to \$0.05 for each outstanding multiple voting share and subordinate voting share.

(c) Stock option incentive plan

On March 25, 2002, the Board of Directors of the Corporation approved the 2002 Stock Option Incentive Plan (the "2002 Plan"). As a result of the Corporation's restructuring process, there were no options outstanding to acquire Subordinate Voting Shares of the Corporation as at February 28, 2013 or August 31, 2012. The 2002 Plan remains in effect.

LOOK COMMUNICATIONS INC.

Notes to Unaudited Condensed Consolidated Interim Financial Statements

(In thousands of Canadian dollars, except per share amounts)

For the three and six months ended February 28, 2013 and February 29, 2012

(Unaudited)

8. Segment disclosure

The Corporation has only one segment for the three and six months ended February 28, 2013 and February 29, 2012.

9. Compensation

During the three and six months ended February 28, 2013, the Corporation expensed \$53 and \$107 respectively in compensation (February 29, 2012 - \$28 and \$81 respectively), which included \$48 and \$97 respectively in key management compensation (February 29, 2012 - \$19 and \$37 respectively).

10. Related party transactions

Related party transactions and balances with Unique Broadband Systems, Inc. (the Corporation's former parent company, which previously controlled the Corporation and with whom the Corporation had previously entered into transactions either directly or through its wholly-owned subsidiaries – collectively "UBS"), are as follows:

	Three months ended		Six months ended	
	February 28, 2013	February 29, 2012	February 28, 2013	February 29, 2012
Management fees expense	\$ -	\$ 434	\$ -	\$ 867
Rent revenue	-	(6)	(2)	(12)

(a) Management fees expense

Under the original terms of the Management Service Agreement entered into between the Corporation and UBS on May 19, 2004 ("MSA"), the Corporation had been required to pay an annual fee of \$2,400 to UBS. In September 2007, the Corporation advanced \$2,400, which was included in prepaid expenses and deposits.

Effective January 1, 2011, the \$2,400 prepayment was expensed at approximately \$145 per month over the remaining term of the MSA, which expired on May 19, 2012.

(b) Rent revenue

During the three months ended November 30, 2012, the Corporation subleased a portion of its premises to UBS for \$2 (February 29, 2012 - \$6), which was on a month-to-month basis and was recorded as a reduction of general and administrative expenses. On September 30, 2012, UBS terminated its lease agreement with the Corporation and, effective October 1, 2012, the Corporation no longer leases premises.

LOOK COMMUNICATIONS INC.

Notes to Unaudited Condensed Consolidated Interim Financial Statements

(In thousands of Canadian dollars, except per share amounts)

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(Unaudited)

10. Related party transactions (continued)

(c) UBS sale of Look shares

On February 19, 2013, UBS sold 12,430 multiple voting shares and 14,630 subordinate voting shares of its interest in Look to 2092390 Ontario Inc.

(d) 2010 legal advances

During June and July, 2010, the former Board of Directors of the Corporation approved \$1,550 of advances to various professional firms as retainers for future legal fees the directors and officers expected would be incurred answering shareholder complaints and regulatory enquiries. Approximately \$1,464 of the advances was expensed, up to February 28, 2013, and \$86 remains in accounts receivable and other receivables, as a result of a settlement agreement executed between the Corporation and a former director.

The Corporation is seeking recovery of these 2010 legal advances.

11. Income taxes

As a result of the restructuring of the business, the cumulative eligible capital expenditure pool was converted to a non-capital loss.

Deferred taxes have not been recognized in respect of the Company's loss carryforwards. The Corporation has the following federal non-capital income tax losses, which may be carried forward to reduce future years' taxable income. These losses will expire in the taxation years ending December 31 as follows:

2014	\$ 12,588
2015	55
2026	403
2028	8,986
2029	115,571
2030	5,748
2031	19,993
2032	2,772
	<hr/>
	\$ 166,116

The Corporation's tax attributes may be utilized by the Corporation in its future operations, or may be utilized by a potential acquirer to offset income, provided certain tests are satisfied including those related to a change in control of the Corporation.

LOOK COMMUNICATIONS INC.

Notes to Unaudited Condensed Consolidated Interim Financial Statements

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12. Contingencies

- (a) In the normal course of its operations, the Corporation may be subject to litigation and claims.
- (b) The Corporation indemnifies its directors, officers, consultants, and employees against claims and costs reasonably incurred and resulting from the performance of their services to the Corporation, and maintains liability insurance for its directors and officers.

13. Management of capital

The Corporation determines capital to include shareholders' equity. The Corporation's overall strategy with respect to management of capital is to hold low-risk highly-liquid cash accounts and short-term investments.

The Corporation currently does not use other sources of financing that require fixed payments of interest and principal due to the lack of cash flow from current operations and is not subject to any externally imposed capital requirements.

The Corporation invests its capital in short-term investments to obtain adequate returns. The investment decision is based on cash management to ensure working capital is available to meet the Corporation's short-term obligations while maximizing liquidity and returns of unused capital.

On March 13, 2012, the Corporation paid a distribution of \$6,985 to the holders of its multiple voting shares and subordinate voting shares, as a return of capital (note 7(b)).

14. Financial instruments and risk management

The Corporation's activities may expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate, foreign currency risk and commodity and equity price risk).

Risk management is carried out by the Corporation's management team with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

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14. Financial instruments and risk management (continued)

Credit risk

Credit risk is the risk of financial loss to the Corporation if a customer or counterparty to a financial instrument fails to meet its obligations. The Corporation's maximum exposure to credit risk at the end of the reporting period under its financial instruments is summarized as follows:

	February 28, 2013	August 31, 2012
<u>Accounts and other receivables</u>		
Currently due	\$ 80	\$ 108
Past due by 90 days or less not impaired	41	116
Past due by greater than 90 days not impaired	476	404
	<u>\$ 597</u>	<u>\$ 628</u>

All of the Corporation's cash is held with a major financial institution in Canada, and management believes the exposure to credit risk with this institution is not significant. The Corporation's maximum assessed exposure to credit risk, as at February 28, 2013 and August 31, 2012, is the carrying value of its accounts receivable and other receivables.

Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its obligations associated with financial liabilities. The Corporation has a planning and budgeting process in place by which it anticipates and determines the funds required to support normal operation requirements. The Corporation coordinates this planning and budgeting process with its financing activities through the capital management process described in Note 13, in normal circumstances.

The Corporation's financial liabilities, as at February 28, 2013 and August 31, 2012, are comprised of its accounts payable, accrued restructuring liabilities and accrued liabilities, and are summarized as follows:

	February 28, 2013	August 31, 2012
<u>Contractual maturities -</u>		
Within 90 days or less	\$ 607	\$ 504
In later than 90 days not later than one year	331	411
	<u>\$ 938</u>	<u>\$ 915</u>

Interest rate risk

The Corporation had no significant exposure, as at February 28, 2013 and August 31, 2012, to interest rate risk through its financial instruments.

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(Unaudited)

15. Resignation of director

On December 24, 2012, Grant McCutcheon resigned as a director of Look, but remains the chief executive officer of the Corporation.

16. Subsequent events

(a) Proposed change of business and concurrent private placement

On March 25, 2013, Look entered into a securities purchase agreement, pursuant to which Look has agreed to acquire all of the outstanding shares of Sunwave Gas & Power Inc., a privately-held provider of innovative energy commodity products and services based in Toronto, for aggregate consideration of \$1,000. It is anticipated that consideration for the transaction will be satisfied through the issuance of 3,383 multiple voting shares and 3,760 subordinate voting shares in the capital of Look, each valued at \$0.14 per share. Concurrently with the execution of the securities purchase agreement, Look has entered into subscription agreements with a group of arm's length investors, pursuant to which the investors will subscribe, on a private placement basis, for an aggregate of 30,447 multiple voting shares and 33,839 subordinate voting shares in the capital of Look at a price of \$0.14 per share for aggregate subscription proceeds of \$9,000.

Closing is subject to regulatory conditions and shareholder approval.

(b) Look support agreement regarding share purchase ("Support Agreement")

On December 18, 2012, Look entered into a Support Agreement, led by a director of UBS and other independent parties, to acquire up to 45,000 of Look's multiple voting shares, at \$0.11 per share, up to a 49.9% equity interest in Look. On March 25, 2013, Look terminated the Support Agreement and, pursuant to the terms of the Support Agreement, Look paid a \$225 termination fee.