

LOOKSMART GROUP, INC.
Trading Symbol: LKST

**Company Information and Continuing Disclosure Statement
For the Year Ending
December 31, 2016**

1) Name of the issuer and its predecessors (if any)

In answering this item, please also provide any names used by predecessor entities in the past five years and the dates of the name changes.

LOOKSMART GROUP (November 1, 2015 to Present)
LOOKSMART LIMITED (April 1, 1996 to October 30, 2015)

2) Address of the issuer's principal executive offices

Company Headquarters

Address 1: 2850 W. Horizon Ridge Pkwy, Suite 200

Address 2: Henderson, NV 89052

Address 3:

Phone: 14153487000

Email: ir@looksmart.net

Website(s): www.looksmart.com

IR Contact - N/A

3) Security Information

Trading Symbol: LKST

Exact title and class of securities outstanding: LookSmart Group, Inc. Common Stock

CUSIP: 54344C105

Par or Stated Value: \$.001

Total shares authorized: 80,000,000 as of: 12/31/2016

Total shares outstanding: 5,768,851 as of: 12/31/2016

Note that: LKST had a 1 -100 reverse split on 3/23/2017 and our shares outstanding became 57,688

Transfer Agent

Name: Computershare, LTD.

Address 1: 211 Quality Circle, Suite 210

Address 2: College Station, TX 77845

Address 3: _____

Phone: _____

Is the Transfer Agent registered under the Exchange Act?* Yes:

*To be included in the OTC Pink Current Information tier, the transfer agent must be registered under the Exchange Act.

List any restrictions on the transfer of security:

NONE

Describe any trading suspension orders issued by the SEC in the past 12 months.

NONE

List any stock split, stock dividend, recapitalization, merger, acquisition, spin-off, or reorganization either currently anticipated or that occurred within the past 12 months:

1 for 100 Reverse Split Mar 23, 2017

4) Issuance History

List below any events, in chronological order, that resulted in changes in total shares outstanding by the issuer in the past two fiscal years and any interim period. The list shall include all offerings of equity securities, including debt convertible into equity securities, whether private or public, and all shares or any other securities or options to acquire such securities issued for services, describing (1) the securities, (2) the persons or entities to whom such securities were issued and (3) the services provided by such persons or entities.

NONE

5) Financial Statements

Unaudited financial statements for the period ending December 31, 2016 are attached hereto and posted to www.otcm Markets.com.

6) Describe the Issuer's Business, Products and Services

Describe the issuer's business so a potential investor can clearly understand the company. In answering this item, please include the following:

A. a description of the issuer's business operations; products and services

LookSmart Group, Inc. ("LookSmart" or the "Company") was organized in 2015 and is incorporated in the State of Nevada. LookSmart Group was spun-off from its predecessor, LookSmart Limited ("Predecessor"), as a result of a reverse merger and spin-off transaction (the "Transaction") with Pyxis Tankers("Pyxis") which was completed in October 28, 2015.

LookSmart operates various businesses under several brands.

Under the LookSmart brand, LookSmart is one of the largest programmatic online advertising ecosystem serving ads that target user queries on partner sites, display and video advertising.

LookSmart offers search advertising customers targeted search via a monitored search advertising distribution network using the Company's "AdCenter" platform technology. The Company's search advertising network includes publishers and search advertising customers, including intermediaries and direct advertising customers and their agencies as well as self-service customers in the United States and certain other countries.

LookSmart also offers advertisers the ability to buy graphical display and video advertising. LookSmart's trading desk personnel utilize DSP technology and licensed data from third party providers to buy targeted advertising on a real-time bidded basis. By leveraging our extensive historical search marketing network data along with performance data from a conversion pixel, LookSmart constructs models of the highest performing audiences, and targets them via exchange inventory. LookSmart offers its trading desk as a managed service.

Under the "Clickable" brand, Clickable is the only platform we know of that can listen from and push to unlimited number of channels almost simultaneously. Multinational brands, fast food and car service

franchise chains use our platform to manage the social media and ratings of thousands of their franchisees and corporate owned locations.

Under its “Connecqtor” brand, Connecqtor is one of a handful of platforms that aggregate data from apps, files, and emails into your own familiar spreadsheet to make speedy decisions. The target customers are C-Suite management people - CEOs, CFOs, CMOs and CIOs of every organization.

Further, LookSmart offers publishers licensed private-label search advertiser network solutions based on its AdCenter platform technology (“Publisher Solutions”). Publisher Solutions consist of hosted auction-based ad serving with an ad backfill capability that allows publishers and portals to manage their advertiser relationships, distribution channels and accounts.

LookSmart also has a LookSmart-branded search engine. For parties submitting search queries, the Company offers free-of-charge search results ranked and presented based on proprietary algorithms. While early in its evolution, part of the Company's current search engine monetization strategy is to generate sponsored search results as a part of overall search results and provide links to paying advertisers' websites..

In September 2013, LookSmart purchased the Syncapse Technology Assets for \$3 million from MNP Ltd., a Receiver appointed by Ontario Superior Court of Justice under the Appointment Order. Upon the completion of this transaction, the Company acquired a social media platform that allows enterprise customers the ability to publish, monitor and analyze their social media presence on paid, owned and earned media. The Company has begun to work with large international brands to assist them in creating, maintaining and analyzing their social media presence online. As a result of the Syncapse asset purchase, the Company is expanding its offerings to our current customer base. Our expanded offering allows LookSmart's traditional customers the ability to manage ad spend in both search and social platforms. The Company intends to partner with social media companies such as Facebook, Twitter, Pinterest and YouTube, as well as others, to offer customers the ability to maximize their ad spend in all relevant ad categories.

In November of 2013, LookSmart acquired an approximate 12,900 square foot Data Center facility in Phoenix, Arizona. This facility will allow the Company to consolidate its data needs in a company-owned Data Center, as well as expand its cloud based offerings to our customers. Looksmart is in the process of consolidating its cloud services in its newly occupied wholly owned secure Data Center.

In addition, LookSmart offers publishers licensed private-label search advertiser network solutions based on its AdCenter platform technology (“Publisher Solutions”). Publisher Solutions consist of hosted auction-based ad serving with an ad backfill capability that allows publishers and portals to manage their advertiser relationships, distribution channels and accounts.

B. Date and State (or Jurisdiction) of Incorporation:

March 6, 2015

C. the issuer's primary and secondary SIC Codes;

Primary : 7374

Secondary: 7311

D. the issuer's fiscal year end date;

December 2016

7) Describe the Issuer's Facilities

LookSmart owns a 12,900 sq. foot building in Phoenix, Arizona. It is located at 3830 N. 7th St., Phoenix, AZ 85014. We do not have any operating lease or any office lease.

8) Officers, Directors, and Control Persons

The goal of this section is to provide an investor with a clear understanding of the identity of all the persons or entities that are involved in managing, controlling or advising the operations, business development and disclosure of the issuer, as well as the identity of any significant shareholders.

- A. Names of Officers, Directors, and Control Persons. In responding to this item, please provide the names of each of the issuer's executive officers, directors, general partners and control persons (control persons are beneficial owners of more than five percent (5%) of any class of the issuer's equity securities), as of the date of this information statement.

Michael Onghai is the CEO and sole Director of the Company.

- B. Legal/Disciplinary History. Please identify whether any of the foregoing persons have, in the last five years, been the subject of:

1. A conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding (excluding traffic violations and other minor offenses); NONE
2. The entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, or banking activities; NONE
3. A finding or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, or a state securities regulator of a violation of federal or state securities or commodities law, which finding or judgment has not been reversed, suspended, or vacated; NONE
4. The entry of an order by a self-regulatory organization that permanently or temporarily barred, suspended or otherwise limited such person's involvement in any type of business or securities activities. NONE

- C. Beneficial Shareholders. Provide a list of the name, address and shareholdings or the percentage of shares owned by all persons beneficially owning more than ten percent (10%) of any class of the issuer's equity securities. If any of the beneficial shareholders are corporate shareholders, provide the name and address of the person(s) owning or controlling such corporate shareholders and the resident agents of the corporate shareholders' address.

Michael Onghai (CEO/Director) owns a total of 3,123,047 shares or 54.14% % Snowy August Management, LLC.

9) Third Party Providers

Please provide the name, address, telephone number, and email address of each of the following outside providers that advise your company on matters relating to operations, business development and disclosure:

Legal Counsel:
Neal Hutchinson
725 Third St., North #C
Jacksonville Beach, FL 32250

Accounting:
Paul Wong, CPA, PLLC
2 Mott Street Suite 507
New York, NY 10013

Investor Relations Consultant: (NA)

Other Advisor: (NA)

10) Issuer Certification

The issuer shall include certifications by the chief executive officer and chief financial officer of the issuer (or any other persons with different titles, but having the same responsibilities).

The certifications shall follow the format below:

I, Michael Onghai, certify that:

1. I have reviewed this periodic disclosure of LookSmart Group, Inc.;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

This information and certification is effective as of April 12, 2017.

/s/ Michael Onghai
CEO and Chairman

LOOKSMART GROUP, INC.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED

DECEMBER 31, 2016 AND DECEMBER 31, 2015
(Unaudited)

LOOKSMART GROUP, INC.
CONSOLIDATED BALANCE SHEETS
(Unaudited, in thousands, except par value)

	December 31 2016	December 31, 2015
ASSETS	(Unaudited)	
Current assets:		
Cash and cash equivalents	\$ 181	\$ 207
Short-term investments	36	36
Total cash, cash equivalents and short-term investments	217	243
Trade accounts receivable, net	1,116	810
Prepaid expenses and other current assets	840	1,007
Total current assets	2,173	2,060
Long-term investments	-	-
Property and equipment, net	1,347	2,061
Other assets, net	418	418
Total assets	<u>\$ 3,938</u>	<u>\$ 4,539</u>
LIABILITIES & STOCKHOLDERS' EQUITY		
Current liabilities:		
Short-term Notes Payable	\$ 540	\$ 600
Trade accounts payable	\$ 1,712	\$ 1,479
Accrued liabilities	378	371
Deferred revenue and customer deposits	754	767
Current portion of capital lease obligations	-	16
Total current liabilities	<u>3,384</u>	<u>3,233</u>
Long-term debt	2,130	1,764
Long-term portion of deferred rent	-	-
Total liabilities	<u>5,514</u>	<u>4,997</u>
Commitment and contingencies		-
Stockholders' equity:*		
Convertible preferred stock, \$0.001 par value; Authorized: 5,000 shares; Issued and Outstanding: none at Dec 31, 2016 and December 31, 2015	-	-
Common stock, \$0.001 par value; Authorized: 80,000 shares; Issued and Outstanding: 5,769 shares at both Dec 31, 2016 and December 31, 2015	17	6
Additional paid-in capital	263,108	263,119
Accumulated other comprehensive loss	(730)	(691)
Accumulated deficit	(263,722)	(262,643)
Treasury stock at cost: 130 shares at both June 30, 2015 and December 31, 2014	(249)	(249)
Total stockholders' equity	<u>(1,576)</u>	<u>(458)</u>
Total liabilities and stockholders' equity	<u>\$ 3,938</u>	<u>\$ 4,539</u>

*The company effected a 1 for 100 reverse stock split on March 23, 2017, bringing the current shares outstanding from 5,769,000 to 57,400 shares

LOOKSMART GROUP, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited, in thousands, except per share data)

	Year Ended December 31	
	2016	2015
Revenue	\$ 6,318	\$ 4,548
Cost of revenue	4,744	2,110
Gross profit	1,574	2,438
Operating expenses:		
Sales and marketing	468	1,190
Product development and technical operations	1,302	2,516
General and administrative	783	1,492
Asset impairment charge	-	-
Restructuring charge	9	430
Total operating expenses	2,561	5,628
Income(Loss) from operations	(987)	(3,190)
Non-operating income (expense), net		
Interest income	-	-
Interest expense	(63)	(34)
Other income (expense), net	(1)	16
Loss from operations before income taxes	(1,051)	(3,208)
Income tax expense	-	-
Net Income (Loss)	\$ (1,051)	\$ (3,208)
Net loss per share - Basic and Diluted	\$ (0.18)	\$ (0.58)
Weighted average shares outstanding used in computing basic and diluted net loss per share*	5,769	5,639

*The company effected a 1 for 100 reverse stock split on March 23, 2017, bringing the current shares outstanding from 5,769,000 to 57,400 shares

LOOKSMART GROUP, INC.
CONSOLIDATED STATEMENT OF STOCKHOLDER'S DEFICIT
(Unaudited, in thousands)

	Year Ended December 31,	
	2016	2015
Net loss	\$ (1,051)	\$ (3,208)
Other comprehensive income (loss):		
Foreign currency translation adjustments	(67)	(267)
Unrealized loss on investments	-	-
Change in accumulated other comprehensive loss	(67)	(267)
Comprehensive loss	<u>\$ (1,118)</u>	<u>\$ (3,475)</u>

	Common Stock Share	Amount	Add. Paid-in Capital	Accumulated Other Comprehensive Gain (Loss)	Accumulated Deficit	Treasury Stock Shares	Amount	Total Stockholders' Equity
Balance at December 31, 2014	5,769	\$ 17	\$ 262,508	\$ (424)	\$ (259,435)	(130)	\$ (249)	\$ 2,417
Restructure and Domicile	-	(11)	11	-	-	-	-	-
Additional Capital Contribution	-	-	600	-	-	-	-	600
Changes in accumulated other comprehensive loss	-	-	-	(267)	-	-	-	(267)
Net loss	-	-	-	-	(3,208)	-	-	(3,208)
Balance at December 31, 2015	5,769	\$ 6	\$ 263,119	\$ (691)	\$ (262,643)	(130)	\$ (249)	\$ (458)
Changes in accumulated other comprehensive loss	-	-	-	-	(67)	-	-	(67)
Net loss	-	-	-	-	(1,051)	-	-	(1,051)
Balance at December 31, 2016	<u>5,769</u>	<u>\$ 6</u>	<u>\$ 263,119</u>	<u>\$ (691)</u>	<u>\$ (263,722)</u>	<u>(130)</u>	<u>\$ (249)</u>	<u>\$ (1,576)</u>

LOOKSMART GROUP, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(Unaudited)

	Year Ended Dec 31,	
	2016	2015
Cash flows from operating activities:		
Net loss	\$ (1,051)	\$ (3,208)
Adjustment to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	682	1,095
Provision for doubtful accounts	-	-
Share-based compensation	-	-
Other non-cash charges	-	-
Deferred rent	-	(8)
Deferred lease incentive	-	-
Restructuring charge	-	(35)
Asset impairment charge	-	-
Changes in operating assets and liabilities:		
Trade accounts receivable	(306)	(555)
Prepaid expenses and other current assets	168	(340)
Other current assets	-	-
Trade accounts payable	233	578
Accrued liabilities	7	(27)
Deferred revenue and customer deposits	(13)	(251)
Other long-term obligations	-	-
Net cash used in operating activities	<u>(280)</u>	<u>(2,751)</u>
Cash flows from investing activities:		
Purchase of investments	-	-
Proceeds from sale of investments	-	66
Proceeds from sale of equipment	-	-
Payments for property and equipment	-	-
Purchase of intangible assets	-	(356)
Net cash provided by investing activities	<u>=</u>	<u>(290)</u>
Cash flows from financing activities:		
Principal payments of capital lease obligations	-	-
Proceeds (Payment) from short-term debt	(60)	572
Proceeds from additional paid-in capital	-	600
Proceeds from long-term debt	366	1,764
Payments for repurchase of common stock	-	-
Net cash used in financing activities	<u>306</u>	<u>2,936</u>
Effect of exchange rate changes on cash and cash equivalents	<u>-</u>	<u>7</u>
Increase (Decrease) in cash and cash equivalents	26	(98)
Cash and cash equivalents, beginning of period	207	305
Cash and cash equivalents, end of period	<u>\$ 181</u>	<u>\$ 207</u>

Supplemental disclosure of cash flow information:

Interest paid

\$ 63

\$ 1

Income taxes paid

\$ -

\$ -

Supplemental disclosure of noncash activities:

Assets acquired through capital lease obligations

\$ -

\$ -

Change in unrealized gain (loss) on investments

\$ -

\$ -

LOOKSMART GROUP, INC.

1. Summary of Significant Accounting Policies

a. Nature of Operations

LookSmart Group, Inc. (“LookSmart” or the “Company”) was organized in 2015 and is incorporated in the State of Nevada. LookSmart Group was spun-off from its predecessor, LookSmart Limited (“Predecessor”), as a result of a reverse merger and spin-off transaction (the “Transaction”) with Pyxis Tankers (“Pyxis”).

Prior to the execution of the Merger Agreement, the Predecessor transferred all of its businesses, assets and liabilities to the Company in anticipation of the Spin-Off of Company from the Predecessor. The Company has assumed all liabilities of the Predecessor, and the liabilities of the Predecessor’s former subsidiaries. Upon completion of the Spin-Off, all of the Predecessor’s shares of the common stock shall be cancelled and Company shall be 100% owned by the Predecessor’s stockholders of record as of the record date set for said distribution. As a result of the Spin-off, each share of the Predecessor received one share of LookSmart Group common stock. Following the merger, LookSmart Group had a total of 5,768,851 shares of common stock issued and outstanding. The Company’s stock is traded in the OTCMarkets Pinksheets.

LookSmart operates in a large programmatic online advertising ecosystem serving ads that target user queries on partner sites.

LookSmart offers search advertising customers targeted search via a monitored search advertising distribution network using the Company’s “AdCenter” platform technology. The Company’s search advertising network includes publishers and search advertising customers, including intermediaries and direct advertising customers and their agencies as well as self-service customers in the United States and certain other countries.

LookSmart also offers advertisers the ability to buy graphical display advertising. LookSmart’s trading desk personnel utilize DSP technology and licensed data from third party providers to buy targeted advertising on a real-time bidded basis. By leveraging our extensive historical search marketing network data along with performance data from a conversion pixel, LookSmart constructs models of the highest performing audiences, and targets them via exchange inventory. LookSmart offers its trading desk as a managed service.

In addition, Looksmart, under its “Clickable” and “Syncapse” brands, allows customers to manage paid, owned and earned media by providing a suite of solutions for social media marketers that include publishing, monitoring, data storage, compliance, management, ad placement and analytics. Further, LookSmart offers publishers licensed private-label search advertiser network solutions based on its AdCenter platform technology (“Publisher Solutions”). Publisher Solutions consist of hosted auction-based ad serving with an ad backfill capability that allows publishers and portals to manage their advertiser relationships, distribution channels and accounts.

In the fourth quarter of 2013 the Company began to make available a LookSmart-branded search engine. For parties submitting search queries, the Company offers free-of-charge search results ranked and presented based on proprietary algorithms. While early in its evolution, part of the Company's current search engine monetization strategy is to generate sponsored search results as a part of overall search results and provide links to paying advertisers' websites..

In September 2013, LookSmart purchased the Syncapse Technology Assets for \$3 million from MNP Ltd., a Receiver appointed by Ontario Superior Court of Justice under the Appointment Order. Upon the completion of this transaction, the Company acquired a social media platform that allows enterprise customers the ability to publish, monitor and analyze their social media presence on paid, owned and earned media. The Company has begun to work with large international brands to assist them in creating, maintaining and analyzing their social media presence online. As a result of the Syncapse asset purchase, the Company is expanding its offerings to our current customer base. Our expanded offering allows LookSmart's traditional customers the ability to manage ad spend in both search and social platforms. The Company intends to partner with social media companies such as Facebook, Twitter, Pinterest and YouTube, as well as others, to offer customers the ability to maximize their ad spend in all relevant ad categories.

In November of 2013, LookSmart acquired an approximate 10,000 square foot Data Center facility in Phoenix, Arizona. This facility will allow the Company to consolidate its data needs in a company-owned Data Center, as well as expand its cloud based offerings to our customers. Looksmart is in the process of consolidating its cloud services in its newly occupied wholly owned secure Data Center. In addition, LookSmart offers publishers licensed private-label search advertiser network solutions based on its AdCenter platform technology ("Publisher Solutions"). Publisher Solutions consist of hosted auction-based ad serving with an ad backfill capability that allows publishers and portals to manage their advertiser relationships, distribution channels and accounts.

b. Principles of Consolidation

The Consolidated Financial Statements include the accounts of the Company and its Subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation.

c. Use of Estimates and Assumptions

The Consolidated Financial Statements have been prepared in conformity with accounting principles generally accepted in the United States ("GAAP"). This requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenue, expenses, and contingent assets and liabilities during the reporting period. The Company bases its estimates on various factors and information which may include, but are not limited to, history and prior experience, experience of other enterprises in the same industry, new related events, and current economic conditions and information from third party professionals that is believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results could differ from those estimates. Investments

The Company invests its excess cash primarily in debt instruments of high-quality corporate and government issuers. All highly liquid instruments with maturities at the date of purchase greater than ninety days are considered investments. All instruments with maturities greater than one year from the balance sheet date are considered long-term investments unless management intends to liquidate such securities in the current operating cycle. Such securities are classified as short-term investments. These securities are classified as available-for-sale and carried at fair value.

Changes in the value of these investments are primarily related to changes in interest rates and are considered to be temporary in nature. Except for declines in fair value that are not considered temporary, net unrealized gains or losses on these investments are reported in the Consolidated Statements of Comprehensive Loss. The Company recognizes realized gains and losses upon sale of investments using the specific identification method.

d. Fair Value of Financial Instruments

The Company's estimate of fair value for assets and liabilities is based on a framework that establishes a hierarchy of the inputs used in valuation and gives the highest priority to quoted prices in active markets and requires that observable inputs be used in the valuations when available. The disclosure of fair value estimates is based on whether the significant inputs into the valuation are observable. In determining the level of the hierarchy in which the estimate is disclosed, the highest priority is given to unadjusted quoted prices in active markets and the lowest priority to unobservable inputs that reflect our significant market assumptions. The three levels of the hierarchy are as follows:

- Level 1: Unadjusted quoted market prices for identical assets or liabilities in active markets that we have the ability to access.
- Level 2: Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets in inactive markets; or valuations based on models where the significant inputs are observable (e.g., interest rates, yield curves, default rates, etc.) or can be corroborated by observable market data.
- Level 3: Valuations based on models where significant inputs are not observable. The unobservable inputs reflect our assumptions about the assumptions that market participants would use.

e. Revenue Recognition

Our online search advertising revenue is composed of per-click fees that we charge customers and profit sharing arrangements we enter with Intermediaries. The per-click fee charged for keyword-targeted listings is calculated based on the results of online bidding for keywords or page content, up to a maximum cost per keyword or page content set by the customer. The Company has profit-sharing agreements with several customers that call for the sharing of profits and losses. Profit sharing arrangements are governed by contractual agreements. Revenue from these profit-sharing agreements is reported net of the customer's share of profit.

Revenue also includes revenue share from licensing of private-labeled versions of our AdCenter Platform.

Revenues associated with online advertising products, including Advertiser Networks, are generally recognized once collectability is established, delivery of services has occurred, all performance obligations have been satisfied, and no refund obligations exist. We pay distribution network partners based on clicks on the advertiser's ad that are displayed on the websites of these distribution network partners. These payments are called TAC and are included in cost of revenue. The revenue derived from these arrangements that involve traffic supplied by distribution network partners is reported gross of the payment to the distribution network partners. This revenue is reported gross due to the fact that we are the primary obligor to the advertisers who are the customers of the advertising service.

Deferred revenue is recorded when payments are received in advance of performance in underlying agreements. Customer deposits are recorded when customers make prepayments for online advertising.

The Company evaluates individual arrangements with customers to make a determination under Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 605-45 Revenue Recognition. We test and record revenue accordingly.

f. Property and Equipment

Property and equipment are stated at cost, except when an impairment analysis requires use of fair value, and depreciated using the straight-line method over the estimated useful lives of the assets as follows:

Computer equipment	3 to 4 years
Furniture and fixtures	5 to 7 years
Software	2 to 3 years
Building Improvements	10 years
Building	39 years

Leasehold improvements are amortized on a straight-line basis over the shorter of their estimated useful lives or the lease term.

When assets are retired or otherwise disposed of, the cost and accumulated depreciation and amortization are removed from their respective accounts, and any gain or loss on such sale or disposal is reflected in operating expenses. Maintenance and repairs are charged to expense as incurred. Expenditures that substantially increase an asset's useful life are capitalized.

In the fourth quarter of 2013, the Company acquired a 10,000 square foot Data Center facility in Phoenix, Arizona. This facility will allow the Company to consolidate its data needs in a company-owned Data Center, as well as expand its cloud-based offerings to our customers.

g. Internal Use of Software Development Costs

The Company capitalizes external direct costs of materials and services consumed in developing and obtaining internal-use computer software and the payroll and payroll-related costs for employees who are directly associated with and who devote time to developing the internal-use computer software. These costs are capitalized after certain milestones have been achieved and generally amortized over a three year period once the project is placed in service.

Management exercises judgment in determining when costs related to a project may be capitalized, in assessing the ongoing value of the capitalized costs, and in determining the amortization period for the capitalized costs, which is generally three years. The Company expects to continue to invest in internally developed software, although no such costs were capitalized in 2016.

h. Restructuring Charges

In 2016, the company incurred \$8 in restructuring costs related to the spin-off transaction (announced in 2015) with its predecessor.

i. Impairment of Long-Lived Assets

The Company reviews long-lived assets held or used in operations, including property and equipment and internally developed software, for impairment in accordance with ASC 360-10 “Impairment and Disposal of Long-Lived Assets”

The Company reviews assets for evidence of impairment annually at year end and whenever events or changes in circumstances indicate the carrying values may not be recoverable. The impairment review requires the Company to make significant estimates about its future performance and cash flows, as well as other assumptions. These estimates can be affected by numerous factors, including changes in economic, industry or market conditions, changes in business operations and changes in competition.

The fair value of the long-lived assets was derived based on Level 3 inputs, which are based on significant inputs that are not observable. The fair value of the capitalized software long-lived assets was determined using an income approach, based on expected future cash flows and market considerations. The fair value of the computer equipment, furniture and fixtures, software and leasehold improvements long-lived assets was determined using a market approach, based on comparable fair values of similar assets.

j. Traffic Acquisition Costs

The Company enters into agreements of varying durations with its distribution network partners that display the Company’s listings ads on their sites in return for a percentage of the revenue-per-click that the Company receives when the ads are clicked on those partners’ sites.

The Company also enters into agreements of varying durations with third party affiliates. These affiliate agreements provide for variable payments based on a percentage of the Company's revenue or based on a certain metric, such as number of searches or paid clicks.

TAC expense is recorded in cost of revenue.

k. Share based compensation

The Company reviews long-lived assets held or used in operations, including property and equipment and internally developed software, for impairment in accordance with ASC 360-10 "Impairment and Disposal of Long-Lived Assets"

The Company reviews assets for evidence of impairment annually at year end and whenever events or changes in circumstances indicate the carrying values may not be recoverable. The impairment review requires the Company to make significant estimates about its future performance and cash flows, as well as other assumptions. These estimates can be affected by numerous factors, including changes in economic, industry or market conditions, changes in business operations and changes in competition.

The fair value of the long-lived assets was derived based on Level 3 inputs, which are based on significant inputs that are not observable. The fair value of the capitalized software long-lived assets was determined using an income approach, based on expected future cash flows and market considerations. The fair value of the computer equipment, furniture and fixtures, software and leasehold improvements long-lived assets was determined using a market approach, based on comparable fair values of similar assets.

l. Advertising Costs

Advertising costs are charged to sales and marketing expenses as incurred and were insignificant in the year ended December 31, 2016.

m. Product Development Costs

Research of new product ideas and enhancements to existing products are charged to expense as incurred.

n. Income Taxes

The Company accounts for income taxes using the liability method. Under the liability method, deferred tax liabilities and assets are determined based on the difference between the financial statement and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. Valuation allowances are established when necessary to reduce deferred tax assets to the amounts expected to be realized. The Company records liabilities, where appropriate, for all uncertain income tax positions. The Company recognizes potential accrued interest and penalties related to unrecognized tax benefits within operations as income tax expense.

o. Comprehensive Loss

Other comprehensive loss as of December 31, 2016 consists of unrealized gains and losses on marketable securities categorized as available-for-sale and foreign currency translation adjustments.

p. Net Loss Per Common Share

Basic net loss per share is calculated using the weighted average shares of common stock outstanding, excluding treasury stock. Diluted net loss per share is calculated using the weighted average number of common and potentially dilutive common shares outstanding, excluding treasury stock, during the period, using the treasury stock method for stock options. As a result of the Company's net loss position at December 31, 2016, there is no dilution.

q. Recent Accounting Pronouncements

The FASB has issued Accounting Standards Update ("ASU") No. 2015-01 about Simplifying Income Statement Presentation by Eliminating the Concept of Extraordinary Items. The objective is to reduce the cost and complexity of income statement presentation by eliminating the concept of extraordinary items while maintaining or improving the usefulness of the information provided to the users of financial statements. The extraordinary items must meet two criterias: unusual nature and infrequency of occurrence. If an event or transaction meets the criteria for extraordinary classification, an entity is required to segregate the extraordinary item from the results of ordinary operations and show the item separately in the income statement, net of tax, after income from continuing operations. The entity also is required to disclose applicable income taxes. This amendment will be effective for annual periods, and interim periods within those annual periods, beginning after December 15, 2015. The board decided to permit early adoption provided that the guidance is applied from the beginning of the fiscal year of adoption.

The FASB has issued ASU No. 2015-03 about Simplifying the Presentation of Debt Issuance Costs. The objective is to require that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The recognition and measurement guidance for debt issuance costs are not affected by the amendments in this Update. For public business entities, the amendments in this Update are effective for financial statements issued for fiscal years beginning after December 15, 2015, and interim periods within those fiscal year. For all other entities, the amendments in this Update are effective for financial statements issued for fiscal years beginning after December 15, 2015, and interim periods within fiscal years beginning after December 15, 2016. Early adoption of the amendments in the Update is permitted for financial statements that have not been previously issued.

The FASB has issued ASU No. 2015-05 about Intangibles-Goodwill and Other-Internal-Use Software. The objective is to provide a guidance about whether a cloud computing arrangement includes a software license. If a cloud computing arrangement includes a software license, then the customer should account for the software license element of the arrangement consistent with the acquisition of other software licenses. If a cloud computing arrangement does not include a software license, the customer should account for the arrangement as a service contract. The amendment will not change GAAP for a customer's accounting for service contracts. In addition, the guidance in this Update supersedes paragraph 350-40-25-16. Consequently, all software licenses within the scope of Subtopic 350-40 will be accounted for consistent with other licenses of intangible assets. For public business entities, the Board decided that the amendments will be effective for annual periods, including interim periods within those annual periods, beginning after December 15, 2015. For all other entities, the amendment will be effective for

annual periods beginning after December 15, 2015, and interim periods in annual periods beginning after December 15, 2016. Early adoption is permitted for all entities.

The FASB has issued ASU No. 2015-06 about Topic 260, Earnings Per Share, which contains guidance that addresses master limited partnerships that originated from Emerging Issues Task Force (EITF) Issue No. 07-4. This amendment in this Update specifies that for purposes of calculating historical earnings per unit under the two-class method, the earnings (losses) of a transferred business before the date of a dropdown transaction should be allocated entirely to the general partner. In that circumstance, the previously reported earnings per unit of the limited partners (which is typically the earnings per unit measure presented in the financial statements) would not change as a result of the dropdown transaction. Qualitative disclosures about how the rights to the earnings (losses) differ before and after the dropdown transaction occurs for purposes of computing earnings per unit under the two-class method also are required. The amendments in this Update are effective for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. Earlier application is permitted.

The FASB has issued ASU No. 2015-07 about Topic 820, Fair Value Measurement, which permits a reporting entity, as a practical expedient, to measure the fair value of certain investments using the net asset value per share of the investment. The amendments in this Update remove the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient. The amendments also remove the requirement to make certain disclosures for all investments that are eligible to be measured at fair value using the net asset value per share practical expedient. Rather, those disclosures are limited to investments for which the entity has elected to measure the fair value using that practical expedient. The amendments in this Update apply to reporting entities that elect to measure the fair value of an investment within the related scope by using the net asset value per share (or its equivalent) practical expedient.

The FASB has issued No. 2015-10 “Technical Corrections and Improvements”, which aims to address feedback received from stakeholders on the Codification and make improvements to GAAP. The amendments in this update represent changes to clarify the Codification, correct unintended application of guidance, or make minor improvements to the Codification that are not expected to have a significant effect on current accounting practice or create a significant administrative cost to most entities. Some of the amendments will make the Codification easier to understand and apply by eliminating inconsistencies, providing needed clarifications, and improving the presentation of guidance in the Codification. The amendments in this update will apply to all reporting entities within the scope of the affected accounting guidance. The amendments in this update are effective for all entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015. Early adoption is permitted.

The FASB has issued No. 2015-11 “Topic 330, Inventory”, which aims to simplify the measurement of inventory by changing the subsequent measurement guidance from the lower of cost or market to the lower of cost and net realizable value for inventory within the scope of this Update. The amendments in this update do not apply to inventory that is measured using last-in, first-out (LIFO) or the retail inventory method. The amendments apply to all other inventory, which includes inventory that is measured using first-in, first-out (FIFO) or average cost. An entity should measure inventory within the scope of this Update at the lower of cost and net realizable value. Subsequent measurement is unchanged for inventory

measured using LIFO or the retail inventory method. For public business entities, the amendments in this update are effective for fiscal years beginning after December 15, 2016, including interim periods within those fiscal years. For all other entities, the amendments in this update are effective for fiscal years beginning after December 15, 2016, and interim periods within fiscal years beginning after December 15, 2017.

The FASB has issued No. 2015-14“Topic 606, Revenue from Contracts with Customers”, which aims to respond to stakeholders’ requests to defer the effective date of the guidance in Update 2014-09 and to consider feedback received through extensive outreach with preparers, practitioners, and users of financial statements. The amendments in this update defer the effective date of Update 2014-09 for all entities by one year. Public business entities, certain not-for-profit entities, and certain employee benefit plans should apply the guidance in Update 2014-09 to annual reporting periods beginning after December 15, 2017, including interim reporting periods within that reporting period. Earlier application is permitted only as of annual reporting periods beginning after December 15, 2016, including interim reporting periods within that reporting period.

The FASB has issued No. 2015-15“Subtopic 835-30, Interest - Imputation of Interest”: Presentation and Subsequent Measurement of Debt Issuance Costs Associated with Line-of-Credit Arrangements - Amendments to SEC Paragraphs Pursuant to Staff Announcement at June 18, 2015 EITF Meeting. This amendment adds SEC paragraphs pursuant to the SEC Staff Announcement on June 18, 2015, Emerging Issues Task Force meeting about the presentation and subsequent measurement of debt issuance costs associated with line-of-credit arrangements.

The FASB has issued No. 2015-16“Topic 805, Business Combinations”: Simplifying the Accounting for Measurement-Period Adjustments, which aims to identify, evaluate, and improve areas of GAAP for which cost and complexity can be reduced while maintaining or improving the usefulness of the information provided to users of financial statements. The amendments in this Update require that an acquirer recognize adjustments to provisional amounts that are identified during the measurement period in the reporting period in which the adjustment amounts are determined. The amendments in this update require that the acquirer record, in the same period’s financial statements, the effect on earnings of changes in depreciation, amortization, or other income effects, if any, as a result of the change to the provisional amounts, calculated as if the accounting had been completed at the acquisition date. The amendments in this update require an entity to present separately on the face of the income statement or disclose in the notes the portion of the amount recorded in current-period earnings by line item that would have been recorded in previous reporting periods if the adjustment to the provisional amounts had been recognized as of the acquisition date. For public business entities, the amendments in this update are effective for fiscal years beginning after December 15, 2015, including interim periods within those fiscal years. For all other entities, the amendments in this update are effective for fiscal years beginning after December 15, 2016, and interim periods within fiscal years beginning after December 15, 2017.

The FASB has issued No. 2015-17“Topic 740, Income Taxes”: Balance Sheet Classification of Deferred Taxes, which aims to identify, evaluate, and improve areas of generally accepted accounting principles (GAAP) for which cost and complexity can be reduced while maintaining or improving the usefulness of

the information provided to users of financial statements. The amendments in this update require that deferred tax liabilities and assets be classified as noncurrent in a classified statement of financial position. The amendments in this update apply to all entities that present a classified statement of financial position. The current requirement that deferred tax liabilities and assets of a tax-paying component of an entity be offset and presented as a single amount is not affected by the amendments in this Update. The amendments in this update will align the presentation of deferred income tax assets and liabilities with International Financial Reporting Standards (IFRS). For public business entities, the amendments in this Update are effective for financial statements issued for annual periods beginning after December 15, 2016, and interim periods within those annual periods. For all other entities, the amendments in this update are effective for financial statements issued for annual periods beginning after December 15, 2017, and interim periods within annual periods beginning after December 15, 2018. Earlier application is permitted for all entities as of the beginning of an interim or annual reporting period.

Other accounting standards that have been issued or proposed by the FASB or other standards-setting bodies that do not require adoption until a future date are not expected to have a material impact on the Company's consolidated financial statements upon adoption.

2. Cash and Available for Sale Securities

The Company typically invests in highly-rated securities, and its policy generally limits the amount of credit exposure to any one issuer. When evaluating the investments for other-than-temporary impairment, the Company reviews such factors as the length of time and extent to which fair value has been below cost basis, the financial condition of the issuer, and the Company's intent to sell, or whether it is more likely than not it will be required to sell the investment before recovery of the investment's amortized cost basis. During the years ended December 31, 2015 and 2014, the Company did not recognize any impairment charges on outstanding investments. As of December 31, 2015, the Company does not consider any of its investments to be other-than-temporarily impaired.

3. Property and Equipment

Property and equipment consisted of the following at December 31, 2016 (in thousands)

	Cost	Accumulated Depreciation	Net Book Value
Computer and Equipment	1,107	1,021	86
Furniture and fixtures	22	10	12
Software	2,527	2,438	89
Building and Leasehold Improvements	541	131	410
Land and Buildings	797	47	750

Depreciation expense on property and equipment for the year ended December 31, 2016 was \$682 (in thousands),

4. Accrued Liabilities

As of Dec 31, 2016, accrued liabilities consisted of accrued professional service fees, compensation and payroll related expenses.

5. Restructuring Charges

In 2016, the company's restructuring charges totaled \$0.008 million.

6. Other Obligations

Snowy August Management LLC has advanced funds in the amount of \$2.1 million to the company from 2014 to 2016.

On June 5, 2015, LookSmart Ltd. obtained a 12 month loan from Inca Capital in the amount of \$0.6 million collateralized by our data center facility in Phoenix, Arizona. The interest-only loan carries an interest rate of 10.5%. The loan's maturity date is May 30, 2016.

7. Income Taxes

In accordance with ASC 740, Income Taxes ("ASC 740"), the Company accounts for uncertainty in tax positions and recognizes in its financial statements the largest amount of a tax position that is more-likely-than-not to be sustained upon audit, based on the technical merits of the position.

The Company files income tax returns in the U.S. federal jurisdiction, Canada and various state jurisdictions. The Company remains subject to U.S. federal tax examinations for years 2012-present and Canadian examinations for 2012 to present. The tax years that remain subject to examination in state jurisdictions include 2012-present. The Company believes that its income tax filing positions and deductions will be sustained on audit and does not anticipate any adjustments that will result in a material adverse effect on the Company's financial condition, results of operations, or cash flows. Therefore, no reserves for uncertain income tax positions have been recorded at December 31, 2015.

The Company's policy is to recognize interest and penalties accrued on any unrecognized tax benefits as a component of income tax expense. The Company did not have any accrued interest or penalties associated with unrecognized tax benefits, nor were any interest expenses or penalties recognized during the years ended December 31, 2015 and 2014.

The Company was in a net taxable loss position in 2015 and 2014. The income tax provision for all years includes minimum state tax and revisions of prior years' estimated taxes.

Total income tax expense of \$7 thousand and \$6 thousand for the years ended December 31, 2015 and 2014, respectively, were allocated to income from continuing operations and is classified as a current provision.

The primary components of the net deferred tax asset are as follows at December 31, 2015 and 2014 (in thousands):

According to U.S. Code Chapter 26, Section 382, the Company may carryover the NOL from Looksmart Corp. to Looksmart Group, Inc. if the successor company is continuing the business enterprise of the predecessor company for two years. As of December 31, 2015, the Company had Net Operating Loss ("NOL") carryforwards of approximately \$75.4 million for federal purposes. The Company also has Alternative Minimum Tax ("AMT") credit carryforwards of \$110 thousand for federal purposes. The NOL carryforwards will expire at various dates beginning in 2015 through 2032 if not utilized. The AMT tax credit carryforwards may be carried forward indefinitely. Both federal and state NOL carryforwards will be significantly limited. The Company is currently assessing the amount of the limitation. A valuation allowance fully offsets the deferred tax asset associated with these NOL carryforwards.

8. Commitments and Contingencies

Guarantees and Indemnities

During its normal course of business, the Company has made certain guarantees, indemnities and commitments under which it may be required to make payments in relation to certain transactions. These indemnities include intellectual property and other indemnities to the Company's customers and distribution network partners in connection with the sales of its products, and indemnities to various lessors in connection with facility leases for certain claims arising from such facility or lease.

Officer and Director Indemnification

Further, the Company has agreements whereby it indemnifies its officers and directors for certain events or occurrences while the officer or director is, or was, serving, at the Company's request, in such capacity, to the maximum extent permitted under the laws of the State of Nevada. The maximum potential amount of future payments the Company could be required to make under these indemnification agreements is unlimited. However, the Company maintains directors and officers insurance coverage that may contribute, up to certain limits, a portion of any future amounts paid, for indemnification of directors and officers. The Company believes the estimated fair value of these indemnification agreements in excess of applicable insurance coverage is minimal. Historically, the Company has not incurred any losses or recorded any liabilities related to performance under these types of indemnities.

Legal Proceedings

The Company is involved, from time to time, in various legal proceedings arising from the normal course of business activities. Although the results of litigation and claims cannot be predicted with certainty, the Company does not expect resolution of these matters to have a material adverse impact on its consolidated results of operations, cash flows or financial position unless stated otherwise. However, an unfavorable resolution of a matter could, depending on its amount and timing, materially affect its results of operations, cash flows or financial position in a future period. Regardless of the outcome, litigation can have an adverse impact on the Company because of defense costs, diversion of management resources and other factors.

9. Stockholder's Equity

Stock Awards

The Company did not issue restricted stock during the years ended December 31, 2016.

Repurchase of Equity Securities by the Company

No shares were repurchased in 2016.

Fair Value Measurements

Fair Value of Financial Assets

The Company's financial assets measured at fair value on a recurring basis subject to disclosure requirements at December 31, 2016:

The Company held no Level 3 investments at December 31, 2016 and at December 31, 2015.

Investments

For investments that have quoted market prices in active markets, the Company uses the quoted market prices as fair value and includes these prices in the amounts disclosed in Level 1 of the hierarchy. The Company receives the quoted market prices from a third party, nationally recognized pricing service (“pricing service”). When quoted market prices are unavailable, the Company utilizes a pricing service to determine a single estimate of fair value, which is mainly for its fixed maturity investments. The fair value estimates provided from this pricing service are included in the amount disclosed in Level 2 of the hierarchy. The Company bases all of its estimates of fair value for assets on the bid price as it represents what a third party market participant would be willing to pay in an arm’s length transaction.

The Company validates the prices received from the pricing service using various methods including, applicability of Federal Deposit Insurance Corporation or other national government insurance or guarantees, comparison of proceeds received on individual investments subsequent to reporting date, prices received from publicly available sources, and review of transaction volume data to confirm the presence of active markets. The Company does not adjust the prices received from the pricing service unless such prices are determined to be inconsistent. At December 31, 2015 and 2014, the Company did not adjust prices received from the pricing service.

10. Employee Benefit Plan

The Company terminated its 401(k) retirement plan in December 11, 2016.

11. Related Party Transactions

The Company paid Michael Onghai \$0.08 million in the year ended December 31, 2015, in connection with his services as the Company’s Chief Executive Officer.

12. Net Income(Loss) Per Share

A reconciliation of the numerator and denominator of basic and diluted net income (loss) per share (“EPS”) is provided as follows (in thousands, except per share amounts):

13. Going Concern

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern, which contemplates the realization of assets and the liquidation of liabilities in the normal course of business. As of and for the year ended December 31, 2015, the Company had a loss from operations of \$3.2 million and accumulated deficit of \$263 million. As of year ended December 31, 2015, the working capital was \$1.2 million; the cash used in operating activities was \$3 million. The Company intends to fund operations through debt and equity financing arrangements. The ability of the Company to survive is dependent upon, among other things, obtaining additional financing to continue operations, and development of its business plan. In response to these problems, management intends to cut expenses, raise revenues, raise additional funds through public or private placement offerings, and related party loans. These factors, among others, raise substantial doubt about the Company's ability to continue as a

going concern. The accompanying financial statements do not include any adjustments that might result from the outcome of this uncertainty.

14. Subsequent Events

The company effected a 1 for 100 reverse split effective March 23, 2017.