

Interim Unaudited Consolidated Financial Statements of

**UNIQUE BROADBAND
SYSTEMS, INC.**

Three and nine months ended May 31, 2010 and 2009

Unique Broadband Systems, Inc.

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NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying interim unaudited consolidated financial statements of the Company for the interim period ending May 31, 2010 have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

UNIQUE BROADBAND SYSTEMS, INC.

Interim Unaudited Consolidated Balance Sheets
(In thousands of dollars)

As at

	May 31, 2010	August 31, 2009
Assets		
Current assets:		
Cash and cash equivalents (note 6)	\$ 5,496	\$ 17,389
Accounts receivable and other receivables	58	297
Short-term receivable due from Inukshuk (note 3)	-	50,000
Inventory	-	40
Prepaid expenses and deposits	129	365
	5,683	68,091
Restricted cash (note 6)	50	430
Property and equipment	-	1,995
Investment in Look (note 5)	13,107	-
	\$ 18,840	\$ 70,516

Liabilities and Shareholders' Equity

Current liabilities:		
Accounts payable	\$ 396	\$ 1,112
Accrued restructuring liabilities (note 4)	-	2,314
Accrued restructuring liabilities due to related parties (notes 4 and 11)	5,807	22,934
Accrued liabilities and provisions	311	4,631
Long-term debt, due within one year	-	1,800
Current portion of liability component of convertible debentures (note 7)	-	14
Deferred revenue (note 11)	2,400	-
	8,914	32,805
Liability component of convertible debentures (note 7)	-	917
Non-controlling interest (note 8)	-	21,940
Shareholders' equity:		
Share capital (note 9)	58,139	58,139
Contributed surplus	3,237	3,459
Deficit	(51,450)	(46,744)
	9,926	14,854
Basis of presentation and going concern (note 1)		
Contingencies (note 14)		
Subsequent events (note 19)		
	\$ 18,840	\$ 70,516

See accompanying notes to interim unaudited consolidated financial statements.

UNIQUE BROADBAND SYSTEMS, INC.

Interim Unaudited Consolidated Statements of Operations and Deficit
(In thousands, except per share amounts)

Three and nine months ended May 31, 2010 and 2009

	Three months ended May 31,		Nine months ended May 31,	
	2010	2009 (restated)	2010	2009 (restated)
Service and sales revenue (note 10)	\$ 39	\$ 3,096	\$ 473	\$ 10,011
Carrier charges and cost of sales (note 10)	-	2,470	425	6,224
Gross margin from continuing operations	39	626	48	3,787
Expenses:				
Customer care	-	310	231	982
Engineering and operations	-	693	615	2,091
General and administration	1,095	2,497	4,510	8,128
Amortization of property and equipment	41	896	198	2,927
Amortization of deferred charges	-	10	-	28
Restructuring charges (note 4)	957	418	1,698	418
Impairment of property and equipment	-	2,542	-	2,542
	2,093	7,366	7,252	17,116
Loss from continuing operations before the under noted	(2,054)	(6,740)	(7,204)	(13,329)
Accretion on liability component of convertible debentures (note 7)	(90)	(29)	(232)	(87)
Interest and finance charges	-	(53)	(101)	(153)
Interest income	47	3	133	66
Gain on sale of other property and equipment	5	-	10	2
Gain on settlement of Inukshuk litigation	-	4,000	-	4,000
Gain on sale of spectrum and broadcast licence	-	78,243	(61)	78,243
Loss on settlement of Bell litigation	-	(5,817)	-	(5,817)
Equity interest in Look's losses (note 5)	(39)	-	(39)	-
Dilution loss due to change in shareholding in Look (note 5)	(677)	-	(677)	-
Income (loss) for the period from continuing operations before income taxes	(2,808)	69,607	(8,171)	62,925
Income taxes (note 12)	-	-	-	-
Income (loss) for the period from continuing operations before non-controlling interest	(2,808)	69,607	(8,171)	62,925
Non-controlling interest (note 8)	975	(30,466)	3,425	(30,401)
Income (loss) for the period from continuing operations	(1,833)	39,141	(4,746)	32,524
Income for the period from discontinued operations (note 13)	-	-	40	4,531
Income (loss) and comprehensive income (loss) for the period	(1,833)	39,141	(4,706)	37,055
Deficit, beginning of period	(49,617)	(69,566)	(46,744)	(67,480)
Deficit, end of period	\$ (51,450)	\$ (30,425)	\$ (51,450)	\$ (30,425)
Income (loss) per share from continuing operations:				
Basic	\$ (0.02)	\$ 0.38	\$ (0.05)	\$ 0.32
Diluted	(0.02)	0.36	(0.05)	0.30
Income (loss) per share from discontinued operations:				
Basic	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.04
Diluted	0.00	0.00	0.00	0.04
Income (loss) per share:				
Basic	\$ (0.02)	\$ 0.38	\$ (0.05)	\$ 0.36
Diluted	(0.02)	0.36	(0.05)	0.34
Weighted average of number of shares outstanding (note 9):				
Basic	102,748	102,748	102,748	102,748
Diluted	102,748	108,172	102,748	104,556

Comparative figures and restatement (note 18).

See accompanying notes to interim unaudited consolidated financial statements.

UNIQUE BROADBAND SYSTEMS, INC.

Interim Unaudited Consolidated Statements of Cash Flows
(In thousands of dollars)

Three and nine months ended May 31, 2010 and 2009

	Three months ended May 31,		Nine months ended May 31,	
	2010	2009 (restated)	2010	2009 (restated)
Cash provided by (used in):				
Operating activities:				
Income (loss) for the period	\$ (1,833)	\$ 39,141	\$ (4,706)	\$ 37,055
Less: Income for the period from discontinued operations	-	-	(40)	(4,531)
Non-controlling interest	(975)	30,466	(3,425)	30,401
Equity interest in Look's losses	39	-	39	-
Amortization of property and equipment	41	896	198	2,927
Impairment of property and equipment	-	2,542	-	2,542
Interest earned on short-term investments	(40)	-	(122)	-
Amortization of deferred charges	-	10	-	28
Interest and finance charges	-	4	11	11
Amortization of stock-based compensation	32	417	91	687
Accretion on liability component of convertible debentures	90	29	232	87
Gain and adjustment to gain on sale of spectrum and broadcast licence	-	(78,243)	61	(78,243)
Loss on settlement of Bell litigation	-	5,817	-	5,817
Dilution loss due to change in shareholding in Look (note 5)	677	-	677	-
Gain on sale of other property and equipment	(5)	-	(10)	(2)
Change in non-cash operating assets and liabilities (note 15)	(170)	3,116	(23,170)	3,245
Cash from (used in) continuing operations	(2,144)	4,195	(30,164)	24
Cash provided by (used in) discontinued operations (note 13)	-	12	78	507
	(2,144)	4,207	(30,086)	531
Financing Activities:				
Interest on convertible debentures	(32)	-	(73)	-
Settlement and discharge of mortgage	-	-	(1,800)	-
Redemption of debentures	(242)	-	(242)	-
	(274)	-	(2,115)	-
Investing activities:				
Purchase of property and equipment	(1)	(6)	(24)	(20)
Proceeds on sale of property and equipment	15	-	50	2
Proceeds on sale of spectrum and broadcast licence (note 3)	-	30,000	50,000	30,000
(Purchase) redemption of short-term investments	5,500	-	(27,500)	-
Settlement of Bell litigation	-	(16,000)	-	(16,000)
Elimination of Look's cash due to change to equity accounting of Look	(2,179)	-	(2,179)	-
Transaction costs on sale of spectrum and broadcast licence	-	(1,721)	(61)	(1,721)
Interest earned on short-term investments	16	-	22	-
Cash provided by continuing operations	3,351	12,273	20,308	12,261
Cash provided by (used in) discontinued operations	-	(12)	-	3,381
	3,351	12,261	20,308	15,642
Net cash provided by (used in) continuing operations	933	16,468	(11,971)	12,285
Net cash provided by discontinued operations	-	-	78	3,888
Increase (decrease) in cash and cash equivalents	933	16,468	(11,893)	16,173
Cash and cash equivalents, beginning of period	4,563	4,873	17,389	5,168
Cash and cash equivalents, end of period	\$ 5,496	\$ 21,341	\$ 5,496	\$ 21,341

Supplemental cash flow information (note 15).

Comparative figures and restatement (note 18).

See accompanying notes to interim unaudited consolidated financial statements.

UNIQUE BROADBAND SYSTEMS, INC.

Notes to Interim Unaudited Consolidated Financial Statements
(In thousands, except shares and per share amounts)

Three and nine months ended May 31, 2010 and 2009

Unique Broadband Systems, Inc. is a publicly listed Canadian company that, effective May 25, 2010, has a 39.2% fully diluted equity interest in Look Communications Inc. ("Look") and other financial assets. References to "UBS" include the legal entity Unique Broadband Systems, Inc. and its wholly owned subsidiary, UBS Wireless Services Inc. ("UBS Wireless"). References to the Company means UBS and Look.

In 2003, UBS transitioned from a technology company that designed, developed and manufactured broadband wireless equipment to a holding company when it acquired a controlling interest in Look through share transactions and a 7% Secured Convertible Debenture issued by Look ("Debenture") and sold its manufacturing business. This holding in Look's securities gave UBS a controlling 51.8% share of Look. However, on May 11, 2010, UBS announced that it had not converted any of its outstanding Debentures by the final date for conversion following the announcement by Look that it intended to redeem all outstanding Debentures on May 25, 2010. Accordingly, the Debenture previously held by UBS Wireless was among the Debentures redeemed by Look and, as a result, effective May 25, 2010, UBS has a non-controlling 37.6% voting interest and a 39.2% economic interest in Look (notes 5 and 7).

On July 5, 2010, at a special meeting of shareholders requisitioned by a group of concerned shareholders, Robert Ulicki, Grant McCutcheon and Henry Eaton were elected to the Board of Directors of UBS to replace Gerald McGoey, Louis Mitrovich and Douglas Reeson. Robert Ulicki was appointed Chairman of the Board and Grant McCutcheon was appointed Chief Executive Officer of UBS (note 19).

During the quarter ended May 31, 2010, Look announced on April 22, 2010, that it was applying to the Ontario Superior Court of Justice pursuant to a Plan of Arrangement ("2010 POA") for an Initial Order authorizing it to hold a special meeting of shareholders. The meeting was being sought under the Canada Business Corporations Act (Section 192), to consider a proposed Court process with a view to:

- (a) an orderly sale of Look's remaining property (not including its cash and tax attributes);
- (b) providing shareholders with the option of receiving their initial distribution of available cash, net of reserves, by way of either a return of capital or dividend as elected by each shareholder; and
- (c) providing releases, whereby parties with possible indemnity claims against Look would be barred from asserting such claims, in exchange for a court ordered release, subject to specified exemptions, in favour of those same parties by, among others, former and current shareholders.

UNIQUE BROADBAND SYSTEMS, INC.

Notes to Interim Unaudited Consolidated Financial Statements (continued)
(In thousands, except shares and per share amounts)

Three and nine months ended May 31, 2010 and 2009

On April 23, 2010, Look announced that it had obtained an Initial Order from the Ontario Superior Court of Justice permitting it to hold a special meeting of shareholders on June 28, 2010.

On May 3, 2010 Look announced that it had decided not to proceed with the previously announced special meeting of shareholders scheduled for June 28, 2010 and Look filed a Notice of Abandonment and a Notice of Termination of Plan of Arrangement with the Court. Legal and consulting charges in connection with the 2010 POA amounted to \$712 (note 4).

1. Basis of presentation and going concern:

These interim unaudited consolidated financial statements have been prepared, on a going concern basis, in accordance with Canadian generally accepted accounting principles ("Canadian GAAP") with respect to the preparation of financial statements. The going concern basis of presentation assumes that UBS will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. There is significant doubt about UBS' use of the going concern assumption because it has a working capital deficiency of \$3,231 as at May 31, 2010. Furthermore, there is uncertainty regarding the timing and the quantum of cash distributions by Look to its shareholders, including UBS, and the outcomes of certain recent litigation (note 19). UBS will need to raise cash and/or receive cash distributions from Look and/or reduce its outstanding commitments in order to meet the needs of its existing operations and commitments and there is doubt about UBS' use of the going concern assumption.

Notwithstanding the above, the interim unaudited consolidated financial statements have been prepared on a going concern basis and do not include any adjustments to the carrying value and balance sheet classifications of assets and liabilities and reported revenue and expenses that would be necessary if the going concern basis was not appropriate. Such adjustments could be material.

Effective November 30, 2003, UBS received final approval from the Canadian Radio-Television and Telecommunications Commission ("CRTC") to acquire control of Look, which it did at the end of December 2003. Up until May 25, 2010, Look, on a fully diluted basis, was a 51.8%-owned subsidiary of UBS and was consolidated for financial reporting purposes.

UBS' actual share ownership in Look has fluctuated as Debentures previously issued by Look were converted into multiple and subordinate voting shares and interest obligations in connection with these Debentures were settled in subordinate voting shares. If all Debentures were converted, UBS would have had the ability to control at least 51% of Look by the conversion of its Debentures. As UBS had the ability to maintain control by converting these Debentures at any time, UBS consolidated its interest in Look.

UNIQUE BROADBAND SYSTEMS, INC.

Notes to Interim Unaudited Consolidated Financial Statements (continued)
(In thousands, except shares and per share amounts)

Three and nine months ended May 31, 2010 and 2009

1. Basis of presentation and going concern (continued):

However, following the redemption of Debentures by Look, UBS no longer has the ability to convert its Debentures and as from the effective date of the redemption of Look's Debentures, May 25, 2010, UBS will account for its 39.2% interest in Look using the equity method that reports UBS' equity participation in Look through the "equity interest in Look's income or loss" in the statement of operations.

2. Significant accounting policies:

(a) Principles of consolidation:

These interim unaudited consolidated financial statements include the accounts of UBS' wholly owned subsidiary, UBS Wireless for the three and nine months ended May 31, 2010, and its 51% controlled subsidiary, Look, for the three and nine months up to May 25, 2010. All significant intercompany balances and transactions have been eliminated upon consolidation.

At May 31, 2010 and August 31, 2009, UBS Wireless held 24,864,478 Multiple Voting Shares and 29,921,308 Subordinate Voting Shares in Look. In addition, up until May 25, 2010, UBS Wireless was the holder of a Debenture in the principal amount of \$3,000 which could have been converted into 20,000,000 Multiple Voting Shares and 20,000,000 Subordinate Voting Shares. On a fully diluted basis, UBS Wireless held approximately 51% of Look and accordingly consolidated the results of Look up to May 25, 2010. Following the redemption of the Debentures, UBS has a 39.2% economic interest and a 37.6% voting interest in Look and as of May 25, 2010, accounts for its interest in Look using the equity method.

In accordance with the Canadian Institute of Chartered Accountants' ("CICA") Handbook Section 1600, Consolidated Financial Statements ("Section 1600"), when the losses applicable to the non-controlling interest in Look exceeded the non-controlling interest's carrying value in Look, which occurred during the third quarter of fiscal 2008, the excess and any further losses were fully absorbed by the Company. Subsequent earnings recorded by Look were allocated entirely to the Company's interest until such previously absorbed losses were recovered, which occurred during the third quarter of fiscal 2009 (note 8).

UNIQUE BROADBAND SYSTEMS, INC.

Notes to Interim Unaudited Consolidated Financial Statements (continued)
(In thousands, except shares and per share amounts)

Three and nine months ended May 31, 2010 and 2009

2. Significant accounting policies (continued):

(b) Accounting policies and methods of their application followed in the preparation of these interim unaudited consolidated financial statements are consistent with those used in the most recent annual audited consolidated financial statements except for short-term investments and revenue recognition as noted below:

(i) Short-term investments:

Short-term investments include variable rate guaranteed investment certificates with original maturities of less than 365 days. Short-term investments held during the period have been classified as held-for-trading instruments.

(ii) Revenue recognition:

Service revenue is comprised of:

- a. fees received from subscribers in connection with Broadcast, Internet, and Other services performed by Look, and
- b. base fees and performance incentives received from Look pursuant to the management services agreement entered into between UBS and Look on May 19, 2004 ("Look MSA").

Service revenue from subscribers, comprised of Broadcast, Internet, and Other, is presented net of discounts granted to new subscribers as incentives. Broadcast Service revenue is earned from the provision of digital television services to residential and business subscribers. Internet Services revenue is earned primarily from monthly and annual subscriptions from individuals and businesses for access to the Internet. Look earns Other Services revenue by providing services such as web hosting, domain name registration, and web server co-location. Revenue from domain name registration for all service periods is recognized when invoiced, as Look has no future obligation to the consumer. Web hosting and web server co-location charges invoiced or paid for in advance are recorded as revenue when services are provided. Unearned revenue consists of prepayments under certain customer contracts and is amortized to revenue over the term of the contract. Revenues from the web-hosting and domain name registration business are presented as part of discontinued operations as a result of the sale of these businesses during the year (note 3).

UNIQUE BROADBAND SYSTEMS, INC.

Notes to Interim Unaudited Consolidated Financial Statements (continued)
(In thousands, except shares and per share amounts)

Three and nine months ended May 31, 2010 and 2009

2. Significant accounting policies (continued):

Equipment sales and installations revenue is earned from the sales of digital receivers and Internet equipment to subscribers and the installations of such equipment.

Revenue from the sale of receiving equipment and modems is recognized in the period in which the services are activated.

On September 11, 2009, Look announced that it will no longer be offering service to any subscribers as of November 15, 2009 (note 10).

Service revenue in connection with the Look MSA include base fees payable on a monthly basis from Look to UBS and any performance incentives recognised by Look in the form of cash bonus payments, the direct grant of treasury shares or options for the purchase of Look shares from treasury.

(c) Recent Accounting Pronouncement:

(i) International Financial Reporting Standards ("IFRS"):

The CICA plans to converge Canadian GAAP with IFRS. UBS will be required to adopt IFRS effective September 1, 2011. The impact of the transition to IFRS on UBS's consolidated financial statements is in the process of being evaluated and is not yet determinable as UBS is currently evaluating its plans for future operations. The Company's first reporting period under IFRS will be for the first interim period of the year ending August 31, 2012.

3. Sale of spectrum and broadcast licence:

On September 11, 2009, following the receipt of regulatory approval of the transaction by Industry Canada and the satisfaction of all remaining conditions precedent to the consummation of the transactions contemplated in the Agreement of Purchase and Sale between Look and Inukshuk Wireless Partnership ("Inukshuk") (through joint partners Rogers Communications and Bell Canada) for the sale of its spectrum and broadcast licence ("Agreement"), Look received the full consideration of \$80,000 due from Inukshuk. In accordance with the Agreement, Inukshuk requested that Look support an application by Inukshuk to the CRTC for the grant of a licence under the *Broadcasting Act*.

On June 17, 2010 following advice from Inukshuk, Look directed the Court-appointed monitor to surrender Look's CRTC decisions and related licences to the CRTC and, as such, Look has no further obligations with respect to the Agreement.

UNIQUE BROADBAND SYSTEMS, INC.

Notes to Interim Unaudited Consolidated Financial Statements (continued)
(In thousands, except shares and per share amounts)

Three and nine months ended May 31, 2010 and 2009

4. Restructuring:

As a result of the sale of its spectrum and broadcast licence to Inukshuk and the resulting restructuring of its business, the Company has recorded and paid restructuring amounts during the first, second and third quarters of fiscal 2010 as set out in the following tables:

	Site restoration and contract termination charges	Human resource restructuring charges	Total restructuring amounts
Accrued restructuring liabilities			
Balance at August 31, 2009	\$ 204	\$ 2,110	\$ 2,314
Expensed in first quarter 2010	401	-	401
Paid in first quarter 2010	(430)	(2,108)	(2,538)
Balance at November 30, 2009	\$ 175	\$ 2	\$ 177
Expensed in second quarter 2010	278	(2)	276
Paid/reversed in second quarter 2010	(393)	-	(393)
Balance at February 28, 2010	\$ 60	\$ -	\$ 60
Expensed in third quarter 2010	924	-	924
Paid in third quarter 2010	(809)	-	(809)
Elimination of Look's accrual due to change to equity accounting	(175)	-	(175)
Balance at May 31, 2010	\$ -	\$ -	\$ -

Accrued restructuring liabilities due to related parties⁽¹⁾

Balance at August 31, 2009	\$ -	\$ 22,934	\$ 22,934
Expensed in first quarter 2010	-	32	32
Paid in first quarter 2010	-	(17,224)	(17,224)
Balance at November 30, 2009	\$ -	\$ 5,742	\$ 5,742
Expensed in second quarter 2010	-	32	32
Paid in second quarter 2010	-	-	-
Balance at February 28, 2010	\$ -	\$ 5,774	\$ 5,774
Expensed in third quarter 2010	-	33	33
Paid in third quarter 2010	-	-	-
Balance at May 31, 2010	\$ -	\$ 5,807	\$ 5,807

⁽¹⁾ see note 11.

During the quarter ended May 31, 2010, the Company expensed \$957 and paid \$809 of restructuring charges as noted above. Of the \$957 expensed in the quarter, \$712 related to legal and consulting charges incurred in relation to the 2010 POA and the balance related primarily to site restoration and contract termination charges and accrued interest.

UNIQUE BROADBAND SYSTEMS, INC.

Notes to Interim Unaudited Consolidated Financial Statements (continued)
(In thousands, except shares and per share amounts)

Three and nine months ended May 31, 2010 and 2009

4. Restructuring (continued):

As of November 15, 2009, Look no longer offers service to any subscribers and as of December 31, 2009, Look decommissioned its wireless network. Look is continuing to pursue opportunities to realize the value of its remaining two material non-cash assets, which include:

- (a) Tax Attributes – Approximately \$367,000 in tax attributes; and
- (b) Milton Property – The Company's current head office, Look's network operating centre and infrastructure in Milton, Ontario.

Look believes that substantially all of the charges and activities related to the site restoration, contract termination and human resources restructuring process have been recognized and performed.

5. Investment in Look:

At May 31, 2010, UBS Wireless held 24,864,478 Multiple Voting Shares and 29,921,308 Subordinate Voting Shares in Look representing a 39.2% economic interest and a 37.6% voting interest in Look.

UBS acquired its shareholding in Look through a series of transactions and the receipt of shares in lieu of interest on its Debentures as set out in the table below. UBS' 39.2% interest in Look's equity of \$33,437 at May 31, 2010 amounted to \$13,107.

	May 31, 2010
Investment in Look shares	
Acquired from Look treasury	\$ 2,995
Acquired from third party	5,364
Converted from Debentures	2,447
Shares received in lieu of interest on Debentures	1,123
Investment in shares of Look at cost	11,929
Cumulative equity interest in Look's income	1,178
Investment in Look	\$ 13,107

UNIQUE BROADBAND SYSTEMS, INC.

Notes to Interim Unaudited Consolidated Financial Statements (continued)
(In thousands, except shares and per share amounts)

Three and nine months ended May 31, 2010 and 2009

5. Investment in Look (continued):

An analysis of UBS' interest in the post acquisition income and losses of Look is as follows:

Accumulated share of Look's income at August 31, 2009	\$ 5,420
UBS' share of Look's losses in fiscal 2010 up to May 25, 2010	(3,526)
UBS' share of Look's income at May 25, 2010	1,894
Dilution loss on change in shareholding from 51% to 39.2%	(677)
Accumulated share of Look's income	1,217
Equity interest in Look's losses for May 26 to May 31, 2010	(39)
Cumulative equity interest in Look's income as at May 31, 2010	\$ 1,178

Look's operating losses for the three and nine months ended May 31, 2010 were \$2,090 and \$7,013 respectively compared with net income of \$66,138 and \$64,497 for the same periods in fiscal 2009 and its summarised balance sheet as at May 31, 2010 is set out below:

	May 31 2010	August 31 2009
ASSETS		
Total current assets	\$ 33,116	\$ 67,288
Restricted cash	-	380
Property and equipment	1,781	1,995
	\$ 34,897	\$ 69,663
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Total current liabilities	\$ 1,460	\$ 26,144
Liability component of convertible debentures	-	3,291
Total liabilities	1,460	29,435
Shareholders' equity		
Share capital	34,484	33,566
Equity component of convertible debentures	-	1,479
Contributed surplus	11,934	11,151
Deficit	(12,981)	(5,968)
Total shareholders' equity	33,437	40,228
	\$ 34,897	\$ 69,663

UNIQUE BROADBAND SYSTEMS, INC.

Notes to Interim Unaudited Consolidated Financial Statements (continued)
(In thousands, except shares and per share amounts)

Three and nine months ended May 31, 2010 and 2009

6. Cash:

(a) Cash and cash equivalents:

At May 31, 2010, UBS held cash and cash equivalents of \$5,496, of which \$2,199 was held in guaranteed investment certificates and bankers' acceptances, compared with cash and cash equivalents of \$3,135 at August 31, 2009.

The Company held cash and cash equivalents of \$17,389 at August 31, 2009, of which \$2,701 was held in guaranteed investment certificates and bankers' acceptances.

(b) Restricted cash:

At May 31, 2010, UBS had restricted cash of \$50 which was held in an interest-bearing certificate at 0.05%. At August 31, 2009 the Company's restricted cash totalled \$430 of which \$350 was held in interest-bearing certificates at 0.2%.

7. Convertible debentures:

Look's Debentures bore interest at a rate of 7% per annum. Look paid interest on the Debentures, which were scheduled to mature on December 30, 2013, semi-annually in arrears, on June 30 and December 30 of each year, which commenced on June 30, 2004. Look carried the Debentures at amortized cost using an effective interest rate of 13.6%. The Debentures were convertible at the option of the holder into Multiple Voting and Subordinate Voting Shares of Look at a conversion price of \$0.075 per each Multiple Voting and Subordinate Voting Share, representing 6,667 Multiple Voting Shares and 6,667 Subordinate Voting Shares per \$1 debenture. Look has had the option to settle its obligation to pay interest and repay the principal by issuing shares of Look. The Debentures were direct obligations of Look and ranked *pari passu* with all other subordinated, secured obligations of Look.

Since January 1, 2007, Look has had the right to redeem the Debentures. On April 22, 2010 Look's Board of Directors announced that it would redeem all of its principal amount of \$4,158 of outstanding Debentures for cash on May 25, 2010. By May 11, 2010 5:00pm (Eastern Time), the deadline for Debenture-holders to elect to convert their Debentures into shares, Debenture-holders with \$916,000 of Debentures had elected to convert their Debentures into shares at May 25, 2010. The remaining \$3,242 of Debentures, including \$3,000 of Debentures held by UBS Wireless that could have been converted into 20,000,000 Multiple Voting Shares and 20,000,000 Subordinate Voting Shares, were redeemed by Look at a price equal to the principal amount of the Debentures plus accrued and unpaid interest to May 24, 2010.

On the redemption of the Debentures, Look recorded a one-time non-cash charge of \$56 which is included in the accretion on the liability component of convertible debentures.

UNIQUE BROADBAND SYSTEMS, INC.

Notes to Interim Unaudited Consolidated Financial Statements (continued)
(In thousands, except shares and per share amounts)

Three and nine months ended May 31, 2010 and 2009

8. Non-controlling interest:

Non-controlling interest in the consolidated balance sheets of the Company represented the non-controlling interest in both the equity in Look and equity component of convertible debentures in Look. Reported operating losses of Look were allocated to the non-controlling interest at 49% but were limited to the extent of any remaining non-controlling interest in the equity of Look. During the third quarter of fiscal 2008, the non-controlling interest in Look's equity was eliminated and, in accordance with the accounting treatment described in note 2(a), the Company absorbed losses incurred by Look in excess of its 51% interest in Look amounting to \$1,717 as at August 31, 2008. Further losses in excess of 51% amounting to \$739 were absorbed by the Company in the first and second quarters of fiscal 2009 but since Look generated income in the quarter ended May 31, 2009, the Company recovered all excess losses previously absorbed totalling \$2,456 during the third quarter of fiscal 2009.

As a result of the redemption of the Debentures held by UBS, effective May 25, 2010, UBS has a 39.2% economic interest in Look and as of that date no longer consolidates Look. Future income or losses of Look will be accounted for by UBS using the equity method (note 1).

The non-controlling interest in Look as previously reported is set out below:

	May 31, 2010	August 31, 2009
Shares and equity	\$ -	\$ 21,527
Equity component of convertible debentures	-	413
Non-controlling interest in Look	\$ -	\$ 21,940

9. Share capital:

(a) Issued and outstanding:

As at August 31, 2009 and May 31, 2010, UBS had 102,747,854 common shares and no Class A non-voting shares issued and outstanding.

(b) Income/loss per share:

In determining diluted loss per share for the three and nine months ended May 31, 2010, the weighted average number of shares outstanding was not increased for in-the-money stock options outstanding as the impact would have been anti-dilutive.

The number of fully diluted shares for the three and nine months ended May 31, 2009 amounted to 108,171,643 and 104,555,784 respectively, which includes a calculated number of shares from the in-the-money options outstanding.

UNIQUE BROADBAND SYSTEMS, INC.

Notes to Interim Unaudited Consolidated Financial Statements (continued)
(In thousands, except shares and per share amounts)

Three and nine months ended May 31, 2010 and 2009

9. Share capital (continued):

(c) Stock option incentive plan:

UBS' stock option plan (the "Option Plan") provides for the granting of stock options to employees, directors and consultants of UBS. Under the Option Plan, up to 19,765 common shares may be issued from treasury. The exercise price of the options is determined by the Board of Directors at the time of the grant of an option, but cannot be lower than the closing market price of the Company's shares on the TSX Venture Exchange on the business day immediately preceding the day on which an option is granted. In the absence of terms specifying otherwise, options vest annually over a three-year period and are exercisable during a period not to exceed 10 years from such grant.

During the nine months ended May 31, 2010, there were no stock options granted and 1,188,000 options expired. UBS recorded stock-based compensation expense related to options issued to employees in the three and nine month periods ended May 31, 2010 of \$4 and \$17 respectively (May 31, 2009 - \$44 and \$124 respectively) and options issued to non-employees of \$28 and \$75 respectively (May 31, 2009 - \$401 and \$451 respectively), which has been recorded in contributed surplus. As at May 31, 2010, there were 14,702,667 options outstanding (August 31, 2009 - 15,890,667).

(d) Share appreciation rights plan:

On October 12, 2006, the Board of Directors approved a Share Appreciation Rights Plan ("SAR Plan") for UBS. Pursuant to the SAR Plan, directors, employees and consultants may be awarded units from time to time that will be subject to conditions set by the Board of Directors. The value of a SAR unit will be equivalent to the market value at the date when all the conditions attached to the SAR unit are met, less the market value at the date of the award of the unit.

As a result of the restructuring process, there were no SAR units outstanding at May 31, 2010 or at August 31, 2009. The SAR Plan remains in effect.

No unit payouts have been made under the SAR Plan since inception.

UNIQUE BROADBAND SYSTEMS, INC.

Notes to Interim Unaudited Consolidated Financial Statements (continued)
(In thousands, except shares and per share amounts)

Three and nine months ended May 31, 2010 and 2009

10. Segment disclosure:

Look sold its web hosting and domain name business, spectrum and broadcast licence, and its Internet business during the first, third, and fourth quarters of fiscal 2009 respectively. In accordance with Section 3475 of the CICA Handbook, the operations and cash flows of the web hosting and domain name business are presented as discontinued operations while the broadcast, Internet, and certain other operations which do not meet the definition of discontinued operations are shown as continuing operations.

The revenue, carrier charges and cost of sales and gross margin for the three and nine months ended May 31, 2010 and 2009 from continuing operations and the management service fees from the Look MSA are as follows:

Services	Three months ended May 31, 2010			Three months ended May 31, 2009		
	Revenue	Carrier charges and cost of sales	Gross margin	Revenue	Carrier charges and cost of sales	Gross margin
Broadcast	\$ -	\$ -	\$ -	\$ 1,536	\$ 1,650	\$ (114)
Internet	-	-	-	1,499	785	714
Other	-	-	-	34	11	23
Total service	-	-	-	3,069	2,446	623
Sales and installations	-	-	-	27	24	3
Total subscriber service and sales	-	-	-	3,096	2,470	626
Look MSA fees	39	-	39	-	-	-
Total	\$ 39	\$ -	\$ 39	\$ 3,096	\$ 2,470	\$ 626

Services	Nine months ended May 31, 2010			Nine months ended May 31, 2009		
	Revenue	Carrier charges and cost of sales	Gross margin	Revenue	Carrier charges and cost of sales	Gross margin
Broadcast	\$ 434	\$ 425	\$ 9	\$ 4,981	\$ 3,661	\$ 1,320
Internet	-	-	-	4,795	2,413	2,382
Other	-	-	-	114	32	82
Total service	434	425	9	9,890	6,106	3,784
Sales and installations	-	-	-	121	118	3
Total subscriber service and sales	434	425	9	10,011	6,224	3,787
Look MSA fees	39	-	39	-	-	-
Total	\$ 473	\$ 425	\$ 48	\$ 10,011	\$ 6,224	\$ 3,787

All of the Company's revenue was generated in Canada and all of its assets are located in Canada.

UNIQUE BROADBAND SYSTEMS, INC.

Notes to Interim Unaudited Consolidated Financial Statements (continued)
(In thousands, except shares and per share amounts)

Three and nine months ended May 31, 2010 and 2009

10. Segment disclosure (continued):

The service and sales revenue, carrier charges and cost of sales and gross margin from discontinued operations are as follows:

	Three and nine months ended					
	May 31, 2010			May 31, 2009		
Services	Revenue	Carrier charges and cost of sales	Gross margin	Revenue	Carrier charges and cost of sales	Gross margin
Web hosting and domain name registration business ⁽¹⁾	\$ -	\$ -	\$ -	\$ 520	\$ 189	\$ 331

⁽¹⁾ See note 13.

11. Related party transactions:

Related party transactions in the normal course of operations are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. Related party transactions not in the normal course of operations, such as the Company's accrued human resource restructuring contingent payments, have been measured at the carrying amount which is the amount of an item transferred or the cost of services provided.

(a) Management Services Agreement:

On May 19, 2004, UBS and Look entered into a management services agreement ("Look MSA") under which UBS is providing Look with a wide range of services designed to maximize Look's full commercial potential. Under the terms of the Look MSA, Look is required to pay UBS an annual fee of \$2,400. UBS received, in September 2007, in advance, an annual fee of \$2,400. On a 12-month rolling basis, Look has maintained this fee. Look may, from time to time, recognize the performance of UBS in the form of cash bonus payments, direct grant of treasury shares of Look, or options for the purchase of Subordinate Voting Shares from treasury. All options shall conform to Look's stock option plan. Look shall also reimburse UBS for certain expenses and disbursements incurred in respect of the Look MSA and the services provided by UBS.

The initial term of the Look MSA is for a moving three-year period commencing on May 19, 2004 (the "execution date"). On each anniversary of the execution date, the term will automatically recommence unless, prior to an annual anniversary, Look's Board of Directors has communicated in writing to UBS its intent that the Look MSA not recommence, in which event, the Look MSA expires on the completion of the remaining term.

UNIQUE BROADBAND SYSTEMS, INC.

Notes to Interim Unaudited Consolidated Financial Statements (continued)
(In thousands, except shares and per share amounts)

Three and nine months ended May 31, 2010 and 2009

11. Related party transactions (continued):

On April 22, 2010, Look's Board of Directors notified UBS that it will not be recommencing the Look MSA on May 19, 2010. Accordingly, the Look MSA will expire on May 19, 2012 or such earlier date that is mutually agreed to by Look and UBS. Look's remaining liability to UBS for annual fees as of May 31, 2010 will be \$4,700 of which \$2,400 has already been prepaid and is included as deferred revenue. The portion of the base fee recognised by UBS for the period from May 26 to May 31, 2010, amounting to \$39, is included in Service and Sales Revenue (notes 2(b) and 10).

Effective May 25, 2010 Look redeemed its outstanding Debentures for cash. UBS elected not to convert any of its Debentures into shares and, accordingly, the \$3,000 of Debentures held by UBS Wireless was redeemed.

- (b) The Company recorded the following related party transactions in the three and nine months ended May 31, 2010:

	Accrued Restructuring Liabilities			
	Balance at August 31, 2009	Interest accrued ⁽³⁾	Paid by Look ⁽⁴⁾	Balance at May 31, 2010 ⁽⁵⁾
Jolian Investments Ltd ⁽¹⁾	\$ 7,366	\$ 31	\$ 5,566	\$ 1,831 ⁽⁶⁾
DOL Technologies Inc. ⁽²⁾	5,481	26	3,951	1,556 ⁽⁶⁾
UBS directors and management	2,675	40	295	2,420
Total	\$ 15,522	\$ 97	\$ 9,812	\$ 5,807

⁽¹⁾ Jolian Investments Ltd. ("Jolian") is a company controlled by the Chairman and Chief Executive Officer of the Company. Fees charged to general and administration expenses in the three and nine month periods ended May 31, 2010 amounted to \$143 and \$428 respectively (2009 - \$144 and \$445 respectively).

⁽²⁾ DOL Technologies Inc. ("DOL") is a company controlled by the Chief Technology Consultant of the Company. Fees charged to general and administration expenses in the three and nine month periods ended May 31, 2010 amounted to \$119 and \$356 respectively (2009 - \$120 and \$370 respectively).

⁽³⁾ The interest on accrued restructuring liabilities payable by UBS is charged to restructuring charges.

⁽⁴⁾ In addition to the amounts paid by Look noted above, at August 31, 2009, Look had accrued \$7,412 in respect of accrued contingent payments due to other Look related parties that it paid during the first quarter of 2010.

⁽⁵⁾ The accrued restructuring liabilities payable by UBS at May 31, 2010 are payable upon, among other things, adequate cash resources being received by UBS.

⁽⁶⁾ These amounts, among others, are included in the claims filed against UBS by Jolian and DOL on July 12, 2010 (note 19).

- (c) See note 19 for a discussion of the UBS special meeting of shareholders and related subsequent events.

UNIQUE BROADBAND SYSTEMS, INC.

Notes to Interim Unaudited Consolidated Financial Statements (continued)
(In thousands, except shares and per share amounts)

Three and nine months ended May 31, 2010 and 2009

12. Income taxes:

As a result of the sale of the spectrum and broadcast licence and the restructuring of the business, the cumulative eligible capital expenditure pool has been converted to a non-capital loss and is included in the table below with an expiry date of December 31, 2029. Look 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:

2010	\$ 184,303
2014	12,588
2015	55
2026	403
2028	13,539
2029	156,306
	<hr/>
	\$ 367,194

At May 31, 2010, following certain amendments to prior tax returns to maximize UBS' tax attributes, UBS had \$18,479 in non-capital income tax losses with expiry dates between 2014 and 2029, allowable gross capital losses of \$22,555 with an unlimited expiration period and investment tax credits available for carry forward totalling approximately \$2,670.

13. Discontinued operations:

During the quarter ended November 30, 2008, Look sold its web hosting and domain name business. As a result, Look segregated the results of operations in respect of this business to record the contribution from this segment of its business in discontinued operations. This gross margin amounted to \$331 for the three months ended November 30, 2008. In addition, the gain on sale of the web hosting and domain name business amounted to \$4,200 and was included in discontinued operations.

During the nine months ended May 31, 2010, the Company recorded an adjustment of \$40, net of non-controlling interest, related to the sale of the web hosting and domain name business.

The consolidated balance sheets include the following amounts related to discontinued operations:

	May 31, 2010	August 31, 2009
Accrued liabilities and provisions	\$ 147	\$ 525

UNIQUE BROADBAND SYSTEMS, INC.

Notes to Interim Unaudited Consolidated Financial Statements (continued)
(In thousands, except shares and per share amounts)

Three and nine months ended May 31, 2010 and 2009

14. Contingencies:

- (a) Manalta Investment Company Ltd. (formerly known as Craig Wireless International Inc. ("Craig Wireless")):

On February 19, 2004, Craig Wireless filed a statement of claim against the Company before the Ontario Superior Court of Justice. On February 4, 2010, the Company announced that Craig Wireless has agreed to a dismissal of its claim, in its entirety, against the Company, and other named defendants. The terms of the dismissal and minutes of settlement include the following:

- (i) Craig Wireless will pay \$15 in costs to each of Look and UBS; and
- (ii) Craig Wireless has executed a full and final release that covers not only all known injuries, losses and damages, but also injuries, losses and damages not now known or anticipated but which may later develop or be discovered, including all the effects and consequences thereof.

- (b) Border Broadcasters:

Look and Border Broadcasters executed a final settlement agreement to their ongoing litigation on August 17, 2009. During the quarter ended November 30, 2009 Look paid \$1,000 to Border Broadcasters for complete settlement of all claims.

- (c) In the normal course of its operations, the Company may be subject to other litigation and claims.
- (d) The Company indemnifies its directors, officers, consultants and employees against claims and costs reasonably incurred and resulting from the performance of their services to the Company, and maintains liability insurance for its directors and officers.
- (e) Refer to the 2009 annual financial statements for the contingencies related to other litigation involving the Company.

UNIQUE BROADBAND SYSTEMS, INC.

Notes to Interim Unaudited Consolidated Financial Statements (continued)
(In thousands, except shares and per share amounts)

Three and nine months ended May 31, 2010 and 2009

15. Supplemental cash flow information:

- (a) The change in non-cash operating assets and liabilities in respect of continuing operations consists of the following:

	Three months ended		Nine months ended	
	May 31,		May 31,	
	2010	2009	2010	2009
Accounts receivable and other receivables	\$ 223	\$ 78	\$ (608)	\$ 80
Inventory	-	3	40	-
Prepaid expenses and deposits	(2,571)	4	(2,257)	169
Accounts payable, accrued liabilities and provisions	(686)	2,639	(3,851)	2,575
Accrued restructuring liabilities	115	418	(2,147)	418
Accrued restructuring liabilities due to related parties	33	-	(17,127)	-
Restricted cash	316	19	380	47
Unearned revenue	-	(45)	-	(44)
Deferred revenue	2,400	-	2,400	-
	\$ (170)	\$ 3,116	\$ (23,170)	\$ 3,245

- (b) Interest paid and received:

	Three months ended		Nine months ended	
	May 31,		May 31,	
	2010	2009	2010	2009
Interest paid	\$ -	\$ 53	\$ 101	\$ 153
Interest received	47	3	133	66

16. Capital risk management:

The Company manages its capital to maximize value to shareholders and other stakeholders. Up until May 25, 2010, the Company's capital structure included cash and cash equivalents, short-term investments, accounts receivable and other receivables, convertible debentures, and equity consisting of share capital, contributed surplus and deficit.

As of May 25, 2010, UBS' capital structure includes cash and cash equivalents, accounts receivable and other receivables and equity consisting of share capital, contributed surplus and deficit. UBS is not subject to externally-imposed capital requirements. UBS's overall strategy with respect to capital risk management is to hold low-risk highly-liquid cash and cash equivalents.

UNIQUE BROADBAND SYSTEMS, INC.

Notes to Interim Unaudited Consolidated Financial Statements (continued)
(In thousands, except shares and per share amounts)

Three and nine months ended May 31, 2010 and 2009

17. Financial risk management:

(a) Overview:

UBS may have exposure to credit risk, liquidity risk and market risk. UBS' Board of Directors has overall responsibility for the establishment and oversight of UBS' risk management framework. The Audit and Corporate Governance Committee of the Board of Directors reviews UBS' risk management policies from time to time on an as needed basis.

(b) Credit risk:

Credit risk is the risk of financial loss to UBS if a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from UBS' cash and cash equivalents, restricted cash, and accounts receivable and other receivables. The carrying amount of financial assets represents UBS' estimate of its maximum credit exposure.

Cash and cash equivalents, restricted cash, and short-term investments (in the case of Look) consist of cash and variable rate guaranteed investment certificates and bankers acceptances with reputable Canadian financial institutions, from which the Company believes the risk of loss to be minimal.

(c) Liquidity risk:

Liquidity risk is the risk that UBS will not be able to meet its financial obligations as they become due. UBS' approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its current liabilities when due. In order to meet liquidity requirements, UBS' stated priority is to ensure that cash is distributed from Look to all shareholders, including UBS, as quickly as possible.

UBS has incurred operating losses and negative cash flows from operations in recent years and at May 31, 2010, UBS had a working capital deficiency of \$3,231. Furthermore, there is uncertainty regarding the timing and the quantum of cash distributions to Look's shareholders and the outcomes of certain recent litigation (note 19). UBS will need to raise cash and/or receive cash distributions from Look and/or reduce its outstanding commitments in order to meet the needs of its existing operations and commitments and there is doubt about UBS' use of the going concern assumption (note 1).

UNIQUE BROADBAND SYSTEMS, INC.

Notes to Interim Unaudited Consolidated Financial Statements (continued)
(In thousands, except shares and per share amounts)

Three and nine months ended May 31, 2010 and 2009

17. Financial risk management (continued):

(d) Market risk:

Market risk is the risk that changes in market prices, such as foreign exchange rates, and interest rates will affect UBS' income or the value of its financial instruments. Prior to the Company's restructuring process, the Company's products and services were available solely in Canada and substantially all of the Company's financial assets and liabilities originated in Canadian dollars. The Company believed this risk was minimal and did not enter into any currency hedging transactions.

UBS is subject to interest rate risk on its cash and cash equivalents and restricted cash (note 6). UBS estimates that for each 1% change in the interest rate earned on its cash holdings at May 31, 2010, interest income will increase or decrease by approximately \$55 per annum.

(e) Fair value of financial instruments:

The fair values of financial assets and financial liabilities are determined as follows:

- (i) For cash and cash equivalents, short-term investments, restricted cash, accounts receivable and other receivables, short-term receivable due from Inukshuk, accounts payable, accrued restructuring liabilities, accrued restructuring liabilities due to related parties and accrued liabilities and provisions carrying amounts approximate fair value due to the short-term nature of the assets and liabilities;
- (ii) The long-term debt, due within one year is carried at amortized cost which approximates fair value; and
- (iii) The liability component of the convertible debentures is carried at amortized cost, which approximates fair value.

(f) Classification of financial instruments:

- (i) Short-term investments, accounts receivable and other receivables, short-term receivable due from Inukshuk and restricted cash have been classified as financial assets held for trading and are measured at fair value;
- (ii) Accounts payable, accrued restructuring liabilities, accrued restructuring liabilities due to related parties and accrued liabilities and provisions have been classified as financial liabilities held for trading; and

UNIQUE BROADBAND SYSTEMS, INC.

Notes to Interim Unaudited Consolidated Financial Statements (continued)
(In thousands, except shares and per share amounts)

Three and nine months ended May 31, 2010 and 2009

17. Financial risk management (continued):

- (iii) Long-term debt due within one year and the liability component of convertible debentures are measured at amortized cost.

The Company has not classified any assets as available-for-sale or held-to-maturity during the three and nine month periods ended May 31, 2010 or the year ended August 31, 2009.

18. Comparative figures and restatement:

Certain comparative figures have been reclassified to conform to the current period's presentation.

The Company has restated previously issued consolidated financial statements for the three and nine month periods ended May 31, 2009. Effective May 31, 2009, the Company's Boards of Directors approved human resource restructuring charges of \$25,300 which were recognized in the interim financial statements for the quarter ended May 31, 2009. However, in accordance with the relevant accounting guidance, the Company reclassified \$25,300 of human resource restructuring charges from the third quarter to the fourth quarter of fiscal 2009 as the formal approval and communication criteria were not satisfied until the fourth quarter of fiscal 2009. As a result, income for the third quarter of fiscal 2009 increased from \$23,641 to \$39,141. The impact of the change on basic and diluted earnings per share was an increase of \$0.15 per share and \$0.13 per share respectively in the third quarter of fiscal 2009.

19. Subsequent events:

- (a) Surrender of CRTC licence by Look:

On June 17, 2010 following advice from Inukshuk, Look directed the Court-appointed monitor to surrender Look's CRTC decisions and related licences to the CRTC and, as such, Look has no further obligations with respect to the Agreement (note 3).

UNIQUE BROADBAND SYSTEMS, INC.

Notes to Interim Unaudited Consolidated Financial Statements (continued)
(In thousands, except shares and per share amounts)

Three and nine months ended May 31, 2010 and 2009

19. Subsequent events (continued):

(b) Indemnity Agreements:

On June 16, 2010, the former Board of Directors of UBS received a letter signed by each of UBS' directors, officers and consultants (the "Indemnitees") advising UBS that the Indemnitees seek, and are entitled to, indemnification under the Indemnity Agreements and article 7 of the By-Laws of UBS for, among other things, ongoing legal expenses for lawyers that have been or will be retained to advise Indemnitees on indemnity matters. The former Board of Directors resolved that each Indemnitee was entitled to retain legal counsel pursuant to their Indemnity Agreements and, accordingly, \$570 has been paid by UBS to various legal firms as retainers for these future services.

Subsequent to May 31, 2010, Look advanced \$1,550 to various professional firms in accordance with the indemnification agreements with its directors, officers, and consultants.

(c) New UBS directors elected at special meeting of shareholders:

On July 5, 2010, at a special meeting of shareholders requisitioned by a group of concerned shareholders, Robert Ulicki, Grant McCutcheon and Henry Eaton were elected to the Board of Directors of UBS to replace Gerald McGoey, Louis Mitrovich and Douglas Reeson. Robert Ulicki was appointed Chairman of the Board and Grant McCutcheon was appointed Chief Executive Officer of UBS.

It was stated in the concerned shareholders' circular prepared in connection with the July 5, 2010 special meeting of shareholders that the costs incurred in the preparation and mailing of the circular and the solicitation will be borne by the concerned shareholders who would seek reimbursement from UBS of its out-of-pocket expenses, including proxy solicitation expenses and legal fees, incurred in connection with the meeting. In this regard, the concerned shareholders have incurred expenses of approximately \$450. The total expenses associated with the July 5, 2010 meeting, including the aforementioned concerned shareholders' expenses, amount to approximately \$800.

UNIQUE BROADBAND SYSTEMS, INC.

Notes to Interim Unaudited Consolidated Financial Statements (continued)
(In thousands, except shares and per share amounts)

Three and nine months ended May 31, 2010 and 2009

19. Subsequent events (continued):

(d) Statements of Claim pursuant to termination of services agreements:

(i) Jolian Investments Ltd. ("Jolian")

On July 12, 2010, Jolian, the company controlled by UBS' former Chief Executive Officer Gerald McGoey, following a notice of termination served on UBS on July 5, 2010, served a statement of claim on UBS. Among other things, Mr. McGoey seeks \$7,410 in immediate termination payment, under the terms of the Jolian Management Services Agreement with UBS ("Jolian MSA"). This is in addition to the \$8,300 in total compensation awarded to Mr. McGoey, and a company under his control, by UBS and Look in 2009.

Mr. McGoey is seeking a declaration from the Ontario Superior Court of Justice that there was a "company default" and "termination without cause" under the Jolian MSA. This claim is in large part due to shareholders not electing Mr. McGoey as a director of UBS at the special meeting of shareholders held on July 5, 2010.

In addition, Mr. McGoey makes a number of other allegations, including that a deferred bonus award of \$1,200, which was awarded to him on August 28, 2009, and a share appreciation rights cancellation payment of \$600 (together with accrued interest) will be additionally due and owing to him.

UBS continues to review the circumstances surrounding Mr. McGoey's claims for termination payments under the Jolian MSA in order to respond to the claim.

(ii) DOL Technologies Inc. ("DOL")

On July 12, 2010, DOL, the company controlled by UBS' former Chief Technology Consultant Alex Dolgonos, following a notice of termination served on UBS on July 5, 2010, served a statement of claim on UBS. Among other things, Mr. Dolgonos seeks \$6,015 in immediate termination payment, under the terms of his consulting agreement with UBS ("Technology Agreement"). This is in addition to the \$6,100 in total compensation awarded to Mr. Dolgonos, and a company under his control, by UBS and Look in 2009.

Mr. Dolgonos is seeking a declaration from the Court that he was terminated for "good reason following a change-in-control" in UBS under his Technology Agreement.

UNIQUE BROADBAND SYSTEMS, INC.

Notes to Interim Unaudited Consolidated Financial Statements (continued)
(In thousands, except shares and per share amounts)

Three and nine months ended May 31, 2010 and 2009

19. Subsequent events (continued):

In addition, Mr. Dolgonos makes a number of other allegations, including that a deferred bonus award of \$1,200, which was awarded to him on August 28, 2009, and a share appreciation rights cancellation payment of \$330, (together with accrued interest) will be additionally due and owing to him.

UBS continues to review the circumstances surrounding Mr. Dolgonos' claims for termination payments under the Technology Agreement in order to respond to the claim.

(e) New directors at Look:

On July 21, 2010, prior to the opening of the markets, Look announced that Messrs. Robert Ulicki, Grant McCutcheon and Henry Eaton had accepted appointment to the Board of Directors of Look after the former Board of Directors of Look resigned en masse, appointing these individuals as new directors. As a result of the resignations of Look's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), effective July 21, 2010, Grant McCutcheon will serve as Look's CEO and will also serve as acting CFO until a suitable replacement is found.

On July 27, 2010, Look announced that the two vacancies on the Look Board of Directors had been filled by Messrs. David Rattee and Lawrence Silber.

UNIQUE BROADBAND SYSTEMS, INC.

Shareholder Information

Board of Directors

Henry Eaton
Grant McCutcheon
Robert Ulicki (Chairman of the Board)

Officers

Grant McCutcheon
Chief Executive Officer

Malcolm Buxton-Forman
Chief Financial Officer

Auditors

Grant Thornton LLP
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Suite 401
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Common shares

The common shares of the Company are listed on the TSX Venture Exchange under the symbol UBS.