Management's Discussion and Analysis

UNIQUE BROADBAND SYSTEMS, INC

Second Quarter, 2006

Three and six months ended February 28, 2006 and 2005

UNIQUE BROADBAND SYSTEMS, INC

MANAGEMENT'S DISCUSSION AND ANALYSIS
of Financial Condition and Results of Operations
(in thousands of dollars, except shares and per share amounts)

For the three and six months ended February 28, 2006 and 2005

1. INTRODUCTION

The following Management's Discussion and Analysis (MD&A) relates to the consolidated financial condition of Unique Broadband Systems, Inc. (the Company) at February 28, 2006, and the consolidated results of operations for the three and six months ended February 28, 2006 and February 28, 2005. This MD&A should be read in conjunction with the Company's consolidated financial statements and the notes to the consolidated financial statements contained in the August 31, 2005 annual report to shareholders. In addition, the MD&A should be read in conjunction with the MD&A and the financial statements and the notes to the financial statements for the period ended February 28, 2006 for Look Communications Inc (Look). The Company's consolidated financial statements and the notes thereto have been prepared in accordance with Canadian Generally Accepted Accounting Principles (Canadian GAAP) on a going concern basis and do not include any adjustments to the amounts and classifications of the assets and liabilities that would be necessary should the Company be unable to continue in business. The Company's ability to continue as a going concern is dependent upon achieving and maintaining profitable operations and successful implementation of the Company's business strategy. The outcome of these matters cannot be predicted at this time.

Unless specifically stated, the references to "UBS" include Unique Broadband Systems, Inc. and its wholly owned subsidiaries and references to the "Company" include UBS and Look, a company controlled by UBS.

2. CAUTION REGARDING FORWARD LOOKING STATEMENTS

This MD&A includes forward-looking statements concerning the future operations, financial performance and conditions of UBS and Look. When used in this MD&A, the words "intend", "project", "may", "will", "expect", "anticipate", "estimate", "plan", "continue", "believe", and similar or comparable terminology are intended to identify forward looking statements, although not all forward looking statements contain such words. The Company cautions that all forward-looking statements are subject to risks and uncertainties, which could cause actual results to differ materially from those anticipated. These risks and uncertainties include but are not limited to the timing of acquisitions and expansion opportunities, technological change that may impact the Company's capital expenditures and results of operations, and competitive factors that may alter the timing and amount of the Company's capital expenditures. The Company is under no obligation (and expressly disclaims any such obligation) to update or alter the forward-looking statements whether as a result of new information, future events or otherwise. For a more detailed discussion of factors that may affect actual results, see "Risks and Uncertainties".

3. BUSINESS OVERVIEW

Our Company

The Company (TSX Venture: UBS) is a publicly listed Canadian company that has investments in broadband assets and a 51% equity interest in Look (TSX Venture: LOK.MV and LOK.SV). With licensed spectrum and broadcast licenses held through its subsidiary Look, the Company is a Canadian digital television broadcaster and broadband wireless service provider.

In October 2003, UBS sold its engineering and manufacturing business (E&M Business) to a new private company owned by a group of former UBS engineers. As a result of this divestiture, the Company reclassified its prior period results for the E&M Business as "Discontinued Operations" in its financial statements. This sale completed UBS' restructuring plan, designed to reduce costs, conserve cash and focus the resources of UBS on its investment in Look. (Refer to section 5 on "Divestiture of Engineering and Manufacturing Business for further comments).

Look is a multimedia service provider delivering a range of communications services to residential and business customers including wireless digital television distribution, dial-up and high-speed wireline and wireless internet access, co-location facilities and web-related services, including web hosting and domain name registration.

Look provides its digital video and wireless Internet services using a Multipoint Distribution System (MDS) technology, operating with 92 MHz of capacity in the 2.5 GHz band. Look has exclusive use of these frequencies since it received licenses from the Canadian Radio–television and Telecommunications Commission (CRTC) as a broadcast distribution undertaking (BDU) in August 1997 for Southern Ontario and in 1998 for Quebec and Eastern Ontario. Look's licenses were subsequently converted to a single license and were further extended in August 2004 for another 7 years to 2011. Its coverage areas in Ontario and Quebec include the major metropolitan markets of Toronto, Montreal, Hamilton and Ottawa and many other cities from London to Quebec City.

The UBS head office is located in Milton, Ontario and UBS currently has seven employees. Look's registered office is located in Toronto, and its main operations are in Montreal, Quebec and Milton, Ontario. As at February 28, 2006, Look had 150 full-time and part-time employees.

Our Strategy

On December 8, 2004 Look and UBS announced that they had signed a Memorandum of Understanding whereby they plan to jointly launch hand-held mobile video services in Ontario and Quebec. The Mobile Multi Media (M^3) network is expected to be launched in Toronto and Montreal and then eventually in the population-dense corridor from Windsor to Quebec City.

It is expected that the M^3 network will provide at least 80 channels of live video, data carousel broadcasting channels and over 100 channels of digital audio broadcasting. During April, the Company launched its mobile TV demonstration sites in Milton, Ontario and handheld devices, the size of a normal personal digital assistant (PDA), are being developed. The launch of the M^3 offering across Ontario and

Quebec is, however, dependent on the Company obtaining adequate financing arrangements with financial partners and other suppliers for the development and build out of the M^3 network.

Mobile video is fast becoming a reality in a number of countries, most notably in Korea, Japan, Europe and the U.S. The technologies that the Company is developing for today's growing market of wireless subscribers and video and audio users are expected to enable Look to offer customers in Ontario and Quebec the mobile services they have come to expect in their daily activities.

The Company believes that it has the expertise and technological know-how to offer customers the freedom of mobility with the access of broadband. UBS developed, designed and built a mobile video network in over 2,000 public transportation vehicles in Singapore. UBS was also the Canadian contractor that developed, designed and built the terrestrial network for deployment by XM Satellite Radio Inc. throughout the U.S.

While the strategy noted above is being developed, the Company will seek to achieve profitable growth from its existing product offerings within Ontario and Quebec. This strategy is designed to maximize cash flow and return on existing investments.

The key elements of the Company's existing strategy are as follows:

- **Revenue**
  - Move existing and new subscribers to Look’s memberships, starting with video, then Internet and other memberships;
  - Develop customer retention programs to retain existing customers and reduce churn;
  - Up-sell and cross-sell existing customers;
  - Focus on digital broadcasting and Internet services that are attractive to residential and small and medium-sized businesses;
  - Deliver on customer expectations by improving reliability and quality of the network and customer service;
  - Enhance sales distribution channels to increase focus on residential and business customers.

- **Costs**
  - Continue to re-negotiate supplier contracts;
  - Focus on continual improvements in the effectiveness and productivity of operations.

4. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

Continuing Operations

Effective November 30, 2003, UBS received final approval from the CRTC to acquire control of Look, which it did by exercising its option at the end of December 2003. Look is now a 51%-owned subsidiary of UBS, on a fully diluted basis, and is fully consolidated for financial reporting purposes, effective November 30, 2003.

Discontinued Operations

During the second quarter of fiscal 2004, UBS' divestiture of its E&M Business resulted in the reclassification of that business as "Discontinued Operations". Accordingly, all revenues and costs associated with that business and the divestiture have been reclassified from September 1, 2003 as "Discontinued Operations" in the Consolidated Statement of Operations and Deficit and Cash Flow Statement.

Consolidated Financial Statements

The consolidated financial statements of the Company for the period ended February 28, 2006 include Look's balance sheet as at February 28, 2006 and its statements of operations and cash flows for the three months and six months ended February 28, 2006.

UBS' share of ownership in Look will fluctuate as convertible debentures issued by Look are converted into multiple and subordinate voting shares. If all debentures are converted, UBS will have the ability to control at least 51% of Look by the conversion of its debentures and, as such, the Company continues to consolidate its interest at 51% irrespective of its actual share holding in Look at the end of each reporting period.

Change in Accounting Policy

Effective September 1, 2005, Look adopted the recommendations of CICA Handbook Section 3861, "Financial Instruments – Presentation and Disclosure", as they pertain to Look's convertible debentures. As a result of adopting the revised standard, Look has bifurcated the principal component and interest component of the convertible debentures into their debt and equity components and recorded the debt component as a liability and the equity component as equity. In determining the valuation of the liability and equity components, Look calculated the value of the liability component first, using a discount rate appropriate for what a similar debt instrument, absent any conversion features, would have commanded at the time. The residual of the proceeds over the inherent value of the liability component was attributed to the equity portion of the debentures. Accretion charges on the liability component of the convertible debentures, which are calculated using the discount rate are recorded in the statement of operations. The standard is effective on a retroactive basis with restatement of prior periods. For details on the impact of adopting the new standard, refer to note 2 of the Company's financial statements for the three- and six-month periods ended February 28, 2006.

5. DIVESTITURE OF ENGINEERING & MANUFACTURING BUSINESS

On October 8, 2003, UBS closed a transaction to sell its E&M Business. This business was sold to a new private company owned by former UBS engineers. The accounting impact of the divesture was a one-time loss of $6,331 reported in the Company's second quarter operating results for 2004. Included in this loss was the full provision for the $2,000 secured loan.

On February 24, 2006, the loan, plus interest up to the date of repayment in the amount of $2,423, was repaid and the full amount has been included as income from discontinued operations in the quarter ended February 28, 2006.

6. KEY PERFORMANCE INDICATORS

The Company measures the success of its strategies using a number of key performance indicators, which are outlined below.

Subscriber Counts

The Company determines the number of subscribers of its services based on active subscribers. When subscribers are deactivated either voluntarily or involuntarily for non-payment, they are considered to be deactivations in the period the services are discontinued. The Company reports subscribers and revenues in three categories: broadcast services, Internet services and other services. Internet services include Dial-Up, High-Speed Wireline and Wireless Internet access subscribers. Other services include hosting services, and co-location services.

Subscriber Churn

Subscriber churn is calculated on a monthly basis. For any particular month, subscriber churn represents the number of subscribers deactivating in the month divided by the aggregate number of subscribers at the beginning of the month. When used or reported for a period greater than one month, subscriber churn represents the monthly average of the subscriber churn for the period.

Service Revenue

Service revenue is total revenue less revenue received from the sale and installation of equipment. The sale of such equipment does not materially affect the Company's operating income as the Company generally sells equipment to its customers at a price approximating cost to facilitate competitive pricing at the retail level. Accordingly, the Company believes that service revenue is a more relevant measure of its ability to increase its EBITDA as defined below.

Average Revenue per User (ARPU)

ARPU is calculated on a monthly basis. For any particular month, ARPU represents monthly service revenue divided by the average number of subscribers during the month. ARPU, when used in connection with a particular type of subscriber, represents monthly service revenue generated from these customers divided by the average number of these subscribers during the month. When used or reported for a period greater than one month, ARPU represents the monthly average of the ARPU calculations for each of the months in the period. The Company believes ARPU helps indicate whether the Company has been successful in attracting and retaining higher usage subscribers.

Carrier Charges and Cost of Sales

Carrier charges and cost of sales include the costs of programming for broadcast services, distribution costs for programming to transmitter sites, data distribution on common carriers (telephone companies) for Internet services, the costs for Web-related services and customer premise equipment and installation costs. Programming costs include the service fees paid to networks and other distributors to obtain the video and audio signals for distribution to subscribers. While most of the cost of data distribution and web related services vary with the number of subscribers, programming costs vary directly with the number of channels carried and the number of subscribers receiving those channels.

Gross Margin Percentage

The Company calculates gross margin percentage by dividing gross margin, excluding equipment and installations, by service revenue. Service revenue is used in the calculation, instead of total revenue, because service revenue excludes the impact of the sale and installation of equipment, which is generally sold at a price that approximates cost.

Cost of Acquisition per Subscriber (COA)

COA, which is also often referred to in the wireless communications industry as "subscriber acquisition cost" or "cost per gross addition", is calculated by dividing total sales and marketing operating expenses for the period by the total number of gross subscriber activations. Subscriber activations include broadcast, Internet access and web-hosting activations.

Earnings Before Interest and Financing Charges, Taxes, Depreciation and Amortization (EBITDA)

We define EBITDA as earnings before interest expenses, income taxes, depreciation and amortization. EBITDA is a standard measure used in the communication industry to assist in understanding and comparing operating results and is often referred to by our peers and competitors as operating profit or OIBDA (operating income before depreciation and amortization). Management views EBITDA as an important measure of operating performance of the Company; however since EBITDA does not have any standardized meaning prescribed by Canadian GAAP, it may not be considered in isolation of GAAP measures such as (1) net loss, as an indicator of operating performance or (2) cash flows from operating, investing and financing activities, as a measure of liquidity. We believe, however, that it is an important measure as it allows us to assess our ongoing business without the impact of depreciation or amortization expenses as well as non-operating factors. It is intended to indicate our ability to incur or service debt and invest in capital assets. This measure is not a defined term under Canadian GAAP and is unlikely to be comparable to similar measures presented by other issuers.

7. RECENT WIRELESS INDUSTRY TRENDS

Mobile TV Will Change the Wireless Market

While much has been said about the development of mobile multimedia in recent years, 2005 saw significant progress towards the development of mobile television offerings in a number of countries, most notably in Korea, Japan, Europe and the USA. Mobile TV combines the popularity of broadcast programming with the increasingly mobile lifestyle of users. Numerous companies are reaching the final stages of trial activity and are expected to launch Mobile TV during 2006, with subscriber growth expected to gain momentum in late 2006 and 2007.

Much progress has also been made by the handheld device manufacturers such as Nokia, Motorola and Sony Ericsson in the development of DVB-H, the standard that is believed likely to have the widest acceptance. Consumer surveys and focus groups consistently report considerable interest for the concept of mobile TV, which in turn has lead a number of brokerage and industry analysts to forecast significant market potential.

In a report by a large U.S. banking firm, it is expected that spectrum could be a hurdle to the roll out of Mobile TV in certain countries where the allocation of spectrum is complicated. Although this may be an issue in certain jurisdictions, this is not the case in Canada, where allocations of spectrum have already been made to service providers such as Look. Spectrum is very relevant as it is expected that companies will deploy new networks for Mobile TV to avoid the limitations experienced by Mobile TV services on the uni-cast cellular phone networks and other third generation (3G) infrastructures.

Broadcasting on unicasting cell networks limits the quality of the video service and does not permit wide market usage, which allows for lower cost to the customer.

Demand for Sophisticated Data Applications and Migration to Next Generation Wireless Technology

The ongoing development of wireless data transmission technologies has led manufacturers to create wireless devices with increasingly advanced capabilities, including access to e-mail and other information technology platforms, news, sports, financial information and services, shopping services, and other functions. Increased demand for sophisticated wireless services, especially data communications services, has led wireless providers to migrate towards the next generation of digital voice and data networks. These networks are intended to provide wireless communications with wire line quality sound, far higher data transmission speeds and streaming video capability. These networks are expected to support a variety of data applications, including high-speed Internet access, multimedia services and seamless access to corporate information systems, such as e-mail and purchasing systems.

Development of Additional Technologies

The development of additional technologies and their use by consumers may accelerate the widespread adoption of 3G digital voice and data networks. One such example is WiFi, which allows suitably equipped devices, such as laptop computers and personal digital assistants, to connect to a wireless access point. The wireless connection is only effective within a range of approximately 100 meters and at theoretical speeds of up to 54 megabits per second. To address these limitations, WiFi access points must be placed selectively in high-traffic locations where potential customers frequent and have sufficient time to use the service. Technology companies are currently developing additional technologies designed to improve WiFi and otherwise utilize the higher data transmission speeds found in a 3G network. Future enhancements to the range of WiFi service, and the networking of WiFi access points may provide additional opportunities for mobile wireless operators to deploy hybrid high-mobility 3G and limited-mobility WiFi networks, each providing capacity and coverage under the appropriate circumstances.

However, Look believes the WiFi networks have significant limitations, the most notable being the use of unlicensed spectrum, which will eventually prove itself unacceptable to the customers.

Focus on Customer Retention

According to a major U.S. brokerage firm, the wireless communications industry's current market penetration in Canada is approximately 51% of the population, compared to approximately 67% in the U.S. and approximately 108% in the United Kingdom. The Canadian industry is forecast to grow by 3 to 4% annually, but this is lower than historical levels. This slowing growth has and will continue to drive the increased focus on customer retention and the sale to customers of new data and value added service features. Due to more aggressive competition, customer satisfaction and retention will become even more critical in the future and companies are expected to continue to introduce additional bundling opportunities with new services.

8. OVERVIEW OF GOVERNMENT REGULATIONS AND REGULATORY DEVELOPMENTS

Canadian Radio-television and Telecommunications Commission (CRTC)

Canadian broadcast undertakings are regulated by the CRTC pursuant to and in accordance with requirements of the Broadcast Act (Canada) (the Act). Under the Act, the CRTC regulates all broadcasters in Canada, including over-the-air broadcasters, MDS providers such as Look, cable TV operators, and satellite TV operators. Look’s license was extended in August 2004 for another 7 years to 2011. Its coverage areas in Ontario and Quebec include the major metropolitan markets of Toronto, Montreal, Hamilton and Ottawa and many other cities from London to Quebec City.

Industry Canada

The awarding of spectrum and licences for data services in Canada are under the jurisdiction of Industry Canada, a department of the Government of Canada. Industry Canada is responsible for telecommunications policy in Canada and has specific jurisdiction under the Radio Communication Act (Canada) to establish radio licensing policy and award radio licences for radio frequencies, which are required to operate wireless communications systems.

In May 2004, Industry Canada issued a discussion paper on the re-farming of the MCS/MDS spectrum in the 2500-2690 MHz band. The purpose of the paper was to solicit input from Look and others who are interested in the future uses of this band for both digital broadcasting and broadband wireless access. At approximately the same time, the Federal Communications Commission in the USA issued a Report and Order that substantially restructured this band in the USA. Look responded to the Industry Canada discussion paper and recommended that Canada adopt a policy which would provide alignment with the spectrum allocations and uses as those adopted in the USA.

On March 30, 2006 Industry Canada published gazette Notice DGTP-002-06 – Policy Provisions for the Band 2500 – 2690 Mhz to Facilitate Mobile Services. In the notice, Industry Canada reconfirmed its allocation of mobile services to the band and stated that it would harmonize the spectrum with the US band plan at some future date. In the period up to August 2011, Look may continue to operate its video and Internet services. In addition, at any time, Look, if it wishes to do so, may apply to Industry Canada to use part or all of its 2596 - 2686 Mhz spectrum on MCS, while still having MDS as well. Look may also apply to Industry Canada for permission to use two-way mobile services in the band. This will require the Department to implement the new band plan and Look would have to return 31 Mhz of spectrum (2657 - 2686 and 2688 - 2690 Mhz) to the Department. The new policy clearly confirms Look's position as an MDS Broadcaster and provides additional options for the future development of the Company, if Look so chooses.

In addition, on April 12, 2006 the CRTC confirmed in its Notice 2006-47 entitled "Regulatory framework for mobile television broadcasting services" that mobile TV services can be offered by Look under its existing license.

9. CRITICAL ACCOUNTING POLICIES

Management's Discussion and Analysis of Operating Results and Financial Position are made with reference to the Company's consolidated financial statements and Notes thereto, which have been prepared in accordance with Canadian GAAP. The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the Company's financial statements and the reported amount of revenues and expenses during the period. These estimates are based on management's historical experience and various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the reported amounts of revenues, expenses, assets and liabilities that are not readily apparent from other sources. Actual results could differ from these estimates.

The Audit and Corporate Governance Committee reviews the Company's accounting policies. The Audit and Corporate Governance Committee also reviews all quarterly and annual filings and recommends the Company's interim and annual financial statements to the Company's Board of Directors for their approval. For a full description of all significant accounting policies see Note 2 to the 2005 annual report.

10. OPERATING RESULTS FOR THE THREE AND SIX MONTHS ENDED FEBRUARY 28, 2006

Net income for the three and six months ended February 28, 2006 was $1,946 or $0.02 per common share and $1,433 or $0.01 per common share respectively, compared with the net loss of $1,553 or $0.01 and $2,782 or $0.03 for the comparable periods in 2005. The improved position over the comparative periods was a result of the full and final repayment of the loan and interest from the divestiture of the E&M Business that was recorded as income from discontinued operations in the quarter, as well as the improving operations of Look.

Continuing Operations

The net loss for the three and six months ended February 28, 2006 was $477 or $0.00 per common share and $990 or $0.01 per common share respectively, compared with the net loss of $1,553 or $0.01 and $2,782 or $0.03 for the comparable periods in 2005.

The service and sales revenue, cost of sales and gross margin percentage by segment for the reporting periods are tabled below:

	Three months ended February 28, 2006			Three months ended February 28, 2005		
	Revenue	Cost of Sales	Gross Margin	Revenue	Cost of Sales	Gross Margin
Service revenues						
Broadcast	$ 3,330	$ 1,418	57.4%	$ 4,266	$ 2,490	41.6%
Internet	3,087	1,092	64.6%	3,984	1,776	55.4%
Other	1,290	441	65.8%	1,253	439	65.0%
Total service revenues	**7,707**	**2,951**	**61.7%**	**9,503**	**4,705**	**50.5%**
Sales and Installations	143	187		168	89	
Total	**$ 7,850**	**$ 3,138**		**$ 9,671**	**$ 4,794**	

	Six months ended February 28, 2006			Six months ended February 28, 2005		
	Revenue	Cost of Sales	Gross Margin	Revenue	Cost of Sales	Gross Margin
Service revenues						
Broadcast	$ 6,786	$ 3,322	51.0%	$ 8,800	$ 4,991	43.3%
Internet	6,493	2,610	59.8%	7,975	3,688	53.8%
Other	2,556	845	66.9%	2,524	935	63.0%
Total service revenues	**15,835**	**6,777**	**57.2%**	**19,299**	**9,614**	**50.2%**
Sales and Installations	375	395		438	510	
Total	**$16,210**	**$ 7,172**		**$19,737**	**$10,124**	

Total Revenue and Gross Margin

Total revenue for the three months ended February 28, 2006 of $7,850 was $1,821 or 18.8% lower than the comparable quarter in fiscal 2005. Total revenue for the six months ended February 28, 2006 of $16,210 was $3,527 or 17.9% lower than the comparable in fiscal 2005. This was primarily due to the net loss of broadcast and Dial-Up subscribers. ARPU, analysed below, increased in both the three- and six-month periods over 2005 largely because of the move to video memberships.

Gross margin percentage improved in the quarter over the comparative quarter in fiscal 2005 by 11.2% to 61.7%. Of this improvement, $150 or 2% related to an adjustment from quarter 1, 2006. The balance was due mainly to a reduction in telecommunication costs and the general lowering of programming fees and costs related to hosting services and domain name registrations, resulting from re-negotiating supplier contracts. Gross margin was up for the six months over last year for the same reasons. It is expected that margins will drop from the reported quarter two levels in future periods but if the current trend continues, margins will be better than those achieved in fiscal 2005.

Broadcast Services Revenue and Gross Margin

The decrease in broadcast service revenue in the three- and six-month periods ended February 28, 2006 of $936, or 21.9% and $2,014 or 22.9% over 2005 comparative periods was a result of lower subscribers. This was due largely to the very aggressive competition in this sector, reduced marketing activity for new subscribers by the Company as we focused on the implementation of the new video membership offerings, and the cancellation of speciality channels in the new membership line-up.

In December 2005 the Company implemented the first phase of its strategy to move subscribers to Bronze, Silver or Gold memberships. The results were very encouraging with 85% of video subscribers choosing Silver or Gold memberships and the remaining 15% choosing Bronze. This move to memberships has raised video ARPU, improved gross margins during the period under review, and is expected to reduce video churn in the future.

Gross margin percentage improved in the quarter over the comparative quarter in fiscal 2005 by almost 16% to 57.4%. Of this improvement, $90 or 2.7% related to an adjustment from quarter 1, 2006 and the balance was due mainly to a reduction in telecommunication costs and the new video memberships. Gross margin was up for the six months over last year for the same reasons.

Internet Services Revenue and Gross Margin

Internet service revenue in the three- and six-month periods ended February 28, 2006 declined by $897, or 22.5%, and $1,482 or 18.6% over 2005 comparative periods due to lower Dial-Up subscribers. Of the revenue from Internet services, revenue from Dial-Up accounted for $1,412 and $3,019 for the three- and six-month periods ended February 28, 2006 (2005 - $2,189 and $4,538). Revenue from High Speed was $1,675 and $3,474 for the three- and six-month periods ended February 28, 2006 (2005 - $1,795 and $3,437). The decrease in Internet revenue resulted from the continuous migration of Dial-Up customers to High Speed products and the loss of some high speed bundled customers who discontinued service as a result of the video.

Gross margin percentage improved in the quarter over the comparative quarter in fiscal 2005 by 9.2% to 64.6%. Of this improvement, $60 or 1.9% related to an adjustment from quarter 1, 2006 and the balance of 7.3% was due mainly to a reduction in telecommunication costs. Gross margin was up for the six months over last year for the same reasons.

Other Services Revenue and Gross Margin

Revenue from other services was slightly better than the comparative periods for a year ago because of increased domain name registrations.

Gross margin percentage was slightly higher in the three- and six-month periods over 2005 due to new supplier agreements.

Subscriber Statistics

The following table sets out subscriber statistics for the reporting periods.

	3 months ended		6 months ended	
	February 28, 2006	**February 28, 2005**	**February 28, 2006**	**February 28, 2005**
BROADCAST				
Gross additions	**606**	1,029	**1,514**	3,420
Net reductions	**(1,708)**	(2,220)	**(4,086)**	(3,511)
Total subscribers	**22,688**	32,154	**22,688**	32,154
ARPU	**$47.58**	$44.30	**$45.86**	$43.30
Churn	**3.3%**	3.3%	**3.7%**	3.4%
INTERNET				
High Speed				
Gross additions	**1,324**	1,920	**2,273**	4,652
Net (reductions)/additions	**(273)**	589	**(779)**	2,194
Total subscribers	**12,242**	13,010	**12,242**	13,010
ARPU	**$45.12**	$42.35	**$46.05**	$42.60
Churn	**4.3%**	3.4%	**4.0%**	3.1%
Dial-Up				
Gross additions	**1,146**	1,722	**1,911**	3,501
Net reductions	**(3,842)**	(3,814)	**(7,205)**	(7,915)
Total subscribers	**27,113**	41,561	**27, 113**	41,561
ARPU	**$16.24**	$17.02	**$16.30**	$16.91
Churn	**5.6%**	4.3%	**4.9%**	4.3%
TOTAL INTERNET				
Gross additions	**2,470**	3,642	**4,184**	8,153
Net reductions	**(4,115)**	(3,225)	**(7,984)**	(5,721)
Total subscribers	**39,355**	54,571	**39,355**	54,571
ARPU	**$24.89**	$23.84	**$24.92**	$23.33
Churn	**5.2%**	4.1%	**4.6%**	4.1%
OTHER				
Gross additions	**827**	1,173	**1,589**	2,153
Net (reductions)/additions	**(220)**	151	**(276)**	89
Total subscribers	**12,197**	12,251	**12,197**	12,251
ARPU	**$26.01**	$29.55	**$26.79**	$27.84
Churn	**2.8%**	2.8%	**2.5%**	2.9%
TOTAL SUBSCRIBERS				
Gross additions	**3,903**	5,844	**7,287**	13,726
Net reductions	**(6,043)**	(5,294)	**(12,346)**	(9,143)
Total subscribers	**74,240**	98,976	**74,240**	98,976
ARPU	**$33.36**	$31.45	**$32.80**	$31.22
Churn	**4.2%**	3.7%	**4.0%**	3.7%

Total Subscribers and ARPU

The decrease in subscribers for the three months ended February 28, 2006, of 6,043 or 7.5%, was due largely to the continuing decline in the residential and business Dial-Up customers and loss of video subscribers and some high speed bundled customers during the move to video memberships. In addition, Look reduced mass marketing campaigns that proved to be very expensive and focused on the video migration.

The decrease in subscribers for the six months ended February 28, 2006, of 12,346 or 14.3%, was due largely to the Dial-Up and video customers for the reasons noted above.

For the three months ended February 28, 2006, total ARPU was $33.36 (2005 - $31.45) while for the six months ended February 28, 2006 ARPU was $32.80 (2005 - $31.22). The increase was largely attributable to the up-selling of customers to the Silver and Gold membership levels and High Speed Internet access.

Broadcast Subscribers and ARPU

Broadcast customers totaled 22,688 as of February 28, 2006 representing a decrease of 1,708 or 7% in the quarter, and a decrease of 4,086 or 15.3% for the six months in fiscal 2006. Of the 22,688 subscribers, 6,374 represented customers in multiple unit dwellings (MUDs) and 16,314 were single family homes. The number of subscribers continued to decline in the three months ended February 28, 2006 as a result of reduced sales and marketing activities by the Company, aggressive bundling marketing campaigns by our competitors and the restructuring of the Company's video channels.

For the three months ended February 28, 2006, subscriber churn on broadcasting was an average of 3.3%, in line with a year ago, while for the six months ending February 28, 2006 subscriber churn was an average of 3.7% compared with 3.4% a year ago. Churn for the six months increased as a result of the video migration in December 2005 and by February 2006 churn was at its lowest level over the past 12 months, which had a positive impact on the quarter.

For the three months ended February 28, 2006, ARPU on broadcasting services was $47.58 (2005 - $44.30) while for the six months ending February 28, 2006 ARPU was $45.86 (2005 – $43.30). The increase was largely attributable to the up-selling of customers to the Silver and Gold membership levels.

Internet Subscribers and ARPU

Internet customers totaled 39,355, as of February 28, 2006 representing a decrease of 4,115 or 9.5% in the quarter, and a decrease of 7,984 or 16.9% for the six months in fiscal 2006. The decrease was mainly in the residential Dial-Up subscriber base, which lost 3,842 and 7,205 subscribers in the three- and six-month periods ended February 28, 2006 respectively, reflecting a continuous customer migration to High Speed products.

Subscriber churn on Internet Services averaged 5.2% per month for the three-month period ended February 28, 2006, and 4.6% for the six-month period ended February 28, 2006, compared with 4.1% for the three- and six-month periods ended February 28, 2005. This was largely due to Dial-Up subscribers (5.6% and 4.9% for the three- and six-month periods ended February 28, 2006 respectively).

ARPU on Internet services was $24.89 per month for the three-month period ended February 28, 2006 (2005 - $23.84). For the six-month period ended February 28, 2006, ARPU was $24.92 (2005 – $23.33). While ARPU on residential and business Dial-Up customers was $16.24 and $16.30 for the three- and six-month periods ended February 28, 2006 (2005 - $17.02 and $16.91 respectively), ARPU on High Speed Internet access was $45.12 and $46.05 (2005 - $42.35 and $42.60) for the same three- and six-month periods. Look has increased its year over year High Speed Internet access ARPU through customers choosing higher value services.

Other Subscribers and ARPU

Other customers totalled 12,197 as of February 28, 2006 representing a decrease of 220 or 1.8% in the quarter and 276 or 2.2% for the six months of fiscal 2006. The Company also recorded sales of 10,619 domain names for the three-month period ended February 28, 2006 compared with 9,942 for the three-month period ended February 28, 2005.

Subscriber churn on other services was an average of 2.8% (2005 – 2.8%) per month for the three-month period ended February 28, 2006, while the average was 2.5% (2005 – 2.9%) per month for the six-month period ended February 28, 2006.

ARPU on other services for the three- and six-month periods ending February 28, 2006 was $26.01 and $26.79 (2005 - $29.55 and $27.84). The decrease in ARPU was attributable to product mix, with customers moving to lower priced hosting products.

Total Operating Expenses

Total operating expenses have declined from 79.8% of service revenue in the quarter ended February 28, 2005 to 76.2% of service revenue in the current quarter mainly because the Company has focused on converting costs from fixed to variable and controlled its cost base to reflect changes in subscriber numbers.

	Three months ended February 28, 2006	**Percentage of service revenues**	**Three months ended February 28, 2005**	**Percentage of service revenues**
Marketing and Sales	**$ 218**	2.8%	**$ 606**	6.4%
Customer Care	**830**	10.8%	**899**	9.5%
Engineering and Operations	**1,223**	15.9%	**1,308**	13.8%
General and Administration	**2,318**	30.1%	**2,778**	29.2%
Total before amortization of capital assets and deferred charges	**4,589**	59.6%	**5,591**	58.9%
Amortization of capital assets and deferred charges	**1,281**	16.6%	**1,988**	20.9%
Total operating expenses	**$5,870**	76.2%	**$7,579**	79.8%

	Six months ended February 28, 2006	Percentage of service revenues	Six months ended February 28, 2005	Percentage of service revenues
Marketing and Sales	**$ 401**	2.5%	**$ 1,846**	9.6%
Customer Care	**1,699**	10.7%	**2,042**	10.6%
Engineering and Operations	**2,490**	15.7%	**2,800**	14.5%
General and Administration	**4,107**	25.9%	**4,745**	24.6%
Total before amortization of capital assets and deferred charges	**8,697**	54.8%	**11,433**	59.3%
Amortization of capital assets and deferred charges	**2,619**	16.5%	**3,344**	17.3%
Total operating expenses	**$11,316**	71.3%	**$14,777**	76.6%

Marketing and Sales Expenses

Marketing and sales expenses include the costs of media and other advertising fees for direct sales agencies, direct marketing costs, costs related to the production and distribution of product media and commissions on retail sales.

For the three and six months ended February 28, 2006, marketing and sales expenses were $218 and $401 or 2.8% and 2.5% of service revenues, compared to $606 and $1,846 or 6.4% and 9.6% of service revenues for the three and six months ended February 28, 2005. After the limited success of advertising campaigns in the first quarter of fiscal 2005, Look focused on retention of its high value customers, rather than new customers from mass marketing programs and the introduction of the video membership program.

For the three months ended February 28, 2006, COA was $55.85 per subscriber compared to $103.70 for the three months ended February 28, 2005. COA for the six months ended February 28, 2006 was $55.03 per subscriber compared with $134.49 a year ago.

Customer Care Expenses

Customer care expenses are primarily salaries and benefits associated with the operation of call centers for both technical and service support.

For the three and six months ended February 28, 2006, customer care expenses were $830 and $1,699 or 10.8% and 10.7% of service revenues, compared with $899 and $2,042 or 9.5% and 10.6% of service revenues, for the three and six months ended February 28, 2005. This reflected the decrease in the customer base and the Company's continuous efforts to increase its efficiencies, while still remaining customer-oriented in its call centre operations.

Engineering and Operations Expenses

Engineering and operations expenses in the Company's digital broadcast television distribution activities include the costs associated with operating and maintaining the broadcast distribution head-end facilities, where television and audio signals are received, digitally encoded and distributed to transmission sites.

These expenses also include the network and transmission towers by which digital signals are transmitted via microwave to customers and the costs of providing services to the customers.

Engineering and operations expenses in the Company's Internet services activities consist primarily of the costs of the telecommunications facilities necessary to provide service to subscribers and the operating and maintaining of network servers. Telecommunications facilities costs include: (i) the costs of providing local telephone lines into each Look-owned point of presence; (ii) the cost of leased lines into non-Look owned ports and related facilities charges; and (iii) the cost of connecting Look's hub to the Internet backbone. Network server costs include the costs of contracts for software and hardware support with third parties.

Engineering and operations expenses also include the expenditures on the engineering team that is planning and designing the new M^3 infrastructure.

For the three and six months ended February 28, 2006, engineering and operations expenses were $1,223 and $2,490 or 15.9% and 15.7% of service revenues, compared to $1,308 and $2,800 or 13.8% and 14.5% of service revenues, for the three and six months ended February 28, 2005. Costs in each of the respective periods under review have been reduced through successful re-negotiations of supplier contracts and the lower subscriber base.

General and Administration Costs

General and administration costs include administrative salaries, human resources, general occupancy, information technology and other administrative overheads for both Look and UBS. General and administration expenses decreased by $460, or 16.6%, over the comparative three-month period, and $638, or 13.4%, over the six-month period. This decrease in expenses reflected Look's lower subscriber base and an improvement in the quality of the subscriber base leading to lower bad debts and associated costs.

Amortization of Capital Assets

Amortization of capital assets relates mainly to the amortization of Look's capital assets including buildings, headends and network equipment, customer connections, computer hardware and software and office equipment. For the three and six months ended February 28, 2006, amortization of capital assets was $1,258 and $2,572, compared to $1,966 and $3,300 respectively for the three and six months ended February 28, 2005. The charges for the six-month period were lower due to adjustments to useful lives of assets that were actioned in the second quarter of fiscal 2005.

Amortization of Deferred Charges

Amortization of deferred charges relate to the amortization of the CRTC license renewal, which is amortized over the life of the license, and the amortization, over three years, of financing costs associated with Look's rights offering. Deferred charges and deferred financing charges totaled $23 and $47 for the three- and six-month periods ended February 28, 2006, compared with $22 and $44 for the three and six months ended February 28, 2005.

Interest and Financing Charges

	3 months ended		6 months ended	
	February 28, 2006	**February 28, 2005**	**February 28, 2006**	**February 28, 2005**
Accretion charges on liability of convertible debenture	**(8)**	(1)	**(56)**	(134)
Interest expense	**(53)**	(43)	**(104)**	(91)
Interest Income	**50**	42	**91**	74

As described in note 4 of this MD&A, the Company adopted a new accounting policy whereby accretion charges on the liability component of the convertible debentures are now recorded and classified as interest expense. Comparatives have been restated to reflect this change.

For the three- and six-month periods ended February 28, 2006, $53 and $104 was recorded in interest expense on mortgage financing, supplier-financed credit facilities, capital lease obligations, and financing fees. This amount was partially offset by $50 and $91 recorded in interest income on liquid assets.

Non-controlling Interest

Non-controlling interest is the allocation related to the minority shareholders' 49% interest in Look's operating results.

11. EBITDA

The following table reconciles the loss from continuing operations to EBITDA for the respective periods as determined under GAAP:

	3 months ended		6 months ended	
	February 28, 2006	**February 28, 2005**	**February 28, 2006**	**February 28, 2005**
Loss from continuing operations	**(477)**	(1,553)	**(990)**	(2,782)
Non-controlling interest	**(693)**	(1,164)	**(1,355)**	(2,561)
Amortization of capital assets	**1,258**	1,966	**2,572**	3,300
Amortization of deferred charges	**23**	22	**47**	44
Net interest and financing charges	**3**	1	**13**	17
Accretion charges on liability component of convertible debentures	**8**	1	**56**	134
(Recovery)/provision for income taxes	**1**	13	**(2)**	28
EBITDA*	**$123**	($714)	**$341**	($1,820)

*Management views EBITDA as an important measure of operating performance of the Company; however since EBITDA does not have any standardized meaning prescribed by Canadian GAAP, it may not be considered in isolation of GAAP measures such as (1) net loss, as an indicator of operating performance or (2) cash flows from operating, investing and financing activities, as a measure of liquidity. Because there is no standardized GAAP definition, EBITDA is unlikely to be comparable to similar measures presented by other issuers.

12. QUARTERLY FINANCIAL RESULTS

Selected quarterly data for the last eight quarters are set out in the table below:

	2004[3]			2005[3]				2006
QUARTER ENDED	MAY 31	AUG 31	NOV 30	FEB 28	MAY 31	AUG 31	NOV 30	FEB 28
Revenue	11,397	9,091	10,066	9,671	9,178	9,041	8,359	7,850
CONTINUING OPERATIONS								
Loss	(545)	(2,521)	(1,229)	(1,553)	(994)	(778)	(513)	(477)
Non controlling interest	(1,561)	(1,320)	(1,397)	(1,164)	(1,025)	(149)	(662)	(693)
Interest, taxes, depreciation and amortization	1,466	1,444	1,520	2,003	1,756	655	1,393	1,293
EBITDA[1]	(640)	(2,397)	(1,106)	(714)	(263)	(272)	218	123
DISCONTINUED OPS								
Net Income	-	715	-	-	-	224	-	2,423
Loss per share[2] – continuing ops	(0.01)	(0.02)	(0.01)	(0.01)	(0.01)	(0.00)	(0.01)	(0.00)
Income per share[2] – discontinued ops	-	0.01	-	-	-	-	-	0.02

[1] EBITDA is included above from the time that Look was consolidated and a reconciliation to loss from continuing operations is included in section 11 of this MD&A.
[2] Loss per share is basic and diluted.
[3] The results in the table above have been restated to reflect the change in accounting policy for convertible debentures noted in section 4 above.

The revenue and net loss from continuing operations shown in the above table includes Look's service and sales revenue and operating expenses from the time it was consolidated by the Company in Quarter 3 of fiscal 2004. Over the eight quarters, revenue has declined because of lower subscriber numbers. This decline in subscribers is mainly because of the migration of Dial-Up customers to high-speed Internet access (this follows an industry trend), Look's focus on building a higher quality subscriber base and lower numbers of new subscribers. In addition, Look's major competitors have an advantage in that they are able to offer bundled products (cell phones, video and Internet) at very competitive discounted prices.

The efforts by the Company to move costs from fixed to variable in nature and the Company's ability to respond quickly to the changing subscriber base are reflected in the improvement in the loss from continuing operations and, more importantly, the improvement in EBITDA.

In order to align operating costs with declining subscriber numbers, all departments have undergone internal restructurings that have occurred from time to time over the past two years. Headcounts have decreased from 299 at August 31, 2003 to 150 at February 28, 2006 and, together with renegotiated supply contracts, are the key components of the reduction in operating expenses at Look.

13. LIQUIDITY AND CAPITAL RESOURCES

The Company had cash of $8,986 at February 28, 2006 with cash and short term investments of $7,520 at August 31, 2005.

The changes in cash and cash equivalents are summarized as follows:

Cash Flows from (used in):	3 months ended		6 months ended	
	February 28, 2006	**February 28, 2005**	**February 28, 2006**	**February 28, 2005**
Operating activities – continuing operations	**$ 496**	$ (1,023)	**$ (590)**	$ (25)
Operating activities – discontinued operations	**(129)**	(97)	**(198)**	(603)
Cash flows (used in) operating activities	**367**	(1,120)	**(788)**	(628)
Cash flows from/(used in) financing activities	**2,415**	(22)	**2,396**	(34)
Cash flows from/(used in) investing activities	**93**	564	**(142)**	(175)
Increase/(Decrease) in cash and cash equivalents	**$ 2,875**	**$ (578)**	**$ 1,466**	**$ (837)**

Cash used in operating activities for the three and six months ended February 28, 2006 was $367 and $788 compared with cash used in operating activities of $1,120 and $628 for the three- and six-month periods ended February 28, 2005. The favourable position in the quarter was due mainly to changes in working capital.

Cash from financing activities was $2,415 and $2,396 for the three and six months ended February 28, 2006 because of the repayment of the loan from the sale of E & M Business, compared to cash used of $22 and $34 for the three and six months ended February 28, 2005 related to interest payments and accretion on the convertible debentures.

For the three months ended February 28, 2006, cash from investing activities amounted to $93 due to the release of collateral for the processing of credit card transactions. The cash from operations in 2005 was due to redemption of short-term investments. Capital expenditures on the network amounted to $92 in the quarter compared with $436 in the quarter last year.

As at February 28, 2006, the Company had the following contractual obligations:

	Total	2006	2007	2008	2009 and Thereafter
Long term debt[1]	1,038	86	24	6	922
Mortgage payable	1,200	1,200	-	-	-
Operating leases	2,701	409	719	675	898

[1]Of the $1,038, $950 represents debt recorded under the change in accounting policy on the treatment of convertible debentures. Please refer to section "Accounting Changes" above.

Cash required for the Company's contractual obligations identified above and capital assets related to the existing network and customer premise equipment are expected to be funded by cash on hand and cash provided by operating activities.

The mortgage on the Company's Milton building will expire on November 4, 2006. As such, it was reclassified to current liabilities. The company expects to renew the mortgage for a further three-year term on maturity. Terms and conditions will be negotiated in the coming months.

Management believes that the Company has sufficient cash and cash equivalents available to meet the needs of its existing operations for the near future. The Company will continue to focus on the cost structure and, based on actions already taken, expects Look to generate cash from operations in 2006 fiscal despite the declining trend in subscribers. This projection would be adversely impacted by a faster rate of decline in subscribers than experienced during fiscal 2005 and pressure on ARPU. Existing cash on hand, together with cash from operating activities, is expected to fund existing commitments and was sufficient to develop a Mobile Multi Media beta site in the Milton Area. Significant external funds will, however, be required to expand the MMM network to achieve the Company's goal of being a Mobile Multi Media entertainment and information service provider throughout the Quebec City to Windsor corridor. The foregoing includes forward looking information that is subject to risks and uncertainties described under "Operating Risks and Uncertainties" below. No assurance can be given that the Company will be able to achieve these results.

The Company's working capital deficiency at February 28, 2006 was $2,595 ($1,395 if the mortgage was excluded) compared with $4,193 at August 31, 2005. UBS had a working capital surplus of $3,596 at February 28, 2006 ($1,136 at August 31, 2005), while Look's working capital deficiency at February 28, 2006 was $6,191 ($4,991 excluding the reclassification of the mortgage) compared with $5,329 at August 31, 2005. Management believes it will reduce the deficiency over the next few years through positive EBITDA from operations. Look has recently launched its new membership packages for video customers which management believes will attract more customers and reduce churn. This launch, together with the successful re-negotiation of large contracts with various suppliers, is expected to increase Look's gross margin. Look will continue to focus on its operating expenses with a goal to achieving improvements in its operating expense to total service revenue ratio. As mentioned above, management is also repositioning Look as a Mobile Multi Media service provider so that it can better utilize the Company's main assets, which include 92 MHz of spectrum in the 2.5 to 2.7 GHz band, the broadcast license and its technological intellectual property.

14. SHARE CAPITAL

At February 28, 2006, UBS had issued 91,442,522 common shares (August 31, 2005 – 91,442,522) and 11,305,332 Class A non-voting shares (August 31, 2005 – 11,305,332) for total issued shares of 102,747,854 (August 31, 2005 - 102,747,854) and there were options outstanding to acquire 13,976,000 common shares of the Company (August 31, 2005 – 11,588,000).

At April 20, 2006 there were no changes to the number of common shares issued and options outstanding to acquire common shares of the Company.

15. CLAIMS FOR DAMAGES

On January 16, 2003, UBS entered into a signed Right of Use Agreement (Agreement) with Inukshuk Internet Inc. (Inukshuk), a subsidiary of Microcell Telecommunications Inc. (Microcell) which would allow UBS to use spectrum licenses held by Inukshuk within certain license service areas. In addition, the Agreement gave UBS the right to match any binding, written irrevocable offer that Inukshuk was prepared to accept for the remaining MCS spectrum licensed to Inukshuk.

On April 21, 2004, after attempting unsuccessfully to resolve issues related to the Agreement, UBS commenced legal action against Allstream Inc. (now MTS Allstream Inc.), Microcell Telecommunications Inc., Microcell Solutions Inc. and Inukshuk (wholly-owned subsidiaries of Microcell and now of Rogers Communications Inc. (Rogers)) for, amongst other things, specific performance, breach of contract, breach of confidence and breach of fiduciary duty. Damages totalling $160,000 and disgorgement of profits are claimed against each of the defendants as a result of their actions involving the Inukshuk spectrum. Statements of Defence have now been filed by the defendants.

On September 16, 2005, Rogers and Bell Canada announced an agreement to jointly build and manage a Canada-wide wireless broadband network. Pursuant to this agreement, Rogers will contribute its entire broadband wireless spectrum in the 2.5GHz frequency range, which includes the Inukshuk spectrum under the Agreement.

On March 30, 2006, Industry Canada issued its policy on the 2.5 Ghz band (refer to section 8) and management believes strongly that the assets and rights that need to be protected are significant to UBS shareholders and as such UBS intends to vigorously pursue its rights. No amount has been accrued in the consolidated financial statements for these claims.

16. LITIGATION

The Company continues to defend itself against the litigation detailed in the Annual Report.

17. TRANSACTIONS WITH RELATED PARTIES

Alex Dolgonos, Former President and CEO

During fiscal 2003, UBS entered into a consulting agreement with Mr. Dolgonos for an initial term of five years, under which he will receive consulting fees. Pursuant to this agreement, consulting fees of $87 and $176 (2005 - $92 and $186) were paid to Mr. Dolgonos for the three- and six-month periods ended February 28, 2006. For the three and six months ended February 28, 2006, the Company recorded $46 and $51 respectively (2005 - $21 and $30) in stock-based compensation related to options granted to Mr. Dolgonos.

18. RISKS AND UNCERTAINTIES

Going Concern

There is doubt about the Company's ability to continue as a going concern as it has incurred significant operating losses over the past years and the Company had a working capital deficiency of $2,595 as at February 28, 2006.

The Company and Look's ability to continue as a going concern is dependent upon achieving and maintaining profitable operations and successful implementation of the Company's business strategy. The outcome of these matters cannot be predicted at this time. The consolidated financial statements have been prepared on a going concern basis and do not include any adjustments to the amounts and classifications of the assets and liabilities that would be necessary if the going concern basis was not appropriate. Such adjustments could be material.

Financing Risk

The Company's Mobile Multi Media strategy is dependent on raising sufficient capital or partnering with other service providers who would provide the necessary infrastructure to develop, design and build the network in Toronto and Montreal in the first instance and then the corridor from Windsor to Quebec City. There is no guarantee that the Company will be able to obtain financing arrangements or partners that are acceptable to the Company and therefore there is no assurance that the network as envisaged by management will be built.

Customer Retention

Look's ability to retain its existing profitable subscriber base and add new subscribers is the prime determining factor in its long-term success. Look attempts to ensure such retention of profitable customers by investing in its infrastructure and technical and subscriber support capabilities. Look has also implemented targeted retention strategies designed to further reduce the rate of customer attrition. However, it is easy for Look's subscribers to switch to competing Internet and television distribution service providers. Moreover, churn of dial-up subscribers is, as expected, increasing as customers switch to high-speed Internet access. Consequently, Look's investments may not help subscriber retention. Any significant loss of profitable subscribers will adversely affect Look's business, financial condition and results of operations in the future.

Customer Acquisition

Look's revenue depends on its ability to attract and keep new subscribers. Look will aggressively pursue its targeted niche customers through its focused marketing approach. However, given the very strong competitive environment in which Look operates, there can be no assurance that it will be able to successfully continue the re-launch of its sales and marketing activities and to increase the rate of net subscriber additions. This could consequently adversely affect Look's business, financial condition and results of operations in the future.

Regulatory Risks

As discussed in the "Overview of Government Regulation and Regulatory Developments" section above, the Company's operations are subject to government regulation that could impact the business. The Company continually monitors these developments and comments directly on those policies that affect it.

Technology Risks

Look is pursuing a new strategy that will transition its network to Mobile Multi Media technology. The development and implementation of any new technology brings with it inherent uncertainties and risks related to the features included, the timing of implementation and the cost and availability of equipment. Mobile Multi Media technology will enhance the customer experience by allowing the introduction of many new features and services; such as the mobile viewing of broadcast signals and the use of datacasting for information downloads.

This implementation will rely, in part, on new and unproven technology, although UBS has experience in related areas. Look cannot be certain that the new M^3 network can be implemented in the time frame and with the costs expected.