Management's Discussion and Analysis of Financial Condition and Results of Operations of

UNIQUE BROADBAND SYSTEMS, INC.

Years ended August 31, 2007 and 2006

MANAGEMENT'S DISCUSSION AND ANALYSIS

(In thousands of Canadian dollars, except shares and per share amounts)
For the years ended August 31, 2007 and 2006

November 30, 2007

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 August 31, 2007 and August 31, 2006 and the consolidated results of operations for the years ended August 31, 2007 and 2006. 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, 2007 annual report to shareholders and the financial statements and the notes to the financial statements contained in the August 31, 2007 annual report to Look Communications Inc. ("Look") shareholders and that corporation's MD&A.

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.

There is doubt about the Company's ability to continue as a going concern as it has incurred significant operating losses in recent years and has a working capital deficiency of $7,555 as at August 31, 2007 (August 31, 2006 - $4,451).

The Company's ability to continue as a going concern is dependent upon achieving and maintaining profitable operations, the successful implementation of the Company's business strategy, the availability of financing alternatives and an acceptable outcome to the Company's contingencies (See section 15). 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 subsidiary, UBS Wireless Services Inc. ("UBS Wireless"), 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 performance of the Company, its operations, and its financial performance and condition. These forward-looking statements include, among others, statements with respect to our objectives and strategies to achieve those objectives, as well as statements with respect to our beliefs, plans, expectations, anticipations, estimates, and intentions. When used in this MD&A, the words "believe", "anticipate", "may", "should", "intend", "estimate", "expect", "project" and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain such words. These forward-looking statements are based on current expectations. The Company cautions that all forward-looking information is inherently uncertain and actual results may differ materially from the assumptions, estimates, or expectations reflected or contained in the forward-looking information, and that actual future performance will be affected by a number of factors including economic conditions, technological change, regulatory change and competitive factors, many of which are beyond the Company’s control.

Future events and results may vary significantly from what the Company currently foresees. We are under no obligation (and we expressly disclaim 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 the sections entitled “Overview – Significant Current Events” and "Risks and Uncertainties".

3. OVERVIEW

Significant Current Events

Look’s Reorganization Plan

On October 10, 2007, Look’s Board of Directors approved a certain reorganization plan (the “Plan”) which involves the transfer of certain assets to a wholly owned entity of Look. The purpose of the Plan is to utilize certain of Look’s $315,815 of non-capital losses, which may otherwise expire, to reduce future taxable income.

On November 7, 2007, Look was granted an order by the Ontario Superior Court of Justice that permitted it to transfer certain assets in accordance with the Plan.

Our Company

UBS (TSX Venture: UBS) is a publicly listed Canadian company that has a 51.6% equity interest, on a fully diluted basis, in Look (TSX Venture: LOK and LOK.A) and other assets. 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, one of the largest wireless broadband service providers in Canada.

Look's mission is to be an M3 - Mobile Multi Media - entertainment and information service provider in Ontario and Québec. Look is a multi media service provider currently 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) operating with 92 MHz of spectrum in the 2.5 GHz band. Look has had exclusive use of these frequencies since it received licenses from the Canadian Radio-television and Telecommunications Commission (CRTC) as a "broadcast distribution undertaking" 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 seven 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 nine employees. Look's registered office is located in Toronto, Ontario and its main operations are in Montreal, Quebec and Milton, Ontario. As at August 31, 2007, Look had 88 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. Look's mobile television demonstration network was completed in Milton, Ontario in April 2006 and is fully operational. The commercial launch of the M^3 network is, however, dependent upon obtaining adequate financing arrangements with financial partners and other suppliers for the development and build-out of the network and various subscriber devices.

An M^3 platform brings together communications, information, and entertainment, delivered to the consumer's hand rather than to a geographically defined location – the home or the office. It gives the consumers the personalization and mobility they want in voice, television, data and Internet and allows these applications to be further delineated into specific services such as text messaging, pictures, video, conferencing, and caller identification.

Mobile video is fast becoming a reality in a number of countries in Europe and in Korea, Japan and the US. 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 more than 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 US.

The Company will seek to achieve profitability within Ontario and Quebec from its existing operations and its strategy is designed to maximize cash flow and return on Look's existing assets.

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

1. Resolve the dispute with Bell Canada to continue servicing existing subscribers;
2. Maximize shareholder value through the implementation of the Corporation's reorganization plan and the strategic repositioning of Look's M^3 enabling assets; and
3. Continue to re-negotiate supplier contracts and focus on efficiency improvements.

On October 24, 2006, Look announced that it had retained Greenhill & Co. to assist in the strategic repositioning of Look and to assist in maximizing shareholder value. After months of discussions with "Interested Parties", on April 24, 2007, Look announced that it believes it is inappropriate and unproductive to continue the formal shareholder maximization process and accordingly has decided to discontinue at this time the formal process with 'Interested Parties'. Look may continue informal discussions should it be appropriate to do so.

The decision to discontinue the formal process resulted from, amongst other events involving the Company:

1. The actions taken by Rogers, that suggest that the Company should be "tempering with cautionary language" comments made about UBS' Inukshuk litigation, and Bell Canada, with respect to the Notice of Intent to Disconnect Look's services, and the Company's responses to those actions; and
2. Recent changes in the broader Canadian telecommunications industry, including the upcoming Canadian Advanced Wireless Services ("AWS") spectrum auction which is discussed below in the section entitled "2008 AWS Spectrum Auction".

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 at the end of December 2003. Look, on a fully diluted basis, is a 51.6%-owned subsidiary of UBS and is consolidated for financial reporting purposes. UBS' share 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. As the Company has the ability to maintain control by converting these securities at any time, UBS continues to consolidate its interest in Look.

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 include the accounts of UBS' controlled subsidiary, Look, and UBS' wholly-owned subsidiary, UBS Wireless. All significant inter-company transactions and balances have been eliminated.

These consolidated financial statements have been prepared by management, on a going concern basis, in accordance with Canadian generally accepted accounting principles. The going concern basis of presentation assumes that the Company 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.

In accordance with the CICA Handbook Section 1600, *Consolidated Financial Statements*, when the losses applicable to the non-controlling interest in Look exceed the non-controlling interest's carrying value in Look, the excess and any further losses should be fully absorbed by the Company. Subsequent earnings, if any, recorded by Look, should be allocated entirely to the Company's interest until such previously fully absorbed losses are recovered.

5. RECENT WIRELESS INDUSTRY TRENDS

The Canadian Market

According to Industry Canada, the Canadian wireless telecommunications market is expected to generate over $15 billion of revenue by 2009, representing an 11.5 percent compound five year growth from 2005 to 2009. The Canadian market is currently estimated to be about one tenth of the US market, which currently stands at over US$122 billion, but the Canadian wireless market is growing at a faster pace than its US counterpart. [source: The Canadian Wireless Industry – Analysis, Positioning and Capabilities: 2006-09, Industry Canada publication, April 13, 2007]

The wireless telecommunications sector plays an important role in the Canadian economy, accounting for 25,000 jobs, over $9.5 billion in annual revenue and a $4.1 billion investment in infrastructure. In recent years, the number of wireless subscribers has increased at a compound annual rate exceeding 17% to reach 14.9 million while revenue has grown at a rate of 14% to reach $9.5 billion. However, wireless market penetration remains low in Canada – estimated by industry analysts at SeaBoard to be 58 percent, second to last amongst member countries in the Organization for Economic Co-operation and Development and 20 percent lower than the US SeaBoard believes relatively high cell phone prices in Canada suppress demand for wireless services. [source: Lament for a Wireless Nation - A Cross-National Survey of Wireless Service Prices: Canada, the United States and Europe March 2007]

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. Research In Motion Ltd. expected to ship the 20 millionth BlackBerry in the summer of 2007 while analysts have said they expect Apple to sell 10 million iPhones by the end of 2008.

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 wireline quality sound, far higher data transmission speeds and 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.

Global growth in the wireless market continued unabated in the last year, and few, if any, are expecting this to change in the year ahead. More than 900 million cell phones are expected to sell worldwide during 2007 and again in 2008 – making the cellular phone the fastest-selling single item of consumer electronics. There are more than 2.3 billion global cellular phone subscribers as of mid 2007 and one research firm forecasts that number to grow to close to 4 billion by the end of 2011, meaning that approximately 56 per cent of the Earth's population would have a cellular phone. [source: Wireless, Cellular & RFID Industry Trends, Plunkett Research, Ltd.; Portio Research]

As the number of cellular phones and subscribers increase, so too will the need for spectrum as users turn to their "phone" (or, more accurately, "mobile device") for a growing number of non-voice services. The Canadian Wireless Telecommunications Association believes Canadians will triple their use of wireless data in the next three years, following their rapid embrace of a range of mobile services including wireless e-mail, text messaging, and Internet access. Already, these services account for about 10 per cent of the average Canadian's cell phone plan, or more than $1 billion. [source: Wireless use to skyrocket 30%, top $3B by 2010, David George-Cosh, Financial Post (National Post) October 23, 2007; Wireless Data Usage Reaches New Heights in Canada, Spectrum Wireless, October 23, 2007]

Despite this forecast in growth, the penetration rate for wireless in Canada remains far behind many other countries. One industry research firm reported that only 58 per cent of Canadians have access to wireless communications, significantly lower than the latest US figure of just over 80 per cent, and even further behind most European and Asian countries where the rate is at (or in some cases, over) 100 per cent. While there may be a number of factors influencing the penetration rate, the belated adoption of 3G in the market is expected to raise the North American numbers in the coming years. [source: Lament for a Wireless Nation - A Cross-National Survey of Wireless Service Prices: Canada, the United States and Europe, March 2007; Cellular Penetration Hits Record Despite Net-New Subscriber Drop, Spectrum Wireless, October 25, 2007; Adoption and Applications, CTIA – The Wireless Association]

The Canadian wireless market is dominated by three incumbents, which collectively provide service to approximately 96 per cent of Canadian subscribers. A number of other industry players have indicated an interest in entering the Canadian wireless market, suggesting that they see a potential for considerable market growth. Industry and business analysts both suggest that will happen, with new products and innovations helping to drive demand. Demand is also expected to be fuelled by a growing mobile workforce. [source: The wireless wars, Erik Heinrich, Canadian Business, September 5, 2007; Quebecor, MTS form wireless alliance to battle giants. Bid for fourth network, Paul Vieira and Peter Nowak, Financial Post (National Post), May 11, 2007; MTS courts partners in bid to go national, Catherine McLean, Globe and Mail, June 13, 2007]

Industry research firm IDC expects to see the adoption of wireless broadband access that can handle multiple types of information and the use of more sophisticated mobile devices to enrich and simplify the information worker experience. The proliferation of mobile devices, widespread adoption of enterprise applications, and vast improvements in wireless network speed and coverage will all contribute to an increasing demand for mobile services from the 878-million mobile-worker population that IDC believes will exist by 2009. [source: IDC: As mobile workforce grows, IT support could lag. Cost and complexity could slow efforts to keep mobile workers up and running, Matthew Hamblen, Computerworld, November 8, 2005]

The Need for Spectrum

The requirement for additional spectrum may be addressed in part by the federal government's AWS spectrum auction, to be held in May 2008. The demand for spectrum is expected to be high. As The Honourable Maxime Bernier, former Minister of Industry, explained at the June 2007 Canadian Telecom Summit:

1. Spectrum is not just about cell phones. New applications are being developed and commercialized every year. High-tech cars today come with satellite navigation systems, and this requires spectrum. Farmland irrigation systems are being switched on and off remotely, which requires spectrum. Bank cards and public transit passes will soon be able to communicate by using spectrum. The wireless transmission of energy is being developed. Imagine how revolutionary it would be if we did not need wires to transmit power;

2. There are dozens of other examples of wireless communication between people and machines. Wireless technology is like the electrical grid. At first, it was used mainly for lighting. Since then, all kinds of new electrical devices have been invented and connected to the wireline electrical network: ovens and refrigerators, hair dryers and washing machines;

3. As new devices are invented that communicate wirelessly using spectrum, they too will reshape society in unpredictable ways. This is why we must have an effective spectrum policy. The next wave of innovation depends on spectrum; and

4. Countries that have flexible spectrum policies will attract innovators, researchers and investments. Their citizens will have faster access to all these new products. Countries that slow down the adoption of technologies, or inhibit market forces, will fall behind. The most critical role of government is to allocate spectrum in a timely and efficient manner.

On October 31, 2007, the Minister of Industry, Jim Prentice, pledged to hold the AWS spectrum auction, an auction that could raise $1.7 billion, as soon as practical in 2008. Furthermore, in September 2007, Ted Rogers, President and Chief Executive Officer of Rogers Communications Inc., said that Rogers may bid between $500 million and $1 billion for new spectrum. [source: Canada to Hold Spectrum Auction as Soon as `Practical' in 2008, Alexandre Deslongchamps and Chris Fournier, Bloomberg, October 31, 2007]

The US FCC completed the auction of 90 MHz of AWS spectrum with no limitations on its use in September 2006, awarding 1,087 licenses to 104 bidders for aggregate proceeds of US$13.9 billion. In the UK, the auction of 192 MHz of spectrum, situated around the frequency of 2.6 GHz, is expected to happen in Q1 2008.

2008 AWS Spectrum Auction

In February 2007, Industry Canada released a consultation paper entitled “Consultation on a Framework to Auction Spectrum in the 2 GHz Range including Advanced Wireless Services” (the “Consultation Paper”), which outlined the proposed rules and procedures governing the 2008 auction. In this Consultation Paper, the Government of Canada’s plans for the AWS spectrum auction for 90 MHz in the 1710 – 1755 and 2110 – 2155 MHz bands and 5 MHz in each of the 1670 – 1675, 1910 – 1915 and 1990 – 1995 bands would see 589 licences placed for bid with similar geographic distribution as the 2001 Industry Canada PCS auction. The Consultation Paper suggested that these licences would be divided into three tiers – 14 Tier 2 Provincial and large regional licences, 59 Tier 3 Smaller regional licences and 516 Tier 4 Local licences. The Consultation Paper initially outlined that the opening reserve bids for the AWS spectrum would be approximately $208,000. However, as noted below, these opening reserve bids were significantly increased in the final policy decisions announced on November 28, 2007, which saw opening reserve bids increase to over $500,000. In particular, in the geographic areas covered by Look’s spectrum and broadcast licenses, namely Southern and Eastern Ontario and Québec, opening reserve bids increased from approximately $140,000 in the Consultation Paper to approximately $390,000 in the November 28, 2007 announcement.

Industry Canada had invited interested parties to provide their views and comments on various issues raised in the Consultation Paper about the auction, including, but not limited to, spectrum set-asides, spectrum caps, affiliate bidding, tower or infrastructure sharing and mandated roaming agreements, by May 25, 2007. Reply comments were then to be accepted until June 27, 2007. Although all of the large industry players, namely Rogers, Bell Canada, and Telus, initially advocated an open auction with all spectrum going to the highest bidder and argued against infrastructure-sharing, in June 2007 Telus reversed its position during its considerations in bidding for Bell Canada, stating that Telus now believes there should be spectrum set-asides and would be amenable to infrastructure-sharing for a fixed period of time thus greatly facilitating the entry of new players to the industry. The Company fully supports this position and believes that in part, as a result of these new developments, the value of its assets will only continue to increase over time.

On November 28, 2007, the Minister of Industry announced the final policy decisions for the 2008 AWS spectrum auction of 105 MHz, to commence on May 27, 2008, in a policy document entitled “Policy Framework for the Auction for Spectrum Licences for Advanced Wireless Services and other Spectrum in the 2 GHz Range”. The Industry Minister, Jim Prentice, announced, amongst other things, the following significant policy decisions:

1. Mandatory roaming provisions;
2. Mandatory antenna tower and site sharing;
3. Binding arbitration for commercial negotiations;
4. A set aside of 40 MHz of AWS spectrum for new entrants;
5. 50 MHz of AWS spectrum, 10 MHz of spectrum as an extension to the existing PCS band and 5 MHz of spectrum as one way broadcast spectrum is available to all bidders; and
6. Minimum opening bids of approximately $200,000 in the Consultation Paper increased to over $500,000 for all geographic areas.

The Company believes the new policy decisions will foster better and more diverse services for consumers. In particular, the spectrum set aside, mandated roaming and antenna tower and site sharing, coupled with binding arbitration to conclude commercial agreements, are likely to encourage increased competition and lower prices in Canada’s wireless industry.

In the final policy decisions, Industry Canada has adopted the use of Tier 2 and Tier 3 service areas and eliminated the Tier 4 service areas initially proposed in the Consultation Paper. The licenses to be auctioned will be divided into two Tiers - 28 Tier 2 Provincial and large regional licenses (all of which have been set aside for new entrants) and 236 Tier 3 Smaller regional licenses (available to all bidders).

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 metres 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 frequented by potential customers where they 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.

The Company believes the WiFi networks have significant limitations, the least of which is the use of unlicensed spectrum, which will eventually prove itself to be unacceptable to the customers. Unlicensed spectrum is available to anyone who wants to use it. The potential exists for many competing networks to be built in the same area with each expecting to use the same spectrum. This can lead to problems related to signal interference and lack of capacity to meet consumer demand.

The Company believes that only with the use of some or all of the new technologies such as WiMax, Internet Protocol (IP), Digital Video Broadcast-Handheld (DVB-H), together with licensed spectrum and a Canadian Broadcast Distribution Undertaking License, can true M3 be offered to consumers. These new technologies are more advanced than analog cellular (first generation or 1G), digital cellular (second generation or 2G) and higher speed unicast cellular networks (third generation or 3G). Canadian mobile telephone carriers have recently begun to deploy significantly faster broadband technologies on their mobile cellular networks and many have announced plans to launch or expand these technologies further in the future. However, the Company believes it is likely that 3G unicast networks alone will be unable to reach the full potential of M^3 (fourth generation or 4G).

Through this unique 4G combination of spectrum, broadcast licenses and technology, these M^3 services are being offered throughout the world today in countries such as Korea and Japan and trials continue in other countries including Italy, Germany and France. "Hybrid" mobile networks are being expanded into England, the United States and Canada, however, the Company believes these hybrid mobile networks being built to increase the speeds of cellular unicast networks will likely prove to be inadequate when compared to true M^3. The Company believes that Look is the only company in Canada today with the spectrum and broadcast license capability of offering 4G live mobile information, entertainment and communications to consumers in Ontario and Quebec and that Look's technology is likely to allow the service offering of "Live" 30 frames per second (30fps) television or video, IP based mobile VoIP and two way high speed mobile wireless broadband.

6. OVERVIEW OF GOVERNMENT REGULATION AND REGULATORY DEVELOPMENTS

Industry Canada

The awarding of spectrum and licenses for data services in Canada is 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 Radiocommunication Act (Canada) to establish radio licensing policy and award radio licenses for radio frequencies that are required to operate wireless communications systems.

In May 2004, Industry Canada issued a discussion paper on the re-farming of the Multipoint Communications System (MCS) and Multipoint Distribution System (MDS) spectrum in the 2500-2690 MHz band. The purpose of the paper was to solicit input from the Company 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 FCC in the US issued a Report and Order that substantially restructured this band in the US. The Company responded to the Industry Canada discussion paper and recommended that Canada adopt a policy that would provide alignment with the US spectrum allocations and uses.

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. Look may, at any time, also apply to Industry Canada for permission to use two-way mobile broadband 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 the Company's position as an MDS Broadcaster and provides additional options for the future development of the Company, if it so chooses.

In June 2007, Industry Canada released a new Spectrum Policy Framework, the policy foundation for the management of spectrum. It provided the following overview of spectrum:

> "The radio frequency spectrum is a unique resource from which all aspects of society benefit. It provides access for Canadians to a range of private, commercial, consumer, defence, national security, scientific and public safety applications. The radio frequency spectrum is divided into different bands which are used by a variety of communications services including - broadcasting, cellular, satellite, public safety and two-way radio. It is the only resource that can support practical wireless communications in every day situations. The Department recognizes that there are a number of factors, such as rapidly evolving technology, changing market demands, globalization and an increased focus on public safety and security, which need to be taken into account in an effective spectrum management program".

The Framework was based upon the "importance of relying on market forces in spectrum management, to the maximum extent feasible," a principle that the Company endorses.

Canadian Radio-television and Telecommunications Commission (the CRTC)

Canadian broadcast undertakings, including Look, 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 seven years to 2011. Its coverage areas in Ontario and Quebec include the major metropolitan markets of Toronto, Montreal, Hamilton, Trois-Rivières and Ottawa and many other cities from London to Quebec City.

As a follow-up announcement to the Industry Canada Notice published on March 30, 2006, 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. The CRTC went on to request comments on its proposed exemption from Regulation relating to any broadcasting to any mobile devices.

The Company believes that these policy statements, the spectrum auction in the US that ended on September 18, 2006, and the final policy decisions for Canadian AWS spectrum auction announced on November 28, 2007 position the Company well for the next generation of M^3 in Canada.

7. SIGNIFICANT ACCOUNTING POLICIES

Management's Discussion and Analysis of Operating Results and Financial Position are made with reference to the Company's annual audited 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 Company has identified the accounting policies and estimates in note 2 to its 2007 annual audited consolidated financial statements as well as those below as critical to the understanding of its business operations. The impact and any associated risks related to these policies on its business operations are discussed throughout this MD&A.

The Audit and Corporate Governance Committee of the Board of Directors reviews the Company's accounting policies as well as all quarterly and annual filings and recommends adoption of the Company's quarterly and annual financial statements to the Company's Board of Directors.

Revenue Recognition

Service revenue, comprised of Internet, broadcast and other revenue, is presented net of discounts granted to new customers as incentives. Internet services revenue is earned primarily from monthly and annual subscriptions from individuals and businesses for access to the Internet. Broadcast distribution revenue is earned from the provision of digital television services to residential and business customers. Other revenue is earned by providing Web hosting and other value-added services such as domain name registration and Web server co-location. Revenue from domain name registration for all service periods is recognized when invoiced as the Company has no future obligation to the consumer. Web hosting and 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. Equipment sales and installations revenue is earned from the sales of digital receivers and Internet equipment to customers 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.

Impairment of Long-Lived Assets

The carrying amount of long-lived assets to be held and used is reviewed for impairment on an ongoing basis whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment is recognized when the carrying amount of an asset to be held and used exceeds the projected undiscounted future net cash flows expected from its use and disposal, and is measured as the amount by which the carrying amount of the asset exceeds its fair value. See note 5 to the annual audited consolidated financial statements regarding the impairment recognized during the year ended August 31, 2007.

Government Assistance

Government assistance is recorded as an expense reduction in General and Administrative Expenses in the year that the expenditure is incurred, when reasonable assurance exists that the Company has complied with the terms and conditions of the approved grant program, and where there is reasonable assurance that the amounts will be received. The Quebec E-business activities subsidy ended effective December 31, 2006.

Allowance for Doubtful Accounts

A significant portion of the Company's revenue is earned from selling on credit to business and residential subscribers. The allowance for doubtful accounts is calculated by taking into account factors such as the Company's historical collection and write-off experience, the number of days the subscriber is past due and the status of a subscriber's account with respect to whether or not the subscriber is continuing to receive service. As a result, fluctuations in the aging of subscriber accounts will directly impact the reported amount of bad debt expense.

Depreciation Policies and Useful Lives

The Company depreciates the cost of capital assets over the estimated useful service lives of the items. These estimates of useful lives involve considerable judgment. In determining these estimates, the Company takes into account wireless industry trends and company-specific factors, including changing technologies. On an annual basis, the Company reassesses its existing estimates of useful lives to ensure they match the anticipated life of the technology from a revenue producing perspective. If technological change happens more quickly or in a different manner than the Company has anticipated, the Company might have to shorten the estimated life of certain capital assets which could result in higher depreciation expense in future periods. As discussed in note 5 to the annual audited consolidated financial statements, during the fourth quarter of fiscal 2007, Look recognized an impairment of certain of its long-lived capital.

Contingencies

The Company is subject to various claims and contingencies related to lawsuits, taxes and commitments under contractual and other commercial obligations. The Company recognizes liabilities for contingencies when a loss is probable and capable of being reasonably estimated. Significant changes in assumptions as to the likelihood and estimate of the amount of a loss could result in the recognition of an additional liability.

Related Party Transactions

From time to time, UBS enters into agreements with Look and other related parties that the Company believes are mutually advantageous. These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Stock-Based Compensation

(i) Stock option incentive plan

UBS has a stock option incentive plan, which is described in note 9(c) of the annual audited consolidated financial statements for the year ended August 31, 2007. UBS accounts for all stock-based payments to employees and directors using the fair value based method. Under the fair value based method, compensation cost attributable to awards to employees is measured at fair value at the grant date and recognized over the vesting period.

For non employee awards, the fair value of stock-based compensation is periodically re-measured until counterparty performance is complete, and any change therein is recognized over a period of the related service agreement.

(ii) Share Appreciation Rights Plan

UBS has a Share Appreciation Rights (SAR) Plan, which is described in note 9(d) of the annual audited consolidated financial statements for the year ended August 31, 2007. UBS accounts for SAR units as a liability and compensation cost is recorded based on the intrinsic value of the award when it is considered likely that the terms and conditions of the SAR plans will be met.

Recent Accounting Pronouncements

(i) Accounting changes:

In 2006, the CICA issued Handbook Section 1506, Accounting Changes (“CICA 1506”). CICA 1506 prescribes the criteria for changing accounting policies, together with the accounting treatment and disclosure of changes in accounting policies, changes in accounting estimates, and correction of errors. This new standard will be adopted by the Company on September 1, 2007.

(ii) Financial instruments:

In 2005 and 2006, the CICA issued Handbook Section 3855, Financial Instruments – Recognition and Measurement, Handbook Section 1530, Comprehensive Income, Handbook Section 3862, Financial Instruments – Disclosures, and Handbook Section 3863, Financial Instruments - Presentation. Handbook Section 3855 prescribes criteria for the classification of financial assets and liabilities and treatment of derivatives and embedded derivatives. Handbook Section 1530 prescribes the presentation and treatment of other comprehensive income (loss) and accumulated other comprehensive income (loss). Handbook Sections 3862 and 3863 carry forward the existing presentation requirements and expand the disclosure requirements to complement the changes in accounting policy made in accordance with Section 3855. Sections 3855 and 1530 will be adopted by the Company on September 1, 2007 and Sections 3862 and 3863 will be subsequently adopted on September 1, 2008.

8. 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 at reporting dates. 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 in three categories: Broadcast Services, Internet Services, and Other Services. Broadcast Services include customers subscribing to the provision of digital television services. Internet Services include Dial-Up and High Speed wireline and wireless Internet access. Other Services include hosting and co-location.

Subscriber Churn

Subscriber churn is calculated on a monthly basis. For any particular month, subscriber churn represents the number of subscribers deactivated 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.

Average Revenue per User ("ARPU")

ARPU is calculated on a monthly basis. For any particular month, ARPU represents monthly network 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 subscribers 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 that ARPU helps indicate whether the Company has been successful in attracting and retaining higher value subscribers.

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 consumers at a price approximating cost to facilitate competitive pricing.

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, Web-related Services, 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 both 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 Expenses, Income Taxes, Depreciation, and Amortization (EBITDA)

EBITDA is defined as earnings before net interest expenses, income taxes, depreciation and amortization. EBITDA is a common measure used in the communications 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 and is unlikely to be comparable to similar measures presented by other issuers, it may not be considered in isolation of GAAP measures such as (1) net income/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 the Company's ability to incur or service debt and invest in capital assets.

9. SELECTED ANNUAL INFORMATION

A summary of the Company's selected annual information for the past three reporting years is set out in the table below.

Years ended August 31	2007	2006	2005
Service and sales revenue	$24,620	$29,877	$37,956
Loss from continuing operations	(3,181)	(3,633)	(4,554)
Non controlling interest	(5,851)	(3,249)	(3,735)
Interest, taxes, accretion charges and amortizations	5,748	5,085	5,934
EBITDA*	(3,284)	(1,797)	(2,355)
Loss per share (basic and diluted) from continuing operations	$0.03	$0.04	$0.04
Income/(loss) from discontinued operations	(1,000)	1,221	224
Loss for the year	(4,181)	(2,412)	(4,330)
Loss per share (basic and diluted)	$0.04	$0.02	$0.04
Total assets	24,003	29,479	32,869
Long term liabilities	1,800	1,814	1,253
Liability component of convertible debentures	$769	$793	$1,060

* See section 11 entitled Earnings Before Interest Expense, Taxes, Depreciation, and Amortization ("EBITDA") for a more detailed reconciliation of Net Loss to EBITDA.

Fiscal 2007 relative to Fiscal 2006:

- Revenues for the year ended August 31, 2007 were $24,620, a decrease of 17.6% over August 31, 2006.
- The decline in revenues was essentially caused by a 14.1% or $1,795 decrease in Broadcast Services revenues coupled with a 33.1% or $1,761 decrease in Internet Dial-Up revenues when compared to fiscal 2006. The drop in Broadcast Services revenue is due primarily to a declining subscriber base as a result of aggressive product bundling by our competitors while the Dial-Up revenue decline is due to the combined impact of the continuous migration of Dial-Up subscribers to higher speed solutions along with general subscriber attrition. Look does not have a High Speed product for sale in Western Canada and therefore saw a 30% decline in Western Canada subscribers as a result of customers migrating from Dial-Up services.
- High Speed subscribers decreased by 12.1% to 10,050 while High Speed revenues decreased by 12.0% to $5,815. High Speed revenues are 24.0% of total service revenues in 2007 compared to 22.6% in 2006.
- The loss for the year in fiscal 2007 includes the net loss from discontinued operations of $1,000. On January 22, 2007, UBS settled a claim related to leased premises used by UBS Technologies A/S in Denmark (formerly ProTeleVision Technologies A/S), its Danish subsidiary that was petitioned into bankruptcy in early 2003. This settlement was charged to Discontinued Operations. In 2006, the income of $1,221 was due mainly to the repayment of a loan receivable amounting to $2,423 that had previously been written off.

Fiscal 2006 relative to Fiscal 2005:

- Revenues for the year ended August 31, 2006 were $29,877 a decrease of 21.3% over 2005.
- The decline in revenues was essentially caused by a 23.3% or $3,858 decrease in Broadcast Service revenues coupled with a 36.4% or $3,037 decrease in Internet Dial-Up revenues when compared to fiscal 2005. The drop in Broadcast Service revenue is due primarily to a declining subscriber base as a result of aggressive product bundling by our competitors while the Dial-Up revenue decline is due to the continuous migration of Dial-Up subscribers to higher speed solutions along with general subscriber attrition. Look does not have a High Speed product for sale in Western Canada and therefore experiences a 32.8% decline in Western Canada subscribers.
- High Speed subscribers decreased by 12.2% to 11,428 while High Speed revenues decreased by 3.0% to $6,607. High Speed revenues are 22.6% of total service revenues in 2006 compared to 18.4% in 2005.
- Gross service margins increased from 49.5% for the year ended August 31, 2005 to 57.8% for the year ended August 31, 2006. This was largely the result of non-recurring telecommunications-related adjustments in fiscal 2006.
- Operating expenses for the year ended August 31, 2006 were $23,581, a decrease of 10.5% or $2,763 on Fiscal 2005. This decrease was the result of contract renegotiations, improved efficiencies, and head count reductions.
- The net income from discontinued operations in fiscal 2006 resulted from the repayment of the loan receivable from the sale of the E&M Business of $2,423, and the provision for the settlement of a claim against UBS related to a lease in Denmark.

10. RESULTS OF OPERATIONS FOR FISCAL 2007

Continuing Operations

The loss from continuing operations for the year ended August 31, 2007 was $3,181 or $0.03 per common share, compared with the loss of $3,633 or $0.04 for the year ended August 31, 2006.

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

	Year ended August 31, 2007			**Year ended August 31, 2006**		
Service	**Revenues**	**Cost of Sales**	**Gross Margin**	**Revenues**	**Cost of Sales**	**Gross Margin**
Broadcast distribution	**$10,903**	**$ 6,163**	**43.5%**	$12,698	$ 5,739	54.8%
Internet	**9,370**	**3,954**	**57.8%**	11,923	5,012	58.0%
Other	**3,957**	**1,483**	**62.5%**	4,629	1,592	65.6%
Total	**24,230**	**11,600**	**52.1%**	29,250	12,343	57.8%
Sales and Installations	**390**	**396**		627	773	
Total service and sales	**$24,620**	**$11,996**		$29,877	$13,116	

Total Revenue and Gross Margin

Total revenue for the year ended August 31, 2007 of $24,620 was $5,257 or 17.6% lower than the comparable period in fiscal 2006. This was due primarily to the net loss of Broadcast and Dial-Up subscribers. Gross margin percentage declined during fiscal 2007 to 52.1% (2006 – 57.8%). This was due partly to a general reduction in telecommunication costs, costs related to hosting services, and domain name registrations, coupled with the re-negotiation of certain supplier contracts. These cost savings were more than offset by certain components of cost of sales that are fixed in nature.

Broadcast Services Revenue and Gross Margin

The decrease in Broadcast Services revenue for the year ended August 31, 2007 of $1,795, or 14.1% over 2006 was a result of a lower subscriber base. This was due largely to the very aggressive competition in this sector and reduced marketing activity for new subscribers by Look. Gross margin for the year ended August 31, 2007 decreased to 43.5% (2006 – 54.8%) due primarily to non-recurring broadcast adjustments and general increases in the cost of programming services. Fiscal 2007 gross margin represents a moderate increase over the 41.6% gross margin realized in Broadcast Services in fiscal 2005.

Internet Services Revenue and Gross Margin

Internet Services revenue in 2007 declined by $2,553, or 21.4% over 2006 due primarily to a decrease in the number of Dial-Up subscribers. Of the revenue from Internet Services, revenue from Dial-Up accounted for $3,555 in 2007 (2006 - $5,316) while revenue from High Speed was $5,815 (2006 - $6,607). The decrease in Internet revenue resulted from the continuous migration of Dial-Up subscribers to High Speed products and the loss of some high speed bundled subscribers who discontinued service as a result of the aggressive product bundling implemented by Look’s competitors. Internet Services gross margin for the year ended August 31, 2007 remained largely unchanged at 57.8% (2006 – 58.0%) as a result of Look’s active management and renegotiation of supplier contracts to align with the declining subscriber base.

Other Services Revenue and Gross Margin

Revenue from Other Services in 2007 declined by $672, or 14.5%, over 2006 due both to a slight decrease in the number of subscribers and an 11.3% drop in ARPU. The decline was due mostly to attrition of hosting subscribers, where revenue in fiscal 2007 declined by $449 relative to fiscal 2006. Gross margin declined during the year to 62.5% (2006 – 65.6%) due to the decline in the higher-margin hosting subscribers coupled with changes to the structure of co-marketing agreements.

Sales and Installation Revenue

Revenue derived from Sales and Installations decreased by 37.8% or $237 for the year ended August 31, 2007. This decline was the result of a 36.9% decrease in new installations during the year.

Subscriber statistics

	2007	2006	% Change
Broadcast Services			
Gross additions	**1,831**	3,262	**(43.9%)**
Net reductions	**(5,027)**	(6,391)	**21.3%**
Total subscribers	**15,356**	20,383	**(24.7%)**
ARPU	**$50.33**	$45.84	**9.8%**
Churn	**3.2%**	3.6%	**0.4%**
Internet Services			
High Speed Services			
Gross additions	**2,692**	4,127	**(34.8%)**
Net reductions	**(1,378)**	(1,593)	**13.5%**
Total subscribers	**10,050**	11,428	**(12.1%)**
ARPU	**$44.95**	$44.91	**0.1%**
Churn	**3.1%**	3.8%	**0.7%**
Dial-Up Services			
Gross additions	**1,755**	3,478	**(49.5%)**
Net reductions	**(7,067)**	(12,025)	**41.2%**
Total subscribers	**15,226**	22,293	**(31.7%)**
ARPU	**$16.05**	$16.03	**0.1%**
Churn	**3.9%**	4.6%	**0.7%**
Total Internet Services			
Gross additions	**4,447**	7,605	**(41.5%)**
Net reductions	**(8,445)**	(13,618)	**38.0%**
Total subscribers	**25,276**	33,721	**(25.0%)**
ARPU	**$26.74**	$24.95	**7.2%**
Churn	**3.6%**	4.4%	**0.8%**
Other Services			
Gross additions	**2,790**	3,497	**(20.2%)**
Net reductions	**(554)**	(721)	**23.2%**
Total subscribers	**11,198**	11,752	**(4.7%)**
ARPU	**$21.80**	$24.59	**(11.3%)**
Churn	**2.4%**	2.9%	**0.5%**
Grand Total			
Gross additions	**9,068**	14,364	**(36.9%)**
Net reductions	**(14,026)**	(20,730)	**32.3%**
Total subscribers	**51,830**	65,856	**(21.3%)**
ARPU	**$34.34**	$32.44	**5.9%**
Churn	**3.2%**	3.9%	**0.7%**

See section 8 for explanations on how the above statistics are calculated.

Total Subscribers and ARPU

The decrease in subscribers for the year ended August 31, 2007 of 14,026 or 21.3% was due largely to the continuing decline of our residential and business Dial-Up subscribers, the loss of video subscribers and the loss of some High Speed subscribers due to the aggressive product bundling by Look's competitors. During fiscal 2007, Look also minimized marketing campaigns that have historically proven to be very expensive.

For the year ended August 31, 2007, total ARPU was $34.34 (2006 - $32.44). This increase of 5.9% was due largely to the improvement in Broadcast ARPU attributable primarily to the implementation of the digital video fee coupled with the DSL price increase and a relative shifting of subscribers from lower-ARPU dial-up products to a more complete higher-speed solution.

Broadcast Subscribers and ARPU

Broadcast subscribers totaled 15,356 as of August 31, 2007 representing a decrease of 5,027 or 24.7% from August 31, 2006. Of the 15,356 subscribers, 4,175 represented subscribers in multiple-unit dwellings and 11,181 were single family homes. The number of subscribers continued to decline in the year ended August 31, 2007 as a result of reduced sales and marketing activities by Look, aggressive bundling campaigns by the competition, and the implementation of the digital video fee. Primarily as a result of the digital video fee, ARPU for the year ended August 31, 2007 increased by 9.8% to $50.33 (2006 – $45.84).

For the year ended August 31, 2007, Broadcast subscriber churn was an average of 3.2% compared with 3.6% one year prior.

Internet Subscribers and ARPU

Internet subscribers totaled 25,276 as of August 31, 2007 representing a decrease of 8,445 or 25.0% from August 31, 2006. The decrease was essentially in the residential Dial-Up subscriber base which lost 7,028 subscribers in the year reflecting a continuous customer migration to High Speed products.

ARPU on Internet Services was $26.74 for the year ended August 31, 2007 (2006 - $24.95). While ARPU on both Dial-Up and High Speed products for the year ended August 31, 2007 remained stable at $16.05 (2006 - $16.03), and $44.95 (2006 - $44.91) respectively, Look has increased its year-over-year Internet access ARPU through the movement of subscribers to higher value services.

Other Services and ARPU

Other subscribers totaled 11,198 as of August 31, 2007 representing a decrease of 554 or 4.7% from August 31, 2006. Look also recorded sales of 30,198 domain names for the year ended August 31, 2007 (2006 – 36,368).

ARPU on Other Services for the year ending August 31, 2007 averaged $21.80 (2006 - $24.59). The decrease in ARPU was attributable to product mix, with subscribers moving to lower priced hosting products.

Operating Expenses

	Year ended August 31, 2007	Percentage of service revenues	Year ended August 31, 2006	Percentage of service revenues
Marketing and Sales	**$ 150**	**0.6%**	$ 662	2.3%
Customer Care	**1,978**	**8.2%**	3,193	10.9%
Engineering and Operations	**3,325**	**13.7%**	5,002	17.1%
General and Administration	**10,455**	**43.1%**	9,701	33.2%
Total before amortization and impairment of capital assets and amortization of deferred charges	**15,908**	**65.7%**	18,558	63.5%
Amortization and impairment of capital assets and amortization of deferred charges	**5,768**	**23.8%**	5,023	17.2%
Total Operating Expenses	**$21,676**	**89.5%**	$23,581	80.7%

Marketing and sales expenses

Marketing and sales expenses include Look's costs of media and other advertising fees for direct sales agencies, direct marketing costs, cost of producing and distributing product media and commissions on retail sales.

For the year ended August 31, 2007, marketing and sales expenses were $150 or 0.6% of service revenues, compared to $662 or 2.3% of service revenues for the year ended August 31, 2006. After the limited success of advertising campaigns in 2005 and early 2006, Look has focused on retention of its high-value subscribers.

For the year ended August 31, 2007, cost of acquisition per subscriber ("COA") was $16.54 compared to $46.09 for the year ended August 31, 2006 and $81.00 for the year ended August 31, 2005.

Customer care expenses

Customer care expenses include salaries, benefits and other costs associated with the operation of Look's call centers for technical and service support.

For the year ended August 31, 2007, customer care expenses were $1,978 or 8.2% of service revenues, compared to $3,193 or 10.9% of service revenues for the year ended August 31, 2006. As a percentage of revenues, customer care expenses declined slightly for the year ended August 31, 2007 reflecting Look's ability to achieve efficiencies in customer care while maintaining its customer focus in its call centre operations.

Engineering and operations expenses

Engineering and operations expenses in Look'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 subscribers and the costs of providing services to the subscribers.

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 Company-owned point of presence; (ii) the cost of leased lines into non-Company owned ports and related facilities charges; and (iii) the cost of connecting the Company's hub to the Internet backbone. Network server costs include the costs of contracts for software and hardware maintenance and support with third parties.

For the year ended August 31, 2007, engineering and operations expenses declined to $3,325 or 13.7% of service revenues, compared to $5,002 or 17.1% of service revenues for the year ended August 31, 2006. The reductions, totaling $1,677 during fiscal 2007, resulted primarily from the re-negotiation of hardware and software maintenance agreements and the continued focus on cost management.

General and administration expenses

General and administration expenses include administrative salaries, human resources, general occupancy, information technology and other administrative overheads for the Company. Costs relating to information technology, which comprise the development and maintenance of Look's customer service and billing systems, are also included. Some of these costs are variable and fluctuate with changes in the customer base.

For the year ended August 31, 2007, general and administration expenses were $10,455 or 43.1% of service revenues, compared to $9,701 or 33.2% of service revenues for the year ended August 31, 2006.

The increase in fiscal 2007 over the comparative in fiscal 2006 resulted mainly from stock based compensation, (a non-cash expense) due mainly to the vesting of options linked to share price performance, and legal fees related to, amongst other things, the action that Look is pursuing against Bell Canada.

Amortization of capital assets

Amortization of capital assets relates to the amortization of Look's capital assets including buildings, headends and network equipment, customer connections, computer hardware and software and office equipment. 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.

For the year ended August 31, 2007, amortization of capital assets was $5,701, compared to $4,948 for the year ended August 31, 2006. During fiscal 2007, the Company also recognized an impairment write-down of certain of its long-lived capital assets in the amount of $1,037, net of consolidation adjustments, as discussed in note 5 of its annual audited consolidated financial statements.

Amortization of deferred charges totaled $67 for the year ended August 31, 2007, compared to $75 for the year prior.

Interest and Financing Charges

	2007	2006
Accretion charges on liability of convertible debenture	$ (159)	$ (146)
Interest paid	(204)	(187)
Interest received	397	269
Loss on disposal of capital assets	(14)	-

For the year ended August 31, 2007, $159 (2006 – $146) was recorded as the accretion on the liability component of the convertible debentures and $204 (2006 – $187) was recorded in interest expense on mortgage financing, supplier-financed credit facilities, capital lease obligations, and financing fees. The interest and financing charges were more than offset by $397 (2006 - $269) in interest income recognized on liquid assets.

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

Discontinued Operations

The loss from discontinued operations in the year ended August 31, 2007 of $1,000 relates to additional charges for the settlement of the claim against UBS for leased premises used by UBS Technologies A/S, its Danish subsidiary that filed for bankruptcy in 2003. In 2006, a loan that was previously fully provided for, amounting to $2,423, was repaid and reflected as income in the period.

Loss for the year

The loss for the year ended August 31, 2007 amounted to $4,181 or $0.04 per share (basic and diluted), compared with the loss of $2,412 or $0.02 per share (basic and diluted) for the year ended August 31, 2006.

11. EARNINGS BEFORE INTEREST AND FINANCING CHARGES, TAXES, DEPRECIATION AND AMORTIZATION (EBITDA)

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

	Years ended August 31		
	2007	2006	2005
Loss from continuing operations	(3,181)	$ (3,633)	$ (4,554)
Non-controlling interest	(5,851)	(3,249)	(3,735)
Amortization of capital assets	5,701	4,948	5,547
Accretion on liability component of convertible debentures	159	146	234
Amortization of deferred charges	67	75	95
Net interest and financing charges	(193)	(82)	94
Loss on disposal of capital assets	14	-	-
(Recovery)/provision for income taxes	-	(2)	(36)
EBITDA*	$ (3,284)	$ (1,797)	$ (2,355)

*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

The key quarterly results for the last eight quarters are set out in the table below:

Fiscal Year	2006				2007			
Quarter ended	**Nov 30**	**Feb 28**	**May 31**	**Aug 31**	**Nov 30**	**Feb 28**	**May 31**	**Aug 31**
Revenue	$8,359	$7,850	$7,063	$6,605	$6,636	$6,346	$6,013	5,625
Gross Margin	4,325	4,712	3,719	4,005	3,494	3,327	3,038	2,765
Operating expenses before amortization and impairment	(4,106)	(4,589)	(4,214)	(5,649)	(3,837)	(4,427)	(3,862)	(3,782)
Continuing Operations								
Income/(Loss) for the period	(513)	(477)	(818)	(1,825)	(838)	(1,600)	(1,107)	364
Non controlling interest	(662)	(693)	(893)	(1,001)	(676)	(667)	(913)	(3,595)
Interest, taxes, depreciation, amortization and impairment	1,394	1,293	1,216	1,182	1,171	1,167	1,196	2,214
EBITDA	219	123	(495)	(1,644)	(343)	(1,100)	(824)	(1,017)
Discontinued Operations Income/(loss) for the period	-	2,423	-	(1,202)	(1,000)	-	-	-
Loss per share[1] – continuing operations	0.00	0.00	(0.01)	(0.02)	(0.01)	(0.01)	(0.01)	(0.00)
Income/(loss) per share[1] – discontinued operations	0.00	0.02	0.00	(0.01)	(0.01)	0.00	0.00	(0.00)
Income/(loss) per share[1] – total	0.00	0.02	(0.01)	(0.03)	(0.02)	(0.01)	(0.01)	(0.00)

[1] Loss per share is basic and diluted.

Dial-Up revenue has declined significantly over the past year. For the year ended August 31, 2006, Dial-Up revenue was $5,316 and represented 18.2% of total service revenues of the Company. For the year ended August 31, 2007, dial-up revenue had declined to $3,555 or 14.7% of total service revenues. Look is able to offer alternatives such as wireless access products and DSL to subscribers in Ontario and Quebec and is therefore able to retain some subscribers wishing to migrate to high speed internet access. However, Look is not able to offer any alternative high speed products in Western Canada where Look has lost a significant number of migrating subscribers.

In order to align operating costs with declining subscriber numbers, all departments have been impacted by internal restructurings that have occurred from time to time over the past four years. Full-time equivalent employees of Look have been reduced from 299 at August 31, 2003 to 88 at August 31, 2007 which, together with renegotiated contracts and reduced sales and marketing expenses are a few of the key components of the reduction in operating expenses.

Results of Operations for the Fourth Quarter Ended August 31, 2007

Operating Highlights

- For the three months ended August 31, 2007, total revenues were $5,625 compared to $6,605 for the three months ended August 31, 2006.
- Dial-Up revenues decreased to $773 during the fourth quarter of fiscal 2007 which represents a 29.4% decline over the same period one year prior. This decrease is not unexpected and reflects both the general attrition of Dial-Up subscribers along with the continuous migration of Dial-Up subscribers to high speed products.
- Gross margin for the three months ended August 31, 2007 based on service revenues decreased to 50.3% from 62.7% when compared to the three months ended August 31, 2006. This was largely the result of non-recurring telecommunications-related adjustments in the fourth quarter of fiscal 2006.
- Total operating expenses before amortization and impairment were $3,782 for the three months ended August 31, 2007 compared to $5,649 for the three months ended August 31, 2006.
- Non-controlling interest increased in the fourth quarter due to the loss in Look that was largely driven by the fixed asset impairment charges.
- For the three months ended August 31, 2007, the EBITDA was negative $1,017 compared to a negative EBITDA of $1,644 for the three months ended August 31, 2006.
- The net income was $364, or $0.00 per share (basic and diluted) for the three months ended August 31, 2007, compared to a net loss of $3,027, or $0.03 per share (basic and diluted), for the three months ended August 31, 2006.
- For the three months ended August 31, 2007, overall ARPU increased by $2.69 or 8.4% to $34.59 over the comparable period in fiscal 2006, reflecting the timely price increases implemented by Look during the year.

13. LIQUIDITY AND CAPITAL RESOURCES

The Company had cash of $9,650 at August 31, 2007 compared with cash of $8,481 at August 31, 2006.

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

Cash Flows provided by (used in):	2007	2006
Operating activities – continuing operations	$ 1,675	$ (1,434)
Operating activities – discontinued operations	(350)	(398)
Cash flows provided by/(used in) operating activities	1,325	(1,832)
Cash flows provided by/(used in) financing activities	(35)	524
Cash flows provided by investing activities	(121)	2,269
Increase in cash and cash equivalents	$ 1,169	$ 961

Cash provided by operating activities for the year ended August 31, 2007 was $1,325 compared to cash used of $1,832 for the prior year. This was largely due to changes in operating working capital.

Cash used in financing activities for the year ended August 31, 2007 was $35, compared with cash provided by financing activities of $524 for the year ended August 31, 2006. The cash provided in fiscal 2006 related primarily to the refinancing of the mortgage on the Milton site resulting in a corresponding increase in the mortgage liability from $1,200 to $1,800 while in fiscal 2007 the cash used related mostly to the repayment of obligations under capital leases.

For the year ended August 31, 2007, cash used in investing activities amounted to $121. This compares with cash provided by investing activities of $2,269 in the prior year arising mainly from the repayment of the loan receivable from the sale of the E & M Business.

As at August 31, 2007, the Company had contractual obligations that require future payments as follows:

	Total	2008	2009	2010	2011	2012	Thereafter
Mortgage payable	$ 1,800	-	1,800	-	-	-	-
Operating leases	$ 1,660	714	346	236	186	178	-
Capital leases	$ 14	14	-	-	-	-	-

The mortgage payable bears interest at 10.5% per annum and matures on August 21, 2009. The mortgage is collateralized by a general security agreement over the assets at Look's Milton, Ontario premises, and a first legal charge over the land and building of Look.

Pursuant to CRTC regulation, Look is required to make annual contributions to the Canadian Television Fund ("CTF"), which is a cable industry fund designed to foster the production of Canadian television programming. Contributions to the CTF are based on a formula, including gross broadcast revenue and the number of subscribers. Look may elect to spend a portion of the above amount for local television programming and may also elect to contribute a portion to another CRTC approved independent production fund. Look estimates that its total annual contributions to the CTF and CRTC for 2007 will amount to approximately $600.

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.

Management believes that the Company has sufficient cash and cash equivalents available to meet the needs of its existing operations for the foreseeable future. This projection may be adversely impacted by the outcome of the Bell Canada dispute, a faster rate of decline in subscribers than experienced during fiscal 2006 and fiscal 2007 and negative pressure on ARPU. Significant external funds will, however, be required to expand the M^3 network to achieve Look's mission of being an M^3 information, communication, and entertainment service provider throughout the Windsor to Québec City 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 August 31, 2007 was $7,555 compared with $4,451 at August 31, 2006. UBS had a working capital deficiency of $859 at August 31, 2007 (surplus of $1,370 at August 31, 2006), while Look's working capital deficiency at August 31, 2007 was $6,696 compared with $5,821 at August 31, 2006. Management continues to reposition the Company as an M^3 service provider so that it can better utilize the Company's main assets, which include the license to use approximately 100 Mhz of spectrum in the 2.5 to 2.7 Ghz band and the broadcast license.

14. SHARE CAPITAL

As at August 31, 2007, UBS had issued 91,442,522 Common Shares (August 31, 2006 – 91,442,522) and 11,305,332 Class A Non-Voting Shares (August 31, 2006 – 11,305,332) for total issued shares of 102,747,854 (August 31, 2006 - 102,747,854).

At August 31, 2007, there were options outstanding to acquire 15,974,000 Common Shares of UBS (August 31, 2006 – 15,954,000). During the year ended August 31, 2007, UBS recorded stock based compensation expense of $135 (2006 - $243) related to options issued to employees and $919 (2006 - $156) related to options issued to non-employees, which has been recorded in contributed surplus.

As at November 30, 2007, there were no changes to the number of issued Common Shares of UBS and the number of options outstanding to purchase Common Shares of UBS.

15. CONTINGENCIES

(a) Claim for damages against Inukshuk

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

On November 19, 2003, Allstream Inc., Inukshuk and a USA company, NR Communications, LLC announced a joint venture for the use and development of 60 MHz of MCS spectrum. This MCS spectrum is part of the 98 MHz of spectrum licensed to Inukshuk, which is the subject matter of the Agreement.

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”) following its acquisition of Microcell in September 2004). The damages claimed are for, amongst other things, specific performance, breach of contract, breach of confidence and breach of fiduciary duty. Damages totaling $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 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 using the Inukshuk spectrum. Pursuant to this agreement, Rogers and Bell Canada were to transfer, amongst other things, the Inukshuk spectrum in the 2.5 GHz frequency range to the Inukshuk Wireless Partnership (the “Inukshuk Partnership”).

On March 30, 2006, Industry Canada confirmed in a letter to Rogers and Bell Canada that barring unforeseen circumstances approval would be given to transfer the MCS licenses from Inukshuk to the Inukshuk Partnership.

During fiscal 2007, UBS Wireless commenced proceedings to bring a motion to add the Inukshuk Partnership as a defendant to the original lawsuit. This motion was withdrawn and on August 22, 2007 UBS Wireless filed a Statement of Claim against the Inukshuk Partnership. The Statement of Claim seeks, amongst other things, a mandatory order requiring the Partnership to return to Fido Solutions Inc. (“Fido”, formerly Microcell Telecommunications Inc.) any and all rights or licenses to use or exploit the MCS spectrum and such other, interim, interlocutory or final relief as may be necessary to enable Fido to comply with any order requiring the specific performance of certain obligations to UBS Wireless.

The assets and rights pursuant to the Agreement are significant to the Company’s shareholders and as such UBS intends to vigorously pursue its rights.

(b) Bell Canada

In response to Bell Canada's "Notice of Intent to Disconnect" Look's services, on April 27, 2007, Look filed a Statement of Claim with the Ontario Superior Court of Justice against Bell Canada. Look claims damages in the aggregate amount of $25,000 plus interest, costs, and any applicable taxes for, amongst other things, Bell Canada's breach of contract, misrepresentation, and unlawful interference with economic relations. Look is also seeking $10,000 in aggravated and/or punitive damages.

On May 8, 2007, Look filed a Notice of Motion seeking Interim and Interlocutory Injunctions (the "Injunctions") preventing Bell Canada from terminating, reducing, restricting, or in any way interfering with the telecommunications services provided by Bell Canada to Look, pending the final determination of the motion or until such other time as the Court may direct. The Injunctions were heard by the Ontario Superior Court of Justice on July 23, 2007 and granted on July 31, 2007. In light of the Injunctions granted, Look believes it will be able to carry on business in the normal course of operations.

The major Terms and Conditions of the Injunctions are as follows:

1. Look will pay Bell Canada $360 per month from May 1, 2007;
2. Look may not encumber or transfer its spectrum license without the consent of the Court; and
3. Bell Canada will pay Look's costs of the Injunctions.

Look is fully complying with the Terms and Conditions set forth by the Ontario Superior Court of Justice. In addition, Look will expeditiously continue to vigorously pursue its aforementioned Statement of Claim against Bell Canada.

On July 5, 2007, Bell Canada filed its Statement of Defence and Counterclaim against Look claiming, amongst other things, damages for trade payables in the amount of $13,689, damages in the amount of $2,300 for credit notes improperly issued by Bell Canada, and $1,000 in aggravated and/or punitive damages.

The hearing date for these actions has yet to be determined and the outcome of these actions cannot be predicted at this time.

These claims are significant to the Company's shareholders. In the Company's opinion, Bell Canada's Counterclaim is without merit and Look intends to vigorously pursue its rights.

(c) Other claims

(i) On February 19, 2004, Craig Wireless International Inc. (“Craig Wireless”) filed a Statement of Claim against the Company before the Ontario Superior Court of Justice. In its action, Craig Wireless seeks numerous sanctions against the Company and other parties.

On May 4, 2004, the Company obtained an order from the Ontario Superior Court of Justice dismissing with prejudice the motion brought by Craig Wireless for, amongst other things, an injunction that would prevent UBS from voting its shares of Look and converting into common shares its convertible debentures pursuant to Look's February 2004 rights offering. At the same time, Craig Wireless also withdrew its challenge to the CRTC approval of UBS acquiring a controlling interest in Look. Craig Wireless is still pursuing its claim that Look conducted its affairs in a manner that was oppressive and unfairly prejudicial to Craig Wireless and requests damages in the aggregate amount of $12,000.

On October 27, 2006 the Ontario Superior Court of Justice heard a motion brought by Craig Wireless to amend its claim so as to add additional defendants. The Court denied Craig Wireless’ motion on January 24, 2007 and awarded costs in favour of the Company. The Company has been advised that, at this time, Craig Wireless does not intend to further amend its claim. The Company believes that the entire claim is unfounded and intends to vigorously defend itself. No accrual has been recorded in the accounts for this claim.

(ii) Certain claims have been filed against UBS in connection with UBS Technologies A/S (formerly ProTeleVision Technologies A/S), its Danish subsidiary that was petitioned into bankruptcy in early 2003. On January 22, 2007, UBS settled a claim related to leased premises used by UBS Technologies A/S in Denmark. This settlement was charged to discontinued operations. A second claim, which relies on an alleged guarantee by UBS in respect to a subcontracting agreement for the manufacture of electronic products is proceeding through the Danish courts.

Management believes it has a good defence against the remaining claim and continues to vigorously defend its position.

(iii) On May 17, 2005, a proceeding was brought against UBS alleging damages of approximately $700 for repairs to premises under a lease. UBS has filed a third party claim against a sub-tenant for indemnification of any damages to the subleased premises. Management believes it has a good defense and intends to vigorously defend its position.

(iv) On June 8, 2005, an investment dealer filed a third party claim against UBS resulting from litigation against that investment dealer by two shareholders of UBS. The claim against the investment dealer, for $42,000, is for negligence and breach of contract pertaining to a secondary sale of UBS shares in 2000, on behalf of the two shareholders. The third party claim against UBS alleges that UBS indemnified the investment dealer against claims on the performance of the investment dealer with respect to this secondary sale of UBS shares. Management sees no merit in the third party claim and intends to vigorously defend its position.

16. TRANSACTIONS WITH RELATED PARTIES

(a) Management Services Agreement with Look

On May 19, 2004, UBS and Look entered into an agreement 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 agreement Look is required to pay UBS an annual fee of $2,400. 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 agreement and the services provided by UBS. The initial term of the agreement 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 agreement not recommence, in which event the agreement expires on the completion of the remaining term.

(b) Management Service Agreement with Jolian Investments Ltd.

Management service fees pursuant to the Management Service Agreement between UBS and Jolian Investments Ltd., which is controlled by the Chairman and CEO of the Company, amounted to $516 for the year ended August 31, 2007 (January 1, 2006 to August 31, 2006 – $732).

(c) Consulting Agreement

Consulting fees, pursuant to a consulting agreement entered into in 2002 with Mr. Dolgonos, former President and CEO of UBS, amounted to $428 for the year ended August 31, 2007 (2006 - $692).

(d) Rent of Premises

UBS has subleased a portion of Look’s premises for a five year term at an annual rent of $74 (2006 - $73).

17. RISKS AND UNCERTAINTIES

Going Concern

The Company's ability to continue as a going concern is dependent upon achieving and maintaining profitable operations, the successful implementation of the Company's business strategy, availability of financing alternatives and an acceptable outcome to the Company's contingencies (See Section 15). 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 and reported revenues and expenses that would be necessary if the going concern basis was not appropriate. Such adjustments could be material.

Economic Dependence

Look purchases the significant portion of its telecommunications needs from Bell Canada. As a result, the provision of many of Look's service offerings to its subscribers and the revenue generated therefrom are dependent upon Bell Canada continuing to provision its network services to Look (See Section 15(b)).

Financing Risks

The Company's M^3 mission is dependent on raising sufficient capital or partnering with other service providers who would provide the necessary infrastructure and capital requirements 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 outlined in Look's new strategy will be built.

Subscriber Retention

Look's ability to retain its profitable subscriber base is the prime determining factor in its long-term success. Look attempts to ensure retention of profitable subscribers by maintaining its infrastructure and technical and subscriber support capabilities. Look has also implemented targeted retention strategies designed to reduce the rate of subscriber attrition. However, it is easy for Look's subscribers to switch to competing internet and television distribution service providers. Any significant loss of profitable subscribers will adversely affect the Company's business, financial condition and results of operations in the future.

Subscriber Acquisition

Look's revenue depends on its ability to attract and retain new subscribers. However, the very strong competitive environment in which Look operates could adversely affect its 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 M^3 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. This implementation will rely, in part, on new and unproven technology, although UBS has experience in related areas. The Company cannot be certain that this new service can be implemented in the time frame and within the investment capital required to generate an appropriate risk related return for investors.

18. DISCLOSURE CONTROLS

Management has evaluated the Company's disclosure controls and procedures and has determined that, as at August 31, 2007, the controls are effective.

19. INTERNAL CONTROLS OVER FINANCIAL REPORTING

Internal control over financial reporting ("ICOFR") is designed to provide reasonable assurance regarding the reliability of the Company's financial reporting and its compliance with GAAP in its financial statements. Management has evaluated whether there were changes to its ICOFR during the year ended August 31, 2007 that have materially affected, or are reasonably likely to materially affect, its ICOFR. No such changes were identified.

20. ADDITIONAL INFORMATION

Additional information regarding the Company's financial statements and activities are available at www.sedar.com.