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

UNIQUE BROADBAND SYSTEMS, INC.

Years ended August 31, 2008 and 2007

UNIQUE BROADBAND SYSTEMS, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

For the years ended August 31, 2008 and 2007

November 21, 2008

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, 2008 and the consolidated results of operations for the year ended August 31, 2008. This MD&A should be read in conjunction with the Company's audited consolidated financial statements for the year ended August 31, 2008 and the financial statements and MD&A of Look Communications Inc. ("Look") as at and for the year ended August 31, 2008.

The Company's annual audited consolidated financial statements and the notes thereto have been prepared on a going concern basis, in accordance with Canadian generally accepted accounting principles ("Canadian GAAP") with respect to the preparation of financial information. 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. There is significant doubt about the Company's use of the going concern assumption because it has incurred significant operating losses and negative cash flows from operations in recent years and has a working capital deficiency of \$13,429 as at August 31, 2008 (2007 - \$8,055).

The Company will need to raise cash in order to meet the needs of its existing operations beyond fiscal 2009. This requirement and timing for capital may be adversely impacted by, amongst other things, a lack of available financing through traditional banking sources, the outcome of the contingencies, a faster rate of decline in subscribers than experienced during fiscal 2008 and negative pressure on average revenue per user. In order to alleviate this cash requirement, the Company will continue to seek any and all ways to obtain financing through, amongst other things, partnering arrangements, debt and equity partners, the sale of certain subscribers, arrangements involving some or all of the Company's spectrum and rights offerings to existing shareholders. The outcome of these matters cannot be predicted at this time.

The ability of the Company to continue as a going concern and to realize the carrying value of its assets and discharge its liabilities when due is dependent on the successful completion of the actions taken or planned, some of which are described above, which management believes will mitigate the adverse conditions and events which raise doubt about the validity of the going concern assumption used in preparing these consolidated financial statements (See the sections entitled "Liquidity and Capital Resources", "Contingencies" and "Risks and Uncertainties - Economic Dependence"). There is no certainty that these and other strategies will be sufficient to permit the Company to continue beyond August 31, 2009.

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

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 and information concerning the future performance of the Company, its operations, and its financial performance and condition. These forward-looking statements and information 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 and information are based on current expectations. The Company cautions that all forward-looking statements and information are inherently uncertain and actual results may differ materially from the assumptions, estimates, or expectations reflected or contained in the forward-looking statements and 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. New risks and uncertainties arise from time to time, and it is impossible for the Company to predict these events or the effect that they may have on the Company. Certain statements in this MD&A, other than statements of historical fact, may include forward-looking information that involves various risks and uncertainties. This may include, without limitation, statements based on current expectations involving a number of risks and uncertainties related to all aspects of the wireless communications, broadcast television, and Internet services industries. These risks and uncertainties include, but are not restricted to: (i) the continued operation of the Company as a going concern, (ii) the ability of the Company to raise adequate and suitable financing or obtain infrastructure assistance, (iii) the outcome of litigation, (iv) changes in spectrum allocation, (v) other risk factors related to the Company's business and (vi) other risk factors related to the Company's industry. For a more detailed discussion of factors that may affect actual results or cause actual results to differ materially from any conclusion, forecast or projection in these forward-looking statements and information, see the sections entitled "Overview – Significant Current Events", "Liquidity and Capital Resources", "Contingencies" and "Risks and Uncertainties" below.

Therefore, future events and results may vary significantly from what the Company currently foresees. Readers are cautioned that the forward-looking statements and information made by the Company in this MD&A are stated as of the date of this MD&A, are subject to change after that date, and are provided for the purposes of this MD&A and may not be appropriate for other purposes. We are under no obligation to update or alter the forward-looking statements whether as a result of new information, future events, or otherwise, except as required by National Instrument 51-102, and we expressly disclaim any other such obligation.

3. OVERVIEW

Significant Current Events

(a) Sale of Web Hosting and Domain Businesses

On October 17, 2008, Look executed an Asset Purchase Agreement (the "Agreement") with Bluegenesis.com Corp. ("Bluegenesis") for the sale of its web hosting and domain businesses. The Agreement, which closed on November 1, 2008, requires the following:

1. Consideration in the amount of approximately \$3,800 payable to Look, subject to potential post-closing adjustments, and;
2. A 40-month Shared Hosting Marketing and Licensing Agreement with Bluegenesis whereby Look and Bluegenesis agree to jointly promote the EasyHosting brand and share in the revenue generated therefrom.

(b) WiMAX Test Network

On November 3, 2008 Look and Motorola announced that they had commenced a WiMAX IEEE 802.16e Wave2 trial in Milton, Ontario, using Motorola, Inc.'s latest WiMAX equipment. Look's WiMAX system utilizes the latest in 4G (Fourth Generation) technologies, offering a wide variety of mobile services such as high quality Broadcast Television, High Speed Internet and VoIP.

To date, WiMAX has been deployed in more than 100 countries around the globe with great success. In Canada, Look is one of the first to offer a completely mobile WiMAX trial network capable of delivering an experience and speeds equivalent to land-based DSL and cable internet connections. No existing 3G cellular network in Canada can match this consumer experience.

Current WiMAX devices range from mobile handhelds, PCMCIA cards, USB dongles and laptop computers with embedded WiMAX chips. This breadth of devices allows consumers to customize their mobile requirements whether they are at home, at the office, at the cottage or on the road.

Rather than being constrained by the geographic limitations of WiFi, WiMAX allows operators to blanket an entire city or region to offer completely seamless connectivity.

Look can demonstrate this disruptive technology using a state of the art WiMAX demonstration vehicle located at its head office in Milton, Ontario. Passengers can view high quality television with an interactive guide, view video on demand (VOD), place voice calls, browse the Internet, and achieve Internet speeds capable of 6 Megabits per second while traveling at highway speeds. Other devices such as handhelds and WiMAX embedded laptops are also available for demonstration.

Look believes that WiMAX will give consumers an unparalleled experience that is currently not offered by any mobile or cellular operator in Canada. Look's unique combination of its mobile broadcast licence, along with its approximately 100 MHz of spectrum in the 2.6 to 2.7GHz band, allows Mobile WiMAX to become a reality in Canada today.

(c) Corporate Reorganization Plan

In December 2007, Look implemented the reorganization plan (the "Plan") approved on October 10, 2007, by transferring certain assets of Look to an entity that is 100 per cent controlled by Look. The purpose of the Plan is to utilize certain of Look's non-capital losses, which would have otherwise expired, to reduce future taxable income.

Our Company

UBS (TSX Venture: UBS) is a publicly listed Canadian company that has a 51.7% equity interest, on a fully diluted basis, in Look (TSX Venture: LOK and LOK.A) and other assets. With licenced spectrum and broadcast licences 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.

Look's mission is to be an M3 - Mobile Multi Media – entertainment and information service provider in Ontario and Québec. Look currently delivers a full range of communications services including high-speed and dial-up Internet access, digital television distribution, and superior customer service to both the business and residential markets. Look provides its digital television distribution and wireless Internet services using its approximately 100 MHz of Multipoint Distribution System spectrum in the 2.5 to 2.7 GHz frequency band covering approximately 18 million people (1.8 billion MHz/Pops) in the provinces of Ontario and Québec. Look's shares are listed on the TSX Venture Exchange under the symbols "LOK" for Multiple Voting Shares and "LOK.A" for Subordinate Voting Shares.

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, Québec and Milton, Ontario. As at August 31, 2008, Look had 70 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 Québec. A mobile television demonstration network was completed in Milton, Ontario in April 2006 and is fully operational. The commercial launch of the M³ network is, however, dependent upon Look obtaining adequate financing arrangements with financial partners and other suppliers for the development and build-out of the network and various subscriber devices.

An M³ 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 is designed to give consumers personalization and mobility in voice, television, data, and Internet, and it allows these

applications to be further delineated into specific services such as text messaging, pictures, video, conferencing, and caller identification.

On November 3, 2008 Look announced that it had launched its Mobile Multi Media WiMAX trial in Milton, Ontario (See "Overview – Significant Current Events – WiMAX Test Network").

Mobile video is fast becoming a reality in a number of countries, most notably in Korea and Japan, as well as across Europe and the US. Pursuant to Look's engagement with UBS, it has acquired access to UBS' expertise and technological know-how in offering consumers 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 and it 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 Québec from its existing operations and its strategy is designed to maximize cash flow and return on the Company's existing assets.

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

1. Continue to seek any and all opportunities to obtain financing;
2. Resolve Look's dispute with Bell Canada to continue servicing existing subscribers;
3. Maximize shareholder value through the strategic repositioning of the Company's M³-enabling assets; and
4. Continue to re-negotiate supplier contracts and focus on efficiency improvements.

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 51.7%-owned subsidiary of UBS and is consolidated for financial reporting purposes. UBS' share ownership in Look will fluctuate as convertible debentures previously issued by Look are converted into multiple and subordinate voting shares and interest obligations in connection with these convertible debentures are settled in 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, which occurred during the third quarter of fiscal 2008, the excess and any further losses will be fully absorbed by the Company. Subsequent earnings, if any, recorded by Look, will 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]

However, wireless market penetration remains low in Canada – estimated by industry analysts at SeaBoard to be around 60 percent, second to last among member countries in the Organization for Economic Co-operation and Development and approximately 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; Spectrum Policy Framework for Canada – Spectrum Management and Telecommunications, Industry Canada, June 2007]

The ongoing development of wireless data transmission technologies has led manufacturers to create wireless devices such as the Apple iPhone 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. Furthermore, 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 2008 – making the cellular phone the fastest-selling single item of consumer electronics. There are more than 2.3 billion global cellular phone subscribers 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. Currently, these services account for approximately 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]

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 suggest this 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]

The Need for Spectrum

The requirement for additional spectrum was addressed in part by the federal government's AWS spectrum auction, which commenced on May 27, 2008. As The Honourable Maxime Bernier, former Minister of Industry explained at the June 2007 Canadian Telecom Summit:

1. Spectrum is not just about cellphones. 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.
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.

The US FCC completed the auction of 90 MHz of AWS spectrum with no limitations on its use in September 2006, awarding 1,087 licences to 104 bidders for aggregate proceeds of US\$13.9 billion. On March 18, 2008, the US FCC completed the auction of 62 MHz in the 700 MHz spectrum band for total proceeds of US\$19.1 billion. Of the 214 qualified bidders, the largest purchasers were Verizon Wireless (US\$9.4 billion at US\$0.73/MHz/Pop), AT&T Wireless (US\$6.6 billion at US\$3.15/MHz/Pop) and the satellite TV operator DISH Network (US\$0.8 billion at US\$0.55/MHz/Pop), together representing approximately 93% of the total auction proceeds.

In the UK, Ofcom is planning to auction 205 MHz of spectrum, situated around the 2.6GHz frequency band which is to be used for, amongst other things, mobile broadband wireless services.

2008 Spectrum Auction

On November 28, 2007, the Minister of Industry announced the final policy decisions for the 2008 AWS spectrum auction of 105 MHz, which commenced on May 27, 2008 and concluded on July 21, 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 former Minister of Industry, the Honourable 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 \$500,000 for all geographic areas covered by AWS spectrum.

The Company believes the new policy decisions will foster better and more diverse services for consumers, on the assumption that the policies will encourage new entrants and the additional bandwidth will permit new services. In particular, the spectrum set aside, mandated roaming and antenna tower and site sharing, coupled with binding arbitration to conclude commercial agreements, are assumed to encourage increased competition and potentially lower prices in Canada's wireless industry although the

time frame for any reduction (or relative reduction) in consumer prices cannot be projected and may not even occur if these or other assumptions prove incorrect.

In the final policy decisions, Industry Canada adopted the use of Tier 2 and Tier 3 service areas and eliminated the Tier 4 service areas initially proposed in the February 2007 Consultation Paper entitled "Consultation on a Framework to Auction Spectrum in the 2 GHz Range including Advanced Wireless Services". The licences auctioned were divided into two Tiers - 28 Tier 2 Provincial and large regional licences (all of which were set aside for new entrants) and 236 Tier 3 Smaller regional licences (available to all bidders).

On December 22, 2007, Industry Canada released Notice No. DGRB-011-07 – *Licensing Framework for the Auction for Spectrum Licences for Advanced Wireless Services and other Spectrum in the 2 GHz Range*. This notice outlined, amongst other things, the rules and requirements for the competitive bidding process established by the Minister, and the financial deposits that were required on application by bidders. On February 29, 2008 Industry Canada responded to questions and comments submitted by interested parties on January 22, 2008 and February 7, 2008 and clarified the rules related to mandatory roaming and mandatory tower and site sharing.

On March 31, 2008 Industry Canada released the final list of qualified bidders. In aggregate, twenty-seven participants qualified to bid in the auction after depositing approximately \$2.6 billion.

The AWS auction commenced on May 27, 2008 and concluded after 331 rounds on July 21, 2008 with gross proceeds of \$4.26 billion, far in excess of analyst expectations, indicating significant interest in mobile spectrum from both new entrants and incumbents, as can be seen from the following chart (in millions of dollars):

\$millions	Advanced Wireless Services						PCS	L-Band	Total	MHz/Pop (millions)	
	Open	New Entrants Set Aside				Open		Open			Open
	A	B	C	D	E	F	G	I			
Block Size	20MHz	20MHz	10MHz	10MHz	10MHz	20MHz	10MHz	5MHz	105MHz		
Rogers	\$953				\$0	\$47	\$0	\$0	\$999	600	
Telus	\$32				\$162	\$687	\$0	\$0	\$880	383	
Bell	\$15				\$311	\$414	\$0	\$1	\$741	355	
Total Incumbents	\$999	\$0	\$0	\$0	\$473	\$1,147	\$0	\$1	\$2,620		
Videotron	\$0	\$227	\$115	\$207	\$5	\$0	\$0	\$0	\$555	381	
Globalive	\$0	\$279	\$89	\$52	\$20	\$0	\$1	\$1	\$442	342	
DAVE	\$0	\$0	\$161	\$82	\$0	\$0	\$0	\$0	\$243	174	
Shaw	\$0	\$134	\$14	\$25	\$17	\$0	\$0	\$0	\$190	188	
MTS	\$0	\$39	\$0	\$0	\$0	\$0	\$1	\$1	\$41	39	
Others	\$0	\$48	\$26	\$15	\$2	\$0	\$73	\$0	\$164		
Total New Entrants	\$0	\$727	\$406	\$381	\$44	\$0	\$75	\$2	\$1,635		
Total	\$999	\$727	\$406	\$381	\$517	\$1,147	\$75	\$3	\$4,255		
\$/ MHz/POP	\$1.67	\$1.21	\$1.35	\$1.27	\$1.72	\$1.91	\$0.25	\$0.02	\$1.35		

The overall \$/MHz/Pop of \$1.55 for AWS (90 MHz of spectrum) is significantly higher than the total opening reserve bid at \$0.19/MHz/Pop, and exceeds the 2001 PCS auction (\$1.29/MHz/Pop) by approximately 20%. Consistent with the 2001 PCS auction, spectrum in Look's service areas was the most expensive where eight of the top ten high bids were for licences in Ontario and Québec:

Rank	Block	Service Area	High Bid (in millions)	Size (MHz)	Price/MHz/POP
1	F	Toronto	\$314	20	\$2.79
2	B	Southern Ontario	\$279	20	\$1.58
3	A	Toronto	\$235	20	\$2.08
4	F	Montreal	\$234	20	\$3.09
5	A	Montreal	\$192	20	\$2.54
6	B	Southern Québec	\$168	20	\$1.63
7	C	Southern Ontario	\$131	10	\$1.49
8	E	Montreal	\$128	10	\$3.38
9	A	Vancouver	\$117	20	\$2.53
10	F	Vancouver	\$117	20	\$2.53

6. OVERVIEW OF GOVERNMENT REGULATION AND REGULATORY DEVELOPMENTS

Industry Canada

The awarding of spectrum and licences for data services in Canada are under the jurisdiction of Industry Canada, a department of the Government of Canada. Industry Canada is responsible for telecommunications policy in Canada and has specific jurisdiction under the Radio Communication Act (Canada) to establish radio licensing policy and award radio licences for radio frequencies 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 Look's position as an MDS Broadcaster and provides additional options for the future development of Look, 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 (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 licence was extended in August 2004 for another seven years to 2011. Its coverage areas in Ontario and Québec include the major metropolitan markets of Toronto, Montreal, Hamilton, Trois-Rivières, Ottawa, and many other cities from London to Québec 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 licence. The CRTC went on to request comments on its proposed exemption from regulation relating to any broadcasting to any mobile devices.

7. SIGNIFICANT ACCOUNTING POLICIES

Management’s discussion and analysis of operating results and financial condition 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 2008 annual audited consolidated financial statements 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.

Basis of consolidation

These consolidated financial statements include the accounts of the Company's controlled subsidiary, Look, and its wholly owned subsidiary, UBS Wireless. All significant intercompany balances and transactions have been eliminated upon consolidation. In accordance with The Canadian Institute of Chartered Accountants' ("CICA") Handbook Section 1600, Consolidated Financial Statements ("Section 1600"), when the losses applicable to the non-controlling interest in Look exceeded the non-controlling interest's carrying value in Look, which occurred during the third quarter of fiscal 2008, the excess and any further losses will 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.

Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates. Significant estimates are used in determining allowances for doubtful accounts, useful lives of property and equipment, property and equipment impairment assessments, income tax valuation allowances, certain liabilities for cost of carrier services, stock-based compensation expense and contingent liabilities.

Cash and cash equivalents

Cash and cash equivalents consist of all bank balances and highly liquid short-term investments with original maturities of less than 90 days. Cash equivalents include guaranteed investment certificates and bankers' acceptances. Cash and cash equivalents have been classified as held-for-trading.

Inventory

Inventory, which consists primarily of modems, antennae and remote controls, is recorded at the lower of cost and net realizable value.

Property and equipment

Property and equipment is recorded at cost less accumulated amortization. Amortization is provided at rates and on bases designed to amortize the cost of the assets over their estimated useful lives as follows:

Asset	Basis	Rate
Building	Declining balance	4%
Headend and network equipment	Straight line	8 - 10 years
Customer connections	Straight line	5 - 10 years
Computer hardware	Declining balance	30%
Computer software	Straight line	Up to 1 year
Office equipment and other	Declining balance	20%
Vehicles under capital leases	Declining balance	30%

Property and equipment associated with the Company's network and customer connections is subject to technological risks and market changes due to new products and services and changing customer demands. These changes may result in changes to the estimated useful lives of these assets.

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.

Deferred charges

Deferred charges consist primarily of licence renewal application costs and deferred financing charges. Licence renewal application costs represent expenditures incurred in the course of obtaining the licence renewals from the Canadian Radio-television and Telecommunications Commission ("CRTC") and are being amortized on a straight-line basis over the term of the licence of approximately seven years. On September 1, 2007, upon adoption of the financial instrument standards, certain deferred charges were reclassified with an adjustment to long-term debt.

Revenue recognition

Services revenue, comprised of Broadcast, Internet and Other, is presented net of discounts granted to new subscribers as incentives. Broadcast Services revenue is earned from the provision of digital television services to residential and business subscribers. Internet Services revenue is earned primarily from monthly and annual subscriptions from individuals and businesses for access to the Internet. The Company earns Other Services revenue 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 subscribers and the installations of such equipment. Revenue from the sale of receiving equipment and modems is recognized in the period in which the services are activated.

Government assistance

Government assistance is recorded as an expense reduction in the period that the expenditure is incurred and when reasonable assurance exists that the Company has complied with the terms and conditions of the approved grant program and there is reasonable assurance that the proceeds will be received.

Foreign currency translation

Monetary assets and liabilities denominated in a foreign currency are translated at the exchange rate in effect at the balance sheet date. Revenue and expense items are translated at the exchange rate in effect at the date of the transaction. Resulting exchange gains or losses are included in the loss for the year.

Income taxes

Under the asset and liability method of tax allocation, future income tax assets and liabilities are determined based on the differences between the financial reporting and tax bases of assets and liabilities and are measured using the substantively enacted tax rates and laws that are expected to be in effect in the years in which the future income tax assets or liabilities are expected to be settled or realized. A valuation allowance is provided to the extent that it is more likely than not that future income tax assets will not be realized.

Stock option incentive plan

UBS accounts for all stock options to employees and non-employees using the fair value-based method. Under the fair value-based method, compensation cost attributable to awards to employees and directors is measured at fair value at the grant date and recognized over the vesting period. Forfeitures are accounted for as they occur. Consideration paid by employees and non-employees on the exercise of stock options is recorded as share capital.

For non-employee awards, the fair value of stock-based compensation is periodically remeasured until counterparty performance is complete, and any change therein is recognized over the vesting period of the option grant.

Share appreciation rights plan

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 Plan that govern the awards will be met.

Basic and diluted loss per share

Basic loss per share is calculated by dividing the loss for the year by the weighted average number of shares outstanding during the year. Diluted loss per share is calculated by dividing the loss for the period by the sum of the weighted average number of shares outstanding and the dilutive equivalent shares outstanding during the year. Equivalent shares consist of the shares issuable upon exercise of stock options and warrants calculated using the treasury stock method. Equivalent shares are not included in the calculation of the weighted average number of shares outstanding for diluted loss per share when the effect would be anti-dilutive.

Changes in Accounting Policies

In 2006, The Canadian Institute of Chartered Accountants ("CICA") issued Handbook Section 1506, Accounting Changes ("Section 1506"). Section 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 was adopted by the Company on September 1, 2007.

Financial Instruments

Effective September 1, 2007, the Company adopted retrospectively without adjustment of prior years, the recommendations of Section 1530, Comprehensive Income; Section 3855, Financial Instruments - Recognition and Measurement; Section 3861, Financial Instruments - Disclosure and Presentation; Section 3865, Hedges; and Section 3251, Equity. These sections provide standards for recognition, measurement, disclosure and presentation of financial assets, financial liabilities and non-financial derivatives, and describe when and how hedge accounting may be applied.

Section 1530 provides standards for the reporting and presentation of comprehensive income, which represents the change in equity from transactions and other events and circumstances from non-owner sources. Other comprehensive income is defined by revenue, expenses, gains and losses that are recognized in comprehensive income, but excluded from net income, in conformity with Canadian GAAP.

Under the new standards, all financial assets are classified as held-for-trading, held-to-maturity investments, loans and receivables or available-for-sale. Also, all financial liabilities must be classified as held-for-trading or other financial liabilities. The financial instruments are measured at their fair values, except for held-to-maturity investments, loans and receivables and other financial liabilities, which are measured at amortized cost using the effective interest method. The change in the fair value of a financial asset or financial liability classified as held-for-trading is included in operations in the period in which it arises, and the change in the fair value of available-for-sale financial assets is recognized in other

comprehensive income until the financial asset is derecognized and any cumulative gain or loss is then recognized in operations.

As a result of the adoption, the Company's financial liabilities must be measured at amortized cost using the effective interest rate method. On adoption, this resulted in an increase in the liability component of the convertible debentures of \$105 and an offsetting entry to shareholders' deficit.

As a result of the implementation of the standards, the Company has classified cash and cash equivalents as held-for-trading. Accounts receivable and other receivables have been classified as held-for-trading. Accounts payable and accrued liabilities have been classified as held-for-trading. Long-term debt and the liability component of the convertible debentures have been classified as financial liabilities. The Company has not classified any financial asset as available-for-sale or held-to-maturity. The remeasurement of held-for-trading financial assets and liabilities on adoption to fair value did not have a material impact on the consolidated financial statements.

All derivatives, including embedded derivatives, that must be separately accounted for, are measured at fair value with changes in fair value recorded in the consolidated statement of operations and deficit unless they are effective cash flow hedges. As part of the process of implementing these new standards, all significant contracts signed after January 1, 2003 were reviewed to identify embedded derivatives requiring separation from the host contract. No material embedded derivatives requiring separation were identified.

The Company has historically capitalized and amortized deferred financing charges. Effective September 1, 2007, the Company reclassified the unamortized costs against the related financial liabilities. The impact on adoption was to decrease the deferred financing charges and long-term debt by \$27.

The Company has determined that it has no other comprehensive income or loss transactions during the year and no opening or closing balances in accumulated other comprehensive income or loss.

Recent Accounting Pronouncements

The following accounting pronouncements have been released but have not yet been adopted by the Company:

(a) Capital disclosures:

In December 2006, the Accounting Standards Board ("AcSB") issued Section 1535, Capital Disclosures, which establishes standards for disclosing information about an entity's capital and how it is managed. This standard requires disclosure of an entity's objectives, policies and processes for managing capital, quantitative data about what the entity regards as capital, and whether the entity has complied with any capital requirements and, if it has not complied, the consequences of such non-compliance. This standard is effective for interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007, being the interim period beginning on September 1, 2008 for the Company. The Company does not expect the adoption of this standard to have a material impact on its financial statements.

(b) Financial instruments - disclosures:

In December 2006, the CICA issued Section 3862, Financial Instruments - Disclosures, and Section 3863, Financial Instruments - Presentation, which supersedes Section 3861, Financial Instruments - Disclosure and Presentation. Section 3862 places an increased emphasis on disclosures about the risks associated with both recognized and unrecognized financial instruments and how these risks are managed.

Section 3862 requires disclosures, by class of financial instrument that enables users to evaluate the significance of financial instruments for an entity's financial position and performance, including disclosures about fair value. In addition, disclosure is required of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk. The quantitative disclosures must also include a sensitivity analysis for each type of market risk to which an entity is exposed, showing how net income and other comprehensive income would have been affected by reasonably possible changes in the relevant risk variable.

This standard is effective for interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007, being the interim period beginning on September 1, 2008 for the Company. The Company does not expect the adoption of this standard to have a material impact on its financial statements.

(c) Financial instruments - presentation:

In December 2006, the AcSB approved Section 3863, Financial Instruments - Presentation, which supersedes Section 3861, Financial Instruments - Disclosure and Presentation. The existing requirements on presentation of financial instruments have been carried forward unchanged to Section 3863, Financial Instruments - Presentation.

This standard is effective for interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007, being the interim period beginning on September 1, 2008 for the Company. The Company does not expect the adoption of this standard to have a material impact on its financial statements.

(d) Inventory:

In June 2007, the AcSB issued Section 3031, Inventories, which replaces Section 3030, Inventories. The standard revises guidance on the determination of cost, recognition and subsequent measurement and disclosures of inventory.

The standard is effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2008, specifically September 1, 2008 for the Company. The Company does not expect the adoption of this standard to have a material impact on its financial statements.

8. KEY PERFORMANCE INDICATORS

The Company measures the success of its strategies using a number of key performance indicators, as 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. The Company monitors the number of subscribers of its services as an indicator of future revenue to be used in fiscal planning.

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 each of the months in the period. The Company uses subscriber churn as a measure of its success in retaining its subscriber base.

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 subscribers at a price approximating its cost to facilitate competitive pricing. Accordingly, the Company believes that service revenue is a more meaningful metric to examine fluctuations in gross margin.

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.

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, Other 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 Other 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. As a result, gross margin percentage better reflects the Company's core service activities.

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 Services, Internet Services, web-hosting, and co-location activations. The Company feels that COA is indicative of its ability to efficiently attract new customers.

Earnings Before Interest Expenses, Income Taxes, Depreciation, and Amortization (EBITDA)

EBITDA is defined as earnings before net interest expenses, income taxes, depreciation, amortization, and gain/loss on disposition of property and equipment. 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) loss and comprehensive 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 property and equipment.

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	2008	2007	2006
Service and sales revenue	\$20,312	\$24,620	\$29,877
Loss from continuing operations	(7,491)	(3,181)	(3,633)
Non-controlling interest	(1,869)	(5,851)	(3,249)
Interest, taxes, accretion charges and amortizations	5,280	5,748	5,085
EBITDA*	(4,080)	(3,284)	(1,797)
Loss per share (basic and diluted) from continuing operations	\$0.07	\$0.03	\$0.04
Income/(loss) from discontinued operations	-	(1,000)	1,221
Loss and comprehensive loss for the year	(7,491)	(4,181)	(2,412)
Loss per share (basic and diluted)	\$0.07	\$0.04	\$0.02
Total assets	14,113	24,003	29,479
Long term liabilities	-	1,800	1,814
Liability component of convertible debentures	\$903	\$769	\$793

* See section 11 entitled Earnings Before Interest Expenses, Income Taxes, Depreciation, and Amortization ("EBITDA") for a more detailed reconciliation of Loss from continuing operations to EBITDA.

Fiscal 2008 Relative to Fiscal 2007:

- Service and sales revenue for the year ended August 31, 2008 was \$20,312, a decrease of 17.5% over fiscal 2007.
- The decline in revenue was essentially caused by a 20.1% or \$2,192 decrease in Broadcast Services revenue coupled with a 24.5% or \$872 decrease in Internet Dial-Up revenue compared to fiscal 2007. 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.
- High Speed subscribers decreased by 20.6% to 7,979 while High Speed revenue decreased by 11.6% to \$5,141. High Speed revenue is 25.6% of total service revenue in 2008 compared to 24.0% in 2007.
- Operating expenses before amortization for the year ended August 31, 2008 were \$14,081, a decrease of 11.5% or \$1,827 over the year ended August 31, 2007. This decrease is the result of contract renegotiations, improved efficiencies, and head count reductions.

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- The total number of full-time equivalent employees at Look was 70 at August 31, 2008 versus 88 at August 31, 2007.

Fiscal 2007 Relative to Fiscal 2006:

- Service and sales revenue for the year ended August 31, 2007 was \$24,620, a decrease of 17.6% over fiscal 2006.
- The decline in revenue over 2006 was essentially caused by a 14.1% or \$1,795 decrease in Broadcast Services revenue coupled with a 33.1% or \$1,761 decrease in Internet Dial-Up revenue. 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 revenue decreased by 12.0% to \$5,815. High Speed revenue was 24.0% of total service revenue in 2007 compared to 22.6% in 2006.
- Operating expenses before amortization for the year ended August 31, 2007 were \$15,908, a decrease of 14.3% or \$2,650 over fiscal 2006. This decrease is the result of contract renegotiations, improved efficiencies, and head count reductions.
- The total number of full-time equivalent employees was 88 at August 31, 2007 versus 135 at August 31, 2006.
- Discontinued operations in 2007 includes a provision of \$1,000 for the settlement of a claim related to leased premises used by UBS Technologies A/S (formerly ProTeleVision Technologies A/S), its Danish subsidiary that was petitioned into bankruptcy in early 2003. In 2006, the income of \$1,221 was due mainly to the repayment of a loan receivable amounting to \$2,423 related to the sale of the E&M Business that had previously been written off.

10. RESULTS OF OPERATIONS FOR FISCAL 2008

Highlights of the results for the year ended August 31, 2008 include the following:

- For the year ended August 31, 2008, service revenue was \$20,065 compared to \$24,230 for the year ended August 31, 2007. Gross margins decreased from 52.1% for fiscal 2007 to 49.7% for fiscal 2008 partly as a result of non-recurring adjustments to telecommunications and programming costs and certain components of cost of sales that are fixed in nature.
- Overall ARPU increased by \$2.40 or 7.0% to \$36.74 during the year ended August 31, 2008 over 2007 reflecting the activation and retention of higher-valued subscribers, the increased penetration of enhanced services, and price increases implemented by management.

- Look's subscriber base was 40,471 at August 31, 2008 compared to 51,830 at August 31, 2007.
- During the third quarter of fiscal 2008, the non-controlling interest in Look's equity was eliminated and the Company absorbed almost all of the losses incurred by Look in the third and fourth quarters, resulting in an increase of \$1,717 in the reported loss from continuing operations in fiscal 2008.
- For the year ended August 31, 2008 EBITDA was negative \$4,080 compared to EBITDA of negative \$3,284 for the comparable period ended August 31, 2007 (refer to the "Earnings Before Interest Expenses, Income Taxes, Depreciation and Amortization ["EBITDA"]" section below for a reconciliation of EBITDA to loss from continuing operations).
- Loss and comprehensive loss for fiscal 2008 and 2007 were \$7,491 or \$0.07 per share and \$4,181 or \$0.04 per share respectively.

Continuing Operations

The loss from continuing operations for the year ended August 31, 2008 was \$7,491 or \$0.07 per common share, compared with the loss of \$3,181 or \$0.03 for the year ended August 31, 2007. The main reason for the increased loss from continuing operations was the reduction in the non-controlling interest in Look from \$5,851 in fiscal 2007 to \$1,869 in fiscal 2008 (refer to the subsection on non-controlling interest below for more details).

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

Service	Year ended August 31, 2008			Year ended August 31, 2007		
	Revenue	Cost of Sales	Gross Margin	Revenue	Cost of Sales	Gross Margin
Broadcast services	\$ 8,711	\$ 5,256	39.7%	\$10,903	\$ 6,163	43.5%
Internet services	7,825	3,556	54.6%	9,370	3,954	57.8%
Other services	3,529	1,275	63.9%	3,957	1,483	62.5%
Total Service Revenue	20,065	10,087	49.7%	24,230	11,600	52.1%
Sales and Installations	247	224		390	396	
Total Service and Sales Revenue	\$20,312	\$10,311		\$24,620	\$11,996	

Total Revenue and Gross Margin

Total revenue for the year ended August 31, 2008 of \$20,312 was \$4,308 or 17.5% lower than fiscal 2007. This was due primarily to the net loss of Broadcast Services and Dial-Up subscribers.

Gross margin for the year ended August 31, 2008 decline to 49.7% (2007 - 52.1%). This was due primarily to certain components of cost of sales that were fixed in nature and was partly offset by, amongst other things, timely fee increases and the cost savings obtained through the re-negotiation of certain supplier contracts.

Broadcast Services Revenue and Gross Margin

The decrease in Broadcast Services revenue for the year ended August 31, 2008 of \$2,192 or 20.1% over fiscal 2007 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, 2008 decreased to 39.7% (2007 – 43.5%) due primarily to non-recurring broadcast adjustments and general increases in the cost of programming services.

Internet Services Revenue and Gross Margin

Internet Services revenue in 2008 declined by \$1,545 or 16.5% over the comparable period ended one year prior due primarily to a decrease in the number of Dial-Up subscribers. Of the revenue from Internet Services, revenue from Dial-Up accounted for \$2,684 in 2008 (2007 - \$3,555) while revenue from High Speed was \$5,141 (2007 - \$5,815). The decrease in Internet Services revenue resulted from the continued 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, 2008 declined moderately to 54.6% (2007 – 57.8%) primarily as a result of the fixed nature of certain components of cost of sales which were partially offset by Look's active management and renegotiation of supplier contracts.

Other Services Revenue and Gross Margin

Revenue from Other Services for the year ended August 31, 2008 declined by \$428, or 10.8% over the comparable period in 2007 due both to a slight decrease in the number of subscribers and a drop in ARPU. The decline was due mostly to the attrition of hosting subscribers, where revenue in the year ended August 31, 2008 declined by \$278 relative to fiscal 2007.

Gross margin increased slightly for the year ended August 31, 2008 to 63.9% (2007 – 62.5%) due to the active management of costs.

Refer to the Significant Current Events section above for details on the sale of the web hosting and domain businesses.

Sales and Installation Revenue

Revenue derived from Sales and Installations for the year ended August 31, 2008 decreased by \$143, or 36.7%. This decline was the result of, amongst other things, a general reduction in new installations during fiscal 2008.

Subscriber Statistics

	<u>2008</u>	<u>2007</u>	<u>% Change</u>
Broadcast Services			
Gross additions	3,098	1,831	69.2%
Net reductions	(3,624)	(5,027)	27.9%
Total subscribers	11,732	15,356	(23.6%)
ARPU	\$53.40	\$50.33	6.1%
Churn	4.0%	3.2%	(0.8%)
Internet Services			
High Speed Services			
Gross additions	1,801	2,692	(33.1%)
Net reductions	(2,071)	(1,378)	(50.3%)
Total subscribers	7,979	10,050	(20.6%)
ARPU	\$48.18	\$44.95	7.2%
Churn	3.6%	3.1%	(0.5%)
Dial-Up Services			
Gross additions	962	1,755	(45.2%)
Net reductions	(5,104)	(7,067)	27.8%
Total subscribers	10,122	15,226	(33.5%)
ARPU	\$18.55	\$16.05	15.6%
Churn	4.0%	3.9%	(0.1%)
Total Internet Services			
Gross additions	2,763	4,447	(37.9%)
Net reductions	(7,175)	(8,445)	15.0%
Total subscribers	18,101	25,276	(28.4%)
ARPU	\$31.16	\$26.74	16.5%
Churn	3.8%	3.6%	(0.2%)
Other Services			
Gross additions	1,837	2,790	(34.2%)
Net reductions	(560)	(554)	(1.1%)
Total subscribers	10,638	11,198	(5.0%)
ARPU	\$20.32	\$21.80	(6.8%)
Churn	1.8%	2.4%	0.6%
Grand Total			
Gross additions	7,698	9,068	(15.1%)
Net reductions	(11,359)	(14,026)	19.0%
Total subscribers	40,471	51,830	(21.9%)
ARPU	\$36.74	\$34.34	7.0%
Churn	3.4%	3.2%	(0.2%)

See section 8 for an explanation of how the above statistics are calculated and utilized by the Company.

Total Subscribers and ARPU

The decrease in subscribers for the year ended August 31, 2008 of 11,359 or 21.9% was due largely to the continuing decline of our residential and business Dial-Up subscribers, the loss of Broadcast subscribers, and the loss of some High Speed subscribers due to the aggressive product bundling by Look's competitors. Look has also minimized the use of marketing campaigns that have historically proven to be very expensive and ineffective.

For the year ended August 31, 2008, total ARPU was \$36.74 (2007 - \$34.34). This increase of 7.0% was due largely to the implementation of fee increases coupled with a declining proportion of subscribers with lower-ARPU Dial-Up products.

Broadcast Subscribers and ARPU

Broadcast subscribers totalled 11,732 at August 31, 2008 representing a decrease of 3,624 or 23.6% from August 31, 2007. Of the 11,732 subscribers, 3,861 represented subscribers in multiple-unit dwellings and 7,871 were subscribers in single family homes. The number of subscribers continued to decline during the year ended August 31, 2008 as a result of reduced sales and marketing activities by Look, aggressive bundling campaigns by the competition, and the implementation of video-related fee increases. Primarily as a result of the video fee increases, ARPU for the year ended August 31, 2008, increased to \$53.40 (2007 - \$50.33).

For the year ended August 31, 2008, Broadcast Services subscriber churn was an average of 4.0% compared with 3.2% for the same period one year prior.

Internet Subscribers and ARPU

Internet subscribers totalled 18,101 at August 31, 2008 representing a decrease of 7,175 or 28.4% from August 31, 2007. The decrease was primarily in the residential Dial-Up subscriber base which lost 5,077 subscribers in the year reflecting a continuous customer migration to higher speed products.

ARPU on Internet Services was \$31.16 for the year ended August 31, 2008 (2007 - \$26.74) as a result of an increase in both Dial-Up and High Speed ARPU to \$18.55 (2007 - \$16.05) and \$48.18 (2007 - \$44.95) respectively as well as a movement of subscribers to higher value services. The increases in ARPU were driven both by timely price increases as well as a relative shift to higher value services.

Other Services Subscribers and ARPU

Other Services subscribers totalled 10,638 at August 31, 2008 representing a decrease of 560 or 5.0% from August 31, 2007. Look also recorded sales of 27,706 domain names for the year ended August 31, 2008 (2007 - 30,198).

ARPU on Other Services for the year ended August 31, 2008 averaged \$20.32 (2007 - \$21.80). The decrease in ARPU was attributable to product mix, with subscribers generally moving to lower priced hosting products.

Operating Expenses

	Year ended August 31, 2008	Percentage of service revenues	Year ended August 31, 2007	Percentage of service revenues
Marketing and Sales	\$ 20	0.1%	\$ 150	0.6%
Customer Care	1,447	7.2%	1,978	8.2%
Engineering and Operations	2,903	14.5%	3,325	13.7%
General and Administration	9,711	48.4%	10,455	43.1%
Total before amortization and impairment of property and equipment and deferred charges	14,081	70.2%	15,908	65.7%
Amortization and impairment of property and equipment and deferred charges	5,171	25.8%	5,768	23.8%
Total Operating Expenses	\$ 19,252	95.9%	\$ 21,676	89.5%

Marketing and Sales

Marketing and Sales expenses include the costs of media and other advertising fees for direct sales agencies, direct marketing costs, costs of producing and distributing product media, and commissions on retail sales.

For the year ended August 31, 2008, marketing and sales expenses were \$20 or 0.1% of service revenue, compared to \$150, or 0.6% of service revenue one year prior as Look has limited the use of advertising campaigns and focused on the retention of its high-value subscribers.

For the year ended August 31, 2008, the cost of acquisition per subscriber ("COA") was \$2.60 compared with \$16.54 for the year ended August 31, 2007.

Customer Care

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

For the year ended August 31, 2008, customer care expenses were \$1,447, or 7.2% of service revenue compared to \$1,978, or 8.2% of service revenue for the year ended August 31, 2007.

As a percentage of revenue, customer care expenses declined slightly for the year ended August 31, 2008 reflecting Look's ability to achieve efficiencies in customer care while maintaining its customer focus in its call centre operations.

Engineering and Operations

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 costs related to the network and transmission towers through which digital signals are transmitted via microwave to subscribers and the costs of providing services to the subscribers.

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

For the year ended August 31, 2008, engineering and operations expenses declined to \$2,903 or 14.5% of service revenue, compared to \$3,325 or 13.7% of service revenue for the year ended August 31, 2007.

The decrease of \$422 during fiscal 2008 resulted primarily from the re-negotiation of hardware and software maintenance agreements, efficiencies attained in servicing Look's existing subscriber base, and the continued focus on cost management.

General and Administration

General and administration expenses include administrative salaries, human resources, general occupancy, information technology, professional fees and other administrative overheads for the Company. Costs relating to information technology, that 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.

A summary of the key components in general and administration expenses is set out below:

Years ended August 31	2008	2007
Compensation and benefits	\$ 4,763	\$4,803
Professional fees	3,043	3,254
Office and general	1,905	2,398
Total general and administrative expenses	\$ 9,711	\$10,455

For the year ended August 31, 2008, general and administration expenses were \$9,711 or 48.4% of service revenue, compared to \$10,455 or 43.1% of service revenue for the year ended August 31, 2007.

The year over year decrease of \$744 or 7% in 2008 was due mainly to certain one-time office and general expenses in fiscal 2007.

Amortization of Property and Equipment and Deferred Charges

For the year ended August 31, 2008, amortization of property and equipment was \$5,132 (2007 - \$5,701) and amortization of deferred charges totalled \$39 (2007 - \$67).

Interest and Financing Charges

Years ended August 31	2008	2007
Accretion charges on liability of convertible debenture	\$ (116)	\$ (159)
Interest and finance charges	(282)	(204)
Interest received	279	397
Total	\$ (119)	\$ 34

For the year ended August 31, 2008, \$116 (2007 – \$159) was recorded as the accretion on the liability component of the convertible debentures and \$282 (2007 – \$204) was recorded in interest expense on mortgage financing, supplier-financed credit facilities, capital lease obligations, and financing fees. The interest and financing charges were partially offset in 2008 by \$279 (2007 - \$397) in interest income recognized on liquid assets.

Non-controlling interest

Non-controlling interest in the consolidated balance sheets of the Company represents the non-controlling interest in the equity of Look and the non-controlling interest's equity component of convertible debentures in Look. Reported losses by Look are allocated to the non-controlling interest at 49% but are limited to the extent of any remaining non-controlling interest in the equity of Look. During the third quarter of fiscal 2008, the non-controlling interest in Look's equity was eliminated and the Company absorbed almost all of the losses incurred by Look in the third and fourth quarters, resulting in an increase of \$1,717 in the reported loss from continuing operations in fiscal 2008. Since the non-controlling interest in the equity of Look has been eliminated, subject to any further increases in the non-controlling interest in Look resulting from, amongst other things, conversions by Look's debenture holders and payment by Look of interest in subordinate voting shares, all future losses of Look will be fully absorbed by the Company. Subsequent earnings, if any, recorded by Look, will be allocated entirely to the Company's interest until such previously fully absorbed losses are recovered.

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.

Loss and comprehensive loss for the year

The loss and comprehensive loss for the year ended August 31, 2008 amounted to \$7,491 or \$0.07 per share (basic and diluted), compared with the loss and comprehensive loss of \$4,181 or \$0.04 per share (basic and diluted) for the year ended August 31, 2007.

11. EARNINGS BEFORE INTEREST EXPENSES, INCOME TAXES, DEPRECIATION AND AMORTIZATION (“EBITDA”)

The following table reconciles the loss from continuing operations to EBITDA, as defined in section 8, for the respective periods as determined under GAAP:

Years ended August 31	2008	2007	2006
Loss from continuing operations	(7,491)	(3,181)	\$ (3,633)
Non-controlling interest	(1,869)	(5,851)	(3,249)
Amortization of property and equipment	5,132	5,701	4,948
Accretion on liability component of convertible debentures	116	159	146
Amortization of deferred charges	39	67	75
Net interest and financing charges	3	(193)	(82)
(Gain)/Loss on disposition of property and equipment	(10)	14	-
Recovery of income taxes	-	-	(2)
EBITDA*	\$ (4,080)	\$ (3,284)	\$ (1,797)

*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) loss and comprehensive loss, as an indicator of operating performance or (2) cash flows from operating, investing, and financing activities, as a measure of liquidity. We believe, however, that it is an important measure as it allows us to assess our ongoing business without the impact of depreciation or amortization expenses as well as non-operating factors. It is intended to indicate our ability to incur or service debt and invest in property and equipment while allowing us to compare our business to our peers and competitors. This measure is not a defined term under Canadian GAAP and might not 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	2007				2008			
	Nov 30	Feb 28	May 31	Aug 31	Nov 30	Feb 29	May 31	Aug 31
Service and sales revenue	\$6,636	\$6,346	\$6,013	\$5,625	\$5,419	\$5,244	\$4,945	\$4,704
Gross Margin	3,494	3,327	3,038	2,765	2,728	2,583	2,361	2,329
Operating expenses before amortization and impairment	(3,837)	(4,427)	(3,862)	(3,782)	(3,646)	(3,440)	(3,105)	(3,890)
Continuing Operations								
Income/(Loss) for the period	(838)	(1,600)	(1,107)	364	(1,295)	(1,274)	(1,979)	(2,943)
Non controlling interest	(676)	(667)	(913)	(3,595)	(889)	(930)	(151)	101
Net interest, income taxes, depreciation, amortizations, impairment and gain on disposition of capital assets	1,171	1,167	1,196	2,214 ¹	1,266	1,347	1,386	1,281
EBITDA	(343)	(1,100)	(824)	(1,017)	(918)	(857)	(744)	(1,561)
Discontinued Operations								
Loss for the period	(1,000)	-	-	-	-	-	-	-
Loss per share ² – continuing operations	(0.01)	(0.01)	(0.01)	(0.00)	(0.01)	(0.01)	(0.02)	(0.03)
Loss per share ² – discontinued operations	(0.01)	0.00	0.00	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Loss per share ² – total	(0.02)	(0.01)	(0.01)	(0.00)	(0.01)	(0.01)	(0.02)	(0.03)

¹ During the fourth quarter of Fiscal 2007, the Company recorded an impairment of its property and equipment in the amount of \$1,037.

² Loss per share is basic and diluted.

Comments on quarterly trends

- Service and sales revenue continues to decline, despite a year on year increase in ARPU of \$2.40 or 7%, primarily because Broadcast subscribers continue to move to more attractive bundled offerings from competitors and Dial-Up subscribers continue to migrate to high speed Internet offerings.
- Operating expenses have declined through headcount reductions, lower marketing spend and re-negotiated contracts.
- Non-controlling interest declined significantly in the third and fourth quarters of 2008 due to the elimination of the non-controlling interest share in Look's equity.

Results of Operations for the Fourth Quarter Ended August 31, 2008

Operating Highlights

- For the three months ended August 31, 2008, service and sales revenue was \$4,704 compared to \$5,625 for the three months ended August 31, 2007.

- For the three months ended August 31, 2008, overall ARPU increased by \$2.64 or 7.6% to \$37.23 over the comparable period in fiscal 2007, reflecting the timely price increases implemented by Look during the year.
- Dial-Up revenue decreased to \$601 during the fourth quarter of fiscal 2008 which represents a 22.3% 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, 2008 increased to 50.5% from 50.3% compared to the three months ended August 31, 2007.
- Total operating expenses before amortization were \$3,890 for the three months ended August 31, 2008 compared to \$3,782 for the three months ended August 31, 2007.
- Non-controlling interest was a charge of \$101 in the quarter as the Company absorbed all of Look's losses following the elimination of the non-controlling interest's investment in the equity in Look in the third quarter.
- For the three months ended August 31, 2008, the EBITDA was negative \$1,561 compared to a negative EBITDA of \$1,017 for the three months ended August 31, 2007.
- The loss and comprehensive loss was \$2,943, or \$0.03 per share (basic and diluted) for the three months ended August 31, 2008, compared to net income of \$364, or nil per share (basic and diluted), for the three months ended August 31, 2007.

13. LIQUIDITY AND CAPITAL RESOURCES

The Company had cash and cash equivalents of \$5,168 at August 31, 2008 compared with cash and cash equivalents of \$9,650 at August 31, 2007. Cash and cash equivalents at August 31, 2008 consists of all bank balances and highly liquid short-term bankers acceptances with original maturities of less than 90 days.

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

	2008	2007
Operating activities – continuing operations	\$ (2,638)	\$ 1,675
Operating activities – discontinued operations	(1,724)	(350)
Cash flows provided by/(used in) operating activities	(4,362)	1,325
Cash flows used in financing activities	(13)	(35)
Cash flows used in investing activities	(107)	(121)
Increase/(decrease) in cash and cash equivalents	\$ (4,482)	\$ 1,169

Cash used in continuing operations for the year ended August 31, 2008 was \$2,638 compared to cash provided by continuing operations of \$1,675 for the prior year. This was largely due to changes in operating working capital, the payments to Bell Canada (see section entitled "Contingencies") and the

Company's negative EBITDA. The cash used in discontinued operations in both years related to the settlement of the Danish claim referred to in the section on "Contingencies".

Cash used in financing activities for the year ended August 31, 2008 was \$13 compared to cash used of \$35 for the year ended August 31, 2007 and was substantially all related to the repayment of obligations under capital leases.

For the year ended August 31, 2008, \$107 was used in investing activities. This resulted from \$127 of property and equipment purchases offset by proceeds on disposition of property and equipment of \$10 and a decrease of \$10 in restricted cash. This compares with cash used in investing activities of \$121 for the year ended August 31, 2007 consisting of the acquisition of \$159 of property and equipment which was partially offset by proceeds on disposition of property and equipment of \$27 and a decrease in restricted cash of \$11.

As at August 31, 2008, the Company had contractual obligations that require future payments as follows:

	Total	2009	2010	2011	2012	2013	Thereafter
Mortgage payable	\$1,787	1,787	-	-	-	-	-
Operating leases	\$1,718	534	395	345	325	119	-

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 contributions to the CTF and CRTC for 2009 will amount to approximately \$350.

The environment in which the Company operates is characterized by continuing turmoil in the capital markets and continuing uncertainty in the telecommunications landscape in Canada, caused by, amongst other things, the potential privatization of Bell Canada Enterprises, the AWS spectrum auction, which is likely to result in the introduction of new competitors, and the rapid technological changes underway. The Company will need to raise cash in order to meet the needs of its existing operations beyond fiscal 2009. This requirement and timing for capital may be adversely impacted by, amongst other things, a lack of available financing through traditional banking sources, the outcome of the contingencies (see section entitled "Contingencies"), a faster rate of decline in subscribers than experienced during fiscal 2008 and negative pressure on ARPU. In order to alleviate this cash requirement, the Company will continue to seek any and all ways to obtain financing through, amongst other things, partnering arrangements, debt and equity partners, the sale of certain subscribers, arrangements involving some or all of the Company's spectrum and rights offerings to existing shareholders. Significant external funds will, however, be

required to rollout the M³ network to achieve the Company's mission of being an M³ 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 the "Risks and Uncertainties" section below. No assurance can be given that the Company will be able to achieve these results or raise capital given the existing market conditions in both Canada and the United States and the continuing restriction on foreign ownership.

The Company's working capital deficiency at August 31, 2008 was \$13,429 compared with \$8,055 at August 31, 2007. The change in working capital deficiency is related to, amongst other things, the reclassification of the mortgage to current liabilities and the negative EBITDA incurred by the Company in the year. Management continues to reposition Look as an M³ service provider so that it can better utilize Look's main assets, which include, amongst other things, a licence to use approximately 100 MHz of spectrum in the 2.5 to 2.7 GHz band covering approximately 18 million people in the provinces of Ontario and Québec and a broadcast distribution undertaking licence.

14. SHARE CAPITAL

As at August 31, 2008 and 2007, UBS had issued 91,442,522 Common Shares and 11,305,332 Class A Non-Voting Shares for total issued shares of 102,747,854 and there were options outstanding to acquire 15,974,000 Common Shares of UBS.

During fiscal 2008, UBS recorded stock based compensation expense of \$129 (2007 - \$135) related to options issued to employees and \$258 (2007 - \$880) related to options issued to non-employees, with a corresponding amount having been recorded in contributed surplus.

As at November 21, 2008, UBS had issued 91,442,522 Common Shares and 11,305,332 Class A Non-Voting Shares and there were 16,224,000 options outstanding to purchase Common Shares of the Company.

15. CONTINGENCIES

(a) Claim for damages against Inukshuk et al.:

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 licences held by Inukshuk within certain licence 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 licenced 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 licenced 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) (collectively the “Defendants”). 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 licences 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 licences 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.

On April 3 and 4, 2008, the Ontario Superior Court of Justice heard a motion brought by the Inukshuk Partnership, with Fido intervening in support, to dismiss the action against the Inukshuk Partnership filed by UBS Wireless on August 22, 2007. On May 1, 2008, the Ontario Superior Court of Justice dismissed this claim requiring the Inukshuk Partnership to return the MCS spectrum to the Rogers subsidiary if the Courts find in favour of UBS Wireless’ claim in the 2004 litigation. UBS Wireless has commenced proceedings to appeal this decision by the Ontario Superior Court of Justice.

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 April 10, 2007 "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 licence 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. 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.

On March 18, 2008 Look was granted an Order from the Ontario Superior Court of Justice compelling Bell Canada to, amongst other things, deliver its Affidavit of Documents to Look by no later than October 1, 2008 (the "deadline"). Despite agreeing to a Court-imposed timetable on August 13, 2007 to exchange an Affidavit of Documents with Look by November 16, 2007, Bell Canada has failed to adhere to its obligations before the Ontario Superior Court of Justice prompting the action initiated by Look.

As such, Look obtained an Order from the Honourable Justice Spence that granted the following:

1. The Defendant, Bell Canada, deliver its sworn Affidavit of Documents by no later than the deadline;
2. Bell Canada is to continue reporting to the Ontario Superior Court of Justice on a monthly basis as to its progress in preparing its Affidavit of Documents, and that Bell Canada will provide the Corporation with a written report in advance of this monthly attendance outlining:
 - (a) The number of people who are reviewing the Bell Canada documents; and
 - (b) The number of documents reviewed during the month and the number of documents remaining to review; and
3. In the event that Bell Canada fails to deliver its Affidavit of Documents by the deadline, or if, in advance of the deadline, it is shown that the efforts Bell Canada is making will not likely allow it to meet the deadline, the Corporation may seek an order to reduce the \$360 per month payment to Bell Canada, or seek an order for such other relief as the Court may permit, after July 1, 2008 based on the reports from Bell Canada to that date and any other relevant material.

The legal outcome of the claims described herein may result in the obligation recognized as of August 31, 2008 being materially different, either positively or negatively, than the amount ultimately settled.

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) Craig Wireless International Inc.:

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 favor of the Company. On October 31, 2008, the Company filed statements of defence.

The Company believes that the entire claim is unfounded and intends to vigorously defend itself. Accordingly, no accrual has been recorded in the accounts for this claim.

(d) Border Broadcasters Inc. et al.:

On December 27, 2007, Border Broadcasters Inc. et al. ("Border Broadcasters") served a statement of claim against Look filed before the Federal Court. In its action, Border Broadcasters is seeking, amongst other things:

1. Payment of royalties due in the amount of \$4,500 for the retransmission of distant television signals pursuant to:
 - a. The Statement of Royalties to be Collected for the Retransmission of Distant Radio and Television Signals in Canada in 1998 through to 2003 as certified by the Copyright Board of Canada; and
 - b. The Interim Tariffs for the Retransmission of Distant Radio and Television Signals in Canada for the period commencing January 1, 2004.
2. Pre-judgment interest on unpaid royalties in the amount of \$2,500.

Look believes that all debts, including any royalties due up to and including February 11, 2002, were extinguished by virtue of the Plan of Implementation approved by the Court under the Plan of Arrangement effective February 11, 2002. In addition, Look notes that the Interim Tariffs referred to above for the period commencing January 1, 2004 remain uncertified by the Copyright Board of Canada.

Look intends to vigorously defend itself and the outcome of this action cannot be predicted at this time.

(e) Danish claims:

Certain claims have been filed against UBS in connection with UBS Technologies A/S (formerly ProTeleVision Technologies AIS), its Danish subsidiary that was petitioned into bankruptcy in early 2003. In fiscal 2007, UBS settled a claim related to leased premises used by UBS Technologies A/S in Denmark. The final payment in respect of this settlement, amounting to \$1,724, was made in the first quarter of fiscal 2008. A second claim for approximately \$450, which is based on an alleged guarantee by UBS related to a subcontracting agreement for the manufacture of electronic products, was dismissed by the Danish courts in October 2008 with costs being awarded to UBS. The decision has been appealed by the plaintiff and the case will now be heard in the Danish Supreme Court.

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- (f) Other claims:
- (i) 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 defence and intends to vigorously defend its position.
 - (ii) 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.
- (g) The Company indemnifies its directors, officers and employees against claims reasonably incurred and resulting from the performance of their services to the Company, and maintains liability insurance for its directors and officers.

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. UBS received, in September 2007, in advance, an annual fee of \$2,400. On a 12-month rolling basis, Look has maintained this fee. Look may, from time to time, recognize the performance of UBS in the form of cash bonus payments, direct grant of treasury shares of Look, or options for the purchase of subordinate voting shares from treasury. All options shall conform to Look's stock option plan. Look shall also reimburse UBS for certain expenses and disbursements incurred in respect of the 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 Services 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, charged to general and administration expenses, amounted to \$994 for the year ended August 31, 2008 (2007 - \$516). As at August 31, 2008, amounts included in accrued liabilities and provisions related to the management service agreement totalled \$680 (2007 - \$257).

During the year no stock options were granted to the Chairman and CEO for the services that were performed under the management services agreement (2007 - 2,000,000) and 1,500,000 SAR units were awarded that are subject to specific terms and conditions being fulfilled (2007 – nil).

(c) Consulting Agreement with DOL Technologies Inc.:

The consulting agreement between UBS and Mr. Dolgonos was cancelled with effect from May 1, 2008. Effective that date, UBS entered into a new consulting agreement with DOL Technologies Inc., which is controlled by Mr. Dolgonos. Pursuant to the new consulting agreement, Mr. Dolgonos will continue to provide, amongst other things, technology consulting services to UBS. Consulting fees charged to general and administration expenses under both agreements amounted to \$791 for the year ended August 31, 2008 (2007 - \$428). As at August 31, 2008, amounts included in accrued liabilities and provisions related to both consulting agreements totalled \$492 (2007 - \$175).

During the year 2,000,000 stock options were granted to Mr. Dolgonos and DOL Technologies Inc. to replace expired options (2007 - nil) and 1,500,000 SAR units were awarded that are subject to specific terms and conditions being fulfilled (2007 – 1,500,000).

(d) Rent of Milton premises:

UBS has subleased a portion of Look's premises in Milton for a five-year term at an annual rent of \$75 (2007 - \$74).

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, the availability of financing alternatives and an acceptable outcome to the Company's contingencies (See the sections entitled "Introduction", "Liquidity and Capital Resources", "Risks and Uncertainties – Economic Dependence", and "Contingencies"). 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 a significant portion of its telecommunications services from Bell Canada. These telecommunications services are not available from other service providers and, 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 provide its network services to Look (refer to the "Contingencies" section).

Financing Risks

The Company's M³ mission is dependent on raising sufficient capital or partnering with other service providers who can provide the necessary infrastructure and the capital requirements to design and develop the network in Toronto, Montreal and Ottawa first and then the corridor from Windsor to Québec City.

Given the existing market conditions in both Canada and the United States and the continuing restriction on foreign ownership, there is no guarantee that the Company will be able to obtain financing arrangements that are acceptable to the Company and therefore, there is no assurance that the network as outlined in the Company's strategy will be built.

Refer also to the comments in the "Liquidity and Capital Resources" section for a review of the Company's short-term financing requirements and risks.

Subscriber Retention

Look's ability to retain its profitable subscriber base is a 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 due to, amongst other things, continuously-advancing technology and aggressive competition in the telecommunications industry, will adversely affect Look'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 Look's business, financial condition, and results of operations in the future.

Regulatory Risks

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

Technology Risks

The Company is pursuing a new strategy that will transition its network to M³ 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. 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. ADDITIONAL INFORMATION

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