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

UNIQUE BROADBAND SYSTEMS, INC.

Years ended August 31, 2009 and 2008

UNIQUE BROADBAND SYSTEMS, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS
of Financial Condition and Results of Operations
(In thousands of dollars, except shares, share-based awards, per share amounts and per subscriber amounts)
For the years ended August 31, 2009 and 2008

December 4, 2009

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, 2009 and the consolidated results of operations for the year ended August 31, 2009. This MD&A should be read in conjunction with the Company's audited consolidated financial statements for the year ended August 31, 2009 and the financial statements and MD&A of Look Communications Inc. ("Look") as at and for the year ended August 31, 2009.

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. Look is currently evaluating its future operations and strategies and will seek approval from its Board of Directors and shareholders, as required.

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 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 outcome of litigation, (ii) other risk factors related to the Company's business, and (iii) 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", and "Operating 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 business and assets

(a) Sale of spectrum and broadcast licence

On May 5, 2009, Look announced that it had entered into an agreement with Inukshuk Wireless Partnership ("Inukshuk") (through joint partners Rogers Communications ("Rogers") and Bell Canada ("Bell")) for the sale of its spectrum and broadcast licence. The Agreement of Purchase and Sale (the "Agreement") granted Inukshuk the right to acquire Look's spectrum (2596 to 2686 MHz and 2689 to 2690 MHz inclusive) and broadcast licence for $80,000 cash payable as follows:

(i) A $30,000 non-refundable payment received May 14, 2009;
(ii) A $20,000 non-refundable payment to be made no later than December 31, 2009; and
(iii) A $30,000 final payment to be made no later than the earlier of regulatory approval of the transaction or May 14, 2012.

A condition precedent to the consummation of the transactions contemplated in the Agreement was the resolution of all litigation between Look and Bell, which was resolved in the following manner:

(i) Bell and Look providing each other with mutual full and final releases from any and all current litigation;
(ii) Look paying Bell $16,000 as full and final settlement, to be paid contemporaneously with the initial $30,000 non-refundable payment from Inukshuk as part of the Agreement. The amount includes $10,543 in trade payables carried by Look plus an additional payment of $5,457;

(iii) As Look restructures its operations, it will pay to Inukshuk all revenues collected from its DSL Internet subscribers on Bell's network for services provided up to and including August 31, 2009 in accordance with the terms of the Agreement, net of all applicable taxes in lieu of any and all future charges from Bell; and

(iv) All contracts between Bell and Look will end without penalty.

A further condition precedent to the Agreement, required by Rogers, was that UBS was required to settle its litigation with Inukshuk et al. At the request of Look, and without compensation from Look, UBS agreed to settle the litigation. UBS provided the irrevocable release, and received $4,000 from Rogers, upon Inukshuk's first payment of $30,000 to Look which occurred on May 14, 2009. The defendants to UBS' action all deny liability and the settlement is not an admission of any kind.

The gain on the sale of spectrum and broadcast licence to Inukshuk has been calculated as follows:

	Sale of spectrum and broadcast licence
Gross sale proceeds	$80,000
Less:	
Deferred charges	35
Gain on sale before transaction costs	79,965
Less:	
Transaction costs	1,859
Gain on sale	$78,106

On September 11, 2009, following the receipt of regulatory approval of the transactions and the satisfaction of all remaining conditions precedent to the consummation of the transactions contemplated in the Agreement, Look announced that it had received the full consideration of $80,000 due from Inukshuk. In accordance with the Agreement, Inukshuk has requested that Look support an application by Inukshuk to the CRTC for the grant of a licence under the *Broadcasting Act*.

(b) Sale of Internet business

On August 20, 2009, Look executed an Asset Purchase Agreement (the "Internet Agreement") for the sale of its dial-up, DSL, and wireless Internet business. Look received consideration in the amount of approximately $1,250. Look recorded a gain on the sale of the business of $1,630 including unearned revenue adjustments of $443 and professional fees of $63.

Subsequent to the execution of the Internet Agreement, Look assisted in the transition of the business by collecting and remitting amounts from/to various counterparties. All such assistance ended as of November 30, 2009.

(c) Sale of web hosting and domain name business:

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

(i) Consideration in the amount of approximately $3,800 payable to Look, subject to potential post-closing adjustments; and
(ii) A 40-month Shared Hosting Marketing and Licensing Agreement, whereby the EasyHosting brand will be jointly promoted and the revenue generated therefrom will be shared.

Look recorded a gain on the sale of the business of $4,200 as follows:

	Sale of web hosting and domain name business
Net cash received	$ 3,440
Add: Accounts payable	331
Total consideration received	3,771
Add: Unearned revenue	507
Other	(78)
Gain on the sale	$ 4,200

At August 31, 2009, Look had collected net cash of $3,440 representing all amounts due under the Hosting Agreement. See the section entitled "Results of Operations – Discontinued Operations" regarding the results of the discontinued operation of the web hosting and domain name business.

B. Restructuring charges

As a result of the sale of its spectrum and broadcast licence to Inukshuk and the resulting restructuring of its business, the Company has recorded a gain on the settlement of the Inukshuk litigation of $4,000, a loss on the settlement of the Bell litigation in the amount of $5,457 and restructuring charges of $26,194, which include, among other things, site restoration charges and human resource restructuring payments including special termination benefits and other awards.

A portion of Look's human resource restructuring payments payable to non-management employees were contingent on Look receiving the second non-refundable instalment of $20,000 from Inukshuk no later than December 31, 2009. The remaining other human resource restructuring payments payable to all other parties, including related parties, were contingent on Look receiving the full consideration of $80,000 due from Inukshuk.

As part of the restructuring plan, all non-management employees and all other parties, including related parties, relinquished all rights and claims against Look including, among others, all stock option and Share Appreciation Rights ("SAR"), irrespective of whether the aforementioned contingent human resource restructuring payments were made.

All restructuring payments in UBS are contingent upon Look receiving the full $80,000 from Inukshuk and adequate cash resources being available in UBS.

The restructuring charges are summarized as follows:

	Site restoration charges[1]	Human resource restructuring charges	Total restructuring charges
Amount charged in fiscal 2009	$ 204	$ 25,990	$ 26,194
Amount paid in fiscal 2009	-	(946)	(946)
Accrued restructuring liabilities due to related parties as at August 31, 2009[2]	-	(22,934)	(22,934)
Accrued restructuring liabilities as at August 31, 2009	$ 204	$ 2,110	$ 2,314

(1) See the section entitled "Operating Risks and Uncertainties – Commitments and Contingencies"
(2) See the section entitled "Related Party Transactions"

Look is proceeding with the orderly wind down of its present operations and has completed the migration of its video subscribers to Bell and all of its Internet, co-location, and LAN extension subscribers pursuant to the Internet Agreement. As of November 15, 2009, Look is no longer offering service to any subscribers. Look is continuing to pursue opportunities to sell its remaining two assets which include:

(i) Tax Assets – Approximately $360,000 in tax assets; and
(ii) Milton Property – The Company's current head office, Look's network operating centre and infrastructure in Milton, Ontario.

Subsequent to year end, all of Look's human resource restructuring accruals were made and Look expects that substantially all of the charges and activities related to the ongoing restructuring process, such as site shut down, will be completed by the end of the second quarter of fiscal 2010.

Restatement of Q3 2009 Results

The Company has corrected previously issued consolidated financial statements for the three and nine month interim periods ended May 31, 2009. The restated results had no impact on the Company's annual consolidated financial statements (see the section entitled "Quarterly Financial Results" herein).

C. Income Taxes and the 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 a 100 per cent controlled entity. 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. Subsequent to the Plan, Look has sufficient tax loss carryforwards to offset the entire income recognized on the sale of the web hosting and domain name business and on the sale of the Internet business.

The sale of the spectrum and broadcast licence to Inukshuk is not expected to result in any tax payable. Subsequent to the transactions described above, Look's non-capital income tax loss carry forwards are expected to remain substantially unchanged.

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

Look has the following federal non-capital income tax losses, which may be carried forward to reduce future years' taxable income. These losses will expire in the taxation years ending December 31 as follows:

Year of expiry	**Amount**
2010	$184,303
2014	12,588
2015	55
2026	403
2028	13.539
2029	146,598
Total	**$360,486**

D. Other Current Events

The following events have occurred subsequent to the end of fiscal 2009:

(a) In September, 2009:
  (i) Look announced that it had received the full consideration of $80,000 due from Inukshuk pursuant to the Agreement;
  (ii) Look executed an agreement for nominal consideration under which, amongst other things, it will be relieved of its obligations under certain broadcast site leases; and
  (iii) Look announced that it is continuing to pursue all opportunities to monetize its approximately $360,000 of tax losses.

(b) In October 2009:
  (i) Look listed its Milton facility for sale; and
  (ii) Look paid $1,000 to Border Broadcasters for complete settlement of all claims.

(c) In November, 2009:
  (i) Look completed the payout of all human resource restructuring amounts; and
  (ii) Look completed the migration of its video subscribers to Bell and all of its Internet co-location, and LAN extension subscribers pursuant to the Internet Agreement.

Our Company

UBS (TSX Venture: UBS) is a publicly listed Canadian company that has a 51.8% equity interest, on a fully diluted basis, in Look (TSX Venture: LOK and LOK.A) and other assets.

In 2003, UBS transitioned from a technology company that designed, developed and manufactured broadband wireless equipment to a holding company when it acquired a controlling interest in Look and sold its manufacturing business.

Look's mission has been to be an M3 - Mobile Multi Media – communications, entertainment and information service provider in Ontario and Québec while delivering 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.

As a result of the transactions described (See the section entitled "Overview – Significant Current Events – Sale of Business and Assets), Look is currently finalizing its future business operations. The Company has concluded, however, that the going concern basis of accounting is appropriate.

The UBS head office is located in Milton, Ontario and UBS currently has six 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, 2009, Look had 63 full-time and part-time employees.

Our Strategy

UBS' strategy is to maximize the value of its controlling interest in Look. On September 11, 2009, Look announced that it was in the process of migrating all of its video subscribers to Bell and that as of November 15, 2009, it will no longer be offering services to any subscribers. Look also announced that it was continuing to pursue opportunities to maximize the value of its remaining two assets which include:

(a) Tax Assets – Approximately $360,000 in tax assets; and

(b) Milton Property – Look's current head-office and network operating centre facility in Milton Ontario.

Subsequent to the sale of Look's spectrum and broadcast licence as described in the section entitled "Overview – Significant Current Events", Look will continue to operate as a public entity and has no intention to de-list. As Look finalizes its strategic direction, it will fully disclose this to shareholders in its annual proxy circular and at its next annual and special general meeting.

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 currently a 51.8%-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 Engineering and Manufacturing 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 the Consolidated Cash Flow Statement.

During the first quarter of fiscal 2009, Look sold its web hosting and domain name business. As a result, Look has and will continue to restate its comparative numbers in respect of this business to present the gross margin from this business in discontinued operations.

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, which occurred in fiscal 2009, recorded by Look, will be allocated entirely to the Company's interest until such previously fully absorbed losses are recovered.

5. 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 2009 annual audited consolidated financial statements as critical to the understanding of its business operations. Where deemed significant, 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 the eventual approval of the Company's quarterly and annual financial statements to the Company's Board of Directors.

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, among other things, determining 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, contingent liabilities and site restoration charges.

Cash and Cash Equivalents

Cash and cash equivalents consist of all bank balances and highly liquid short-term investments with original maturities of periods less than 90 days. Cash equivalents held during the year have been classified as held-for-trading instruments.

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	Declining balance	30%

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 or related asset group exceeds its fair value.

Revenue Recognition

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

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.

Look is no longer offering service to any subscribers as of November 15, 2009.

Income Taxes

The Company uses the asset and liability method of accounting for 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

The Company has a stock option incentive plan, which is described in note 12 to the 2009 annual audited consolidated financial statements. The Company 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 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

The Company has a share appreciation rights ("SAR") plan ("SAR Plan"), which is described in note 12 to the 2009 annual audited consolidated financial statements. The Company 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.

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 of the liability component of convertible debentures of $105 and an offsetting adjustment to deficit.

As a result of the implementation of the standards, the Company has classified cash equivalents as held-for-trading. Accounts receivable, short-term receivable due from Inukshuk, and restricted cash have been classified as held-for-trading. Accounts payable, accrued restructuring liabilities, accrued restructuring liabilities due to related parties and accrued liabilities and provisions have been classified as held-for-trading. Long-term debt due within one year and the liability component of 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.

Basic and Diluted Income (Loss) Per Share

Basic income (loss) per share is calculated by using the weighted average number of shares outstanding during the year. Diluted income (loss) per share reflects the dilution that would occur if outstanding stock options were exercised into the Company's common shares using the treasury stock method.

Changes in Accounting Policies

The following changes in accounting policies have been recently adopted by the Company:

(i) Financial Instruments – Presentation and 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. Section 3863, Financial Instruments - Presentation, carries forward the existing requirements on presentation of financial instruments. These standards were adopted by the Company on September 1, 2008 and the related disclosures are included in the section entitled “Operating Risks and Uncertainties”.

(ii) 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. The Company adopted this standard on September 1, 2008 and the resulting disclosures are included in the section entitled “Operating Risks and Uncertainties”.

(iii) 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 Company adopted this standard on September 1, 2008 without a material impact to its financial statements.

Recent Accounting Pronouncements

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

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

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

(ii) Goodwill and Intangible Assets:

In 2008, the CICA issued Handbook Section 3064, Goodwill and Intangible Assets. Section 3064 replaces Section 3062, Goodwill and Intangible Assets, and Section 3450, Research and Development Costs. It establishes standards for the recognition, measurement, and disclosure of goodwill and intangible assets. This new standard is effective for the Company's interim and annual consolidated financial statements commencing September 1, 2009. The Company does not believe the standard will have a material impact to its consolidated financial statements.

6. KEY PERFORMANCE INDICATORS

The Company measures the success of its strategies using a number of key performance indicators. Following transfer of its spectrum and broadcast licence to Inukshuk as contemplated in the Agreement (see the section entitled "Overview – Significant Current Events – Sale of Business and Assets"), the Company plans to revise its key performance indicators to reflect the then-current nature of the ongoing operations. The key performance indicators monitored by the Company currently include:

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 Service, Internet Service, and Other Service. Broadcast Service includes customers subscribing to the provision of digital television services. Internet Service includes Dial-Up and High Speed wireline and wireless Internet access. Other Service includes hosting and co-location. The Company has historically monitored the number of subscribers of its services as an indicator of future revenue to be used in fiscal planning. See the section entitled "Overview – Significant Current Events" for a discussion of the sale of Look's spectrum, broadcast licence, web hosting domain name registration, and Internet businesses.

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 has historically used subscriber churn as a measure of its success in retaining its subscriber base. The churned subscribers resulting from the sale of the web hosting and domain name business and the sale of the Internet business are excluded from the Other Service and Internet churn calculations respectively. See the section entitled "Overview – Significant Current Events" for a discussion of the sale of Look's spectrum, broadcast licence, web hosting, domain name registration, and Internet businesses.

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 Service, distribution costs for programming to transmitter sites, data distribution on common carriers (telephone companies) for Internet Service, Other Service, 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 Service vary with the number of subscribers, programming costs vary 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.

7. SELECTED ANNUAL INFORMATION

	2009	2008	2007
Service and sales revenue	**$12,518**	$16,884	$20,827
Carrier charges and cost of sales	**7,295**	9,085	10,578
Gross margin from continuing operations	**5,223**	7,799	10,249
Operating expenses before amortization of property and equipment, amortization of deferred charges, and impairment of property and equipment	**39,800**	14,081	15,908
Accretion on liability component of convertible debentures, interest and finance charges, interest income, and gain on sale of other property and equipment	**(242)**	(109)	20
Gain on sale of spectrum and broadcast licence, gain on sale of Internet business, and loss on settlement of Bell litigation	**(78,279)**	-	-
Amortization of property and equipment, amortization of deferred charges, and impairment of property and equipment	**5,556**	5,171	5,768
Income (loss) for the year from continuing operations	**37,904**	(11,562)	(11,404)
Non-controlling interest	**(21,399)**	2,471	5,851
Income (loss) for the year from continuing operations	**16,505**	(9,091)	(5,553)
Income for the year from discontinued operations	**4,231**	1,600	1,372
Income (loss) and comprehensive income (loss) for the year	**20,736**	(7,491)	(4,181)
Continuing operations			
Basic income (loss) per share	**0.16**	(0.09)	(0.05)
Diluted income per share	**0.16**	(0.09)	(0.05)
Discontinued operations			
Basic income (loss) per share	**0.04**	0.02	0.01
Diluted income (loss) per share	**0.04**	0.02	0.01
Income (loss) per share			
Basic	**0.20**	(0.07)	(0.04)
Diluted	**0.20**	(0.07)	(0.04)
Total assets	**70,516**	14,113	24,003
Total liabilities	**33,722**	20,389	21,490

Fiscal 2009 Relative to Fiscal 2008

- Revenue for the year ended August 31, 2009 was $12,518, a decrease of 25.9% over fiscal 2008.

- The decline in revenue was essentially caused by a 26.8% or $2,334 decrease in Broadcast Service revenue coupled with a 25% or $1,956 decrease in Internet Service revenue due primarily to a declining subscriber base as a result of aggressive product bundling by our competitors.

- Operating expenses before amortizations and impairment for the year ended August 31, 2009 were $39,800. Excluding restructuring charges of $26,194, there was a decrease of $475 over the prior year.

- Income from discontinued operations for the year ended August 31, 2009 was $4,231, primarily as a result of the gain on the sale of the web hosting and domain name business.

- The total number of Look's full-time equivalent employees was 63 at August 31, 2009 versus 70 at August 31, 2008. At December 4, 2009 Look's total number of full-time equivalent employees was approximately 10.

Fiscal 2008 Relative to Fiscal 2007

- Revenue for the year ended August 31, 2008 was $16,884, a decrease of 18.9% over fiscal 2007.

- The decline in revenue over fiscal 2007 was essentially caused by a 20.1% or $2,192 decrease in Broadcast Service revenue coupled with a 16.5% or $1,545 decrease in Internet Service revenue due primarily to a declining subscriber base as a result of aggressive product bundling by our competitors.

- 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 headcount reductions.

- Income from discontinued operations for the year ended August 31, 2008 was $1,600, as a result of the reclassification of the income from the web hosting and domain name business to discontinued operations compared with $2,372 from the web hosting and domain name business offset by a provision of $1,000 for the settlement of a claim related to leased premises used by a Danish subsidiary of UBS in fiscal 2007.

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

8. RESULTS OF OPERATIONS

Highlights of the results for the year ended August 31, 2009 include the following:

- During the year, Look recorded gains of $78,106, $4,200, and $1,630 respectively on the sale of its spectrum and broadcast licence to Inukshuk, the sale of its web hosting and domain name business, and the sale of its Internet business (See the section entitled “Overview – Significant Current Events – Sale of Business and Assets”).

- For the year ended August 31, 2009, service revenue from continuing operations was $12,383 compared to $16,637 for the year ended August 31, 2008. Gross margin from continuing operations decreased from 46.7% to 42.2% during the year primarily as a result of charges of $737 pursuant to the settlement of Look’s litigation with Border Broadcasters Inc. et al. (See the section entitled “Commitments and Contingencies”).

- Look’s subscriber base, representing the broadcast component of our business, was 8,108 at August 31, 2009 compared to 40,471 at August 31, 2008. The decrease in subscribers resulted primarily from the sale of the web hosting, domain name, and Internet businesses during the year (See the section entitled “Overview – Significant Current Events – Sale of Business and Assets”).

- At August 31, 2009, the Company held cash and cash equivalents of $17,389 compared to $5,168 at August 31, 2008. The increase is due primarily to the receipt of the first instalment of cash from the sale of Look’s spectrum and broadcast licence to Inukshuk (See the section entitled “Overview – Significant Current Events – Sale of Business and Assets”).

Continuing Operations

The income from continuing operations for the year ended August 31, 2009 was $16,505, or $0.16 per share (basic and diluted), compared with the loss from continuing operations of $9,091, or $0.09, per share (basic and diluted), for the year ended August 31, 2008. This was mainly due to the sale of Look’s spectrum and broadcast licence to Inukshuk and the sale of certain segments of Look’s business (see the section entitled “Overview – Significant Current Events – Sale of Business and Assets”).

Service and Sales Revenue

A summary of revenue, carrier charges and cost of sales, and gross margin percentage from continuing operations by major service is set out in the following tables:

	2009			2008		
	Revenue	**Carrier Charges and Cost of Sales**	**Gross Margin**	**Revenue**	**Carrier Charges and Cost of Sales**	**Gross Margin**
Service						
Broadcast Service	**$ 6,377**	**$ 4,035**	**36.7%**	$ 8,711	$ 5,256	39.7%
Internet Service	**5,869**	**3,085**	**47.4%**	7,825	3,556	54.6%
Other Service	**137**	**41**	**70.1%**	101	49	51.5%
Total Service	**12,383**	**7,161**	**42.2%**	16,637	8,861	46.7%
Sales and Installations	**135**	**134**		247	224	
Total	**$ 12,518**	**$ 7,295**		$16,884	$ 9,085	

Total Revenue and Gross Margin

Total service and sales revenue from continuing operations for the year ended August 31, 2009 of $12,518 was $4,366 or 25.9% lower than fiscal 2008. This was due primarily to the net loss of Broadcast and Internet Service subscribers.

Gross margin for the year ended August 31, 2009 declined to 42.2% (2008 – 46.7%). This was due primarily to charges of $737 that were recorded during the year pursuant to the settlement of Look's litigation with Border Broadcasters Inc. et al. (See the section entitled "Commitments and Contingencies").

Broadcast Service Revenue and Gross Margin

The decrease in Broadcast Service revenue for the year ended August 31, 2009 of $2,334 or 26.8% over fiscal 2008 was the result of a lower subscriber base. This was due largely to the very aggressive competition in this sector and a low level of marketing activity for new subscribers by Look. Gross margin for the year ended August 31, 2009 decreased to 36.7% (2008 – 39.7%) due primarily to charges of $737 pursuant to the settlement of Look's litigation with Border Broadcasters Inc. et al. (See the section entitled "Commitments and Contingencies).

Internet Service Revenue and Gross Margin

Revenue from Internet Service for the year ended August 31, 2009 declined by $1,956 or 25.0% due primarily to a decrease in the number of Dial-Up subscribers and the sale of the Internet business during the fourth quarter of fiscal 2009 (see the section entitled, "Overview – Significant Current Events – Sale of Business and Assets").

Of the revenue from Internet Service, revenue from Dial-Up accounted for $1,734 for the year ended August 31, 2009 (2008 - $2,684). Revenue from High Speed for the comparable periods was $4,135 (2008 - $5,141).
The decrease in Internet Service revenue resulted from the continued migration of Dial-Up subscribers to High Speed products and the loss of High Speed bundled subscribers who discontinued service as a result of the aggressive product bundling implemented by Look's competitors.

Internet Service gross margin for the year ended August 31, 2009 declined to 47.4% (2008 – 54.6%) primarily as a result of the fixed nature of certain components of cost of sales which were partially offset by Look's active management of supplier contracts.

Other Service Revenue and Gross Margin

Revenue from the continuing operation of Other Service including, amongst other things, co-location and administrative services, increased by $36 or 35.6% for the year ended August 31, 2009 relative to fiscal 2008 while gross margin increased to 70.1% (2008 - 51.5%).

Sales and Installation Revenue

Revenue derived from Sales and Installations for the year ended August 31, 2009 decreased by $112 or 45.3%. This decline was the result of, amongst other things, a general reduction in new installations during fiscal 2009 relative to the same period one year prior along with Look's ongoing efforts to maximize the value of its spectrum and broadcast licence (see the section entitled "Overview – Significant Current Events – Sale of Business and Assets").

Subscriber Statistics

	2009	2008	% Change
Broadcast Services			
Gross additions	**1,121**	3,098	(63.8%)
Net reductions	**(3,624)**	(3,624)	0.0%
Total subscribers	**8,108**	11,732	(30.9%)
ARPU	**$52.57**	$53.40	(1.6%)
Churn	**3.9%**	4.0%	0.1%

See the section entitled "Key Performance Indicators" for an explanation of how the above statistics are calculated and utilized by the Company.

Broadcast Subscribers and ARPU

Broadcast subscribers totalled 8,108 at August 31, 2009 representing a decrease of 3,624 or 30.9% for the year. Of the 8,108 subscribers, 2,345 represented subscribers in multiple-unit dwellings and 5,763 were subscribers in single family homes. The number of subscribers continued to decline during the year ended August 31, 2009 as a result of a low level of marketing and sales activities by Look and aggressive bundling campaigns by the competition. ARPU for the year ended August 31, 2009, declined moderately to $52.57 (2008 – $53.40).

For the year ended August 31, 2009, Broadcast Service subscriber churn was an average of 3.9% compared with 4.0% one year prior.

As of November 15, 2009, Look is no longer offering service to any subscribers.

Internet Subscribers and ARPU

There were no Internet subscribers at August 31, 2009 due to the sale of the Internet Business (see the section entitled "Overview – Significant Current Events – Sale of Business and Assets"). The total decrease in Internet subscribers for the year was 18,101.

Operating Expenses

	2009	**2008**
Marketing and sales	**$ 8**	$ 20
Customer care	**1,271**	1,447
Engineering and operations	**2,786**	2,903
General and administration	**9,541**	9,711
Restructuring charges	**26,194**	-
Total before amortization and impairment of property and equipment and deferred charges	**39,800**	14,081
Amortization and impairment of property and equipment and deferred charges	**5,556**	5,171
Total operating expenses	**$ 45,356**	$ 19,252

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, 2009, customer care expenses declined to $1,271 compared to $1,447 for the year ended August 31, 2008.

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 Service 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, 2009, engineering and operations expenses declined to $2,786 compared to $2,903 for the year ended August 31, 2008.

General and Administration

General and administration expenses include administrative salaries, human resources, general occupancy, information technology, professional fees, and other administrative overheads for Look. 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 of general and administration expenses is set out below:

	2009	2008
Compensation and benefits[1]	**$ 3,893**	$ 4,763
Professional fees[2]	**4,166**	3,043
Office and general	**1,482**	1,905
Total general and administrative expenses	**$ 9,541**	$ 9,711

(1) Excludes restructuring liabilities recognized in fiscal 2009.
(2) Certain professional fees directly related to the sale transaction (see section entitled "Overview – Significant Current Events – Sale of Business and Assets") were included in the net gains on transactions.

For the year ended August 31, 2009, general and administration expenses were $9,541, compared to $9,711 for the year ended August 31, 2008. The increase in professional fees was due to Look's shareholder maximization plan and the action that Look was pursuing against Bell, while the decrease in the compensation and benefits expenses resulted from the allocation of incentive awards to restructuring charges.

Restructuring Charges

As a result of the sale of Look's spectrum and broadcast licence to Inukshuk and the resulting restructuring of its business, the Company has recorded restructuring charges of $26,194 which include, among other things, site restoration charges, and human resource restructuring payments including special termination benefits and other awards (see section entitled "Overview – Significant Current Events - Restructuring Charges").

Amortization and Impairment of Property and Equipment and Deferred Charges

For the year ended August 31, 2009, amortization of property and equipment was $2,986 (2008 - $5,132) and amortization of deferred financing charges totalled $28 (2008 - $39). An impairment of network-related fixed assets was recognized during fiscal 2009 in the amount of $2,542 attributable to the sale of the spectrum and broadcast licence (see the section entitled "Overview – Significant Current Events – Sale of Business and Assets").

During the fourth quarter of 2008, Look completed a review of its property and equipment and noted no impairment relative to the carrying amount.

Interest and Financing Charges

	2009	2008
Accretion on liability component of convertible debentures	**$ (120)**	$ (116)
Interest and finance charges	**(203)**	(282)
Interest income	**79**	279
Total	**$ (244)**	$ (119)

For the year ended August 31, 2009, $120 (2008 – $116) was recorded as the accretion on the liability component of the convertible debentures and $203 (2008 – $282) was recorded in interest expense related primarily to mortgage financing. The interest and financing charges were partially offset by $79 (2008 – $279) in interest income recognized on liquid assets. The decrease in interest income was driven primarily by a reduction in the principal amount of cash and by a lower overall rate of interest earned.

Non-controlling interest

Non-controlling interest in the consolidated balance sheets of the Company represents the non-controlling interest in both the equity in Look and equity component of convertible debentures in Look. Reported operating losses of 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, in accordance with the accounting treatment noted in section 2(a) above, the Company absorbed losses incurred by Look in excess of the Company's 51% of Look's losses amounting to $1,717 as at August 31, 2008. Since Look generated income during fiscal 2009, the Company recovered the full extent of the excess losses previously absorbed before allocating the remaining income for fiscal 2009 to the minority interest at 49%.

Discontinued Operations

The income from discontinued operations for the year ended August 31, 2009 amounted to $4,231 or $0.04 per share (basic) compared with $1,600 or $0.02 per share (basic) for the year ended August 31, 2008.

A summary of the net income from discontinued operations is as follows:

	2009	2008
Gain from sale of web hosting and domain name business	**$ 4,200**	$ -
Gross margin from web hosting and domain name sales	**331**	2,202
Income from web hosting and domain name business	**4,531**	2,202
Non-controlling interest		(602)
Danish litigation	**(300)**	-
Income from discontinued operations	**$ 4,231**	$ 1,600

(a) During the first quarter of fiscal 2009, Look sold its web hosting and domain name business (see the section entitled "Overview – Significant Current Events – Sale of Business and Assets") which is accounted for as a discontinued operation. As a result, Look has restated its comparative numbers.

A summary of revenue, carrier charges and cost of sales, and gross margin generated by the discontinued operations is set out in the table below:

	2009			2008		
	Revenue	**Carrier Charges and Cost of Sales**	**Gross Margin**	**Revenue**	**Carrier Charges and Cost of Sales**	**Gross Margin**
Web Hosting and Domain Name Business	**$520**	**$189**	**$331**	$3,428	$1,226	$2,202

The income from discontinued operations for the year includes web hosting and domain name gross margin of $331 (2008 – $2,202), and a gain on the sale of the web hosting and domain name business of $4,200 (2008 – nil).

(b) In accordance with the Purchase and Sale Agreement in respect of the acquisition of UBS' Danish subsidiary, UBS has provided for expenses incurred by the former owner of the Danish subsidiary in connection with a claim filed against the former owner in the Danish courts.

Income (Loss) and Comprehensive Income (Loss)

The income and comprehensive income for the year ended August 31, 2009 amounted to $20,736 or $0.20 per share (basic and diluted), compared with the loss and comprehensive loss of $7,491 or $0.07 per share (basic and diluted) for the year ended August 31, 2008.

9. QUARTERLY FINANCIAL RESULTS

The table below sets out restated financial information for the past eight quarters.

	2009				2008			
	Aug 31[3]	**May 31 Restated**	**Feb 28**	**Nov 30**	**Aug 31**	**May 31**	**Feb 29**	**Nov 30**
Revenue [1]	$2,507	$3,096	$3,327	$3,588	$3,905	$4,095	$4,357	$4,527
Carrier charges and cost of sales [1]	1,071	2,470	1,814	1,940	2,090	2,280	2,349	2,366
Gross margin [1]	1,436	626	1,513	1,648	1,815	1,815	2,008	2,161
Operating expenses before amortizations and impairment	28,181[2]	3,918	4,270	3,431	3,890	3,105	3,440	3,646
Interest, taxes, depreciation, amortization, impairment, gain on disposition of spectrum and broadcast licence, gain on sale of Internet business, loss on settlement of litigation, and gain/loss on disposition of property and equipment	1,724	72,899[2]	(943)	(1,199)	(1,281)	(1,386)	(1,347)	(1,266)
Income (loss) from continuing operations before non-controlling interest	(25,021)	69607	(3,700)	(2,982)	(3,356)	(2,676)	(2,779)	(2,751)
Non-controlling interest	9,002	(30,466)	65	-	(101)	193	1,212	1,167
Income (loss) from continuing operations	(16,019)	39,141	(3,635)	(2,982)	(3,457)	(2,483)	(1,567)	(1,584)
Income (loss) from discontinued operations[1]	(300)	-	-	4,531	514	504	293	289
Income (loss) for the period[1]	(16,319)	39,141	(3,635)	1,549	(2,943)	(1,979)	(1,274)	(1,295)
Continuing Operations								
Basic income(loss) per share	(0.16)	0.38	(0.04)	(0.03)	(0.03)	(0.02)	(0.02)	(0.02)
Diluted income per share	(0.16)	0.36	(0.04)	(0.03)	(0.03)	(0.02)	(0.02)	(0.02)
Discontinued Operations								
Basic income per share	-	-	-	0.04	0.01	0.01	0.00	0.00
Diluted income per share	-	-	-	0.04	0.01	0.01	0.00	0.00
Income (loss) per share								
Basic	(0.16)	0.38	(0.04)	0.01	(0.02)	(0.01)	(0.02)	(0.02)
Diluted	(0.16)	0.36	(0.04)	0.01	(0.02)	(0.01)	(0.02)	(0.02)

(1) Revenue, carrier charges and cost of sales, gross margin, and income (loss) include items from continuing operations only. Revenue and carrier charges and cost of sales and gross margin from the web hosting and domain name business that was sold by Look during the first quarter of fiscal 2009 have been reclassified as discontinued operations (see the section entitled "Overview – Significant Current Events – Sale of Business and Assets").

(2) During the third quarter of fiscal 2009, Look sold its spectrum and broadcast licence to Inukshuk for consideration of $80,000 and recorded an impairment of its property and equipment in the amount of $2,542. (See the sections entitled "Overview – Significant Current Events – Sale of Business and Assets"). In the fourth quarter of fiscal 2009 the Company recorded restructuring charges of $26,194, which includes among other things, site restoration charges and human resource termination benefits and other contingent awards.

(3) Effective May 31, 2009, the Company's Boards of Directors approved human resource restructuring charges of $25,300 which were recognized in the interim financial statements for the quarter ended May 31, 2009. However, in accordance with the relevant accounting guidance, the Company restated $25,300 of human resource restructuring charges from Q3 to Q4 of fiscal 2009 as the formal approval and communication criteria were not satisfied until Q4 of fiscal 2009. As a result, income for Q3 increased from $23,641 to $39,141 and the loss for Q4 increased from $819 to $16,319. The impact on income per share was an increase of $0.15 per share in Q3 09 and a decrease of $0.15 per share in Q4 09. There was no impact to the consolidated statement of operations and deficit for the year ended August 31, 2009.

In order to align operating costs with declining subscriber numbers, all departments have been impacted by internal restructurings that have occurred from time to time over the past five years. Full-time equivalent employees have been reduced from 299 at August 31, 2003 to 63 at August 31, 2009 which, together with renegotiated contracts, reduced marketing and sales, and efficiency improvements, are the key drivers of the reduction in operating expenses.

Income from discontinued operations in fiscal 2008 represents the gross margin from the web hosting and domain name business prior to its sale (See the sections entitled “Overview – Significant Current Events – Sale of Business and Assets).

Results of Operations for the Fourth Quarter Ended August 31, 2009

Operating Highlights

- For the three months ended August 31, 2009, total revenue was $2,507 compared to $3,905 for the three months ended August 31, 2008.

- Gross margin for the three months ended August 31, 2009 based on total revenue increased to 57.3% from 46.5% when compared to the three months ended August 31, 2008.

- Total operating expenses before amortization of property and equipment, amortization of deferred charges, and impairment of property and equipment was $28,181 for the three months ended August 31, 2009 compared to $3,890 for the three months ended August 31, 2008 due mainly to restructuring charges (see the section entitled “Overview – Significant Current Events - Restructuring Charges”).

- The loss from continuing operations was $16,019 or $0.16 per share for the three months ended August 31, 2009, compared to a loss of $3,457 or $0.03 per share for the three months ended August 31, 2008.

- The loss from discontinued operations for the three months ended August 31, 2009 was $300 compared with income from discontinued operations $514 or $0.01 per share for the three months ended August 31, 2008.

10. LIQUIDITY AND CAPITAL RESOURCES

The Company held cash and cash equivalents of $17,389 at August 31, 2009 compared with cash and cash equivalents of $5,168 at August 31, 2008. Cash and cash equivalents consists of all bank balances and, from time to time, highly liquid short-term guaranteed investment certificates with original maturities of less than 90 days. The increase is due primarily to the receipt of the first instalment of cash from the sale of Look’s spectrum and broadcast licence to Inukshuk (see the section entitled “Overview – Significant Current Events – Sale of Business and Assets”).

The change in cash and cash equivalents is summarized as follows:

Cash flows provided by (used in):	**2009**	**2008**
Operating activities – continuing operations	**$ (4,563)**	$ (4,880)
Operating activities – discontinued operations	**34**	529
Cash flows used in operating activities	**(4,529)**	(4,361)
Cash flows provided by (used in) financing activities	**-**	(14)
Investing activities – continuing operations	**13,310**	(117)
Investing activities – discontinued operations	**3,440**	-
	16,750	(117)
Net cash provided by (used in) continuing operations	**8,747**	(5,011)
Net cash provided by discontinued operations	**3,474**	529
Increase (decrease) in cash and cash equivalents	**$ 12,221**	$ (4,482)

Cash used in operating activities of the continuing operations for the year ended August 31, 2009 was $4,563 compared to cash used of $4,880 for the same period in fiscal 2008. At December 4, 2009, the Company held cash and cash equivalents of approximately $43,000.

Cash provided by investing activities of the continuing operations for the year ended August 31, 2009 was $13,310 compared to cash used of $117 for the same period in fiscal 2008. This resulted mainly from the gross receipt of $30,000 of proceeds from the first instalment of the sale of the spectrum and broadcast licence to Inukshuk, the payment of $16,000 on the settlement of the Bell litigation, $1,859 of professional fees related to the sale of the spectrum and broadcast licence, and $1,187 of net proceeds on the sale of the Internet business (see the section entitled “Overview – Significant Current Events – Sale of Business and Assets”). Cash provided by investing activities of the discontinued operations for the year ended August 31, 2009 was $3,440 (2008 – nil) and resulted from the collection of all cash due on the sale of the web hosting and domain name business.

The mortgage payable of $1,800 bears interest at 10.0% per annum and matures on March 1, 2010. 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.

The Company’s working capital surplus at August 31, 2009 was $35,286 compared with a deficiency of $13,429 at August 31, 2008. The change in working capital is related to, amongst other things, the sale of the spectrum and broadcast licence to Inukshuk, the increase in cash related to the sale of the web hosting and domain name business and the corresponding relief of the unearned web hosting revenue and the increase in cash related to the sale of the Internet business which were partially offset by the loss from continuing operations incurred by the Company during the year (see the section entitled “Overview – Significant Current Events – Sale of Business and Assets”).

11. SHARE CAPITAL

As at August 31, 2009, UBS had issued 102,747,854 Common Shares (2008 - 91,442,522) and no outstanding Class A Non-Voting Shares (2008 - 11,305,332) for total issued and outstanding shares of 102,747,854. The Class A non-voting shares were converted to Common Shares in August, 2009 at the request of the holder of the shares.

As at August 31, 2009, there were options outstanding to acquire 15,890,667 Common Shares of UBS (August 31, 2008 - 15,974,000).

In determining diluted income per share, the weighted average number of shares outstanding was increased by 1,753,358 (2008 – nil) for stock options where such dilution would not have an anti-dilutive effect on income per share. The diluted weighted average number of shares outstanding during fiscal 2009 was 104,501,212 (2008 – 102,747,854).

There were no changes to the issued and outstanding shares and options outstanding to acquire Common Shares as at December 4, 2009.

As a result of the sale of Look’s spectrum and broadcast licence to Inukshuk, the Board of Directors undertook to restructure its business and the Board of Directors advanced the vesting of 4,331,667 options to purchase common shares of the Company effective May 14, 2009.

12. STOCK BASED COMPENSATION

During the year ended August 31, 2009, UBS recorded stock-based compensation expense of $134 (2008 - $129) related to options issued to employees and $569 (2008 - $258) related to options issued to non-employees, which has been recorded in contributed surplus.

As a result of the sale of Look’s spectrum and broadcast licence to Inukshuk, the Board of Directors undertook to restructure its business and all UBS SAR holders relinquished all their rights to all outstanding SAR Units and accordingly, at August 31, 2009, there were no SAR units outstanding (2008 – 11,300,000) and compensation expense for the year ended August 31, 2009 was nil (2008 – nil).

Notwithstanding the aforementioned relinquishments, the SAR plan remains in effect.

13. RELATED PARTY TRANSACTIONS

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

(a) 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) UBS has subleased a portion of Look's premises in Milton for a five-year term at an annual rent of $77 (2008 - $75).

(c) During fiscal 2009, Look paid interest on the principal amount of $3,000 of convertible debentures held by UBS amounting to $210 by issuing 836 of Look's subordinate voting shares (2008 - $210 and 470 respectively).

(d) The Company has paid and accrued amounts in fiscal 2009 to companies controlled by the Chairman and CEO of the Company, the Chief Technology Consultant of the Company, senior management and directors as follows:

	Accrued Contingent Payments		
	Payable by UBS[1]	Payable by Look[2]	Total
Jolian Investments Ltd.[3]	$ 1,800	$ 5,566	$ 7,366
DOL Technologies Inc. [4]	1,530	3,951	5,481
UBS Directors and Senior Management	2,380	295	2,675
Total	$5,710	$9,812	$15,522

(1) The Accrued Contingent Payments payable by UBS are contingent upon the receipt by Look of the full $80,000 of consideration from Inukshuk and adequate cash resources being received by UBS (see the sections entitled "Overview – Significant Current Events – Sale of Business and Assets" and "Restructuring Charges").

(2) The Accrued Contingent Payments payable by Look are contingent upon the receipt by Look of the full $80,000 of consideration from Inukshuk. In addition to the Accrued Contingent Payments noted above, Look accrued $7,412 due to other Look related parties that is also contingent upon the receipt by Look of the full $80,000 of consideration from Inukshuk.

(3) UBS has a management services agreement with Jolian Investments Ltd. ("Jolian"), a company controlled by the Chairman and CEO of UBS. Fees paid to Jolian in fiscal 2009 totalled $587 (2008 - $994). During fiscal 2009 the deferred bonuses owing at August 31, 2008 of $680 were paid. 2,100 options were granted to the Chairman and CEO during fiscal 2009 (2008 - nil). No SAR units were granted to Jolian in fiscal 2009 (2008 – 1,500).

(4) UBS has a consulting agreement with DOL Technologies Inc. ("DOL"), a company controlled by the Chief Technology Consultant to UBS. Fees paid to DOL in fiscal 2009 totalled $487 (2008 - $791). During fiscal 2009 the deferred bonuses owing at August 31, 2008 of $392 were paid. In August 2009, 11,351 Class A non-voting shares held by a company controlled by Mr Dolgonos were converted to common shares on a one-for-one basis at the request of the holder of the shares. 1,000 options were granted to DOL during fiscal 2009 (2008 – 2,000). No SAR units were granted to DOL in fiscal 2009 (2008 – 1,500).

All annual compensation is included in general and administrative expenses and Contingent Restructuring Awards are included in restructuring charges.

Payment of the accrued contingent payments was contingent on receipt by Look of the full consideration of $80,000 due from Inukshuk. If the transaction did not close, the accrued contingent payments would not have been made and all rights to these contingent payments, and the options and SARs noted below would have remained relinquished (see the sections entitled “Overview – Significant Current Events – Sale of Business and Assets” and “Restructuring Charges”).

	UBS SAR Units Relinquished	Look SAR Units Relinquished	Look Options Relinquished
Jolian Investments Ltd.	3,000	14,769	335
DOL Technologies Inc.	3,000	7,384	-
UBS Directors and Senior Management	4,800	300	927
Total Related Parties	10,800	22,453	1,262

14. OPERATING RISKS AND UNCERTAINTIES

Capital risk management

The Company manages its capital to maximize value to shareholders and other stakeholders. The Company’s capital structure includes cash and cash equivalents, accounts receivable, short-term receivable due from Inukshuk (see the sections entitled “Overview – Significant Current Events – Sale of Business and Assets”, long-term debt, convertible debentures, and equity consisting of share capital, contributed surplus, and deficit.

The Company is not subject to externally-imposed capital requirements. The Company’s overall strategy with respect to capital risk management is to hold low-risk highly-liquid cash accounts and investments.

Financial risk management

(a) Overview:

The Company has exposure to credit risk, liquidity risk and market risk. The Company’s board of directors has overall responsibility for the establishment and oversight of the Company’s risk management framework. The Audit Committee of the board reviews the Company’s risk management policies from time to time on an as needed basis.

(b) Credit risk:

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's accounts receivable. The carrying amount of financial assets represents the Company's estimate of its maximum credit exposure.
The Company's exposure to credit risk with its subscribers is influenced mainly by the individual characteristics of each subscriber. All of the Company's subscribers are located in Canada and are either residential or commercial in nature. No individual subscriber's trade receivable poses a significant credit risk to the Company.

The Company establishes an allowance for doubtful accounts that represents its estimate of likely losses with respect to its trade receivables. This allowance is established based on historic trends and other information available to the Company. As at August 31, 2009, Look had total past due accounts receivable of $174 and an allowance for doubtful accounts of $86 (August 31, 2008 - $264 and $147 respectively).

(c) Liquidity risk:

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its current liabilities when due. At August 31, 2009, the Company has a working capital surplus of $35,286 (August 31, 2008 – deficiency of $13,429).

Effective December 31, 2006, Look may redeem the convertible debentures in certain circumstances at a price equal to par plus accrued and unpaid interest up to, but not including, the date of redemption. Look has the option to settle its obligation and repay the principal by issuing shares of Look.

The mortgage payable bears interest at the rate of 10.0% per annum and matures on March 1, 2010.

The Company manages its liquidity risk by monitoring cash flows from operations on an ongoing basis.

(d) Market risk:

Market risk is the risk that changes in market prices, such as foreign exchange rates, and interest rates will affect the Company's income or the value of its financial instruments. The Company's products and services are available solely in Canada and substantially all of the Company's financial assets and liabilities originate in Canadian dollars. The Company is, however, exposed to currency risk for purchases that are denominated in foreign currencies. The Company believes this risk is minimal and has not entered into any currency hedging transactions.

The Company is subject to interest rate risk on its cash and cash equivalents and restricted cash. The Company estimates that for each 1% change in the interest rate earned on its cash holdings at August 31, 2009, interest income will increase or decrease by approximately $150 per annum.

The Company may also be subject to interest rate risk on its mortgage payable which bears interest at the rate of 10% per annum. A 1% increase or decrease in the interest rate charged on the mortgage is expected to impact net income, either positively or negatively respectively, by $18 per annum.

(e) Fair value of financial instruments:

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

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

(f) Financial instruments:

(i) Classification of financial instruments:

(a) Accounts receivable, short-term receivable due from Inukshuk, and restricted cash have been classified as financial assets held for trading and are measured at fair value;
(b) Accounts payable, accrued restructuring liabilities, accrued restructuring liabilities due to related parties and accrued liabilities and provisions have been classified as financial liabilities held for trading; and
(c) Long-term debt due within one year and the liability component of convertible debentures are measured at amortized cost.

The Company had not classified any assets as available-for-sale or held-to-maturity during the year ended August 31, 2009 and 2008.

15. COMMITMENTS AND CONTINGENCIES

Commitments

Future minimum annual lease payments under operating leases for premises as at August 31, 2009 are as follows:

Year	Amount
2010	$914
2011	842
2012	814
2013	643
2014	9
Total	**$3,222**

During the year, operating lease rental expense incurred by Look was $992 (2008 - $1,050). Future operating lease commitments have not been recognised as part of accrued restructuring liabilities as at August 31, 2009 as the conditions, including formal termination of agreements, for recognizing such amounts had not been met.

Contingencies

Claim for damages against Inukshuk et al.:

The claims by UBS Wireless against Inukshuk Internet Inc. et al., commenced in April 2004, and against Inukshuk, commenced in August 2007, resulting from a Right of Use agreement involving certain spectrum were dismissed on May 15, 2009 for $4,000 following a settlement with all the defendants. The settlement of this litigation by UBS Wireless was required by Rogers, a partner of Inukshuk, and requested by Look as a condition of the sale of Look’s spectrum and broadcast licence to Inukshuk. The defendants to UBS' actions all deny liability and the settlement is not an admission of any kind (see the section entitled “Overview – Significant Current Events – Sale of Business and Assets”).

Bell:

In response to Bell’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. Look claimed damages in the aggregate amount of $25,000 plus interest, costs and any applicable taxes for, amongst other things, Bell's breach of contract, misrepresentation and unlawful interference with economic relations. Look was also seeking $10,000 in aggravated and/or punitive damages.

On July 5, 2007, Bell 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, and $1,000 in aggravated and/or punitive damages.

Pursuant to the July 31, 2007 Injunction granted by the Ontario Superior Court of Justice, Bell is prevented from terminating, reducing, restricting, or in any way interfering with the telecommunications services provided to Look. Among the Terms and Conditions of the Injunction, Look will pay Bell Canada $360 per month from May 1, 2007.

The claim between Look and Bell was settled on May 15, 2009 as a condition of the sale of the spectrum and broadcast licence to Inukshuk (see the section entitled “Overview – Significant Current Events – Sale of Business and Assets”).

Craig Wireless International Inc. (“Craig Wireless”):

On February 19, 2004, Craig Wireless filed a statement of claim against the Company before the Ontario Superior Court of Justice. 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.

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.

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:

(a) Payment of royalties due in the amount of $4,500 for the retransmission of distant television signals pursuant to:

   (i) 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

   (ii) The Interim Tariffs for the Retransmission of Distant Radio and Television Signals in Canada for the period commencing January 1, 2004.

(b) Pre-judgment interest on unpaid royalties in the amount of $2,500:

Look and Border Broadcasters executed a final settlement agreement on August 17, 2009. As of August 31, 2009, Look had fully accrued for costs associated with this settlement agreement and subsequent to year end, Look paid $1,000 to Border Broadcasters for complete settlement of all claims.

Other contingencies:

(a) 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.

(b) 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.

(c) 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 awarded to UBS. The decision has been appealed by the plaintiff and the case will now be heard in the Danish Supreme Court.

(d) In 2003 and 2004, lawsuits by a group of plaintiff companies, which did not include the Company, were commenced alleging that a certain type of licence fee collected by the CRTC represents in fact an unlawful tax. On December 14, 2006, the Federal Court ruled that the CRTC did not have the jurisdiction to charge this fee. An appeal was filed by the CRTC and on April 28, 2008, the Federal Court of Appeal overturned this decision and ruled that the fee in fact represents a valid regulatory charge.

The plaintiff companies disagreed with this latest ruling and filed an application for leave to appeal with the Supreme Court of Canada which was subsequently granted on December 18, 2008. On October 7, 2009, the plaintiff companies and the CRTC agreed to settle their ongoing dispute regarding the collection of Part I and Part II fees. The settlement provides that no fees or interest will be payable for the period pertaining to the last three fiscal years, and a new Part II fee regime will be implemented at a reduced rate commencing on September 1, 2009.

In the normal course of its operations, the Company may be subject to other litigations and claims. Although it is not possible to estimate the extent of potential costs, if any, management believes that the ultimate resolution of such contingencies would not have a material adverse effect on the results of operations, financial position or liquidity of the Company.

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. ADDITIONAL INFORMATION

Additional information regarding the Company's financial statements and corporate documents is available on SEDAR at www.sedar.com.