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

UNIQUE BROADBAND SYSTEMS, INC.

Years ended August 31, 2011 and 2010

UNIQUE BROADBAND SYSTEMS, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS
of Financial Condition and Results of Operations
(In thousands, except per share amounts)
For the years ended August 31, 2011 and 2010

December 9, 2011

1. INTRODUCTION

The following Management's Discussion and Analysis ("MD&A") relates to the consolidated financial condition of Unique Broadband Systems, Inc. at August 31, 2011 and the consolidated results of operations for years ended August 31, 2011 and 2010. This MD&A should be read in conjunction with the Company's audited consolidated financial statements for the year ended August 31, 2011 and the financial statements and MD&A of Look Communications Inc. ("Look") as at and for the year ended August 31, 2011.

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 UBS will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. 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 the legal entity Unique Broadband Systems, Inc. and its wholly-owned subsidiary, UBS Wireless Services Inc. ("UBS Wireless"), and references to the "Company" means UBS and Look.

2. CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This MD&A includes forward-looking statements and information concerning expected future events, 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 future results, conditions, actions or events may differ materially from the targets, assumptions, estimates, or expectations reflected or contained in the forward-looking statements and information, and that actual future results, conditions, actions, events, or 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. These risks and uncertainties include, but are not restricted to: (i) tax-related matters, (ii) financial risk related to short-term investments (including credit risks and reductions in interest rates), (iii) human resources developments, (iv) business integrations and internal reorganizations, (v) process risks, (vi) health, safety, and environmental developments, (vii) the outcome of litigation and legal matters, (viii) any prospective acquisitions or divestitures, (ix) other risk factors related to the Company's historic business, and (x) risk factors related to the Company's future operations.

More specifically, UBS faces risks and uncertainties in connection with the ongoing litigation described under the section entitled "Contingencies". In particular, there can be no assurance that UBS will not be found liable for payments to certain parties in the course of this litigation nor can there be any assurance that UBS will be able to recover any of the amounts sought in its counterclaims. An award of damages against UBS and the ongoing costs of this litigation could, independently or collectively, have a material adverse effect on the financial condition and solvency of UBS.

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 "Contingencies" 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) CCAA proceedings and notice of appeal of summary judgment motions:

On July 5, 2011, UBS announced that it and its wholly owned subsidiary UBS Wireless Systems Inc. has commenced proceedings under the *Companies' Creditors Arrangement Act* (the "CCAA") and that the court has made an order staying all proceedings against UBS and its directors until August 5, 2011 which was subsequently extended to October 31, 2011. On October 28, 2011, UBS obtained a further extension of stay of proceedings until January 16, 2012. RSM Richter Inc. (the "Monitor") has been appointed as the Monitor of UBS. Further information with respect to the CCAA proceedings can be found on the Monitor's website at www.rsmrichter.com.

UBS has been successful over the past twelve months in significantly reducing operating expenses, settling certain claims and obtaining the reversal of approximately $1.8 million of awards granted by UBS' prior board in 2009. Notwithstanding these achievements, the approximately $16.7 million in termination and other payments being pursued in claims against UBS involving, among others, Jolian, Mr. McGoey, DOL and Mr. Dolgonos (the "Plaintiff Group"), have precipitated the commencement of proceedings under the CCAA, which UBS views as the best course of action to preserve its assets.

The CCAA proceeding has been commenced to, among other things:

(i) facilitate the determination and compromise or arrangement of creditor claims against UBS;
(ii) permit UBS to propose a plan to realize value from UBS' accumulated tax losses, public listing and other assets;
(iii) avert an imminent liquidity crisis being caused by litigation-related expenses that will prevent UBS from continuing to carry on business for the benefit of its stakeholders and defending the proceedings brought by the Plaintiff Group;
(iv) stay all payables owing by UBS; and
(v) provide a process to determine the claims being asserted against UBS by the Plaintiff Group in a more cost effective and expeditious manner.

While under protection from its creditors, UBS' board of directors will continue to manage UBS. In addition, UBS will continue to provide certain services to LOOK Communications Inc. pursuant to the management services agreement between the parties.

Should the stay period in the CCAA proceedings and any subsequent extensions thereof not be sufficient in duration or scope to allow UBS to complete its tasks as outlined above under the CCAA and should UBS lose the protection of the stay of proceedings, creditors may immediately enforce their rights and remedies against UBS and its assets which would in all likelihood lead to liquidation proceedings.

(b) GPV Elbau Electronics A/S vs UBS:

On June 17, 2011, The Supreme Court of Denmark gave judgment in favour of UBS and GPV Elbau Electronics A/S has been ordered to pay legal costs to UBS in the amount of DKK 100 (approximately $19).

(c) UBS' change to Tier 2 TSX listed company:

On July 6, 2011, UBS received notice from the TSX Venture Exchange (the "Exchange") that, in accordance with its Continued Listing Requirements outlined in Exchange Policy 2.5, it would appear that UBS no longer meets the tests related to having a significant interest in a business or primary asset used to carry on business. Effective July 7, 2011, the Exchange issued a bulletin reclassifying UBS to Tier 2 and advised UBS may be put on notice to be transferred to NEX, subject to UBS making a submission that it meets all Tier 2 Continued Listing Requirements.

(d) Statement of Claim served on UBS and its directors by 2064818 Ontario Inc.:

On December 23, 2010, a registered shareholder of UBS, 2064818 Ontario Inc., which is a corporation controlled by UBS' former Chief Technology Consultant, Alex Dolgonos, served a statement of claim (the "Statement of Claim") on UBS and each of Grant McCutcheon, Robert Ulicki and Henry Eaton.

Among other things, 2064818 Ontario Inc. alleges that (i) the directors of UBS are exercising their powers as directors in a manner that is oppressive, unfairly prejudicial and unfairly disregards the interests of UBS shareholders; and (ii) the existing directors have failed to act honestly and in good faith with a view to the best interests of UBS. The allegations are made, among other things, in respect of the amendment of the Look Management Services Agreement ("Look MSA"). It is also alleged that the new directors of UBS intentionally triggered a change-in-control in the management services agreement dated effective as of January 1, 2006 between UBS and Jolian Investments Ltd. (the "Jolian MSA") by failing to re-elect the former CEO as a director.

The Statement of Claim seeks various relief, including among other things, (i) the removal of the directors of UBS from its board of directors, (ii) the setting aside of the amendment to the Look MSA or, in lieu thereof, damages in the amount of $900, and (iii) an order restraining UBS from obtaining any dilutive financing unless existing shareholders are entitled to participate in such financing on a pro rata basis.

(e) Management Services Agreement with Look:

Under the terms of the Management Service Agreement entered into between UBS and Look on May 19, 2004 ("Look MSA"), Look had been required to pay an annual fee of $2,400 to UBS. Look paid, in September 2007, in advance, an annual fee of $2,400, which is included in deferred revenue. On a 12-month rolling basis, Look had maintained this prepaid annual fee.

On April 22, 2010, Look's Board of Directors notified UBS that it will not be recommencing the term of the MSA on May 19, 2010 such that the Look MSA will expire at the end of its current term being May 19, 2012 or such earlier date that is mutually agreed to by Look and UBS.

As a result of the sale of its spectrum and broadcast licence to Inukshuk and the resulting restructuring of its business, Look no longer requires the same level of Chief Executive Officer ("CEO") Services and Other Services from UBS, particularly as that relates to annual business planning and budgeting, human resources, engineering, updating of broadcast and information technology, the management of regulatory requirements, and managing Look's fixed and variable costs to maximize Look's profits. Accordingly, on December 3, 2010, Look and UBS agreed that, with effect from January 1, 2011, Look will no longer maintain the prepaid annual fee of $2,400 on a monthly basis and that this amount will be drawn down at approximately $145 per month over the remaining term of the Look MSA, being January 1, 2011 through May 19, 2012. UBS will continue to provide services to Look, where still applicable pursuant to the Look MSA, and all other terms and conditions of the Look MSA will remain in effect until May 19, 2012. The cash flow impact of this amendment is a reduction of approximately $900 in fees from Look to UBS over the remaining term of the Look MSA (refer to the section entitled "Related party transactions").

(f) Cancellation of stock options:

Subsequent to the issuance of certain stock options to Mr. Ulicki (refer to the section entitled "Share capital"), the TSX Venture Exchange advised that the stock options must have a minimum strike price of $0.10. Accordingly, the stock option grant was cancelled on March 10, 2011.

(g) Restructuring:

As a result of the sale of Look's spectrum and broadcast licence to Inukshuk Wireless Partnership ("Inukshuk") and the resulting restructuring of its business, the Company has recorded and paid restructuring amounts as set out in the following tables:

Accrued restructuring liabilities	**Site restoration, contract termination, special meeting and legal charges[1]**	**Human resource restructuring charges**	**Total restructuring amounts**
Balance at August 31, 2009	$ 204	$ 2,110	$ 2,314
Expensed in fiscal 2010	2,722	30	2,752
Paid/reversed in fiscal 2010	(2,087)	(2,108)	(4,195)
Elimination of Look's accrual due to change to equity accounting for the investment in Look	(175)	-	(175)
Balance as at August 31, 2010	$ 664	$ 32	$ 696
Expensed in fiscal 2011	154	-	154
Paid in fiscal 2011	(818)	(32)	(850)
Balance at August 31, 2011	**$ -**	**$ -**	**$ -**

[1] Effective December 1, 2010, UBS will accrue and expense all professional fees and employee severance in general and administrative costs unless otherwise noted.

Accrued restructuring liabilities due to related parties[1]	Site restoration, contract termination, special meeting and legal charges[2]	Human resource restructuring charges	Total restructuring amounts
Balance at August 31, 2009	$ -	$ 22,934	$ 22,934
Expensed in fiscal 2010	144	132	276
Paid in fiscal 2010	(144)	(17,224)	(17,368)
Reversal of accrual	-	(473)	(473)
Balance as at August 31, 2010	$ -	$ 5,369	$ 5,369
Expensed in fiscal 2011	7	130	137
Paid in fiscal 2011	(7)	(199)	(206)
Reversal of accrual	-	(1,297)	(1,297)
Balance at August 31, 2011	**$ -**	**$ 4,003**	**$ 4,003**

(1) See the section entitled "Related Party Transactions".

(2) Effective December 1, 2010, UBS will accrue and expense all professional fees and employee severance in general and administrative costs unless otherwise noted.

During the year ended August 31, 2011, UBS expensed $291, paid $1,056 and recovered $1,297 of restructuring charges. Of the $291 expensed in fiscal 2011, $161 related primarily to professional fees and consulting expenses and the balance related mainly to accrued interest.

On January 6, 2011, UBS settled the accrued restructuring award granted to the former Chief Financial Officer ("CFO") by the former Board of Directors and any other amount due under his employment agreement, for $330, which resulted in a reversal of $833 to restructuring charges.

On February 16, 2011, UBS settled the accrued restructuring award granted to a former director of UBS, which resulted in, among other things, a full reversal of the restructuring award originally granted in June 2009 and accrued interest, totalling $464, to restructuring charges.

As of November 15, 2009, Look no longer offers service to any subscribers and as of December 31, 2009, Look decommissioned its wireless network. Look is continuing to pursue opportunities to realize the value of its tax attributes of approximately $165,340.

On June 3, 2011, Look sold its land and building in Milton, Ontario for aggregate consideration of $3,050.

(h) Convertible Debentures:

Since January 1, 2007, Look has had the right to redeem the Debentures. On April 22, 2010 Look's Board of Directors announced that it would redeem all of its principal amount of $4,158 of outstanding Debentures for cash on May 25, 2010. By the May 11, 2010 conversion deadline, Debenture-holders holding an aggregate of $916 of Debentures had elected to convert their Debentures into shares on May 25, 2010. The remaining $3,242 of Debentures, including $3,000 of Debentures held by UBS Wireless were redeemed by Look at a price equal to the principal amount of the Debentures plus accrued and unpaid interest to May 24, 2010.

(i) Income taxes:

At August 31, 2011, following certain amendments to prior tax returns to maximize UBS' tax attributes, UBS had $19,013 in non-capital income tax losses with expiry dates between 2014 and 2031, allowable gross capital losses of $22,555 with an unlimited expiration period and investment tax credits available for carry-forward totalling approximately $3,092.

(j) Indemnity agreements:

On June 16, 2010, the former Board of Directors of UBS received a letter signed by each of UBS' directors, officers and consultants (the "Indemnitees") advising UBS that the Indemnitees seek, and are entitled to, indemnification under the Indemnity Agreements and article 7 of the By-Laws of UBS for, among other things, ongoing legal expenses for lawyers that have been or will be retained to advise them on indemnity matters. Subsequently $570 was placed in trust by UBS with various legal firms. As at August 31, 2011, UBS estimates that the amounts in trust had been drawn down by a total of approximately $68. $19 was returned to UBS as a result of a settlement agreement executed between UBS and the former CFO. $37 is due to be returned to UBS as a result of a settlement agreement executed between UBS and a former director and is reflected in accounts receivable and other receivables. As a result, approximately $446 remained in trust at August 31, 2011.

Prior to the resignation of Look's former Board of Directors, Look advanced $1,550 to various professional firms in accordance with the indemnification agreements with its former directors, officers, and consultants.

Nature of operations

UBS is a publicly listed Canadian company that, effective May 25, 2010, has a 39.2% fully diluted equity interest in Look.

In 2003, UBS transitioned from a technology company that designed, developed and manufactured broadband wireless equipment to a holding company when it acquired a 51.8% controlling interest in Look and sold its manufacturing business. On May 11, 2010, UBS announced that it had not converted any of its outstanding Debentures by the final date for conversion following the announcement by Look that it intended to redeem all outstanding Debentures on May 25, 2010. Accordingly, the Debenture previously held by UBS Wireless was among the Debentures redeemed by Look and, as a result, effective May 25, 2010, UBS has a 39.2% economic interest and a 37.6% voting interest in Look.

The UBS head office is located in Milton, Ontario and UBS currently has two employees. Look's registered office is located in Toronto, Ontario and Look currently has three employees.

Our strategy

UBS' operating strategy is to:

(i) maximize the value of its investment in Look;
(ii) defend all claims filed against UBS by its former CEO, Chief Technology Consultant and certain entities controlled by such former officers; and
(iii) recover the amounts sought in the counterclaims filed by UBS against its former CEO, Chief Technology Consultant and certain entities controlled by such former officers.

Should Look distribute available cash to its shareholders, UBS will assess its options with respect to distributing its available cash to UBS shareholders or reinvesting available cash in new opportunities in the event of protracted litigation or other restrictions on distributing cash to UBS shareholders.

Look is seeking to preserve its capital, maximize value on its remaining assets, and assess available options for maximizing returns to shareholders. Look continues to pursue opportunities to realize value from its remaining material non-cash asset being its tax attributes as discussed in the section entitled "Overview – Significant current events – Restructuring", during which time Look will invest its existing cash in short-term highly liquid investments, the income from which will be tax sheltered.

Management and the Board of Look has undertaken a thorough investigation into the facts and circumstances surrounding the Sale Awards and, on July 6, 2011, Look issued a Statement of Claim in the Ontario Superior Court of Justice (refer to the section entitled "Overview - Look"), and seeks to recover all or part of these awards.

Investment in Look

(a) Investment in Look:

At August 31, 2011, UBS Wireless held 24,864 Multiple Voting Shares and 29,921 Subordinate Voting Shares in Look representing a 39.2% economic interest and a 37.6% voting interest in Look.

UBS acquired its shareholding in Look through a series of transactions and the receipt of shares in lieu of interest on its Debentures as set out in the table below. UBS' 39.2% interest in Look's equity of $29,096 at August 31, 2011 amounted to $11,405.

Investment in Look	**2011**
Investment in shares of Look at cost	11,929
Cumulative equity interest in Look's income (loss)	(524)
Investment in Look as at August 31, 2011	**$ 11,405**

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

Equity interest in Look	
Accumulated share of Look's income at August 31, 2009	$ 5,420
UBS' share of Look's losses in fiscal 2010 up to May 25, 2010	(3,526)
UBS' share of Look's income at May 25, 2010	1,894
Dilution loss on change in shareholding from 51% to 39.2%	(677)
Accumulated share of Look's income	1,217
Equity interest in Look's losses for May 26 to August 31, 2010	(582)
Equity interest in Look's losses for fiscal 2011	(1,159)
Cumulative equity interest in Look's losses as at August 31, 2011	**$ (524)**

Look's loss for the years ended August 31, 2011 and 2010 were $2,957 and $8,397 respectively and its summarised consolidated balance sheets as at August 31, 2011 and 2010 are set out below:

	2011	**2010**
ASSETS		
Total current assets	$ 30,406	$ 31,505
Property and equipment	-	1,738
	$ 30,406	$ 33,243
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Total current liabilities	$ 1,310	$ 1,190
Shareholders' equity		
Share capital	34,484	34,484
Contributed surplus	11,934	11,934
Deficit	(17,322)	(14,365)
Total shareholders' equity	29,096	32,053
	$ 30,406	**$ 33,243**

Look's market capitalization, based on the closing share prices of its multiple and subordinate voting shares at August 31, 2011, of $0.13 and $0.13 respectively, was $18,161 (2010 - $0.16 and $0.17 respectively - $23,100).

As of November 15, 2009, Look no longer offers service to any subscribers and as of December 31, 2009, Look decommissioned its wireless network. Look is continuing to pursue opportunities to realize the value of its tax attributes of approximately $165,340.

On June 3, 2011, Look sold its land and building in Milton, Ontario for aggregate consideration of $3,050.

(b) Look's Statement of Claim in connection with the payment of restructuring awards:

On July 6, 2011, Look issued a Statement of Claim (the "Claim") in the Ontario Superior Court of Justice (the "Court") against certain former directors and certain former officers of Look in connection with the payment of approximately $20 million of "restructuring awards" accrued in fiscal 2009 and paid during the first quarter of fiscal 2010 (the "Sale Awards"), of which approximately $15.7 million was paid to the directors and senior officers named in the Claim (or their personal holding companies, as applicable) from the net proceeds of approximately $64 million realized by Look on the sale of its spectrum licence in 2009. The former officers and directors named in the Claim collectively resigned effective July 21, 2010.

None of the allegations in the Claim have been proven before the Court and none of the defendants have filed a statement of defence. Look intends to vigorously pursue its claims against the former directors and former officers named in the Claim (as well as their personal holding companies, as applicable) for payments and decisions which Look believes were not in Look's or its shareholders' best interests.

(c) Change of Look to NEX listed company:

On February 3, 2011, Look received notice from the TSX Venture Exchange (the "Exchange") that, in accordance with its Continued Listing Requirements outlined in Exchange Policy 2.5, Look no longer meets the tests related to having a significant interest in a business or primary asset used to carry on business. Effective May 9, 2011, the Exchange issued a bulletin reclassifying Look to Tier 2 and placed Look on notice to transfer to NEX, subject to Look making a submission that it meets all Tier 2 Continued Listing Requirements.

In accordance with TSX Venture Policy 2.5, Look has not maintained the requirements for a TSX Venture Tier 2 company. Therefore, effective Friday, November 25, 2011, Look's listing was transferred to NEX, Look's Tier classification changed from Tier 2 to NEX, and the Filing and Service Office changed from Montreal to NEX.

As of November 25, 2011, Look is subject to restrictions on share issuances and certain types of payments as set out in the NEX policies. The trading symbol for Look's multiple voting shares changed from LOK to LOK.H. The trading symbol for Look's subordinate voting shares changed from LOK.A to LOK.K. There is no change in Look's name, no change in its CUSIP number and no consolidation of capital. The symbol extensions differentiate NEX symbols from Tier 1 or Tier 2 symbols within the TSX Venture market.

(d) Look's sale of spectrum and broadcast licence:

On September 11, 2009, following the receipt of regulatory approval of the transaction by Industry Canada and pursuant to the Agreement of Purchase and Sale between Look and Inukshuk Wireless Partnership ("Inukshuk") (through joint partners Rogers Communications and Bell Canada) for the sale of its spectrum and broadcast licence ("Agreement"), Look received the final $50,000 of the full consideration of $80,000 due from Inukshuk. In accordance with the Agreement, Inukshuk requested that Look support an application by Inukshuk to the Canadian Radio-Television and Telecommunications Commission ("CRTC") for the grant of a licence under the *Broadcasting Act*.

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

4. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

Continuing operations

The consolidated financial statements for fiscal 2011 include the accounts of UBS' wholly owned subsidiary, UBS Wireless, for the years ended August 31, 2011 and 2010, and its 51% controlled subsidiary, Look, for the nine months up to May 25, 2010. From May 26, 2010, UBS accounted for its interest in Look using the equity method. All significant intercompany balances and transactions have been eliminated upon consolidation.

At August 31, 2011 and 2010, UBS Wireless held 24,864 Multiple Voting Shares and 29,921 Subordinate Voting Shares in Look. In addition, up until May 25, 2010, UBS Wireless was the holder of a Debenture in the principal amount of $3,000 that could have been converted into 20,000 Multiple Voting Shares and 20,000 Subordinate Voting Shares. On a fully diluted basis, UBS Wireless held approximately 51% of Look and accordingly consolidated the results of Look up to May 25, 2010. Following the redemption of the Debentures, UBS has a 39.2% economic interest and a 37.6% voting interest in Look and as of May 25, 2010, accounts for its interest in Look using the equity method.

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, the Company has included from this business the gross margin and the gain on the sale in discontinued operations.

Basis of presentation and going concern

<u>Going Concern</u>:

The consolidated financial statements for fiscal 2011 have been prepared on a going concern basis in accordance with Canadian generally accepted accounting principles ("Canadian GAAP") with respect to the preparation of financial statements. The going concern basis of presentation assumes that UBS will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. There is significant doubt about UBS' use of the going concern assumption because UBS has a working capital deficiency of $4,551 as at August 31, 2011 (August 31, 2010 - $3,986).

Furthermore, there is uncertainty regarding the timing and the quantum of cash distributions by Look to its shareholders, including UBS, and the outcomes of certain litigation (refer to the section entitled "Contingencies"). UBS will need to raise cash and/or monetize assets, and/or receive cash distributions from Look and/or reduce its outstanding commitments in order to meet the needs of its existing operations and commitments giving rise to doubt about UBS' use of the going concern assumption.

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.

Investment in Look:

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

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

5. SIGNIFICANT ACCOUNTING POLICIES

Management's discussion and analysis of operating results and financial condition are made with reference to UBS' 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 UBS' financial statements, and the reported amount of revenues and expenses during the year. 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.

UBS has identified the accounting policies and estimates in note 2 to its 2011 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 UBS' accounting policies as well as all quarterly and annual filings and recommends the eventual approval of the quarterly and annual financial statements to the UBS Board of Directors.
The Company's critical accounting policies are noted below:

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 the 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, among other things, prepaid expenses, tax attributes, income tax valuation allowances, accrued liabilities and provisions and stock-based compensation expense.

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.

Revenue recognition

As a result of the sale of Look's spectrum and broadcast licence to Inukshuk, Look terminated service to its remaining subscribers as of November 15, 2009.

Service revenue is comprised of:

(i) fees received from subscribers in connection with Broadcast services provided by Look, and
(ii) base fees and performance incentives received by UBS from Look pursuant to the management services agreement ("Look MSA") entered into between UBS and Look on May 19, 2004.

Broadcast Service revenue was earned from the provision of digital television services to residential and business subscribers.

Deferred revenue includes payments received by UBS from Look in advance of future services pursuant to the Look MSA.

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

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 income or loss for the year.

Income taxes

UBS 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

UBS has a stock option incentive plan and 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 had a Share Appreciation Rights ("SAR") Plan ("SAR Plan"). UBS accounted for SAR units as a liability and compensation cost would have been recorded based on the intrinsic value of the award when it was considered likely that the terms and conditions of the SAR Plan that govern the awards would have been met. On November 24, 2010, UBS' Board of Directors cancelled the SAR Plan.

Financial instruments

UBS' financial assets are classified as held-for-trading, held-to-maturity investments, loans and receivables or available-for-sale. All financial liabilities must be classified as held-for-trading or other financial liabilities. These 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.

UBS has classified cash and cash equivalents, accounts receivable and restricted cash as held-for-trading. Accounts payable, accrued restructuring liabilities, accrued restructuring liabilities due to related parties and accrued liabilities have been classified as other financial liabilities. UBS has not classified any financial asset as available-for-sale or held-to-maturity.

UBS 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 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 UBS's common shares using the treasury stock method.

Recent accounting pronouncements

International Financial Reporting Standards ("IFRS"):

The Accounting Standards Board requires Canadian publically accountable enterprises to adopt IFRS for fiscal years beginning on or after January 1, 2011. UBS' first IFRS compliant financial statements will be for the first quarter of fiscal 2012.

UBS is in the process of finalizing its changeover plan and will execute the plan in the first quarter of fiscal 2012. UBS believes the most significant impact of the change over to IFRS on its financial statements will be to the note disclosures to the financial statements.

6. KEY PERFORMANCE INDICATORS

Look had measured the success of its operations using a number of key performance indicators including:

Service revenue

Service revenue was total revenue less revenue received from the sale and installation of equipment. The sale of such equipment did not materially affect Look's operating income as Look generally sold equipment to its subscribers at a price approximating its cost to facilitate competitive pricing. Accordingly, Look believed that service revenue was a more meaningful metric to examine fluctuations in gross margin.

Carrier charges and cost of sales

Carrier charges and cost of sales included the costs of programming for Broadcast Service and distribution costs for programming to transmitter sites. Programming costs included the service fees paid to networks and other distributors to obtain the video and audio signals for distribution to subscribers. While most of the costs of data distribution varied with the number of subscribers, programming costs varied with both the number of channels carried and the number of subscribers receiving those channels.

Gross margin percentage

Look calculated gross margin percentage by dividing gross margin, excluding equipment and installations, by service revenue. Service revenue was used in the calculation, instead of total revenue, because service revenue excluded the impact of the sale and installation of equipment, which was generally sold at a price that approximated cost. As a result, gross margin percentage better reflected Look's core service activities.

7. SELECTED ANNUAL INFORMATION

	2011	2010[1]	2009[2]
Service and sales revenue	**$ 1,956**	$ 1,073	$ 12,518
Carrier charges and cost of sales	**-**	425	7,295
Gross margin from continuing operations	**1,956**	648	5,223
Operating expenses and restructuring charges before amortization of property and equipment, amortization of deferred charges, and impairment of property and equipment	**2,030**	8,260	39,800
Accretion on liability component of convertible debentures, interest and finance charges, interest income, and gain on sale of other property and equipment	**24**	(187)	(242)
Gain on sale of spectrum and broadcast licence, gain on sale of Internet business, and loss on settlement of Bell litigation	**-**	(61)	(78,279)
Amortization of property and equipment, amortization of deferred charges, and impairment of property and equipment	**-**	198	5,556
Equity interest in Look's losses and dilution loss due to change in shareholding in Look	**1,159**	1,259	-
Income (loss) for the year from continuing operations	**(1,209)**	(9,317)	37,904
Non-controlling interest	**-**	3,425	(21,399)
Income (loss) for the year from continuing operations	**(1,209)**	(5,892)	16,505
Income (loss) for the year from discontinued operations	**(515)**	(110)	4,231
Income (loss) and comprehensive income (loss) for the year	**(1,724)**	(6,002)	20,736
Continuing operations			
Basic income (loss) per share	**(0.06)**	(0.06)	0.16
Diluted income per share	**(0.06)**	(0.06)	0.16
Discontinued operations			
Basic income (loss) per share	**0.00**	0.00	0.04
Diluted income (loss) per share	**0.00**	0.00	0.04
Income (loss) per share			
Basic	**(0.06)**	(0.06)	0.20
Diluted	**(0.06)**	(0.06)	0.20
Total assets	**13,585**	17,557	70,516
Total liabilities	**6,681**	8,929	33,722

(1) Selected annual information for fiscal 2010 includes Look on a consolidated basis at 51% up to May 25, 2010 and Look at 39.2% using the equity method from May 26, 2010 to August 31, 2010.
(2) Selected annual information for fiscal year 2009 includes Look on a consolidated basis at 51%.

Fiscal 2011 relative to Fiscal 2010

- As a result of Look's sale of its spectrum and broadcast licence, there was no service revenue in fiscal 2011, compared with $434 in broadcast service revenue recorded in the first quarter of fiscal 2010.
- On December 3, 2010, Look and UBS agreed that, with effect from January 1, 2011, Look will no longer maintain the prepaid annual fee of $2,400 on a monthly basis and this amount will be drawn down at approximately $145 per month over the remaining term of the Look MSA, being January 1, 2011 through May 19, 2012. MSA fees pursuant to the Look MSA totaled $1,956 for the year ended August 31, 2011, compared with $639 for the period May 26 to August 31, 2010.
- On June 3, 2011, Look sold its land and building in Milton, Ontario for aggregate consideration of $3,050.
- The total number of Look's full-time equivalent employees was three at August 31, 2011 versus five at August 31, 2010.

Fiscal 2010 relative to Fiscal 2009

- Service revenue for the year ended August 31, 2010 was $434, a decrease of 96.5% over fiscal 2009 as a result of Look's sale of its web hosting and domain name business, spectrum and broadcast licence, and its Internet business during the first, third, and fourth quarters of fiscal 2009 respectively. The remaining $639 pertained to Look MSA fees for the period May 26 to August 31, 2010.
- Operating expenses before amortizations and impairment for the year ended August 31, 2010 were $8,260. Excluding restructuring charges of $2,555 (2009 - $26,194), there was a decrease of $7,901 over the prior year. The decrease was driven by improved efficiencies and an overall downsizing of the operations including headcount reductions.
- Loss from discontinued operations for the year ended August 31, 2010 was $110, primarily as a result of the settlement of the litigation with an investment dealer.
- The total number of Look's full-time equivalent employees was five at August 31, 2010 versus 63 at August 31, 2009.

8. RESULTS OF OPERATIONS

Highlights of the results for the years ended August 31, 2011 and 2010 include the following:

- As of November 15, 2009, Look no longer provided service to any subscribers and, as a result, had no subscribers.
- For the year ended August 31, 2011, there was no revenue from sales and services and UBS recorded $1,956 from fees received pursuant to the Look MSA. As of January 1, 2011, Look no longer maintains the prepaid annual fee of $2,400 on a monthly basis and this amount will be drawn down at approximately $145 per month over the remaining term of the Look MSA.
- UBS recorded a loss from operations of $1,724 for the year ended August 31, 2011, an improvement of $4,278 from the loss of $6,002 incurred during the year ended August 31, 2010. The improvement in fiscal 2011 resulted from, among other things, the reversal of restructuring award accruals totalling $1,297 and lower operating costs. Additional restructuring adjustments may be made as UBS continues in its attempts to maximize shareholder value.

- At August 31, 2011, UBS held cash and cash equivalents of $945 compared to $4,332 at August 31, 2010. The decrease is due primarily to the payment of restructuring accruals, severance payments due to contract terminations and ongoing legal and administrative costs from continuing operations.

Continuing operations

Service revenue

The revenue, carrier charges and cost of sales and gross margin for the years ended August 31, 2011 and 2010 from continuing operations and the management service fees from the Look MSA are as follows:

	2011			2010[(1)]		
	Revenue	Carrier Charges and Cost of Sales	Gross Margin %	Revenue	Carrier Charges and Cost of Sales	Gross Margin %
Service Revenue						
Broadcast service	$ -	$ -	-	$ 434	$ 425	2.1%
Look MSA fees	**1,956**	-		639	-	
Total	**$ 1,956**	**$ -**		$1,073	$ 425	

(1) August 31, 2010 comparatives include Look on a consolidated basis to May 25, 2010.

Total revenue and gross margin

Total revenue from continuing operations for the year ended August 31, 2011 was $1,956 (2010 - $1,073).

Broadcast service

During the year ended August 31, 2011, revenue from the continuing operation of the Broadcast Service business was nil (year ended August 31, 2010 - $434) due primarily to the Company's restructuring plan and the termination of Look's Broadcast Service business effective November 15, 2009. As a result of the termination, there were no broadcast subscribers as at August 31, 2011 or 2010. There was no gross margin for the year ended August 31, 2011 (2010 - 2.1%).

Look MSA fees

Pursuant to the Look MSA, Look paid UBS a base fee of $200 per month for services provided by UBS, which was previously eliminated on consolidation. However, with the change in UBS' shareholding in Look effective May 25, 2010, UBS has included the base fee as part of Service and Sales Revenue for the years ended August 31, 2011 and 2010 as it now accounts for the investment in Look using the equity method. Effective January 1, 2011, Look no longer maintains the prepaid annual fee of $2,400 on a monthly basis and this amount will be drawn down at approximately $145 per month over the remaining term of the Look MSA being January 1, 2011 through May 19, 2012. The base fee for the year ended August 31, 2011 amounted to $1,956 (2010 - $1,073).

Operating expenses

	2011	2010
Customer care	**$ -**	$ 231
Engineering and operations	**-**	615
General and administration	**3,036**	4,859
Restructuring charges (recovery)	**(1,006)**	2,555
Total before amortization of property and equipment	**2,030**	8,260
Amortization of property and equipment	**-**	198
Total operating expenses	**$ 2,030**	$ 8,458

Customer care

Customer care expenses, which concluded in December 2009, were primarily salaries and benefits associated with the operation of the call center for both technical and service support.

For the year ended August 31, 2011, there were no customer care expenses, compared with $231 for the year ended August 31, 2010. The decrease resulted from the sale of the Internet business effective August 20, 2009 and the termination of the Look's Broadcast Service business effective November 15, 2009.

Engineering and operations

Engineering and operations expenses in Look's digital broadcast television distribution activities included the costs associated with operating and maintaining the broadcast distribution head-end facilities where television and audio signals were received, digitally encoded, and distributed to transmission sites. These expenses also included costs related to the network and transmission towers through which digital signals were transmitted via microwave to subscribers and the costs of providing services to the subscribers.

As of December 31, 2009, the Engineering and operations department had decommissioned Look's wireless network across the provinces of Ontario and Quebec. Salaries and benefits incurred subsequent to November 30, 2009 in connection with the decommissioning were recognized as restructuring charges. As of December 31, 2009, there were no Engineering and Operations staff.

For the year ended August 31, 2011, there were no engineering and operations expenses (2010 – $615).

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, were also included prior to the decommissioning of the wireless network as of December 31, 2009. Some of these costs have historically been variable and fluctuated with changes in the customer base.

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

	2011	2010[(1)]
Compensation and benefits	**$ 731**	$ 2,232
Professional fees[(2)]	**2,206**	1,919
Office and general	**99**	708
Total general and administrative expenses	**$ 3,036**	$ 4,859

(1) August 31, 2010 comparatives include Look on a consolidated basis to May 25, 2010.

(2) Certain professional fees related to the 2010 Plan of Arrangement were included in Restructuring Charges in fiscal 2010.

For the year ended August 31, 2011, general and administration expenses were $3,036 compared to $4,859 for the year ended August 31, 2010. The decrease in general and administrative expenses for the period was due primarily to the change in the basis of accounting for Look.

Restructuring charges

Restructuring charges include, among others, legal and consulting charges incurred in relation to the 2010 Plan of Arrangement pursued by Look, legal charges incurred related to former director and former management indemnities, site restoration charges, contract termination charges, and estimated amounts due to government bodies (refer to the section entitled "Overview – Significant current events – Restructuring").

During the year ended August 31, 2011, UBS expensed $291, paid $1,056 and recovered $1,297 of restructuring charges. Of the $291 expensed in fiscal 2011, $161 related primarily to professional fees and consulting expenses and the balance related mainly to accrued interest.

In fiscal 2010, the Company expensed a total of $3,028 to restructuring charges of which $1,119, inclusive of expenses incurred by the Concerned Shareholders, related to the special meeting of shareholders held on July 5, 2010 and the subsequent litigation commenced by Messrs. McGoey and Dolgonos; $712 related to legal and consulting charges incurred in relation to the 2010 POA; $144 related to indemnity agreements; and the balance related primarily to site restoration and contract termination charges and accrued interest.

Payments and other reversals of restructuring charges during fiscal 2010 amounted to $21,563, of which $19,334 related to human resource restructuring charges paid by Look.

During the fourth quarter of fiscal 2010, a former director of UBS, relinquished all rights to the contingent restructuring award granted to him by the former Board of Directors, resulting in a reversal of $473, including accrued interest, and net restructuring charges in fiscal 2010 of $2,555.

On January 6, 2011, UBS settled the accrued restructuring award granted to the former Chief Financial Officer ("CFO") by the former Board of Directors and any other amount due under his employment agreement, for $330, which resulted in a reversal of $833 to restructuring charges.

On February 16, 2011, UBS settled the accrued restructuring award granted to a former director of UBS, which resulted in, among other things, a full reversal of the restructuring award originally granted in June 2009 and accrued interest, totalling $464, to restructuring charges.

Amortization of property and equipment

For the year ended August 31, 2011, there was no amortization of property and equipment (2010 - $198).

Interest and financing charges

	2011	2010[1]
Accretion on liability component of convertible debentures	**$ -**	$ (232)
Interest and finance charges	**-**	(101)
Interest income	**24**	136
Total	**$ 24**	$ (197)

[1] August 31, 2010 comparatives include Look on a consolidated basis to May 25, 2010.

For the year ended August 31, 2011, nil (2010 – $232) was recorded as the accretion on the liability component of the Debentures (refer to the section entitled “Overview – Significant current events – Convertible Debentures”) and nil (2010 – $101) was recorded in interest expense related primarily to mortgage financing (refer to the section entitled “Liquidity and capital resources”). The interest and financing charges were partially offset by $24 (2010 – $136) in interest income recognized on liquid assets. The decrease in interest income was driven primarily by the change in the basis of accounting of Look.

Non-controlling interest

Non-controlling interest in the consolidated balance sheets of the Company represented the non-controlling interest in both the equity in Look and equity component of convertible debentures in Look. Reported operating losses of Look were allocated to the non-controlling interest at 49% but were limited to the extent of any remaining non-controlling interest in the equity of Look. During the third quarter of fiscal 2008, the non-controlling interest in Look's equity was eliminated and, in accordance with the accounting treatment described in note 2(a) of the Company’s audited financial statements for the year ended August 31, 2011 and 2010, the Company absorbed losses incurred by Look in excess of its 51% interest in Look amounting to $1,717 as at August 31, 2008. Further losses in excess of 51% amounting to $739 were absorbed by the Company in the first and second quarters of fiscal 2009 but since Look generated income in the quarter ended May 31, 2009, the Company recovered all excess losses previously absorbed totalling $2,456 during the third quarter of fiscal 2009.

As a result of the redemption of the Debentures held by UBS, effective May 25, 2010, UBS has a 39.2% economic interest in Look and as of that date no longer consolidates Look. Future income or losses of Look will be accounted for by UBS using the equity method that reports UBS’ equity participation in Look through the “equity interest in Look’s income or loss” in the statement of operations (refer to the section entitled “Basis of presentation and going concern”).

Discontinued operations

(a) A summary of the net loss from discontinued operations is as follows:

	2011	2010[1]
Gain from sale of web hosting and domain name business[2]	**$ -**	$ 78
Non-controlling interest[2]	**-**	(38)
Settlement of third party claim[3]	**-**	(150)
Settlement of leased premises claim[4]	**(515)**	-
Loss from discontinued operations	**$ (515)**	$ (110)

(1) August 31, 2010 comparatives include Look on a consolidated basis to May 25, 2010.

(2) During fiscal 2009, Look sold its web hosting and domain name business, resulting in a profit on the sale and the reclassification of gross margin from this business to discontinued operations. During the year ended August 31, 2010, the Company recorded an adjustment of $40, net of non-controlling interest, related to the sale of the web hosting and domain name business.

(3) 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, arose out of a private placement of special warrants on behalf of UBS in 2002. The two shareholders alleged that representations had been made to them by the dealer that it would conduct a secondary sale of certain of their UBS shares in conjunction with the private placement. The third party claim against UBS alleged that UBS indemnified the investment dealer against, among other things, the alleged representations made by the investment dealer with respect to this secondary sale of UBS shares and related costs to defending any such claims.

On October 1, 2010, at a pre-trial conference with a Superior Court Judge, the parties to the main action and the third party claim settled all the claims with a contribution from UBS of $150 to a settlement pool of $850 in return for a full and final release from the dealer.

(4) On May 24, 2011, UBS settled the action that was brought against UBS in respect of certain repairs to premises under a lease entered into by UBS in 1999. After attending a pre-trial hearing in February 2011, and with the benefit of advice from counsel and input from prior management, the board concluded that the settlement was in the best interests of UBS, taking into account, among other things, prior settlement offers, pre-judgment interest and costs as well as the time and expense to UBS of an anticipated lengthy trial of the matters raised. Under the terms of the settlement, in exchange for a full and final release, UBS will pay the plaintiff damages totaling $600 in two installments. $450 was paid on May 24, 2011 and $150 is payable on January 15, 2012. A third party, against whom UBS had filed a third party claim for indemnification of certain damages, was also a party to the settlement arrangements and paid $85 to UBS on May 24, 2011. The net cash flow impact in fiscal 2011 totaled $365. Both the original action and the third party claim were dismissed without costs.

(b) GPV Elbau Electronics A/S vs UBS:

Certain claims were filed against UBS in connection with UBS Technologies A/S (formerly ProTeleVision Technologies A/S), its Danish subsidiary that was petitioned into bankruptcy in early 2003. The remaining claim for approximately $450, which was 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 was appealed by the plaintiff and the case was heard in the Supreme Court of Denmark. On June 17, 2011, judgment was given in favour of UBS and GPV Elbau Electronics A/S has been ordered to pay legal costs to UBS in the amount of DKK 100 (approximately $19).

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

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

The terms of the dismissal and minutes of settlement included the following:

(i) Craig Wireless paid $15 in costs to each of Look and UBS; and

(ii) Craig Wireless has executed a full and final release that covers not only all known injuries, losses and damages, but also injuries, losses and damages not now known or anticipated but which may later develop or be discovered, including all the effects and consequences thereof.

(d) Border Broadcasters:

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

Income (loss) and comprehensive income (loss)

The loss and comprehensive loss for the year ended August 31, 2011 amounted to $1,724 or $0.02 per share (basic and diluted), compared with loss and comprehensive loss of $6,002 or $0.06 per share on a fully diluted basis for the year ended August 31, 2010.

9. QUARTERLY FINANCIAL RESULTS

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

	2011				2010			
	Aug 31	May 31	Feb 28	Nov 30	Aug 31	May 31 (1)	Feb 28 (1)	Nov 30 (1)
Revenue (2)	$ 434	$ 433	$ 489	$ 600	$ 600	$ 39	$ -	$ 434
Carrier charges and cost of sales (2)	-	-	-	-	-	-	-	425
Gross margin (2)	434	433	489	600	600	39	-	9
Operating expenses and restructuring charges before amortizations	262	1,447	(323)	644	1,947	2,052	1,709	2,552
Interest, taxes, depreciation, amortization, 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	5	6	8	5	744	(79)	(460)	(651)
Equity interest in Look's losses and dilution loss due to change in shareholding in Look	(14)	(338)	(361)	(446)	(543)	(716)	-	-
Income (loss) from continuing operations before non-controlling interest	163	(1,346)	459	(485)	(1,146)	(2,808)	(2,169)	(3,194)
Non-controlling interest	-	-	-	-	-	975	931	1,519
Income (loss) from continuing operations	163	(1,346)	459	(485)	(1,146)	(1,833)	(1,238)	(1,675)
Income (loss) from discontinued operations (2)	(150)	(365)	-	-	(150)	-	-	40
Income (loss) for the period (2)	13	(1,711)	459	(485)	(1,296)	(1,833)	(1,238)	(1,635)
Continuing Operations								
Basic income(loss) per share	0.01	(0.02)	0.00	0.00	(0.01)	(0.02)	(0.01)	(0.02)
Diluted income(loss) per share	0.01	(0.02)	0.00	0.00	(0.01)	(0.02)	(0.01)	(0.02)
Discontinued Operations								
Basic loss per share	(0.01)	-	-	-	-	-	-	-
Diluted loss per share	(0.01)	-	-	-	-	-	-	-
Income (loss) per share								
Basic	0.00	(0.02)	0.00	0.00	(0.01)	(0.02)	(0.01)	(0.02)
Diluted	0.00	(0.02)	0.00	0.00	(0.01)	(0.02)	(0.01)	(0.02)

(1) August 31, 2010 comparatives include Look on a consolidated basis to May 25, 2010.
(2) Revenue, carrier charges and cost of sales and gross margin include items from continuing operations only.

Results of operations for the fourth quarter ended August 31, 2011

- During the fourth quarter of fiscal 2011 the assets and operations of UBS remained largely unchanged from the third quarter of fiscal 2011 with liquid cash remaining largely in cash accounts and bankers acceptances.
- On July 5, 2011, UBS commenced proceedings under the CCAA and the court has made orders staying all proceedings against UBS and its directors until January 16, 2012. RSM Richter Inc. (the "Monitor") has been appointed as the Monitor of UBS. Further information with respect to the CCAA proceedings can be found on the Monitor's website at www.rsmrichter.com.

10. LIQUIDITY AND CAPITAL RESOURCES

UBS held cash and cash equivalents of $945 at August 31, 2011 compared with cash and cash equivalents of $4,332 at August 31, 2010. Cash and cash equivalents consist of all bank balances and, from time to time, highly liquid short-term guaranteed investment certificates and bankers' acceptances with original maturities of less than 90 days. The change in cash and cash equivalents is summarized as follows:

Cash flows provided by (used in):	2011	2010[1]
Operating activities – continuing operations	**$ (3,022)**	$ (31,178)
Operating activities – discontinued operations	**(365)**	(72)
Cash flows used in operating activities	**(3,387)**	(31,250)
Financing activities	**-**	(2,115)
Investing activities – continuing operations	**-**	20,308
Investing activities – discontinued operations	**-**	-
Cash flows provided by investing activities	**-**	20,308
Net cash provided by (used in) continuing operations	**(3,022)**	(12,985)
Net cash provided by (used in) discontinued operations	**(365)**	(72)
Increase (decrease) in cash and cash equivalents	**$ (3,387)**	$ (13,057)

(1) August 31, 2010 comparatives include Look on a consolidated basis to May 25, 2010.

Cash used in continuing operating activities for the year ended August 31, 2011 was $3,022 compared to $31,178 for the comparative period in fiscal 2010. The change was due primarily to the reduced loss incurred by UBS during the year ended August 31, 2011, and to the payment of accrued restructuring liabilities by Look, the loss incurred by the Company and the settlement of accounts payable and accrued liabilities and provisions during the year ended August 31, 2010.

There were no financing activities during the year ended August 31, 2011. Cash used in financing activities during the year ended August 31, 2010 was $2,115 and was due primarily to the settlement and discharge of Look's mortgage of $1,800 effective February 28, 2010.

There were no investing activities during the year ended August 31, 2011. Cash provided by investing activities of the continuing operations for the year ended August 31, 2010 was $20,308, resulting primarily from the final $50,000 of consideration from the sale of the spectrum and broadcast licence to Inukshuk, offset partially by Look's purchase of $27,500 in short-term investments.

On April 22, 2010, Look's former Board of Directors notified UBS that it will not be recommencing the MSA on May 19, 2010 such that the Look MSA will expire at the end of its current term being May 19, 2012 or such earlier date that is mutually agreed to by UBS and Look. As a result of this notification, Look would continue to maintain the prepaid annual fee of $2,400 by paying $200 per month until May 2011, after which the prepaid annual fee of $2,400 would be drawn down at $200 per month for the final twelve months of the Look MSA.

As a result of Look's sale of its spectrum and broadcast licence (refer to the section entitled "Overview – Significant current events - Look - Sale of spectrum and broadcast licence") and the resulting restructuring of its business, Look no longer requires the same level of CEO Services and Other Services from UBS, particularly as that relates to annual business planning and budgeting, human resources, engineering, updating of broadcast and information technology, the management of regulatory requirements, and managing Look's fixed and variable costs to maximize Look's profits. Accordingly, on December 3, 2010, Look and UBS agreed that, with effect from January 1, 2011, Look will no longer maintain the prepaid annual fee of $2,400 on a monthly basis and that this amount will be drawn down at approximately $145 per month over the remaining term of the Look MSA, being January 1, 2011 through May 19, 2012, in lieu of the annual fee that would otherwise be payable to UBS under the Look MSA. UBS will continue to provide services to Look, where still applicable pursuant to the Look MSA, and all other terms and conditions of the Look MSA will remain in effect until May 19, 2012. The cash flow impact of this amendment is a reduction of approximately $900 in fees from Look to UBS over the remaining term of the Look MSA (refer to the section entitled "Related party transactions").

UBS has incurred operating losses and negative cash flows from operations in recent years and at August 31, 2011, UBS had a working capital deficiency of $4,551. Furthermore, there is uncertainty regarding the timing and the quantum of cash distributions to Look's shareholders and the outcomes of certain recent litigation (refer to the section entitled "Contingencies"). UBS will need to raise cash and/or receive cash distributions from Look and/or reduce its outstanding commitments in order to meet the needs of its existing operations and commitments giving rise to doubt about UBS' use of the going concern assumption (refer to the section entitled "Basis of presentation and going concern").

UBS' approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its current liabilities when due.

11. SHARE CAPITAL

As at August 31, 2011 and 2010, UBS had 102,748 common shares and no Class-A non-voting shares issued and outstanding.

On February 11, 2011, 1,500 options were granted to Robert Ulicki, the chairman of the board of directors of UBS. Subsequent to the issuance of the stock options, the TSX Venture Exchange advised that the stock options must have a minimum strike price of $0.10. Accordingly, the stock option grant was cancelled on March 10, 2011.

In determining diluted loss per share for the years ended August 31, 2011 and 2010, the weighted average number of shares outstanding was not increased for stock options outstanding no options were in the money.

As at December 9, 2011, there were no changes to the issued and outstanding shares or the options outstanding to acquire Common Shares.

UBS' change to Tier 2 TSX listed company

On July 6, 2011, UBS received notice from the Exchange that, in accordance with its Continued Listing Requirements outlined in Exchange Policy 2.5, UBS no longer meets the tests related to having a significant interest in a business or primary asset used to carry on business. Effective July 7, 2011, the Exchange issued a bulletin reclassifying UBS to Tier 2 and advised UBS may be put on notice to transfer to NEX, subject to UBS making a submission that it meets all Tier 2 Continued Listing Requirements.

12. STOCK BASED COMPENSATION

During the year ended August 31, 2011, there were no stock options granted and 2,174 options expired. UBS recorded stock-based compensation expense related to options issued to employees in the year ended August 31, 2011 of $5 (2010 - $21) and credited $5 to non-employees (2010 – expensed $68), which has been recorded in contributed surplus. As at August 31, 2011, there were 10,442 options outstanding (August 31, 2010 – 12,616).

As a result of the restructuring process, there were no SAR units outstanding at August 31, 2010 and on November 24, 2010 UBS' Board of Directors cancelled the SAR Plan.

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 have been measured at the carrying amount which is the amount of an item transferred or the cost of services provided.

(a) Management Services Agreement with Look ("Look MSA"):

Under the terms of the Management Service Agreement entered into between UBS and Look on May 19, 2004, Look had been required to pay an annual fee of $2,400 to UBS. In September 2007, Look advanced $2,400 to UBS and, on a 12-month rolling basis, thereafter maintained this advance as a prepaid annual fee.

On April 22, 2010, Look's Board of Directors notified UBS that it would not be recommencing the MSA on May 19, 2010 such that the Look MSA expires at the end of its current term being May 19, 2012 or such earlier date that is mutually agreed to by Look and UBS.

As a result of the sale of its spectrum and broadcast licence to Inukshuk and the resulting restructuring of its business, Look no longer requires the same level of Chief Executive Officer ("CEO") Services and Other Services from UBS, particularly as that relates to annual business planning and budgeting, human resources, engineering, updating of broadcast and information technology, the management of regulatory requirements, and managing Look's fixed and variable costs to maximize Look's profits.

Accordingly, on December 3, 2010, Look and UBS agreed that, with effect from January 1, 2011, Look will no longer maintain the prepaid annual fee of $2,400 on a monthly basis and that this amount will be drawn down at approximately $145 per month over the remaining term of the Look MSA, being January 1, 2011 through May 19, 2012. UBS will continue to provide services to Look, where still applicable pursuant to the Look MSA, and all other terms and conditions of the Look MSA will remain in effect until May 19, 2012. The cash flow impact of this amendment is a reduction of approximately $900 in fees from Look to UBS over the remaining term of the Look MSA.

The base fee pursuant to the Look MSA received by UBS during the year ended August 31, 2011 amounted to $1,956 (2010 - $639) and is included in Service revenue.

(b) Interest on Debentures:

Following the redemption of the Debentures in May 2010, no interest was earned by UBS during the year ended August 31, 2011 (2010 - $154).

(c) Rent of Milton premises:

During the year ended August 31, 2011, UBS subleased a portion of Look's premises in Milton for $61 (2010 - $78). On June 3, 2011, the Milton facility was sold for aggregate consideration of $3,050. The Company continues to operate from the premises as a tenant on a month-to-month basis.

(d) Accrued restructuring liabilities:

UBS recorded the following related party transactions in the year ended August 31, 2011:

	Accrued Restructuring Liabilities				
	Balance at August 31, 2010	**Interest accrued(3)**	**Awards and interest reversed(4)**	**Awards Paid(4)**	**Balance at August 31, 2011(5)**
Jolian Investments Ltd.(1) / McGoey	$ 1,843	$ 56	$ -	$ -	$ 1,899(6)
DOL Technologies Inc.(2) / Dolgonos	1,566	48	-	-	1,614(6)
Former UBS director – accrued	476	14	-	-	490
Former UBS director and CFO – settled	1,484	12	(1,297)	(199)	-
Total	$ 5,369	$ 130	$ (1,297)	$ (199)	$ 4,003

(1) Jolian Investments Ltd. ("Jolian") is a company controlled by Mr. McGoey, the former Chairman of the Board of Directors and former CEO of UBS. On July 5, 2010, the former Board of Directors, including Mr. McGoey, was not re-elected by shareholders at a special meeting, which resulted in Jolian alleging a Company Default pursuant to the Jolian Management Services Agreement with UBS ("Jolian MSA") and a subsequent claim for, among other things, payment for termination of services and the outstanding accrued restructuring liability to Jolian (refer to the section entitled "Contingencies").

During the year ended August 31, 2011, 1,500 options granted to Mr. McGoey or Jolian expired. Fees charged to general and administration expenses in the year ended August 31, 2010 amounted to $523. No options or SAR units were granted to Mr. McGoey or Jolian during the year ended August 31, 2010 and 1,477 options expired.

(2) DOL Technologies Inc. ("DOL") is a company controlled by Mr. Dolgonos, the former Chief Technology Consultant of UBS. On July 5, 2010, the former Board of Directors was not re-elected by shareholders at a special meeting, which resulted in DOL alleging that its agreement with UBS ("Technology Agreement") had been terminated for "Good Reason following Change-in-Control" and a subsequent claim for, among other things, payment for termination of services and the outstanding accrued restructuring liability to DOL (refer to the section entitled "Contingencies").

Fees charged to general and administration expenses in the year ended August 31, 2010 amounted to $396. No options or SAR units were granted to Mr. Dolgonos or DOL during the year ended August 31, 2010.

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

(4) On January 6, 2011, UBS settled the accrued restructuring award granted to the former CFO by the former Board of Directors and any other amount due under his employment agreement, for $330, which resulted in a reversal of $833 to restructuring charges in the second quarter of fiscal 2011. On February 16, 2011, UBS settled with a former director of UBS, which resulted in, among other things, a full reversal of his restructuring award, originally granted in June 2009 and accrued interest, totalling $464, to restructuring charges.

(5) The accrued restructuring liabilities payable by UBS at August 31, 2011 are payable upon, among other things, adequate cash resources being received by UBS.

(6) These amounts, among others, are included in the claims filed against UBS by Jolian and DOL on July 12, 2010. Counterclaims filed by UBS against Jolian, Mr. McGoey and certain former directors and against DOL, Mr. Dolgonos, and certain former directors are detailed in the 2010 annual financial statements.

Details of the accrued restructuring awards in UBS are set out below:

		Accrued restructuring liabilities							
UBS	**SAR units relinquished**	**Equity accrual**	**Bonus accrual**	**Balance 2009**	**Accrued interest**	**Awards declined 2010**	**Awards reversed 2011**	**Awards paid 2011**	**Balance 2011**
Jolian / McGoey	3,000	$ 600	$1,200	$1,800	$ 99	$ -	$ -	$ -	$ 1,899
DOL / Dolgonos	3,000	330	1,200	1,530	84	-		-	1,614
Former UBS director accrued	1,650	465	-	465	25	-		-	490
Former UBS directors and CFO - settled	3,150	915	1,000	1,915	54	473	1,297	199	-
TOTAL	10,800	$ 2,310	$3,400	$5,710	$ 262	$ 473	$1,297	$ 199	$ 4,003

(e) Indemnity agreements:

The former Board of Directors resolved that the Indemnitees were entitled to retain legal counsel pursuant to their Indemnity Agreements and as a result $60 was expensed during the year ended August 31, 2011, $37 has been reallocated to Accounts Receivable and Other Receivables and $19 was recovered pursuant to a settlement agreement. $446 remains advanced by UBS to various legal firms for future services (refer to the sections entitled "Overview – Significant current events – Restructuring" and "Contingencies").

(f) Special shareholders meeting:

It was stated in the information circular prepared in connection with the July 5, 2010 special meeting of shareholders that the costs incurred in the preparation and mailing of the circular and the solicitation will be borne by certain concerned shareholders who would seek reimbursement from UBS of its out-of-pocket expenses, including proxy solicitation expenses and legal fees, incurred in connection with the meeting. In this regard, UBS has reimbursed $533 to the concerned shareholders, some of whom are directors of UBS.

14. OPERATING RISKS AND UNCERTAINTIES

Capital risk management

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

Financial risk management

(a) Overview:

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

(b) Credit risk:

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

Cash and cash equivalents and restricted cash consist of cash and variable rate guaranteed investment certificates and bankers acceptances with reputable Canadian financial institutions, from which UBS believes the risk of loss to be minimal.

Accounts receivable and other receivables consists of $180 of HST receivable from Canadian government bodies, $37 of legal retainers recoverable, and $20 of other reimbursements (August 31, 2010 - $nil, $nil and $3).

(c) Liquidity risk:

Liquidity risk is the risk that UBS will not be able to meet its financial obligations as they become due. UBS' approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its current liabilities when due.

UBS has incurred operating losses and negative cash flows from operations in recent years and at August 31, 2011, UBS had a working capital deficiency of $4,551. Furthermore, there is uncertainty regarding the timing and the quantum of cash distributions to Look's shareholders and the outcomes of certain litigation (refer to the section entitled "Contingencies"). UBS will need to raise cash and/or monetize assets and/or receive cash distributions from Look and/or reduce its outstanding commitments in order to meet the needs of its existing operations and commitments giving rise to doubt about UBS' use of the going concern assumption (refer to the section entitled "Overview – Significant current events").

(d) Market risk:

Market risk is the risk that changes in market prices, such as foreign exchange rates, and interest rates will affect UBS' income or the value of its financial instruments. UBS believed this risk was minimal and did not enter into any currency hedging transactions.

UBS is subject to interest rate risk on its cash and cash equivalents and restricted cash. UBS estimates that for each 1% change in the interest rate earned on its cash holdings at August 31, 2011, interest income will increase or decrease by approximately $9 per annum.

(e) Fair value of financial instruments:

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

For cash and cash equivalents, restricted cash, accounts receivable and other receivables, accounts payable, accrued restructuring liabilities, accrued restructuring liabilities due to related parties and accrued liabilities carrying amounts approximate fair value due to the short-term nature of the assets and liabilities.

(f) Classification of financial instruments:

(i) Accounts receivable and other receivables and restricted cash have been classified as financial assets held for trading and are measured at fair value; and

(ii) Accounts payable, accrued restructuring liabilities, accrued restructuring liabilities due to related parties and accrued liabilities have been classified as other financial liabilities.

UBS has not classified any assets as available-for-sale or held-to-maturity during the years ended August 31, 2011 and 2010. The fair value hierarchy for financial instruments measured at fair value is Level 1 for cash and cash equivalents and restricted cash. UBS does not have Level 2 or Level 3 inputs.

15. CONTINGENCIES

(a) Statements of Claim and Defences and Counterclaims pursuant to termination of services agreements:

(i) Claim by Jolian Investments Ltd. (“Jolian”):

On July 5, 2010, at a special meeting of shareholders requisitioned by a group of concerned shareholders, the former directors, including Mr. McGoey, were removed and Robert Ulicki, Grant McCutcheon and Henry Eaton were elected to the Board of Directors. After the conclusion of the meeting, the new board presented Mr. McGoey with a letter confirming certain immediate requests of him as the CEO. Later that day counsel to Jolian wrote UBS enclosing notice from Mr. McGoey and Jolian that, in their view, a “company default” and “termination without cause” of the Jolian MSA had occurred demanding payment of $8,610, being three times the aggregate of (i) Jolian’s annual base fee; (ii) the greater of five measures of performance incentives; and (iii) annualized expenses. Also included in the payment demanded was the outstanding Contingent Restructuring Liability of $1,800.

On July 12, 2010, Jolian, following the notice of termination served on UBS on July 5, 2010, served a statement of claim on UBS. This claim was subsequently amended to include applicable taxes on the amounts claimed. Among other things, Mr. McGoey seeks $7,410 in immediate termination payment, under the terms of the Jolian MSA and $1,800 in respect of outstanding contingent restructuring awards. This is in addition to the $8,300 in total compensation awarded to Mr. McGoey, and a company under his control, by UBS and Look in 2009.

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

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

UBS has filed a Defence and Counterclaim against Jolian, Mr. McGoey and certain other former directors as set out below.

(ii) Claim by DOL Technologies Inc. (“DOL”):

After the conclusion of the special meeting of shareholders held on July 5, 2010, DOL gave written notice to UBS that it was terminating the Technology Agreement for good reason as a result of a change in control of UBS. The letter demanded payment of $7,600, being three times the aggregate of (i) DOL’s annual base fee; (ii) the greater of four measures of performance incentives; and (iii) reimbursable expenses due and owing at the time of termination. Also included in the payment demanded was the outstanding Contingent Restructuring Liability of $1,530.

On July 12, 2010, DOL, following the notice of termination served on UBS on July 5, 2010, served a statement of claim on UBS. This claim was subsequently amended to include applicable taxes on the amounts claimed. Among other things, Mr. Dolgonos seeks $6,015 in immediate termination payment, under the terms of the Technology Agreement and $1,530 in respect of outstanding contingent restructuring awards. This is in addition to the $6,100 in total compensation awarded to Mr. Dolgonos, and a company under his control, by UBS and Look in 2009.

Mr. Dolgonos is seeking a declaration from the Ontario Superior Court of Justice that he was terminated for “good reason following a change-in-control” under the Technology Agreement.

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

UBS has filed a Defence and Counterclaim against DOL, Mr. Dolgonos, Mr. McGoey and certain other former directors as set out below.

(iii) UBS Defences and Counterclaims to Jolian and DOL claims:

UBS has defended Messrs McGoey and Dolgonos’ claims and denies any amounts are owing to them. The Defences and Counterclaims filed by UBS on August 18, 2010, state, among other things, that:

- the Contingent Restructuring Awards were granted without any legal or factual justification;
- the Contingent Restructuring Awards are unjust, unfair and unreasonable and not in the best interests of UBS;
- the Contingent Restructuring Awards were granted by the former directors in breach of their statutory and fiduciary duties;
- the exercise of shareholders’ fundamental right to remove a director does not give rise to a Termination Payment to Mr. McGoey;
- there was no “good reason following a change-in-control” that purports to give rise to a Termination Payment to Mr. Dolgonos;
- the Termination Payments are excessive, unjust, unfair and unconscionable and not in the best interests of UBS;
- the Termination Payments are not supportable nor justifiable in law; and
- the terms of the Services Agreements that purport to give rise to the Termination Payments were agreed to by the former directors in breach of their statutory and fiduciary duties.

In addition, the Defences and Counterclaims include counterclaims against Messrs. McGoey and Dolgonos and certain former directors of UBS. Among other things, UBS is now seeking:

- a declaration that Mr. McGoey and certain former directors exercised their powers in a manner that was oppressive and/or unfairly prejudicial to and/or unfairly disregarded the interests of UBS;
- a declaration that Messrs. McGoey, Dolgonos and certain former directors failed to act honestly and in good faith with a view to the best interests of UBS;
- a declaration that the Termination Payments of $7,410 and $6,015 claimed by Messrs. McGoey and Dolgonos under their respective service agreements are null, void and unenforceable, or alternatively, damages in those amounts;
- a declaration that the $1,800 and $1,530 in Contingent Restructuring Awards awarded, but not paid, by UBS to Messrs. McGoey and Dolgonos, respectively, are null, void and unenforceable, or alternatively, damages in those amounts;
- a declaration that the Contingent Restructuring Awards awarded, but not paid, by UBS to certain former directors are null, void and unenforceable, or alternatively, damages in the amount of the Contingent Restructuring Awards awarded to them;
- a declaration that, if any or all of the Contingent Restructuring Award awarded by Look Communications Inc. was validly payable, the $5,650 Look Contingent Restructuring Award paid to Mr. McGoey and the $3,950 Look Contingent Restructuring Award paid to Mr. Dolgonos, are payable to UBS;
- a declaration that "indemnity payments" paid to the law firms representing certain directors and officers were taken unlawfully, without authority and contrary to their respective indemnity agreements, UBS' by-laws and the *Business Corporations Act* (Ontario), and an order that the "indemnity payments" be immediately returned to UBS;
- damages in the amount of $3,000 in respect of the former UBS Board decision to redeem for cash the Debentures issued by Look; and
- punitive damages in the amount of $5,000.

(iv) Jolian and Mr. McGoey's Defence to UBS Counterclaims:

On October 28, 2010, Jolian and Mr. McGoey served UBS with statements of defence against UBS' counterclaims against Jolian et al and DOL et al in respect of the litigation commenced by Jolian and DOL in July 2010. Among other things, Mr McGoey claims that:

- he brought significant value to UBS and to Look;
- he provided full and fair value to UBS in exchange for the compensation and consideration he received;
- without his contributions to UBS since 2002 and to Look since 2004, UBS and Look would not have survived;
- the concerned shareholder group's actions in respect of the 2010 POA and the triggering of the Termination Payments have badly hurt UBS;
- the Jolian MSA is valid and enforceable;
- the contingent restructuring awards approved by the former Board of Directors were in the best interests of UBS, were properly authorized and were necessary, reasonable and fair to UBS; and
- Jolian earned and was lawfully entitled to the contingent restructuring award it received from Look.

(v) DOL and Mr. Dolgonos' Defence to UBS Counterclaims:

On November 5, 2010, DOL and Mr. Dolgonos' served UBS with statements of defence against UBS' counterclaims against DOL et al in respect of the litigation commenced by DOL in July 2010. Among other things, Mr. Dolgonos claims that:

- he brought significant value to UBS and to Look;
- he always acted in the best interests of UBS and Look;
- he always preserved and protected the assets of UBS from unnecessary and/or wasteful dissipation;
- he always put UBS' interests before his own financial interests;
- the DOL Technology Agreement is valid and enforceable; and
- the contingent restructuring awards approved by the former Board of Directors of UBS and Look were in the best interests of UBS and Look, were properly authorized and were necessary, reasonable and fair to UBS and Look.

(vi) In connection with the claims and counterclaims involving, among others, the Plaintiff Group, the court has rendered a decision in connection with motions for summary judgment brought by UBS and the Plaintiff Group relating to the indemnification of the Plaintiff Group's legal expenses.

The court ordered UBS to pay the Plaintiff Group's past legal costs as well as the legal expenses in the litigation on an ongoing basis, including all costs relating to the claims of certain members of the Plaintiff Group for termination payments under certain management services agreements. Based on information provided by the Plaintiff Group's counsel, as of the date that the motion for summary judgment was argued in April, the legal expenses of the Plaintiff Group, up to April 30, 2011, are estimated to be approximately $750.

UBS has appealed the decision of the court in connection with motions for summary judgment brought by UBS and the Plaintiff Group relating to the indemnification of the Plaintiff Group's legal expenses.

While UBS intends to vigorously defend the claims filed by Messrs. McGoey and Dolgonos and pursue its counterclaims against these parties and certain former directors, none of the claims, counterclaims and defenses made by the parties to the foregoing litigation have been proven before a court of law. Further, there can be no assurance that any of UBS' counterclaims and/or defences will be proven before a court. An award of damages against UBS and the ongoing costs of litigation could, independently or collectively, have a material adverse effect on the financial condition and solvency of UBS.

(b) Statement of Claim served on UBS and its directors by 2064818 Ontario Inc.:

On December 23, 2010, a registered shareholder of UBS, 2064818 Ontario Inc., which is a corporation controlled by UBS' former Chief Technology Consultant, Alex Dolgonos, served a statement of claim (the "Statement of Claim") on UBS and each of Grant McCutcheon, Robert Ulicki and Henry Eaton.

Among other things, 2064818 Ontario Inc. alleges that (i) the directors of UBS are exercising their powers as directors in a manner that is oppressive, unfairly prejudicial and unfairly disregards the interests of UBS shareholders; and (ii) the existing directors have failed to act honestly and in good faith with a view to the best interests of UBS. The allegations are made, among other things, in respect of the amendment of the Look MSA. It is also alleged that the new directors of UBS intentionally triggered a change-in-control in the Jolian MSA by failing to re-elect the former CEO as a director.

The Statement of Claim seeks various relief, including among other things, (i) the removal of the directors of UBS from its board of directors, (ii) the setting aside of the amendment to the Look MSA or, in lieu thereof, damages in the amount of $900, and (iii) an order restraining UBS from obtaining any dilutive financing unless existing shareholders are entitled to participate in such financing on a pro rata basis.

(c) In the normal course of its operations, the Company may be subject to other litigation and claims.

(d) The Company indemnifies its directors, officers, consultants and employees against claims and costs reasonably incurred and resulting from the performance of their services to the Company, and maintains liability insurance for its directors and officers.

16. ADDITIONAL INFORMATION

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

UNIQUE BROADBAND SYSTEMS, INC.

Shareholder Information

Board of Directors

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

Officers

Grant McCutcheon
Chief Executive Officer

C. Fraser Elliott
Chief Financial Officer

Auditors

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Common shares

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