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

UNIQUE BROADBAND SYSTEMS, INC.

Unaudited three and nine months ended May 31, 2009 and 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS
(In thousands of Canadian dollars, except shares, per share amounts and per subscriber amounts)
For the three and nine months ended May 31, 2009 and 2008

July 21, 2009

1. INTRODUCTION

The following Management's Discussion and Analysis ("MD&A") relates to the unaudited consolidated financial condition of Unique Broadband Systems, Inc. (the "Company") at May 31, 2009 and the consolidated results of operations for the three and nine months ended May 31, 2009 and 2008. This MD&A should be read in conjunction with the Company's audited consolidated financial statements for fiscal 2008 ended on August 31, 2008 and the Company's 2008 MD&A and the audited consolidated financial statements of Look Communications Inc. ("Look") for fiscal 2008 ended August 31, 2008 and Look's 2008 MD&A.

These interim unaudited consolidated financial statements have been prepared by management on a going concern basis, in accordance with Canadian generally accepted accounting principles (Canadian "GAAP") with respect to the preparation of interim financial information.

On May 5, 2009 Look announced that it had entered into an agreement with Inukshuk Wireless Partnership ("Inukshuk") (through joint partners Rogers Communications ("Rogers") and Bell Canada ("Bell")) for the sale of its spectrum and broadcast licence (see the section entitled "Overview – Significant Current Events – Sale of Business and Assets"). The Agreement of Purchase and Sale (the "Spectrum Agreement") allows Inukshuk to acquire Look's spectrum (2596 to 2686 MHz and 2689 to 2690 MHz inclusive) and broadcast licence for $80,000 cash. As a result of the Spectrum Agreement with Inukshuk along with its operations throughout the quarter, at May 31, 2009 the Company has a working capital surplus of $4,995 (August 31, 2008 – deficiency of $13,429).

On May 11, 2009, Look announced that it was continuing to pursue opportunities to maximize the value of its remaining three assets which include:

(a) Subscribers – Approximately 25,000 broadcast and Internet subscribers;
(b) Network – A network consisting of two network operating centers (Toronto, Ontario and Montreal, Quebec), 26 one-way broadcast sites and 10 two-way broadcast sites; and
(c) Tax Attributes – Approximately $300,000 in tax attributes.

The potential sale of any remaining assets is not expected to be subject to either Court approval or approval of Look's shareholders. UBS is willing to consider, among other things, the sale of its interest in Look to facilitate the full value of Look's tax attributes. Such a transaction would require the approval of UBS shareholders.

Unless specifically stated, the references to "UBS" include Unique Broadband Systems, Inc. and its wholly-owned subsidiary, UBS Wireless Services Inc. ("UBS Wireless"), and references to the "Company" include UBS and Look, a company controlled by UBS.

2. CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This MD&A includes forward-looking statements and information concerning the future performance of the Company, its operations, and its financial performance and condition. These forward-looking statements and information include, among others, statements with respect to our objectives and strategies to achieve those objectives, as well as statements with respect to our beliefs, plans, expectations, anticipations, estimates, and intentions. When used in this MD&A, the words "believe", "anticipate", "may", "should", "intend", "estimate", "expect", "project", and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain such words. These forward-looking statements and information are based on current expectations. The Company cautions that all forward-looking statements and information are inherently uncertain and actual results may differ materially from the assumptions, estimates, or expectations reflected or contained in the forward-looking statements and information, and that actual future performance will be affected by a number of factors including economic conditions, technological change, regulatory change, and competitive factors, many of which are beyond the Company's control. New risks and uncertainties arise from time to time, and it is impossible for the Company to predict these events or the effect that they may have on the Company. Certain statements in this MD&A, other than statements of historical fact, may include forward-looking information that involves various risks and uncertainties. This may include, without limitation, statements based on current expectations involving a number of risks and uncertainties related to all aspects of the wireless communications, broadcast television, and Internet services industries. These risks and uncertainties include, but are not restricted to: (i) the future transfer of funds related to the sale of the spectrum and broadcast licence to Inukshuk (see the section entitled "Overview – Significant Current Events – Sale of Business and Assets") (ii) the outcome of litigation, (iii) changes in spectrum allocation, (iv) other risk factors related to the Company's business, and (v) other risk factors related to the Company's industry. For a more detailed discussion of factors that may affect actual results or cause actual results to differ materially from any conclusion, forecast or projection in these forward-looking statements and information, see the sections entitled "Overview – Significant Current Events", and "Operating Risks and Uncertainties" below.

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

3. OVERVIEW

Significant Current Events

(a) Sale of Business and Assets

(i) Sale of Web Hosting and Domain Name Business

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

(a) Consideration in the amount of approximately $3,800 payable to Look, subject to potential post-closing adjustments; and

(b) A 40-month Shared Hosting Marketing and Licensing Agreement, whereby the EasyHosting brand will be jointly promoted and the revenue generated therefrom will be shared.

Look recorded a gain on the sale of the business of $4,200 and was relieved of its obligation to certain subscribers to provide future services which led to a decline of $507 in unearned revenue. An amount payable for services provided to Look of $331 was offset against consideration to be received from the sale. At May 31, 2009 Look had collected net cash of $3,440 related to the execution of the Hosting Agreement and had $59 of restricted cash on the balance sheet which had been collected from subscribers after the closing of the sale.

(ii) Sale of Spectrum and Broadcast Licence

On May 5, 2009 Look announced that it had entered into an agreement with Inukshuk (through joint partners Rogers and Bell) for the sale of its spectrum and broadcast licence. The Spectrum Agreement allows Inukshuk to acquire Look’s spectrum (2596 to 2686 MHz and 2689 to 2690 MHz inclusive) and broadcast licence for $80,000 cash. Payment is scheduled to be the earlier of the transfer of the spectrum and broadcast licence following regulatory approval or in a series of three instalments. The purchased spectrum will not be transferred unless and until full consideration is paid. If for any reason the full $80,000 is not paid, or not paid according to the agreed-upon schedule, any payments made to Look are non-refundable and the spectrum would be retained by Look.

The payment schedule is as follows:

(a) A $30,000 non-refundable payment was made May 14, 2009 following Court approval of the Spectrum Agreement;

(b) A $20,000 non-refundable payment will be made no later than December 31, 2009; and

(c) A $30,000 final payment will be made no later than the earlier of regulatory approval of the transaction or May 14, 2012.

Look has been told by Inukshuk that Inukshuk intends to complete the Spectrum Agreement as soon as possible and, accordingly Look has commenced the orderly restructuring of its operations.

A condition precedent to the Spectrum Agreement was the resolution of all litigation between Look and Bell, which, among other things, was resolved in the following manner:

(a) Bell and Look providing each other with mutual full and final releases from any and all current litigation;

(b) Look paying Bell $16,000 as full and final settlement, to be paid contemporaneously with the initial $30,000 non-refundable payment from Inukshuk as part of the Spectrum Agreement. The amount includes approximately $10,000 in trade payables carried by Look plus an additional $6,000 payment;

(c) As Look restructures its operations, it will pay to Inukshuk all revenues collected from its DSL Internet subscribers on Bell's network for services provided during the restructuring period (90 days), net of all applicable taxes, in lieu of any and all future charges from Bell; and

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

A further condition precedent to the Spectrum Agreement, required by Rogers, was that UBS was required to settle its litigation with Microcell et al. (a Rogers' subsidiary). At the request of Look, UBS agreed to settle the litigation. UBS provided the irrevocable release, and received $4,000 from Rogers on May 14, 2009. The defendants to UBS' action all deny liability and the settlement is not an admission of any kind.

As a result of the sale of the assets to Inukshuk and the resulting restructuring of the business, the Company has recorded restructuring charges of $25,718 which include, among other things, site restoration charges, lease commitments, human resource restructuring and equity cancellation payments. All of Look's equity cancellation payments, covering the cancellation of all outstanding SAR units and options to purchase Look shares, amounting to approximately $9,000, are contingent on Look receiving the second non-refundable instalment of $20,000 from Inukshuk no later than December 31, 2009 as contemplated above. The equity cancellation payments related to the cancellation of UBS' SAR units, amounting to approximately $2,000, are contingent upon adequate cash resources being available. In the event of a change of control, the equity cancellation payments for Look become payable within three business days following the effective date of the change of control.

Upon providing for the sale of the spectrum and broadcast licence, Look completed a review of the carrying amount of its property and equipment. Look determined that certain network-related property and equipment was carried at an amount greater than its net recoverable amount and accordingly recorded a non-cash write-down of $2,542.

On May 11, 2009, Look announced that it was continuing to pursue opportunities to maximize the value of its remaining three assets which include:

(a) Subscribers – Approximately 25,000 broadcast and Internet subscribers
(b) Network – A network consisting of two network operating centers (Toronto, Ontario and Montreal, Quebec), 26 one-way broadcast sites and 10 two-way broadcast sites; and
(c) Tax Attributes – Approximately $300,000 in tax attributes.

The potential sale of any remaining assets is not expected to be subject to either Court approval or approval of Look's shareholders.

UBS is willing to consider, among other things, the sale of its interest in Look to facilitate the full value of Look's tax attributes. Such a transaction would require the approval of UBS shareholders.

Look has disclosed all publicly-available documents related to its Plan of Arrangement and disposition of assets on its website: www.look.ca/en/maximizingshareholdervalue.

(b) Income Taxes and the Corporate Reorganization Plan

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

Subsequent to the Plan, Look has sufficient tax loss carryforwards to offset the entire gain recognized on the sale of the web hosting and domain name business (see the section entitled "Overview – Significant Current Events – Sale of Business and Assets").

As at December 31, 2008, Look has the following federal non-capital income tax losses, which may be carried forward to reduce future years' taxable income. These losses will expire in the taxation years ending December 31 as follows:

2010	$ 184,302
2014	12,588
2015	55
2026	403
2028	13,539
	$ 210,887

Look also holds approximately $110,000 of cumulative eligible capital balances. The sale of the spectrum and broadcast licence to Inukshuk (see section entitled "Overview – Significant Current Events – Sale of Business and Assets") is not expected to result in any tax payable. Subsequent to this transaction, Look's non-capital income tax loss carryforwards and its cumulative eligible capital balance are expected to remain unchanged.

UBS has sufficient tax loss carryforwards to offset the entire gain recognized on the settlement of the litigation with Microcell et al. (see section entitled "Overview – Significant Current Events – Sale of Business and Assets").

Our Company

UBS (TSX Venture: UBS) is a publicly listed Canadian company that has a 51.8% equity interest, on a fully diluted basis, in Look (TSX Venture: LOK and LOK.A) and other assets. With licensed spectrum and broadcast licenses held through its subsidiary Look, the Company is a Canadian digital television broadcaster and broadband wireless service provider.

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

The UBS head office is located in Milton, Ontario and UBS currently has eight employees. Look's registered office is located in Toronto, Ontario and its main operations are in Montreal, Québec and Milton, Ontario. As at May 31, 2009, Look had 67 full-time and part-time employees.

Our Strategy

On May 11, 2009, Look announced that it was continuing to pursue opportunities to maximize the value of its remaining three assets which include:

(a) Subscribers – Approximately 30,000 broadcast and Internet subscribers;

(b) Network – A network consisting of two network operating centers (Toronto, Ontario and Montreal, Quebec), 26 one-way broadcast sites and 10 two-way broadcast sites; and

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UBS is willing to consider, among other things, the sale of its interest in Look to facilitate the full value of Look's tax attributes. Such a transaction would require the approval of UBS shareholders.

4. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

Continuing Operations

Effective November 30, 2003, UBS received final approval from the CRTC to acquire control of Look, which it did at the end of December 2003. Look, on a fully diluted basis, is currently a 51.8%-owned subsidiary of UBS and is consolidated for financial reporting purposes. UBS' share ownership in Look will fluctuate as convertible debentures previously issued by Look are converted into multiple and subordinate voting shares and interest obligations in connection with these convertible debentures are settled in subordinate voting shares.

If all debentures are converted, UBS will have the ability to control at least 51% of Look by the conversion of its debentures. As the Company has the ability to maintain control by converting these securities at any time, UBS continues to consolidate its interest in Look.

Discontinued Operations

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

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

Consolidated Financial Statements

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

These consolidated financial statements have been prepared by management, on a going concern basis, in accordance with Canadian generally accepted accounting principles. The going concern basis of presentation assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

In accordance with the CICA Handbook Section 1600, *Consolidated Financial Statements*, when the losses applicable to the non-controlling interest in Look exceed the non-controlling interest's carrying value in Look, which occurred during the third quarter of fiscal 2008, the excess and any further losses will be fully absorbed by the Company. Subsequent earnings, if any, recorded by Look, will be allocated entirely to the Company's interest until such previously fully absorbed losses are recovered.

5. RECENT WIRELESS INDUSTRY TRENDS

The Canadian Market

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

6. OVERVIEW OF GOVERNMENT REGULATION AND REGULATORY DEVELOPMENTS

Industry Canada

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

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

On March 30, 2006, Industry Canada published Gazette Notice DGTP-002-06 – Policy Provisions for the Band 2500 – 2690 MHz to Facilitate Mobile Services. In the notice, Industry Canada reconfirmed its allocation of mobile services to the band and stated that it would harmonize the spectrum with the United States band plan at some future date. In the period up to August 2011, Look may continue to operate its video and Internet services. Look may, at any time, also apply to Industry Canada for permission to use two-way mobile broadband services in the band. This will require Industry Canada to implement the new band plan and Look would have to return 31 MHz of spectrum (2657 – 2686 and 2688 – 2690 MHz) to Industry Canada. The new policy clearly confirms Look's position as an MDS Broadcaster and provides additional options for the future development of Look, if it so chooses (see the section entitled "Overview – Significant Current Events – Sale of Business and Assets").

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

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

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

Consultation on Transition to Broadband Radio Service in the Band 2500-2690 MHz

On March 6, 2009, Industry Canada released the long-anticipated Notice No. DGRB-005-09 – Consultation on Transition to Broadband Radio Service (“BRS”) in the Band 2500-2690 MHz (the “Spectrum Consultation”). The Spectrum Consultation is seeking, amongst other things, consultation on the criteria to be used in the issuance of BRS licences to operators of qualified MCS licences and MDS authorizations. The Spectrum Consultation also introduced the Stakeholder Proposal Development (“SPD”) process which involves the facilitation of discussions with MCS and MDS incumbents with the goal of developing proposals to align the spectrum that would be retained by incumbents following the transition to BRS with a new internationally-compatible band plan applicable to BRS.

In the Spectrum Consultation, the Department has stated the following:

> “At the World Radiocommunication Conference in 2000 (WRC-2000), the band 2500 to 2690 MHz was identified for IMT-2000 radio services (also known as third generation mobile or 3G services). The identification of this band by the [International Telecommunication Union] (the “ITU”) has created significant interest, as it is the only band identified by the ITU for next generation mobile services on a global basis. High-capacity mobile services may be offered in this band because of good radio propagation characteristics, the prospect of relatively low-cost equipment and the large spectrum blocks that can accommodate the latest broadband technologies. These factors make this spectrum unique and valuable.”

In addition, the Department is seeking comments on, amongst other things:

1. Whether the Department adopts a firm transition date of March 31, 2011 to BRS rather than renew MCS and MDS licences;
2. The options that should be applied to the Manitoba school boards and the commercial MCS licensee;
3. Which component(s) (i.e. CRTC Decision, Industry Canada broadcasting certificate, and CRTC licence) should be required for licensed MDS in order to qualify for conversion to BRS in a given area;
4. Whether CRTC licence-exempt systems that serve small, rural, and remote communities having small populations should be treated differently from the CRTC-licensed systems;
5. Whether Tier 3 or Tier 4 licence areas are the most appropriate for the conversion of site-specific MCS licences to BRS spectrum licences, where applicable, and for the conversion of MDS authorizations, including Industry Canada spectrum licences issued in the 2596-2690 MHz band; and
6. Licence conditions proposed for voluntarily converted BRS licences.

Furthermore, the Department has confirmed, amongst other things, the following in the Spectrum Consultation:

1. Eligible MCS and MDS incumbents will be issued BRS licences for approximately two thirds of their current spectrum holdings;
2. The bands 2535-2568 MHz and 2657-2690 MHz, and all other available spectrum, would be made available through an auction;
3. Effective immediately, the Department has placed a moratorium on new applications for broadcasting certificates in the band 2500-2690 MHz;
4. The BRS licences issued through a conversion process will expire on March 31, 2021; and
5. A licensee may apply in writing to transfer its licence in whole or in part (divisibility), in both the bandwidth and geographic dimensions.

In accordance with the Department’s request, Look submitted its comments on June 15, 2009 and subsequently submitted a reply to comments posted by other parties on July 17, 2009.

The Department has recognized that in order to give effect to the mobile allocation and ‘flexible-use’ licences (mobile, fixed, and broadcasting) in this band, that several additional issues need to be addressed in future consultations. These consultations will involve three major elements:

1. The policy framework;
2. The licensing framework; and
3. The band plan and relevant technical issues.

Look intends to participate fully in each of the SPD process, the current consultation, and all future consultations.

The Company is very pleased that the Department has outlined a position with respect to the 2500-2690 MHz band plan. Look's 92 MHz of MDS spectrum, equivalent to 61 MHz of BRS spectrum, represents BRS coverage of approximately 1.2 billion MHz/Pops across Ontario and Quebec and is the largest contiguous block of mobile spectrum owned by any individual operator in Canada. The identification of this band by the ITU as the only band designated for next generation mobile services on a global basis reaffirms Look's belief that its spectrum is a unique and valuable asset.

Canadian Radio-television and Telecommunications Commission (CRTC)

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

As a follow-up announcement to the Industry Canada Notice published on March 30, 2006, on April 12, 2006 the CRTC confirmed in its Notice 2006-47 entitled "Regulatory Framework for Mobile Television Broadcasting Services" that Mobile TV services can be offered by Look under its existing license. The CRTC went on to request comments on its proposed exemption from regulation relating to any broadcasting to any mobile devices.

7. SIGNIFICANT ACCOUNTING POLICIES

Management's discussion and analysis of operating results and financial condition are made with reference to the Company's interim unaudited consolidated financial statements and notes thereto, which have been prepared in accordance with Canadian GAAP.

The Company has identified the accounting policies and estimates in note 2 to its 2008 annual audited consolidated financial statements and notes 1 and 2 to its interim unaudited consolidated financial statements for the three and nine months ended May 31, 2009 and 2008 as critical to the understanding of its business operations. Where deemed significant, the impact and any associated risks related to these policies on its business operations are discussed throughout this MD&A.

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

In January 2006, the CICA Accounting Standards Board ("AcSB") adopted a strategic plan for the direction of accounting standards in Canada. As part of that plan, the AcSB confirmed in February 2008 that International Financial Reporting Standards ("IFRS") will replace Canadian GAAP in 2011 for profit-oriented Canadian publicly accountable enterprises. As the Company will be required to report its results in accordance with IFRS starting in 2011, the potential impacts of this changeover are currently being assessed and, accordingly, a plan is being developed.

Changes in Accounting Policies

(i) Financial Instruments – Presentation and Disclosures

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

Section 3862 requires disclosures, by class of financial instrument that enables users to evaluate the significance of financial instruments for an entity's financial position and performance, including disclosures about fair value. In addition, disclosure is required of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk. The quantitative disclosures must also include a sensitivity analysis for each type of market risk to which an entity is exposed, showing how net income and other comprehensive income would have been affected by reasonably possible changes in the relevant risk variable. Section 3863, Financial Instruments - Presentation, carries forward the existing requirements on presentation of financial instruments.

These new standards were adopted by the Company on September 1, 2008 and did not have a material impact on the classification and valuation of the Company's financial instruments. These new disclosures are included in note 16 to the interim unaudited consolidated financial statements for the three and nine months ended May 31, 2009 and 2008.

(ii) Capital Disclosures

In December 2006, the AcSB issued Section 1535, Capital Disclosures, which establishes standards for disclosing information about an entity's capital and how it is managed. This standard requires disclosure of an entity's objectives, policies and processes for managing capital, quantitative data about what the entity regards as capital, and whether the entity has complied with any capital requirements and, if it has not complied, the consequences of such non-compliance. The Company adopted this standard on September 1, 2008 and the resulting disclosures are included in note 15 to the interim unaudited consolidated financial statements for the three and nine months ended May 31, 2009 and 2008.

(iii) Inventory

In June 2007, the AcSB issued Section 3031, Inventories, which replaces Section 3030, Inventories. The standard revises guidance on the determination of cost, recognition and subsequent measurement and disclosures of inventory. The Company adopted this standard on September 1, 2008 without a material impact to its financial statements.

8. KEY PERFORMANCE INDICATORS

The Company measures the success of its strategies using a number of key performance indicators as outlined below:

Subscriber Counts

The Company determines the number of subscribers of its services based on active subscribers at reporting dates. When subscribers are deactivated either voluntarily or involuntarily for non-payment, they are considered to be deactivations in the period the services are discontinued.

The Company reports subscribers in three categories: Broadcast Services, Internet Services, and Other Services. Broadcast Services include customers subscribing to the provision of digital television services. Internet Services include Dial-Up and High Speed wireline and wireless Internet access. Other Services include hosting and co-location. The Company monitors the number of subscribers of its services as an indicator of future revenue to be used in fiscal planning (See the section entitled "Overview – Significant Current Events – Sale of Business and Assets").

Subscriber Churn

Subscriber churn is calculated on a monthly basis. For any particular month, subscriber churn represents the number of subscribers deactivated in the month divided by the aggregate number of subscribers at the beginning of the month. When used or reported for a period greater than one month, subscriber churn represents the monthly average of the subscriber churn for each of the months in the period. The Company uses subscriber churn as a measure of its success in retaining its subscriber base. The churned subscribers resulting from the sale of the web hosting and domain name business are excluded from the Other Services churn calculation (See the section entitled "Overview – Significant Current Events – Sale of Business and Assets").

Service Revenue

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

Average Revenue per User (ARPU)

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

Carrier Charges and Cost of Sales

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

Gross Margin Percentage

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

Cost of Acquisition per Subscriber (COA)

COA, which is also often referred to in the wireless communications industry as "subscriber acquisition cost" or "cost per gross addition", is calculated by dividing total marketing and sales operating expenses for the period by the total number of gross subscriber activations. Subscriber activations include Broadcast Services, Internet Services, web-hosting, and co-location activations. The Company feels that COA is indicative of its ability to efficiently attract new customers.

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

EBITDA is defined by the Corporation as earnings from continuing operations before net interest expenses, income taxes, depreciation, amortization, impairment, restructuring charges, gain/loss on settlement of litigation and gain/loss on disposition of property and equipment. EBITDA is a common measure used in the communications industry to assist in understanding and comparing operating results and is often referred to by our peers and competitors as operating profit or OIBDA (operating income before depreciation and amortization). Management views EBITDA as an important measure of operating performance of the Company; however, since EBITDA does not have any standardized meaning prescribed by Canadian GAAP and is unlikely to be comparable to similar measures presented by other issuers, it may not be considered in isolation of GAAP measures such as (1) loss and comprehensive loss, as an indicator of operating performance or (2) cash flows from operating, investing, and financing activities, as a measure of liquidity. We believe, however, that it is an important measure as it allows us to assess our ongoing business without the impact of depreciation, amortization or impairment expenses as well as non-operating factors. It is intended to indicate the Company’s ability to incur or service debt and invest in property and equipment.

9. RESULTS OF OPERATIONS

Highlights of the results for the three and nine months ended May 31, 2009 include the following:

- During the three months ended May 31, 2009, Look recorded a gain of $78,243 on the sale of its spectrum and broadcast licence to Inukshuk (see the section entitled “Overview – Significant Current Events – Sale of Business and Assets”).

- At May 31, 2009, the Company held cash and cash equivalents of $21,341 compared to $5,168 at August 31, 2008. The increase is due primarily to the receipt of the first instalment of cash from the sale of Look’s spectrum and broadcast licence to Inukshuk and the settlement of the Microcell et al litigation (see the section entitled “Overview – Significant Current Events – Sale of Business and Assets”).

- For the three months ended May 31, 2009, service revenue from continuing operations was $3,069 compared to $4,046 for the three months ended May 31, 2008. For the nine months ended May 31, 2009, service revenue from continuing operations was $9,890 compared to $12,784 for the same period one year prior. Gross margin from continuing operations decreased from 46.5% to 38.3% during the respective nine month periods primarily as a result of a final one-time charge of $725 that was recorded pursuant to the expected settlement of Look’s litigation with Border Broadcasters Inc. et al. (see the section entitled “Commitments and Contingencies”).

- Overall ARPU increased by $4.00 or 10.8% to $40.93 during the three months ended May 31, 2009 relative to the same period in fiscal 2008.

- Look’s subscriber base was 23,765 at May 31, 2009 compared to 40,471 at August 31, 2008. The decrease in subscribers resulted primarily from the sale of the web hosting and domain name business (see the section entitled “Overview – Significant Current Events – Sale of Business and Assets”).

- For the three months ended May 31, 2009, EBITDA was negative $2,874 compared to EBITDA of negative $1,290 for the comparable period ended May 31, 2008 with net income from continuing and discontinued operations of $23,641 or $0.23 per share ($0.22 per diluted share) and net loss from continuing and discontinued operations of $1,979 or $0.02 per share, basic and diluted, respectively. For the nine months ended May 31, 2009, EBITDA was negative $7,414 compared to EBITDA of negative $4,207 for the comparable period ended May 31, 2008 with net income from continuing and discontinued operations of $21,555 or $0.20 per share, basic and diluted, and net loss from continuing and discontinued operations of $4,548 or $0.04 per share, basic and diluted, respectively. (see the section entitled “Earnings Before Interest Expenses, Income Taxes, Depreciation, and Amortization [“EBITDA”]” below for a reconciliation of EBITDA to income/loss from continuing operations).

Continuing Operations

The income from continuing operations for the three and nine months ended May 31, 2009 was $23,641 and $17,024 or $0.23 and $0.17 per share respectively ($0.22 and $0.16 on a diluted basis), compared with the loss from continuing operations of $2,483 and $5,634 or $0.02 and $0.05, basic and diluted, respectively for the three and nine months ended May 31, 2008. This was mainly due to the sale of Look's spectrum and broadcast licence to Inukshuk (see the section entitled "Overview – Significant Current Events – Sale of Business and Assets").

Service Revenue

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

	Three months ended May 31, 2009			Three months ended May 31, 2008		
	Revenue	**Carrier Charges and Cost of Sales**	**Gross Margin**	**Revenue**	**Carrier Charges and Cost of Sales**	**Gross Margin**
Service						
Broadcast Services	**$1,536**	**$1,650**	**(7.4%)**	$2,090	$1,343	35.7%
Internet Services	**1,499**	**785**	**47.6%**	1,929	898	53.4%
Other Services	**34**	**11**	**67.6%**	27	11	59.3%
Total Service	**3,069**	**2,446**	**20.3%**	4,046	2,252	44.3%
Sales and Installations	**27**	**24**		49	28	
Total Service and Sales from Continuing Operations	**$3,096**	**$2,470**		$4,095	$2,280	

	Nine months ended May 31, 2009			Nine months ended May 31, 2008		
	Revenue	**Carrier Charges and Cost of Sales**	**Gross Margin**	**Revenue**	**Carrier Charges and Cost of Sales**	**Gross Margin**
Service						
Broadcast Services	**$4,981**	**$3,661**	**26.5%**	$6,704	$4,087	39.0%
Internet Services	**4,795**	**2,413**	**49.7%**	6,004	2,715	54.8%
Other Services	**114**	**32**	**71.9%**	76	40	47.4%
Total Service	**9,890**	**6,106**	**38.3%**	12,784	6,842	46.5%
Sales and Installations	**121**	**118**		195	153	
Total Service and Sales from Continuing Operations	**$10,011**	**$6,224**		$12,979	$6,995	

Total Revenue and Gross Margin

Total service and sales revenue from continuing operations for the three months ended May 31, 2009 of $3,096 was $999 or 24.4% lower than the comparable period in fiscal 2008. Total revenue from continuing operations for the nine months ended May 31, 2009 of $10,011 was $2,968 or 22.9% lower than the comparable period in fiscal 2008. This was due primarily to the net loss of Broadcast Services and Dial-Up subscribers.

Gross margin for the nine months ended May 31, 2009 declined to 38.3% (2008 – 46.5%). This was due primarily to a final one-time charge of $725 that was recorded pursuant to the expected settlement of Look's litigation with Border Broadcasters Inc. et al. (see the section entitled "Commitments and Contingencies").

Broadcast Services Revenue and Gross Margin

The decrease in Broadcast Services revenue for the three and nine months ended May 31, 2009 of $554 or 26.5% and $1,723 or 25.7% respectively over the same periods in fiscal 2008 was the result of a lower subscriber base. This was due largely to the very aggressive competition in this sector and a low level of marketing activity for new subscribers by Look.

Gross margin for the nine months ended May 31, 2009 decreased to 26.5% (2008 – 39.0%) due primarily to a final one-time charge of $725 that was recorded pursuant to the expected settlement of Look's litigation with Border Broadcasters Inc. et al. (see the section entitled "Commitments and Contingencies"). Had this one-time charge not been recorded, broadcast services gross margin for the nine month period would have been 41.1%.

Internet Services Revenue and Gross Margin

Internet Services revenue for the three and nine months ended May 31, 2009 declined by $430 or 22.3% and $1,209 or 20.1% respectively over the comparable periods ended one year prior due primarily to a decrease in the number of Dial-Up subscribers. Of the revenue from Internet Services, revenue from Dial-Up accounted for $432 and $1,433 respectively for the three and nine month periods ended May 31, 2009 (2008 - $646 and $2,082). Revenue from High Speed for the comparable periods was $1,067 and $3,362 (2008 - $1,283 and $3,922). The decrease in Internet Services revenue resulted from the continued migration of Dial-Up subscribers to High Speed products and the loss of High Speed bundled subscribers who discontinued service as a result of the aggressive product bundling implemented by Look's competitors.

Internet Services gross margin for the nine months ended May 31, 2009 declined to 49.7% (2008 – 54.8%) primarily as a result of the fixed nature of certain components of cost of sales which were partially offset by Look's active management of supplier contracts.

Other Services Revenue and Gross Margin

Revenue from the continuing operation of Other Services including, amongst other things, co-location and administrative services, increased by $7 or 25.9% and $38 or 50.0% respectively for the three and nine months ended May 31, 2009 over the comparable periods in fiscal 2008.

Sales and Installation Revenue

Revenue derived from Sales and Installations for the three and nine months ended May 31, 2009 decreased by $22 or 44.9% and $74 or 37.9% respectively. This decline was the result of, amongst other things, a general reduction in new installations during the first three quarters of fiscal 2009 relative to the same quarters one year prior along with Look's ongoing efforts to maximize the value of its spectrum and broadcast licence (see the section entitled "Overview – Significant Current Events – Sale of Business and Assets").

Subscriber Statistics

	Three months ended May 31			Nine months ended May 31		
	2009	**2008**	**% Change**	**2009**	**2008**	**% Change**
Broadcast Services						
Gross additions	**227**	653	**(65.2%)**	**789**	2,582	**(69.4%)**
Net reductions	**(1,093)**	(1,303)	**16.1%**	**(2,572)**	(2,863)	**10.2%**
Total subscribers	**9,160**	12,493	**(26.7%)**	**9,160**	12,493	**(26.7%)**
ARPU	**$52.34**	$52.98	**(1.2%)**	**$52.25**	$52.74	**(0.9%)**
Churn	**4.4%**	4.9%	**0.5%**	**3.5%**	4.2%	**0.7%**
Internet Services						
High Speed Services						
Gross additions	**187**	451	**(58.5%)**	**682**	1,424	**(52.1%)**
Net reductions	**(295)**	(320)	**7.8%**	**(963)**	(1,496)	**35.6%**
Total subscribers	**7,016**	8,554	**(18.0%)**	**7,016**	8,554	**(18.0%)**
ARPU	**$49.62**	$49.09	**1.1%**	**$49.88**	$47.85	**4.2%**
Churn	**2.2%**	2.9%	**0.7%**	**2.4%**	3.5%	**1.1%**
Dial-Up Services						
Gross additions	**86**	233	**(63.1%)**	**319**	815	**(60.9%)**
Net reductions	**(710)**	(963)	**26.3%**	**(2,539)**	(4,263)	**40.4%**
Total subscribers	**7,583**	10,963	**(30.8%)**	**7,583**	10,963	**(30.8%)**
ARPU	**$18.19**	$18.89	**(3.7%)**	**$18.17**	$18.42	**(1.4%)**
Churn	**3.3%**	3.4%	**0.1%**	**3.6%**	4.3%	**0.7%**
Total Internet Services						
Gross additions	**273**	684	**(60.1%)**	**1,001**	2,239	**(55.3%)**
Net reductions	**(1,005)**	(1,283)	**21.7%**	**(3,502)**	(5,759)	**39.2%**
Total subscribers	**14,599**	19,517	**(25.2%)**	**14,599**	19,517	**(25.2%)**
ARPU	**$33.13**	$31.97	**3.6%**	**$32.80**	$30.81	**6.5%**
Churn	**2.8%**	3.2%	**0.4%**	**3.0%**	3.9%	**0.9%**
Other Services						
Gross additions	**-**	239	**(100.0%)**	**278**	1,567	**(82.3%)**
Net reductions	**-**	(167)	**100.0%**	**(10,632)**	(353)	**(2,911.9%)**
Total subscribers	**6**	10,845	**(99.9%)**	**6**	10,845	**(99.9%)**
ARPU	**$297.73**	$20.07	**1,383.5%**	**$248.07**	$20.51	**1,109.5%**
Churn	**0.0%**	1.2%	**1.2%**	**3.3%**	1.9%	**(1.4%)**
Grand Total						
Gross additions	**500**	1,576	**(68.3%)**	**2,068**	6,388	**(67.6%)**
Net reductions	**(2,098)**	(2,753)	**23.8%**	**(16,706)**	(8,975)	**(86.1%)**
Total subscribers	**23,765**	42,855	**(44.5%)**	**23,765**	42,855	**(44.5%)**
ARPU	**$40.93**	$36.93	**10.8%**	**$39.39**	$36.57	**7.7%**
Churn	**3.4%**	3.2%	**(0.2%)**	**3.1%**	3.6%	**0.5%**

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

Total Subscribers and ARPU

The decrease in subscribers for the three months ended May 31, 2009 of 2,098, or 8.1%, was driven primarily by the continuing decline of our residential Dial-Up subscribers, the loss of video subscribers, and the loss of some High Speed subscribers due to the aggressive product bundling by Look's competitors. Look has also minimized the use of marketing campaigns that have historically proven to be very expensive and ineffective.

For the three and nine months ended May 31, 2009, total ARPU was $40.93 and $39.39 respectively (2008 - $36.93 and $36.57) representing increases of 10.8% and 7.7%.

Broadcast Subscribers and ARPU

Broadcast subscribers totalled 9,160 at May 31, 2009 representing a decrease of 1,093 or 10.7% for the quarter. Of the 9,160 subscribers, 2,814 represented subscribers in multiple-unit dwellings and 6,346 were subscribers in single family homes. The number of subscribers continued to decline during the three and nine months ended May 31, 2009 as a result of a low level of marketing and sales activities by Look and aggressive bundling campaigns by the competition. ARPU for the nine months ended May 31, 2009, remained largely consistent at $52.25 (2008 – $52.74).

For the nine months ended May 31, 2009, Broadcast Services subscriber churn was an average of 3.5% compared with 4.2% for the same period one year prior.

Internet Subscribers and ARPU

Internet subscribers totalled 14,599 at May 31, 2009 representing a decrease of 1,005 or 6.4% for the quarter. The decrease was primarily in the residential Dial-Up subscriber base which lost 708 subscribers in the quarter reflecting a continuous customer migration to higher speed products.

ARPU on Internet Services was $32.80 for the nine months ended May 31, 2009 (2008 - $30.81) as a result of an increase in High Speed ARPU to $49.88 (2008 - $47.85) and a relative shift of subscribers to higher value services.

Other Services Subscribers and ARPU

Other Services subscribers totalled six at May 31, 2009 representing no change for the quarter. Look also recorded sales of 4,235 domain names during the nine months ended May 31, 2009 prior to the sale of the web hosting and domain name business (see the section entitled "Overview – Significant Current Events – Sale of Business and Assets") (2008 –14,259).

ARPU on Other Services for the three and nine months ended May 31, 2009 averaged $297.73 and $248.07 respectively (2008 - $20.07 and $20.51). The increase in ARPU was attributable primarily to the higher-value product mix of co-location subscribers that remained once the web hosting and domain name business was sold.

Operating Expenses

	Three months ended May 31, 2009	Percentage of service revenue	Three months ended May 31, 2008	Percentage of service revenue
Marketing and sales	$ -	0.0%	$ 0	0.0%
Customer care	310	10.1%	354	8.7%
Engineering and operations	693	22.6%	738	18.2%
General and administration	2,497	81.4%	2,013	49.8%
Total before amortization and deferred charges	3,500	114.0%	3,105	76.7%
Amortization and deferred charges	3,448	112.3%	1,317	32.6%
Total operating expenses	$ 6,948	226.4%	$ 4,422	109.3%

	Nine months ended May 31, 2009	Percentage of service revenue	Nine months ended May 31, 2008	Percentage of service revenue
Marketing and sales	$ 1	~0.0%	$ 19	0.1%
Customer care	982	9.9%	1,125	8.8%
Engineering and operations	2,091	21.1%	2,212	17.3%
General and administration	8,127	82.2%	6,835	53.5%
Total before amortization and deferred charges	11,201	113.3%	10,191	79.7%
Amortization, impairments and deferred charges	5,497	55.6%	3,934	30.8%
Total operating expenses	$ 16,698	168.8%	$ 14,125	110.5%

Marketing and Sales

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

For the three months ended May 31, 2009 and the three months ended May 31, 2008 a nominal amount was spent on marketing and sales. For the nine months ended May 31, 2009, marketing and sales expenses were $1 or a negligible percentage of service revenue, compared to $19 or 0.1% of service revenue for the comparable period one year prior as Look has limited the use of advertising campaigns and focused on the retention of its higher-value subscribers.

For the three and nine months ended May 31, 2009, the cost of acquisition per subscriber ("COA") was $0.60 and $0.67 respectively compared with $0.20 and $2.97 for the three and nine months ended May 31, 2008.

Customer Care

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

For the three months ended May 31, 2009, customer care expenses declined by $44, or 12.4%, to $310 or 10.1% of service revenue compared to $354 or 8.7% of service revenue for the three months ended May 31, 2008. For the nine months ended May 31, 2009, customer care expenses declined by $143, or 12.7%, to $982 or 9.9% of service revenue compared to $1,125 or 8.8% of service revenue for the nine months ended May 31, 2008.

As a percentage of revenue, customer care expenses increased slightly for the three and nine months ended May 31, 2009 reflecting certain fixed components of maintaining a customer focus in Look's call centre operations relative to a declining service revenue base.

Engineering and Operations

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

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

For the three and nine month periods ended May 31, 2009, engineering and operations expenses declined to $693 or 22.6% and $2,091 or 21.1% of service revenue, compared to $738 or 18.2% and $2,212 or 17.3% of service revenue for the three and nine months ended May 31, 2008.

The nine-month reductions compared to the same quarters in fiscal 2008, totallling $121, resulted primarily from efficiencies attained in servicing Look's existing subscriber base and the continued focus on cost management.

General and Administration

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

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

	Three months ended May 31		Nine months ended May 31	
	2009	**2008**	**2009**	**2008**
Compensation and benefits	**$1,223**	$ 952	**$ 3,162**	$ 3,049
Professional fees	**931**	598	**3,788**	2,325
Office and general	**343**	463	**1,177**	1,461
Total general and administrative expenses	**$ 2,497**	$ 2,013	**$ 8,127**	$ 6,835

For the three and nine months ended May 31, 2009, general and administration expenses were $2,497 or 81.4% and $8,127 or 82.2% respectively of service revenue, compared to $2,013 or 49.8% and $6,835 or 53.5% respectively of service revenue for the three and nine months ended May 31, 2008. The increase in general and administrative expenses for the nine month period was driven by an increase in professional fees related to, amongst other things, Look's disposition of assets (see the sections entitled "Overview – Significant Current Events – Sale of Business and Assets") and the action that Look was pursuing against Bell (see the section entitled "Commitments and Contingencies"), and stock based compensation, a non cash item.

Amortization of Property and Equipment and Deferred Charges

For the three and nine months ended May 31, 2009, amortization of property and equipment was $896 and $2,927 respectively (2008 - $1,304 and $3,894) and amortization of deferred financing charges totalled $10 and $28 respectively (2008 - $13 and $40). An impairment of network-related fixed assets was recognized during the third quarter of fiscal 2009 in the amount of $2,542 (see the sections entitled "Overview – Significant Current Events – Sale of Business and Assets").

Interest and Financing Charges

	Three months ended May 31		Nine months ended May 31	
	2009	**2008**	**2009**	**2008**
Accretion on liability component of convertible debentures	**$ (29)**	$ (39)	**$ (87)**	$(117)
Interest and finance charges	**(53)**	(91)	**(153)**	(191)
Interest income	**3**	59	**66**	233
Total	**$ (79)**	$ (71)	**$ (174)**	$ (75)

For the nine months ended May 31, 2009, $87 (2008 – $117) was recorded as the accretion on the liability component of the convertible debentures and $153 (2008 – $191) was recorded in interest expense on mortgage financing, supplier-financed credit facilities, other liabilities, capital lease obligations, and financing fees. The interest and financing charges were partially offset by $66 (2008 – $233) in interest income recognized on liquid assets. The decrease in interest income was driven primarily by a reduction in the principal amount of cash and by a lower overall rate of interest earned.

Non-controlling interest

Non-controlling interest in the consolidated balance sheets of the Company represents the non-controlling interest in both the equity and equity component of convertible debentures in Look. Reported operating losses of Look are allocated to the non-controlling interest at 49% but are limited to the extent of any remaining non-controlling interest in the equity of Look. During the third quarter of fiscal 2008, the non-controlling interest in Look's equity was eliminated and the Company has absorbed losses incurred by Look in excess of the Company's 51% of Look's losses amounting to $2,456 as at February 28, 2009. Since Look generated income in the quarter ended May 31, 2009, the Company will recover the full extent of the excess losses previously absorbed before allocating the remaining income to the minority interest at 49%.

Discontinued Operations

During the first quarter of fiscal 2009, Look sold its web hosting and domain name business (see the section entitled "Overview – Significant Current Events – Sale of Business and Assets"). As a result, Look has and will continue to restate its comparative numbers. There were no transactions related to the sale of the E&M Business in either of the three or nine month periods in fiscal 2008 and 2009.

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

	Three months ended May 31, 2009			Three months ended May 31, 2008		
	Revenue	**Carrier Charges and Cost of Sales**	**Gross Margin**	**Revenue**	**Carrier Charges and Cost of Sales**	**Gross Margin**
Total Service and Sales from Discontinued Operations	**$ -**	**$ -**	**N/A**	$850	$304	64.2%

	Nine months ended May 31, 2009			Nine months ended May 31, 2008		
	Revenue	**Carrier Charges and Cost of Sales**	**Gross Margin**	**Revenue**	**Carrier Charges and Cost of Sales**	**Gross Margin**
Total Service and Sales from Discontinued Operations	**$520**	**$189**	**63.7%**	$2,629	$941	64.2%

Revenue from the discontinued operation of Other Services for the nine months ended May 31, 2009 decreased by $2,109 or 80.2% due to the sale of the web hosting and domain name business during the first quarter of fiscal 2009. Gross margin on the discontinued services decreased slightly for the same period to 63.7% (2008 – 64.2%).

The income and comprehensive income from discontinued operations for the nine months ended May 31, 2009 amounted to $4,531 or $0.04 per share compared with income and comprehensive income from discontinued operations of $1,086 or $0.01 per share for the nine months ended May 31, 2008.

Income/Loss and Comprehensive Income/Loss from Continuing Operations

The income and comprehensive income from continuing operations for the three and nine months ended May 31, 2009 amounted to $23,641 or $0.23 per share ($0.22 diluted) and $17,024 or $0.17 per share ($0.16 diluted), compared with a loss and comprehensive loss from continuing operations of $2,483 or $0.02 per share, basic and diluted, and $5,634 or $0.05 per share, basic and diluted, for the three and nine months ended May 31, 2008.

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

As a result of the foregoing factors, EBITDA, as defined in the section above entitled “Key Performance Indicators”, for the three and nine months ended May 31, 2009 was negative $2,874 and negative $7,414 respectively versus negative $1,290 and negative $4,207 respectively for the three and nine months ended May 31, 2008.

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

	Three months ended May 31		Nine months ended May 31	
	2009	**2008**	**2009**	**2008**
Income/loss from continuing operations	**$23,641**	$ (2,483)	**$ 17,024**	$(5,634)
Non-controlling interest, continuing operations	**20,666**	(193)	**20,601**	(2,572)
Amortization of property and equipment	**896**	1,304	**2,927**	3,894
Impairment of property and equipment	**2,542**	-	**2,542**	-
Accretion on liability component of convertible debentures	**29**	39	**87**	117
Amortization of deferred charges	**10**	13	**28**	40
Net interest and financing charges	**50**	32	**87**	(42)
Loss on disposition of property and equipment	**-**	(2)	**(2)**	(10)
Gain on settlement of Microcell et al litigation	**(4,000)**	**-**	**(4,000)**	**-**
Gain on disposition of spectrum and broadcast licence	**(78,243)**	**-**	**(78,243)**	**-**
Loss on settlement of Bell litigation	**5,817**	**-**	**5,817**	**-**
Restructuring liabilities	**25,718**	**-**	**25,718**	**-**
EBITDA*	**$ (2,874)**	$ (1,290)	**$ (7,414)**	$ (4,207)

*Management views EBITDA as an important measure of operating performance of the Company; however, since EBITDA does not have any standardized meaning prescribed by Canadian GAAP, it may not be considered in isolation of GAAP measures such as (1) income (loss) and comprehensive income (loss), as an indicator of operating performance or (2) cash flows from operating, investing, and financing activities as a measure of liquidity. We believe, however, that it is an important measure as it allows us to assess our ongoing business without the impact of depreciation, amortization or impairment expenses as well as non-operating factors. It is intended to indicate our ability to incur or service debt and invest in property and equipment while allowing us to compare our business to our peers and competitors. This measure is not a defined term under Canadian GAAP and might not be comparable to similar measures presented by other issuers.

12. QUARTERLY FINANCIAL RESULTS

The key quarterly results for the last eight quarters set out in the table below have been reclassified as a result of the sale by Look of its web hosting and domain name business during the first quarter of fiscal 2009, as:

Fiscal Year	2007	2008				2009		
Quarter ended	**Aug 31**	**Nov 30**	**Feb 29**	**May 31**	**Aug 31**	**Nov 30**	**Feb 28**	**May 31**
Service and sales revenue[1]	$4,732	$4,527	$4,357	$4,095	$3,904	$3,588	$3,327	$3,096
Gross Margin[1]	2,537	2,366	2,349	2,280	2,092	1,940	1,513	626[4]
Operating expenses before amortization and impairment	(3,782)	(3,646)	(3,440)	(3,105)	(3,890)	(3,431)	(4,270)	(3,500)
Continuing Operations								
Income/(Loss) for the period[1]	73	(1,584)	(1,567)	(2,487)	(3,460)	(2,982)	(3,635)	23,641
Non controlling interest[1]	(3,874)	(1,167)	(1,212)	(189)	101	-	(65)	20,666
Net interest, income taxes, depreciation, amortizations, dispositions, settlements of litigation and impairment	2,214[2]	1,266	1,347	1,386	1,281	1,199	943	(47,181)
EBITDA[1]	(1,587)	(1,485)	(1,432)	(1,290)	(2078)	(1,783)	(2,757)	(2,874)
Discontinued Operations Income for the period[1]	291	289	293	508	517	4,531[3]	-	-
Income (loss) per share – continuing operations								
Basic	0.00	(0.01)	(0.01)	(0.02)	(0.03)	(0.02)	(0.04)	0.23
Diluted	0.00	(0.01)	(0.01)	(0.02)	(0.03)	(0.02)	(0.04)	0.22
Income (loss) per share – discontinued operations								
Basic	0.00	0.00	0.00	0.00	0.00	0.04	0.00	0.00
Diluted	0.00	0.00	0.00	0.00	0.00	0.04	0.00	0.00
Income (loss) per share – total								
Basic	0.00	(0.01)	(0.01)	(0.02)	(0.03)	0.02	(0.04)	0.23
Diluted	0.00	(0.01)	(0.01)	(0.02)	(0.03)	0.02	(0.04)	0.22

[1] Revenue, carrier charges and cost of sales, gross margin, and income (loss) for the period include items from continuing operations only. Revenue, carrier charges and cost of sales and gross margins from discontinued operations are restated due to the sale by Look of its web hosting and domain name business during the first quarter of fiscal 2009 (See the section entitled "Overview – Significant Current Events – Sale of Business and Assets").

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

[3] The gain from the sale of the web hosting and domain name business of $4,200 is included in discontinued operations.

[4] During the third quarter of Fiscal 2009, Look recorded an impairment of its property and equipment in the amount of $2,542 and a final one-time charge of $725 to carrier charges and cost of sales pursuant to the expected settlement of the litigation with Border Broadcasters Inc. et al. (see the sections entitled "Overview – Significant Current Events – Sale of Business and Assets" and "Commitments and Contingencies").

Dial-Up revenue has declined significantly over the past year. For the nine months ended May 31, 2008, Dial-Up revenue was $2,082 and represented 16.3% of total service revenue from continuing operations of Look. For the nine months ended May 31, 2009, Dial-Up revenue had declined to $1,433 or 14.5% of total service revenue from continuing operations. Look is able to offer alternatives such as wireless access products and DSL to subscribers in Ontario and Québec and is therefore able to retain some subscribers wishing to migrate to high speed Internet access. Look, however, is not able to offer any alternative high speed products in Western Canada where Look has lost a significant number of migrating subscribers. Broadcast revenue for the nine months ended May 31, 2009 has declined by $1,723 or 25.7% relative to the same period in fiscal 2008 and now represents 50.4% of service revenue (2008 – 52.4% of service revenue) primarily as a result of a 26.7% decline in the subscriber base.

In order to align operating costs with declining subscriber numbers, all departments have been impacted by internal restructurings that have occurred from time to time over the past five years. Full-time equivalent employees have been reduced from 299 at August 31, 2003 to 67 at May 31, 2009 which, together with renegotiated contracts, reduced sales and marketing, and efficiency improvements, are the key drivers of the reduction in operating expenses.

Income from discontinued operations represents the revenue less carrier charges and cost of sales from the web hosting and domain name business prior to its sale in the first quarter of fiscal 2009 (see the sections entitled “Overview – Significant Current Events – Sale of Business and Assets” and “Results of Operations”).

13. LIQUIDITY AND CAPITAL RESOURCES

The Company held cash and cash equivalents of $21,341 at May 31, 2009 compared with cash and cash equivalents of $5,168 at August 31, 2008. Cash and cash equivalents consists of all bank balances and, from time to time, highly liquid short-term guaranteed investment certificates and bankers acceptances with original maturities of less than 90 days. Cash equivalents at May 31, 2009 amounted to $2,700 (August 31, 2007 - $1,454).

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

Cash flows provided by (used in):	Three months ended May 31		Nine months ended May 31	
	2009	**2008**	**2009**	**2008**
Operating activities – continuing operations	**$ (6,007)**	$ (964)	**$ (10,207)**	$ (3,666)
Operating activities – discontinued operations	**12**	555	**507**	(33)
Cash flows used in operating activities	**(5,995)**	(409)	**(9,700)**	(3,699)
Cash flows from (used in) financing activities	**-**	-	**1**	(14)
Cash flows from (used in) investing activities	**22,463**	(34)	**25,872**	(59)
Increase (decrease) in cash and cash equivalents	**$ 16,468**	$ (443)	**$ 16,173**	$ (3,772)

Cash used in continuing operations for the three and nine month periods ended May 31, 2009 was $6,007 and $10,207 respectively, compared to $964 and $3,666 respectively for the comparative periods in fiscal 2008. The variance was due primarily to changes in operating working capital related to the sale of the spectrum and broadcast licence to Inukshuk (see the section entitled “Overview – Significant Current Events – Sale of Business and Assets”), the payments to Bell, and the Company’s negative EBITDA.

For the three months ended May 31, 2009, $22,463 of cash was provided by investing activities. This resulted from the gross receipt of $30,000 of proceeds from the first instalment of the sale of the spectrum and broadcast licence to Inukshuk and the payment of $7,538 of non-operating cash outlays on the sale of the spectrum and broadcast licence (see the section entitled “Overview – Significant Current Events – Sale of Business and Assets”). The cash provided from the investing activities in the nine months ended May 31, 2009 includes net proceeds from the sale of the web hosting business (see the section entitled “Overview – Significant Current Events – Sale of Business and Assets”).

As at May 31, 2009, the Company had contractual obligations that require future payments as follows:

	Total	2009	2010	2011	2012	2013	Thereafter
Mortgage payable	$1,800	1,800	-	-	-	-	-
Operating leases	$3,581	250	933	877	857	653	11

On May 19, 2004, UBS and Look entered into an agreement under which UBS is providing Look with a wide range of services designed to maximize Look's full commercial potential. Under the terms of the agreement, Look is required to pay UBS an annual fee of $2,400. UBS received, in September 2007, in advance, an annual fee of $2,400. On a 12-month rolling basis, Look has maintained this fee. Look may, from time to time, recognize the performance of UBS in the form of cash bonus payments, direct grant of treasury shares of Look, or options for the purchase of subordinate voting shares from treasury. All options shall conform to Look's stock option plan. Look shall also reimburse UBS for certain expenses and disbursements incurred in respect of the agreement and the services provided by UBS.

The initial term of the agreement is for a moving three-year period commencing on May 19, 2004 (the "execution date"). On each anniversary of the execution date, the term will automatically recommence unless, prior to an annual anniversary, Look's Board of Directors has communicated in writing to UBS its intent that the agreement not recommence, in which event, the agreement expires on the completion of the remaining term.

On November 26, 2003, Look pledged a security interest in all of its personal property to UBS for any liabilities owing by Look to UBS. UBS has subsequently agreed to release its security interest in Look’s spectrum and broadcast licence upon receipt of the final $30,000 instalment from Inukshuk related to the sale of the spectrum and broadcast licence.

The mortgage payable bears interest at 10.5% per annum and matures on August 21, 2009. The mortgage is collateralized by a general security agreement over the assets at Look’s Milton, Ontario premises, and a first legal charge over the land and building of Look. On July 17, 2009 Look renewed its mortgage for a six month term at a rate of 10% per annum.

The Company’s working capital surplus at May 31, 2009 was $4,995 compared with a deficiency of $13,429 at August 31, 2008. The change in working capital is related to, amongst other things, the sale of the spectrum and broadcast licence to Inukshuk (see the section entitled “Overview – Significant Current Events – Sale of Business and Assets”), and the increase in cash related to the sale of the web hosting and domain name business.

Look also has a long-term receivable of $30,000 related to the sale of the spectrum and broadcast licence to Inukshuk (see the section entitled “Overview – Significant Current Events – Sale of Business and Assets”).

14. SHARE CAPITAL

As at May 31, 2009 and 2008, UBS had issued 91,442,522 Common Shares and 11,305,332 Class A Non-Voting Shares for total issued shares of 102,747,854. As at May 31, 2009, there were options outstanding to acquire 15,974,000 Common Shares of UBS (August 31, 2008 - 15,974,000). The number of fully diluted shares at May 31, 2009 amounted to 108,171,643 and there were 8,954,000 options to purchase Common Shares outstanding but not included in the calculation of diluted net income per share because to do so would have been anti-dilutive. There were no changes to the issued and outstanding shares and options outstanding to acquire Common Shares as at July 21, 2009.

As a result of the disposition of Look's operating assets and the restructuring of Look's business and in accordance with the Option Plan, all outstanding options were vested as at May 31, 2009.

During the three and nine months ended May 31, 2009, UBS recorded stock-based compensation expense related to options issued to employees of $44 and $124 respectively (May 31, 2008 – $50 and $50 respectively) and $401 and $451 respectively related to options issued to non-employees (May 31, 2008 – $42 and $267 respectively), which has been recorded in contributed surplus.

Effective May 31, 2009, the Board of Directors cancelled, and the SAR holders relinquished their rights to, 11,300,000 outstanding SARs as a result of the disposition of Look's operating assets and the restructuring of Look's business (see the section entitled "Overview – Significant Current Events – Sale of Business and Assets").

15. COMMITMENTS AND CONTINGENCIES

(a) Commitments:

(i) Pursuant to CRTC regulation, Look is required to make annual contributions to the Canadian Television Fund ("CTF"), which is a cable industry fund designed to foster the production of Canadian television programming. Contributions to the CTF are based on a formula, including gross broadcast revenue and the number of subscribers. Look may elect to spend a portion of the above amount for local television programming and may also elect to contribute a portion to another CRTC-approved independent production fund. Look estimates that its total contributions to the CTF and CRTC for 2009 will amount to approximately $350.

(b) Contingencies:

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

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

(ii) Bell Canada:

The claim between Look and Bell was settled on May 15, 2009 (see the section entitled "Overview – Significant Current Events – Sale of Business and Assets").

(iii) Craig Wireless International Inc.:

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

On May 4, 2004, the Company obtained an order from the Ontario Superior Court of Justice dismissing with prejudice the motion brought by Craig Wireless for, amongst other things, an injunction that would prevent UBS from voting its shares of Look and converting into common shares its convertible debentures pursuant to Look's February 2004 rights offering. At the same time, Craig Wireless also withdrew its challenge to the CRTC approval of UBS acquiring a controlling interest in Look.

Craig Wireless is still pursuing its claim that Look conducted its affairs in a manner that was oppressive and unfairly prejudicial to Craig Wireless and requests damages in the aggregate amount of $12,000.

On October 27, 2006, the Ontario Superior Court of Justice heard a motion brought by Craig Wireless to amend its claim so as to add additional defendants. The Court denied Craig Wireless' motion on January 24, 2007 and awarded costs in favour of the Company.

Statements of defence were filed by UBS and Look in October 2008 and on April 3, 2009, UBS and Look filed amended statements of defence in response to Craig Wireless' amended statement of claim filed on February 23, 2009.

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

(iv) Border Broadcasters Inc. et al.:

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

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

(i) The Statement of Royalties to be Collected for the Retransmission of Distant Radio and Television Signals in Canada in 1998 through to 2003 as certified by the Copyright Board of Canada; and

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

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

Look believes that all debts, including any royalties due up to and including February 11, 2002, were extinguished by virtue of the Plan of Implementation approved by the Court under the Plan of Arrangement effective February 11, 2002.

Look recorded a final one-time charge of $725 in the quarter pursuant to the expected settlement of its litigation with Border Broadcasters.

(v) Refer to the 2008 annual financial statements for the contingencies related to other litigation involving the Company.

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

16. TRANSACTIONS WITH RELATED PARTIES

(a) Management service agreement with Jolian Investments Ltd.:

Management service fees pursuant to the management service agreement between UBS and Jolian Investments Ltd. (“Jolian”), which is controlled by the Chairman and CEO of the Company, charged to general and administration expenses amounted to $144 and $445 for the three and nine months ended May 31, 2009 respectively (May 31, 2008 - $152 and $437 respectively). As at May 31, 2009, there were no amounts due to Jolian in accrued liabilities and provisions (August 31, 2008 - $680).

(b) Consulting agreement with DOL Technologies Inc.:

Consulting fees pursuant to the consulting agreement between UBS and DOL Technologies Inc. (“DOL”), which is controlled by Mr. Dolgonos, charged to general and administration expenses amounted to $120 and $370 for the three and nine months ended May 31, 2009 respectively (May 31, 2008 - $125 and $363 respectively). As at May 31, 2009, there were no amounts due to DOL in accrued liabilities and provisions (August 31, 2008 - $492).

17. OPERATING RISKS AND UNCERTAINTIES

Capital risk management

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

The Company is not subject to externally-imposed capital requirements and the Company’s overall strategy with respect to capital risk management is to hold low-risk highly-liquid cash accounts pending the final $50,000 of payments from Inukshuk (see the section entitled “Overview – Significant Current Events – Sale of Business and Assets”).

Financial risk management

(a) Overview:

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

(b) Credit risk:

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company’s accounts receivable. The carrying amount of financial assets represents the Company’s estimate of its maximum credit exposure.

The Company’s exposure to credit risk with its subscribers is influenced mainly by the individual characteristics of each subscriber. All of the Company’s subscribers are located in Canada and are either residential or commercial in nature. No individual subscriber’s trade receivable poses a significant credit risk to the Company.

The Company establishes an allowance for doubtful accounts that represents its estimate of likely losses with respect to its trade receivables. This allowance is established based on historic trends and other information available to the Company. As at May 31, 2009, Look had total past due accounts receivable of $189 and an allowance for doubtful accounts of $100 (August 31, 2008 - $264 and $147 respectively).

(c) Liquidity risk:

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its current liabilities when due. At May 31, 2009, the Company has a working capital surplus of $4,995 (August 31, 2008 – deficiency of $13,429).

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

The mortgage payable bears interest at the rate of 10.5% per annum and matures on August 21, 2009. On July 17, 2009 Look renewed its mortgage, at a rate of 10% per annum, which will now mature on March 1, 2010.

As at May 31, 2009, the Company had financial assets held for trading of $72,020 and financial liabilities of $37,653 (August 31, 2008 - $5,984 and $19,652 respectively). The Company manages its liquidity risk by monitoring forecasted and actual gross margin and cash flows from operations on an ongoing basis.

(d) Market risk:

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

The Company is subject to interest rate risk on its cash and cash equivalents and restricted cash (see notes 4 and 17). The Company estimates that for each 1% decline in the interest rate earned on its cash holdings, interest income will decline by approximately $150 per annum.

The Company may also be subject to interest rate risk on its mortgage payable which bears interest at the rate of 10.5% per annum and matures on August 21, 2009. A 1% increase or decrease in the interest rate charged on the mortgage is expected to impact net income, either positively or negatively respectively, by $18 per annum. On July 17, 2009 Look renewed its mortgage, at a rate of 10% per annum, which will now mature on March 1, 2010.

Look's convertible secured debentures bear interest at a rate of 7% per annum and will mature on December 30, 2013. The interest on the debentures has historically been paid in shares.

(e) Fair value of financial instruments:

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

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

(f) Financial instruments:

(i) Classification of financial instruments:

	May 31, 2009	August 31, 2008
Financial assets:		
Held for trading, measured at fair value:		
Cash and cash equivalents	$21,341	$ 5,168
Accounts receivable	177	326
Short-term receivable	20,000	-
Restricted cash	502	490
Long-term receivable	30,000	-
	$72,020	$ 5,984
Financial liabilities:		
Held for trading:		
Accounts payable	$ 4,161	$11,932
Accrued restructuring liabilities	25,718	-
Accrued liabilities and provisions	5,023	5,004
	$34,902	$16,936
Amortized cost:		
Long-term debt, due within one year	1,798	1,787
Liability component of convertible debentures	953	929
	$ 2,751	$ 2,716
	$37,653	$19,652

The Company had not classified any assets as available-for-sale or held-to-maturity during the three and nine month periods ended May 31, 2009.

(ii) Investment income and expense:

	Three months ended May 31 2009	2008
Interest income earned on financial assets held for trading:		
Cash and cash equivalents	1	$ 55
Restricted cash	2	4
	$ 3	$ 59
Interest expense on financial liabilities:		
Long-term debt, due within one year	$ (49)	$ (91)
Liability component of convertible debentures	(29)	(39)
	$ (78)	$ (130)

	Nine months ended May 31 2009	2008
Interest income earned on financial assets held for trading:		
Cash and cash equivalents	$ 57	$ 223
Restricted cash	9	10
	$ 66	$ 233
Interest expense on financial liabilities:		
Long-term debt, due within one year	$(142)	$(191)
Liability component of convertible debentures	(87)	(117)
	$(229)	$(308)

(iii) Accounts receivable:

	May 31, 2009	August 31, 2008
Trade receivable	$ 235	$ 438
Allowance for doubtful accounts	(100)	(147)
	$ 135	$ 291

Economic Dependence

Look purchases a significant portion of its telecommunications services from Bell. These telecommunications services are not available from other service providers and, as a result, the provision of many of Look's service offerings to its subscribers and the revenue generated therefrom are dependent upon Bell Canada continuing to provide its network services to Look (refer to the "Commitments and Contingencies" and "Overview – Significant Current Events – Sale of Business and Assets" sections).

Financing Risks

As part of the sale of the spectrum and broadcast licence to Inukshuk, Look has recorded receivables from Inukshuk in the amount of $50,000. Look has been told by Inukshuk that Inukshuk intends to complete the Spectrum Agreement as soon as possible (see the section entitled “Overview – Significant Current Events – Sale of Business and Assets”).

Subscriber Acquisition and Retention

Look’s revenue depends on its ability to attract and retain new subscribers. However, the very strong competitive environment in which Look operates could adversely affect Look’s business, financial condition, and results of operations in the future. Look’s ability to retain its profitable subscriber base is, in part, responsible for determining its long-term success. Look attempts to ensure retention of profitable subscribers by maintaining its infrastructure and technical and subscriber support capabilities. Look has also implemented targeted retention strategies designed to reduce the rate of subscriber attrition. However, it is easy for Look’s subscribers to switch to competing Internet and television distribution service providers. Any significant loss of profitable subscribers due to, amongst other things, continuously-advancing technology and aggressive competition in the telecommunications industry, will adversely affect Look’s business, financial condition, and results of operations in the future. When Look transfers its spectrum and broadcast licence to Inukshuk under the Spectrum Agreement, it will no longer be able to offer its video services and certain internet services and as a result ceased new subscriber activations subsequent to May 31, 2009 (see the section entitled “Overview – Significant Current Events – Sale of Business and Assets”).

Regulatory Risks

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

18. ADDITIONAL INFORMATION

Additional information regarding the Company’s financial statements and corporate documents is available on SEDAR at www.sedar.com and on Look’s website at www.look.ca.