Consolidated Financial Statements

UNIQUE BROADBAND SYSTEMS, INC.

Years ended August 31, 2009 and 2008

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The accompanying consolidated financial statements of Unique Broadband Systems, Inc. (the "Company") and its subsidiaries and all the information in Management's Discussion and Analysis are the responsibility of management and have been approved by the Board of Directors.

The consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. The consolidated financial statements include certain amounts that are based on the best estimates and judgments of management and in their opinion present fairly, in all material respects, the Company's financial position, results of operations and cash flows. Management has prepared the financial information presented elsewhere in Management's Discussion and Analysis and has ensured that it is consistent with the consolidated financial statements.

Management of the Company is responsible for the internal controls that provide reasonable assurance that transactions are properly authorized and recorded, financial records are reliable and form a proper basis for the preparation of consolidated financial statements and that the Company's assets are properly accounted for and safeguarded.

The Board of Directors is responsible for overseeing management's responsibility for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements. The Board carries out this responsibility through its Audit and Corporate Governance Committee (the "Audit Committee").

The Audit Committee meets periodically with management, as well as with external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues; to satisfy itself that each party is properly discharging its responsibilities; and to review Management's Discussion and Analysis, the consolidated financial statements and the external auditors' report. The Audit Committee reports its findings to the Board of Directors for consideration when approving the consolidated financial statements for issuance to the shareholders. The Audit Committee also considers, for review by the Board of Directors and approval by the shareholders, the engagement or re-appointment of the external auditors.

The consolidated financial statements have been audited by KPMG LLP, the external auditors, in accordance with Canadian generally accepted auditing standards on behalf of the shareholders. KPMG LLP has full and free access to the Audit Committee.

Gerald T. McGoey	**Malcolm Buxton-Forman**
Chairman and Chief Executive Officer	Chief Financial Officer

December 4, 2009

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the consolidated balance sheets of Unique Broadband Systems, Inc. as at August 31, 2009 and 2008 and the consolidated statements of operations and deficit and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at August 31, 2009 and 2008 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants, Licensed Public Accountants

Toronto, Canada

December 4, 2009

UNIQUE BROADBAND SYSTEMS, INC.

Consolidated Balance Sheets
(In thousands of dollars)

As at August 31, 2009 and 2008

	2009	2008
Assets		
Current assets:		
Cash and cash equivalents (note 6)	$ 17,389	$ 5,168
Accounts receivable	297	326
Short-term receivable due from Inukshuk (note 3)	50,000	-
Inventory	40	52
Prepaid expenses and deposits	365	511
	68,091	6,057
Restricted cash (note 6)	430	490
Property and equipment (note 7)	1,995	7,503
Deferred charges (note 8)	-	63
	$ 70,516	$ 14,113
Liabilities and Shareholders' Equity (Deficit)		
Current liabilities:		
Accounts payable (note 3)	$ 1,112	$ 11,932
Accrued restructuring liabilities (notes 3 and 4)	2,314	-
Accrued restructuring liabilities due to related parties (notes 4 and 14)	22,934	-
Accrued liabilities and provisions	4,631	5,004
Unearned revenue (note 3)		737
Long-term debt, due within one year (note 9)	1,800	1,787
Current portion of liability component of convertible debentures (note 10)	14	26
	32,805	19,486
Liability component of convertible debentures (note 10)	917	903
Non-controlling interest (note 11)	21,940	422
Shareholders' equity (deficit):		
Share capital (note 12)	58,139	58,139
Contributed surplus (note 12)	3,459	2,643
Deficit	(46,744)	(67,480)
	14,854	(6,698)
Basis of presentation (note 1)		
Commitments and contingencies (note 18)		
Subsequent events (note 22)		
	$ 70,516	$ 14,113

See accompanying notes to consolidated financial statements.

On behalf of the Board of Directors:

Director

Director

UNIQUE BROADBAND SYSTEMS, INC.

Consolidated Statements of Operations and Deficit
(In thousands, except per share amounts)

Years ended August 31, 2009 and 2008

	2009	2008
Service and sales revenue (notes 13 and 15)	$ 12,518	$ 16,884
Carrier charges and cost of sales (notes 13 and 15)	7,295	9,085
Gross margin from continuing operations	5,223	7,799
Expenses:		
Marketing and sales	8	20
Customer care	1,271	1,447
Engineering and operations	2,786	2,903
General and administration	9,541	9,711
Amortization of property and equipment	2,986	5,132
Amortization of deferred charges	28	39
Restructuring charges (note 4)	26,194	-
Impairment of property and equipment (note 7)	2,542	-
	45,356	19,252
Loss from continuing operations before the under noted	(40,133)	(11,453)
Accretion on liability component of convertible debentures (note 10)	(120)	(116)
Interest and finance charges	(203)	(282)
Interest income	79	279
Gain on sale of other property and equipment	2	10
Gain on settlement of Inukshuk litigation (notes 3 and 18)	4,000	-
Gain on sale of spectrum and broadcast licence (note 3)	78,106	-
Gain on sale of Internet business (note 3)	1,630	-
Loss on settlement of Bell litigation (notes 3 and 18)	(5,457)	-
Income (loss) for the year from continuing operations before income taxes	37,904	(11,562)
Income taxes (note 16)	-	-
Income (loss) for the year from continuing operations before non-controlling interest	37,904	(11,562)
Non-controlling interests (note 11)	(21,399)	2,471
Income (loss) for the year from continuing operations	16,505	(9,091)
Income for the year from discontinued operations (note 15)	4,231	1,600
Income (loss) and comprehensive income (loss) for the year	20,736	(7,491)
Deficit, beginning of year:		
As previously reported	(67,480)	(59,884)
Change in accounting policy related to financial instruments (note 2(m))	-	(105)
As restated	(67,480)	(59,989)
Deficit, end of year	$ (46,744)	$ (67,480)
Continuing operations:		
Basic income (loss) per share	$ 0.16	$ (0.09)
Diluted income (loss) per share	0.16	(0.09)
Discontinued operations:		
Basic income per share	$ 0.04	$ 0.02
Diluted income per share	0.04	0.02
Income (loss) per share:		
Basic	$ 0.20	$ (0.07)
Diluted	0.20	(0.07)
Weighted average of number of shares outstanding (note 12):		
Basic	102,748	102,748
Diluted	104,501	102,748

See accompanying notes to consolidated financial statements.

UNIQUE BROADBAND SYSTEMS, INC.

Consolidated Statements of Cash Flows
(In thousands of dollars)

Years ended August 31, 2009 and 2008

	2009	2008
Cash provided by (used in):		
Operating activities:		
Income (loss) for the year	$ 20,736	$ (7,491)
Less: Income for the year from discontinued operations	(4,231)	(1,600)
Non-controlling interest	21,399	(2,471)
Amortization of property and equipment	2,986	5,132
Impairment of property and equipment	2,542	-
Amortization of deferred charges	28	39
Interest and finance charges	13	14
Amortization of stock-based compensation	816	587
Accretion on liability component of convertible debentures	120	116
Gain on sale of spectrum and broadcast licence	(78,106)	-
Gain on sale of Internet business	(1,630)	-
Loss on settlement of Bell litigation	5,457	-
Gain on sale of other property and equipment	(2)	(10)
Change in non-cash operating assets and liabilities (note 17)	25,309	804
Cash used in continuing operations	(4,563)	(4,880)
Cash provided by discontinued operations (note 15)	34	529
	(4,529)	(4,351)
Financing activities:		
Repayment of obligations under capital leases	-	(14)
Investing activities:		
Purchase of property and equipment	(20)	(127)
Proceeds on sale of property and equipment	2	10
Proceeds on first instalment of sale of spectrum and broadcast licence (note 3)	30,000	-
Settlement of Bell litigation	(16,000)	-
Proceeds on sale of Internet business	1,187	-
Transaction costs on sale of spectrum and broadcast licence (note 3)	(1,859)	-
Cash provided by (used in) continuing operations	13,310	(117)
Cash provided by discontinued operations	3,440	-
	16,750	(117)
Net cash provided by (used in) continuing operations	8,747	(5,011)
Net cash provided by discontinued operations	3,474	529
Increase (decrease) in cash and cash equivalents	12,221	(4,482)
Cash and cash equivalents, beginning of year	5,168	9,650
Cash and cash equivalents, end of year	$ 17,389	$ 5,168

Supplemental cash flow information (note 17).

See accompanying notes to consolidated financial statements.

Unique Broadband Systems, Inc. (the "Company") is a publicly listed Canadian company that has a 51.8% fully diluted equity interest in Look Communications Inc. ("Look") and other financial assets. References to "UBS" include Unique Broadband Systems, Inc. and its wholly owned subsidiary, UBS Wireless Services Inc. ("UBS Wireless"). References to the Company include UBS and Look.

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

Look's mission has been to be an M^3 - Mobile Multi Media - communications, entertainment and information service provider in Ontario and Québec while delivering a full range of communications services including high-speed and dial-up Internet access, digital television distribution and superior customer service to both the business and residential markets.

During fiscal 2009, Look entered into various transactions involving the sale of certain businesses and assets described in note 3, and accordingly Look is currently finalizing its plans in respect of its future business operations. The Company has concluded, however, that the going concern basis of accounting as described in note 1 is appropriate.

1. Basis of presentation:

These consolidated financial statements have been prepared, on a going concern basis, in accordance with Canadian generally accepted accounting principles ("Canadian GAAP") with respect to the preparation of financial statements. The going concern basis of presentation assumes that 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.

2. Significant accounting policies:

(a) Principles of consolidation:

These consolidated financial statements include the accounts of the Company's controlled subsidiary, Look, and its wholly owned subsidiary, UBS Wireless. All significant intercompany balances and transactions have been eliminated upon consolidation.

2. Significant accounting policies (continued):

In accordance with The Canadian Institute of Chartered Accountants' ("CICA") Handbook Section 1600, Consolidated Financial Statements ("Section 1600"), when the losses applicable to the non-controlling interest in Look 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 recorded by Look will be allocated entirely to the Company's interest until such previously absorbed losses are recovered, which occurred during the third quarter of fiscal 2009 (note 11).

(b) Use of estimates:

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

(c) Cash and cash equivalents:

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

(d) Inventory:

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

2. Significant accounting policies (continued):

(e) Property and equipment:

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

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

(f) Impairment of long-lived assets:

The carrying amount of long-lived assets to be held and used is reviewed for impairment on an ongoing basis whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment is recognized when the carrying amount of an asset to be held and used exceeds the projected undiscounted future net cash flows expected from its use and disposal, and is measured as the amount by which the carrying amount of the asset or related asset group exceeds its fair value. See note 7 regarding the impairment recognized during the year ended August 31, 2009.

(g) Deferred charges:

Deferred charges consist primarily of licence renewal application costs. Licence renewal application costs represent expenditures incurred in the course of obtaining licence renewals from the Canadian Radio-television and Telecommunications Commission ("CRTC") and are being amortized on a straight-line basis over the term of the licence of approximately seven years.

2. Significant accounting policies (continued):

(h) Revenue recognition:

Service revenue, comprised of Broadcast, Internet, and Other, is presented net of discounts granted to new subscribers as incentives. Broadcast Service revenue is earned from the provision of digital television services to residential and business subscribers. Internet Services revenue is earned primarily from monthly and annual subscriptions from individuals and businesses for access to the Internet. Look earns Other Services revenue by providing services such as web hosting, domain name registration, and web server co-location. Revenue from domain name registration for all service periods is recognized when invoiced, as Look has no future obligation to the consumer. Web hosting and web server co-location charges invoiced or paid for in advance are recorded as revenue when services are provided. Unearned revenue consists of prepayments under certain customer contracts and is amortized to revenue over the term of the contract. Revenues from the web-hosting and domain name registration business are presented as part of discontinued operations as a result of the sale of these businesses during the year (note 3).

Equipment sales and installations revenue is earned from the sales of digital receivers and Internet equipment to subscribers and the installations of such equipment. Revenue from the sale of receiving equipment and modems is recognized in the period in which the services are activated.

On September 11, 2009, Look announced that it will no longer be offering service to any subscribers as of November 15, 2009 (note 3).

(i) Government assistance:

Government assistance is recorded as an expense reduction in the period that the expenditure is incurred and when reasonable assurance exists that Look has complied with the terms and conditions of the approved grant program and there is reasonable assurance that the proceeds will be received. The government assistance ended effective December 31, 2006 and all amounts due were collected by Look prior to the end of fiscal 2008.

2. Significant accounting policies (continued):

(j) Foreign currency translation:

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

(k) Income taxes:

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

(l) Stock-based compensation:

(i) Stock option incentive plan:

UBS has a stock option incentive plan, which is described in note 12. UBS accounts for all stock options to employees and non-employees using the fair value-based method. Under the fair value-based method, compensation cost attributable to awards to employees and directors is measured at fair value at the grant date and recognized over the vesting period. Forfeitures are accounted for as they occur. Consideration paid by employees and non-employees on the exercise of stock options is recorded as share capital.

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

2. Significant accounting policies (continued):

(ii) Share appreciation rights plan:

UBS has a share appreciation rights ("SAR") plan ("SAR Plan"), which is described in note 12. UBS accounts for SAR units as a liability and compensation cost is recorded based on the intrinsic value of the award when it is considered likely that the terms and conditions of the SAR Plan that govern the awards will be met.

(m) Financial instruments:

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

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

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

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

2. Significant accounting policies (continued):

As a result of the implementation of the standards, the Company has classified cash equivalents as held-for-trading. Accounts receivable, short-term receivable due from Inukshuk and restricted cash been classified as held-for-trading. Accounts payable, accrued restructuring liabilities, accrued restructuring liabilities due to related parties and accrued liabilities and provisions have been classified as held-for-trading. Long-term debt due within one year and the liability component of the convertible debentures have been classified as financial liabilities. The Company has not classified any financial asset as available-for-sale or held-to-maturity. The remeasurement of held-for-trading financial assets and liabilities on adoption to fair value did not have a material impact on the consolidated financial statements.

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

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

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

(n) 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.

2. Significant accounting policies (continued):

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

Section 3863, Financial Instruments - Presentation, carries forward the existing requirements on presentation of financial instruments.

These standards were adopted by the Company on September 1, 2008 and the related disclosures are included in note 20.

(ii) Capital disclosures:

In December 2006, the Accounting Standards Board ("AcSB") issued Section 1535, Capital Disclosures, which establishes standards for disclosing information about an entity's capital and how it is managed. This standard requires disclosure of an entity's objectives, policies and processes for managing capital, quantitative data about what the entity regards as capital, and whether the entity has complied with any capital requirements and, if it has not complied, the consequences of such non-compliance. The Company adopted this standard on September 1, 2008, and the resulting disclosures are included in note 19.

(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 consolidated financial statements.

2. Significant accounting policies (continued):

(o) Basic and diluted income/(loss) per share:

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

(p) Recent accounting pronouncements:

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

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

(ii) Goodwill and Intangible Assets:

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

3. Sale of business and assets:

(a) Sale of spectrum and broadcast license:

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

(i) A $30,000 non-refundable payment received May 14, 2009;

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

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

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

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

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

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

(In thousands, except per share amounts)

3. Sale of business and assets (continued):

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

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

The gain on the sale of assets to Inukshuk has been calculated as follows:

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

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

(b) Sale of Internet business:

On August 20, 2009, Look executed an Asset Purchase Agreement (the "Internet Agreement") for the sale of its dial-up, DSL, and wireless Internet business. Look received consideration in the amount of approximately $1,250.

(In thousands, except per share amounts)

3. Sale of business and assets (continued):

Look recorded a gain on the sale of the business of $1,630 including unearned revenue adjustments of $443 net of professional fees of $63.

Subsequent to the execution of the Internet Agreement, the Company assisted in the transition of the business by collecting and remitting amounts payable to various counterparties.

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

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

(i) Consideration in the amount of approximately $3,800 payable to Look; and

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

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

Net cash received	$ 3,440
Add: Accounts payable	331
Total consideration received	3,771
Add: Unearned revenue	507
Other	(78)
Gain on the sale	$ 4,200

At August 31, 2009 Look had collected net cash of $3,440 representing all amounts due under the Hosting Agreement. See note 15 regarding the results of the discontinued operation of the web hosting and domain name business.

(In thousands, except per share amounts)

4. Restructuring charges:

As a result of the sale of its spectrum and broadcast licence to Inukshuk and the resulting restructuring of its business, the Company has recorded a gain on the settlement of the Inukshuk litigation of $4,000, a loss on the settlement of the Bell litigation in the amount of $5,457 (note 3) and restructuring charges of $26,194, which include, among other things, site restoration charges and human resource restructuring payments including special terminations benefits and other awards.

The majority of Look's human resource restructuring amounts payable to non-management employees were contingent on Look receiving the second non-refundable instalment of $20,000 from Inukshuk no later than December 31, 2009. The remaining human resource restructuring amounts payable to all other parties, including related parties (note 14), were contingent on Look receiving the full consideration of $80,000 due from Inukshuk. As part of the restructuring plan, all non-management employees and all other parties, including related parties (note 14), forfeited all rights and claims against Look including, among others, all stock option and SAR rights, irrespective of whether the aforementioned contingent human resource restructuring payments were made.

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

The restructuring charges are summarized as follows:

	Site restoration charges	Human resource restructuring charges	Total restructuring charges
Amount charged in fiscal 2009	$ 204	$ 25,990	$ 26,194
Amount paid in fiscal 2009	-	(946)	(946)
Accrued restructuring liabilities due to related parties as at August 31, 2009 (note 14)	-	(22,934)	(22,934)
Accrued restructuring liabilities as at August 31, 2009	$ 204	$ 2,110	$ 2,314

4. Restructuring charges (continued):

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

(i) Tax Assets - Approximately $360,000 in tax assets; and

(ii) Milton Property - The Company's current head office, Look's network operating centre and infrastructure in Milton, Ontario.

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

5. Investment in Look:

At August 31, 2009, UBS Wireless held 24,864 Multiple Voting Shares and 29,921 Subordinate Voting Shares in Look (2008 - 24,864 Multiple Voting Shares and 29,085 Subordinate Voting Shares). In addition, UBS Wireless is the holder of a convertible debenture in the principal amount of $3,000 which may be converted into 20,000 Multiple Voting Shares and 20,000 Subordinate Voting Shares. On a fully diluted basis, UBS Wireless holds 51.8% of Look.

6. Cash:

(a) Cash and cash equivalents:

At August 31, 2009, the Company held cash and cash equivalents of $17,389 (2008 - $5,168), of which $2,701 (2008 - $1,454) was held in guaranteed investment certificates and bankers' acceptances.

(In thousands, except per share amounts)

6. Cash (continued):

(b) Restricted cash:

The Company pledged $430 (2008 - $490) of cash to its bank as collateral for the processing of credit card transactions. Of this amount, the Company holds $350 in interest-bearing certificates at 0.2% (2008 - $350 at 2.0%).

7. Property and equipment:

2009	Cost	Accumulated amortization	Net book value
Land	$ 195	$ -	$ 195
Building	1,432	512	920
Headend and network equipment	34,609	34,609	-
Customer connections	20,767	20,767	-
Computer hardware and software	19,533	19,353	180
Office equipment and other	2,542	1,887	655
Vehicles	288	243	45
	$ 79,366	$ 77,371	$ 1,995

2008	Cost	Accumulated amortization	Net book value
Land	$ 195	$ -	$ 195
Building	1,432	474	958
Headend and network equipment	34,598	31,084	3,514
Customer connections	20,767	18,993	1,774
Computer hardware and software	19,531	19,274	257
Office equipment and other	2,544	1,803	741
Vehicles	288	224	64
	$ 79,355	$ 71,852	$ 7,503

As described in note 9, certain assets have been pledged as security in connection with certain agreements. During the third quarter of 2009, Look completed a transaction with Inukshuk for the sale of its spectrum and broadcast licence (note 3). As a result of this transaction, Look assessed its property and equipment for impairment and determined that headend and network equipment and customer connections assets had limited future and salvage value to Look and a non-cash write-down of $2,542 was recorded. This writedown is reflected in accumulated amortization in the above table for 2009, which resulted in a nil net book value for these assets.

(In thousands, except per share amounts)

7. Property and equipment (continued):

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

8. Deferred charges:

2009	Cost	Accumulated amortization	Net book value
Licence renewal application costs	$ 252	$ 252	$ -
Customer lists	12	12	-
	$ 264	$ 264	$ -

2008	Cost	Accumulated amortization	Net book value
Licence renewal application costs	$ 252	$ 191	$ 61
Customer lists	12	10	2
	$ 264	$ 201	$ 63

During the year, Look recorded $28 (2008 - $39) of amortization on its deferred charges. As a result of the sale of its spectrum and broadcast licence to Inukshuk, during the third quarter of fiscal 2009 Look offset the remaining $35 of deferred licence renewal application costs against the gain on the sale (note 3).

9. Long-term debt:

	2009	2008
Mortgage payable	$ 1,800	$ 1,787
Less current portion	1,800	1,787
	$ -	$ -

9. Long-term debt (continued):

The mortgage payable of $1,800 bears interest at 10.5% per annum and was scheduled to mature on September 1, 2009. On July 17, 2009 Look renewed the principal amount of its mortgage for a six month term at a rate of 10% per annum, such that the maturity date is currently March 1, 2010. The mortgage is collateralized by a general security agreement over the assets at Look's Milton, Ontario premises, and a first legal charge over the land and building of Look.

10. Convertible debentures:

The convertible secured debentures bear interest at a rate of 7% per annum and will mature on December 30, 2013. Look pays interest on the debentures semi-annually in arrears, on June 30 and December 30 of each year, which commenced on June 30, 2004. Look carries the debentures at amortized cost using an effective interest rate of 13.6%. The debentures are convertible at the option of the holder into Multiple Voting and Subordinate Voting Shares of Look at a conversion price of $0.075 per each Multiple Voting and Subordinate Voting Share, representing 7 Multiple Voting Shares and 7 Subordinate Voting Shares per $1 debenture. The convertible debentures are bifurcated into their debt and equity components. Look has the option to settle its obligation to pay interest and repay principal by issuing shares of Look. As at August 31, 2009, the outstanding face value, representing the non-controlling interest in Look's debentures totalling $4,160 (2008 - $4,186), was $1,160 (2008 - $1,186). The debentures are direct obligations of Look and rank *pari passu* with all other subordinated, secured obligations of Look.

Subsequent to the year end, the debentureholders, including UBS, agreed to release their security interest in Look’s spectrum and broadcast licence upon receipt by Look of the full consideration of $80,000 due by Inukshuk related to the sale of the spectrum and broadcast licence (note 3).

(In thousands, except per share amounts)

11. Non-controlling interest:

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

The non-controlling interest in Look is set out below:

	2009	2008
Shares and equity	$ 21,527	$ -
Equity component of convertible debentures	413	422
Non-controlling interest in Look	$ 21,940	$ 422

12. Share capital:

(a) Authorized:

Unlimited common shares
Unlimited Class A non-voting shares

(b) Issued and outstanding:

As at August 31, 2009, the Company had 102,748 common shares (2008 - 91,443) and no Class A non-voting shares (2008 - 11,305) issued and outstanding. The Class A non-voting shares were converted to common shares in August 2009 on a one-for-one basis at the request of the holder of the shares.

(In thousands, except per share amounts)

12. Share capital (continued):

(c) Income per share:

In determining diluted income per share, the weighted average number of shares outstanding was increased by 1,753 (2008 - nil) for stock options where such dilution would not have an anti-dilutive effect on income per share. The diluted weighted average number of shares outstanding during fiscal 2009 was 104,501 (2008 - 102,748).

(d) Contributed surplus:

Details of the Company's contributed surplus are as follows:

	2009	2008
Balance, beginning of year	$ 2,643	$ 2,056
Stock-based compensation	816	587
Balance, end of year	$ 3,459	$ 2,643

(e) Stock option incentive plan:

UBS' stock option plan (the "Option Plan") provides for the granting of stock options to employees, directors and consultants of UBS. Under the Option Plan, up to 19,765 common shares may be issued from treasury. The exercise price of the options is determined by the Board of Directors at the time of the grant of an option, but cannot be lower than the closing market price of the Company's shares on the TSX Venture Exchange on the business day immediately preceding the day on which an option is granted. In the absence of terms specifying otherwise, options vest annually over a three-year period and are exercisable during a period not to exceed 10 years from such grant.

The following table reflects activity under the Option Plan during 2009 and 2008:

	2009		2008	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding, beginning of year	15,974	$ 0.27	15,974	$ 0.26
Granted	3,900	0.15	2,258	0.39
Expired	(3,983)	0.16	(2,258)	0.35
Outstanding, end of year	15,891	$ 0.27	15,974	$ 0.27

(In thousands, except per share amounts)

12. Share capital (continued):

The fair value for the options granted during the year was determined using the Black-Scholes option pricing model with the following weighted average assumptions: an average risk-free interest rate of 2.5% (2008 - 3%), a dividend yield of nil (2008 - nil), a volatility factor of the expected market price of UBS shares of 118% (2008 - 109%), and an expected option life of 4.8 years (2008 - 4.2 years). The weighted average fair value of options granted in the year was $0.12 (2008 - $0.24). The options have varying vesting terms and expire between five years and 10 years from the date of grant.

Under generally accepted accounting principles, the fair value of stock-based awards to employees is calculated through the use of option pricing models, such as the Black-Scholes model, even though such models were developed to estimate the fair value of freely tradable, fully transferable options without vesting restrictions. These models also require subjective assumptions, including future stock price volatility and expected time to exercise, which greatly affect the calculated values.

A summary of the status of the Option Plan as at August 31, 2009 is as follows:

Exercise price	Options outstanding, end of year	Weighted average remaining contractual life (years)	Weighted average exercise price	Options exercisable, end of year
$0.12 - $0.14	2,008	1.6	$ 0.13	2,008
$0.15 - $0.17	5,262	6.9	0.15	3,095
$0.19 - $0.20	500	0.6	0.20	500
$0.21 - $0.27	1,243	0.9	0.23	1,243
$0.28 - $0.34	3,020	4.7	0.33	3,020
$0.40 - $0.48	3,858	2.9	0.45	3,858
	15,891		$ 0.27	13,724

As a result of the sale of Look's spectrum and broadcast licence to Inukshuk, the Company undertook to restructure its business and the Board of Directors accelerated the vesting of 4,332 options to purchase common shares of the Company effective May 14, 2009. This resulted in an additional stock based compensation expense of $439.

12. Share capital (continued):

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

(e) Share appreciation rights plan:

On October 12, 2006, the Board of Directors approved a SAR Plan for UBS. Pursuant to the SAR Plan, directors, employees and consultants may be awarded units from time to time that are subject to conditions set by the Board of Directors. The value of a SAR unit is equivalent to the market value at the date when all the conditions attached to the SAR unit are met, less the market value on the date of the award of the unit.

During the year, the Board of Directors awarded no SARs units (2008 - 3,300). As a result of the sale of Look's spectrum and broadcast licence to Inukshuk, the Company undertook to restructure its business, which included all SAR holders relinquishing all of their rights to all outstanding SARs and accordingly, at August 31, 2009, there were no SAR units outstanding (2008 - 11,300) and compensation expense for the year ended August 31, 2009 was nil (2008 - nil). No unit payouts have been made under the SAR Plan since inception. The SAR Plan remains in effect.

13. Segment disclosure:

Prior to the sale of the spectrum and broadcast licence to Inukshuk (note 3), the Company operated in a single segment as a wireless broadband carrier delivering wireless digital television distribution and Internet services.

Look sold its web hosting and domain name business, spectrum and broadcast licence, and its Internet business during the first, third, and fourth quarters of fiscal 2009 respectively (note 3). The operations and cash flows of the web hosting and domain name business meet the definition of a component as prescribed by section 3475 of the CICA Handbook. Therefore, this business should be presented as discontinued operations given that the cash flows associated with the business have been eliminated and Look will not have any significant continuing involvement with this business post-sale. Look's broadcast business and certain other operations continued throughout the year.

(In thousands, except per share amounts)

13. Segment disclosure (continued):

The service and sales revenue and cost of sales for fiscal 2009 and 2008 from continuing operations are as follows:

	2009			2008		
Services	Revenue	Carrier charges and cost of sales	Gross Margin	Revenue	Carrier charges and cost of sales	Gross Margin
Broadcast	$ 6,377	$ 4,035[1]	$ 2,342	$ 8,711	$ 5,256	$ 3,455
Internet[2]	5,869	3,085	2,784	7,825	3,556	4,269
Other	137	41	96	101	49	52
	12,383	7,161	5,222	16,637	8,861	7,776
Sales and installations	135	134	1	247	224	23
Total	$ 12,518	$ 7,295	$ 5,223	$ 16,884	$ 9,085	$ 7,799

[1]During the year ended August 31, 2009, Look recorded a charge of $737 pursuant to the settlement of its litigation with Border Broadcasters Inc. et al. that is included in broadcast carrier charges and cost of sales.

[2]See note 3 regarding the sale of the Internet business on August 20, 2009.

All of the Company's revenue is generated in Canada and all of its assets are located in Canada. No one customer accounts for more than 10% of gross revenue or accounts receivable.

The service and sales revenue, cost of sales and gross margin from discontinued operations are as follows:

	2009			2008		
Services	Revenue	Carrier charges and cost of sales	Gross margin	Revenue	Carrier charges and cost of sales	Gross margin
Web hosting and domain names	$ 520	$ 189	$ 331	$ 3,428	$ 1,226	$ 2,202

14. Related party transactions:

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

(a) Management services agreement with Look:

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

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

(In thousands, except per share amounts)

14. Related party transactions (continued):

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

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

(1) The Accrued Contingent Payments payable by UBS are contingent upon the receipt by Look of the full $80,000 of consideration from Inukshuk and adequate cash resources being received by UBS (refer to notes 3 and 4).

(2) The Accrued Contingent Payments payable by Look are contingent upon the receipt by Look of the full $80,000 of consideration from Inukshuk. In addition to the Accrued Contingent Payments noted above, Look accrued $7,412 due to other Look related parties that is also contingent upon the receipt by Look of the full $80,000 of consideration from Inukshuk (refer to notes 3 and 4).

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

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

(In thousands, except per share amounts)

14. Related party transactions (continued):

All annual compensation is included in general and administrative expenses and accrued contingent payments are included in restructuring charges.

Payment of the accrued contingent payments was contingent on receipt by Look of the full consideration of $80,000 due from Inukshuk. If the transaction did not close, the accrued contingent payments would not have been made and all rights to these contingent payments, and the options and SARs noted below would have remained relinquished (see notes 3 and 4).

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

(c) Interest on convertible debentures:

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

(d) Rent of Milton premises:

UBS has subleased a portion of Look's premises in Milton for a five-year term at an annual rent of $77 (2008 - $75). The Company signed a five-year lease with Look effective April 1, 2005.

(In thousands, except per share amounts)

15. Discontinued operations:

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

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

(a) During fiscal 2009, Look sold its web hosting and domain name business (notes 3 and 13).

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

The consolidated balance sheets include the following amounts related to discontinued operations:

	2009	2008
Accrued liabilities and provisions	$ 525	$ 147

(In thousands, except per share amounts)

16. Income taxes:

Total income tax recovery varies from the amounts that would be computed by applying the statutory income tax rate of 33.17% (2008 - 34.37%) to loss before income taxes for the following reasons:

	2009	2008
Effective income tax recovery on income (loss) from continuing operations before income taxes	$ 12,573	$ (3,974)
Decrease (increase) results from:		
Permanent differences	(6,613)	-
Change in valuation allowance	13,625	(10,894)
Change in enacted tax rates	(1,091)	14,420
Benefit of additional ECE pool as a result of sale of the Spectrum and broadcast licence	(17,078)	-
Expiration of non-capital losses	7,401	-
Recognition of future tax on tax reorganization	(6,146)	-
Benefit as a result of Ontario Harmonization	(2,850)	-
Other	179	448
	$ -	$ -

The income tax effects of temporary differences that give rise to significant portions of future income tax assets and liabilities at August 31, 2009 and 2008 are presented below:

	2009	2008
Future income tax assets:		
Non-capital and capital income tax losses carried forward and eligible capital expenditures	$ 111,370	$ 101,782
Property and equipment - differences in net book value and undepreciated capital cost	3,130	4,030
Future deductions relating to scientific research and development	2,940	3,892
Future deductions related to financing charges and other provisions	189	443
Tax reorganization plan assets	6,146	-
	123,775	110,147
Less valuation allowance	(123,775)	(110,147)
	$ -	$ -

16. Income taxes (continued):

In assessing the realizability of future income tax assets, management considers whether it is more likely than not that some portion or all of the future income tax assets will be realized. The ultimate realization of future income tax assets is dependent upon the generation of future taxable income during the year in which the temporary differences are deductible. Management considers the scheduled reversals of future income tax liabilities, the character of the income tax asset and the tax planning strategies in making this assessment. To the extent that management believes that the realization of future income tax assets does not meet the more likely than not realization criterion, a valuation allowance is recorded against the future tax assets.

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

Subsequent to the Plan, Look has sufficient tax loss carry forwards to offset the entire income recognized on the sale of the web hosting and domain name business and on the sale of the Internet business (note 3).

The sale of the spectrum and broadcast licence to Inukshuk (note 3) is not expected to result in any tax payable and, as a result, Look’s non-capital income tax loss carry forwards are expected to remain unchanged. As a result of the sale of the spectrum and broadcast licences and the restructuring of the business, the cumulative eligible capital expenditure pool has been converted to a non-capital loss and is included in the table below with an expiry date of December 31, 2029.

(In thousands, except per share amounts)

16. Income taxes (continued):

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

2010	$ 199,091
2014	21,666
2015	1,056
2026	403
2027	2,215
2028	13,962
2029	156,003
	$ 394,396

Of the non-capital income tax losses noted above, Look has $360,486 and UBS has $33,910. In addition to the non-capital income tax losses, as at August 31, 2009 and 2008, UBS had allowable capital losses of $2,325 with an unlimited expiration period and investment tax credits available for carry forward totalling approximately $3,092. The benefit of these amounts has also not been reflected in these consolidated financial statements.

17. Consolidated statement of cash flows:

(a) The change in non-cash operating working capital in respect of continuing operations consists of the following:

	2009	2008
Accounts receivable	$ (35)	$ 392
Inventory	12	10
Prepaid expenses and deposits	146	(71)
Accounts payable, accrued liabilities and provisions	(338)	506
Accrued restructuring liabilities	2,314	-
Accrued restructuring liabilities due to related parties	22,934	-
Restricted cash	60	10
Unearned revenue	216	(43)
	$ 25,309	$ 804

(In thousands, except per share amounts)

17. Consolidated statement of cash flows (continued):

(b) Supplemental cash flow information:

	2009	2008
Interest paid	$ 203	$ 268
Interest received	79	279

18. Commitments and contingencies:

(a) Commitments:

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

2010	$ 914
2011	842
2012	814
2013	643
2014	9
	$ 3,222

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

18. Commitments and contingencies (continued):

(b) Contingencies:

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

The claims by UBS Wireless against Inukshuk Internet Inc. et al., commenced in April 2004, and against Inukshuk, commenced in August 2007, resulting from a Right of Use agreement involving certain spectrum were dismissed on May 15, 2009 for $4,000 following a settlement with all the defendants. The settlement of this litigation by UBS Wireless was required by Rogers, a partner of Inukshuk, and requested by Look without compensation from Look, as a condition of the sale of Look's spectrum and broadcast licence to Inukshuk. The defendants to UBS Wireless' actions all deny liability and the settlement is not an admission of any kind (note 3).

(ii) Bell:

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

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

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

The claim between Look and Bell was settled on May 15, 2009 as a condition of the sale of the spectrum and broadcast licence to Inukshuk (note 3).

18. Commitments and contingencies (continued):

(iii) Craig Wireless International Inc. ("Craig Wireless"):

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

On May 4, 2004, the Company obtained an order from the Ontario Superior Court of Justice dismissing with prejudice the motion brought by Craig Wireless for, amongst other things, an injunction that would prevent UBS from voting its shares of Look and converting into common shares its convertible debentures pursuant to Look's February 2004 rights offering.

At the same time, Craig Wireless also withdrew its challenge to the CRTC approval of UBS acquiring a controlling interest in Look. Craig Wireless is still pursuing its claim that Look conducted its affairs in a manner that was oppressive and unfairly prejudicial to Craig Wireless and requests damages in the aggregate amount of $12,000.

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

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

18. Commitments and contingencies (continued):

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

(v) Other contingencies:

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

18. Commitments and contingencies (continued):

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

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

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

The plaintiff companies disagreed with this latest ruling and filed an application for leave to appeal with the Supreme Court of Canada which was subsequently granted on December 18, 2008.

18. Commitments and contingencies (continued):

On October 7, 2009, the plaintiff companies and the CRTC agreed to settle their ongoing dispute regarding the collection of Part I and Part II fees. The settlement provides that no fees or interest will be payable for the period pertaining to the last three fiscal years, and a new Part II fee regime will be implemented at a reduced rate commencing on September 1, 2009.

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

(vii) 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.

19. Capital risk management:

The Company manages its capital to maximize value to shareholders and other stakeholders. The Company's capital structure includes cash and cash equivalents, accounts receivable, short-term receivable due from Inukshuk (note 3), long-term debt due within one year, convertible debentures, and equity consisting of share capital, contributed surplus and deficit.

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

20. 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.

20. Financial risk management (continued):

(b) Credit risk:

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

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

The Company establishes an allowance for doubtful accounts that represents its estimate of likely losses with respect to its trade receivables. This allowance is established based on historic trends and other information available to the Company. As at August 31, 2009, Look had total past due accounts receivable of $174 and an allowance for doubtful accounts of $86 (August 31, 2008 - $264 and $147 respectively) (note 3).

(c) Liquidity risk:

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

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

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

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

20. Financial risk management (continued):

(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 (note 6). The Company estimates that for each 1% change in the interest rate earned on its cash holdings at August 31, 2009, interest income will increase or decrease by approximately $150 per annum.

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

(e) Fair value of financial instruments:

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

(i) For cash and cash equivalents, restricted cash, accounts receivable, short-term receivable due from Inukshuk, accounts payable, accrued restructuring liabilities, accrued restructuring liabilities due to related parties and accrued liabilities and provisions carrying amounts approximate fair value due to the short-term nature of the assets and liabilities;

(ii) The long-term debt, due within one year is carried at amortized cost, which approximates fair value; and,

(iii) The liability component of the convertible debentures is carried at amortized cost, which approximates fair value.

20. Financial risk management (continued):

(f) Financial instruments:

(i) Classification of financial instruments:

(a) Accounts receivable, the short-term receivable due from Inukshuk, and restricted cash have been classified as financial assets held for trading and are measured at fair value;

(b) Accounts payable, accrued restructuring liabilities, accrued restructuring liabilities due to related parties and accrued liabilities and provisions have been classified as financial liabilities held for trading; and

(c) Long-term debt due within one year and the liability component of convertible debentures are measured at amortized cost.

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

21. Comparative figures:

Certain comparative figures have been reclassified to conform to the current year's presentation.

22. Subsequent events:

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

(a) In September, 2009:

(i) Look announced that it had received the full consideration of $80,000 due from Inukshuk pursuant to the Agreement (note 3);

(ii) Look announced that it will no longer be offering service to any subscribers as of November 15, 2009;

(iii) Look executed an agreement for under which, amongst other things, it will be relieved of its obligations under certain broadcast site leases; and

(iv) Look announced that it is continuing to pursue all opportunities to monetize its approximately $360,000 of tax losses (note 4).

(b) In October 2009:

(i) Look listed its Milton facility and related infrastructure for sale; and

(ii) Look paid $1,000 to Border Broadcasters for complete settlement of all claims (note 18).

(c) In November, 2009:

(i) Look completed the payout of all human resource restructuring amounts (note 4); and

(ii) Look completed the migration of its video subscribers to Bell and all of its Internet, co-location, and LAN extension subscribers pursuant to the Internet Agreement.

UNIQUE BROADBAND SYSTEMS, INC.

Shareholder Information

Board of Directors

Gerald T. McGoey
Louis Mitrovich
Douglas Reeson

Officers

Gerald T. McGoey
Chairman and Chief Executive Office

Malcolm Buxton-Forman
Chief Financial Officer

Chief Technology Consultant

Alex Dolgonos

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Common shares

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