



## UNIQUE BROADBAND SYSTEMS ANNOUNCES SECOND QUARTER RESULTS

**Toronto, Canada (January 17, 2003)** – Unique Broadband Systems, Inc. (TSX Venture: UBS) today reported its results for the second quarter of fiscal 2003, which ended November 30, 2002. The net loss for the quarter was \$4.2 million, or \$0.04 per common share, compared with a net loss of \$6.6 million, or \$0.06 per common share in the prior year. For the six months ended November 30, 2002, the net loss was \$7.3 million, or \$0.07 per common share, compared to a loss of \$12.5 million, or \$0.12 per common share in the prior year. The prior year's loss included reorganization costs and other charges of \$1.2 million for the quarter and \$5.1 million for the six-month period.

Revenues for the six months ended November 30, 2002 totaled \$2.9 million, and were driven primarily from the Company's sales of digital video broadcasting equipment, MMDS transmitters and waveguide passive components. In the prior year, revenue consisted primarily of the Company's shipments under the contract with Hughes Network Systems with respect to the digital audio broadcast (DAB) terrestrial network built for XM Radio in the USA. This contract was successfully completed in the third quarter of last year.

Sales channels for our new and existing product lines are continuing to be developed. Strategic acquisition of assets from distressed technology companies has allowed UBS to offer a complete product line for the wireless access and transport marketplace, in addition to its traditional custom design and development services. An example of this is UBS' state-of-the-art Point-to-Point microwave radio product line which covers the range from 7 GHz to 60 GHz frequency band in both ETSI (European) and ANSI (North American) standards.

The Company continues to market its broadband fixed wireless access systems worldwide, targeted at small to mid-sized enterprises and service providers in the residential market. UBS offers a complete line of indoor and outdoor, digital and analogue wireless video, voice and data systems focusing on the MMDS frequency bands, as well as DOCSIS based Point-to-Multipoint solutions. These systems are completely customizable, and provide the customer with an efficient and cost effective alternative to wired cable services, particularly in developing countries, which have little or no wired infrastructure.

The Company has recently announced a contract with the US Navy to supply their marine and navy air forces with redesigned test calibration equipment for their TACAN and IFF based navigation systems. The newly designed equipment is based on UBS' existing Model 2760-0000 IFF-TACAN Test Set Calibrator, currently in use by the US Air Force and armed forces in other NATO countries. The unit is used to calibrate tactical navigation and IFF (Identification Friend or Foe) test equipment used on military aircraft.

On January 16, 2003, the Company announced that they have concluded an agreement under which the Company, through a wholly-owned subsidiary UBS Wireless Services Inc., has acquired 5,866,247 common shares of Look Communications Inc. ("Look"), from treasury, at \$0.40 per share for a total subscription of \$2.3 million. By way of this private placement, the Company now owns approximately 20% of the issued and outstanding shares of Look.

“We are excited about wrapping up these discussions with Look. UBS shareholders now have a significant equity position in Look, a communications company that has a large customer base and a stream of recurring revenues in areas where our core expertise could contribute significant added value”, said Gerald McGoey, Chairman and CEO of UBS. “This investment represents the beginning of a strategic partnership between Look and UBS and is expected to be of significant benefit to shareholders of both companies. Since we first entered into discussions, we have felt that working together with Look would allow us to offer highly reliable high-speed Internet access to SMEs located in the underserved markets of Ontario and Quebec. This particular segment of the SME market is dramatically underserved by existing service providers and represents a serious opportunity for both companies.”

The Company continues to review opportunities to combine its financial, engineering and intellectual property assets in transactions that will create a platform for growth. The industry and economic environment in which the Company operates continues to be a difficult one, however, this environment also provides UBS with many opportunities that it will continue to pursue during 2003.

#### About Unique Broadband Systems, Inc.

UBS designs, develops and manufactures high-speed mobile and fixed wireless solutions. These solutions target the high growth markets for wireless Internet, voice, data, wireless fixed/mobile digital TV and digital audio radio. UBS also manufactures high-quality, reliable, passive components including custom filters, waveguide assemblies, couplers and filter combiner assemblies.

UBS broadcast technology includes systems based on COFDM, a robust and efficient RF modulation technology that provides superior coverage of digital video and audio broadcasting in non line-of-sight situations. Our wireless data systems utilizes frequency bands from 1.5 to 20.0 Ghz, including the MMDS frequency bands, as well as providing DOCSIS based Point-to-Multipoint solutions. UBS has offices in Canada and Denmark. The Company’s web site is at: <http://www.uniquesys.com/>.

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*No stock exchange or regulatory authority has reviewed or accepts responsibility for the adequacy or accuracy of this release.*

# UNIQUE BROADBAND SYSTEMS, INC.

## Consolidated Balance Sheets

(unaudited)

(Thousands of CDN\$)	November 30, 2002	May 31, 2002
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 26,688	\$ 38,271
Accounts receivable	728	388
Inventory	1,552	913
Other assets	1,361	318
	30,329	39,890
Capital assets	3,130	1,807
Restricted cash	1,988	2,000
	\$ 35,447	\$ 43,697
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 3,579	\$ 4,388
Income taxes payable	103	240
	3,682	4,628
Shareholders' equity:		
Share capital	58,163	58,139
Contributed surplus	150	150
Retained earnings (deficit)	(26,548)	(19,220)
	31,765	39,069
	\$ 35,447	\$ 43,697

These interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements.

## UNIQUE BROADBAND SYSTEMS, INC.

Consolidated Statements of Operations and Retained Earnings (Deficit)  
(unaudited)

(Thousands of CDN\$, except per share data)	Three months ended		Six months ended	
	November 30,		November 30,	
	2002	2001	2002	2001
Sales	\$ 1,139	\$ 7,002	\$ 2,909	\$ 19,049
Cost of sales	345	9,312	1,070	17,027
Gross profit	794	(2,310)	1,839	2,022
Expenses:				
Selling and administrative	3,017	1,564	5,836	4,915
Research and development	2,035	1,646	3,434	4,632
Amortization	206	323	338	657
Other charges	–	358	–	4,005
Reorganization costs	–	799	–	1,091
	5,258	4,690	9,608	15,300
Loss before the undernoted items	(4,464)	(7,000)	(7,769)	(13,278)
Foreign exchange gain	30	–	50	–
Interest income	205	399	413	792
Loss before income taxes	(4,229)	(6,601)	(7,306)	(12,486)
Income taxes	11	–	22	–
Net loss	(4,240)	(6,601)	(7,328)	(12,486)
Retained earnings (deficit), beginning of period	(22,308)	5,922	(19,220)	11,807
Retained earnings (deficit), end of period	\$ (26,548)	\$ (679)	\$ (26,548)	\$ (679)
Net Income (loss) per common share:				
Basic	\$ (0.04)	\$ (0.06)	\$ (0.07)	\$ (0.12)
Diluted	\$ (0.04)	\$ (0.06)	\$ (0.07)	\$ (0.12)
Weighted average number of shares outstanding:				
Basic	102,748	102,432	102,748	102,104
Diluted	102,748	102,432	102,748	102,104

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# UNIQUE BROADBAND SYSTEMS, INC.

## Consolidated Statements of Cash Flows

(unaudited)

(Thousands of CDN\$)	Three months ended		Six months ended	
	November 30,		November 30,	
	2002	2001	2002	2001
Cash flows from operating activities:				
Net loss	\$ (4,240)	\$ (6,601)	\$ (7,328)	\$ (12,486)
Items not involving cash:				
Amortization and other	230	323	362	657
Decrease (increase) in non-cash operating working capital	(1,210)	2,549	(2,968)	6,823
Net cash flows used in operating activities	(5,220)	(3,729)	(9,934)	(5,006)
Cash flows from investing activities:				
Restricted cash	(7)	–	12	–
Disposal (purchase) of capital assets	(293)	(88)	(1,661)	(44)
Net cash flows used in investing activities	(300)	(88)	(1,649)	(44)
Cash flows from financing activities:				
Decrease in bank indebtedness	–	(5,170)	–	(3,129)
Decrease in long-term debt	–	(519)	–	(341)
Proceeds on issuance of share capital	–	308	–	402
Net cash flows used in financing activities	–	(5,381)	–	(3,068)
Increase (decrease) in cash and cash equivalents	(5,520)	(9,198)	(11,583)	(8,118)
Cash and cash equivalents, beginning of period	32,208	56,813	38,271	55,733
Cash and cash equivalents, end of period	\$ 26,688	\$ 47,615	\$26,688	\$ 47,615

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