



## UBS ANNOUNCES THIRD QUARTER 2006 RESULTS

**Toronto, Canada (July 20, 2006)** – Unique Broadband Systems, Inc. (TSX Venture: UBS) today reported its financial and operating results for the third quarter and nine-month period ended May 31, 2006.

Revenue for the three and nine months ended May 31, 2006 was \$7.1 million and \$23.3 million respectively compared with \$9.2 million and \$28.9 million a year ago. Gross margin was \$3.7 million and \$12.8 million for the three- and nine-month periods ended May 31, 2006 compared with \$4.6 million and \$14.2 million in the similar periods in 2005. The decline in revenue was the result of a lower subscriber base while the improved margins were driven by reductions to Look's telecommunications costs and programming fees.

EBITDA (earnings before interest, financing charges, income taxes, depreciation and amortization\*) for the three months ended May 31, 2006 was negative (\$495,000) compared to a negative EBITDA of (\$263,000) for the previous year's quarter ended May 31, 2005. For the nine months ended May 31, 2006, EBITDA was negative (\$154,000) compared with a negative EBITDA in 2005 of (\$2.1 million). The positive improvement in EBITDA of \$1.9 million is primarily attributable to lower operating expenses.

The net loss for the third quarter of 2006 was \$818,000, or \$0.01 per share, compared to a net loss of \$994,000 or \$0.01 per share in the third quarter of 2005. Net income for the nine months in fiscal 2006 was \$615,000 or \$0.01 per share compared to the net loss in fiscal 2005 of \$3.8 million or \$0.04 per share. The improvement in the nine-month period ended May 31, 2006 was primarily due to the full and final repayment of a loan, plus interest, of \$2.4 million. This loan and interest, previously provided for in full, was included as income from discontinued operations in the second quarter of fiscal 2006.

“The Company continues to service its fixed subscriber base while developing its M<sup>3</sup> network. Our existing and future subscriber base will truly benefit from the mobile technology and services being developed and just starting to be provided around the globe,” said Gerry McGoey, Chairman and CEO of UBS. “Mobile Multi Media (M<sup>3</sup>) developments around the world and in particular, Mobile TV, continue to gain momentum. During the quarter, Look launched its new M<sup>3</sup> demonstration network for mobile TV in Milton Ontario. With the recent wireless financing in the US and the upcoming US Government's FCC auctions in August for spectrum, the wireless entertainment information and wireless service companies continue development of Mobile Multi Media. The Company continues to focus on its new strategic direction of M<sup>3</sup> by continuing discussions with financial, technological and content partners for our M<sup>3</sup> network”

The following table reconciles the loss from continuing operations to EBITDA for the respective periods as determined under GAAP:

	Three months ended		Nine months ended	
	May 31, 2006	May 31, 2005	May 31, 2006	May 31, 2005
Loss from continuing operations	\$ (818)	\$ (994)	\$ (1,808)	(3,776)
Non-controlling interest	(893)	(1,025)	(2,248)	(3,586)
Amortization of capital assets	1,184	1,646	3,756	4,946
Amortization of deferred charges	29	27	76	71
Net interest and financing charges	(45)	44	(32)	61
Accretion charges on liability component of convertible debentures	48	103	104	237
Recovery of income taxes	-	(64)	(2)	(36)
<b>EBITDA*</b>	<b>\$ (495)</b>	<b>\$ (263)</b>	<b>\$ (154)</b>	<b>\$ (2,083)</b>

\*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) net loss, as an indicator of operating performance or (2) cash flows from operating, investing and financing activities, as a measure of liquidity. Because there is no standardized GAAP definition, EBITDA is unlikely to be comparable to similar measures presented by other issuers.

#### **About Unique Broadband Systems, Inc.**

*UBS is a publicly-listed Canadian company that has a 51% economic interest in Look Communications Inc., intellectual property and other assets. With its licensed spectrum through Look Communications, UBS is a Canadian digital television broadcaster and broadband wireless service provider. UBS shares are listed on the TSX Venture Exchange under the symbol "UBS". The Company's web site may be found at [www.uniquebroadband.com](http://www.uniquebroadband.com).*

#### **About Look Communications Inc.**

*Look Communications' mission is to be an M<sup>3</sup> - Mobile Multi Media - entertainment and information service provider in Ontario and Québec. The Company is developing an M<sup>3</sup> network and currently delivers a full range of communications services, including high-speed and dial-up Internet access, Web applications, digital television distribution and superior customer service to both the business and residential markets. Look shares are listed on the TSX Venture Exchange under the symbols "LOK" and "LOK.A". The Company's web site may be found at [www.look.ca](http://www.look.ca).*

*The corporate information contained in this release contains forward-looking statements regarding future events and the future performance of the Company that involve risks and uncertainties that could cause actual results to differ materially. Assumptions used in the preparation of such information, although considered reasonable by the Company at the time of preparation may prove to be incorrect. The actual results achieved may vary from the information provided herein and the variations may be material. Consequently, there is no representation by the Company that actual results achieved will be the same in whole or in part as those forecasted.*

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

Readers of this press release are referred to Look's press release of July 20, 2006, containing its Q3 2006 results.

# UNIQUE BROADBAND SYSTEMS, INC.

Unaudited Consolidated Balance Sheets  
In thousands of dollars

As at

	May 31, 2006	August 31, 2005 Restated
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 9,235	7,520
Restricted cash	520	1,170
Accounts receivable	1,485	975
Inventory	169	182
Prepaid expenses and deposits	752	525
	12,161	10,372
Capital assets	18,966	22,268
Deferred charges	153	229
	\$ 31,280	\$ 32,869

## Liabilities and Shareholders' Equity

Current liabilities:		
Accounts payable	\$ 10,758	\$ 9,969
Accrued liabilities	2,296	3,107
Unearned revenue	1,047	1,353
Current portion of obligation under capital leases	47	67
Mortgage payable	1,200	-
Current portion of liability component of convertible debentures	71	69
	15,419	14,565
Long-term debt	22	1,253
Liability component of convertible debentures	792	1,060
Non-controlling interest	8,667	10,501
Shareholders' equity:		
Share capital	58,139	58,139
Contributed surplus	917	642
Deficit	(52,676)	(53,291)
	6,380	5,490
	\$ 31,280	\$ 32,869

# UNIQUE BROADBAND SYSTEMS, INC.

Unaudited Consolidated Statements of Operations and Deficit

Three months and nine months ended May 31, 2006 and 2005

*In thousands of dollars, except shares and per share amounts*

	Three months ended May 31		Nine months ended May 31	
	2006	2005 Restated	2006	2005 Restated
Service and sales revenue	\$ 7,063	\$ 9,179	\$ 23,272	\$ 28,915
Carrier charges and cost of sales	3,344	4,579	10,516	14,703
Gross margin	3,719	4,600	12,756	14,212
Expenses:				
Marketing and sales	152	506	553	2,352
Customer care	770	891	2,469	2,933
Engineering and operations	1,211	1,340	3,701	4,140
General and administration	2,081	2,126	6,187	6,870
Amortization of capital assets	1,184	1,646	3,756	4,946
Amortization of deferred charges	29	27	76	71
	5,427	6,536	16,742	21,312
Interest expense	(1,708)	(1,936)	(3,986)	(7,100)
Accretion charges on liability component of convertible debenture	(38)	(87)	(142)	(178)
Interest income	(48)	(103)	(104)	(237)
	83	43	174	117
Loss before income taxes and non-controlling interest	(1,711)	(2,083)	(4,058)	(7,398)
Income taxes recovery	-	64	2	36
Non-controlling interest	893	1,025	2,248	3,586
Loss from continuing operations	(818)	(994)	(1,808)	(3,776)
Income from discontinued operations	-	-	2,423	-
Income/(Loss) for the period	(818)	(994)	615	(3,776)
Deficit, beginning of period as previously reported	(51,858)	(51,559)	(53,176)	(48,818)
Change in accounting policy	-	(77)	(115)	(36)
Deficit, beginning of period	(51,858)	(51,636)	(53,291)	(48,854)
Deficit, end of period	\$(52,676)	\$(52,630)	\$(52,676)	\$(52,630)
Basic and diluted loss per share – continuing operations:	\$ (0.01)	\$ (0.01)	\$ (0.02)	\$ (0.04)
Basic and diluted income/(loss) per share	\$ (0.01)	\$ (0.01)	\$ 0.01	\$ (0.04)
Weighted average number of outstanding shares in thousands:				
Basic and diluted	102,748	102,748	102,748	102,748

# UNIQUE BROADBAND SYSTEMS, INC.

Unaudited Consolidated Statements of Cash Flows

Three months and nine months ended May 31, 2006 and 2005

*In thousands of dollars*

	Three months ended May 31		Nine months ended May 31	
	2006	2005 Restated	2006	2005 Restated
<b>Cash flows from/(used in) operating activities:</b>				
Loss for the period	\$ (818)	\$ (994)	\$ (1,808)	\$ (3,776)
Non-controlling interest	(893)	(1,025)	(2,248)	(3,586)
Amortization of capital assets	1,184	1,646	3,756	4,946
Amortization of deferred charges	29	27	76	71
Amortization of stock based compensation	97	159	328	349
Accretion on liability component of convertible debenture	48	103	104	237
Change in non-cash operating working capital	281	(56)	(870)	1,594
Cash flows used in continuing operations	(72)	(140)	(662)	(165)
Cash flows used in discontinued operations	(4)	(50)	(202)	(653)
Cash flows used in operating activities	(76)	(190)	(864)	(818)
<b>Cash flows from/(used in) financing activities:</b>				
Repayment of loan receivable	-	-	2,423	-
Interest on convertible debentures	(5)	(1)	(9)	(14)
Repayment of obligations under capital leases	(8)	(17)	(31)	(38)
Cash flows from/(used in) financing activities	(13)	(18)	2,383	(52)
<b>Cash flows from/(used in) investing activities:</b>				
Restricted cash	591	(215)	650	(233)
Purchase of short-term investments	-	-	-	(490)
Redemption of short term investments	-	500	-	1,500
Purchase of capital assets	(253)	(94)	(454)	(761)
Cash flows from investing activities	338	191	196	16
Increase/(decrease) in cash and cash equivalents	249	(17)	1,715	(854)
Cash and cash equivalents, beginning of period	8,986	4,083	7,520	4,920
Cash and cash equivalents, end of period	\$ 9,235	\$ 4,066	\$ 9,235	\$ 4,066