



UNIQUE BROADBAND SYSTEMS ANNOUNCES THIRD QUARTER RESULTS

Losses Reflect Operating Stagnancy and Regrettable Litigation

Toronto, Canada (April 26, 2002) – Unique Broadband Systems, Inc. (CDNX: UBS) today reported its results for the third quarter and nine-month periods ended February 28, 2002. Revenue in the third quarter was \$5.9 million, compared with \$27.8 million for the same period last year. The net loss for the quarter was \$9.7 million, or \$0.09 per common share on a diluted basis, compared with earnings of \$25.5 million, or \$0.25 per diluted common share in 2001. For the nine months reported to date this year, revenue was \$24.9 million with a net loss of \$22.2 million, or \$0.22 per diluted common share. This compares with last year's revenue of \$46.3 million and a profit of \$27.8 million, or \$0.27 per diluted common share.

The disappointing performance during the most recent fiscal period was a result of decreased revenues, continued restructuring costs and protracted litigation. These factors, combined with a favorable patent infringement settlement with PixStream in the prior fiscal period, resulted in the large year-over-year differences.

The decrease in revenue reflects the winding down of the Company's \$75 million contract with Hughes Network Systems. The Company has not obtained any contracts to replace the declining revenue. This failure is in part attributable to generally weak market conditions. However, the situation has been exacerbated by stagnancy at the company resulting from a lack of strategic operating direction.

During the past nine months, additional reorganization costs of \$3.4 million have been incurred. This amount includes costs of closing the Russian office, downsizing the Canadian and Denmark operations and a third quarter provision relating to excess and obsolete inventory.

This year's results have also been negatively impacted by \$6.9 million in non-recurring other expenses. These include management agreements for terminations, legal fees, accounting services and other consulting fees. These costs related in large part to litigation between the prior Board of Directors and the Company's founder that was completely regrettable for UBS and its shareholders.

“These results are entirely unacceptable”, said Gerry McGoey, Chairman and Acting CEO. “The new board is addressing the realities of the company. We intend to capitalize on the existing UBS platform of people, technology and liquidity to take advantage of opportunities that will enable us to create shareholder value.”

One of these key platform assets has been the strong cash position on the company's balance sheet. Unfortunately, the results of the past nine months have led to a \$9.6 million reduction in this position, to the \$46.1 million level at quarter-end. However, this amount does not include a total of \$6.9 million in cash costs expected to be charged to fourth quarter results. Specifically, the fourth quarter financial statements may include an estimated \$2.8 million of costs associated with the further re-organization of the Company's Denmark operations. In addition, \$4.1 million was set-aside by the "Special Committee" of the former Board of Directors in trust accounts outside the control of the Company. The purpose of these trust accounts was to protect the members of the "Special Committee" from possible litigation involving themselves and for the benefit of senior management who were effectively given financial incentive to resign from the company.

"Due to the apparent unprecedented action taken by the "Special Committee" with respect to setting up these trusts, our cash position is in fact significantly lower than the quarter-end reported level," added Mr. McGoey. The Board of Directors is considering various courses of action to recover as much of the \$4.1 million as possible.

The new Board of Directors is currently engaged in a detailed review of the company's finances and operations as well as the recruitment of a strengthened management team. "We appreciate the patience of shareholders as we work through this process", said Mr. McGoey. "We look forward to future positive developments for UBS, with respect to technological development, a strengthened management team and higher returns for shareholders."

Unique Broadband Systems, Inc. designs, develops and manufactures high-speed fixed and mobile wireless solutions based on COFDM technology. The Company has offices in Canada, Denmark, the UK and Italy.

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Full financial statements including notes and management discussion and analysis are available on the Company's website at www.uniquesys.com.

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The Canadian Venture Exchange has not reviewed and does not accept responsibility for the adequacy or accuracy of this release.

UNIQUE BROADBAND SYSTEMS, INC.
CONSOLIDATED BALANCE SHEET
(Unaudited)

	Note	February 28 2002	May 31 2001
ASSETS			
Current assets			
Cash and cash equivalents		\$ 46,093,727	\$ 55,732,995
Accounts receivable		2,333,298	13,456,590
Inventory		977,908	4,884,894
Other assets		383,847	3,502,894
		<u>49,788,780</u>	<u>77,577,373</u>
Long-term assets			
Capital assets		1,887,842	2,775,451
		<u>\$ 51,676,622</u>	<u>\$ 80,352,824</u>
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities		\$ 3,535,299	\$ 7,256,873
Income taxes payable		180,000	725,000
Obligations under capital leases		38,553	111,957
Bank indebtedness		-	3,129,409
Long-term debt		-	277,776
		<u>3,753,852</u>	<u>11,501,015</u>
Shareholders' equity			
Share capital	3	58,138,729	56,894,222
Contributed surplus		150,000	150,000
Retained earnings (deficit)		<u>(10,365,959)</u>	<u>11,807,587</u>
		<u>47,922,770</u>	<u>68,851,809</u>
		<u>\$ 51,676,622</u>	<u>\$ 80,352,824</u>

UNIQUE BROADBAND SYSTEMS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS AND RETAINED EARNINGS (DEFICIT)
(Unaudited)

	Note	Three months ended February 28		Nine months ended February 28	
		2002	2001	2002	2001
Revenue		\$ 5,881,430	\$ 27,826,910	\$ 24,930,324	\$ 46,342,884
Cost of goods sold		6,249,467	18,114,111	23,276,451	27,474,461
Gross margin		(368,037)	9,712,799	1,653,873	18,868,423
Operating expenses					
Research and development		1,425,311	4,535,630	6,057,441	7,247,030
Selling and administrative		2,894,438	3,240,524	7,456,035	7,384,437
Reorganization costs	4	2,230,473	2,489,638	3,428,424	2,489,638
Other expenses	5	2,656,879	-	6,902,623	-
Amortization		317,832	362,176	974,682	1,028,329
Interest		3,233	48,518	9,101	85,219
		9,528,166	10,676,486	24,828,306	18,234,653
Income (loss) before undernoted items		(9,896,203)	(963,687)	(23,174,433)	633,770
Investment income		208,562	1,482,590	1,000,887	2,147,682
Proceeds from legal settlement		-	25,000,000	-	25,000,000
Net income (loss)		\$ (9,687,641)	\$ 25,518,903	\$ (22,173,546)	\$ 27,781,452
Retained earnings (deficit), beginning of period		(678,318)	(1,086,016)	11,807,587	(3,348,565)
Retained earnings (deficit), end of period		\$ (10,365,959)	\$ 24,432,887	\$ (10,365,959)	\$ 24,432,887
Net income (loss) per share					
Basic		\$ (0.09)	\$ 0.25	\$ (0.22)	\$ 0.28
Diluted		\$ (0.09)	\$ 0.25	\$ (0.22)	\$ 0.27
Weighted average number of common shares outstanding					
Basic		102,747,854	100,674,681	102,316,032	99,889,179
Diluted		102,969,902	102,627,304	102,867,407	102,487,189

UNIQUE BROADBAND SYSTEMS, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
(Unaudited)

		Three months ended February 28		Nine months ended February 28	
	Note	2002	2001	2002	2001
Cash flows from operating activities					
Net income (loss) for the period		\$ (9,687,641)	\$ 25,518,903	\$ (22,173,546)	\$ 27,781,452
Amortization which does not involve cash		317,832	362,176	974,682	1,028,329
Gain on sale of capital assets		-	(52,099)	-	(52,099)
		(9,369,809)	25,828,980	(21,198,864)	28,757,682
Changes in non-cash working capital	6	7,028,247	(3,418,072)	13,882,751	(7,902,477)
		(2,341,562)	22,410,908	(7,316,113)	20,855,205
Cash flows from investing activities					
Purchase of capital assets		(43,471)	(277,304)	(143,888)	(886,562)
Proceeds from sales of capital assets		-	805,616	56,815	805,616
Cash paid for acquisition of Denmark operations, net		-	-	-	(5,067,007)
		(43,471)	528,312	(87,073)	(5,147,953)
Cash flows from financing activities					
Repayment of bank loans		-	-	(3,129,409)	-
Advance (repayment) of long-term borrowings		-	15,720	(277,776)	99,788
Repayment of capital leases		(9,893)	(96,472)	(73,404)	(196,730)
Repayment (advance) of shareholder loans		873,695	(2,677)	873,695	(23,750)
Proceeds from issuance of share capital		-	24,120	370,812	224,500
		863,802	(59,309)	(2,236,082)	103,808
Increase (decrease) in cash and cash equivalents		(1,521,231)	22,879,911	(9,639,268)	15,811,060
Cash and cash equivalents - beginning of period		47,614,958	29,438,109	55,732,995	36,506,960
Cash and cash equivalents - end of period	8	\$ 46,093,727	\$ 52,318,020	\$ 46,093,727	\$ 52,318,020

UNIQUE BROADBAND SYSTEMS, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
(Unaudited)

February 28, 2002 and 2001

1. Significant accounting policies

These condensed consolidated financial statements have been prepared in accordance with the Canadian Institute of Chartered Accountants (CICA) Standards for interim financial statements. These condensed consolidated financial statements follow the same accounting policies and methods of their application as the most recent annual financial statements except as disclosed herein, however, they do not include all of the disclosure requirements for annual financial statements. For a full description of accounting policies, refer to the Unique Broadband Systems, Inc. 2001 Annual Report.

2. Basis of presentation

The comparative figures presented in the financial statements have been reclassified to conform to the presentation adopted in the current period.

During the preparation of the third quarter financial statements, management discovered an error relating to an understatement of cost of sales and an overstatement of inventories in the first quarter financial statements previously issued. The impact of this error is to increase the cost of sales and net loss amounts previously reported for the first quarter by \$1.2 million. In addition, the amount previously reported for basic and diluted loss per share for the first quarter is increased by \$0.01. The effect of this error has been properly reflected in these financial statements.

3. Share capital

Authorized: Unlimited number of common shares.

Issued:

	Number of shares		Amount	
	February 28 2002	May 31 2001	February 28 2002	May 31 2001
Common shares	102,747,854	101,620,712	\$ 58,138,729	\$ 57,767,917
Less:				
Shareholder loan secured by shares	-	(1,150,000)	-	(873,695)
	102,747,854	100,470,712	\$ 58,138,729	\$ 56,894,222

During the quarter, payment of \$903,704 was received in full repayment of the outstanding shareholder loan, including interest of \$30,009. This loan had been previously recorded as a reduction of share capital. As at February 28, 2002, no amounts remain outstanding.

During the nine month period ended February 28, 2002, there were 1,127,142 common shares issued upon exercise of options for proceeds to the company of \$370,812, an average exercise price of \$0.32.

As at February 28, 2002 the Company had 102,747,854 shares outstanding and 4,961,998 options granted under its shareholders, employees, officers and directors plan.

UNIQUE BROADBAND SYSTEMS, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
(Unaudited)

February 28, 2002 and 2001

4. Reorganization costs

The following reorganization costs represents amounts expensed in regards to either the closure or downsizing of the Company's operations:

	Three months ended		Nine months ended	
	February 28, 2002	February 28, 2001	February 28, 2002	February 28, 2001
Denmark operations - reorganization	\$ 230,473	\$ 595,312	\$ 530,948	\$ 595,312
Denmark operations - inventory write-down	-	1,894,326	-	1,894,326
Russian operations - closure of office	-	-	492,664	-
Canadian operations - reorganization	-	-	404,812	-
Canadian operations - inventory write-down	2,000,000	-	2,000,000	-
	\$ 2,230,473	\$ 2,489,638	\$ 3,428,424	\$ 2,489,638

As a result of the continued economic slowdown and a review of its operations and inventory, the Company recorded a provision of \$2.0 million for excess and obsolete inventories in the current quarter.

As previously announced, the Company expects to incur further costs in relation to the reorganization of the Company's Denmark operations. These costs, estimated at \$2.8 million, will be charged against income in the period in which the Company finalizes its reorganization plan.

5. Other expenses

Other expenses include all expenditures that are directly attributable to the Company's recent legal disputes. The amounts paid for management agreements for terminations, professional fees, and other consulting expenses incurred during the period are as follows:

	Three months ended		Nine months ended	
	February 28, 2002	February 28, 2001	February 28, 2002	February 28, 2001
Management agreements for terminations	\$ -	\$ -	\$ 3,275,000	\$ -
Legal fees	2,092,902	-	2,453,771	-
Accounting services	397,590	-	700,652	-
Consulting fees	166,387	-	473,200	-
	\$ 2,656,879	\$ -	\$ 6,902,623	\$ -

As discussed further in Note 8, Subsequent events, the amounts expended as disclosed above do not include additional amounts incurred after February 28, 2002. This includes \$4.1 million of funds placed in trust by the previous "Special Committee" of the Board of Directors. Payments of \$2.1 million, relating to management agreements for terminations, have been made from these trusts subsequent to February 28, 2002 and will be reflected in the fourth quarter. The remaining funds have been placed in trust to fund future legal costs and claims as they relate to any legal action brought against members of the "Special Committee" of the previous Board of Directors and resigning management.

6. Changes in non-cash working capital

The following table outlines the increases (decreases) in non-cash working capital:

	Three months ended		Nine months ended	
	February 28, 2002	February 28, 2001	February 28, 2002	February 28, 2001
Accounts receivable	\$ 5,317,936	\$ (6,035,424)	\$ 11,123,292	\$ (7,179,925)
Inventory	2,563,173	8,992,186	3,906,986	(5,114,828)
Other assets	879,956	341,827	3,119,047	(423,505)
Accounts payable	(1,792,818)	(6,998,845)	(3,721,574)	4,533,597
Income tax payable	60,000	282,184	(545,000)	282,184
	\$ 7,028,247	\$ (3,418,072)	\$ 13,882,751	\$ (7,902,477)

UNIQUE BROADBAND SYSTEMS, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
(Unaudited)

February, 28, 2002 and 2001

7. Segmented information

The Corporation has operations in four major global market sectors. The following is the information by geographic area:

	Asia	U.S.A.	Europe	Canada	Total
Revenue					
February 28, 2002	\$ 1,253,652	\$ 20,190,067	\$ 1,595,958	\$ 1,890,647	\$ 24,930,324
February 28, 2001	\$ 1,605,866	\$ 40,018,623	\$ 3,089,963	\$ 1,628,432	\$ 46,342,884
Capital assets					
February 28, 2002	\$ -	\$ -	\$ 216,105	\$ 1,671,737	\$ 1,887,842
May 31, 2001	\$ -	\$ -	\$ 297,450	\$ 2,478,001	\$ 2,775,451

The corporation has two major customers which account for 79% (76% in 2001), and 6% (1% in 2001), of total sales respectively. The contract with the largest customer was completed in the third quarter of fiscal 2002.

8. Subsequent events

Subsequent to February 28, 2002, the Company has incurred, or expects to incur, further expenses in regards to the additional reorganization of the Denmark operations and specific payments made into trusts as detailed below. These amounts can be summarized as follows:

Date	Expenditure	Amount
March 13, 2002	Trust payment - management termination agreements	\$ 2,066,370
March 13, 2002	Trust payment – legal fee reserve	2,000,000
Q4 - fiscal 2002	Denmark operations – reorganization cost estimate	2,800,000
		\$ 6,866,370

On March 18, 2002, subsequent to the quarter-end, the Company appointed a new Board of Directors at the Company's Annual General Meeting. Prior to this meeting, on March 13, 2002, four members comprising the "Special Committee" of the resigning board, specifically Patrick Lavelle, The Right Hon. John Turner, Edward Neufeld, and The Hon. William D. Rogers, authorized the transfer of approximately \$4.1 million of Company funds into two trusts established for the purposes set out below. The founding shareholder and fifth director opposed these arrangements.

Of the \$4.1 million, approximately \$2.1 million has been placed in trust for payment to three senior officers in connection with recently modified employment contracts. The modifications allowed the three senior officers to receive lump sum severance payments aggregating \$2.1 million upon their resignation. These amounts were paid out in full by the administrator of the trust on March 20, 2002.

A further \$2 million is held in trust through a subsidiary of Fasken Martineau DuMoulin LLP ("FMD"), who acted as counsel to the "Special Committee" of the previous board. These funds are for the use of the members of that Committee if legal action is commenced against any of those four directors in connection with any of their actions during their terms as directors. The senior officers who resigned are also entitled to make claims on this trust. This trust was unnecessary as the Company maintains directors' and officers' liability insurance for all past and current officers and directors for this purpose.

Upon learning of the establishment of these trusts, the new board of directors requested that the funds be frozen pending their review. However, the administrator of the first trust, Goodmans LLP, refused to do so and has paid out \$2.1 million. The administrator of the second trust, FMD Service (Ontario) Inc., also refused to freeze the funds in its trust. The new board also requested FMD to return the Company's money, but the trustee refused to do so. Consequently, these funds are not available to the Company and are now outside the Company's control. The board is considering various courses of action to recover the Company's funds.