



## UNIQUE BROADBAND SYSTEMS ANNOUNCES YEAR END RESULTS

**Toronto, Canada (October 18, 2002)** – Unique Broadband Systems, Inc. (TSX Venture: UBS) today reported its results for the year ended May 31, 2002. Revenue for the year was \$25.2 million, compared with \$59.3 million for 2001. The net loss for the year was \$31.0 million, or \$0.30 per common share on a diluted basis, compared with a profit of \$15.2 million, or \$0.15 per diluted common share in the prior year.

The operating loss resulted from declining revenues, significant litigation expenses, restructuring charges and continued investment in technology. The decrease in revenue reflects the successful completion of the Company's contract with Hughes Network Systems with respect to the digital audio broadcast (DAB) terrestrial network built for XM Radio in the USA. Revenues for this contract were \$19.7 million for fiscal 2002 compared to \$47.4 million in 2001. The Company incurred \$10.3 million of costs relating to termination payments, and professional fees relating to litigation which was settled late in the year. In addition, the Company incurred charges of \$3.6 million in respect to restructuring operations during the year.

UBS has recently announced the strengthening of its management team. Gerry McGoey has assumed the role of Chief Executive Officer in addition to his role as Chairman. He is joined in the management team by John Kennedy as Chief Financial Officer and Dr. Pasteur Ntake as Vice President of Engineering.

The Company has added to its product offering through the acquisition of Point-to-Point Radio assets from SierraCom, a Massachusetts company that was involved in microwave based telecommunications systems. The assets include intellectual property, test equipment and various other inventories. This newly acquired product line is an excellent addition to UBS' wireless product portfolio as it is used by various OEM's for their cellular network rollouts. UBS plans to continue with the manufacturing, development and evolution of the Point-to-Point Radio product line into a 3G compliant backhaul Internet protocol radio product.

In August, UBS signed an agreement with Look Communications Inc. under which UBS intends to invest \$5 million for common shares and a convertible debenture of Look, subject to completion of due diligence and regulatory approval. UBS and Look have recently extended the time frame for finalizing their strategic partnership to allow sufficient time to complete the specification design for UBS equipment intended to be supplied to Look pursuant to a product and services agreement. Working together with Look, UBS will have the ability to provide highly reliable high-speed Internet access to small and medium sized enterprises (SME) located in the underserved markets of Ontario and Quebec. This segment of the SME market in particular is dramatically underserved by existing service providers and represents a significant

opportunity for both companies. Look has the licensed radio spectrum to deliver digital television and high-speed Internet services to the Ontario and Quebec market. UBS has the technology to extend and enhance Look's network to provide "last mile" solutions, allowing SME customers to access competitive high-speed Internet services.

In connection with this agreement, and subject to successful completion of the transaction, Look has committed to enter into a \$2.4 million products and services agreement with UBS, under which Look will acquire UBS high-speed technology to expand its existing network for high-speed Internet access.

"Much has been accomplished in the period since the new board of directors was elected at the Annual Meeting of Shareholders," said Mr. McGoey. "Our stated objective is to produce a stream of recurring revenues and recent corporate developments support that goal. UBS has a strong and active board, an excellent balance sheet, valuable intellectual property and proven engineering capability. We are confident that the Company will continue to leverage these assets during these difficult times of reduced capital expenditures in the communications industry."

#### About Unique Broadband Systems, Inc

UBS designs, develops and manufactures high-speed mobile and fixed wireless solutions, including systems based on COFDM, a robust and efficient RF modulation technology that provides superior coverage in non line-of-sight situations, digital video and audio broadcasting and line-of-sight, two-way, high-speed wireless Internet.

UBS solutions target the markets for wireless Internet, wireless cable TV, digital radio, and other applications for wireless video, voice and data services. UBS also manufactures high-quality, reliable, passive components including custom filters, waveguide assemblies, couplers and filter combiner assemblies.

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

May 31, 2002, with comparative figures for 2001

	2002	2001
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 38,270,605	\$ 55,732,995
Accounts receivable	387,744	13,445,930
Inventory	913,097	4,884,894
Other current assets	317,697	3,513,554
	<u>39,889,143</u>	<u>77,577,373</u>
Capital assets	1,807,467	2,775,451
Restricted cash	2,000,000	—
	<u>\$ 43,696,610</u>	<u>\$ 80,352,824</u>
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities:		
Bank indebtedness	\$ —	\$ 3,129,409
Accounts payable and accrued liabilities	4,387,675	7,256,873
Income taxes payable	240,000	725,000
Current portion of long-term debt	—	278,625
	<u>4,627,675</u>	<u>11,389,907</u>
Long-term debt	—	111,108
Shareholders' equity:		
Share capital	58,138,729	56,894,222
Contributed surplus	150,000	150,000
Retained earnings (deficit)	(19,219,794)	11,807,587
	<u>39,068,935</u>	<u>68,851,809</u>
	<u>\$ 43,696,610</u>	<u>\$ 80,352,824</u>

**UNIQUE BROADBAND SYSTEMS, INC.**

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

Year ended May 31, 2002, with comparative figures for 2001

	2002	2001
Sales	\$ 25,235,292	\$ 59,300,080
Cost of sales	22,214,209	37,394,489
Gross profit	3,021,083	21,905,591
Expenses:		
Selling and administrative	11,844,045	14,010,674
Research and development	7,901,153	6,643,585
Other charges	10,319,601	—
Reorganization costs	3,568,159	—
Interest	163,422	27,083
Amortization	1,260,451	1,352,378
	35,056,831	22,033,720
Loss before the undernoted items	(32,035,748)	(128,129)
Foreign exchange loss	(224,830)	—
Interest income	1,323,197	2,181,999
Proceeds on legal settlement	—	25,000,000
Income (loss) before income taxes and write-down and amortization of goodwill	(30,937,381)	27,053,870
Income taxes	90,000	4,581,632
Income (loss) before write-down and amortization of goodwill	(31,027,381)	22,472,238
Write-down and amortization of goodwill	—	(7,316,086)
Net income (loss)	(31,027,381)	15,156,152
Retained earnings (deficit), beginning of year	11,807,587	(3,348,565)
Retained earnings (deficit), end of year	\$ (19,219,794)	\$ 11,807,587
Income (loss) before write-down and amortization of goodwill per common share:		
Basic	\$ (0.30)	\$ 0.22
Diluted	(0.30)	0.22
Net income (loss) per common share		
Basic	(0.30)	0.15
Diluted	(0.30)	0.15

**UNIQUE BROADBAND SYSTEMS, INC.**

## Consolidated Statements of Cash Flows

Year ended May 31, 2002, with comparative figures for 2001

	2002	2001
<b>Cash flows from operating activities:</b>		
Net income (loss)	\$ (31,027,381)	\$ 15,156,152
Items not involving cash:		
Amortization	1,260,451	1,352,378
Gain on sale of capital assets	–	(52,099)
Shares issued for bonus and severance	–	240,200
Write-down and amortization of goodwill	–	7,316,086
Interest earned on related party loans	–	(77,639)
Change in non-cash operating working capital	16,860,982	(3,299,956)
Net cash flows from (used in) operating activities	(12,905,948)	20,635,122
<b>Cash flows from investing activities:</b>		
Restricted cash	(2,000,000)	–
Purchase of capital assets	(292,467)	(433,860)
Cash paid for acquisition of UBS Denmark, net	–	(5,067,007)
Due from related parties	10,660	373,383
Proceeds on sale of capital assets	–	805,616
Net cash flows used in investing activities	(2,281,807)	(4,321,868)
<b>Cash flows from financing activities:</b>		
Increase (decrease) in bank indebtedness	(3,129,409)	3,041,421
Reduction in long-term debt	(389,733)	(356,349)
Proceeds from options and warrants exercised	370,812	275,190
Repayment (advance) of shareholder loan	873,695	(47,481)
Net cash flows from (used in) financing activities	(2,274,635)	2,912,781
Increase (decrease) in cash and cash equivalents	(17,462,390)	19,226,035
Cash and cash equivalents, beginning of year	55,732,995	36,506,960
Cash and cash equivalents, end of year	\$ 38,270,605	\$ 55,732,995