

Interim Unaudited Consolidated Financial Statements

UNIQUE BROADBAND SYSTEMS, INC.

Three and nine months ended May 31, 2008 and 2007

Unique Broadband Systems, Inc.

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NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying interim unaudited financial statements of the Company for the interim period ending May 31, 2008 have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

UNIQUE BROADBAND SYSTEMS, INC.

Interim Unaudited Consolidated Balance Sheets
(In thousands of Canadian dollars)

As at

| | May 31, 2008 | August 31, 2007 |
|--|-----------------|--------------------|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents (note 3) | \$ 5,878 | \$ 9,650 |
| Restricted cash (note 3) | 480 | 500 |
| Accounts and other receivable | 586 | 714 |
| Inventory | 66 | 62 |
| Prepaid expenses and deposits | 320 | 440 |
| | 7,330 | 11,366 |
| Capital assets | 8,703 | 12,508 |
| Deferred charges | 73 | 129 |
| | \$ 16,106 | \$ 24,003 |
| Liabilities and Shareholders' Equity/(Deficit) | | |
| Current liabilities: | | |
| Accounts payable | \$ 11,600 | \$ 12,489 |
| Accrued liabilities and provisions | 4,572 | 5,572 |
| Unearned revenue | 819 | 819 |
| Current portion of long-term debt | - | 14 |
| Current portion of liability component of convertible debentures | 64 | 27 |
| | 17,055 | 18,921 |
| Long-term debt | 1,784 | 1,800 |
| Liability component of convertible debentures | 765 | 769 |
| Non-controlling interest (note 4) | 422 | 2,202 |
| Shareholders' equity/(deficit): | | |
| Share capital (note 5) | 58,139 | 58,139 |
| Contributed surplus | 2,373 | 2,056 |
| Deficit | (64,432) | (59,884) |
| | (3,920) | 311 |
| Basis of presentation - going concern (note 1) | | |
| Commitments and contingencies (note 10) | | |
| | \$ 16,106 | \$ 24,003 |

See accompanying notes to the interim unaudited consolidated financial statements.

UNIQUE BROADBAND SYSTEMS, INC.

Interim Unaudited Consolidated Statements of Operations and Deficit
(In thousands of Canadian dollars, except shares and per share amounts)

Three and nine months ended May 31, 2008 and 2007

| | Three months ended May 31, | | Nine months ended May 31, | |
|---|-------------------------------|-------------|------------------------------|-------------|
| | 2008 | 2007 | 2008 | 2007 |
| Service and sales revenue (note 8) | \$ 4,945 | \$ 6,013 | \$ 15,608 | \$ 18,995 |
| Carrier charges and cost of sales (note 8) | 2,584 | 2,975 | 7,936 | 9,136 |
| Gross margin | 2,361 | 3,038 | 7,672 | 9,859 |
| Expenses: | | | | |
| Marketing and sales | - | 38 | 19 | 107 |
| Customer care | 354 | 501 | 1,125 | 1,540 |
| Engineering and operations | 738 | 778 | 2,212 | 2,536 |
| General and administration | 2,013 | 2,545 | 6,835 | 7,943 |
| Amortization of capital assets | 1,304 | 1,178 | 3,894 | 3,487 |
| Amortization of deferred charges | 13 | 14 | 40 | 54 |
| | 4,422 | 5,054 | 14,125 | 15,667 |
| | (2,061) | (2,016) | (6,453) | (5,808) |
| Accretion on liability component of convertible debentures | (39) | (39) | (117) | (119) |
| Interest expense | (91) | (53) | (191) | (155) |
| Interest income | 59 | 102 | 233 | 295 |
| Gain/(Loss) on disposal of capital assets | 2 | (14) | 10 | (14) |
| Loss before income taxes and non-controlling interest | (2,130) | (2,020) | (6,518) | (5,801) |
| Non-controlling interest | 151 | 913 | 1,970 | 2,256 |
| Loss from continuing operations | (1,979) | (1,107) | (4,548) | (3,545) |
| Loss from discontinued operations (note 6) | - | - | - | (1,000) |
| Loss and comprehensive loss for the period | (1,979) | (1,107) | (4,548) | (4,545) |
| Deficit, beginning of period | (62,453) | (59,141) | (59,884) | (55,703) |
| Deficit, end of period | \$ (64,432) | \$ (60,248) | \$ (64,432) | \$ (60,248) |
| Loss per share from continuing operations: | | | | |
| Basic and diluted | \$ (0.02) | \$ (0.01) | \$ (0.04) | \$ (0.03) |
| Loss per share from discontinued operations: | | | | |
| Basic and diluted | \$ (0.00) | \$ (0.00) | \$ (0.00) | \$ (0.01) |
| Loss per share: | | | | |
| Basic and diluted | \$ (0.02) | \$ (0.01) | \$ (0.04) | \$ (0.04) |
| Weighted average number of outstanding shares in thousands: | | | | |
| Basic and diluted (note 5) | 102,748 | 102,748 | 102,748 | 102,748 |

See accompanying notes to the interim unaudited consolidated financial statements.

UNIQUE BROADBAND SYSTEMS, INC.

Interim Unaudited Consolidated Statements of Cash Flows
(In thousands of Canadian dollars)

Three and nine months ended May 31, 2008 and 2007

| | Three months ended May 31, | | Nine months ended May 31, | |
|---|-------------------------------|-----------|------------------------------|------------|
| | 2008 | 2007 | 2008 | 2007 |
| Cash flows from/(used in) operating activities: | | | | |
| Loss from continuing operations | \$ (1,979) | \$(1,107) | \$ (4,548) | \$ (3,545) |
| Non-controlling interest | (151) | (913) | (1,970) | (2,256) |
| Amortization of capital assets | 1,304 | 1,178 | 3,894 | 3,487 |
| Amortization of deferred charges | 13 | 14 | 40 | 54 |
| Amortization of stock based compensation | 92 | 260 | 422 | 985 |
| Accretion on liability component of convertible debentures | 39 | 39 | 117 | 119 |
| (Gain)/Loss on disposal of capital assets | (2) | 14 | (10) | 14 |
| Change in non-cash operating working capital (note 7) | 275 | 1,097 | 80 | 3,966 |
| Cash flows from/(used in) continued operations | (409) | 582 | (1,975) | 2,824 |
| Cash flows used in discontinued operations (note 6) | - | - | (1,724) | (350) |
| Cash flows from/(used in) operating activities | (409) | 582 | (3,699) | 2,474 |
| Cash flows used in financing activities: | | | | |
| Interest on convertible debentures | - | - | - | (1) |
| Repayment of obligations under capital leases | - | (8) | (14) | (31) |
| Cash flows used in financing activities | - | (8) | (14) | (32) |
| Cash flows from/(used in) investing activities: | | | | |
| Restricted cash | 5 | (21) | 20 | (3) |
| Purchase of capital assets | (41) | (5) | (89) | (136) |
| Proceeds of disposition of capital assets | 2 | 24 | 10 | 24 |
| Cash flows used in investing activities | (34) | (2) | (59) | (115) |
| (Decrease)/Increase in cash and cash equivalents | (443) | 572 | (3,772) | 2,327 |
| Cash and cash equivalents, beginning of period | 6,321 | 10,236 | 9,650 | 8,481 |
| Cash and cash equivalents, end of period | \$ 5,878 | \$ 10,808 | \$ 5,878 | \$ 10,808 |

Supplemental cash flow information (note 7)

See accompanying notes to the interim unaudited consolidated financial statements.

UNIQUE BROADBAND SYSTEMS, INC.

Notes to the Consolidated Financial Statements

(In thousands of Canadian dollars, except shares and per share amounts)

Three and nine months ended May 31, 2008 and 2007

Unique Broadband Systems, Inc. (the "Company") is a publicly listed Canadian company that has a 51.7% fully diluted equity interest in Look Communications Inc. ("Look") and other assets. With its spectrum and broadcast licenses through Look, the Company is a Canadian digital television broadcaster and broadband wireless service provider. 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.

1. Basis of presentation:

(a) Going concern

These interim unaudited 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 interim financial information. 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.

There is doubt about the Company's ability to continue as a going concern as it has incurred significant operating losses in recent years and has a working capital deficiency of \$9,725 as at May 31, 2008 (August 31, 2007 - \$7,555).

The Company will need to raise cash in order to meet the needs of its existing operations beyond the third quarter of fiscal 2009. This requirement and timing for capital may be adversely impacted by, amongst other things, a lack of available financing through traditional banking sources, the outcome of the contingencies (see notes 9 and 10 (b)), a faster rate of decline in subscribers than experienced during fiscal 2007 and negative pressure on average revenue per user. In order to alleviate this cash requirement, the Company will continue to seek any and all ways to obtain financing through, amongst other things, partnering arrangements, debt and equity partners, the sale of certain subscribers, arrangements involving some or all of Look's spectrum and rights offerings to existing shareholders. The outcome of these matters cannot be predicted at this time.

The consolidated financial statements have been prepared on a going concern basis and do not include any adjustments to the amounts and classifications of the assets and liabilities and reported revenues and expenses that would be necessary if the going concern basis was not appropriate. Such adjustments could be material.

UNIQUE BROADBAND SYSTEMS, INC.

Notes to the Consolidated Financial Statements (continued)

(In thousands of Canadian dollars, except shares and per share amounts)

Three and nine months ended May 31, 2008 and 2007

1. Basis of presentation (continued):

(b) Basis 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 inter-company transactions and balances have been eliminated upon consolidation. In accordance with the CICA Handbook Section 1600, *Consolidated Financial Statements*, when the losses applicable to the non-controlling interest in Look exceed the non-controlling interest's carrying value in Look, the excess and any further losses will be fully absorbed by the Company. Subsequent earnings, if any, recorded by Look, will be allocated entirely to the Company's interest until such previously fully absorbed losses are recovered.

(c) Significant accounting policies

These interim unaudited consolidated financial statements should be read in conjunction with the recent annual audited consolidated financial statements and notes thereto, as at, and for the year ended August 31, 2007. Accounting policies and methods of their application followed in the preparation of these interim unaudited consolidated financial statements are consistent with those used in the most recent annual audited consolidated financial statements, except as noted below.

(1) Changes in accounting policies

In 2006, the CICA issued Handbook Section 1506, *Accounting Changes* ("CICA 1506"). CICA 1506 prescribes the criteria for changing accounting policies, together with the accounting treatment and disclosure of changes in accounting policies, changes in accounting estimates, and correction of errors. This new standard was adopted by the Company on September 1, 2007.

(2) Financial instruments

Effective September 1, 2007, the Company adopted CICA Handbook Section 3855, *Financial Instruments - Recognition and Measurement*, and Handbook Section 1530, *Comprehensive Income*. Handbook Section 3855 prescribes criteria for the classification of financial assets and liabilities and treatment of derivatives and embedded derivatives. Handbook Section 1530 prescribes the presentation and treatment of "other comprehensive income or loss" and "accumulated other comprehensive income or loss".

UNIQUE BROADBAND SYSTEMS, INC.

Notes to the Consolidated Financial Statements (continued)

(In thousands of Canadian dollars, except shares and per share amounts)

Three and nine months ended May 31, 2008 and 2007

1. Basis of presentation (continued):

Under these standards, the Company's financial assets are classified as available-for-sale or loans and receivables. Financial assets classified as available-for-sale are carried on the balance sheet at fair value with changes in fair value recorded in "other comprehensive income or loss". Loans and receivables and all financial liabilities are carried at amortized cost using the effective interest method.

The Company has historically capitalized and amortized deferred financing charges. Effective September 1, 2007, the Company will net these costs against the liabilities they were incurred to establish. The impact of this application at May 31, 2008 is to decrease deferred financing charges by \$16, the unamortized financing costs related to the mortgage, and to correspondingly decrease the long-term debt by \$16. In accordance with Section 3855, comparative financial information was not restated.

The Company reviewed significant contracts and determined that there are no significant non-financial derivatives that require separate fair value recognition in the interim unaudited consolidated financial statements at May 31, 2008. The Company has determined that it has no "other comprehensive income or loss" transactions during the period and no opening or closing balances in "accumulated other comprehensive income or loss".

(3) Recent accounting pronouncements

The CICA recently issued Handbook Section 1535 – Capital Disclosures, Handbook Section 3031 – Inventories, Handbook Section 3862, Financial Instruments – Disclosures, and Handbook Section 3863, Financial Instruments – Presentation. Handbook Section 1535 requires the disclosure of qualitative and quantitative information about an entity's objectives, policies, and processes for managing capital including disclosures regarding any externally imposed capital requirements and the consequences of non-compliance. Handbook Section 3031, replacing Section 3030 which also dealt with inventory, revises the determination of cost and subsequent measurement of inventory. Handbook Sections 3862 and 3863 carry forward the existing presentation requirements and expand the disclosure requirements to complement the changes in accounting policy made in accordance with Section 3855. All four sections will be adopted by the Company on September 1, 2008.

The Canadian Accounting Standards Board recently ratified a strategic plan that will see Canadian GAAP converged with, and replaced by, International Financial Reporting Standards ("IFRS") for fiscal years beginning on or after January 1, 2011. The Company is in the process of assessing the impact of this convergence on its financial reporting.

UNIQUE BROADBAND SYSTEMS, INC.

Notes to the Consolidated Financial Statements (continued)

(In thousands of Canadian dollars, except shares and per share amounts)

Three and nine months ended May 31, 2008 and 2007

2. Investment in Look:

At May 31, 2008, UBS held 24,864,478 Multiple Voting Shares and 28,863,642 Subordinate Voting Shares in Look (August 31, 2007 - 24,864,478 Multiple Voting Shares and 28,614,442 Subordinate Voting Shares). In addition, UBS is the holder of a convertible debenture in the principal amount of \$3,000, which may be converted into 20,000,000 Multiple Voting Shares and 20,000,000 Subordinate Voting Shares. On a fully diluted basis, UBS holds 51.7% of Look.

3. Cash:

(a) Cash and cash equivalents

Cash and cash equivalents consist of all bank balances and highly liquid short-term guaranteed investment certificates and bankers acceptances with original maturities of less than 90 days. At May 31, 2008, the Company had cash and cash equivalents of \$5,878 (August 31, 2007 - \$9,650).

(b) Restricted cash

At May 31, 2008, Look pledged \$480 (August 31, 2007 - \$500) of cash to its bank as collateral for the processing of credit card transactions. Of this amount, \$300 is held in interest bearing certificates at 3.93%.

4. Non-controlling interest:

The non-controlling interest in the consolidated balance sheet of the Company represents the non-controlling interest in the equity of Look and the non-controlling interest's equity component of convertible debentures in Look, as set out in the table below. Reported losses by 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. As at February 29, 2008, the non-controlling interest in Look's equity amounted to \$151 and, in accordance with CICA Handbook Section 1600, *Consolidated Financial Statements*, only \$151 or 7.6% of Look's loss in the quarter ended May 31, 2008 was allocated to the non-controlling interest. Since the non-controlling interest in the equity of Look has been eliminated, subject to any further conversions by Look's debenture holders, all future losses of Look will be fully absorbed by the Company. Subsequent earnings, if any, recorded by Look, will be allocated entirely to the Company's interest until such previously fully absorbed losses are recovered.

UNIQUE BROADBAND SYSTEMS, INC.

Notes to the Consolidated Financial Statements (continued)
(In thousands of Canadian dollars, except shares and per share amounts)

Three and nine months ended May 31, 2008 and 2007

4. Non-controlling interest (continued):

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

| | May 31, 2008 | August 31, 2007 |
|--|-----------------|--------------------|
| Shares and equity | \$ - | \$ 1,778 |
| Equity component of convertible debentures | 422 | 424 |
| Non-controlling interest in Look | \$ 422 | \$ 2,202 |

5. Share capital:

(a) Authorized

Unlimited common shares
Unlimited Class A non-voting shares

(b) Issued

At May 31, 2008, UBS had issued 91,442,522 common shares (August 31, 2007 - 91,442,522) and 11,305,332 Class A non-voting shares (August 31, 2007 - 11,305,332).

(c) Stock option plan

During the three and nine months ended May 31, 2008, UBS recorded stock-based compensation expense of \$50 and \$50 respectively (2007 - \$96 and \$122) related to options issued to employees and \$42 and \$267 respectively (2007 - \$131 and \$785) related to options issued to non-employees, which has been recorded in contributed surplus. During October 2007, 1,000,000 options to purchase common shares of the Company were granted to a non-employee at an exercise price of \$0.32. The fair value for these options at the date of grant was determined using the Black-Scholes option pricing model with the following assumptions: an average risk free interest rate of 4.2%, a dividend yield of 0%, a volatility factor of the expected market price of UBS shares of 103% and an expected option life of five years. The option has vesting terms based on share price performance and expires on the earlier of (a) the fifth anniversary of the vesting date and (b) October 19, 2017.

UNIQUE BROADBAND SYSTEMS, INC.

Notes to the Consolidated Financial Statements (continued)

(In thousands of Canadian dollars, except shares and per share amounts)

Three and nine months ended May 31, 2008 and 2007

5. Share capital (continued):

During the quarter ended May 31, 2008, no options to purchase common shares of UBS were granted and 1,000,000 options expired. As at May 31, 2008, there were 14,974,000 options outstanding to purchase common shares of the Company.

(d) Share Appreciation Rights Plan

On October 12, 2006, the Board of Directors approved a Share Appreciation Rights ("SAR") Plan (the "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.

On April 25, 2008, the Board of Directors awarded 3,300,000 SAR units at a grant price of \$0.30 based on the market value of a UBS common share on the date of the award. The awards are subject to specific terms and conditions being fulfilled.

As at May 31, 2008, the Board of Directors had awarded 11,300,000 SAR units at a weighted average grant price of \$0.20 based on the market values of UBS' common shares on the date of the awards. The awards are subject to specific terms and conditions being fulfilled. No charge has been recorded in the financial statements for the three and nine months ended May 31, 2008 (2007 - nil).

6. Discontinued operations:

The charge to discontinued operations in fiscal 2007 related to the provision for the settlement of a claim against UBS in respect of leased premises used by UBS Technologies A/S, its Danish subsidiary that was petitioned into bankruptcy in 2003. During October 2007, UBS made the final payment in the settlement of this claim. The consolidated balance sheets include the following amounts related to discontinued operations:

| | May 31, 2008 | August 31, 2007 |
|---------------------|-----------------|--------------------|
| Accrued liabilities | \$ 147 | \$ 1,871 |

UNIQUE BROADBAND SYSTEMS, INC.

Notes to the Consolidated Financial Statements (continued)
(In thousands of Canadian dollars, except shares and per share amounts)

Three and nine months ended May 31, 2008 and 2007

7. Supplemental cash flow information:

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

| | Three months ended May 31, | | Nine months ended May 31, | |
|--|----------------------------|----------|---------------------------|----------|
| | 2008 | 2007 | 2008 | 2007 |
| Accounts receivable | \$ 128 | \$ 337 | \$ 128 | \$ 658 |
| Inventory | 3 | 60 | (4) | 82 |
| Prepaid expenses and deposits | (66) | (162) | 120 | 105 |
| Accounts payable and accrued liabilities | 263 | 945 | (164) | 3,111 |
| Unearned revenue | (53) | (83) | - | 10 |
| | \$ 275 | \$ 1,097 | \$ 80 | \$ 3,966 |

8. Segment disclosure:

The Company currently operates as a wireless broadband carrier, delivering a full range of communications services including wireless digital television distribution, high speed and dial up Internet access and web-related services, including web-hosting and domain name registrations.

Service and sales revenue consists of Broadcast Services, Internet Services, Other Services and equipment sales and installation revenue. Broadcast Services revenue is earned from the provision of television services to residential and commercial customers. Internet Services revenue is earned from monthly and annual subscriptions from individuals and businesses for access to the internet. Other revenues are earned from web-hosting, domain name registrations and web-server co-location. Equipment and installation revenue is derived from the sale of equipment to customers and the installation of wireless services.

The service and sales revenues and cost of sales are as follows:

| | Three months ended May 31, | | | |
|-------------------------|----------------------------|---------------|----------|---------------|
| | 2008 | | 2007 | |
| | Revenue | Cost of sales | Revenue | Cost of sales |
| Broadcast Services | \$ 2,090 | \$ 1,343 | \$ 2,653 | \$ 1,513 |
| Internet Services | 1,929 | 898 | 2,269 | 965 |
| Other Services | 877 | 315 | 995 | 383 |
| Total Service Revenue | 4,896 | 2,556 | 5,917 | 2,861 |
| Sales and Installations | 49 | 28 | 96 | 114 |
| Total Service and Sales | \$ 4,945 | \$ 2,584 | \$ 6,013 | \$ 2,975 |

UNIQUE BROADBAND SYSTEMS, INC.

Notes to the Consolidated Financial Statements (continued)

(In thousands of Canadian dollars, except shares and per share amounts)

Three and nine months ended May 31, 2008 and 2007

8. Segment disclosure (continued):

| | Nine months ended May 31, | | | |
|-------------------------|---------------------------|---------------|-----------|---------------|
| | 2008 | | 2007 | |
| | Revenue | Cost of sales | Revenue | Cost of sales |
| Broadcast Services | \$ 6,704 | \$ 4,087 | \$ 8,433 | \$ 4,662 |
| Internet Services | 6,004 | 2,715 | 7,212 | 3,035 |
| Other Services | 2,705 | 981 | 3,034 | 1,144 |
| Total Service Revenue | 15,413 | 7,783 | 18,679 | 8,841 |
| Sales and Installations | 195 | 153 | 316 | 295 |
| Total Service and Sales | \$ 15,608 | \$ 7,936 | \$ 18,995 | \$ 9,136 |

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 revenues or accounts receivable.

9. Economic dependence:

Look purchases a significant portion of its telecommunications services from Bell Canada. These telecommunications services are not available from other service providers and as a result, the provision of many of Look's service offerings to its subscribers and the revenue generated therefrom are dependent upon Bell Canada continuing to provision its network services to Look (see note 10 b(2)).

10. Commitments and contingencies:

(a) Commitments

Pursuant to CRTC regulation, Look is required to make annual contributions to the Canadian Television Fund ("CTF"), which is a cable industry fund designed to foster the production of Canadian television programming. Contributions to the CTF are based on a formula, including gross broadcast revenue and the number of subscribers. Look may elect to spend a portion of the above amount for local television programming and may also elect to contribute a portion to another CRTC approved independent production fund. Look estimates that its total contributions to the CTF and CRTC for fiscal 2008 will amount to approximately \$450.

UNIQUE BROADBAND SYSTEMS, INC.

Notes to the Consolidated Financial Statements (continued)
(In thousands of Canadian dollars, except shares and per share amounts)

Three and nine months ended May 31, 2008 and 2007

10. Commitments and contingencies (continued):

(b) Contingencies

(1) Claim for damages against Inukshuk et al

In April 2004, UBS Wireless filed a statement of claim against Allstream Inc. (now MTS Allstream Inc.) and Microcell Telecommunications Inc., Microcell Solutions Inc. and Inukshuk Internet Inc. (now wholly-owned subsidiaries of Rogers Communications Inc. ("Rogers")) (collectively the "Defendants"). The damages claimed, totaling \$160,000 against the Defendants, are for, amongst other things, specific performance, breach of contract, breach of confidence and breach of fiduciary duty as a result of the Defendants actions involving the MCS spectrum.

As a result of a request by Bell Canada and Rogers for Industry Canada to transfer the MCS spectrum out of the companies being litigated against, UBS Wireless filed a statement of claim in August 2007 against the Inukshuk Wireless Partnership (the "Partnership"), which is jointly owned by Rogers and Bell Canada. The claim is for, amongst other things, a mandatory order requiring the Partnership to return to Fido Solutions Inc. ("Fido", formerly Microcell Telecommunications Inc.) any and all rights or licences to use or exploit the MCS spectrum and such other, interim, interlocutory or final relief as may be necessary to enable Fido to comply with any order requiring the specific performance of certain obligations to UBS Wireless.

During the quarter, the Ontario Superior Court of Justice dismissed the 2007 claim against the Partnership and as a result, UBS Wireless has commenced proceedings to appeal the Court's decision. In addition, UBS Wireless decided to adjourn its motion to amend the amount claimed for damages against the Defendants in the 2004 claim.

The assets and rights pursuant to the agreement related to the MCS spectrum are significant to the Company's shareholders and as such UBS intends to vigorously pursue its rights.

(2) Bell Canada

In response to Bell Canada'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 Canada. Look claims damages in the aggregate amount of \$25,000 plus interest, costs, and any applicable taxes for, amongst other things, Bell Canada's breach of contract, misrepresentation, and unlawful interference with economic relations. Look is also seeking \$10,000 in aggravated and/or punitive damages.

UNIQUE BROADBAND SYSTEMS, INC.

Notes to the Consolidated Financial Statements (continued)
(In thousands of Canadian dollars, except shares and per share amounts)

Three and nine months ended May 31, 2008 and 2007

10. Commitments and contingencies (continued):

On May 8, 2007, Look filed a notice of motion seeking Interim and Interlocutory Injunctions (the "Injunctions") preventing Bell Canada from terminating, reducing, restricting, or in any way interfering with the telecommunications services provided by Bell Canada to Look pending the final determination of the motion or until such other time as the Court may direct. The Injunctions were heard by the Ontario Superior Court of Justice on July 23, 2007 and granted on July 31, 2007. In light of the Injunctions granted, Look believes it will be able to carry on business in the normal course of operations.

The major Terms and Conditions of the Injunctions are as follows:

- i) Look will pay Bell Canada \$360 per month from May 1, 2007;
- ii) Look may not encumber or transfer its spectrum licence without the consent of the Court;
and
- iii) Bell Canada will pay Look's costs of the Injunctions.

Look is fully complying with the Terms and Conditions set forth by the Ontario Superior Court of Justice. Look will expeditiously continue to vigorously pursue its aforementioned statement of claim against Bell Canada.

On July 5, 2007 Bell Canada 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 Canada, and \$1,000 in aggravated and/or punitive damages.

The hearing date for these actions has yet to be determined and the outcome of these actions cannot be predicted at this time. These claims are significant to the Company's shareholders. In the Company's opinion, Bell Canada's counterclaim is without merit and Look intends to vigorously pursue its rights.

(3) Craig Wireless

On February 19, 2004, Craig Wireless International Inc. ("Craig Wireless") filed a statement of claim against the Company before the Ontario Superior Court of Justice. In its action, Craig Wireless claims 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.

The Company believes the entire claim is without merit and intends to vigorously defend itself.

UNIQUE BROADBAND SYSTEMS, INC.

Notes to the Consolidated Financial Statements (continued)

(In thousands of Canadian dollars, except shares and per share amounts)

Three and nine months ended May 31, 2008 and 2007

10. Commitments and contingencies (continued):

(4) 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:

- i) Payment of royalties due in the amount of \$4,500 for the retransmission of distant television signals pursuant to:
 - a) 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
 - b) The Interim Tariffs for the Retransmission of Distant Radio and Television Signals in Canada for the period commencing January 1, 2004.
- ii) Pre-judgment interest on unpaid royalties in the amount of \$2,500.

Look believes that all debts, including any royalties due up to and including February 11, 2002, were extinguished by virtue of the Plan of Implementation approved by the Court under the Plan of Arrangement effective February 11, 2002. In addition, Look notes that the Interim Tariffs referred to above for the period commencing January 1, 2004 remain uncertified by the Copyright Board of Canada.

Look intends to vigorously defend itself and the outcome of this action cannot be predicted at this time.

(5) Danish claim

Certain claims have been filed against UBS in connection with UBS Technologies A/S (formerly ProTeleVision Technologies A/S), 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 was made in the first quarter of fiscal 2008 (refer to note 6). A second claim for approximately \$450, which relies on an alleged guarantee by UBS in respect to a subcontracting agreement for the manufacture of electronic products, is proceeding through the Danish courts. Management believes it has a good defence against the remaining claim and continues to vigorously defend its position.

UNIQUE BROADBAND SYSTEMS, INC.

Notes to the Consolidated Financial Statements (continued)
(In thousands of Canadian dollars, except shares and per share amounts)

Three and nine months ended May 31, 2008 and 2007

10. Commitments and contingencies (continued):

(6) Other claims

The Company continues to defend itself against the other litigation detailed in the Company's 2007 annual financial statements.

11. Related party transactions:

(a) Management Service Agreement with Jolian Investments Ltd.

Management service fees pursuant to the Management Service Agreement between UBS and Jolian Investments Ltd., which is controlled by the Chairman and CEO of the Company, amounted to \$143 and \$428 for the three and nine months ended May 31, 2008 respectively (2007 - \$125 and \$374).

(b) Consulting Agreement with DOL Technologies Inc.

The consulting agreement between UBS and Mr. Dolgonos was cancelled with effect from May 1, 2008. Effective that date, UBS entered into a new consulting agreement with DOL Technologies Inc., which is controlled by Mr. Dolgonos. Pursuant to the new consulting agreement, Mr. Dolgonos will continue to provide, amongst other things, technology consulting services to UBS. Consulting fees paid under both agreements amounted to \$119 and \$356 for the three and nine months ended May 31, 2008 (2007 - \$103 and \$309).

UNIQUE BROADBAND SYSTEMS, INC.

Shareholder Information

Board of Directors

Gerald T. McGoey

Peter Minaki

Louis Mitrovich

Douglas Reeson

Officers

Gerald T. McGoey
Chairman and Chief Executive Officer

Malcolm Buxton-Forman
Chief Financial Officer

Chief Technology Consultant

Alex Dolgonos

Auditors

KPMG LLP
Yonge Corporate Centre
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M2P 2H3

Investor Relations

UBS Investor Relations
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Transfer Agent and Registrar

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Stock Exchange Listing

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