Management's Discussion and Analysis of Financial Condition
and Results of Operations of

UNIQUE BROADBAND SYSTEMS, INC.

Years ended August 31, 2015 and 2014

December 23, 2015

1. INTRODUCTION

This management's discussion and analysis ("MD&A") of financial condition and result of operations of Unique Broadband Systems, Inc. ("UBS" or "the Company") is supplementary to, and should be read in conjunction with, the Company's consolidated financial statements for the fiscal years ended August 31, 2015 and 2014.

The Company's consolidated financial statements and the notes thereto have been prepared on the basis of accounting principles applicable to a going concern. This assumes that the Company will operate for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. Accordingly, they do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities, other than in the normal course of business and at amounts different from those in the financial statements.

Unless specifically stated, the references to "UBS" or "the Company" include the legal entity Unique Broadband Systems, Inc. and its wholly-owned subsidiary, UBS Wireless Services Inc. ("UBS Wireless").

2. ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective under International Financial Reporting Standards ("IFRS"), and determined that the following may have an impact on the Company:

The IASB published IFRS 9, "*Financial Instruments" ("IFRS 9"),* which replaces IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, substantially overhauls accounting requirements related to hedging and introduces a new credit loss impairment model. The standard is effective for annual periods beginning on or after January 1, 2018. The Company is in the process of determining the impact on its financial statements.

3. CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This MD&A includes forward-looking statements and information concerning expected future events, the future performance of the Company, its operations, and its financial performance and condition. These forward-looking statements and information include, among others, statements with respect to the Company's objectives and strategies to achieve those objectives, as well as statements with respect to its beliefs, plans, expectations, anticipations, estimates, and intentions. When used in this MD&A, the words "believe", "anticipate", "may", "should", "intend", "estimate", "expect", "project", and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain such words.

These forward-looking statements and information are based on current expectations. The Company cautions that all forward-looking statements and information are inherently uncertain and actual future results, conditions, actions or events may differ materially from the targets, assumptions, estimates, or expectations reflected or contained in the forward-looking statements and information, and that actual future results, conditions, actions, events, or performance will be affected by a number of factors including economic conditions and competitive factors, many of which are beyond the Company's control.

New risks and uncertainties arise from time to time, and it is impossible for the Company to predict these events or the effect that they may have on the Company. Certain statements in this MD&A, other than statements of historical fact, may include forward-looking information that involves various risks and uncertainties. This may include, without limitation, statements based on current expectations involving a number of risks and uncertainties. These risks and uncertainties include, but are not restricted to: (i) tax-related matters, (ii) financial risk related to short-term investments (including credit risks and reductions in interest rates), (iii) human resources developments, (iv) business integrations and internal reorganizations, (v) process risks, (vi) health and safety, (vii) the outcome of litigation and legal matters, (viii) any prospective acquisitions or divestitures, (ix) other risk factors related to the Company's historic business, and (x) risk factors related to the Company's future operations.

More specifically, UBS faces risks and uncertainties in connection with the outcome of litigation described under the section entitled "Provisions and contingencies - Contingencies". In particular, there can be no assurance that UBS will be able to recover any of the amounts awarded it in the litigation.

For a more detailed discussion of factors that may affect actual results or cause actual results to differ materially from any conclusion, forecast or projection in these forward-looking statements and information, see the sections entitled "Overview – Significant current events" and "Provisions and contingencies" below.

Therefore, future events and results may vary significantly from what the Company currently foresees. Readers are cautioned that the forward-looking statements and information made by the Company in this MD&A are stated as of the date of this MD&A, are subject to change after that date, are provided for the purposes of this MD&A and may not be appropriate for other purposes. We are under no obligation to update or alter the forward-looking statements, whether as a result of new information, future events, or otherwise, except as required by National Instrument 51-102, and we expressly disclaim any other such obligation.

4. OVERVIEW

Significant current events

(a) CCAA proceedings and Special Meeting of Shareholders

On July 5, 2011, UBS and UBS Wireless commenced proceedings under of the *Companies' Creditors Arrangement Act* ("CCAA"). The court made an order staying all proceedings against UBS and its directors. As at August 31, 2015, KSV Advisory Limited (the "Monitor") acted as the Monitor of UBS. Detailed information with respect to the CCAA proceedings can be found on the Monitor's website at www.ksvadvisory.com.

UBS successfully determined all of the claims of its creditors within the CCAA proceedings.

By Order of the Court made on February 26, 2015 (the "February 26 Order"), the Court extended the stay of proceedings to May 15, 2015 and directed that the proceedings were to be terminated, upon the satisfaction of certain conditions, by way of filing a certificate (the "Termination Certificate") by the Monitor.

In accordance with the February 26 Order, UBS paid approved claims totaling approximately $1,042 on April 27, 2015, and held a meeting of shareholders on May 4, 2015.

The February 26 Order also authorized and directed the Company to pay the professional fees and expenses of the Monitor, its counsel and the Company's counsel, rendered in connection with the CCAA proceedings. As at August 31, 2015, the stay of proceedings had expired but the fee payment condition was not satisfied and the Termination Certificate was not filed.

<u>Termination of CCAA Proceedings</u>

On December 22, 2015, the Company settled all professional fees and expenses, of the Monitor, its counsel and the Company's counsel, rendered in connection with the CCAA proceedings. The Termination Certificate was subsequently filed on December 23, 2015 and the CCAA proceedings were terminated.

(b) Settlement with former director

On February 26, 2015, the Company settled all claims brought by a former director (the "Former Director"), which resulted in the reversal of a contingent award approved by the previous directors in 2009 in the amount of $465, and accrued interest of $80.

Accrued board fees of $11 were reversed during the quarter ended February 28, 2015.

The parties reached a settlement regarding the $116 advanced to a professional firm on the Former Director's behalf during fiscal 2010. This included a partial repayment of $50 to the Company, of which $15 was paid on February 27, 2015 and $35 was paid on April 30, 2015. $10 was applied against expenses from the Company's former legal counsel, and the balance of $56 was expensed to restructuring expense (recovery) during the quarter ended February 28, 2015.

(c) Cancellation of credit card

On November 15, 2015, the Company's credit card was cancelled, reducing restricted cash to nil (August 31, 2015 - $50).

The Company

Unique Broadband Systems, Inc. is a publicly listed Canadian company, trading on the NEX, which is a separate board of the TSX Venture Exchange, under the symbol UBS.H.

The UBS head office is located in Toronto, Ontario.

Going concern

The going concern basis of presentation assumes that UBS 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 significant doubt about UBS' use of the going concern assumption because, as at August 31, 2015, the Company remained under the CCAA (refer to the section entitled "Provisions and contingencies"). UBS may need to raise cash and/or monetize assets, and/or reduce its outstanding commitments in order to meet the needs of its existing operations and commitments, giving rise to doubt about UBS' use of the going concern assumption.

Notwithstanding the above, the Company's consolidated financial statements for the years ended August 31, 2015 and 2014 have been prepared on a going concern basis and do not include any adjustments to the carrying values and classification of assets and liabilities and reported revenue and expenses that would be necessary if the going concern basis was not appropriate. Such adjustments could be material.

Strategy

UBS' operating strategy is to preserve its cash, monitor its investment in ONEnergy Inc. ("ONEnergy"), and explore opportunities to maximize shareholder value.

Investment in ONEnergy

(a) Carrying value of ONEnergy

As at August 31, 2014, the Company held 12,434 multiple voting shares ("MVS") and 15,291 subordinate voting shares ("SVS") in ONEnergy.

At ONEnergy's Annual and Special Meeting of Shareholders held on May 19, 2015, shareholders approved, among other things, a capital reorganization designating subordinate voting shares to common shares, exchanging multiple voting shares on a one-for-one basis into common shares, and then consolidating common shares at a ratio of up to ten to one. The capital reorganization resulted in a change in UBS holdings to 2,773 common shares as at May 28, 2015.

During the fourth quarter of fiscal 2015, UBS sold 220 shares in ONEnergy and, as at August 31, 2015, the economic and voting interest of ONEnergy was 10.6%.

The value of the Company's shares of ONEnergy, based on the bid prices of its common shares (TSXV: OEG) as at August 31, 2015, of $0.80, was $2,043 (August 31, 2014 – MVS (TSXV: OEG) $0.085 and SVS (TSXV: OEG.A) $0.08 - $2,281). The Company accounts for its investment using the fair value method, and this asset is classified as Available For Sale ("AFS"). As of the reporting date, the value of the Company's investment in ONEnergy had declined to $894.

(b) ONEnergy Claims and Proposed Settlement

ONEnergy filed claims on July 6, 2011 against certain former directors and officers in connection with the payment of approximately $15,700 of "restructuring awards," paid to these directors and officers from the net proceeds of approximately $64,000 realized by ONEnergy on the sale of its spectrum license in 2009.

On October 14, 2015, ONEnergy announced that it had, subject to Court approval, reached a conditional settlement (the “Proposed Settlement”) with Michael Cytrynbaum and his family company First Fiscal Management Ltd., Jason Redman, Scott Colbran, Stuart Smith, Alex Dolgonos and his company DOL Technologies Inc., as well as former legal advisor Stikeman Elliott LLP, in the amount of $6,675.

The Proposed Settlement did not include ONEnergy’s former CEO Gerald McGoey and his personal service company Jolian Investments Limited, together referred to as the Jolian Parties.

ONEnergy also issued a Statement of Claim against McMillan LLP on August 20, 2012, seeking recovery of $1,550 in advances paid in June 2010 to McMillan LLP and other law firms on behalf of the former directors and officers.

If the Proposed Settlement is approved, the claims against the Jolian Parties and McMillan LLP will be limited to their proportionate and several liabilities. ONEnergy continues to pursue these claims.

5. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The consolidated financial statements for the years ended August 31, 2015 and 2014 include the accounts of UBS’ wholly owned subsidiary, UBS Wireless. All significant intercompany balances and transactions have been eliminated upon consolidation.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Management’s discussion and analysis of operating results and financial condition are made with reference to the Company’s consolidated financial statements and notes thereto for the years ended August 31, 2015 and 2014, which have been prepared in accordance with IFRS. The Company’s significant accounting policies are summarized in detail in note 2 of the Company’s consolidated annual financial statements for the year ended August 31, 2015, and include:

(a) Income taxes

Income tax expense consists of current and deferred tax expense. Income tax expense is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income (loss) or directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute deferred tax assets and liabilities are measured at future anticipated tax rates which have been enacted or substantively enacted at the reporting date. Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to set off the amounts, and the Company intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

With certain exceptions, deferred tax assets and liabilities are provided on all qualifying temporary differences at the end of the reporting period between the tax basis of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets are only recognized to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future and future taxable profit will be available against which the temporary difference can be utilized.

Deferred tax liabilities and assets are not recognized for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

(b) Provisions and contingencies

Provisions are recognized when a legal or constructive obligation exists, as a result of past events, and it is probable that an outflow of resources that can be reliably estimated will be required to settle the obligation. Where the effect is material, the provision is discounted using an appropriate current market-based pre-tax discount rate. The increase in the provision due to passage of time is recognized as interest expense.

When a contingency substantiated by confirming events can be reliably measured and is likely to result in an economic outflow, a liability is recognized as the best estimate required to settle the obligation. A contingent liability is disclosed where the existence of an obligation will only be confirmed by future events, or where the amount of a present obligation cannot be measured reliably or will likely not result in an economic outflow. Contingent assets are only disclosed when the inflow of economic benefits is probable. When the economic benefit becomes virtually certain, the asset is no longer contingent and is recognized in the consolidated financial statements.

(c) Significant accounting judgments and estimates

The preparation of the Company's consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The Company's consolidated financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences.

Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Significant management estimation is required in determining accrued liabilities and accrued restructuring liabilities due to related parties.

Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable income together with future tax planning strategies. Factors considered in the assessment of the likelihood and value of the realizable deferred tax assets include the Company's forecast of the amount and timing of future net income before taxes, available tax planning strategies that could be implemented to realize the deferred tax assets and the remaining period of loss carry-forwards.

Significant judgment and estimates are also required in assessing the carrying value of accounts receivable and other receivables. Factors considered in assessment of carrying value included the ability of the counterparty to pay and the actions available to the Company to enforce collection. Estimation uncertainty relating to the receivable from the Jolian Parties is disclosed in section entitled “Results of operations – General and administrative expense (recovery) – Collection costs.

7. SELECTED ANNUAL INFORMATION

	Fiscal 2015	Fiscal 2014	Fiscal 2013
Service and sales revenue	**$ -**	$ -	$ -
Operating expense (recovery)	**1,148**	(347)	2,360
Restructuring expense (recovery)	**(512)**	(2,837)	912
Interest income	**21**	25	24
Gain (loss) on sale of ONEnergy shares	**(106)**	-	447[1]
Equity interest in ONEnergy losses	**-**	-	(245)[1]
Income (loss) before comprehensive income (loss)	**(721)**	3,209	(3,046)
Fair value adjustment in ONEnergy[2]	**33**	(492)	(652)
Income (loss) and comprehensive income (loss) for the year	**$ (688)**	$ 2,717	$ (3,698)
Income (loss) per share			
Basic and diluted	**$ (0.007)**	$ 0.026	$ (0.036)
Total assets	**3,883**	6,269	6,212
Total liabilities	**672**	2,370	5,030

(1) On February 19, 2013, UBS sold 12,430 multiple voting shares and 14,630 subordinate voting shares of ONEnergy for $0.14 per share, or $3,788, generating a gain of $447 and reducing its fully diluted equity interest in ONEnergy to 18.8%.

(2) Effective February 20, 2013, the Company accounts for its investment in ONEnergy using the fair value method. Refer also to the section entitled “Investment in ONEnergy – Carrying value of ONEnergy”.

8. RESULTS OF OPERATIONS

Highlights of the results for the year ended August 31, 2015 include the following:

- In accordance with the February 26 Order, on April 27, 2015, UBS paid $1,042 in approved claims.
- UBS recorded loss before comprehensive income of $721, compared to income before comprehensive loss of $3,209 for the year ended August 31, 2014.
- The Company sold 220 ONEnergy shares during fiscal 2015, generating proceeds of $165 and a capital loss of $106. The fair value of ONEnergy shares held as at August 31, 2015 increased by $33 (August 31, 2014 – decrease of $492).
- As at August 31, 2015, UBS held cash totaling $341, compared to cash and short-term investments totaling $2,042 as at August 31, 2014. The decrease was due primarily to the settlement of approved CCAA claims.

Operating expense (recovery)

	Year ended August 31, 2015	Year ended August 31, 2014
Compensation	**$ 169**	$ 165
General and administrative	**979**	(512)
Total operating expense (recovery)	**$ 1,148**	$ (347)

Compensation

Compensation expense includes wages, salaries, benefits, and termination payments.

During the year ended August 31, 2015, the Company expensed $169 in compensation (2014 - $165).

General and administrative expense (recovery)

General and administrative expense (recovery) includes costs associated with the CCAA claims process, professional fees, board of director fees, general occupancy and other administrative overheads for the Company. A summary of the key components of general and administrative is set out below:

	Year ended August 31, 2015	**Year ended August 31, 2014**
CCAA expenses	**$ 347**	$ 443
CCAA extinguished payables	**(153)**	-
Cost recovery	**(11)**	(1,237)
Recovery of legal expenses from insurance provider	**(160)**	(27)
Professional fees	**533**	271
Collection costs	**400**	-
Office and general	**23**	38
Total general and administrative expenses	**$ 979**	$ (512)

CCAA expenses and extinguished payables

CCAA expenses mainly include the fees of the Monitor and its corporate legal counsel, the Company's CCAA legal counsel, and costs arising from the advancement of the CCAA claims process which terminated on December 23, 2015.

During the year ended August 31, 2015, CCAA expenses decreased by 21.7% to $347 over expenses totaling $443 during fiscal 2014. CCAA expenses were partially offset by $153 in recoveries, net of HST, recorded during the third quarter of 2015. The recoveries arose from stayed accounts payable that were extinguished, per the terms of the August 4, 2011 Court Order.

Cost recovery

During fiscal 2015, the Company recognized cost recoveries that were previously held in trust with the Company's former legal counsel, totaling $11.

Pursuant to the Ontario Court of Appeal decision released on July 10, 2014, UBS was awarded costs totaling $1,232 on a substantial indemnity scale, exclusive of HST, that were recorded as a receivable owed by the Jolian Parties and offset to general and administrative expense (recovery) (refer to the section entitled "Provisions and contingencies – Contingencies – Jolian claims"). An additional $5 was recorded during fiscal 2014 pursuant to a cost order of His Honour Justice Sharpe.

Recovery of legal expenses from insurance provider

During the year ended August 31, 2015, the Company accrued an insurance claim receivable of $160 pursuant to claims submitted by the Company to its insurance provider which were settled on December 18, 2015. During fiscal 2014, an additional $27 was received from the Company's insurance provider in connection with the claims. The insurance claims arose from defending the matters brought by Mr. Alex Dolgonos, 2064818 Ontario Inc., 6138241 Canada Inc. and DOL Technologies Inc. (the "Dolgonos Parties).

Professional fees

Professional fees include mainly corporate legal, audit, accounting, filing fees, and insurance.

During the year ended August 31, 2015, the Company recorded $533 in professional fees, compared to $271 during fiscal 2014. Higher costs during fiscal 2015 were due mainly to costs totaling $254 arising from the Special Meeting of Shareholders, held in accordance with the February 26 Order on May 4, 2015.

Collection costs

The Company is seeking to recover, from the Jolian Parties, cost orders totaling $1,384 and an additional $200 disgorgement order, and has recorded estimated costs of $400 toward the collection of these outstanding monies.

Restructuring expense (recovery)

Restructuring expenses included adjustments and accrued interest on the accrued restructuring awards approved by the then directors in 2009, and enhanced severance accruals.

	Year ended August 31, 2015	**Year ended August 31, 2014**
Interest expense	**$ 8**	$ 16
Restructuring legal costs	**82**	-
Reversal of accrued restructuring liabilities due to related parties	**(465)**	-
Interest reversal	**(80)**	-
Settlement adjustments	**(57)**	-
Jolian Parties enhanced severance reversal	**-**	(2,853)
Total restructuring expense (recovery)	**$ (512)**	$ (2,837)

The Company recorded $8 in accrued interest on the accrued restructuring awards during the year ended August 31, 2015 (2014 - $16).

During the year ended August 31, 2015, UBS reversed $57 in accrued restructuring awards due to related parties, representing the HST portion of the $500 settlement with the Dolgonos Parties which was paid on April 27, 2015, pursuant to the February 26 Order.

On February 26, 2015, the Company settled all claims brought by the Former Director. Legal costs associated with the settlement totaling $82 were fully offset by the reversal of a contingent award approved by the previous directors in 2009 in the amount of $465, and accrued interest of $80, to restructuring recovery during the quarter ended February 28, 2015 (refer to the section entitled "Provisions and contingencies – Contingencies – Director claims").

During the year ended August 31, 2014, UBS reversed Jolian's enhanced severance accrual totaling $2,853, pursuant to the decision of the appeal and cross-appeal released on July 10, 2014 (refer to the section entitled "Provisions and contingencies – Contingencies – Jolian claims").

Interest and financing charges

For the year ended August 31, 2015, interest income of $21 was recognized (2014 – $25).

Income taxes

As at August 31, 2015, UBS had $18,530 in non-capital income tax losses with expiry dates between 2027 and 2035, SRED pool carryforwards of $11,545, capital loss carryforwards of $23,294, and non-tax deductible reserves of $384.

Income (loss) and comprehensive income (loss)

The loss before comprehensive income for the year ended August 31, 2015 amounted to $721, or $0.007 per share (basic and diluted), and the loss and comprehensive loss totaled $688, or $0.007 per share (basic and diluted).

The comparative income before comprehensive loss for the year ended August 31, 2014 amounted to $3,209, or $0.031 per share (basic and diluted), and the income and comprehensive income totaled $2,717, or $0.026 per share (basic and diluted).

9. QUARTERLY FINANCIAL RESULTS

The table below sets out financial information for the past eight quarters:

	Fiscal 2015				Fiscal 2014			
	Aug 31	**May 31**	**Feb 28**	**Nov 30**	**Aug 31**	**May 31**	**Feb 28**	**Nov 30**
Revenue	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Operating and restructuring (expense) / recovery before interest	(416)	(266)	227[1]	(181)	(502)	4,163[2]	(235)	(242)
Interest income	1	3	5	12	5	5	7	8
Loss on sale of ONEnergy shares	(106)	-	-	-	-	-	-	-
Income/(loss) before comprehensive income (loss)	(521)	(263)	232	(169)	(497)	4,168	(228)	(234)
Fair value adjustment in ONEnergy[3]	(321)	598	248	(492)	708	(645)	(832)	277
Income/(loss) and comprehensive income/(loss) for the period	$ (842)	$ 335	$ 480	$ (661)	$ 211	$ 3,523	$(1,060)	$ 43
Income (loss) per share from operations – basic and diluted	$(0.005)	$(0.003)	$0.002	$(0.001)	$(0.005)	$ 0.041	$(0.002)	$(0.002)
Comprehensive income (loss) per share – basic and diluted	$(0.003)	$ 0.006	$0.002	$(0.005)	$ 0.007	$(0.007)	$(0.008)	$ 0.002
Income (loss) per share Basic and diluted	$(0.008)	$ 0.003	$0.004	$(0.006)	$ 0.002	$ 0.034	$(0.010)	-

(1) Refer to the section entitled “Provisions and contingencies – Contingencies – Director claims”.
(2) Refer to the section entitled “Provisions and contingencies – Contingencies – Jolian claims”.
(3) The Company accounts for its investment in ONEnergy using the fair value method.

10. LIQUIDITY AND CAPITAL RESOURCES

UBS held cash of $341 as at August 31, 2015, compared to cash and short-term investments totaling $2,042 as at August 31, 2014. Cash, totaling $341 (August 31, 2014 - $338) consist of all bank balances and, from time to time, highly liquid short-term guaranteed investment certificates and bankers' acceptances with original maturities of less than 90 days. Short-term investments, totaling nil (August 31, 2014 - $1,704), included 90-day cashable guaranteed investment certificates ("GICs") with original maturities of one year from the purchase date.

Cash used in operating activities for the year ended August 31, 2015 was $1,879, compared to $831 for the year ended August 31, 2014. The variance of $1,048 during fiscal 2015 was due primarily to the payment of approved CCAA claims, pursuant to the February 26 Order.

There were no financing activities for the years ended August 31, 2015 or 2014.

Cash provided by investing activities totaled $1,882 for the year ended August 31, 2015, due to the redemption of GICs during the fiscal year totaling $1,700, interest received on short-term investments of $17, and $165 received from the sale of ONEnergy shares (refer to the section entitled "Investment in ONEnergy").

Cash used in investing activities totaled $1,700 for the year ended August 31, 2014, due to the purchase of GICs during the fiscal year totaling $1,700. The effective interest rate of held certificates was 1.33%.

UBS has incurred operating losses and negative cash flows from operations in recent years. UBS may need to raise cash and/or reduce its outstanding commitments in order to meet the needs of its existing operations and commitments, giving rise to doubt about UBS' use of the going concern assumption (refer to the section entitled "Overview – The company – Going concern").

The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its current liabilities when due.

11. SHARE CAPITAL

As at August 31, 2015 and 2014, UBS had 102,748 common shares and no Class-A non-voting shares issued and outstanding.

In determining diluted loss per share for the years ended August 31, 2015 and 2014, the weighted average number of shares outstanding was not increased for stock options outstanding as no options were in the money.

As at December 23, 2015, there were no changes to the number of issued and outstanding shares.

12. STOCK BASED COMPENSATION

During the year ended August 31, 2015, no stock options were granted and 3,000 stock options were recognized as expired (August 31, 2014 no stock options were granted and 3,200 stock options expired).

As at August 31, 2015, no stock options were issued or outstanding.

13. RELATED PARTY TRANSACTIONS

(a) Accrued restructuring liabilities due to related parties

The following table summarizes the accrued restructuring liabilities due to related parties:

	Accrued restructuring liabilities due to related parties							
	Balance as at September 1, 2013	Interest accrued fiscal 2014[4]	Jolian Parties enhanced severance reversal 2014	Balance as at August 31, 2014	Interest accrued fiscal 2015[4]	Awards and interest reversed fiscal 2015	Settlements paid fiscal 2015	Balance as at August 31, 2015
Jolian Parties[1]	$ 2,853	$ -	$ (2,853)	**$ -**	$ -	$ -	$ -	**$ -**
Dolgonos Parties[2]	500	-	-	**500**	-	-	(500)	**-**
Former Director[3]	521	16	-	**537**	8	(545)	-	**-**
Total	**$ 3,874**	**$ 16**	**$ (2,853)**	**$ 1,037**	**$ 8**	**$ (545)**	**$ (500)**	**$ -**

[1] During fiscal 2014, UBS was granted leave to appeal the judgment of the Honourable Madam Justice Mesbur released on May 21, 2013, in which she found that, pursuant to its management services agreement with UBS, Jolian was entitled to an enhanced severance as a result of the termination of its contract with UBS, which the Company estimated to be approximately $2,853. The appeal was heard on June 17, 2014 and the Court of Appeal of Ontario released its decision on July 10, 2014, granting the Company's appeal which resulted in the reversal of the enhanced severance accrual during fiscal 2014.

[2] Refer to the section entitled "Provisions and contingencies – Contingencies – Dolgonos Parties claims".

[3] Refer to the section entitled "Provisions and contingencies – Contingencies – Director claims".

[4] The interest on accrued restructuring liabilities due to related parties was charged to restructuring charges (recovery).

Details of the accrued restructuring awards granted in fiscal 2009, as at August 31, 2015, are as follows:

	Accrued restructuring liabilities due to related parties							
UBS	Equity accrual	Bonus accrual	Accrued interest	Awards paid	Accrued claims	Awards, interest and accrued claims declined / reversed	Claims paid	Balance as at August 31, 2015
Jolian Parties	$ 600	$1,200	$ 199	$ -	$ 2,853	$ (4,852)	$ -	$ -
Dolgonos Parties	330	1,200	125	-	500	(1,655)	(500)	-
Former Director	465	-	80	-	-	(545)	-	-
Other	915	1,000	54	(199)	-	(1,770)	-	-
TOTAL	**$ 2,310**	**$3,400**	**$ 458**	**$ (199)**	**$ 3,353**	**$ (8,822)**	**$ (500)**	**$ -**

The Company was successful in reversing $8,822 of accrued restructuring liabilities due to related parties, and related claims, in connection with the original awards granted in fiscal 2009.

The Dolgonos Parties settlement claim of $500 was paid on April 27, 2015, in accordance with the February 26 Order.

(b) CEO termination clause

In accordance with the former CEO's employment contract, and as a result of a deemed change of control during fiscal 2012, $200 was paid by UBS on April 27, 2015, in compliance with the February 26 Order.

(c) Compensation of key management personnel

The Company's key management personnel includes members of the executive team and the board of directors of the Company and its wholly owned subsidiaries.

Key management compensation for the year ended August 31, 2015 totaled $385 (2014 - $189) which included the release of the above-noted CEO termination accrual of $200, and $92 paid to directors (2014 - $105).

13. PROVISIONS AND CONTINGENCIES

(a) Provisions

Leased premises

On May 24, 2011, UBS settled the action that was brought against UBS in respect of certain repairs to premises under a lease entered into by UBS in 1999. The remaining balance of $150, originally stayed under CCAA, was paid by UBS on April 27, 2015, in accordance with the February 26 Order.

(b) Contingencies

Jolian claims

The Company has been successful in defending, at trial and on appeal, all claims brought by the Jolian Parties in respect of certain contingent awards approved by the previous directors in 2009 and claims for enhanced severance.

The Company was awarded costs for both the Jolian Trial heard in February and March 2013 and the appeal and cross-appeal heard on June 17, 2014 totaling $1,384. Costs were recorded as a receivable owed by the Jolian Parties and offset to general and administrative expense during fiscal 2014.

The Jolian Parties' claim for indemnification was disallowed during the Jolian Trial, which decision was upheld on appeal, and the Jolian Parties were ordered to repay UBS the $200 legal retainer advanced to their counsel pursuant to a disgorgement order.

Accordingly, the total owed to UBS by the Jolian Parties is $1,584. The Company is seeking recovery of the cost awards and disgorgement and has recorded the amounts in accounts receivable and other receivables.

Director claims

On February 26, 2015, the Company settled all claims brought by the Former Director, which resulted in the reversal of a contingent award approved by the previous directors in 2009 in the amount of $465, and accrued interest of $80, to restructuring recovery.

Accrued board fees of $11 were reversed during the quarter ended February 28, 2015 to general and administrative expenses.

The parties reached a settlement regarding the $116 advanced to a professional firm on the Former Director's behalf during fiscal 2010. This included a partial repayment of $50 to the Company, of which $15 was paid on February 27, 2015 and $35 was paid on April 30, 2015. $10 was applied against expenses from the Company's former legal counsel, and the balance of $56 was expensed to restructuring expense (recovery) during the quarter ended February 28, 2015.

Dolgonos Parties claims

On July 6, 2012, the Dolgonos Parties claims of approximately $8,000 were settled for a claim of $500, which was paid by UBS on April 27, 2015, in accordance with the February 26 Order.

CCAA

On July 5, 2011, the Ontario Superior Court made an Order under the CCAA and a subsequent Order on August 4, 2011 which, amongst other things, provided for a comprehensive stay of proceedings against UBS and its directors.

UBS successfully determined all of the claims of its creditors within the CCAA proceedings.

By Order of the Court made on February 26, 2015, the Court extended the stay of proceedings to May 15, 2015 and directed that the proceedings were to be terminated, upon the satisfaction of certain conditions, by way of filing the Termination Certificate by the Monitor.

In accordance with the February 26 Order, UBS paid approved claims totaling approximately $1,042 on April 27, 2015. The February 26 Order also authorized and directed the Company to pay the professional fees and expenses of the Monitor, its counsel and the Company's counsel, rendered in connection with the CCAA proceedings.

As at August 31, 2015, the stay of proceedings had expired but the fee payment condition was not satisfied and the Termination Certificate was not filed.

On December 22, 2015, all fee issues in connection with the CCAA proceedings were settled. The Termination Certificate was subsequently filed on December 23, 2015 and the CCAA proceedings were terminated.

Other

In the normal course of its operations, the Company may be subject to other litigation and claims.

The Company indemnifies its directors, officers, consultants, and employees against claims and costs reasonably incurred and resulting from the performance of their services to the Company, and maintains liability insurance for its directors and officers.

14. OPERATING RISKS AND UNCERTAINTIES

Management of capital

The Company determines capital to include shareholders' equity. The Company's overall strategy with respect to management of capital is to hold low-risk highly-liquid cash accounts and short-term investments.

The Company currently does not use other sources of financing that require fixed payments of interest and principal due to the lack of cash flow from current operations and is not subject to any externally imposed capital requirements.

The Company invests its capital in short-term investments to obtain adequate cash returns. The investment decision is based on cash management to ensure working capital is available to meet the Company's short-term obligations while maximizing liquidity, and returns on unused capital.

Financial instruments and risk management

The Company's activities may expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate and equity price risk).

Risk management is carried out by the Company's management team with guidance from the Audit Committee, under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

<u>Credit risk</u>

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its obligations. The Company's maximum exposure to credit risk relates to the management of cash.

<u>Interest rate risk</u>

The Company had no significant exposure to interest rate risk through its financial instruments as at August 31, 2015 and 2014.

<u>Liquidity risk</u>

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with financial liabilities. The Company has a planning and budgeting process in place by which it anticipates and determines the funds required to support normal operation requirements. The Company coordinates this planning and budgeting process with its financing activities through the capital management process described in the section entitled "Operating risks and uncertainties – Management of capital", in normal circumstances.

The Company's financial liabilities are comprised of its accounts payable, accrued liabilities, and accrued restructuring liabilities due to related parties.

Other price risk

The Company is exposed to other price risk on its investment in equities quoted in an active market since changes in market prices could result in changes in the fair value of the investment.

15. ADDITIONAL INFORMATION

Additional information regarding the Company's financial statements and corporate documents is available on SEDAR at www.sedar.com.

UNIQUE BROADBAND SYSTEMS, INC.
Shareholder Information

Board of Directors and Officers

Henry J. Kloepper (Chairman of the Board and Interim Chief Financial Officer)

Daniel S. Marks (Interim Chief Executive Officer)

Riadh Zine

Auditors

Grant Thornton LLP
Toronto, Ontario

Shareholder inquiries

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Common shares

The common shares of the Company are listed on the NEX under the symbol UBS.H.