Condensed Consolidated Interim Unaudited Financial Statements of

UNIQUE BROADBAND SYSTEMS, INC.

For the three and nine months ended May 31, 2012 and 2011

NOTICE OF NO AUDIT OR REVIEW OF INTERIM FINANCIAL STATEMENTS

The accompanying unaudited interim financial statements of the Company 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 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.

Condensed Consolidated Interim Statements of Financial Position
(In thousands of Canadian dollars)
(Unaudited)

As at

	May 31, 2012	August 31, 2011
Assets		
Current assets		
Cash and cash equivalents (note 4)	$ 2,544	$ 945
Accounts receivable and other receivables (note 5)	274	237
Prepaid expenses and deposits (note 6)	867	948
	3,685	2,130
Restricted cash (note 4)	50	50
Investment in Look Communications Inc. (note 7)	7,546	11,405
	$ 11,281	$ 13,585
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable	$ 1,041	$ 399
Accrued liabilities (note 8)	1,297	885
Accrued restructuring liabilities (note 9)	-	-
Accrued restructuring liabilities due to related parties (note 9)	4,094	4,003
Provisions (note 16(a))	150	150
Deferred revenue (note 13(a))	-	1,244
	6,582	6,681
Shareholders' equity		
Share capital (note 10)	58,139	58,139
Share option reserve (note 19)	3,235	3,235
Deficit	(56,675)	(54,470)
	4,699	6,904
	$ 11,281	$ 13,585

The accompanying notes are an integral part of the condensed consolidated interim unaudited financial statements.

Approved by the Board of Directors:

(Signed) – *Robert Ulicki*

Director

(Signed) - *Victor Wells*

Director

UNIQUE BROADBAND SYSTEMS, INC.

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss
(In thousands of Canadian dollars, except per share amounts)
(Unaudited)

For the three and nine months ended May 31, 2012 and 2011

	Three months ended May 31,		Nine months ended May 31,	
	2012	2011	**2012**	2011
Revenue	**$ 377**	$ 433	**$ 1,244**	$ 1,522
Expenses				
Compensation (note 11)	**110**	125	**545**	622
General and administrative	**594**	1,292	**1,702**	2,182
Restructuring charges (recovery) (note 9)	**30**	30	**91**	(1,036)
	734	1,447	**2,338**	1,768
Loss before the undernoted	**(357)**	(1,014)	**(1,094)**	(246)
Interest income	**6**	6	**9**	19
Equity interest in Look's losses (note 7)	**(423)**	(338)	**(1,120)**	(1,145)
Loss and comprehensive loss for the period from continuing operations	**(774)**	(1,346)	**(2,205)**	(1,372)
Loss and comprehensive loss for the period from discontinued operations	**-**	(365)	**-**	(365)
Loss and comprehensive loss for the period	**$ (774)**	$ (1,711)	**$ (2,205)**	$ (1,737)
Continuing operations:				
Basic and diluted loss per share	**(0.007)**	(0.013)	**(0.021)**	(0.013)
Discontinued operations:				
Basic and diluted loss per share	-	(0.004)	**-**	(0.004)
Loss per share:				
Basic and diluted loss per share	**(0.007)**	(0.017)	**(0.021)**	(0.017)
Weighted average number of shares outstanding				
Basic and diluted	**102,748**	102,748	**102,748**	102,748

The accompanying notes are an integral part of the condensed consolidated interim unaudited financial statements.

UNIQUE BROADBAND SYSTEMS, INC.

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity
(In thousands of Canadian dollars)
(Unaudited)

	Shares	Share Capital (note 10) Amount	Share Option Reserve	Deficit	Total Shareholders' Equity
Balance, September 1, 2010	102,748	$ 58,139	$ 3,235	$(52,746)	$ 8,628
Net loss and comprehensive loss for the period	-	-	11	(1,737)	(1,726)
Balance, May 31, 2011	**102,748**	**$ 58,139**	**$ 3,246**	**$(54,483)**	**$ 6,902**
Balance, September 1, 2011	102,748	$ 58,139	$ 3,235	$(54,470)	$ 6,904
Net loss and comprehensive loss for the period	-	-	-	(2,205)	(2,205)
Balance, May 31, 2012	**102,748**	**$ 58,139**	**$ 3,235**	**$(56,675)**	**$ 4,699**

The accompanying notes are an integral part of the condensed consolidated interim unaudited financial statements.

UNIQUE BROADBAND SYSTEMS, INC.

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

For the three and nine months ended May 31, 2012 and 2011

	Three months ended May 31, **2012**	Three months ended May 31, 2011	Nine months ended May 31, **2012**	Nine months ended May 31, 2011
Cash flows from operating activities				
Net loss for the period	**$ (774)**	$ (1,711)	**$ (2,205)**	$ (1,737)
Less loss for the period from discontinued operations	**-**	365	**-**	365
Items not affecting cash				
Equity interest in Look's losses	**423**	338	**1,120**	1,145
Amortization of stock-based compensation	**-**	(32)	**-**	11
Change in non-cash operating assets and liabilities				
Accounts receivable and other receivables	**(102)**	198	**(37)**	(203)
Prepaid expenses and deposits	**(12)**	(297)	**81**	(174)
Accounts payable and accrued liabilities	**75**	877	**1,054**	1,007
Accrued restructuring liabilities	**-**	(27)	**-**	(696)
Accrued restructuring liabilities due to related party	**30**	30	**91**	(1,396)
Provisions (note 16(a)(ii))	**-**	150	**-**	-
Deferred revenue	**(377)**	(433)	**(1,244)**	(722)
Cash used in continuing operating activities	**(737)**	(542)	**(1,140)**	(2,400)
Cash provided by investing activities				
Return of capital from Look	**2,739**	-	**2,739**	-
Cash used in discontinued operating activities	**-**	(365)	**-**	(365)
Increase (decrease) in cash and cash equivalents	**2,002**	(907)	**1,599**	(2,765)
Cash and cash equivalents, beginning of period	**542**	2,474	**945**	4,332
Cash and cash equivalents, end of period	**$ 2,544**	$ 1,567	**$ 2,544**	$ 1,567

The accompanying notes are an integral part of the condensed consolidated interim unaudited financial statements.

1. Nature of operation

Unique Broadband Systems, Inc. is a publicly listed Canadian company that, effective May 25, 2010, has a 39.2% fully diluted equity interest in Look Communications Inc. ("Look") and other financial assets. References to "UBS" and the "Company" include the legal entity Unique Broadband Systems, Inc. and its wholly owned subsidiary, UBS Wireless Services Inc. ("UBS Wireless").

In 2003, UBS transitioned from a technology company that designed, developed and manufactured broadband wireless equipment to a holding company when it acquired a controlling interest in Look, through share transactions and 7% secured convertible debentures issued by Look ("Debentures"), and sold its manufacturing business. This holding in Look's securities gave UBS a controlling 51.8% share of Look.

Following the announcement by Look in April 2010 that it intended to redeem all outstanding Debentures on May 25, 2010, the Debenture previously held by UBS Wireless was among the Debentures redeemed by Look and, as a result, effective May 25, 2010, UBS has a non-controlling 37.6% voting interest and a 39.2% economic interest in Look (note 7).

These condensed consolidated interim unaudited financial statements were approved for issue by the Board of Directors on July 23, 2012.

2. Summary of significant accounting policies

(a) Statement of compliance

These condensed consolidated interim unaudited financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"), using accounting policies consistent with International Financial Reporting Standards ("IFRS").

Accounting policies and methods of their application followed in the preparation of these condensed consolidated interim unaudited financial statements are consistent with those used in the condensed consolidated interim unaudited financial statements for the three months ended November 30, 2011 and 2010.

2. Summary of significant accounting policies (continued)

(b) Basis of presentation

These condensed consolidated interim unaudited financial statements have been prepared on a historical cost basis.

These condensed consolidated interim unaudited financial statements include the accounts of Unique Broadband Systems, Inc. and its wholly-owned subsidiary, UBS Wireless Services Inc. All inter-company transactions are eliminated on consolidation.

<u>Going concern</u>

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 May 31, 2012, UBS has a working capital deficiency of $2,897 (August 31, 2011 - $4,551). Furthermore, there is uncertainty regarding the timing and the quantum of cash distributions by Look to its shareholders, including UBS (note 7(a)), and the outcomes of certain litigation (note 16). UBS will need to raise cash and/or monetize assets, and/or receive further cash distributions from Look 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, these condensed consolidated interim unaudited financial statements have been prepared on a going concern basis and do not include any adjustments to the carrying values and classifications 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.

<u>Investment in Look</u>

UBS' actual share ownership in Look has fluctuated as Debentures previously issued by Look were converted into multiple and subordinate voting shares and interest obligations in connection with these Debentures were settled in subordinate voting shares. If all Debentures had been converted, UBS would have had the ability to control at least 51% of Look. As UBS had the ability to maintain control by converting these Debentures at any time, UBS consolidated its interest in Look.

2. Summary of significant accounting policies (continued)

(b) Basis of presentation (continued)

However, following the redemption of Debentures by Look, UBS no longer had the ability to convert its Debentures and as from the effective date of the redemption of Look's Debentures, May 25, 2010, UBS accounts for its 39.2% interest in Look using the equity method that reports UBS' equity participation in Look through the "equity interest in Look's income or loss" in the statement of loss and comprehensive loss.

After the application of the equity method, the Company determines at each reporting date whether there is any objective evidence that the investment in Look is impaired and consequently whether it is necessary to recognize an additional impairment loss on the Company's investment in Look. If this is the case, the Company calculates the amount of impairment as the difference between the recoverable amount of Look and its carrying value and recognizes the amount in the consolidated statement of loss and comprehensive loss.

<u>CCAA proceedings</u>

On July 5, 2011, UBS announced that it and UBS Wireless had commenced proceedings under the *Companies' Creditors Arrangement Act* (the "CCAA"). The court has made an order staying all proceedings against UBS and its directors until July 31, 2012. Duff & Phelps Canada Limited (the "Monitor") has been appointed as the Monitor of UBS. Further information with respect to the CCAA proceedings can be found on the Monitor's website at www.duffandphelps.com.

UBS has been successful in significantly reducing operating expenses, settling certain claims and obtaining the reversal of approximately $1,800 of awards granted by UBS' prior board in 2009. Notwithstanding these achievements, the approximately $18,000 in termination and other payments being pursued in claims against UBS involving, among others, Jolian Investments Ltd. ("Jolian"), Mr. McGoey, DOL Technologies Inc. ("DOL") and Mr. Dolgonos (the "Plaintiff Group"), have precipitated the commencement of proceedings under the CCAA, which UBS views as the best course of action to preserve its assets.

On July 6, 2012, UBS announced a settlement agreement had been reached between UBS and its directors, and Mr. Alex Dolgonos, 2064818 Ontario Inc., 6138241 Canada Inc. and DOL Technologies Inc. (the "Dolgonos Parties") (note 16(b)(ii) and note 20).

2. Summary of significant accounting policies (continued)

(b) Basis of presentation (continued)

The CCAA proceeding has been commenced to, among other things:

(i) facilitate the determination and compromise or arrangement of creditor claims against UBS;
(ii) permit UBS to propose a plan to realize value from its accumulated tax losses, public listing and other assets;
(iii) avert an imminent liquidity crisis being caused by litigation-related expenses that will prevent UBS from continuing to carry on business for the benefit of its stakeholders and defending the proceedings brought by the Plaintiff Group;
(iv) stay all payables owing by UBS; and
(v) provide a process to determine the claims being asserted against UBS by the Plaintiff Group in a more cost effective and expeditious manner.

While under protection from its creditors, UBS' board of directors will continue to manage UBS. In addition, UBS will continue to provide certain services to Look, pursuant to the management services agreement between the parties. Should the stay period in the CCAA proceedings and any subsequent extensions thereof not be sufficient in duration or scope to allow UBS to complete its tasks as outlined above under the CCAA and should UBS lose the protection of the stay of proceedings, creditors may immediately enforce their rights and remedies against UBS and its assets which would in all likelihood lead to liquidation proceedings.

3. 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 and determined that the following may have an impact on the Company:

IFRS 7 Financial Instruments: disclosures ("IFRS 7"). The Accounting Standards Board ["AcSB"] approved the incorporation of the IASB's amendments to IFRS 7 Financial Instruments: Disclosures and the related amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards into Part I of the Handbook. These amendments were made to Part I in January 2011 and are effective for annual periods beginning on or after July 1, 2011. Earlier application is permitted. The amendments relate to required disclosures for transfers of financial assets to help users of the financial statements evaluate the risk exposures relating to such transfers and the effect of those risks on an entity's financial position. The Company is currently evaluating the impact of IFRS 7 on its consolidated financial statements.

3. Accounting standards issued but not yet effective (continued)

IFRS 9 Financial Instruments ("IFRS 9") was issued by the IASB on November 12, 2009 and will replace IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 replaces the multiple rules in IAS 39 with a single approach to determine whether a financial asset is measured at amortized cost or fair value and a new mixed measurement model for debt instruments having only two categories: amortized cost and fair value. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2015. The Company is currently evaluating the impact of IFRS 9 on its consolidated financial statements.

IFRS 10 Consolidated Financial Statements ("IFRS 10") establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. IFRS 10 supersedes IAS 27 "Consolidated and Separate Financial Statements" and SIC-12 "Consolidated – Special Purpose Entities" and is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted. The Company is currently evaluating the impact of this standard on its consolidated financial statements.

IFRS 11 Joint Arrangements ("IFRS 11") establishes principles for financial reporting by parties to a joint arrangement. IFRS 11 supersedes the current IAS 31 "Interests in Joint Ventures" and SIC-13 "Jointly Controlled Entities – Non-Monetary Contributions by Venturers" and is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted. The Company is currently evaluating the impact of this standard on its consolidated financial statements.

IFRS 12 Disclosure of Interests in Other Entities ("IFRS 12") applies to entities that have an interest in a subsidiary, a joint arrangement, an associate or an unconsolidated structured entity. IFRS 12 is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted. The Company is currently evaluating the impact of this standard on its consolidated financial statements.

IFRS 13 Fair Value Measurements ("IFRS 13") defines fair value, sets out in a single IFRS framework for measuring fair value and requires disclosures about fair value measurements. IFRS 13 applies to IFRS that require or permit fair value measurements or disclosures about fair value measurements (and measurements, such as fair value less costs to sell, based on fair value or disclosures about those measurements), except in specified circumstances. IFRS 13 is to be applied for annual periods beginning on or after January 1, 2013. Earlier application is permitted. The Company is currently evaluating the impact of this standard on its consolidated financial statements.

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

4. Cash and cash equivalents and restricted cash

(a) Cash and cash equivalents

At May 31, 2012, the Company held $2,544 of cash (August 31, 2011 - $945) and no cash equivalents.

(b) Restricted cash

As at May 31, 2012 and August 31, 2011, UBS had restricted cash of $50 which was held in interest-bearing certificates at 0.05%.

5. Accounts receivable and other receivables

Accounts receivable and other receivables balances, as at May 31, 2012 and August 31, 2011, are set out in the following table:

	May 31, 2012	August 31, 2011
GST/HST receivable	$ 191	$ 180
Legal retainer receivable[1]	37	37
Indemnity claims receivable[2]	30	-
Other receivables	16	20
Total	$ 274	$ 237

[1] During the quarter ended February 28, 2011, as a result of a settlement agreement executed between the Company and a former director, $37 in legal retainers were reallocated from Prepaid expenses and deposits (note 6) to Accounts receivable.

[2] During the quarter ended May 31, 2012, the Company's insurance providers approved claims totaling $30.

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

6. Prepaid expenses and deposits

The Company's prepaid expenses and deposits, as at May 31, 2012 and August 31, 2011, are summarized in the following table:

	May 31, 2012	August 31, 2011
Indemnification retainers[(1)]	$ 446	$ 446
Legal retainer[(2)]	202	286
CCAA retainers[(3)]	150	100
Other	69	116
Total	$ 867	$ 948

[(1)] During June, 2010, the former Board of Directors of UBS received a letter signed by each of UBS' directors, officers and consultants advising UBS that they seek, and are entitled to, indemnification under their Indemnity Agreements and article 7 of the By-Laws of UBS for, among other things, ongoing legal expenses for lawyers that have been retained to advise them on indemnity matters. Subsequently $570 was placed in trust by UBS with various legal firms. As at May 31, 2012, UBS estimates that the amounts in trust had been drawn down by a total of approximately $68. $19 was returned to UBS as a result of a settlement agreement executed between UBS and the former CFO. $37 is due to be returned to UBS as a result of a settlement agreement executed between UBS and a former director and is reflected in accounts receivable and other receivables (note 5). As a result, approximately $446 remained in trust as at May 31, 2012.

[(2)] Funds totaling $330 were placed in trust with a legal firm on February 24, 2011 for, among other things, legal advice with regard to ongoing litigation. As at May 31, 2012, approximately $128 was expensed and $202 remained in trust.

[(3)] Funds totaling $200 were placed in trust with legal firms on June 27, 2011 for, among other things, legal advice with regard to UBS' commencement of proceedings under CCAA. As at May 31, 2012, approximately $50 was expensed and $150 remained in trust.

7. Look investment

(a) Return of capital from Look

On March 13, 2012, Look announced that it paid $6,985 to the holders of its multiple voting shares and subordinate voting shares as a return of capital equivalent to $0.05 for each outstanding multiple voting share and subordinate voting share. UBS received $2,739 of Look's return of capital.

(b) Investment in Look

As at May 31, 2012, UBS Wireless held 24,864 Multiple Voting Shares and 29,921 Subordinate Voting Shares in Look representing a 39.2% economic interest and a 37.6% voting interest in Look. UBS acquired its shareholding in Look through a series of transactions and the receipt of shares in lieu of interest on its Debentures.

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

7. Look investment (continued)

(b) Investment in Look (continued)

UBS' 39.2% interest in Look's equity of $19,254 as at May 31, 2012 amounted to $7,546 (August 31, 2011 - $29,096 and $11,405 respectively) as set out in the table below:

	May 31, 2012
Investment in Look at September 1, 2010	$ 12,564
Equity interest in Look's losses, fiscal 2011	(1,159)
Investment in Look as at August 31, 2011	$ 11,405
Return of capital from Look	(2,739)
Equity interest in Look's losses for the nine months ended May 31, 2012	(1,120)
Investment in Look as at May 31, 2012	$ 7,546

An analysis of UBS' interest in the post acquisition income and losses of Look is as follows:

Cumulative equity interest in Look's income at September 1, 2010	$ 635
Equity interest in Look's losses for fiscal 2011	(1,159)
Equity interest in Look's losses for the first quarter of fiscal 2012	(298)
Equity interest in Look's losses for the second quarter of fiscal 2012	(399)
Equity interest in Look's losses for the third quarter of fiscal 2012	(423)
Cumulative equity interest in Look's losses as at May 31, 2012	$(1,644)

Look's consolidated balance sheets, as at May 31, 2012 and August 31, 2011, are set out below:

	May 31, 2012	August 31, 2011
ASSETS		
Total current assets	$ 20,010	$ 30,406
Property and equipment	-	-
	$ 20,010	$ 30,406
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Total current liabilities	$ 756	$ 1,310
Shareholders' equity		
Share capital	27,499	34,484
Deficit	(8,245)	(5,388)[1]
Total shareholders' equity	19,254	29,096
	$ 20,010	$ 30,406

[1] On transition to IFRS, Look elected to transfer the value of contributed surplus arising from expired options to deficit.

7. Look investment (continued)

(b) Investment in Look (continued)

Look's market capitalization, based on the closing share prices of its multiple and subordinate voting shares as at May 31, 2012 of $0.075 and $0.075 respectively, was $10,478 (August 31, 2011 - $0.13 and $0.13 respectively - $18,161).

On June 3, 2011, Look sold its land and building in Milton, Ontario for aggregate consideration of $3,050.

Look continues to pursue opportunities to realize the value of its tax attributes of approximately $163,344.

(c) Change of Look to NEX listed company

On February 3, 2011, Look received notice from the TSX Venture Exchange (the "Exchange") that, in accordance with its Continued Listing Requirements outlined in Exchange Policy 2.5, Look no longer meets the tests related to having a significant interest in a business or primary asset used to carry on business. Effective May 9, 2011, the Exchange issued a bulletin reclassifying Look to Tier 2 and placed Look on notice to transfer to NEX, subject to Look making a submission that it meets all Tier 2 Continued Listing Requirements.

In accordance with TSX Venture Policy 2.5, Look has not maintained the requirements for a TSX Venture Tier 2 company. Therefore, effective November 25, 2011, Look's listing was transferred to NEX, Look's Tier classification changed from Tier 2 to NEX, and the Filing and Service Office changed from Montreal to NEX. As of November 25, 2011, Look is subject to restrictions on share issuances and certain types of payments as set out in the NEX policies.

The trading symbol for Look's multiple voting shares changed from LOK to LOK.H. The trading symbol for Look's subordinate voting shares changed from LOK.A to LOK.K. There is no change in Look's name, no change in its CUSIP number and no consolidation of capital. The symbol extensions differentiate NEX symbols from Tier 1 or Tier 2 symbols within the TSX Venture market.

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

8. Accrued liabilities

The Company's accrued liabilities, as at May 31, 2012 and August 31, 2011, are summarized in the following table:

	May 31, 2012	August 31, 2011
Legal expenses[(1)]	$ 958	$ 750
Professional expenses[(2)]	118	114
Settlement accruals[(3)]	-	-
Board fees[(4)]	21	21
Compensation accruals[(5)]	200	-
Total	$1,297	$ 885

(1) Legal expenses include, amongst others, an estimate of the costs relating to the claims of certain members of the Plaintiff Group for payments under certain management services agreements totaling $750 and are subject to determination in the CCAA claims process (note 2(b)).
(2) Includes costs associated with the Company's audit, tax reporting and Annual General Meeting requirements.
(3) Includes accrued expenses in connection with the settlement of leased premises (note 16(a(ii))).
(4) Includes accrued board fees payable to certain members of the Plaintiff Group which are subject to determination in the CCAA claims process.
(5) On January 3, 2012, 2064818 Ontario Inc., which is a corporation controlled by Alex Dolgonos, acquired additional shares with the effect of increasing the indirect holdings of UBS over which Mr. Dolgonos exercises control and direction to greater than 20%, which triggered a "deemed" termination clause in the current Chief Executive Officer's ("CEO") employment agreement, triggering a lump sum payment of $200 in lieu of notice of termination.

9. Restructuring

As a result of Look's sale of its spectrum and broadcast licence to Inukshuk Wireless Partnership and the resulting restructuring of its business, UBS has recorded and paid restructuring costs as set out in the following table:

Accrued restructuring liabilities	Contract termination, special meeting and legal charges	Human resource restructuring charges	Total restructuring amounts
Balance as at September 1, 2010	$ 664	$ 32	$ 696
Expensed in fiscal 2011	154	-	154
Paid in fiscal 2011	(818)	(32)	(850)
Balance as at August 31, 2011 and May 31, 2012	$ -	$ -	$ -

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

9. Restructuring (continued)

Accrued restructuring liabilities due to related parties[1]	Legal charges	Human resource restructuring charges	Total restructuring amounts
Balance as at September 1, 2010	$ -	$ 5,369	$ 5,369
Expensed in fiscal 2011	7	130	137
Paid in fiscal 2011	(7)	(199)	(206)
Reversal of accrual fiscal 2011	-	(1,297)	(1,297)
Balance as at August 31, 2011	$ -	$ 4,003	$ 4,003
Expensed in first quarter of fiscal 2012	-	30	30
Expensed in second quarter of fiscal 2012	-	31	31
Expensed in third quarter of fiscal 2012	-	30	30
Balance as at May 31, 2012	$ -	$ 4,094	$ 4,094

[1] See note 13.

During fiscal 2012, $91 in accrued interest on the awards due to related parties was expensed to restructuring charges.

During the year ended August 31, 2011, UBS expensed $291, paid $1,056 and recovered $1,297 of restructuring charges. Of the $291 expensed in fiscal 2011, $161 related primarily to professional fees and consulting expenses and the balance related mainly to accrued interest on the awards due to related parties.

On January 6, 2011, UBS settled the accrued restructuring award granted to the former Chief Financial Officer ("CFO") by the former Board of Directors and any other amount due under his employment agreement, for $330, which resulted in a reversal of $833 to restructuring charges.

On February 16, 2011, UBS settled the accrued restructuring award granted to a former director of UBS, which resulted in, among other things, a full reversal of the restructuring award originally granted in June 2009 and accrued interest, totaling $464, to restructuring charges.

10. Share capital

(a) Authorized

Unlimited common shares
Unlimited Class A non-voting shares

(b) Issued and outstanding

As at May 31, 2012 and August 31, 2011, UBS had 102,748 common shares and no Class A non-voting shares issued and outstanding, totaling $58,139.

10. Share capital (continued)

(c) Share appreciation rights plan

As a result of the restructuring process, there were no SAR units outstanding at August 31, 2010 and on November 24, 2010 UBS' Board of Directors cancelled the SAR Plan.

(d) Stock option incentive plan

UBS' stock option plan (the "Option Plan") provides for the granting of stock options to employees, directors and consultants of UBS. Under the Option Plan, up to 19,765 common shares may be issued from treasury. The exercise price of the options is determined by the Board of Directors at the time of the grant of an option, but cannot be lower than the closing market price of UBS' shares on the TSX Venture Exchange on the business day immediately preceding the day on which an option is granted. In the absence of terms specifying otherwise, options vest annually over a three-year period and are exercisable during a period not to exceed 10 years from such grant.

The following table reflects activity under the Option Plan:

	Number of options (Restated)	Weighted average exercise price (Restated)
Outstanding, September 1, 2010	12,616	$ 0.27
Expired, fiscal 2011	(3,030)	0.17
Balance, August 31, 2011	9,586	$ 0.32
Expired, second quarter of fiscal 2012	(2,000)	0.48
Expired, third quarter of fiscal 2012	(300)	0.40
Balance, May 31, 2012	7,286	$ 0.27

A summary of the status of the Option Plan as at May 31, 2012 is as follows:

Exercise price	Options outstanding and exercisable May 31, 2012 (in thousands)	Weighted average remaining contractual life
$ 0.44	86	1.15 years
$ 0.16	100	1.47 years
$ 0.16	100	1.47 years
$ 0.15	1,000	7.25 years
$ 0.32	1,000	1.95 years
$ 0.44	1,000	1.15 years
$ 0.15	2,000	7.25 years
$ 0.34	2,000	1.95 years
	7,286	2.00 years

10. Share capital (continued)

(d) Stock option incentive plan (continued)

During the three and nine months ended May 31, 2012, no stock options were granted and 300 and 2,300 options expired respectively. As at May 31, 2012, there were 7,286 options outstanding (August 31, 2011 – 9,586).

During the three months ended May 31, 2011, 1,096 options expired and as of that date there were 10,919 options outstanding to acquire common shares of UBS. On February 11, 2011, 1,500 options were granted to the chairman of the board of directors of UBS. Due to notification from the Exchange that options cannot be granted when a strike price falls below $0.10, those options were cancelled on March 10, 2011.

The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options that are fully transferable and have no vesting restrictions. The Company's stock options are not transferable and cannot be traded, thus the Black-Scholes model may over-estimate the actual value of the options that the Company has granted. The Black-Scholes model also requires an estimate of expected volatility. The Company uses historical volatility rates of the Company to arrive at an estimate of expected volatility. Changes in the subjective input assumptions can impact the fair value estimate.

11. Compensation

During the three and nine months ended May 31, 2012, the Company expensed $110 and $545 respectively in compensation (May 31, 2011 - $125 and $622 respectively), which included $63 and $200 respectively in key management compensation (May 31, 2011 - $62 and $242 respectively).

On January 3, 2012, 2064818 Ontario Inc., which is a corporation controlled by Alex Dolgonos, acquired additional shares with the effect of increasing the indirect holdings of UBS over which Mr. Dolgonos exercises control and direction to greater than 20%, which triggered a "deemed" termination clause in the current CEO's employment agreement, triggering a lump sum payment of $200 in lieu of notice of termination and has been recorded in accrued liabilities (note 8).

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

12. Segment disclosure

As a result of the sale of Look's spectrum and broadcast licence, UBS has only one segment for the three and nine months ended May 31, 2012 and 2011. The recorded revenues for the three and nine months ended May 31, 2012 and 2011 were pursuant to the Look Management Services Agreement ("Look MSA") (note 13(a)) which expired on May 19, 2012 and were drawn down from Deferred revenue and recognized as follows:

	Three months ended		Nine months ended	
	May 31, 2012	May 31, 2011	May 31, 2012	May 31, 2011
Look MSA fees	$ 377	$ 433	$ 1,244	$ 1,522

All of the Company's revenue was generated in Canada and all of its assets are located in Canada.

13. Related party transactions

(a) Management Services Agreement with Look

Under the terms of the Management Services Agreement entered into between UBS and Look on May 19, 2004, Look had been required to pay an annual fee of $2,400 to UBS. In September 2007, Look advanced an annual fee of $2,400 to UBS and, on a 12-month rolling basis, thereafter maintained this advance as a prepaid annual fee. On April 22, 2010, Look's Board of Directors notified UBS that it would not be recommencing the Look MSA on May 19, 2010.

On December 3, 2010, Look and UBS agreed to draw down the prepaid annual fee of $2,400 on a monthly basis, with effect from January 1, 2011, at approximately $145 per month, over the remaining term of the Look MSA. UBS provided services to Look, where still applicable pursuant to the Look MSA, and all other terms and conditions of the Look MSA remained in effect until it expired on May 19, 2012.

The cash flow impact of this amendment was a reduction of approximately $900 in fees from Look to UBS over the remaining term of the Look MSA.

The base fee pursuant to the Look MSA earned by UBS during the three and nine months ended May 31, 2012 amounted to $377 and $1,244 respectively (May 31, 2011 - $433 and $1,522) and is reported as revenue (note 12).

13. Related party transactions (continued)

(b) CEO termination clause

On January 3, 2012, 2064818 Ontario Inc., which is a corporation controlled by Alex Dolgonos, acquired additional shares with the effect of increasing the indirect holdings of UBS over which Mr. Dolgonos exercises control and direction to greater than 20%, which triggered a “deemed” termination clause in the current CEO’s employment agreement, triggering a lump sum payment of $200 in lieu of notice of termination and has been recorded in accrued liabilities.

(c) Rent of Milton premises

During the three and nine months ended May 31, 2012, UBS subleased a portion of Look's premises in Milton for $6 and $18 respectively (May 31, 2011 - $19 and $58 respectively). The sublease is currently on a month-to-month basis.

(d) Special shareholders meeting

It was stated in the information circular prepared in connection with the July 5, 2010 special meeting of shareholders that the costs incurred in the preparation and mailing of the circular and the solicitation would be borne by certain concerned shareholders who would seek reimbursement from UBS of their out-of-pocket expenses, including proxy solicitation expenses and legal fees, incurred in connection with the meeting. In this regard, UBS has reimbursed $533 to the concerned shareholders, some of whom are directors of UBS.

(e) Indemnity agreements

The former Board of Directors of UBS resolved that the Company’s directors, officers and consultants (the “Indemnitees”) were entitled to retain legal counsel pursuant to their Indemnity Agreements. Subsequently $570 was placed in trust by UBS with various legal firms. As at May 31, 2012, UBS estimates that the amounts in trust had been drawn down by a total of approximately $68. $19 was returned to UBS as a result of a settlement agreement executed between UBS and the former CFO. $37 is due to be returned to UBS as a result of a settlement agreement executed between UBS and a former director and is reflected in accounts receivable and other receivables. As a result, approximately $446 remained in trust as at May 31, 2012 (note 6).

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

13. Related party transactions (continued)

(f) Accrued restructuring liabilities due to related parties

UBS recorded related party transactions as follows:

	Accrued Restructuring Liabilities						
	Balance as at September 1, 2010	Interest accrued fiscal 2011[3]	Awards and interest reversed fiscal 2011[4]	Awards paid fiscal 2011[4]	Balance as at August 31, 2011	Interest accrued fiscal 2012[3]	Balance as at May 31, 2012[5]
Jolian Investments Ltd. /McGoey[1]	$ 1,843	$ 56	$ -	$ -	$ 1,899	$ 43	$ 1,942[6]
DOL Technologies Inc. /Dolgonos[2] [7]	1,566	48	-	-	1,614	37	1,651[6]
Former director – Douglas Reeson	476	14	-	-	490	11	501
Former UBS director and CFO - settled	1,484	12	(1,297)	(199)	-	-	-
Total	$ 5,369	$ 130	$ (1,297)	$ (199)	$ 4,003	$ 91	$ 4,094

(1) Jolian is a company controlled by Mr. McGoey, the former Chairman of the Board of Directors and former CEO of UBS.

On July 5, 2010, the former Board of Directors, including Mr. McGoey, were removed by shareholders at a special meeting, which resulted in Jolian alleging a Company Default pursuant to the Jolian Management Services Agreement with UBS (“Jolian MSA”) and a subsequent claim for, among other things, payment for termination of services and the outstanding accrued restructuring liability to Jolian (note 16(b)(i)).

During the nine months ended May 31, 2012, 1,150 options granted to Mr. McGoey or Jolian expired and during the year ended August 31, 2011, 1,500 options expired.

(2) DOL is a company controlled by Mr. Dolgonos, the former Chief Technology Consultant of UBS.

On July 5, 2010, the former Board of Directors were removed by shareholders at a special meeting, which resulted in DOL alleging that its agreement with UBS (“Technology Agreement”) had been terminated for “Good Reason following Change-in-Control” and a subsequent claim for, among other things, payment for termination of services and the outstanding accrued restructuring liability to DOL (note 16(b)(ii) and note 20).

During the nine months ended May 31, 2012, 1,000 options granted to Mr. Dolgonos or DOL expired.

(3) The interest on accrued restructuring liabilities due to related parties is charged to restructuring charges.

(4) On January 6, 2011, UBS settled the accrued restructuring award granted to the former CFO by the former Board of Directors and any other amount due under his employment agreement, for $330, which resulted in a reversal of $833 to restructuring charges in the second quarter of fiscal 2011. On February 16, 2011, UBS settled with a former director of UBS, which resulted in, among other things, a full reversal of his restructuring award, originally granted in June 2009 and accrued interest, totaling $464, to restructuring charges.

(5) The accrued restructuring liabilities due to related parties as at May 31, 2012 are payable upon, among other things, adequate cash resources being received by UBS. Payment of these amounts will be determined in the CCAA claims process.

(6) These amounts, among others, are included in the claims filed against UBS by Jolian and DOL on July 12, 2010. Counterclaims filed by UBS against Jolian, Mr. McGoey and certain former directors and against DOL, Mr. Dolgonos, and certain former directors are detailed in the 2010 annual financial statements.

(7) See note 20 – Subsequent events.

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

14. Income taxes

UBS has the following federal non-capital income tax losses, which may be carried forward to reduce future year's taxable income. These losses will expire in the calendar years ending May 31 as follows:

2014	$ 9,078
2015	1,001
2027	2,215
2028	423
2029	1,626
2030	1,656
2031	3,014
	$ 19,013

At August 31, 2011, following certain amendments to prior tax returns to maximize UBS' tax attributes, UBS had $19,013 in non-capital income tax losses with expiry dates between 2014 and 2031, allowable gross capital losses of $22,555 with an unlimited expiration period and investment tax credits available for carry forward totaling approximately $3,092.

15. Discontinued operations

GPV Elbau Electronics A/S vs UBS

Certain claims were 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. On June 17, 2011, judgment was given in favour of UBS and GPV Elbau Electronics A/S has paid legal costs to UBS in the amount of DKK 100 (approximately $19).

16. Provisions and contingencies

(a) Provisions

(i) Third party claim from an investment dealer

On June 8, 2005, an investment dealer filed a third party claim against UBS for indemnity for, amongst other things, costs of defending certain claims against it, resulting from litigation against that investment dealer by two shareholders of UBS. At a pre-trial conference on October 1, 2010, the parties to the main action and the third party claim settled all the claims with a contribution from UBS of $150 which was provided for at September 1, 2010 and paid during the first quarter of fiscal 2011.

16. Provisions and contingencies (continued)

(a) Provisions (continued)

(ii) 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.

Under the terms of the settlement, UBS agreed to pay the plaintiff damages totaling $600 in two installments. $450 was paid on May 24, 2011 and $150 was payable on January 15, 2012, and is subject to the claims process to be determined under CCAA. Under a counterclaim filed, UBS was awarded $85 on May 24, 2011 and received the funds on May 30, 2011, netting $365. Both the original action and the third party claim were dismissed without costs.

(b) Contingencies

(i) Jolian claims

On July 12, 2010, Jolian served a statement of claim on UBS seeking approximately $8,610 plus applicable taxes and interest in respect of the Jolian management services agreement with UBS and certain contingent payments approved by the previous directors in 2009 (the “Jolian Claims”).

UBS disputes the Jolian claims and has served statements of defence and counterclaims, including against a former director, Douglas Reeson.

(ii) DOL claims

(a) On July 12, 2010, DOL served a statement of claim on UBS seeking approximately $7,545 plus interest in respect of the DOL management services agreement with UBS and certain contingent payments approved by the previous directors in 2009 (the “DOL Claims”).

(b) On December 23, 2010, a registered shareholder of UBS, 2064818 Ontario Inc. which is a corporation controlled by Alex Dolgonos, served a statement of Claim on UBS and each of Grant McCutcheon, Robert Ulicki and Henry Eaton (the “206 Claims”). These claims seek various relief including the removal of the directors of UBS from its board of directors, the setting aside of the amendment to the Look MSA, or in lieu thereof, damages in the amount of $900, and restrictions on dilutive financing.

On July 6, 2012, the DOL Claims and 206 Claims were settled (note 20).

16. Provisions and contingencies (continued)

(b) Contingencies (continued)

Particulars of the DOL, Jolian and 206 Claims, as well as the defences and counterclaims of UBS, can be found in past financial statements and on SEDAR.

(iii) 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, provide for a comprehensive stay of proceedings against UBS and that all disputed claims are to be determined in the CCAA proceedings. Subsequently the Monitor received proofs of claims from Jolian for $10,112, from DOL for $8,042, and from former director Douglas Reeson for $585. Reference is made to the website of the Court Appointed Monitor supervising the CCAA proceedings www.duffandphelps.com (see "restructuring cases").

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

(v) 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.

17. 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.

18. 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, foreign currency risk and commodity and equity price risk).

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

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

18. Financial instruments and risk management (continued)

Credit risk

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, at the end of the reporting period under its financial instruments, is summarized as follows:

	May 31, 2012	August 31, 2011
Accounts and other receivables		
Currently due	$ 66	$ 4
Past due by 90 days or less and not impaired	75	17
Past due by greater than 90 days and not impaired	133	216
	$ 274	$ 237

All of the Company's cash is held with major financial institutions in Canada, and management believes the exposure to credit risk with this institution is not significant. The Company's maximum exposure to credit risk as at May 31, 2012 and August 31, 2011, is the carrying value of its accounts receivable and other receivables.

Liquidity risk

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 note 17, in normal circumstances.

The Company's financial liabilities are comprised of its accounts payable, accrued liabilities, accrued restructuring liabilities, accrued restructuring liabilities due to related parties and provisions, the contractual maturities of which are not determinable, because it depends on the outcome of the CCAA claims process.

- Interest rate risk

  The Company had no significant exposure, as at May 31, 2012 and August 31, 2011, to interest rate risk through its financial instruments.

18. Financial instruments and risk management (continued)

- Price risk

The Company is exposed to price risk with respect to equity prices on its investment in Look. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

- Currency risk

The Company is not exposed to currency risk as all its operations are in Canadian dollars.

19. IFRS transition

As stated under Summary of Significant Accounting Policies (note 2), the Company's financial statements for fiscal 2012 are prepared in accordance with IFRS as issued by the IASB. The policies set out in the Significant Accounting Policies section of the Company's interim financial statements for the three months ended November 30, 2011 have been applied in preparing the financial statements for the three and nine months ended May 31, 2012, the comparative information presented in these interim unaudited financial statements for the three and nine months ended May 31, 2011 and the year ended August 31, 2011 and in the preparation of an opening IFRS statement of financial position at September 1, 2010 (the Company's date of transition).

The Company has followed the recommendations in IFRS-1 First-time adoption of IFRS, in preparing its transitional statements.

(a) IFRS exemptions and choices

The adoption of IFRS requires the application of IFRS 1, which provides guidance for an entity's initial adoption of IFRS. IFRS 1 generally requires retrospective application of IFRS as effective at the end of its first annual IFRS reporting period. However, IFRS 1 also provides certain optional exemptions and mandatory exceptions to this retrospective treatment. The Company has not adopted any optional exemptions.

In preparing its opening IFRS statement of financial position, the Company has adjusted amounts reported previously in financial statements prepared in accordance with Canadian GAAP. An explanation of how the transition from Canadian GAAP to IFRS has affected the Company's financial position, financial performance and cash flows is set out in the following tables and the additional notes that accompany the tables.

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

19. IFRS transition (continued)

(a) IFRS exemptions and choices (continued)

Mandatory exceptions to retrospective application

Estimates: Hindsight was not used to create or revise estimates and accordingly the estimates previously made by the Company under Canadian GAAP are consistent with their application under IFRS.

(b) Reconciliation from Canadian GAAP to IFRS

(i) The reconciliation between Canadian GAAP and IFRS consolidated statement of financial position as at September 1, 2010 (date of transition to IFRS) is provided below:

September 1, 2010	Canadian GAAP	Effect of Transition	IFRS
Assets			
Current assets			
Cash and cash equivalents	$ 4,332	$ -	$ 4,332
Accounts receivable and other receivables	3	-	3
Prepaid expenses and deposits	608	-	608
	4,943	-	4,943
Restricted cash	50	-	50
Investment in Look Communications Inc.	12,564	-	12,564
	$ 17,557	$ -	$ 17,557
Liabilities and Shareholders' Equity			
Current liabilities			
Accounts payable	$ 30	$ -	$ 30
Accrued restructuring liabilities	696	-	696
Accrued restructuring liabilities due to related party	5,369	-	5,369
Accrued liabilities(1)	434	(150)	284
Provisions(1)	-	150	150
Deferred revenue	2,400	-	2,400
	8,929	-	8,929
Shareholders' equity			
Share capital	58,139	-	58,139
Share option reserve(2)	-	3,235	3,235
Contributed surplus(2)	3,235	(3,235)	-
Deficit	(52,746)	-	(52,746)
	8,628	-	8,628
	$ 17,557	$ -	$ 17,557

(1) IFRS transition requires provisions to be reallocated from accrued liabilities. The $150 provision at September 1, 2010 pertained to the third party settlement (note 16(a)(i)).
(2) On transition to IFRS, the Company reallocated the value of contributed surplus arising from expired and fully vested options to Share option reserve.

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

19. IFRS transition (continued)

(b) Reconciliation from Canadian GAAP to IFRS (continued)

(ii) The reconciliation between Canadian GAAP and IFRS consolidated statement of financial position as at May 31, 2011 is provided below:

May 31, 2011	Canadian GAAP	Effect of Transition	IFRS
Assets			
Current assets			
Cash and cash equivalents	$ 1,567	$ -	$ 1,567
Accounts receivable and other receivables	206	-	206
Prepaid expenses and deposits	782	-	782
	2,555	-	2,555
Restricted cash	50	-	50
Investment in Look Communications Inc.	11,419	-	11,419
	$ 14,024	$ -	$ 14,024
Liabilities and Shareholders' Equity			
Current liabilities			
Accounts payable	$ 469	$ -	$ 469
Accrued restructuring liabilities due to related party	3,973	-	3,973
Accrued liabilities	1,002	(150)	852
Provisions(1)	-	150	150
Deferred revenue	1,678	-	1,678
	7,122	-	7,122
Shareholders' equity			
Share capital	58,139	-	58,139
Share option reserve(1)	-	3,246	3,246
Contributed surplus(1)	3,246	(3,246)	-
Deficit	(54,483)	-	(54,483)
	6,902	-	6,902
	$ 14,024	$ -	$ 14,024

(1) IFRS transition requires Provisions to be reallocated from Accrued liabilities. The $150 provision as at May 31, 2011 pertained to the settlement of leased premises (note 16(a)(ii)).
(2) On transition to IFRS, the Company reallocated the value of contributed surplus arising from expired and fully vested options to Share option reserve.

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

19. IFRS transition (continued)

(b) Reconciliation from Canadian GAAP to IFRS (continued)

(iii) The reconciliation between Canadian GAAP and IFRS consolidated statement of financial position, as at August 31, 2011, is provided below:

August 31, 2011	Canadian GAAP	Effect of Transition	IFRS
Assets			
Current assets			
Cash and cash equivalents	$ 945	$ -	$ 945
Accounts receivable and other receivables	237	-	237
Prepaid expenses and deposits	948	-	948
	2,130	-	2,130
Restricted cash	50	-	50
Investment in Look Communications Inc.	11,405	-	11,405
	$ 13,585	$ -	$ 13,585
Liabilities and Shareholders' Equity			
Current liabilities			
Accounts payable	$ 399	$ -	$ 399
Accrued restructuring liabilities due to related party	4,003	-	4,003
Accrued liabilities(1)	1,035	(150)	885
Provisions(1)	-	150	150
Deferred revenue	1,244	-	1,244
	6,681	-	6,681
Shareholders' equity			
Share capital	58,139	-	58,139
Share option reserve(2)	-	3,235	3,235
Contributed surplus(2)	3,235	(3,235)	-
Deficit	(54,470)	-	(54,470)
	6,904	-	6,904
	$ 13,585	$ -	$ 13,585

(1) IFRS transition requires Provisions to be reallocated from Accrued liabilities. The $150 provision at August 31, 2011 pertained to the settlement of leased premises (note 16(a)(ii)).

(2) On transition to IFRS the Company reallocated the value of contributed surplus arising from expired and fully vested options to Share option reserve.

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

19. IFRS transition (continued)

(b) Reconciliation from Canadian GAAP to IFRS (continued)

(iv) The reconciliation between Canadian GAAP and IFRS condensed consolidated interim statement of income and comprehensive income, for the three months ended May 31, 2011, is provided below:

Three months ended May 31, 2011	Canadian GAAP	Effect of Transition	IFRS
Revenue	$ 433	$ -	$ 433
Expenses			
Compensation[1]	-	125	125
General and administrative	1,417	(125)	1,292
Restructuring charges (recovery)	30	-	30
	1,447	-	1,447
Loss before the undernoted	(1,014)	-	(1,014)
Interest income	6	-	6
Equity interest in Look's losses	(338)	-	(338)
Loss for the period from continuing operations	(1,346)	-	(1,346)
Loss for the period from discontinued operations	(365)	-	(365)
Loss and comprehensive loss for the period	$(1,711)	$ -	$(1,711)

[1] On conversion to IFRS, compensation was reallocated from general and administrative expenses. During the three months ended May 31, 2011, the Company expensed $125 in compensation, which included $62 in key management expense.

(v) The reconciliation between Canadian GAAP and IFRS condensed consolidated interim statement of loss and comprehensive loss for the nine months ended May 31, 2011 is provided below:

Nine months ended May 31, 2011	Canadian GAAP	Effect of Transition	IFRS
Revenue	$ 1,522	$ -	$ 1,522
Expenses			
Compensation[1]	-	622	622
General and administrative	2,804	(622)	2,182
Restructuring charges (recovery)	(1,036)	-	(1,036)
	1,768	-	1,768
Loss before the undernoted	(246)	-	(246)
Interest income	19	-	19
Equity interest in Look's losses	(1,145)	-	(1,145)
Loss for the period from continuing operations	(1,372)	-	(1,372)
Loss for the period from discontinued operations	(365)	-	(365)
Loss and comprehensive loss for the period	$ (1,737)	$ -	$ (1,737)

[1] On conversion to IFRS, compensation was reallocated from General and administrative expenses to Compensation. During the nine months ended May 31, 2011, the Company expensed $622 in compensation, which included $242 in key management expense.

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

19. IFRS transition (continued)

(b) Reconciliation from Canadian GAAP to IFRS (continued)

(vi) The reconciliation between Canadian GAAP and IFRS condensed consolidated statement of loss and comprehensive loss, for the year ended August 31, 2011, is provided below:

Year ended August 31, 2011	Canadian GAAP	Effect of Transition	IFRS
Revenue	$ 1,956	$ -	$ 1,956
Expenses			
Compensation[1]	-	731	731
General and administrative	3,036	(731)	2,305
Restructuring charges (recovery)	(1,006)	-	(1,006)
	2,030	-	2,030
Loss before the undernoted	(74)	-	(74)
Interest income	24	-	24
Equity interest in Look's losses	(1,159)	-	(1,159)
Loss for the year from continuing operations	(1,209)	-	(1,209)
Loss for the year from discontinued operations	(515)	-	(515)
Loss and comprehensive loss for the year	$ (1,724)	$ -	$ (1,724)

[1] On conversion to IFRS, compensation was reallocated from General and administrative expenses to Compensation. During the year ended August 31, 2011, the Company expensed $731 in compensation, which included $327 in key management expense.

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

19. IFRS transition (continued)

(b) Reconciliation from Canadian GAAP to IFRS (continued)

(vii) The reconciliation between Canadian GAAP and IFRS condensed consolidated interim statements of cash flows, for the three months ended May 31, 2011, is provided below:

Three months ended May 31, 2011	Canadian GAAP	Effect of Transition	IFRS
Net loss for the period	$ (1,711)	$ -	$ (1,711)
Less: Loss from discontinued operations	365	-	365
Items not effecting cash:			
Equity interest in Look's losses	338	-	338
Amortization of stock-based compensation	(32)	-	(32)
Change in non-cash operating assets and liabilities			
Accounts receivable and other receivables	198	-	198
Prepaid expenses and deposits	(297)	-	(297)
Accounts payable and accrued liabilities[1]	1,027	(150)	877
Accrued restructuring liabilities	(27)	-	(27)
Accrued restructuring liabilities due to related party	30	-	30
Deferred revenue	(433)	-	(433)
Provisions[1]	-	150	150
Cash used in continuing activities	(542)	-	(542)
Cash used in discontinued operations	(365)	-	(365)
Decrease in cash and cash equivalents	(907)	-	(907)
Cash at beginning of period	2,474	-	2,474
Cash at end of period	1,567	-	1,567

[1] On conversion to IFRS, Provisions were reallocated from Accrued liabilities. The reallocation of $150 to provisions as at May 31, 2012 pertained to the settlement of leased premises (note 16(a)(ii)).

20. Subsequent events

On July 6, 2012, UBS announced a settlement agreement had been reached between UBS and its directors, and the Dolgonos Parties. Pursuant to the terms of the settlement:

- approximately $8,000 in claims against UBS made by DOL will be settled for $500;
- all other claims and actions between the Dolgonos Parties, UBS and the current UBS directors will be dismissed, withdrawn and fully released without costs, with the exception of advances to counsel of $100 which will be expensed in the fourth quarter of 2012;
- 2064818 Ontario Inc. terminated its Offer for Shares of UBS and is not accepting for payment any shares that have been tendered to date, and such shares will be returned, without expense, to the holders who have tendered such shares.
- the Dolgonos Parties will remain, in certain circumstances, entitled to assert claims for indemnification against UBS in respect of claims that are unknown as of today;
- UBS will not be precluded from taking or continuing proceedings against parties other than the Dolgonos Parties, even if such other parties may assert third party or other claims against the Dolgonos Parties;
- Mr. Grant McCutcheon and Mr. Henry Eaton resigned as directors of UBS on July 12, 2012 and were replaced with Mr. Victor Wells and Mr. Kenneth Taylor. Mr. Robert Ulicki remains on the board;
- the court made an order in the *Companies' Creditors Arrangement Act* (the "CCAA") proceedings which postponed the requirement of UBS to hold shareholder meetings until the completion of the proceedings; and
- the Dolgonos Parties will not seek further representation on the board or management of UBS and will support the newly constituted board through to the completion of the CCAA process including with respect to the ongoing determination and defence of the remaining claims against UBS made by, among others, Jolian Investments Limited and Mr. Gerald McGoey.