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

UNIQUE BROADBAND SYSTEMS, INC.

For the three and six months ended February 28, 2013
and February 29, 2012

UNIQUE BROADBAND SYSTEMS, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS
of the Financial Condition and Results of Operations
(In thousands, except per share amounts)
For the three and six months ended February 28, 2013 and February 29, 2012

April 26, 2013

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 unaudited condensed consolidated interim financial statements for the three and six months ended February 28, 2013 and February 29, 2012.

The Company's unaudited condensed consolidated interim 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. 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, safety, and environmental developments, (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 ongoing litigation described under the section entitled "Provisions and contingencies - Contingencies". In particular, there can be no assurance that UBS will not be found liable for payments to certain parties in the course of this litigation nor can there be any assurance that UBS will be able to recover any of the amounts sought in its counterclaims. An award of damages against UBS and the ongoing costs of this litigation could, independently or collectively, have a material adverse effect on the financial condition and solvency of UBS. 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.

3. OVERVIEW

Significant current events

(a) Sale of Look shares

On February 19, 2013, UBS sold 12,430 multiple voting shares and 14,630 subordinate voting shares of Look. Upon determination that the Company no longer has significant influence over Look, effective February 20, 2013, the Company accounts for its investment in Look using the fair value method (refer to the section entitled "Look investment").

CCAA proceedings and notice of appeal of summary judgment motions

On July 5, 2011, UBS announced that it and UBS Wireless had commenced proceedings under the CCAA. On March 11, 2013, the court made an order staying all proceedings against UBS and its directors until May 30, 2013. Further information with respect to the CCAA proceedings can be found on the Monitor's website at www.duffandphelps.com.

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 Jolian Investments Ltd. ("Jolian"), Mr. McGoey, and former director Mr. Reeson (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.

UBS has been successful in obtaining the reversal of approximately $2,925 of awards granted by UBS' prior board in 2009, settling certain claims, and significantly reducing operating expenses. However the Plaintiff Group continues to pursue claims against UBS for approximately $10,000 in termination and other payments. UBS views the CCAA claims process as the best course of action to preserve its assets.

On July 6, 2012, UBS and its directors reached a settlement agreement with Mr. Dolgonos, 2064818 Ontario Inc., 6138241 Canada Inc. and DOL Technologies Inc. (the "Dolgonos Parties") (refer to the section entitled "Provisions and contingencies – Contingencies – Dolgonos Parties Claims").

A trial was held in the Ontario Superior Court of Justice between UBS and the Jolian Parties, which was completed on March 1, 2013. The Court decision has not been issued.

While under protection from its creditors, UBS' Board of Directors will continue to manage UBS. 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.

The Company

Unique Broadband Systems, Inc. is a publicly listed Canadian company, trading on the TSX Venture Exchange under the symbol UBS.

On July 6, 2011, UBS received notice from the TSX Venture Exchange (the "Exchange") that, in accordance with its Continued Listing Requirements outlined in Exchange Policy 2.5, UBS no longer meets the tests related to having a significant interest in a business or primary asset used to carry on business. Effective July 7, 2011, the Exchange issued a bulletin reclassifying UBS to Tier 2 and subsequently placed the Corporation on notice to transfer to NEX, subject to the Company making a submission that it meets all Tier 2 Continued Listing Requirements.

The UBS head office is located in Toronto, Ontario and currently has two employees.

On July 13, 2012, the court made an order which postponed the requirement of UBS to hold shareholder meetings until the completion of the CCAA proceeding.

Strategy

UBS' operating strategy is to:

(i) monitor its investment in Look; and
(ii) advance the CCAA claims process as expeditiously as possible.

Look investment

(a) Carrying value in Look

On February 19, 2013, UBS sold 12,430 multiple voting shares and 14,630 subordinate voting shares in Look, to 2092390 Ontario Inc., for $0.14 per share, or $3,788, generating a gain of $447. This transaction reduced the Company's holdings in Look, resulting in the Company reassessing the determination of significant influence on Look. The Company's investment in Look, as at February 28, 2013, of 12,435 multiple voting shares and 15,291 subordinate voting shares, represented a 19.8% economic interest and an 18.8% voting interest (August 31, 2012 – 24,864 multiple voting shares and 29,921 subordinate voting shares, or a 39.2% economic interest and a 37.6% voting interest). Management concluded that the Company no longer had significant influence on Look, pursuant to the sale of shares.

Up to February 19, 2013 the Company accounted for its investment in Look using the equity method of accounting. Subsequently, the Company determined it no longer had significant influence over Look and now accounts for its investment using the fair value method. This asset is classified as Available For Sale ("AFS").

The Company's share of Look's market capitalization, based on the bid prices of its multiple and subordinate voting shares, as at February 20, 2013 and February 28, 2013, of $0.100 and $0.100 respectively, was $2,773.

The Company's carrying value of its investment in Look is summarized as follows:

Investment in Look	
Investment in Look as at September 1, 2011	$ 11,405
Return of capital from Look	(2,739)
Cumulative equity interest in Look's losses for the year ended August 31, 2012	(1,655)
Investment in Look as at August 31, 2012	**$ 7,011**
Cumulative equity interest in Look's losses from September 1, 2012 to February 19, 2013	(245)
Partial disposition of Look shares	(3,341)
Fair value adjustment in Look	(652)
Investment in Look as at February 20, 2013 and February 28, 2013	**$ 2,773**

An analysis of UBS' equity interest in the post-acquisition income and losses of Look, up to February 19, 2013, is as follows:

Cumulative equity interest in Look's losses, as at September 1, 2011	$ (524)
Equity interest in Look's losses for fiscal 2012	(1,655)
Equity interest in Look's losses for the first quarter of fiscal 2013	(122)
Equity interest in Look's losses for the period December 1, 2012 to February 19, 2013	(123)
Cumulative equity interest in Look's losses, as at February 19, 2013	**$ (2,424)**

(b) Return of capital from Look

On March 13, 2012, Look 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.

(c) Look's Statement of Claim in connection with the payment of restructuring awards

On July 6, 2011, Look issued a Statement of Claim (the "Claim") in the Ontario Superior Court of Justice (the "Court") against certain former directors and certain former officers of Look in connection with the payment of approximately $20,000 of "restructuring awards" paid in 2009 (the "Sale Awards"), of which approximately $15,700 was paid to the directors and senior officers named in the Claim (or their personal holding companies, as applicable) from the net proceeds of approximately $64,000 realized by Look on the sale of its spectrum licence in 2009.

The former officers and directors named in the Claim collectively resigned effective July 21, 2010. None of the allegations in the Claim have been proven before the Court.

On Friday, September 28, 2012, the Ontario Superior Court of Justice dismissed applications and motions made by certain of Look's former officers and directors and personal service companies for interim advances to finance their costs of defending claims made against them by Look.

The court denied the advances sought by Messrs. McGoey, Cytrynbaum, Redman, Smith, Colbran and the personal service companies (the "Applicants"), but held that Mr. Dolgonos (but not his personal service company) is entitled to advances for his defense of the claims made against him. The reasons state in part: "Look has established a strong prima facie case that the individual Applicants, excluding Dolgonos, acted mala fides, in their own self interests and not with a view to the interest of Look in respect of the Board's approval of the equity cancellation payments based on a value of $0.40 a share and in relation to the payment of retainers by Look to lawyers acting for the Applicants personally. Accordingly, Look has met its onus. I am not prepared to approve interim advancement to the individual Applicants (except Dolgonos) of their legal fees and expenses in respect of the Action."

The court emphasized that the findings made in the applications were not binding on the trial judge.

Look has sought reimbursement of its costs of responding to the applications and motions.

On October 23, 2012, the Applicants served Notices of Appeal on this decision. The appeal is scheduled to be heard on May 27 and 28, 2013.

The defendants have delivered statements of defence.

Look continues to vigorously pursue its claims against the former directors and former officers named in the Claim (as well as their personal holding companies, as applicable) for payments, which Look believes were not in Look's or its shareholders' best interests.

4. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The unaudited condensed consolidated interim financial statements for the three and six months ended February 28, 2013 and February 29, 2012 include the accounts of UBS' wholly owned subsidiary, UBS Wireless. All significant intercompany balances and transactions have been eliminated upon consolidation.

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 February 28, 2013, UBS has a working capital deficiency of $525 (August 31, 2012 - $2,181).

Furthermore, there is uncertainty regarding the outcome of certain litigation (refer to the section entitled "Provisions and contingencies"). UBS will 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 unaudited condensed consolidated interim financial statements for the three and six months ended February 28, 2013 and February 29, 2012 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.

Investment in Look

As at February 28, 2013, UBS Wireless held 12,435 Multiple Voting Shares and 15,291 Subordinate Voting Shares in Look (August 31, 2012 – 24,864 Multiple Voting Shares and 29,921 Subordinate Voting Shares). Effective February 20, 2013, the Company accounts for its investment in Look using the fair value method (refer to the section entitled "Overview – Significant current events – Sale of Look shares").

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Management's discussion and analysis of operating results and financial condition are made with reference to the Company's unaudited condensed consolidated interim financial statements and notes thereto for the three and six months ended February 28, 2013 and February 29, 2012, 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, 2012.

6. RESULTS OF OPERATIONS

Highlights of the results for the three months ended February 28, 2013 include the following:

- UBS recorded a loss from operations of $1,454 for the three months ended February 28, 2013, compared to $847 for the three months ended February 29, 2012. The variance resulted from, among other things, the expiration of the Management Services Agreement with Look ("Look MSA") on May 19, 2012, and the timing of professional fees incurred as a result of advancing the CCAA claims process.
- As at February 28, 2013, UBS held cash and cash equivalents of $4,537 compared to $1,635 as at August 31, 2012. The increase was due primarily to cash received from the sale of Look shares, and the timing of accounts payable.

Revenue from Look MSA fees

Pursuant to the Look MSA, which expired on May 19, 2012, the base fee for the three and six months ended February 29, 2012 amounted to $434 and $867 respectively (refer to the section entitled "Related party transactions – Management Service Agreement with Look").

Operating expenses

	Three months ended		Six months ended	
	February 28, 2013	February 29, 2012	**February 28, 2013**	February 29, 2012
Compensation	**$ 66**	$ 324	**$ 128**	$ 435
General and administrative	**1,369**	926	**1,972**	1,108
Restructuring charges	**19**	31	**37**	61
Total operating expenses	**$ 1,454**	$ 1,281	**$ 2,137**	$ 1,604

Compensation

During the three and six months ended February 28, 2013, the Company expensed $66 and $128 respectively in compensation (February 29, 2012 - $324 and $435 respectively), which included $38 and $77 in key management compensation respectively (February 29, 2012 - $269 and $337 respectively).

General and administrative

General and administrative expenses include general occupancy, professional fees, and other administrative overheads for the Company. A summary of the key components of general and administrative expenses is set out below:

	Three months ended		Six months ended	
	February 28, 2013	February 29, 2012	**February 28, 2013**	February 29, 2012
Professional fees	**$ 1,360**	$ 916	**$ 1,953**	$ 1,085
Office and general	**9**	10	**19**	23
Total general and administrative expenses	**$ 1,369**	$ 926	**$ 1,972**	$ 1,108

For the three months ended February 28, 2013, general and administrative expenses totaled $1,369, an increase of $443 or 47.8% over the three months ended February 29, 2012. For the six months ended February 28, 2013, general and administrative expenses totaled $1,972, an increase of $864 or 77.8% over the six months ended February 29, 2012. The increase in fiscal 2013 was due primarily to costs associated with advancing the CCAA claims process.

Restructuring charges

Restructuring charges include interest on the restructuring awards approved by the directors in 2009. During the three and six months ended February 28, 2013, accrued interest on the awards due to related parties, totaling $19 and $37 respectively, was expensed to restructuring charges (February 29, 2012 - $31 and $61 respectively).

Interest and financing charges

For the three and six months ended February 28, 2013, $2 and $5 respectively, in interest income, was recognized on liquid assets (February 29, 2012 – $1 and $3 respectively).

Income taxes

As at February 28, 2013, UBS had $22,202 in non-capital income tax losses with expiry dates between 2014 and 2032, SRED pool carryforwards of $11,545, capital loss carryforwards of $22,555, and non-tax deductible reserves of $3,408.

Loss and comprehensive loss

The loss and comprehensive loss for the three and six months ended February 28, 2013 amounted to $1,780 and $2,582 respectively, or $0.017 and $0.025 per share (basic and diluted) respectively, compared with $1,245 and $1,431 respectively, or $0.012 and $0.14 per share respectively (basic and diluted), for the three and six months ended February 29, 2012.

7. QUARTERLY FINANCIAL RESULTS

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

	Fiscal 2013		Fiscal 2012				Fiscal 2011	
	Feb 28	Nov 30	Aug 31	May 31	Feb 29	Nov 30	Aug 31	May 31
Revenue[1]	$ -	$ -	$ -	$ 377	$ 434	$ 433	$ 434	$ 433
Operating and restructuring expenses/(recovery) before interest and equity interest in Look	1,454	683	(717)	734	1,281	323	262	1,447
Interest income/(loss)	2	3	(1)	6	1	2	5	6
Equity interest in Look's losses	(123)	(122)	(535)	(423)	(399)	(298)	(14)	(338)
Fair value adjustment in Look[2]	(652)	-	-	-	-	-	-	-
Gain on sale of Look shares[2]	447	-	-	-	-	-	-	-
Income/(loss) from continuing operations	(1,780)	(802)	181	(774)	(1,245)	(186)	163	(1,346)
Loss from discontinued operations[3]	-	-	-	-	-	-	(150)	(365)
Income/(loss) for the period	(1,780)	(802)	181	(774)	(1,245)	(186)	13	(1,711)
Continuing operations								
Basic and diluted income(loss) per share	(0.017)	(0.008)	0.001	(0.007)	(0.012)	(0.002)	0.002	(0.013)
Discontinued operations								
Basic and diluted loss per share	-	-	-	-	-	-	(0.001)	(0.004)
Income (loss) per share								
Basic and diluted	(0.017)	(0.008)	0.001	(0.007)	(0.012)	(0.002)	0.001	(0.017)

(1) Revenue includes earnings pursuant to the Look MSA which expired on May 19, 2012.
(2) On February 19, 2013, UBS sold 12,430 multiple voting shares and 14,630 subordinate voting shares in Look to 2092390 Ontario Inc. for $0.14 per share and, effective February 20, 2013, accounts for Look using the fair value method.
(3) During the second quarter of fiscal 2004, UBS' divestiture of its Engineering and Manufacturing Business resulted in the reclassification of that business as "Discontinued operations" and, accordingly, all associated expenses are included in discontinued operations.

8. LIQUIDITY AND CAPITAL RESOURCES

UBS held cash and cash equivalents of $4,537, as at February 28, 2013, compared with cash and cash equivalents of $1,635 as at August 31, 2012. Cash and cash equivalents 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.

Cash used in operating activities for the three and six months ended February 28, 2013 was $601 and $886 respectively, compared to $406 and $403 respectively for the three and six months ended February 29, 2012. The variance during the three and six months ended February 28, 2013 over February 29, 2012 was due primarily to higher costs associated with the advancement of the CCAA claims process during fiscal 2013, and the timing of payment of accounts payable and accrued liabilities.

There were no financing activities for the three and six months ended February 28, 2013 or February 29, 2012.

Cash provided by investing activities totaled $3,788 for both the three and six month periods ended February 28, 2013 (February 29, 2012 – nil and nil respectively), due to the sale of Look shares (refer to the section entitled “Look investment – Carrying value in Look”).

UBS has incurred operating losses and negative cash flows from operations in recent years and, as at February 28, 2013, UBS had a working capital deficiency of $525 (August 31, 2012 - $2,181). Furthermore, there is uncertainty regarding the outcome of certain recent litigation (refer to the section entitled “Provisions and contingencies - Contingencies”). UBS will 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 “Basis of presentation and going concern”).

UBS’ approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its current liabilities when due.

9. SHARE CAPITAL

As at February 28, 2013 and August 31, 2012, UBS had 102,748 common shares and no Class-A non-voting shares issued and outstanding.

In determining diluted loss per share for the three and six months ended February 28, 2013 and February 29, 2012, the weighted average number of shares outstanding was not increased for stock options outstanding as no options were in the money.

As at April 26, 2013, there were no changes to the issued and outstanding shares.

10. STOCK BASED COMPENSATION

During the three and six months ended February 28, 2013, no stock options were granted or expired (February 29, 2012 – no stock options granted and 2,000 expired). As at February 28, 2013 and August 31, 2012, there were 7,286 options outstanding.

11. RELATED PARTY TRANSACTIONS

(a) Management Service Agreement with Look

Under the original terms of the Look MSA, Look had been required to pay an annual fee of $2,400 to UBS and, in September 2007, Look advanced a prepaid annual fee of $2,400. Effective January 1, 2011, UBS expensed the deferred revenue, at approximately $145 per month, over the remaining term of the Look MSA, which expired on May 19, 2012.

(b) Rent of Milton premises

During the three months ended November 30, 2012, UBS subleased a portion of Look's premises in Milton for $2 (three and six months ended February 29, 2012 - $6 and $12 respectively). The sublease was terminated on September 30, 2012.

(c) CEO termination clause

On January 3, 2012, 2064818 Ontario Inc., which is a corporation controlled by Mr. Dolgonos, acquired additional shares with the effect of increasing the indirect holdings of UBS over which Mr. Dolgonos exercised control and direction to greater than 20%. This 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.

(d) Related party accrued restructuring liabilities

UBS recorded related party transactions as follows:

	Accrued Restructuring Liabilities					
	Balance as at August 31, 2011	**Interest accrued fiscal 2012**[3]	**Awards and interest reversed fiscal 2012**[2]	**Balance as at August 31, 2012**	**Interest accrued fiscal 2013**[3]	**Balance as at February 28, 2013**
Jolian Investments Ltd. / McGoey[1]	$ 1,899	$ 58	$ -	$ 1,957	$ 29	$ 1,986[4]
DOL Technologies Inc. / Dolgonos[2] – Settled	1,614	41	(1,155)	500	-	500[2]
Former UBS director - Douglas Reeson	490	15	-	505	8	513[4]
Total	**$ 4,003**	**$ 114**	**$ (1,155)**	**$ 2,962**	**$ 37**	**$ 2,999**

(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 (refer to the section entitled “Provisions and contingencies – Contingencies – Jolian and Reeson claims”).

(2) DOL is a company controlled by Mr. Dolgonos, the former Chief Technology Consultant of UBS.
On July 6, 2012, UBS reached a settlement agreement with the Dolgonos Parties, which resulted in, among other things, a $1,030 reversal of the restructuring award and $125 in accrued interest, totalling $1,155, to restructuring charges. The remaining balance of $500 will be settled under the CCAA claims process.

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

(4) These amounts were approved in 2009 by the directors and are currently the subject of dispute in the CCAA claims proceedings.

Details of the accrued restructuring awards granted in fiscal 2009, as at February 28, 2013, are set out below:

UBS	SAR units relinquished	Accrued restructuring liabilities: Equity accrual	Bonus accrual	Accrued interest	Awards declined / reversed	Awards paid	Balance as at February 28, 2013
Jolian / McGoey	3,000	$ 600	$1,200	$ 186	$ -	$ -	$ 1,986
DOL / Dolgonos	3,000	330	1,200	125	1,155	-	500
Director – D. Reeson	1,650	465	-	48	-	-	513
Former UBS directors and CFO – settled	3,150	915	1,000	54	1,770	199	-
TOTAL	**10,800**	**$ 2,310**	**$3,400**	**$ 413**	**$ 2,925**	**$ 199**	**$ 2,999**

12. 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. Under the terms of the settlement, $150 remains payable by UBS, and is subject to the claims process to be determined under CCAA.

(b) Contingencies

(i) Jolian and Reeson 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”). Former director, Mr. Reeson, also served a statement of claim on UBS seeking approximately $465 plus interest in respect of the contingent award approved and allocated to him by the previous directors of UBS during fiscal 2009 (the “Reeson Claim”).

Subsequent to the commencement of the CCAA claims process, the Monitor received proofs of claims from Jolian, totaling $10,112, and from Mr. Reeson, totaling $585.

A trial was held in the Ontario Superior Court of Justice between UBS and the Jolian Parties, which was completed on March 1, 2013. The Court decision has not been issued.

The Jolian and Reeson Claims continue to be disputed and will be determined in the CCAA claims proceedings (refer to the section entitled “Provisions and contingencies – Contingencies - CCAA).

(ii) Dolgonos Parties claims

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.

On December 23, 2010, 2064818 Ontario Inc. served a statement of claim on UBS and its directors. These claims sought 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 Dolgonos Parties claims of approximately $8,000 were settled for a claim of $500, the payment of which will be determined under the CCAA proceedings. All other claims and actions were dismissed, withdrawn and fully released, and the $100 advanced to counsel for DOL, in June, 2010, was expensed in the fourth quarter of fiscal 2012.

(iii) 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 that all disputed claims are to be determined in the CCAA proceedings.

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.

13. 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.

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.

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, under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

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:

Accounts and other receivables	**February 28, 2013**	**August 31, 2012**
Currently due	$ 179	$ 33
Past due by 90 days or less and not impaired	46	19
Past due by greater than 90 days and not impaired	-	151
	$ 225	**$ 203**

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 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, 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 February 28, 2013 and August 31, 2012, to interest rate risk through its financial instruments.

14. 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

Kenneth Taylor
Robert Ulicki (Chairman of the Board)
Victor Wells

Officers

Grant McCutcheon
Chief Executive Officer

C. Fraser Elliott
Chief Financial Officer

Auditors

Grant Thornton LLP
350 Burnhamthorpe Road West
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L5B 3J1

Shareholder inquiries

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Common shares

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