

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

UNIQUE BROADBAND SYSTEMS, INC.

Three and nine months ended May 31, 2012 and 2011

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 nine months ended May 31, 2012 and 2011

July 24, 2012

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 condensed consolidated interim unaudited financial statements for the three and nine months ended May 31, 2012 and 2011.

The Company's condensed consolidated interim unaudited 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"). References to "Look" refer to Look Communications Inc., a corporation in which the Company has a 39.2% economic interest and a 37.6% voting interest.

2. CHANGES IN ACCOUNTING POLICIES

Transition to International Financial Reporting Standards ("IFRS")

Effective January 1, 2011, Canadian publicly listed entities were required to prepare their financial statements in accordance with IFRS. Due to the requirement to present comparative financial information, the effective transition date for the Company is September 1, 2010. The three months ended November 30, 2011 was the Company's first reporting period under IFRS.

As a result, effective from September 1, 2011, the Company has prepared its condensed consolidated interim unaudited financial statements for fiscal 2012 in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34").

The accounting policies, as described in Note 2 of the Company's condensed consolidated interim unaudited financial statements for the three months ended November 30, 2011 and 2010, have been selected to be consistent with IFRS as is expected to be effective on August 31, 2012, the Company's first annual IFRS reporting date. Previously, the Company prepared its interim and annual financial statements in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). The adoption of IFRS resulted in changes to the accounting policies as compared with the most recent annual financial statements prepared under Canadian GAAP. The accounting policies have been applied consistently in preparing the financial statements for the three and nine months ended May 31, 2012, the comparative interim financial statements for the three and nine months ended May 31, 2011 and for 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 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.

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 reconciliations and additional notes presented in Note 19 of the Company's condensed consolidated interim unaudited financial statements for the three and nine months ended May 31, 2012 and 2011.

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.

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 International Accounting Standards Board's ("IASB") 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.

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.

3. CAUTION REGARDING FORWARD-LOOKING STATEMENTS

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

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

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

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

4. OVERVIEW

Significant events

(a) DOL Technologies Inc. and Mr. Dolgonos settlement of claim

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"). Pursuant to the terms of the settlement:

- the 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;
- on July 13, 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.

(b) 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.

(c) Acquisition of securities of UBS

On February 2, 2012, UBS received from 2064818 Ontario Inc., a corporation controlled by Alex Dolgonos, a formal, unsolicited partial takeover bid offer (the “Dolgonos Offer”) for 10,000,000 common shares, for \$0.08 per share. The stated purpose of the offer was to acquire a sufficient number of shares to replace the current board of directors.

On July 6, 2012, UBS reached a settlement agreement with the Dolgonos Parties and, as a result, 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.

On July 13, 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.

(d) 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 *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 and 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 \$18,200 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 the Dolgonos Parties.

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. 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.

(e) UBS Motion in the proceedings under CCAA

On February 7, 2012, UBS announced it served a motion in the proceedings under the CCAA seeking a determination as to whether the partial takeover bid by 2064818 Ontario Inc., as noted above, is stayed by the initial order made in the CCAA proceedings on July 5, 2011 and, if it is not, seeking an order to stay Mr. Dolgonos' bid. On March 5, 2012, the court determined not to stay the Dolgonos Offer and the Dolgonos Offer was permitted to proceed.

On July 6, 2012, UBS reached a settlement agreement with the Dolgonos Parties and, as a result, on July 13, 2012, 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.

(f) UBS' change to Tier 2 TSX listed company

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 on June 7, 2012, subject to the Corporation making a submission that it meets all Tier 2 Continued Listing Requirements.

(g) 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. The remaining claim for approximately \$450, which was based on an alleged guarantee by UBS related to a subcontracting agreement for the manufacture of electronic products, was dismissed by the Danish courts in October 2008 with costs awarded to UBS. The decision was appealed by the plaintiff and the case was heard in the Supreme Court of Denmark. On June 17, 2011, judgment was given in favour of UBS and GPV Elbau Electronics A/S was ordered to, and has paid, legal costs to UBS in the amount of DKK 100 (approximately \$19).

(h) Management Service Agreement with Look

Under the terms of the Management Service Agreement entered into between UBS and Look ("Look MSA") on May 19, 2004, Look had been required to pay an annual fee of \$2,400 to UBS. In September 2007, Look advanced \$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, and UBS continued to provide 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.

(i) 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	\$ -	\$ -	\$ -

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 in 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 the section entitled "Related Party Transactions".

During the three and nine months ended May 31, 2012, the Company accrued \$30 and \$91 respectively in interest on the awards due to related parties which 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.

(j) Income taxes

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.

(k) Indemnity agreements

On June 16, 2010, the former Board of Directors of UBS received a letter signed by each of UBS’ directors, officers and consultants (the “Indemnitees”) advising UBS that the Indemnitees seek, and are entitled to, indemnification under the Indemnity Agreements and article 7 of the By-Laws of UBS for, among other things, ongoing legal expenses for lawyers that have been or will be 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. As a result, approximately \$446 remained in trust at May 31, 2012 and is included in prepaid expenses and deposits.

The Company

UBS is a publicly listed Canadian company that, effective May 25, 2010, has a 39.2% fully diluted equity interest in Look.

In 2003, UBS transitioned from a technology company that designed, developed and manufactured broadband wireless equipment to a holding company when it acquired a 51.8% controlling interest in Look and sold its manufacturing business. On May 11, 2010, UBS announced that it had not converted any of its outstanding convertible debentures (“Debentures”) by the final date for conversion following the announcement by Look that it intended to redeem all outstanding Debentures on May 25, 2010. Accordingly, 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 39.2% economic interest and a 37.6% voting interest in Look.

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

Services

Service revenue is comprised of base fees and performance incentives received by UBS from Look pursuant to the Look MSA entered into between UBS and Look on May 19, 2004 which expired on May 19, 2012. Service revenues in connection with the Look MSA include base fees payable on a monthly basis from Look to UBS and any performance incentives recognised by Look in the form of cash bonus payments, the direct grant of treasury shares or options for the purchase of Look shares from treasury.

Deferred Revenue

Deferred revenue included payments received by UBS from Look in advance of future services pursuant to the Look MSA which expired on May 19, 2012.

Strategy

UBS' operating strategy is to:

- (i) maximize the value of its investment in Look;
- (ii) advance the CCAA claims process as expeditiously as possible; and
- (iii) recover the amounts sought in the counterclaims filed by UBS against its former Chief Executive Officer ("CEO"), and certain entities controlled by a former officer.

As Look distributes available cash to its shareholders, UBS will assess its options with respect to the use of its cash.

Investment in Look

(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 of \$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

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.

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

Investment in Look	May 31, 2012
Investment in Look at September 1, 2010	\$ 12,564
Equity interest in Look's losses for fiscal 2011	(1,159)
Investment in Look 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:

Equity interest in Look	
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.

Look's market capitalization, based on the closing share prices of its multiple and subordinate voting shares 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) 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 and none of the defendants have filed a statement of defence. Look intends 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 and decisions which Look believes were not in Look's or its shareholders' best interests.

(d) 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 Friday, 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.

5. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

Continuing operations

The condensed consolidated interim unaudited financial statements for the three and nine months ended May 31, 2012 and 2011 include the accounts of UBS' wholly owned subsidiary, UBS Wireless. All significant intercompany balances and transactions have been eliminated upon consolidation.

At May 31, 2012 and August 31, 2011, UBS Wireless held 24,864 Multiple Voting Shares and 29,921 Subordinate Voting Shares in Look. UBS has a 39.2% economic interest and a 37.6% voting interest in Look and, as of May 25, 2010, accounts for its interest in Look using the equity method.

Discontinued operations

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". Accordingly, all revenues and costs associated with that business and the divestiture have been reclassified from September 1, 2003 as "Discontinued Operations" in the Consolidated Statement of Operations and Deficit and the Consolidated Cash Flow Statement.

Basis of presentation and going concern

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 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, and the outcomes of certain litigation (refer to the section entitled "Provisions and contingencies"). UBS will need to raise cash and/or monetize assets, and/or receive 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, the Company's condensed consolidated interim unaudited financial statements for the three and nine months ended May 31, 2012 and 2011 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

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 losses" in the statement of loss and comprehensive loss.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Management's discussion and analysis of operating results and financial condition are made with reference to the Company's condensed consolidated interim unaudited financial statements and notes thereto, 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 condensed consolidated interim unaudited financial statements for the three months ended November 30, 2011 and 2010.

7. RESULTS OF OPERATIONS

Highlights of the results for the three months ended May 31, 2012 include the following:

- For the three months ended May 31, 2012, UBS recorded \$377 from fees earned pursuant to the Look MSA, which expired on May 19, 2012.
- UBS recorded a loss from operations of \$774 for the three months ended May 31, 2012, compared to a loss of \$1,711 for the three months ended May 31, 2011. The 54.8% decrease resulted from, among other things, lower operating costs and the expiration of the Look MSA.
- As at May 31, 2012, UBS held cash and cash equivalents of \$2,544 compared to \$945 at August 31, 2011. The increase is due primarily to the return of capital totaling \$2,739 paid by Look equivalent to \$0.05 for each outstanding multiple voting share and subordinate voting share.

Continuing operations

Revenue from Look MSA fees

Pursuant to the Look MSA, the base fee for the three and nine months ended May 31, 2012 amounted to \$377 and \$1,244 respectively (May 31, 2011 \$433 and \$1,522) (refer to the section entitled "Significant events – Management Service Agreement with Look"). The Look MSA expired on May 19, 2012.

Operating expenses

	Three months ended May 31, 2012	Three months ended May 31, 2011
Compensation	\$ 110	\$ 125
General and administration	594	1,292
Restructuring charges	30	30
Total operating expenses	\$ 734	\$ 1,447

	Nine months ended May 31, 2012	Nine months ended May 31, 2011
Compensation	\$ 545	\$ 622
General and administration	1,702	2,182
Restructuring charges (recovery)	91	(1,036)
Total operating expenses	\$ 2,338	\$ 1,768

Compensation

Compensation expenses include administrative salaries and human resources. 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.

General and administration

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

	Three months ended May 31, 2012	Three months ended May 31, 2011
Professional fees	\$ 584	\$ 1,265
Office and general	10	27
Total general and administrative expenses	\$ 594	\$ 1,292

	Nine months ended May 31, 2012	Nine months ended May 31, 2011
Professional fees	\$ 1,669	\$ 2,089
Office and general	33	93
Total general and administrative expenses	\$ 1,702	\$ 2,182

For the three and nine months ended May 31, 2012, general and administration expenses were \$594 and \$1,702 respectively compared to \$1,292 and \$2,182 respectively for the three and nine months ended May 31, 2011. The decrease in general and administrative expenses for the three and nine months ended May 31, 2012 was due primarily to lower professional fees and office and general costs.

Restructuring charges

Restructuring charges include, among others, legal and consulting charges incurred in relation to former director and former management indemnities, special meeting costs and interest on awards due to related parties.

During the three and nine months ended May 31, 2012, \$30 and \$91 respectively in accrued interest on the awards due to related parties was expensed to restructuring charges. For the three months ended May 31, 2011, \$30 in accrued interest was expensed. For the nine months ended May 31, 2011, UBS recovered \$1,036 in restructuring charges.

On January 6, 2011, UBS settled the accrued restructuring award granted to the former CFO by the former Board of Directors which resulted in, among other things, 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 reversal of \$464 to restructuring charges.

On July 6, 2012, UBS settled the accrued restructuring award granted to the former Chief Technology Consultant by the former Board of Directors which resulted in, among other things, a reversal of \$1,152 to restructuring charges during the fourth quarter of fiscal 2012.

Interest and financing charges

For the three and nine months ended May 31, 2012, \$6 and \$9 in interest income was recognized on liquid assets respectively (May 31, 2011 – \$6 and \$19 respectively). The decrease in interest income was driven primarily by the Company's lower cash balance.

Discontinued Operations

The loss from discontinued operations for the three and nine months ended May 31, 2011 was \$365 and related to the settlement of the action that was brought against UBS in respect of certain repairs to premises under a lease entered into by UBS in 1999 (refer to the section entitled "Provisions and Contingencies - Provisions".)

Loss and comprehensive loss

The loss and comprehensive loss for the three and nine months ended May 31, 2012 amounted to \$612 and \$2,043 or \$0.006 and \$0.020 per share respectively (basic and diluted), compared with \$1,711 and \$1,737 or \$0.013 and \$0.013 per share for the three and nine months ended May 31, 2011 respectively (basic and diluted).

8. QUARTERLY FINANCIAL RESULTS

The table below sets out financial information for the past eight quarters, restated as applicable.

	Fiscal 2012			Fiscal 2011			Fiscal 2010 ⁽¹⁾	
	May 31	Feb 29	Nov 30	Aug 31	May 31	Feb 28	Nov 30	Aug 31
Revenue ⁽²⁾	\$ 377	\$ 434	\$ 433	\$ 434	\$ 433	\$ 489	\$ 600	\$ 600
Operating expenses and restructuring charges before depreciation and interest	734	1,281	323	262	1,447	(323)	644	1,947
Interest income, depreciation of property and equipment and interest and finance charges	6	1	2	5	6	8	5	744
Equity interest in Look's losses and dilution loss due to change in shareholding in Look	423	399	298	14	338	361	446	543
Income (loss) from continuing operations	(774)	(1,245)	(186)	163	(1,346)	459	(485)	(1,146)
Loss from discontinued operations ⁽³⁾	-	-	-	(150)	(365)	-	-	(150)
Income (loss) for the period	(774)	(1,245)	(186)	13	(1,711)	459	(485)	(1,296)
Continuing operations								
Basic income(loss) per share	(0.007)	(0.012)	(0.002)	0.002	(0.013)	0.004	(0.005)	(0.011)
Diluted income(loss) per share	(0.007)	(0.012)	(0.002)	0.002	(0.013)	0.004	(0.005)	(0.011)
Discontinued operations								
Basic loss per share	-	-	-	(0.001)	(0.004)	-	-	(0.001)
Diluted loss per share	-	-	-	(0.001)	(0.004)	-	-	(0.001)
Income (loss) per share								
Basic	(0.007)	(0.012)	(0.002)	0.001	(0.017)	0.004	(0.005)	(0.012)
Diluted	(0.007)	(0.012)	(0.002)	0.001	(0.017)	0.004	(0.005)	(0.012)

⁽¹⁾ Fiscal 2010 comparatives are presented in Canadian GAAP.

⁽²⁾ Revenue includes items from continuing operations only.

⁽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.

9. LIQUIDITY AND CAPITAL RESOURCES

UBS held cash and cash equivalents of \$2,544 at May 31, 2012 compared with cash and cash equivalents of \$945 at August 31, 2011. 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 continuing operating activities for the three and nine months ended May 31, 2012 was \$737 and \$1,140 respectively, compared to \$542 and \$2,400 for the three and nine months ended May 31, 2011 respectively. The year-over-year change was due primarily to the increased loss incurred by UBS, drawdown against deferred revenue pursuant to the terms of the Look MSA, offset by the recovery of HST receivable and the settlement of accounts payable and accrued liabilities.

There were no financing activities for the three and nine months ended May 31, 2012 or 2011.

Cash provided by investing activities related to the return of capital paid by Look of \$0.05 for each multiple voting share and subordinate voting share held. UBS received \$2,739 of Look's return of capital.

Under the terms of the Look MSA, 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 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, which expired on May 19, 2012 (see the section entitled “Significant events – Management Service Agreement with Look”).

UBS has incurred operating losses and negative cash flows from operations in recent years and at May 31, 2012, UBS had 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 to Look’s shareholders and the outcomes of certain recent litigation (refer to the section entitled “Provisions and contingencies - Contingencies”). UBS will need to raise cash and/or receive cash distributions from Look (refer to the section entitled “Overview – Significant events – Return of capital 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 (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.

10. SHARE CAPITAL

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.

In determining diluted loss per share for the three and nine months ended May 31, 2012 and 2011, the weighted average number of shares outstanding was not increased for stock options outstanding as no options were in the money.

As at July 24, 2012, there were no changes to the issued and outstanding shares.

11. STOCK BASED COMPENSATION

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

During the nine months ended May 31, 2011, there were no stock options granted and 1,697 options expired. On February 11, 2011, 1,500 options were granted. However, because stock options must have a minimum strike price of \$0.10, the stock option grant was cancelled on March 10, 2011. During the three months ended May 31, 2011, UBS reversed \$24 and expensed \$4 of stock-based compensation related to options issued to employees in the three and nine months ended May 31, 2011 respectively and for options issued to non-employees recovered \$8 and expensed \$7 respectively which has been recorded in share option reserve.

As a result of the restructuring process, there were no SAR units outstanding at September 1, 2010 and on November 24, 2010 UBS’ Board of Directors cancelled the SAR Plan.

12. RELATED PARTY TRANSACTIONS

(a) Management Service Agreement with Look

Under the terms of the Look MSA, Look had been required to pay an annual fee of \$2,400 to UBS. On December 3, 2010, Look and UBS agreed that, with effect from January 1, 2011, Look would no longer maintain the prepaid annual fee of \$2,400 on a monthly basis and that this amount would be drawn down at approximately \$145 per month over the remaining term of the Look MSA, being January 1, 2011 through May 19, 2012. UBS continued to provide 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 May 19, 2012 (refer to the section entitled "Significant events – Management Service Agreement with Look"). The base fee pursuant to the Look MSA 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. The Look MSA expired on May 19, 2012.

(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). On June 3, 2011, Look sold the Milton facility for aggregate consideration of \$3,050. UBS continues to operate from the premises as a tenant 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) 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. ⁽¹⁾ / McGoey	\$ 1,843	\$ 56	\$ -	\$ -	\$ 1,899	\$ 43	\$ 1,942 ⁽⁶⁾
DOL Technologies Inc. ^{(2) (7)} / Dolgonos	1,566	48	-	-	1,614	37	1,651 ⁽⁶⁾
Former UBS 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 (refer to the section entitled “Provisions and contingencies - Contingencies”).

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 (refer to the sections entitled “Provisions and contingencies - Contingencies” and Overview – Significant events – DOL Technologies Inc. and Mr. Dolgonos settlement of claim).

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⁾ Refer to the section entitled “Overview – Significant events – DOL Technologies Inc. and Mr. Dolgonos settlement of claim”.

Details of the accrued restructuring awards in UBS as at May 31, 2012 are set out below:

UBS	SAR units relinquished	Accrued restructuring liabilities							
		Equity accrual	Bonus accrual	Balance 2009	Accrued interest	Awards declined 2010	Awards reversed 2011	Awards paid 2011	Balance as at May 31, 2012
Jolian / McGoey	3,000	\$ 600	\$1,200	\$1,800	\$ 142	\$ -	\$ -	\$ -	\$ 1,942
DOL / Dolgonos ⁽¹⁾	3,000	330	1,200	1,530	121	-	-	-	1,651
Former UBS director - Douglas Reeson	1,650	465	-	465	36	-	-	-	501
Former UBS directors and CFO - settled	3,150	915	1,000	1,915	54	473	1,297	199	-
TOTAL	10,800	\$ 2,310	\$3,400	\$5,710	\$ 353	\$ 473	\$1,297	\$ 199	\$ 4,094

⁽¹⁾ Refer to the section entitled “Overview – Significant events – DOL Technologies Inc. and Mr. Dolgonos settlement of claim”.

13. 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.

(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 MSA 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) DOL statement of claim

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) 2064818 Ontario Inc. claim

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 (refer to the section entitled “Overview – Significant events – DOL Technologies Inc. and Mr. Dolgonos settlement of claim”).

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) 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, 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.

On July 6, 2012, UBS announced a settlement agreement had been reached between UBS and its directors, and the Dolgonos Parties (refer to the section entitled “Overview – Significant events – DOL Technologies Inc. and Mr. Dolgonos settlement of claim”).

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.

14. OPERATING RISKS AND UNCERTAINTIES

Management of capital

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

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

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.

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	May 31, 2012	August 31, 2011
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 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 May 31, 2012 and August 31, 2011, to interest rate risk through its financial instruments.

- 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.

15. IFRS transition

The Company's condensed consolidated interim financial statements for the three months ended November 30, 2011 were the Company's first financial statements prepared in accordance with IFRS as issued by the IASB. The significant accounting policies set out in note 2 therein have been applied in preparing the financial statements for the three and nine months ended May 31, 2012, the comparative information presented in the interim financial statements for the three and nine months ended May 31, 2012 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 which are included in note 19 of the Company's condensed consolidated interim unaudited financial statements for the three and nine months ended May 31, 2012 and 2011.

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 tables contained in note 19 of the Company's condensed consolidated interim unaudited financial statements for the three and nine months ended May 31, 2012 and 2011 and the additional notes that accompany the tables.

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.

16. 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

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Fax: (416) 361-0470
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Common shares

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