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**Seventeenth Report to Court of  
Duff & Phelps Canada  
Restructuring Inc. as CCAA  
Monitor of Unique Broadband  
Systems, Inc. and UBS Wireless  
Services Inc.**

October 24, 2013

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Court File No.: CV-11-9283-00CL

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,  
R.S.C. 1985, C.C-36, AS AMENDED**

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT  
OF  
UNIQUE BROADBAND SYSTEMS, INC.**

**SEVENTEENTH REPORT OF DUFF & PHELPS CANADA RESTRUCTURING INC.  
AS CCAA MONITOR OF  
UNIQUE BROADBAND SYSTEMS, INC.  
AND UBS WIRELESS SERVICES INC.**

**October 24, 2013**

## **1.0 Introduction**

1. Pursuant to an order (“Initial Order”) of the Ontario Superior Court of Justice (Commercial List) (“Court”) made on July 5, 2011, Unique Broadband Systems, Inc. (“UBS”) and UBS Wireless Services Inc. (“Wireless”) (UBS and Wireless are jointly referred to as the “Company”) were granted protection under the *Companies’ Creditors Arrangement Act* (“CCAA”) and RSM Richter Inc. (“Richter”) was appointed as the monitor (“Monitor”).
2. On December 9, 2011, the assets used by Richter in its Toronto restructuring practice were acquired by Duff & Phelps Canada Restructuring Inc. (“D&P”). Pursuant to a Court order made on December 12, 2011 (the “Substitution Order”), D&P was substituted in place of Richter as Monitor. The licensed trustees/restructuring professionals overseeing this mandate prior to December 9, 2011 remain unchanged.
3. Pursuant to an order of the Court made on July 29, 2013, the Company’s stay of proceedings expires on October 31, 2013.

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## 1.1 Purposes of this Report

1. The purposes of this report (“Report”) are to:
  - a) Provide background information about the Company and these CCAA proceedings;
  - b) Provide an update on the process to determine the disputed claims filed by Jolian Investments Limited and its principal, Gerald McGoey (together, “Jolian”);
  - c) Report on the Company’s weekly cash flow projection for the period ending December 6, 2013 (“Cash Flow”); and
  - d) Recommend that this Honourable Court make an order:
    - Granting the Company’s request for an extension of the stay of proceedings from October 31, 2013, the date the current stay expires, to December 2, 2013; and
    - Approving the Monitor’s actions and activities, as described in this Report.

## 1.2 Currency

1. Unless otherwise noted, all currency references in this Report are to Canadian dollars.

## 1.3 Restrictions

1. In preparing this Report, the Monitor has relied upon unaudited financial information prepared by the Company’s representatives, the Company’s books and records and discussions with its representatives. The Monitor has not performed an audit or other verification of such information. An examination of the Company’s financial forecasts as outlined in the *Canadian Institute of Chartered Accountants Handbook* has not been performed. Future oriented financial information relied upon in this Report is based on the Company’s representative’s assumptions regarding future events; actual results achieved may vary from this information and these variations may be material. The Monitor has reviewed the assumptions underlying the Cash Flow provided in Appendix “A” and believes them to be reasonable.

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## 2.0 Background

1. Background information concerning the Company is detailed in the affidavit of Robert Ulicki (the “Ulicki Affidavit”), a director of the Company, sworn July 4, 2011 and filed with the Company’s CCAA application materials. The Ulicki Affidavit details, *inter alia*, the Company’s history, financial position, litigation and interest in LOOK Communications Inc., now known as ONEnergy Inc.
2. Additional information concerning the Company and these proceedings is provided in the proposed monitor’s report and the Monitor’s reports filed in these proceedings. Copies of these reports can be found on the Monitor’s website at:

<http://www.duffandphelps.com/intl/en-ca/Pages/RestructuringCases.aspx>

## 3.0 Jolian Claims

1. As previously reported, Jolian filed claims against the Company totaling over \$10 million pursuant to the claims process order made by the Court on August 4, 2011. Jolian’s claims represent the largest claims filed against the Company and relate to litigation commenced prior to these CCAA proceedings.
2. A trial was held from February 19, 2013 to March 1, 2013 to determine Jolian’s claims (“Jolian Trial”). During the Jolian Trial, Jolian reduced the amount of its claims to \$5.8 million.
3. On May 21, 2013, Justice Mesbur released her decision with respect to Jolian’s claims (“Decision”).
4. Pursuant to paragraph 188(d) of the Decision, Jolian was required to file a revised proof of claim within 30 days of the date of the Decision (“Revised Claim”).
5. On June 20, 2013, Jolian filed its Revised Claim for approximately \$4 million plus interest, taxes and an amount to be determined for reimbursement of further legal expenses.
6. The Company and Jolian each claimed in excess of \$850,000 in their cost submissions related to the Jolian Trial. On August 6, 2013, Justice Mesbur released her decision with respect to costs (“Cost Decision”); no costs were awarded to either Jolian or the Company. A copy of the Cost Decision is provided in Appendix “B”.
7. On June 11, 2013, the Company filed a notice of motion with the Court of Appeal for Ontario for leave to appeal the Decision (“Leave Motion”). The Leave Motion is scheduled to be heard on October 31, 2013.

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## 4.0 Cash Flow

### 4.1 Receipts and Disbursements for the Period July 20, 2013 to October 18, 2013

1. A comparison of the Company's budget-to-actual results for the period July 20, 2013 to October 18, 2013 is provided in Appendix "C".
2. As at October 18, 2013, the Company had \$2.8 million on hand, representing an overall positive variance of \$350,000. Variances in the period relate to timing differences associated with:
  - a. HST recoveries (\$78,000) - the Company received sales tax refunds that had been held by Canada Revenue Agency pending an audit of the Company's accounts (permanent positive variance);
  - b. miscellaneous cash receipts (\$45,000) - represent proceeds of a claim filed by the Company with its Directors' & Officers' ("D&O") insurer (permanent positive variance);
  - c. payment of quarterly audit fees (\$33,000) (a portion of this amount is expected to be a permanent positive variance);
  - d. payment of D&O insurance (\$85,000) (temporary positive variance); and
  - e. payment of professional fees to Gowling Lafleur Henderson LLP ("Gowlings"), the Company's legal counsel, the Monitor and its legal counsel (aggregate of \$107,000) (expected to be a temporary positive variance).

### 4.2 Cash Flow for the Period ending December 6, 2013

1. The Cash Flow, together with Management's and the Monitor's reports on the cash flow statement, are attached in Appendix "A". The Monitor has reviewed the Cash Flow and believes it to be reasonable.
2. The Cash Flow continues to reflect that the Company has limited receipts and disbursements, with the main disbursements relating to payroll, insurance and professional fees.
3. The Company is projecting that it will have cash on hand of \$2.4 million as at December 6, 2013. The actual cash position may vary depending on, *inter alia*, when and whether the Court of Appeal grants the Company leave to appeal the Decision and/or whether the Company prepares a plan of compromise or arrangement.

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## 5.0 Company's Request for an Extension

1. The Company is seeking an extension of the stay of proceedings to December 2, 2013. The Monitor supports the Company's request for an extension of the stay of proceedings for the following reasons:
  - The Company is acting in good faith and with due diligence;
  - The proposed stay extension will provide the Company an opportunity to consider and deal with the result of the Leave Motion; and
  - It should not prejudice any employee or creditor, as the Company is projected to have sufficient funds to pay post-filing services and supplies in the amounts contemplated by the Cash Flow.

## 6.0 Overview of the Monitor's Activities

1. Since July 24, 2013, the date of the Monitor's Sixteenth Report to Court, the Monitor's activities have been limited. They have included, *inter alia*, the following:
  - a) Monitoring the Company's receipts and disbursements pursuant to the terms of the Initial Order;
  - b) Corresponding intermittently with representatives of Gowlings and Lax O'Sullivan Scott Lisus LLP, the Monitor's legal counsel, regarding these proceedings;
  - c) Reviewing the Cost Decision;
  - d) Reviewing certain of the Leave Motion materials;
  - e) Corresponding with Mr. Ulicki;
  - f) Reviewing the Company's bank statements;
  - g) Reviewing the Company's budget-to-actual cash flow reports; and
  - h) Preparing this Report.

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## 7.0 Conclusion and Recommendation

1. Based on the foregoing, the Monitor respectfully recommends that this Honourable Court make an order granting the relief detailed in Section 1.1 (d) of this Report.

\* \* \*

All of which is respectfully submitted,

A handwritten signature in blue ink that reads "Duff + Phelps Canada Restructuring Inc." The signature is written in a cursive, flowing style.

**DUFF & PHELPS CANADA RESTRUCTURING INC.  
IN ITS CAPACITY AS COURT APPOINTED CCAA MONITOR OF  
UNIQUE BROADBAND SYSTEMS, INC.  
AND UBS WIRELESS SERVICES INC.  
AND NOT IN ITS PERSONAL CAPACITY**



## **Appendix “A”**

Unique Broadband Systems, Inc. and UBS Wireless Services Inc.

**Projected Statement of Cash Flows<sup>(1)</sup>**

For the Period October 19, 2013 to December 6, 2013

(\$; Unaudited)



	WEEK ENDING							TOTAL
	25-Oct	1-Nov	8-Nov	15-Nov	22-Nov	29-Nov	6-Dec	
<b>Receipts:</b>								
HST recovery <sup>(2)</sup>	-	-	1,784	-	-	20,297	-	22,081
Miscellaneous cash receipts	-	2,849	-	-	-	2,837	-	5,686
<b>Total Receipts</b>	<b>-</b>	<b>2,849</b>	<b>1,784</b>	<b>-</b>	<b>-</b>	<b>23,134</b>	<b>-</b>	<b>27,767</b>
<b>Disbursements:</b>								
Payroll expenses <sup>(3)</sup>	-	2,361	-	3,077	-	2,361	-	7,799
Consulting <sup>(4)</sup>	-	2,825	-	2,825	-	-	2,825	8,475
Automobile expenses	-	-	100	-	-	-	200	300
Group insurance	1,472	-	-	1,472	-	-	1,472	4,416
Rent (storage)	625	-	321	-	-	-	321	1,267
Office and general	270	1,480	250	346	250	346	250	3,192
Postage and delivery	-	-	-	-	-	-	100	100
Telephone	256	-	-	-	260	-	-	516
Cellular	97	150	-	-	-	100	150	497
Bank charges	-	90	60	-	-	90	60	300
Equity Transfer/TSX (shareholder administration)	840	-	-	-	-	850	-	1,690
Audit fees / quarterly reporting <sup>(5)</sup>	6,046	-	-	-	-	11,865	-	17,911
Corporate tax return preparation / tax advice	-	-	-	-	-	-	17,798	17,798
Director fees <sup>(6)</sup>	-	-	-	-	-	26,640	-	26,640
D&O Insurance	81,054	-	-	-	-	-	-	81,054
Professional fees re restructuring proceedings <sup>*(7)</sup>	564	-	-	-	188,520	-	-	189,084
Miscellaneous expenses	500	244	500	244	500	244	500	2,732
<b>Total Disbursements</b>	<b>91,724</b>	<b>7,150</b>	<b>1,231</b>	<b>7,964</b>	<b>189,530</b>	<b>42,496</b>	<b>23,676</b>	<b>363,770</b>
Opening cash balance <sup>(8)</sup>	2,775,406	2,683,682	2,679,382	2,679,935	2,671,971	2,482,441	2,463,079	2,775,406
Net cash flows	(91,724)	(4,301)	553	(7,964)	(189,530)	(19,362)	(23,676)	(336,003)
<b>Cash Available for Disbursement</b>	<b>2,683,682</b>	<b>2,679,382</b>	<b>2,679,935</b>	<b>2,671,971</b>	<b>2,482,441</b>	<b>2,463,079</b>	<b>2,439,403</b>	<b>2,439,403</b>

Please note that this cash flow statement has been prepared on a cash basis and therefore includes costs and expenses incurred outside of the cash flow period, including professional fees.

\*Professional fees regarding restructuring proceedings include the actual accounts payable of Duff & Phelps Canada Restructuring Inc. and Lax O'Sullivan Scott Lisus LLP up to September 30, 2013, Gowlings LLP up to August 31, 2013 and estimates thereafter for these firms. The estimates assume limited activity until the Company's application to the Court of Appeal for leave to appeal the decision of Justice Mesbur is decided.

Details of professional fees are summarized as follows:

	Owing as at	Accrued Payables		Payments		Owing as at
	25 Oct 2013	Oct-13	Nov-13	Oct-13	Nov-13	06-Dec-13
Duff & Phelps Canada Restructuring Inc.	1,266	15,000	10,000	(564)	(702)	25,000
Gowling Lafleur Henderson LLP	217,720	100,000	50,000	-	(187,720)	180,000
Lax O'Sullivan Scott Lisus LLP	98	10,000	5,000	-	(98)	15,000
	<b>219,084</b>	<b>125,000</b>	<b>65,000</b>	<b>(564)</b>	<b>(188,520)</b>	<b>220,000</b>

**Notes to Projected Statement of Cash Flows**

For the Period October 19, 2013 to December 6, 2013

(Unaudited)



**Purpose and General Assumptions**

1. The purpose of the projection is to present the forecast of the cash flow of Unique Broadband Systems, Inc. ("UBS") and UBS Wireless Services Inc. ("UBS Wireless") (UBS and UBS Wireless are jointly referred to as the "Company") for the period October 19, 2013 to December 6, 2013 ("Period") in respect of its proceedings pursuant to the *Companies' Creditors Arrangement Act*.

The projected cash flow statement has been prepared based on hypothetical and most probable assumptions developed and prepared by the Company.

**Specific Assumptions**

2. Relates to Harmonized Sales Tax refunds that the Company anticipates receiving from Canada Revenue Agency during the Period.
3. Includes gross salaries, benefits and government remittances for one employee.
4. Includes payments for a contract employee.
5. Payment to the Company's auditors for public company purposes.
6. Fees are paid once per quarter to the Company's three directors.
7. Professional fees related to the restructuring proceedings, including the fees of the Monitor and its legal counsel, Lax O'Sullivan Scott Lisus LLP, and for the Company's legal counsel, Gowling Lafleur Henderson LLP. Certain professional fees projected to be paid in the Period relate to a prior period. Certain professional fees, which are incurred during the Period, will be paid subsequent to the Period.
8. The opening cash balance includes cash-on-hand and cash equivalents, as at October 19, 2013, and excludes a \$50,000 cash deposit held as security in respect of the Company's corporate credit card.

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

**IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT,  
R.S.C. 1985, c.C-36, AS AMENDED**

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF  
UNIQUE BROADBAND SYSTEMS, INC. AND  
UBS WIRELESS SERVICES INC.**

**MANAGEMENT'S REPORT ON CASH FLOW STATEMENT  
(paragraph 10(2)(b) of the CCAA)**

The management of Unique Broadband Systems, Inc. and UBS Wireless Services Inc. (jointly the "Company") has developed the assumptions and prepared the attached statement of projected cash flow as of the 22<sup>nd</sup> day of October, 2013 for the period October 19, 2013 to December 6, 2013 ("Cash Flow").

The hypothetical assumptions are reasonable and consistent with the purpose of the Cash Flow as described in Note 1 to the Cash Flow, and the probable assumptions are suitably supported and consistent with the plans of the Company and provide a reasonable basis for the Cash Flow. All such assumptions are disclosed in Notes 2 to 8.

Since the Cash Flow is based on assumptions regarding future events, actual results will vary from the information presented and the variations may be material.

The Cash Flow has been prepared solely for the purpose outlined in Note 1, using a set of hypothetical and probable assumptions set out in Notes 2 to 8. Consequently, readers are cautioned that the Cash Flow may not be appropriate for other purposes.

Dated at Toronto, Ontario this 22<sup>nd</sup> day of October, 2013.



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Grant McCutcheon, Chief Executive Officer  
Unique Broadband Systems, Inc. and UBS Wireless Services Inc.

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,  
R.S.C. 1985, c.C-36, AS AMENDED**

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF  
UNIQUE BROADBAND SYSTEMS, INC.  
AND UBS WIRELESS SERVICES INC.**

**MONITORS' REPORT ON CASH FLOW STATEMENT  
(paragraph 23(1)(b) of the CCAA)**

The attached statement of projected cash-flow of Unique Broadband Systems Inc. and UBS Wireless Services Inc. (jointly "Company"), as of the 22<sup>nd</sup> day October, 2013, consisting of a weekly projected cash flow statement for the period October 19, 2013, to December 6, 2013 ("Cash Flow") has been prepared by the management of the Company for the purpose described in Note 1, using the probable and hypothetical assumptions set out in Notes 2 to 8.

Our review consisted of inquiries, analytical procedures and discussion related to information supplied by the management and employees of the Company. Since hypothetical assumptions need not be supported, our procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the Cash Flow. We have also reviewed the support provided by management for the probable assumptions and the preparation and presentation of the Cash Flow.

Based on our review, nothing has come to our attention that causes us to believe that, in all material respects:

- a) the hypothetical assumptions are not consistent with the purpose of the Cash Flow;
- b) as at the date of this report, the probable assumptions developed by management are not suitably supported and consistent with the plans of the Company or do not provide a reasonable basis for the Cash Flow, given the hypothetical assumptions; or
- c) the Cash Flow does not reflect the probable and hypothetical assumptions.

Since the Cash Flow is based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur, and the variations may be material. Accordingly, we express no assurance as to whether the Cash Flow will be achieved. We express no opinion or other form of assurance with respect to the accuracy of any financial information presented in this report, or relied upon in preparing this report.



The Cash Flow has been prepared solely for the purpose described in Note 1 and readers are cautioned that it may not be appropriate for other purposes.

Dated at Toronto this 23<sup>rd</sup> day of October, 2013.

*Duff + Phelps Canada Restructuring Inc.*

**DUFF & PHELPS CANADA RESTRUCTURING INC.  
IN ITS CAPACITY AS COURT-APPOINTED CCAA MONITOR OF  
UNIQUE BROADBAND SERVICES, INC. AND UBS WIRELESS SERVICES INC.  
AND NOT IN ITS PERSONAL CAPACITY**

## **Appendix “B”**

**CITATION:** Unique Broadband Systems, Inc. (Re), 2013 ONSC 5121  
**COURT FILE NO.:** CV-11-9283-00CL  
**DATE:** 201307

***SUPERIOR COURT OF JUSTICE - ONTARIO  
COMMERCIAL LIST***

**IN THE MATTER OF *COMPANIES' CREDITORS ARRANGEMENT ACT,*  
R.S.C. 1985, c. C-36 AS AMENDED**

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF  
UNIQUE BROADBAND SYSTEMS, INC.**

**BEFORE:** MESBUR J.

**COUNSEL:** *Joseph Groia and Gavin Smyth*, for Jolian Investments Limited and Gerald McGoey

*Clifford Cole, Benjamin Na and Joe Thorne* for Unique Broadband Systems, Inc.

**HEARD:** in writing

**DECISION ON COSTS**

[1] After a nine-day trial on the primary issues of whether certain decisions of UBS' board favouring its Chief Executive Officer, Gerald McGoey were made in the exercise of the board's "business judgment", and whether Mr. McGoey was entitled to his severance benefits under his employment arrangements with UBS, I determined that Mr. McGoey had breached his fiduciary obligations to the corporation. I set aside certain benefits made in his favour as a result of that breach. I also determined, however, that Mr. McGoey was nevertheless entitled to the severance benefits set out in his employment arrangements with UBS, but calculated without regard to the enhanced benefits I had set aside as a result of the breach of fiduciary duty.

[2] Both parties now claim success at trial. Both seek costs. Neither submitted any settlement offer, which leads me to conclude neither party made any effort, reasonable or otherwise, to try to resolve any of the issues between them.



[3] Mr. McGoey has submitted a bill of costs, both for the trial and numerous interlocutory proceedings. Some of the bill is on a partial indemnity basis, while part is on a substantial indemnity basis. Mr. McGoey says he is entitled to substantial indemnity costs because of certain allegations UBS had made against him, but withdrew just before trial. He says, however, that they remained live issues until one day before the trial. He says that because some of the allegations involved fraud and misappropriation of funds, he should be entitled to substantial indemnity costs in relation to these abandoned claims.

[4] Mr. McGoey defines his "success" at trial in monetary terms. He says he reduced his claim from \$9.8 million to \$5.8 million, and suggests he was "substantially successful" in his claim because I found he was entitled to the severance benefits under the Jolian Management Services Agreement. He says that since I dismissed most of UBS' allegations and defences he should be entitled to costs.

[5] Mr. McGoey has submitted a bill of costs of \$749,142.07 for fees, \$22,431.48 for disbursements, both plus applicable taxes for a total of \$871,833.00 all inclusive.

[6] UBS defines its success as persuading the court Mr. McGoey had breached his fiduciary duties to the corporation, resulting in the court's setting aside the enhanced benefits the board had awarded Mr. McGoey, as well as declaring he is not entitled to the provisional indemnification ordered in his favour on a prior motion. UBS goes further, and says that these findings alone should be sufficient to deprive Mr. McGoey of his costs. UBS points out that the bulk of the trial focused on the issue of whether the board acted in the best interests of the corporation, and whether Mr. McGoey as a director had breached his fiduciary duties to the corporation.

[7] UBS takes the position that most of the time at trial was taken with evidence relating to the SAR cancellation award and bonus award. UBS says that it was successful on these issues on the basis of my finding of breach of fiduciary duty. UBS goes on to say that it also enjoyed success in requiring Mr. McGoey to "disgorge" the fees received pursuant to the indemnification order of Marrocco J. Finally, it points to the fact that my decision reduced Mr. McGoey's golden parachute significantly. As a result, UBS says it should be entitled to its costs on a substantial indemnity basis, or alternatively, on a partial indemnity basis. If I find Mr. McGoey entitled to costs, UBS suggests that costs award should be reduced to 10% of the amount claimed, to reflect limited success. Finally, UBS advanced yet another alternative – that is, no order as to costs.

[8] UBS has also submitted a bill of costs. Its bill is for the trial totals \$1,053,804 on a substantial indemnity scale, or \$702,536.55 on a partial indemnity scale. Both amounts for fees would be subject to HST. Its disbursements come to \$199,667.92 including HST.

[9] Both sets of fees are extremely high. Given the range of fees each side submits, it seems to me neither can be particularly surprised by the magnitude of the other's. Thus, if either is deemed to be "unsuccessful", each could reasonably expect to pay costs in this range. That said, I am not persuaded either party is entitled to costs.

[10] Both parties are right, to a degree. There were two main issues to be decided: the first was the fiduciary duty issue. The second was whether Mr. McGoey was entitled to the severance entitlements under the Jolian Management Services Agreement. The third issue concerning indemnification took virtually no time at trial. That issue was simply dependent on my findings concerning breach of fiduciary duty. Once I made that finding, it followed the indemnification would not apply.

[11] Each party enjoyed success on one of the two main issues. As a result, I consider success at trial as equally divided. I therefore conclude this is a situation where there should be no order as to costs.

[12] An order will issue accordingly.

  
MESBUR J

**Released: 20130806**

## **Appendix “C”**

**Unique Broadband Systems, Inc. and UBS Wireless Services Inc.**  
**Variance Analysis<sup>(1)</sup>**

For the period July 20, 2013 - October 18, 2013



	CUMULATIVE			
	BUDGET	ACTUAL	VARIANCE	VARIANCE (%)
<b>Receipts:</b>				
HST recovery <sup>(2)</sup>	51,655	129,834	78,179	151%
Cash receipts <sup>(3)</sup>	8,330	54,018	45,688	548%
<b>Total Receipts</b>	<b>59,985</b>	<b>183,852</b>	<b>123,867</b>	<b>206%</b>
<b>Disbursements:</b>				
Payroll expenses <sup>(4)</sup>	21,539	24,604	(3,065)	-14%
Consulting <sup>(5)</sup>	16,950	16,950	-	0%
Automobile expenses	600	115	485	81%
Group insurance	4,554	2,944	1,610	35%
Rent (document storage costs)	1,569	2,442	(873)	-56%
Office and general	3,922	2,679	1,243	32%
Postage and delivery	300	28	272	91%
Telephone	1,110	887	223	20%
Cellular	525	113	412	78%
Bank charges	450	124	326	72%
Equity Transfer/TSX (shareholder administration)	2,550	3,417	(867)	-34%
Audit / Quarterly fees <sup>(6)</sup>	35,595	2,392	33,203	93%
Corporate tax return preparation / tax advice	0	5,650	(5,650)	-100%
Director fees <sup>(7)</sup>	56,250	56,250	-	0%
D&O Insurance	85,000	-	85,000	100%
Quarterly or annual reporting (IFRS)	5,650	3,560	2,090	37%
Professional fees re restructuring proceedings <sup>(8)</sup>	266,079	159,471	106,608	40%
Miscellaneous expenses	4,708	1,908	2,800	59%
<b>Total Disbursements</b>	<b>507,351</b>	<b>283,534</b>	<b>223,817</b>	<b>44%</b>
Opening cash balance	2,875,088	2,875,088	(0)	0%
Net cash flows	(447,366)	(99,682)	347,685	78%
<b>Cash Available for Disbursement</b>	<b>2,427,722</b>	<b>2,775,406</b>	<b>347,685</b>	<b>14%</b>

# Unique Broadband Systems, Inc. and UBS Wireless Services Inc.

## Notes to Cash Flow Variance

For the period July 20, 2013 - October 18, 2013

(Unaudited)



### Purpose and General Assumptions

1. The purpose of the report is to present a variance of the forecast of the cash flow of Unique Broadband Systems, Inc. ("UBS") and UBS Wireless Services Inc. ("UBS Wireless") (UBS and UBS Wireless are jointly referred to as the "Company") for the period July 20, 2013 to October 18, 2013 ("Period") in respect of its proceedings pursuant to the *Companies' Creditors Arrangement Act*.

The cash flow variance has been prepared by the Company.

### Specific Assumptions

2. Relates to Harmonized Sales Tax refunds that the Company received from Canada Revenue Agency during the Period following an audit of the Company's accounts.
3. Relates to payment of an insurance claim, interest and sundry matters.
4. Includes gross salaries, benefits and government remittances for one employee. The difference is due to timing.
5. Includes payments for contract employees.
6. Relates to instalments to be paid to the Company's auditors for public company purposes.
7. Fees are paid once per quarter to the Company's three directors.
8. Professional fees related to the restructuring proceedings, including the fees of the Monitor and its legal counsel, Lax O'Sullivan Scott Lisus LLP and for the Company's legal counsel, Gowling Lafleur Henderson LLP. The variance to budget was mainly due to the timing of payments.
9. The opening cash balance includes cash-on-hand and cash equivalents as at July 20, 2013, and excludes a \$50,000 cash deposit held as security in respect of the Company's corporate credit card.