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

May 5, 2014

Contents

	Page
1.0 Introduction.....	1
1.1 Purposes of this Report.....	2
1.2 Currency	2
1.3 Restrictions	2
2.0 Background	2
3.0 Jolian Claims	3
4.0 Cash Flow	4
4.1 Receipts and Disbursements for the Period March 1, 2014 to April 25, 2014.....	4
4.2 Cash Flow for the Period ending September 12, 2014	4
5.0 Company's Request for an Extension	4
6.0 Conclusion and Recommendation	5

Appendices

	Tab
Weekly Cash Flow Projection for the Period ending September 12, 2014.....	A
Cash Flow Variance.....	B

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.**

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

May 5, 2014

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 March 14, 2014, the Company’s stay of proceedings expires on May 9, 2014.

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 September 12, 2014 (“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 May 9, 2014, the date the current stay expires, to September 7, 2014.

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.

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., as a result of a transaction completed on July 9, 2013.

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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. On June 11, 2013, the Company filed a notice of motion with the Court of Appeal for Ontario ("Court of Appeal") for leave to appeal the Decision ("Leave Motion"). The Leave Motion was heard on October 31, 2013.
7. On November 1, 2013, the Court of Appeal released its decision granting the Leave Motion ("Leave Decision").
8. Jolian advised the Court of Appeal at the Leave Motion that it may seek to cross-appeal the Decision. Jolian requires leave to pursue the cross-appeal.
9. On November 21, 2013, Jolian filed a notice of cross-appeal seeking leave to appeal the Decision.
10. Both the Company and Jolian have perfected their appeals. The Court of Appeal is scheduled to hear the appeals on June 17, 2014.

4.0 Cash Flow

4.1 Receipts and Disbursements for the Period March 1, 2014 to April 25, 2014

1. A comparison of the Company's budget-to-actual results for the above period is provided in Appendix "B".
2. As at April 25, 2014, the Company had cash on hand of \$2.15 million, consistent with the balance the Company had projected.

4.2 Cash Flow for the Period ending September 12, 2014

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, director fees and professional fees.
3. The Company is projecting that it will have cash on hand of \$1.9 million as at September 12, 2014. The actual cash position may vary depending on, *inter alia*, costs associated with the appeal and the cross-appeal.

5.0 Company's Request for an Extension

1. The Company is seeking an extension of the stay of proceedings to September 7, 2014. 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 advance its appeal of the Decision; 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 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,



Duff + Phelps Canada Restructuring Inc.

**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⁽¹⁾

For the Period April 26, 2014 - September 12, 2014

(S; Unaudited)



	WEEK ENDING												TOTAL								
	2-May	9-May	16-May	23-May	30-May	6-Jun	13-Jun	20-Jun	27-Jun	4-Jul	11-Jul	18-Jul		25-Jul	1-Aug	8-Aug	15-Aug	22-Aug	29-Aug	5-Sep	12-Sep
Receipts:																					
HST recovery ⁽²⁾	10,759	-	1,768	-	-	-	-	-	1,188	-	-	-	1,220	-	-	-	11,909	-	-	-	26,844
Miscellaneous cash receipts	2,167	-	-	-	-	2,010	-	-	-	1,959	-	-	-	1,944	-	-	-	-	1,824	-	9,904
Total Receipts	12,926	-	1,768	-	-	2,010	-	-	1,188	1,959	-	-	1,220	1,944	-	-	11,909	-	1,824	-	36,748
Disbursements:																					
Payroll expenses ⁽³⁾	2,160	-	4,454	-	2,160	-	2,160	3,441	2,160	-	2,160	2,294	2,160	-	2,160	2,294	2,160	-	2,160	-	31,923
Consulting ⁽⁴⁾	2,825	-	2,825	-	-	-	-	2,825	-	2,825	-	2,825	-	2,825	-	2,825	-	2,825	-	-	22,600
Automobile expenses	-	-	-	100	-	-	-	-	-	-	-	-	-	-	-	-	100	-	-	-	200
Group insurance	-	-	1,487	-	-	-	-	-	-	-	-	1,487	-	-	-	-	1,487	-	-	-	7,435
Rent (storage)	-	-	-	648	-	-	-	-	-	-	-	-	648	-	-	-	-	-	648	-	2,592
Office and general	411	250	411	250	411	250	411	250	411	250	411	250	411	250	411	250	411	250	411	250	6,610
Postage and delivery	-	-	-	100	-	-	-	-	-	-	-	-	-	-	-	-	100	-	-	-	200
Telephone	-	75	-	-	-	-	-	75	-	-	-	75	-	-	-	75	-	-	-	75	375
Cellular	-	-	-	250	-	-	-	-	-	-	-	250	-	-	-	-	-	-	250	-	1,000
Bank charges	100	-	-	-	-	100	-	-	-	100	-	-	-	100	-	-	-	-	-	100	500
Equity Transfer/TSX (shareholder administration)	-	-	-	850	-	-	-	850	-	-	-	-	850	-	-	-	850	-	-	-	3,400
Audit fees / quarterly reporting ⁽⁵⁾	-	-	-	-	-	-	-	1,451	-	-	-	-	-	-	-	11,865	1,451	-	-	-	14,767
Director fees ⁽⁶⁾	-	-	-	-	14,433	-	-	-	12,207	-	-	-	-	-	-	-	-	-	14,433	-	41,073
D&O Insurance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Professional fees re restructuring proceedings* ⁽⁷⁾	-	-	-	-	67,850	-	-	-	-	24,000	-	-	-	-	-	60,000	-	-	-	23,500	175,350
Miscellaneous expenses	254	500	254	500	254	500	254	500	254	500	254	500	254	500	254	500	254	500	254	500	7,540
Total Disbursements	5,750	825	9,431	2,698	85,108	850	4,387	22,422	26,825	3,675	2,900	7,606	4,323	63,675	2,900	19,221	6,224	41,508	2,925	2,312	315,565
Opening cash balance ⁽⁸⁾	2,149,355	2,156,531	2,155,706	2,148,043	2,145,345	2,060,237	2,061,397	2,057,010	2,034,588	2,008,951	2,007,235	2,004,335	1,996,729	1,993,626	1,931,895	1,928,995	1,909,774	1,915,459	1,873,951	1,872,850	2,149,355
Net cash flows	7,176	(825)	(7,663)	(2,698)	(85,108)	1,160	(4,387)	(22,422)	(25,637)	(1,716)	(2,900)	(7,606)	(3,103)	(61,731)	(2,900)	(19,221)	5,685	(41,508)	(1,101)	(2,312)	(278,817)
Cash Available for Disbursement	2,156,531	2,155,706	2,148,043	2,145,345	2,060,237	2,061,397	2,057,010	2,034,588	2,008,951	2,007,235	2,004,335	1,996,729	1,993,626	1,931,895	1,928,995	1,909,774	1,915,459	1,873,951	1,872,850	1,870,538	1,870,538

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

*Professional fees regarding restructuring proceedings include estimates for the cash flow period.

Details of professional fees are summarized as follows:

	Professional fees payable					Monthly Professional Fee Payments				Balance as at 12-Sep-14
	Apr-14	May-14	Jun-14	Jul-14	Aug-14	May-14	Jun-14	Jul-14	Aug-14	
Duff & Phelps Canada Restructuring Inc.	5,000	2,500	5,000	2,500	2,500	5,000	2,500	5,000	2,500	2,500
Gowling Lafleur Henderson LLP	62,350	20,000	50,000	20,000	5,000	62,350	20,000	50,000	20,000	5,000
Lax O'Sullivan Scott Lisus LLP	500	1,500	5,000	1,000	1,000	500	1,500	5,000	1,000	1,000
	67,850	24,000	60,000	23,500	8,500	67,850	24,000	60,000	23,500	8,500

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

Notes to Projected Statement of Cash Flows

For the Period April 26, 2014 - September 12, 2014

(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 April 26, 2014 to September 12, 2014 ("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 April 26, 2014, 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 5th day of May, 2014 for the period April 26, 2014 to September 12, 2014 ("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 5th day of May, 2014.



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 5th day May, 2014, consisting of a weekly projected cash flow statement for the period April 26, 2014 to September 12, 2014 ("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 5th day of May, 2014.

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”

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

Variance Analysis⁽¹⁾

For the period March 1, 2014 - April 25, 2014

(Unaudited)



	CUMULATIVE			
	BUDGET	ACTUAL	VARIANCE (\$)	VARIANCE (%)
Receipts:				
HST recovery ⁽²⁾	14,013	1,842	(12,171)	-87%
Cash receipts ⁽³⁾	2,238	2,492	254	11%
Total Receipts	16,251	4,334	(11,917)	-73%
Disbursements:				
Payroll expenses ⁽⁴⁾	13,228	13,228	-	0%
Consulting	11,300	8,475	2,825	25%
Group insurance	2,974	2,974	-	0%
Rent (Document storage costs)	1,296	1,402	(106)	-8%
Office and general	2,644	2,137	507	19%
Postage and delivery	119	119	-	0%
Telephone	160	160	-	0%
Cellular	767	524	243	32%
Bank charges	200	211	(11)	-5%
Equity Transfer/TSX (shareholder administration)	7,557	8,383	(826)	-11%
Audit / Quarterly fees	1,451	1,451	-	0%
Corporate tax return preparation / tax advice	-	4,124	(4,124)	-100%
Director fees ⁽¹⁾	12,207	12,207	-	0%
Professional fees re restructuring proceedings ⁽⁵⁾	21,500	8,064	13,436	62%
Miscellaneous expenses	3,016	3,399	(383)	-13%
Total Disbursements	78,419	66,858	11,561	15%
Opening cash balance ^(b)	2,211,879	2,211,879	-	0%
Net cash flows	(62,168)	(62,524)	(356)	1%
Cash Available for Disbursement	2,149,711	2,149,355	(356)	0%

Notes to Cash Flow Variance

For the period March 1, 2014 - April 25, 2014

(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 March 1, 2014 to current ("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 anticipated receiving from Canada Revenue Agency during the Period. The difference is due to timing.
3. Relates to interest and sundry payments.
4. Includes gross salaries, benefits and government remittances for one employee.
5. Professional fees related to the restructuring proceedings, including the fees of the Monitor and its legal counsel, Lax O'Sullivan Scott Lisus LLP and the Company's legal counsel, Gowling Lafleur Henderson LLP. The variance to budget was mainly due to the timing of payments.
6. The opening cash balance includes cash-on-hand and cash equivalents as at March 1, 2014, and excludes a \$50,000 cash deposit held as security in respect of the Company's corporate credit card.