

Interim Unaudited Consolidated Financial Statements

LOOK COMMUNICATIONS INC.

Quarter ended November 30, 2006

Look Communications Inc.

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NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the company for the interim period ending November 30, 2006 have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

LOOK COMMUNICATIONS INC.

Unaudited Consolidated Balance Sheets
(In thousands of dollars)

As at

	November 30 2006	August 31 2006
Assets		
Current assets:		
Cash and cash equivalents	\$6,772	\$5,102
Restricted cash (note 2)	498	511
Accounts receivable	483	386
Other receivable (note 5)	315	929
Inventory	145	174
Prepaid expenses and deposits	287	359
	<u>8,500</u>	<u>7,461</u>
Capital assets, net	21,799	23,033
Deferred charges, net	172	196
	<u>\$30,471</u>	<u>\$30,690</u>
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	\$11,088	\$10,051
Accrued liabilities and provisions	2,185	2,173
Unearned revenue	971	956
Current portion of long term debt	32	39
Current portion of liability component of convertible debentures	155	63
	<u>14,431</u>	<u>13,282</u>
Long-term debt	1,806	1,814
Liability component of convertible debentures	2,726	2,726
Shareholders' equity:		
Share capital (note 3)	32,534	32,534
Equity component of convertible debentures	1,504	1,504
Contributed surplus	10,740	10,720
Deficit	(33,270)	(31,890)
	<u>11,508</u>	<u>12,868</u>
Basis of presentation - going concern (note 1)		
	<u>\$30,471</u>	<u>\$30,690</u>

See accompanying notes to Consolidated Financial Statements.

LOOK COMMUNICATIONS INC.

Unaudited Consolidated Statements of Operations and Deficit
(In thousands of dollars, except share and per share amounts)

Three months ended November 30, 2006 and 2005

	November 30 2006	November 30 2005
Service and sales revenue (note 4)	\$6,636	\$8,359
Carrier charges and cost of sales (note 4)	3,142	4,034
Gross margin	3,494	4,325
Expenses:		
Marketing and sales	41	183
Customer care	557	869
Engineering and operations	966	1,267
General and administrative (note 6)	1,839	1,667
Amortization of capital assets	1,359	1,546
Amortization of deferred charges	24	24
	4,786	5,556
Loss from operations	(1,292)	(1,231)
Accretion on liability component of convertible debentures	(92)	(100)
Interest and finance charges	(51)	(51)
Interest income	55	32
	(88)	(119)
Loss for the period	(1,380)	(1,350)
Deficit, beginning of period	(31,890)	(25,259)
Deficit, end of period	\$(33,270)	\$(26,609)
Basic and diluted loss per share	\$(0.01)	\$(0.01)
Weighted average number of shares outstanding	123,938,976	116,187,053

See accompanying notes to Consolidated Financial Statements.

LOOK COMMUNICATIONS INC.

Unaudited Consolidated Statements of Cash Flows
(In thousands of dollars)

Three months ended November 30, 2006 and 2005

	November 30 2006	November 30 2005
Cash provided by (used in):		
Operating activities:		
Loss for the period	\$(1,380)	\$(1,350)
Items not affecting cash		
Amortization of capital assets	1,359	1,546
Amortization of deferred charges	24	24
Amortization of stock-based compensation	20	22
Accretion on liability component of convertible debentures	92	96
	115	338
Change in non-cash operating working capital:		
Accounts receivable and other receivable	517	(1,065)
Inventory	29	-
Prepaid expenses and deposits	72	(7)
Accounts payable and accrued liabilities	1,049	78
Unearned revenue	15	(329)
	1,797	(985)
Financing activities:		
Interest payments on convertible debentures	-	(4)
Repayment of obligations under capital leases	(15)	(15)
	(15)	(19)
Investing activities:		
Purchase of capital assets	(125)	(109)
(Increase)/decrease in restricted cash	13	(126)
	(112)	(235)
Increase/(decrease) in cash and cash equivalents	1,670	(1,239)
Cash and cash equivalents, beginning of period	5,102	5,366
Cash and cash equivalents, end of period	\$6,772	\$4,127

Supplemental cash flow disclosure (note 7)

See accompanying notes to Consolidated Financial Statements

LOOK COMMUNICATIONS INC.

Notes to Unaudited Interim Consolidated Financial Statements
(In thousands of dollars, except shares and per share amounts)

Three months ended November 30, 2006 and 2005

1. Basis of presentation - going concern:

These unaudited interim consolidated financial statements have been prepared by management, on a going concern basis, in accordance with Canadian generally accepted accounting principles with respect to the preparation of interim financial information. The going concern basis of presentation assumes that Look Communications Inc. (the "Company") 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.

These unaudited interim consolidated financial statements should be read in conjunction with the recent annual audited consolidated financial statements and notes thereto, as at and for the year ended August 31, 2006. Accounting policies and methods of their application followed in the preparation of these unaudited interim consolidated financial statements are consistent with those used in the most recent annual audited consolidated financial statements.

There is doubt about the Company's ability to continue as a going concern as it has incurred significant operating losses in recent years and has a working capital deficiency of \$5,931 as at November 30, 2006 (August 31, 2006 - \$5,821).

The Company's ability to continue as a going concern is dependent upon achieving and maintaining profitable operations and successful implementation of the Company's business strategy. The outcome of these matters cannot be predicted at this time. The consolidated financial statements have been prepared on a going concern basis and do not reflect adjustments to the amounts and classifications of the assets and liabilities and reported revenues and expenses that would be necessary if the going concern basis was not appropriate. Such adjustments could be material.

2. Restricted cash:

The Company pledged \$498 (August 31, 2006 - \$511) of cash to its bank as collateral for the processing of credit card transactions. Of this amount, \$300 is held in interest bearing certificates at 3.25%.

LOOK COMMUNICATIONS INC.

Notes to Unaudited Interim Consolidated Financial Statements (continued)
(In thousands of dollars, except shares and per share amounts)

Three months ended November 30, 2006 and 2005

3. Share capital:

(a) Issued and outstanding:

	Three months ended November 30, 2006				
	Multiple voting shares		Subordinate voting shares		Total \$
	#	\$	#	\$	
Balance, August 31, 2006	59,578,269	16,005	64,360,707	16,529	32,534
Shares issued pursuant to debenture conversion (i)	-	-	-	-	-
Balance, November 30, 2006	59,578,269	16,005	64,360,707	16,529	32,534

- (i) The convertible secured debentures bear interest at a rate of 7% per annum and will mature on December 30, 2013. The Company pays interest on the debentures semi-annually in arrears, on June 30 and December 30 of each year, commencing June 30, 2004. The debentures are convertible at the option of the holder into Multiple Voting and Subordinate Voting Shares of the Company at a conversion price of \$0.075 per each Multiple Voting and Subordinate Voting Share, representing 6,667 Multiple Voting Shares and 6,667 Subordinate Voting Shares per \$1 debenture. The convertible debentures are bifurcated into their debt and equity components and the Company has the option to settle its obligation to pay interest and repay the principal by issuing shares of the Company. No amounts were converted during the three months ended November 30, 2006.

If all the 7% convertible debentures convert to shares, the impact would be to increase the number of Multiple Voting Shares outstanding from 59,578,269 to 87,778,269, and the number of Subordinate Voting shares outstanding from 64,360,707 to 92,560,707. The convertible debentures are secured by an unsubordinated, fixed and floating security interest on all the present and future assets and undertakings of the Company, as per the registered security agreement.

The convertible debentures will generally not be redeemable by the Company prior to December 31, 2006. Thereafter, the Company may redeem the convertible debentures in certain circumstances at a price equal to par plus accrued and unpaid interest up to, but not including, the date of redemption.

LOOK COMMUNICATIONS INC.

Notes to Unaudited Interim Consolidated Financial Statements (continued)
(In thousands of dollars, except shares and per share amounts)

Three months ended November 30, 2006 and 2005

3. Share capital (continued):

(b) Stock option incentive plan:

On March 25, 2002, the Board of Directors of the Company approved the 2002 Stock Option Incentive Plan (the "2002 Plan"). The objective of the 2002 Plan is to provide directors, officers and employees of, and service providers to, the Company with a proprietary interest through the granting of options to purchase Subordinate Voting Shares of the Company. The groups are primarily responsible for the management, growth and protection of the business of the Company. Under the 2002 Plan, as subsequently amended in 2004, the Board of Directors of the Company may, by resolution, grant options provided that the total number of options issued under the 2002 Plan does not exceed 17,460,912. The total number of shares that may be issued under the 2002 Plan represents approximately 14.1% of the Company's currently issued and outstanding shares. The exercise price of the options is determined by the Board of Directors at the time of the grant of an option, but cannot be lower than the market price of the Company's shares on the TSX Venture Exchange on the business day immediately preceding the day on which an option is granted. The options vest over a two or three-year period and the maximum period during which an option may be exercised is 10 years from the date on which it is granted. The Board of Directors at its discretion can change the vesting period. Certain options granted in 2004 and 2005 vested over a two-year period.

The following table reflects activity under the 2002 plan during the quarter ended November 30, 2006 and the year ended August 31, 2006:

	Quarter ended November 30, 2006		Year ended August 31, 2006	
	Number	Weighted average exercise price	Number	Weighted average exercise price
Outstanding, beginning of period	3,947,228	\$0.108	3,600,877	\$0.122
Granted	1,513,000	\$0.100	1,150,000	\$0.120
Cancelled	300,355	\$0.176	803,649	\$0.190
Outstanding, end of period	5,159,873	\$0.102	3,947,228	\$0.108

Note: No options were exercised during the quarter ended November 30, 2006 or the year ended August 31, 2006.

Information related to the options outstanding at November 30, 2006 is presented below:

Exercise Price	Number Outstanding	Weighted average remaining life (years)	Number Exercisable
\$0.065	1,957,390	7.7	1,957,390
\$0.100	1,505,000	9.9	-
\$0.12	800,000	9.0	375,000
\$0.19	897,483	8.2	487,029
Total	5,159,873	7.9	2,819,419

LOOK COMMUNICATIONS INC.

Notes to Unaudited Interim Consolidated Financial Statements (continued)
(In thousands of dollars, except shares and per share amounts)

Three months ended November 30, 2006 and 2005

3. Share capital (continued):

During the quarter, the Company recorded stock-based compensation expense of \$20 (2005 - \$22) related to the options granted to directors and employees. The Black-Scholes option pricing model assumptions were as follows:

	Quarter Ended November 30, 2006	Year Ended August 31, 2006
Expected option life (years)	3	3
Expected volatility	110%	107%
Risk-free interest rate	3.88%	3.88%
Dividend yield	nil	nil

The weighted average fair value of options granted during the quarter ended November 30, 2006 was \$0.068 (year ended August 31, 2006 - \$0.08) per option.

(c) Share Appreciation Rights Plan:

On February 22, 2005, the Board of Directors approved a Share Appreciation Rights (SAR) Plan for the Company. Pursuant to the plan, directors, employees, and consultants may be awarded units from time to time that will be subject to conditions set by the Board of Directors. The value of a SAR unit will be equivalent to the market value at the date when all the conditions attached to the SAR unit are met, less the market value at the date of the award of the unit.

On February 22, 2005, the Board of Directors awarded 37,590,597 SAR units at a grant price of \$0.19, the market value of the Company's common share on that date. On October 11, 2006, the Board of Directors awarded an additional 2,594,000 SAR units at a grant price of \$0.10. The awards are subject to specific terms and conditions being fulfilled. The balance of SAR units outstanding as of November 30, 2006 is 34,679,794 (August 31, 2006 - 33,547,599). Compensation expense relating to the SAR units for the quarter ended November 30, 2006 was Nil (year ended August 31, 2006 - Nil).

No unit payouts have been made under the SAR Plan since inception.

LOOK COMMUNICATIONS INC.

Notes to Unaudited Interim Consolidated Financial Statements (continued)
(In thousands of dollars, except shares and per share amounts)

Three months ended November 30, 2006 and 2005

4. Segment disclosure:

The Company currently operates in a single segment as a wireless broadband carrier, delivering a full spectrum of communications services, including wireless digital television distribution, dial-up and high speed internet access and web-related services, including web-hosting and domain name registration.

Service and sales revenue consists of Broadcast Services, Internet Services, Other Services, and equipment sales and installation revenue. Broadcast distribution revenue is earned from the provision of services to residential and commercial customers. Internet Services revenue is earned from monthly and annual subscriptions from individuals and businesses for access to the internet. Other revenues are earned from web-hosting, domain name registration and web-server co-location. Equipment sales are earned from the sale of equipment to customers.

The service and sales revenue and cost of sales are as follows:

	Three months ended November 30, 2006			Three months ended November 30, 2005		
	Revenues	Cost of Sales	Gross Margin	Revenues	Cost of Sales	Gross Margin
Service						
Broadcast Distribution	2,952	1,586	46.3%	\$3,456	\$1,906	44.9%
Internet Services	2,540	1,080	57.5%	3,406	1,517	55.5%
Other Revenues	1,019	374	63.3%	1,265	403	68.1%
Total	6,511	3,040	53.3%	8,127	3,826	52.9%
Sales and Installations	125	102		232	208	
Total Service and sales	6,636	3,142		\$8,359	\$4,034	

All of the Company's revenue is generated in Canada and all of its assets are located in Canada. No one customer accounts for more than 10% of revenues or accounts receivable.

5. Government assistance:

During the quarter, the Company recognized government assistance of \$58 (year ended August 31, 2006 - \$398) related to the creation of permanent jobs by the Company in the Province of Quebec. This assistance has been recorded as a reduction of the Company's compensation expense. At November 30, 2006, the amount receivable by the Company for government assistance is \$315 (August 31, 2006 - \$929).

LOOK COMMUNICATIONS INC.

Notes to Unaudited Interim Consolidated Financial Statements (continued)
(In thousands of dollars, except shares and per share amounts)

Three months ended November 30, 2006 and 2005

6. Related party transactions:

Related party transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. The Company enters into transactions with its majority shareholder, UBS, and companies controlled by its majority shareholder. Related party transactions and balances with UBS are as follows:

	Three months ended November 30, 2006	Three months ended November 30, 2005
Payment of management fees (i)	600	600
Rent (ii)	(18)	(18)

- (i) On May 19, 2004, the Company and UBS entered into an agreement under which UBS will provide the Company with a wide range of services designed to maximize the Company's full commercial potential.

Under the terms of the agreement, the Company is required to pay an annual fee of \$2,400. The Company may, from time to time, recognize the performance of UBS in the form of cash bonus payments, direct grant of treasury shares of the Company, or options for the purchase of Subordinate Voting Shares from treasury. All options shall conform to the Company's stock option plan (note 3(b)). The Company shall also reimburse UBS for certain expenses and disbursements incurred in respect of the agreement and the services provided by UBS. The initial term of the agreement is for a moving three-year period commencing on May 19, 2004 (the "execution date"). On each anniversary of the execution date, the term will automatically recommence unless, prior to an annual anniversary, the Company's Board of Directors has communicated in writing to UBS its intent that the agreement not recommence, in which event, the agreement expires on the completion of the remaining term.

- (ii) During the quarter, the Company subleased a portion of its premises to UBS in the amount of \$18 (2005 - \$18), which has been recorded as a reduction of general and administrative expenses. The Company signed a five year lease with UBS regarding the rental of this space effective April 1, 2005.
- (iii) The Company was charged by a company controlled by the Chairman of the Board of Directors of the Company in connection with management and consulting fees and related expenses amounting to \$45 (2005 - \$69), which are included in general and administrative expenses.

LOOK COMMUNICATIONS INC.

Notes to Unaudited Interim Consolidated Financial Statements (continued)
(In thousands of dollars, except shares and per share amounts)

Three months ended November 30, 2006 and 2005

7. Supplemental cash flow disclosure:

No cash interest payments on the debentures were made during the quarter ended November 30, 2006 (Quarter ended November 30, 2005 - \$33).

Shareholder Information

Board of Directors

Executive Chairman of the Board

Michael Cytrynbaum

Vice Chairman of the Board

Gerald T. McGoey
Chief Executive Officer

Directors

Tim Casgrain
Chairman
Skyservice Investments Inc.

Scott Colbran
Communications Consultant

Louis Mitrovich
Communications Consultant

Stuart Smith
Chairman
Epic Realty Partners Inc.

Auditors

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Transfer Agent and Registrar

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Investor Relations

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Stock Exchange Listing

Look's shares are listed on the TSX Venture Exchange under the symbols LOK and LOK.A

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