



**MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AS AT SEPTEMBER 30, 2008 AND RESULTS OF
OPERATIONS FOR THE THREE AND NINE MONTH PERIOD ENDED
SEPTEMBER 30, 2008**

December 1, 2008

The following discussion and analysis of operating results and financial position is supplementary to, and should be read in conjunction with the unaudited financial statements for the three and nine month periods ended September 30, 2008 of Newlook Industries Corp. ("Newlook" or "the Company"). The consolidated financial statements have been prepared in accordance with generally accepted accounting principles ("GAAP") in Canada. All monetary amounts, unless otherwise indicated, are expressed in Canadian dollars.

FORWARD-LOOKING INFORMATION

The discussion and analysis and other sections of this report contain forward-looking statements. These forward-looking statements, by their nature, necessarily involve risks and uncertainties that could cause results to differ materially from those contemplated by these forward-looking statements. Newlook considers the assumptions on which these forward-looking statements are based to be reasonable at the time the statements were prepared, but cautions the reader that they could cause actual results to differ materially from those anticipated.

COMPANY OVERVIEW

Newlook Industries Corp. ("Newlook") is a technology investment company with investments in Wireless Age Communications, Inc. ("Wireless Age"), Onlinetel Corp. ("Onlinetel") Forest City Communications Ltd. ("Forest City") and a new investment in PowerPlay Energy Corp. Newlook is a public company listed trading on the TSX Venture Exchange under the symbol "NLI". Newlook's head office is located in Toronto, Ontario and has five corporate staff and approximately 91 operating staff.

PowerPlay Energy Corp.

On October 27, 2008 the Company received approval from TSX Venture Exchange to enter into a subscription agreement with PowerPlay Energy Corp. ("PowerPlay") and an agreement between with Sunbay Port Hope Inc. ("Sunbay").

The entities are developing opportunities in the cleantech energy sector. Energy from waste, or "energy recovery" technology is rapidly changing the way large amounts of garbage are disposed of. PowerPlay and its subsidiaries have some exciting projects that the Company will be a part of.

Pursuant to the PowerPlay subscription agreement, the Company agreed to invest \$250,000 in a current financing to subscribe for 250,000 shares at a deemed value of \$1.00 per PowerPlay share, representing a 5.4% interest in PowerPlay. The Company also agreed to acquire an additional 300,000 shares from PowerPlay's affiliates at a deemed value of \$0.50 per share, representing an additional 6.5% interest in PowerPlay, by making a cash payment of \$150,000.

Furthermore, the Company will hold two options to acquire additional PowerPlay shares: i) 200,000 shares from PowerPlay's affiliates at a deemed value of \$1.00 per share, representing an additional 6.5% interest in PowerPlay; and ii) 100,000 shares from PowerPlay's affiliates at a deemed value of \$0.15 per share, representing an additional 2.2% interest in PowerPlay. Through these transactions, the Company may hold up to an 18.4% stake in PowerPlay.

Pursuant to the Sunbay agreement, the Company agreed to loan Sunbay a principal amount of \$1.0 million. The loan matures September 30, 2011, and bears interest at the rate of 12% per year. Sunbay is a wholly-owned subsidiary of Sunbay Energy Corp., which is a majority-owned subsidiary of PowerPlay Energy Corp. In exchange for providing the Sunbay loan, the Company will receive 100,000 common shares of Sunbay. Accordingly the Company will hold a 9.09% interest in Sunbay.

Wireless Age Communications, Inc.

In June 2007 Newlook acquired a controlling interest in Wireless Age Communications, Inc. (OTCBB: WLSA).

Wireless Age is a telecommunication service and distribution company, with operations focused on the provision of wireless products and services to wholesalers, distributors, retailers and end-users. Wireless Age operates nine retail cellular and telecommunications stores and sells various cellular and land mobile radio products. This acquisition allows Newlook to expand its existing portfolio of telecommunication products and services.

Onlinetel Corp.

Newlook has a 100% ownership interest in Onlinetel Corp., a next-generation telecommunications software and services company, which harnesses the power of proprietary soft-switch technology to deliver state of the art Voice over Internet Protocol (VoIP) communication services to individuals, businesses and carriers. Utilizing soft switch technology, Onlinetel converts analog voice conversations to digital I.P. packets and routes voice calls, phone-to-phone, over the Internet from any wireless or landline connection. Newlook has agreed to dispose of Onlinetel operations and accordingly its operating results are recorded as discontinued operations in the results of operations.

Onlinetel entered into an Option Agreement on June 28, 2007 with 1597541 Ontario Inc. (operating as "Worldline") pursuant to which it granted an option to Worldline to acquire its remaining operations, fixed assets and intellectual property for aggregate consideration of \$1. Worldline agreed to provide up to \$750,000 of telecommunications services without payment as consideration for the option. The option vests or is exercisable upon \$1,500,000 of positive cashflow (as defined) accruing to Onlinetel over the five year period ending June 27, 2012.

Worldline is a privately-held, Ontario-based telecommunications company. The operations of Onlinetel are characterized as discontinued within these financial statements.

Forest City Communications Ltd.

Forest City operates a telecommunications business from its London, Ontario based retail location. Forest City provides sales, rental and service facilities for two-way radios, trunked compact mobile radios and other telecommunications equipment to a customer base in Southwestern Ontario. The company specializes in customized communication system design and customer service. Forest City also owns and operates a fixed wireless network comprised of eight tower sites extending from London to Sarnia and Kitchener, Ontario.

SELECTED ANNUAL INFORMATION

Summarized selected consolidated financial information with respect to the Company for the three and nine month periods ended September 30, 2008 and 2007 is as follows:

	Three Months Ended September 30, 2008	Nine Months Ended September 30, 2008	Three Months Ended September 30, 2007	Nine Months Ended September 30, 2007
Total revenues	\$ 6,870,389	18,847,409	5,256,456	5,256,456
Earnings (loss) from continuing operations	(258,393)	(503,128)	286,670	31,735
Income (loss) from discontinued operations	99,611	493,977	(328,735)	237,680
Income (loss)	<u>\$ (158,782)</u>	<u>(9,151)</u>	<u>(42,065)</u>	<u>269,415</u>
Earnings (loss) per share from continuing operations – basic and diluted	(0.009)	(0.019)	0.009	0.001
Earnings/(loss) per share from discontinued operations - basic	0.004	0.019	(0.011)	0.008
Earnings/(loss) per share from discontinued operations – diluted	0.004	0.018	-	0.008
Earnings/(loss) per share – basic	(0.006)	(0.000)	(0.001)	0.009
Earnings/(loss) per share – diluted	-	-	-	0.009
Total assets		14,008,776		8,610,970
Total liabilities		14,908,622		11,104,180
Non-controlling interest		1,160,999		-
Shareholders' deficit		(2,060,845)		(2,493,210)
Cash dividends declared		-		-

RESULTS OF OPERATIONS

During fiscal 2008, management continued its restructuring efforts by reviewing marginally profitable or breakeven operating units. As a result of these studies the Company has exited the prepaid card distribution business effective September 30, 2008. Management felt that with the eroding margins and rising costs it was no longer an economically viable business unit.

Management was unable to improve the terms and conditions of providing this service and therefore with the agreement of its Saskatchewan cellular network services provider the contract was terminated. The Company will continue to review its operations for business efficiencies and expects to announce further restructuring steps shortly.

For The Three Month Period Ended September 30, 2008 Compared to 2007

Continuing Operations

The operating results of Onlinetel have been segregated as discontinued operations in the consolidated statement of operating results and the assets and liabilities of Onlinetel have been classified as assets and liabilities of discontinued operations in the consolidated balance sheet at March 31, 2007. The distribution of prepaid cards, a business unit within the commercial operating segment of Wireless Age have been segregated as discontinued operations in the consolidated statement of operating results and the assets and liabilities of the discontinued operations in the consolidated balance sheet.

Consolidated continuing operations revenues for the three month period ended September 30, 2008 were \$6,870,389 compared to \$5,256,456 during the three month period ended September 30, 2007. Revenues from the sale of products and services totaled \$5,538,843 in the current period and revenues from commission and residual revenue totaled \$1,331,546.

Operations of the Company are aggregated into two operating segments; 1) retail, and 2) commercial. The retail segment consists of the operating results of nine cellular retail stores in Western Canada (four in Saskatchewan and five in Manitoba). The commercial segment consists of distribution businesses that sell professional grade land mobile radios and ancillary electronic accessories. The commercial segment also includes the operations of Grandvue Inc. a wholly owned subsidiary of the Company which offers sale-type financing to technology companies.

Sales of the retail segment were \$5,763,813 during the three month period ended September 30, 2008, compared to \$4,538,049 during the three month period ended September 30, 2007 and sales of the commercial segment were \$1,106,576 during the three month period ended September 30, 2008 compared to \$718,407 during the three month period ended September 30, 2007.

Sales of the retail segment during the three month period ended September 30, 2008 and 2007 can be broken down into the following subcategories:

	2008	2007
Cellular hardware, radios and accessories	\$ 4,432,267	\$ 3,321,078
Commission and residual revenue	1,331,546	1,216,971
	<u>\$ 5,763,813</u>	<u>\$ 4,538,049</u>

Retail segment revenue growth is a direct result of the sales of new and improved handsets and accessories constantly entering the market place. The segment's success relies on its ability to successfully sell existing clientele on new handset features and also on increasing penetration rates in the mobile telephone industry.

Sales of the commercial segment during the three month period ended September 30, 2008 and 2007 can be broken down into the following subcategories:

	<u>2008</u>	<u>2007</u>
Land mobile radios & accessories	\$ 794,348	\$ 670,832
Sale of leased equipment	312,228	-
Commission and residual payments	-	47,575
	<u>\$ 1,106,576</u>	<u>\$ 718,407</u>

Consolidated continuing operations margin from products and services for the three month period ended September 30, 2008 was \$2,538,607 compared to \$2,239,599 during the comparative period. Margin stated as a percentage of sales was 36.9%. Margin on product and services sales (excluding the effects of commission and residual revenue) was 21.8%. Approximately 52% of the Company's margin on products and services is earned from commissions and residuals.

Selling and administrative expenses from continuing operations were \$2,165,264 during the three month period ended September 30, 2008 compared to \$1,524,675 during the comparative period in the prior year.

Selling and administrative expenses during the three month periods ended September 30, 2008 and 2007, included:

	<u>September 30,</u> <u>2008</u>	<u>September 30,</u> <u>2007</u>
General and administrative costs	\$ 408,902	\$ 247,530
Professional and consulting fees	46,120	74,729
Rent and occupancy costs	219,710	175,288
Wage and benefit costs	<u>1,490,532</u>	<u>1,027,128</u>
	<u>\$ 2,165,264</u>	<u>\$ 1,524,675</u>

Professional and consulting fees were \$46,120 during the three month period ended September 30, 2008 compared to \$74,729 during the three month ended September 30, 2007. Professional and consulting fees include expenses for accounting and legal, directors' fees and other consultants. General and administrative expenses totaled \$408,902 for the three month period ended September 30, 2008 compared to \$247,530 for the comparable period ended September 30, 2007. The increase in general and administrative expenses year over year is a result of increased business activity in relation to the Company's majority owned subsidiary Wireless Age. Rent and occupancy costs were \$219,710 during the period ended September 30, 2008 compared to \$175,288 in the comparative period in the prior year. Rent and occupancy costs include rent for nine retail locations and three office facilities. Wages and benefits have increased to \$1,490,532 for the period ended September 30, 2008 from \$1,027,128 for the three month period ended September 30, 2007. Wages and benefits represent the salaried and commission costs associated with approximately 90 full time and part time employees.

Amortization of capital and intangible assets totaled \$191,552 (of which \$95,900 was amortization of intangible assets and amortization of capital assets was \$95,652) during the period ended September 30, 2008 and amortization of capital assets during the comparative period ended September 30, 2007 totaled \$150,043.

The Company incurred interest expense from continuing operations during quarter ended September 30, 2008 of \$258,580 and recorded \$86,028 expense during the comparative period ended September 30, 2007. Interest is associated with a \$3,800,000 revolving loan facility and term loan with an asset based lender.

During the three month period ended September 30, 2008 the Company collected \$10,646 under a note that had been fully provided for as unlikely to be collected. The company also recorded a gain of \$20,401 for an investment that was previously fully provided for.

Foreign exchange loss, arising from translation of US dollar denominated assets and liabilities into CAD dollars, totaled \$16,416 during the three month period ended September 30, 2008 and \$76,329 for the prior comparative period.

As the Company holds approximately 54% ownership interest in Wireless Age, the Company recorded a non-controlling interest deduction to income of \$96,508 representing the portion of earnings attributable to others.

The Company incurred income tax expense (within its profitable Wireless Age subsidiaries) of \$99,727 for the period end September 30, 2008 compared to \$nil for the comparative period.

The loss from continuing operations was \$258,393 (\$0.009 per share) during the current quarter compared to earnings of \$286,670 (\$0.009 per share) during the three month period ended September 30, 2007. Management expects the continuing operations to be profitable going forward.

Discontinued Operations

Discontinued operations consists of the operating results of the Company's wholly owned subsidiary Onlinetel Corp. and certain discontinued operations items within its majority owned subsidiary Wireless Age.

Income from discontinued operations during the period ended September 30, 2008 was \$99,611 compared to a loss of \$328,735 during the three month period ended September 30, 2007.

Earnings from discontinued operations in the current quarter arises from the Onlinetel operations becoming comparatively more profitable as costs are transferred to Wordline under the option agreement.

Revenues of discontinued operations were \$4,952,914 for the three months ended September 30, 2008 and \$3,810,219 for the three months ended September 30, 2007. Costs and expenses of discontinued operations for the three months ended September 30, 2008 were \$4,853,303 and \$4,138,954 for the three months ended September 30, 2007.

For The Nine Month Period Ended September 30, 2008 Compared to 2007

Continuing Operations

The acquisition of a controlling interest in Wireless Age occurred on June 29, 2007, and accordingly Newlook began to consolidate the operating results and assets and liabilities into its consolidated financial statements effective July 1, 2007. Accordingly, the revenues, cost of

goods sold and margin are the same amounts for the three and nine month period ended September 30, 2007.

The operating results of Onlinetel have been segregated as discontinued operations in the consolidated statement of operating results and the assets and liabilities of Onlinetel have been classified as assets and liabilities of discontinued operations in the consolidated balance sheet at March 31, 2007. The distribution of prepaid cards, a business unit within the commercial operating segment of Wireless Age have been segregated as discontinued operations in the consolidated statement of operating results and the assets and liabilities of the discontinued operations in the consolidated balance sheet.

Consolidated continuing operations revenues for the nine month period ended September 30, 2008 were \$18,847,409 compared to \$5,256,456 during the nine month period ended September 30, 2007 (Wireless Age only having been consolidated effective July 1, 2007). Revenues from the sale of products and services totaled \$15,184,861 in the current period and revenues from commission and residual revenue totaled \$3,662,548.

Operations of the Company are aggregated into two operating segments; 1) retail, and 2) commercial. The retail segment consists of the operating results of nine cellular retail stores in Western Canada (four in Saskatchewan and five in Manitoba). The commercial segment consists of distribution businesses that sell professional grade land mobile radios and ancillary electronic accessories. The commercial segment also includes the operations of Grandview, Inc. a wholly owned subsidiary of the Company which offers sale-type financing to various commercial segments.

Sales of the retail segment were \$16,279,341 during the nine month period ended September 30, 2008, compared to \$4,538,049 during the nine month period ended September 30, 2007 and sales of the commercial segment were \$2,568,068 during the nine month period ended September 30, 2008 compared to \$718,407 during the nine month period ended September 30, 2007.

Sales of the retail segment during the nine month period ended September 30, 2008 can be broken down into the following subcategories:

	<u>September 30,</u> <u>2008</u>
Cellular hardware, radios and accessories	\$ 12,631,699
Commission and residual revenue	3,647,642
	<u>\$ 16,279,341</u>

Retail segment revenue growth is a direct result of the sales of new and improved handsets and accessories constantly entering the market place. The segment's success relies on its ability to successfully sell existing clientele on new handset features and also on increasing penetration rates in the mobile telephone industry.

Sales of the commercial segment during the nine month period ended September 30, 2008 can be broken down into the following subcategories:

	<u>September 30,</u> <u>2008</u>
Land mobile radios & accessories	\$ 2,553,162
Commission revenue	<u>14,906</u>
	<u>\$ 2,568,068</u>

Consolidated continuing operations margin from products and services for the nine month period ended September 30, 2008 was \$7,220,150 compared to \$2,239,579 during the comparative period. Margin stated as a percentage of sales was 38.3%. Margin on product and services sales (excluding the effects of commission and residual revenue) was 23.4%. Approximately 50.7% of the Company's margin on products and services is earned from commissions and residuals.

Selling and administrative expenses from continuing operations were \$6,031,843 during the nine month period ended September 30, 2008 compared to \$1,769,257 during the comparative period in the prior year.

Selling and administrative expenses during the nine month periods ended September 30, 2008 and 2007, included:

	<u>September 30,</u> <u>2008</u>	<u>September 30,</u> <u>2007</u>
General and administrative costs	\$ 1,222,740	\$ 492,112
Professional and consulting fees	379,850	74,729
Rent and occupancy costs	563,882	175,288
Wage and benefit costs	<u>3,865,371</u>	<u>1,027,128</u>
	<u>\$ 6,031,843</u>	<u>\$ 1,769,257</u>

Comparisons for the two periods are relatively difficult due to only consolidating the operating results of Wireless Age since July 1, 2007, i.e. Wireless Age selling and administrative expenses for the nine month period ended September 30, 2008 are for a full nine months and for the period ended September 30, 2007 are for only a three month period.

Professional and consulting fees were \$379,850 during the nine month period ended September 30, 2008 compared to \$74,729 during the nine month ended September 30, 2007. Professional and consulting fees include expenses for accounting and legal, directors' fees and other consultants. General and administrative expenses totaled \$1,222,740 for the nine month period ended September 30, 2008 compared to \$247,530 for the comparable period ended September 30, 2007. Rent and occupancy costs were \$563,882 during the period ended September 30, 2008

compared to \$175,288 in the comparative period in the prior year. Rent and occupancy costs include rent for nine retail locations and three office facilities. Wages and benefits have increased to \$3,865,371 for the period ended September 30, 2008 from \$1,027,128 for the nine month period ended September 30, 2007. Wages and benefits represent the salaried and commission costs associated with approximately 96 full time and part time employees.

Amortization of capital and intangible assets totaled \$543,660 (of which \$270,659 was amortization of intangible assets and amortization of capital assets was \$273,001) during the period ended September 30, 2008 and amortization of capital assets during the period ended September 30, 2007 totaled \$159,274.

The Company incurred interest expense from continuing operations during nine month period ended September 30, 2008 of \$426,106 and recorded \$87,150 expense during the comparative period ended September 30, 2007. Interest is associated with a \$3,800,000 revolving loan facility and term loan with an asset based lender

During the nine month period ended September 30, 2008 the Company collected \$51,997 under a note that had been fully provided for as unlikely to be collected. The company also recorded a gain of \$20,401 for an investment that was previously fully provided for.

Foreign exchange gains, arising from translation of US dollar denominated assets and liabilities into CAD dollars, totaled \$173,183 during the nine month period ended September 30, 2008 and a loss of \$76,329 for the comparative prior period.

As the Company holds an approximately 54% ownership interest in Wireless Age, the Company recorded a non-controlling interest deduction to income of \$675,883 representing the portion of earnings attributable to others.

The Company incurred income tax expense from profitable Wireless Age operations of \$493,977 for the period end September 30, 2008 compared to \$nil for the comparative period.

The loss from continuing operations was \$503,128 (\$0.0019 per share) during the period compared to earnings of \$31,735 (\$0.001 per share) during the nine month period ended September 30, 2007. Management expects the continuing operations to be profitable going forward.

Discontinued Operations

Discontinued operations consists of the operating results of the Company's wholly owned subsidiary Onlinetel Corp. and certain discontinued operations items within its majority owned subsidiary Wireless Age.

Income from discontinued operations during the nine month period ended September 30, 2008 was \$493,977 compared to earnings of \$237,680 during the period ended September 30, 2007.

Earnings from discontinued operations in the current quarter arise from the Onlinetel operations becoming comparatively more profitable as costs are transferred to Wordline under the option agreement.

Revenues of discontinued operations were \$13,781,405 for the nine months ended September 30, 2008 and \$6,626,926 for the nine months ended September 30, 2007. Costs and expenses of discontinued operations for the nine months ended September 30, 2008 were \$13,287,428 and \$7,127,537 for the nine months ended September 30, 2007. The Company recorded a gain on the disposal of assets and forgiveness of debt for the nine month ended September 30, 2007 of \$738,291.

SUMMARY OF QUARTERLY RESULTS

The following table presents selected financial data of the Company for its last eight quarters as reported in the particular period:

Quarter Fiscal Yr.	Q3 2008	Q2 ² 2008	Q1 ² 2008	Transition fiscal year Dec. 31, 2007	Q4 2007	Q3 2007	Q2 ¹ 2007	Q1 ¹ 2007
Revenue	6,870,389	10,563,836	9,667,388	10,920,721	8,648,785	-	461,370	840,337
Income (loss) before unusual items	(258,393)	(135,616)	18,176	175,012	(391,978)	(32,544)	(359,787)	17,540
Net income (loss)	(158,782)	95,505	54,124	175,012	(42,065)	515,609	(204,129)	17,540
EPS before unusual items	(0.009)	(0.0052)	0.0007	0.001	(0.014)	(0.001)	(0.013)	0.0006
Earnings per share	(0.005)	0.0037	0.0021	0.001	(0.010)	0.018	(0.0007)	0.0006

¹ Not restated for reclassification of Onlinetel discontinued operations later in the year.

² Not restated for reclassification of Wireless Age discontinued operations on September 30, 2008

LIQUIDITY

Assets increased from \$10,686,224 at December 31, 2007 to \$13,906,205 at September 30, 2008.

Current assets at September 30, 2008 were \$9,834,748 up from \$6,712,720 at December 31, 2007. Current assets at December 31, 2007 consisted of accounts receivable of \$3,912,048, inventory of \$2,417,355, prepaid expenses of \$151,211, cash of \$185,724 and assets of discontinued operations of \$46,382. Current assets at September 30, 2008 consist of cash of \$770,100, accounts receivable of \$3,298,336, \$2,556,462 in inventory, \$263,421 in prepaid expenses, due from related party balances of \$735,001, lease contract receivable of \$84,249, note receivable of \$1,117,930 and assets of discontinued operations of \$1,009,249. Accounts receivable balances have been reduced primarily due to normal seasonal business fluctuations. Inventory balances increased by \$139,107 from December 31, 2007 primarily the result of the acquisition of Forest City. Prepaid expense balances are higher than at year end due to normal business fluctuations. Due from related parties increased to \$735,001 a result of the Company funding the operations of related parties (Note 8). Lease contract receivable increased to \$84,249 in relation to the Company's wholly owned subsidiary Grandvue Inc. leasing of capital assets.

Note receivable increased to \$1,117,930 as the result of the sale of securities by the Company's subsidiary Wireless Age (Note 10). Assets of discontinued operations increased as a result of the termination of an agreement for the distribution of prepaid cards with Wireless Age a majority owned subsidiary of the Company and its Saskatchewan cellular network provider.

Long term assets at December 31, 2007 included property and equipment of \$869,733, intangible assets of \$1,862,757 and assets of discontinued operations of \$1,240,974. Property and equipment consists of leaseholds, office equipment, a rental radio pool and various assets under capital leases. Intangible assets primarily represent future residual payment streams from the Company's cellular carriers. Discontinued operations assets consist primarily of telecommunications equipment used in the Onlinetel operations. Long term assets at September 30, 2008 were property and equipment of \$931,415, lease contract receivable of \$233,255, intangible assets of \$1,975,169, note receivable of \$249,708, goodwill of \$292,688 and assets of discontinued operations of \$389,222. Capital assets and intangible assets have increased since year end due to the addition of rental radios, the acquisition of intangible assets acquired from Callmore Communications and an increase associated with the Wireless Age's acquisition of 1,362,950 shares of its own common stock (which is treated as an increase in the Company's ownership of Wireless Age assigned to intangible assets). Note receivable increased to \$249,708 a result of the company's subsidiary sale of securities and a note received in relation to Function Mobile (Note 10). Lease contract receivables increased to \$233,255 as a result of Grandvue Inc. a subsidiary of the Company leasing assets. Goodwill increased to \$292,688 as the result of the acquisition of Forest City Communications in the second quarter of 2008. The Company acquired distribution rights, valued at \$100,000, of certain two way radio products. Discontinued assets have declined due to normal amortization and an offset of \$750,000 against unearned revenue in relation to the sale Onlinetel.

Current liabilities increased from \$10,898,782 at December 31, 2007 to \$13,254,255 at September 30, 2008. Current liabilities at December 31, 2007 consisted of accounts payable and accrued liabilities of \$7,713,894, due to related party amounts of \$196,088, current portion of deferred revenue and deposits of \$204,463, a note payable of \$100,000, current portion of obligations under capital leases of \$28,635 and liabilities of discontinued operations of \$2,655,702. Liabilities of discontinued operations include \$1,541,321 owed to related parties which has no specific repayment terms. Current liabilities at September 30, 2008 represent \$3,708,507 of accounts payable, loan facilities of \$3,133,692, taxes payable of \$304,024 and current portion of deferred revenue and customer deposits of \$196,308. It also consists of a \$123,603 current portion of note payable, obligation under capital lease of \$13,460, and liabilities of discontinued operations of \$5,755,866. The company had a related party liability of \$18,750. Accounts payable and accrued liabilities decreased primarily as a result of the termination of an agreement for the distribution of prepaid cards with Wireless Age a majority owned subsidiary of the Company and its Saskatchewan cellular network provider. The related payables have been reclassified to discontinued operations. The loan facility increased to \$3,133,692 as a result of an increase in the lending facility with the Companies asset based lender and subsequent agreement to repay the loan (Note 7). Taxes payable have increased to \$304,024 a result of profitable operations of the Companies subsidiary Wireless Age. Current portion of deferred revenue and customer deposits declined to season business fluctuations. The current portion of note payable represents the remaining balance owed in relation to the Forest City acquisition. Obligations under capital leases declined due to normal amortization. Liabilities of discontinued operations increased as a result of the discontinued operations of certain components of Wireless Age.

Long term liabilities at December 31, 2007 consisted of liabilities of discontinued operations of \$750,000, \$98,003 of deferred revenue and customer deposits, and long term portion of obligations under capital leases of \$33,018. In addition \$1,500,000 consists of a term loan facility with TCE Capital Corporation. Liabilities of discontinued operations represent deferred revenue of \$750,000 (associated with the option granted to Worldline to acquire the remaining Onlinetel operating assets). Long term liabilities at September 30, 2008 consisted of liabilities of discontinued operations of \$1,432,942, \$94,221 of deferred revenue and customer deposits, of \$51,091 and long term portion of obligations under capital leases of \$24,679. Liabilities of discontinued operations increased from December 31, 2007 as a result of the discontinued operations of its subsidiary Wireless Age offset by a decrease of \$750,000 of deferred revenue in relation to the sale Onlinetel.

Non-controlling interest (the portion of Wireless Age not owned by the Company) increased from \$485,084 at December 31, 2007 to \$1,160,999 at March 31, 2008 due to the earnings of Wireless Age attributable to others.

The shareholders' deficiency decreased from \$3,078,663 at December 31, 2007 to \$2,060,845 at September 30, 2008. The improvement is partially the result of a net increase in share capital associated with 1,018,432 common shares issued by the Company during the nine month period ended September 30, 2008 reduced by 1,280,307 shares of the Company's stock held by Wireless Age, the Company's majority owned subsidiary. Shares of the Company held by a subsidiary are reflected as a reduction of the outstanding capital stock of the Company. At September 30, 2008, Wireless Age held 1,280,307 Newlook common shares. Offsetting the increases described above was a decrease in other comprehensive income associated with foreign exchange translation losses associated with the translation of Wireless Age's US dollar denominated financial position to Canadian dollars.

The Company's working capital deficit decreased from \$4,186,062 at December 31, 2007 to \$3,419,462 at September 30, 2008. Management believes that the deficit will continue to improve through profitable operations.

The Company's consolidated financial statements for the period ended September 30, 2008 have been prepared on a going concern basis, in accordance with Canadian generally accepted accounting principles. The going concern basis of presentation assumes that the Company will continue in operations for the foreseeable future and will be able to realize its assets and discharge its liabilities and contingencies in the normal course of operations.

There is doubt about the Company's ability to continue as a going concern as the Company has a working capital deficit of \$3,419,462, an accumulated deficit of \$8,033,751 and a shareholders' deficiency of \$2,060,845 as at September 30, 2008. The Company's ability to continue as a going concern is dependent upon the Company's ability to raise additional capital, to increase sales and sustain profitable operations. Should the Company be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due.

The Company believes with the acquisition of an interest in Wireless Age the Company's financial position will improve and will provide sufficient cash flow for it to continue as a going concern in its present form, however, there can be no assurances that the Company will achieve such results. Accordingly, the consolidated financial statements do not include any adjustments

related to the recoverability and classification of recorded asset amounts or the amount and classification of liabilities or any other adjustments that might be necessary should the Company be unable to continue as a going concern.

CAPITAL RESOURCES

With the acquisition of controlling interest in Wireless Age and the steps to liquidate Onlinetel operations over time, the Company intends to raise additional debt and equity financing to improve its financial position and make acquisitions.

Wireless Age has acquired Newlook securities in private transactions which it is in the process of selling off in order to generate incremental financing for growth and development.

The Company plans to leverage its expertise in the technology market place and expand its operations substantially.

OFF-BALANCE SHEET ARRANGEMENTS

Newlook had no off-balance sheet arrangements as at December 31, 2007, other than an Option Agreement with 1597541 Ontario Inc. (operating as Wordline) pursuant to which the Company might receive aggregate consideration of \$1,500,000 prior to June 27, 2012.

TRANSACTIONS WITH RELATED PARTIES

CRITICAL ACCOUNTING ESTIMATES

The Company's consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). The critical accounting policies followed by the Company are as follows:

Inventory

Telecommunications equipment and accessories inventory is recorded at the lower of cost and net realizable value with cost being determined by the first-in, first-out method. The Company analyzes inventory levels annually and writes down inventory that has become obsolete, inventory that has a cost basis in excess of its expected net realizable value and inventory in excess of expected requirements, to cost of goods sold. Expired inventory is disposed of and the related costs are written off. If actual market conditions are less favorable than that estimated by us, additional write-downs of existing inventory may be required in future periods.

Inventory currently represents approximately 30% of total current assets and is subject to risk of inexact estimates by management.

Revenue Recognition

The Company recognizes revenue from the sale of telecommunications equipment and accessories when the products are delivered and accepted by the customer. Activation commission fees earned from the telephone companies are recognized at the time of activation by the customer. Residual commission fees are recognized at the time they are earned and

reasonable assurance of collection exists. The Company receives co-op advertising revenue from the telephone companies based on the requirement to spend a minimum of 60% of the available co-op advertising allotment. Any amount received under this program is deducted from advertising expense.

Management believes that revenue recognition is substantially objectively measured and other than collectibility which is covered elsewhere, there are no elements of estimates in them. However, in our long term contracts, which at current levels are generally not material, there are estimates of completion on how much is earned and therefore are subject to risks of inexact estimates by management.

Warranty Sales and Costs

The Company, through its Wireless Age business, sells extended warranty plans for certain telecommunications equipment. It recognizes revenue on a straight line basis over the period in which the Company is obligated to service the equipment. The Company also defers certain costs associated with the sale of the extended warranty plan and matches such costs against revenue as it is recognized.

Intangible Assets

Residual premiums are amounts paid for future residual revenue of retail cellular and telecommunications subscriber business recorded at cost less accumulated amortization. Amortization is provided for on a straight-line basis over five years. Agency fees are amortized over the term of the related agreement (ten years) on a straight line basis.

These assets must be reviewed annually (or more frequently under prescribed conditions) for impairment in accordance with this statement. If the carrying amount of the reporting unit's goodwill or indefinite-lived intangible assets exceeds the implied fair value, an impairment loss is recognized for an amount equal to that excess. Intangible assets that do not have indefinite lives are amortized over their useful lives.

CHANGES IN ACCOUNTING POLICIES

Financial Instruments

On October 1, 2006, the Company adopted three new accounting standards that were issued by the Canadian Institute of Chartered Accountants ("CICA"): Handbook Section 1530, *Comprehensive Income*, Handbook Section 3855, *Financial Instruments – Recognition and Measurement*, and Handbook Section 3865, *Hedges* and related amendments to Handbook Section 3251, *Equity*. The Company adopted the three standards and amendments prospectively.

Comprehensive Income

Section 1530 introduces Comprehensive Income, which consists of net income and other comprehensive income ("OCI"). OCI represents changes in shareholders' equity during a period arising from transactions and other events with non-owner sources and includes unrealized gains and losses on financial assets classified as available-for-sale, unrealized foreign currency translation gains and losses arising from self-sustaining foreign operations, net of hedging

activities, and changes in the fair value of the effective portion of cash flow hedging instruments. The Company did not have transactions or events that would have been recorded in OCI or Accumulated Other Comprehensive Income in these audited consolidated financial statements.

Financial Instruments – Recognition and Measurement

Section 3855, establishes standards for recognizing and measuring financial assets, financial liabilities and non financial derivatives, including the presentation of any resulting gains and losses.

All financial instruments are required to be measured at fair value on initial recognition. Measurement in subsequent periods depends on whether the financial instrument has been classified as held-for-trading, available-for-sale, held-to-maturity, loans and receivables and other liabilities.

Financial assets and financial liabilities classified as held-for-trading are required to be measured at fair value with gains and losses recognized in net income.

Available-for-sale financial assets are required to be measured at fair value with unrealized gains and losses recognized in OCI.

Financial assets classified as held-to-maturity, loans and receivables and financial liabilities (other than those held-for-trading) are required to be measured at amortized cost.

The classifications above do not apply to investments where the Company has significant influence that are accounted for using the equity method.

Derivative instruments must be recorded on the balance sheet at fair value. Changes in fair value are required to be recognized in net income.

Impact upon adoption of CICA Handbook Sections 1530, 3855 and 3865

The adoption of these pronouncements did not have a material impact of the financial position or results of operations of the Company.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

Earnings and cash flow are subject to volatility stemming mainly from movements in the U.S./Canadian dollar exchange rate and interest rates. Newlook does not hedge its foreign currency exposure.

OTHER MD&A REQUIREMENTS

Disclosure of Outstanding Share Data

As at Septmeber 30, 2008, the Company had authorized 100,000,000 class “A” preference shares, non-voting, cumulative dividend, par value of \$1 each, 100,000,000 class “B” preference shares, non-voting, cumulative dividend, par value of \$5 each, and 100,000,000 common shares without par value. The Company had issued 29,478,932 common shares at September 30, 2008,

of which 1,280,307 were held by its majority owned subsidiary Wireless Age. If all options outstanding were exercised the number of common shares outstanding would be 32,763,932.

OUTLOOK

The Company recently completed a change in senior management and the acquisition of a controlling interest in Wireless Age. Management is currently negotiating to make other acquisitions.

On October 27, 2008 the Company received approval from TSX Venture Exchange to enter into a subscription agreement with PowerPlay Energy Corp. ("PowerPlay") and an agreement between with Sunbay Port Hope Inc. ("Sunbay").

Pursuant to the PowerPlay subscription agreement, the Company agreed to invest \$250,000 in a current financing to subscribe for 250,000 shares at a deemed value of \$1.00 per PowerPlay share, representing a 5.4% interest in PowerPlay. The Company also agreed to acquire an additional 300,000 shares from PowerPlay's affiliates at a deemed value of \$0.50 per share, representing an additional 6.5% interest in PowerPlay, by making a cash payment of \$150,000.

Furthermore, the Company will hold two options to acquire additional PowerPlay shares: i) 200,000 shares from PowerPlay's affiliates at a deemed value of \$1.00 per share, representing an additional 6.5% interest in PowerPlay; and ii) 100,000 shares from PowerPlay's affiliates at a deemed value of \$0.15 per share, representing an additional 2.2% interest in PowerPlay. Through these transactions, the Company may hold up to an 18.4% stake in PowerPlay.

Pursuant to the Sunbay agreement, the Company agreed to loan Sunbay a principal amount of \$1.0 million. The loan matures September 30, 2011, and bears interest at the rate of 12% per year. Sunbay is a wholly-owned subsidiary of Sunbay Energy Corp., which is a majority-owned subsidiary of PowerPlay Energy Corp. In exchange for providing the Sunbay loan, the Company will receive 100,000 common shares of Sunbay. Accordingly the Company will hold a 9.09% interest in Sunbay.

The Company believes that the technology sector currently presents several attractive acquisition opportunities. Management believes that the risk level in this sector is comparatively lower, particularly due to management's historic expertise in this sector. Management will investigate these types business opportunities carefully over the near term, in order to be certain that capital generated from the disposal of existing investments are used to generate shareholder wealth.

The recent economic downturn has not had a material effect on the Company's operating results, financial position or capital resources. Management however has observed that retail gross profit margin percentage dropped in the current quarter in comparison to the prior year. These margins are set by the Company's network services provider and the Company generally has no influence on these decisions. The network services providers are likely under assault from competitive influences and are passing pressures down the distribution chain. On the other hand, management is aware that Saskatchewan, undoubtedly the most important of its markets is enjoying substantial growth in employment opportunities. Recently, at a job fair in Toronto, Premier Brad Wall was quoted that Saskatchewan is Canada's fastest growing economy with GDP expected to rise 3.9% this year compared to 0.9% for the country as a whole. In addition the Premier indicated that their provincial budget had a \$3 billion surplus, that he expects to grow the population by 10% in ten years and that there are 10,000 jobs opening listed at

saskjobs.ca. Management is of the opinion that certainly for the foreseeable future there will likely be net inflows of individuals into the market the Company operates in who will require a new cell phone.

The Company plans to obtain additional financing either through additional debt or new equity. These funds will be utilized for new investment.

Factors that could change the outlook for the Company include changes in regulatory restrictions in which the Company plans to make investments, the company's relationship with its carriers deteriorates or general economic and financial market conditions. Some acquisition opportunities have recently been declined due to a perceived declining value in acquisition assets that has caused management to adopt a wait and see approach. Lack of sufficient capital to invest in business opportunities would also have an impact on the performance of Company over the near term.