

Benvest Capital

QUARTERLY REPORT

For the 9-month period ended January 31, 2005



NINE-MONTH PERIOD RESULTS

To the shareholders

Set out herein is Benvest Capital Inc.'s ("Benvest" or "the Company") interim report for the nine-month period ended January 31, 2005. As previously announced, these statements consolidate the results of Lunetterie New Look International Inc. ("New Look"), the Company's principal operating subsidiary.

The Company posted a strong third quarter in revenues and profitability driven by the excellent results of New Look. We are very pleased with the progress of New Look and the opportunities for its business to grow in Quebec and across Canada.

The Company continues to drive down the strategic road previously outlined for unlocking shareholder value. As part of this change, in November 2004, Benvest disposed of its 20% interest in CMN International Inc. for US\$ 14,995,000, of which US\$ 11,996,000 was paid on closing; the balance is held in escrow until May 2006. This transaction resulted in a gain of CA\$ 10,675,000. During the quarter, an additional provision of US\$ 2,000,000 was taken on the non-core investment in The Fitness Company.

With the successful disposition of the investment in CMN and the growth in revenues and profitability of New Look, the Company is now ready to proceed to a next step in maximizing shareholder value. It recently announced that its board of directors has approved a proposal to reorganize Benvest into an income trust. The proposed reorganization will be implemented by a Plan of Arrangement which is subject to shareholders, court and applicable regulatory approvals. A management information circular describing the reorganization in detail and other relevant information will be mailed to shareholders later in March and a special shareholders meeting will be held in April 2005.

Details of Benvest, New Look and the remaining portfolio asset, an investment in The Fitness Company, are set forth in the Company's 2004 Annual Report.



W. JOHN BENNETT
Chairman & Chief Executive Officer
March 15th, 2005

MANAGEMENT DISCUSSION AND ANALYSIS

Management's discussion and analysis relates to the financial condition and results of operation of Benvest Capital Inc. ("Benvest"), together with its wholly owned consolidated subsidiaries, including Lunetterie New Look International Inc. ("New Look").

Due to the change of the Benvest year-end date, from August 31 to April 30, the third quarter consolidated financial statements, ended January 31, 2005, are compared to the previous year's consolidated quarterly financial statements ended February 29, 2004.

Results of operations for the nine-month period ended January 31, 2005 include New Look's results of operations; these results are compared to a nine-month period ended February 29, 2004 including six months of New Look's results of operations since Benvest commenced consolidating New Look's results from September 1, 2003.

All financial information reflected herein is expressed in Canadian dollars (unless otherwise indicated) and determined on the basis of Canadian generally accepted accounting principles. You should read the following discussion and analysis together with the interim consolidated financial statements and related notes included in this interim report and with the 2004 Annual Report.

A reference is made in note 3 of these interim financial statements for the segmented information between the eye care services and the merchant banking activities. The segmented information set out therein with respect to eye care consists of the consolidated results of New Look. The segmented information set out with respect to merchant banking includes the revenues and cost associated with the non-strategic assets and also the costs of maintaining the public company.

Our business

During the third quarter, Benvest continued focussing on its new mission: the development and growth of New Look in the eye care services industry.

New Look is a leading provider of eye care products and services in the Province of Quebec. As of January 31, 2005, our network consisted of 38 stores located in the major cities of the Province of Quebec and 3 other stores located in Ottawa.

New Look sells ophthalmic frames and sunglasses directly to customers, transforms lenses in its laboratory and distribute lenses and contact lenses to Lunetteries New Look (Canada) Inc. (NL Canada), a corporation of opticians.

Following the sale of Benvest's portfolio investment in CMN International Inc. ("CMN") effective November 30, 2004, the remaining portfolio investment held by Benvest as at January 31, 2005 included 82 % of The Fitness Company (health and fitness clubs in the Eastern United States).

New store in Rosemère

During the third quarter, New Look opened a new store in Rosemère (QC). This additional store has required an investment of approximately \$500,000 including the inventory and the start up costs. To date, the performance of the store has exceeded budget.

New laboratory equipment

In December 2004, a new lens coating equipment was installed in the laboratory at a cost of \$350,000. This equipment has further improved the quality and financial performance of the laboratory.

Revenues

Revenues for the quarter ended January 31, 2005 were \$9,585,000 compared to \$8,063,000 for the quarter ended February 29, 2004. This increase is mainly attributable to three factors: the effect of comparing the quarter ended in January this year to a quarter ended in February last year, the impact of sales increases and a significant foreign exchange gain related to the sale of CMN.

New Look system wide sales (including sales of lenses and contact lenses from NL Canada) for the three-month period ended January 31, 2005 were

\$10,268,000 compared to \$8,609,000, an increase of 19.3 % from the same three months a year earlier.

Portfolio investments held for sale

On November 30, 2004, the 20% interest in CMN (real estate services industry) was sold for \$17,840,000 (US\$14,995,000). Of these proceeds, an amount of \$14,272,000 was received in December 2004, the balance, \$3,568,000, is being held in escrow until May 2006 as security for any indemnity claims with respect to representations, warranties and covenants. To the best of its knowledge, Management has no reason to believe that the conditions related to the escrow agreement will not be fulfilled. Details of the arrangement under which the disposition occurred can be found on Sedar's website (www.sedar.com under CMN International Inc.)

As at January 31, 2005 an additional provision of \$2,900,000 (US \$ 2,000,000) was taken on the remaining portfolio investment. This provision was recorded at the historical exchange rate at time of acquisition (1.45).

EBITDA

Consolidated earnings before interest expenses, income taxes, depreciation and amortization and before net gain on portfolio investments (EBITDA) were \$1,692,000 for the three-month period ended January 31, 2005 compared to \$610,000 for the three-month period ended February 29, 2004. These results are primarily due to the improvement of New Look's performance; New Look reported \$1,255,000 of EBITDA for the quarter ended January 31, 2005 compared to \$762,000 for the quarter ended February 29, 2004.

Net earnings (loss)

Net earnings for the three-month period ended January 31, 2005 amounted to \$7,357,000 compared to a net loss of \$188,000 for the quarter ended February 29, 2004. This improvement is mainly attributable to the net gain of \$7,776,000 on portfolio investments. It is also attributable to the performance of New Look which reported net earnings of \$443,000 for the three-month period ended January 31, 2005 compared to \$78,000 for the comparative quarter ended February 29, 2004.

Results for the nine-month period

Revenues, EBITDA (calculated before the net gain on portfolio investments) and net earnings (net loss) for the nine-period ended January 31, 2005 were \$28,583,000, \$4,743,000 and \$8,498,000 respectively compared to \$16,365,000, \$1,227,000 and (\$450,000) for the comparable nine-month period ended February 29, 2004. The improvements are mainly due to the net gain on portfolio investments, the inclusion of New Look's results in the consolidated statements of earnings for a period of nine months this year compared to a period of only six months last year and the improvement of New Look's performance during the quarter ended January 31, 2005.

Balance sheet

As at January 31, 2005, total assets were \$38,898,000 compared to \$37,449,000 as at April 30, 2004. The increase, in the amount of \$1,449,000, is mainly attributable to the disposition of our investment in CMN which was offset by a provision on the remaining assets held for sale and the decrease in future income taxes as described below.

The proceeds from the sale of our investment in CMN, in the amount of \$ 14,272,000 was used partly to pay down bank and other long and short-term debt totalling \$7,928,000. The balance of the cash of \$6,344,000 together with other cash generated was used to increase cash and temporary investments by \$6,833,000.

Portfolio investments decreased from \$12,967,000 as at April 30, 2004 to \$2,903,000 as at January 31, 2005. The reduction is due to the sale of Benvest's interest in CMN and a provision taken on the remaining portfolio investment company, as previously described.

Proceeds, held in escrow, from sale of a portfolio investment amounted to \$3,568,000. As previously mentioned this amount relates to the sale of the CMN shares and is receivable in May 2006.

The increase, net of amortization, in property plant and equipment amounted to \$1,663,000 from April 30, 2004 to January 31, 2005. This increase is mainly due to the investments made in the opening of three stores, the relocation of one store and the acquisition of new laboratory equipment discussed

above. The major part of these capital expenditures was made in the first and third quarters.

As noted above, the decrease in the future income tax assets is due to the use of losses carried forward against the capital gain arising from the CMN transaction.

Short term bank indebtedness was repaid from the proceeds of sale of our investment in CMN.

Accounts payable amounted to \$5,935,000 as at January 31, 2005, down from \$6,359,000 at the close of the previous year, April 30, 2004. The variation is mainly due to the nature of the accruals including annual bonuses and vacation that were higher at year-end.

Advances amounted to \$3,023,000 as at January 31, 2005, an increase of \$772,000 from April 30, 2004. This increase relates primarily to the advances made to a portfolio investment company in the amount of \$755,000.

Income taxes payable amounted to \$949,000 as at January 31, 2005 compared to zero as at April 30, 2004. This is mainly attributable to New Look's earnings and the gain on disposition of the investment in CMN made in November 2004.

Long-term debt, including the current portion, as at January 31, 2005 amounted to \$5,721,000 down from \$8,795,000 as at April 30, 2004. The decrease is mainly due to the repayment of a special bank loan in the amount of \$2,753,000.

Debentures, presented as long-term, amounted to \$114,000 on January 31, 2005 compared to \$1,848,000 at the close of the previous year, April 30, 2004. The decrease is due to the presentation in the current liabilities of debentures maturing in May 2005, in the amount of \$1,326,500, and the reimbursement of debentures in January 2005, in the amount of \$408,000.

Benvest New Look Income Fund

A special shareholders meeting will be held in April 2005 for the purposes of converting Benvest into a publicly traded income trust. The Benvest New Look Income Fund ("The Fund") will own, through a subsidiary, all of Benvest's existing assets and business, consisting primarily of cash from the sale

of CMN and the business of New Look. The intention is to have the fund make monthly distributions to unitholders.

All required details and information are set out in a Notice of Special Meeting of Shareholders and a Management Information Circular being sent to all shareholders.



Rock Daneau
Chief Financial Officer, Benvest
Senior Vice President
Finance and Development,
Lunetterie New Look International Inc.

March 15th, 2005
Montreal, Quebec

CONSOLIDATED EARNINGS AND RETAINED EARNINGS (DEFICIT)
(unaudited)

	For the 3 months ended		For the 9 months ended	
	January 31, 2005	February 29, 2004	January 31, 2005	February 29, 2004
	\$	\$	\$	\$
Revenues				
Revenues from eye care	9,006,894	8,001,967	27,568,671	15,788,560
Fees, interest and other income	578,253	61,091	1,014,564	576,097
	9,585,147	8,063,058	28,583,235	16,364,657
Cost of goods sold, operating, selling and administration expenses	7,893,125	7,453,004	23,840,085	15,137,194
Earnings before the undernoted items	1,692,022	610,054	4,743,150	1,227,463
Amortization	410,277	338,472	1,096,433	675,903
Financial expenses	210,565	397,950	751,521	891,262
	620,842	736,422	1,847,954	1,567,165
Earnings (loss) before the following items	1,071,180	(126,368)	2,895,196	(339,702)
Net gain on portfolio investments (note 4)	7,775,628		7,775,628	
Earnings (loss) before income taxes	8,846,808	(126,368)	10,670,824	(339,702)
Income taxes	1,490,000	61,314	2,172,907	109,826
Net earnings (loss)	7,356,808	(187,682)	8,497,917	(449,528)
Net earnings (loss) per share				
Basic	0.784	(0.020)	0.905	(0.048)
Diluted	0.781	(0.020)	0.905	(0.048)
Weighted average number of series "A" shares outstanding				
Basic	9,387,199	9,387,199	9,387,199	9,387,199
Diluted	9,413,971	9,387,199	9,387,199	9,387,199
Consolidated retained earnings (deficit)				
Balance - beginning of period	(2,671,675)	(2,765,621)	(3,812,784)	(2,503,775)
Net earnings (loss)	7,356,808	(187,682)	8,497,917	(449,528)
Balance - end of period	4,685,133	(2,953,303)	4,685,133	(2,953,303)

CONSOLIDATED CASH FLOWS
(unaudited)

	For the 3 months ended		For the 9 months ended	
	January 31, 2005	February 29, 2004	January 31, 2005	February 29, 2004
	\$	\$	\$	\$
OPERATING ACTIVITIES				
Net earnings (loss)	7,356,808	(187,682)	8,497,917	(449,528)
Non-cash items				
Net gain on portfolio investments	(7,775,628)		(7,775,628)	
Interest on the liability component of debentures		115,124		228,412
Amortization of property and equipment	362,269	309,465	979,000	617,889
Amortization of other assets	48,008	29,007	117,433	58,014
Future income taxes	919,081	44,766	1,060,405	41,670
Changes in working capital items	892,059	73,217	804,693	(105,141)
Cash flows from operating activities	<u>1,802,597</u>	<u>383,897</u>	<u>3,683,820</u>	<u>391,316</u>
INVESTING ACTIVITIES				
Temporary investments	(7,405,424)	981,278	(7,405,424)	2,028,893
Advances	157,570		(772,471)	(699,960)
Disposal of a portfolio investment	14,272,215		14,272,215	(108,191)
Property and equipment	(953,799)	(168,670)	(2,641,994)	(406,491)
Other assets	(48,804)	(5,783)	(136,124)	(3,644)
Business combination				374,643
Cash flows from investing activities	<u>6,021,758</u>	<u>806,825</u>	<u>3,316,202</u>	<u>1,185,250</u>
FINANCING ACTIVITIES				
Bank indebtedness	(3,249,446)	(889,696)	(4,090,133)	(391,223)
Long-term debt	39,178	145,208	2,350,926	1,217,046
Repayment of long-term debt	(3,079,980)	(310,973)	(5,424,809)	(1,690,193)
Repayment of debentures	(408,000)	(126,000)	(408,000)	(126,000)
Cash flows from financing activities	<u>(6,698,248)</u>	<u>(1,181,461)</u>	<u>(7,572,016)</u>	<u>(990,370)</u>
Net increase (decrease) in cash	<u>1,126,107</u>	<u>9,261</u>	<u>(571,994)</u>	<u>586,196</u>
Cash, beginning of period	<u>232,215</u>	<u>576,935</u>	<u>1,930,316</u>	<u>1,930,316</u>
Cash, end of period	<u><u>1,358,322</u></u>	<u><u>586,196</u></u>	<u><u>1,358,322</u></u>	<u><u>586,196</u></u>

CONSOLIDATED BALANCE SHEETS

	January 31, 2005 (unaudited) \$	April 30, 2004 (audited) \$
ASSETS		
Current assets		
Cash	1,358,322	1,930,316
Temporary investments	7,405,424	
Accounts receivable	1,766,380	1,680,732
Income taxes receivable		138,676
Inventory	3,794,756	3,811,796
Prepaid expenses	211,500	422,310
	<u>14,536,382</u>	<u>7,983,830</u>
Proceeds from sale of a portfolio investment held in escrow (note 4)	3,568,054	
Advances	3,023,343	2,250,872
Portfolio investments held for sale	2,902,671	12,967,312
Property and equipment	6,012,828	4,349,834
Tradename	2,500,000	2,500,000
Goodwill	5,854,332	5,852,788
Other assets	410,000	392,853
Future income taxes	90,717	1,151,122
	<u>38,898,327</u>	<u>37,448,611</u>
LIABILITIES		
Current liabilities		
Bank indebtedness		4,090,133
Accounts payable and accrued liabilities	5,934,549	6,359,468
Income taxes payable	948,734	
Instalments on long-term debt	1,220,479	1,620,409
Instalments on debentures	1,326,500	
	<u>9,430,262</u>	<u>12,070,010</u>
Long-term debt	4,500,655	7,174,608
Debentures	113,500	1,848,000
	<u>14,044,417</u>	<u>21,092,618</u>
SHAREHOLDERS' EQUITY		
Capital stock	19,376,867	19,376,867
Contributed surplus	791,910	791,910
Retained earnings (deficit)	4,685,133	(3,812,784)
	<u>24,853,910</u>	<u>16,355,993</u>
	<u>38,898,327</u>	<u>37,448,611</u>

1- FINANCIAL STATEMENTS PRESENTATION

The unaudited interim consolidated financial statements have been prepared by the Company in accordance with Canadian generally accepted accounting principles. The financial information was prepared in accordance with the same accounting policies and methods as the audited annual consolidated financial statements for the eight-month fiscal year ended April 30, 2004. The unaudited interim consolidated financial statements should be read in conjunction with the audited annual consolidated financial statements and notes thereto in the Company's 2004 annual report. The results of operations for the interim periods presented do not necessarily reflect results for the full year. Certain comparative figures have been reclassified in accordance with the current year's presentation.

2 - INFORMATION INCLUDED IN THE CONSOLIDATED STATEMENT OF EARNINGS AND DEFICIT

	For the 3 months ended		For the 9 months ended	
	Jan 31, 2005	Feb 29, 2004	Jan 31, 2005	Feb 29, 2004
	\$	\$	\$	\$
Gain (loss) on foreign exchange*	425,063	(108,599)	704,075	46,178
Interest on debentures	40,557	144,551	119,423	332,223
Interest on long-term debt	136,773	73,880	460,959	143,159
Interest on bank indebtedness	33,235	64,395	171,139	187,469
Amortization of property and equipment	362,269	309,465	979,000	617,889
Amortization of other assets	48,008	29,007	117,433	58,014
Interest income from temporary investments	19,032	14,898	20,752	86,958
Interest income from portfolio investments held for sale	69,940	(750)	186,127	79,290
Interest income from officers or entities related to officers	1,661	2,356	17,082	26,024

*Gain or loss on foreign exchange includes all such gain or loss made by Benvest Capital Inc. and its subsidiaries. The gain or loss on foreign exchange previously reported by the Company included only such gain or loss made by Lunetterie New Look International Inc. and its subsidiaries.

3 SEGMENTED INFORMATION

NINE-MONTH PERIOD ENDED JANUARY 31, 2005	Eye care	Merchant banking	Intersegment	Total
	\$	\$	\$	\$
Consolidated earnings				
Revenues	27,568,671	1,049,737	(35,173)	28,583,235
Earnings before amortization, financial expenses, net gain on portfolio investments and income taxes	4,132,068	646,255	(35,173)	4,743,150
Net earnings	1,606,924	6,890,993		8,497,917
THREE-MONTH PERIOD ENDED JANUARY 31, 2005	Eye care	Merchant banking	Intersegment	Total
	\$	\$	\$	\$
Consolidated earnings				
Revenues	9,006,894	613,426	(35,173)	9,585,147
Earnings before amortization, financial expenses, net gain on portfolio investments and income taxes	1,255,168	472,027	(35,173)	1,692,022
Net earnings	442,930	6,913,878		7,356,808

3 - SEGMENTED INFORMATION (CONTINUED)

NINE-MONTH PERIOD ENDED FEBRUARY 29, 2004	<u>Eye care</u>	<u>Merchant banking</u>	<u>Intersegment</u>	<u>Total</u>
	\$	\$	\$	\$
Consolidated earnings				
Revenues	15,788,560	576,097		16,364,657
Earnings (loss) before amortization, financial expenses and income taxes	1,560,758	(333,295)		1,227,463
Net earnings (loss)	180,857	(630,385)		(449,528)
THREE-MONTH PERIOD ENDED FEBRUARY 29, 2004	<u>Eye care</u>	<u>Merchant banking</u>	<u>Intersegment</u>	<u>Total</u>
	\$	\$	\$	\$
Consolidated earnings				
Revenues	8,001,967	61,091		8,063,058
Earnings (loss) before amortization, financial expenses and income taxes	762,100	(152,046)		610,054
Net earnings (loss)	77,617	(265,299)		(187,682)

4 - NET GAIN ON PORTFOLIO INVESTMENTS HELD FOR SALE

On November 30, 2004, Benvest sold its interest in CMN International Inc. for \$17,840,000 (US\$ 14,995,000) resulting in a gain before income taxes of \$10,675,000. This gain was partially offset by a provision for the decline in value of the remaining assets of the portfolio investments in the amount of \$2,900,000 (US\$ 2,000,000). This provision was recorded at the historical exchange rate at time of acquisition. A portion of the proceeds in the amount of \$ 3,568,954 (US\$ 2,999,000) is held in escrow until May 2006.

CORPORATE INFORMATION**CORPORATE PROFILE**

Until August 31st, 2003, Benvest Capital Inc. was a merchant bank with a diverse portfolio of assets in various service industries.

Its new corporate mission is as an operating public company with Lunetterie New Look International Inc. (New Look) as its base.

New Look is a leading enterprise in the eye care industry in Eastern Canada, with growth opportunities based on demographic trends and the consolidation of the industry in Canada.

On November 30, 2004, Benvest sold one of its portfolio investments, CMN International Inc. (real estate services industry). The remaining portfolio investment held by the Corporation is an 82% equity investment in The Fitness Company (health and fitness clubs in the Eastern United States). Benvest views its investment in The Fitness Company as non-strategic and will continue to account for it at the lower of cost or net realizable value.

Benvest Capital Inc. trades on the Toronto Exchange (under the symbol "BCI").

COORDINATES**Head Office**

1 Place Ville Marie, Suite 3438

Montreal, Quebec

H3B 3N6

Tel: (514) 877-4299

Fax: (514) 876-3956

Web Site: <http://www.benvest.com>

Stock Exchange Listing (Series "A" shares)

The Toronto Stock Exchange (Symbol BCI)

Shareholder Inquiries

Lise Melanson

Tel: (514) 877-4299 ext. 2234

Fax: (514) 876-3956

E-Mail: l.melanson@benvest.com

Transfer Agent & Registrar

National Bank Trust Inc.

1100 University Street

Montreal, Quebec

H3B 5G6

Auditors

Raymond Chabot Grant Thornton LLP
600 de la Gauchetière West, Suite 1900
Montreal, Quebec
H3B 4L8

OFFICERS & DIRECTORS

W. John Bennett
Chairman, Chief Executive Officer & Director:

C. Emmett Pearson
President & Director

Rock Daneau
Chief Financial Officer

OUTSIDE DIRECTORS

Richard Cherney, Secretary
Managing partner
Davies Wards Phillips & Vineberg

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Cleman Consulting Inc.

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President and Chief Executive Officer
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William R. Ferguson
President
Eric T. Webster Foundation

K. Warren Simpson
Corporate Director