



## Quarterly Report

For the three-month and the nine-month periods  
ended September 30, 2006



For the three-month and the nine-month periods ended September 30, 2006

To our unitholders,

The third quarter was an excellent operating quarter for the Fund. Our operating subsidiary, New Look, continued to make excellent progress, as the result of same store sales growth, the opening of new stores and increasing operational efficiencies. During the quarter, New Look reached a milestone with the opening of its 50<sup>th</sup> store. At the Fund level, subsequent to the third quarter, we announced the third increase in the distribution rate since the inception of the Fund in May 2005.

Revenues grew during the third quarter of 2006 to \$13.2 million, an increase of 18.0% while EBITDA<sup>(1)</sup> increased to \$2.6 million or 46.4% compared to last year.

Comparable stores sales during the third quarter increased 1.9% while new stores sales and other income increased total revenues by 16.1% compared to last year.

For the nine-month period ended September 30, revenues rose 15.7% to \$37.1 million while EBITDA<sup>(1)</sup> increased to \$6.0 million or 35.1% compared to last year.

Comparable stores sales during the nine-month period were up 5.9%, while new stores sales and other income increased total revenues by 9.8% compared to last year.

Net earnings for the third quarter and the nine-month period were \$1.3 million and \$2.7 million respectively (or \$0.129 and \$0.280 per diluted unit), compared with \$554,000 and \$2.0 million respectively (or \$0.057 and \$0.212) for the corresponding periods of last year. Net earnings increased by 128% for the third quarter and 34% for the nine-month period, compared to last year.

Highlights for New Look during the nine-month period were as follows:

- Six new stores were opened:
  - Three in Greater Montreal,
  - Two in Ottawa, and
  - One in the Québec City area;
- Two stores have been fully renovated;
- One store has been relocated; and
- New Look collected \$2.3 million of the escrowed amounts held as a result of the sale of its equity interest in CMN.

Following September 30, New Look has opened two additional new stores and will complete two major renovations of existing stores before year-end.



W. JOHN BENNETT  
Chairman & Trustee  
Benvest New Look Income Fund and  
Chairman & Director  
New Look Eyewear Inc.



C. EMMETT PEARSON  
Trustee  
Benvest New Look Income Fund and  
Director & President and Chief Executive Officer  
New Look Eyewear Inc.

We are satisfied with the results of New Look's store expansion and improvement program to date and with the contributions of its 14 new stores (9 additional stores, and 5 relocations/closings) opened since January 2005.

Economies of scale have been contributing to reduce, as a percentage to revenues, the administration and distribution centre costs while increasing the contribution of our laboratory. As a result, overall operating efficiency improved resulting in EBITDA<sup>(1)</sup>, expressed as a percentage to revenues, increasing for the third quarter to 19.3 %, compared to 15.6% last year, and for the nine-month period to 16.2%, compared to 13.8% last year.

Monthly distributions for the months of January through April 2006 were \$0.0416 per unit (an annual rate of \$0.50 per unit). In the months of May through September 2006, monthly distributions were increased to \$0.0458 per unit (an annual rate of \$0.55 per unit). In October 2006 the unit distribution rate was increased to \$0.05 (an annual rate of \$0.60 per unit).

This is the third increase in distribution rate since the inception of the Fund in May 2005, and represents 33.3% over the initial distribution rate for the units.

Dividends on each exchangeable share of New Look for the corresponding periods were equivalent to the distribution declared on each unit less the income taxes required to be paid by New Look with respect of such dividends. The cumulative dividend per share for the nine-month period represented 74% of the cumulative distribution per unit.

New Look continues to focus on its strategy of increasing market share through opening new stores, updating existing ones, acquisitions if the right opportunity is available, and improving operating efficiency. We continue to believe that customer service is a major part of our success and we are actively adding to our team of independent optometrists, opticians and professional staff in order to continue to give the superior customer service.

(1) EBITDA refers to consolidated earnings before amortization, financial expenses, income trust expenses, gain and loss on foreign currency translation, income taxes and non-controlling interest. EBITDA is not a recognized measure under Canadian generally accepted accounting principles ("GAAP") and may not be comparable to similar measures used by other companies. The Fund believes is a useful financial metric as it assists in determining the ability to generate cash from operations.

# Management's Discussion and Analysis

For the three-month and the nine-month periods ended September 30, 2006

## Highlights

*In thousands of dollars, except per unit or share amounts*

	Third Quarter		Year to date	
	2006	2005	2006	2005
Total revenues	\$ 13,241	\$ 11,218	\$ 37,054	\$ 32,031
Growth	18.0%		15.7%	
Comparable stores sales growth	1.9%		5.9%	
EBITDA <sup>(1)</sup>	\$ 2,561	\$ 1,749	\$ 5,988	\$ 4,431
Growth	46.4%		35.1%	
% of total revenues	19.3%	15.6%	16.2%	13.8%
Net earnings	\$ 1,262	\$ 554	\$ 2,739	\$ 2,042
% of total revenues	9.5%	4.9%	7.4%	6.4%
Net earnings per unit (diluted)	\$ 0.129	\$ 0.057 <sup>(2)</sup>	\$ 0.280	\$ 0.212 <sup>(2)</sup>
Cash distribution per unit	\$ 0.137	\$ 0.125	\$ 0.395	\$ 0.200
Total assets - Eye care segment			\$ 28,984	\$ 27,878
Long-term debt			\$ 3,559	\$ 4,852
Number of stores			50	43

carried on by Benvest and its subsidiaries prior to the Arrangement is now carried on through the Fund and New Look.

Prior to the completion of the Arrangement, Benvest was a reporting issuer and its shares were listed on the Toronto Stock Exchange ("TSX"). Effective May 1, 2005, units of the Fund have replaced the shares of Benvest on the TSX.

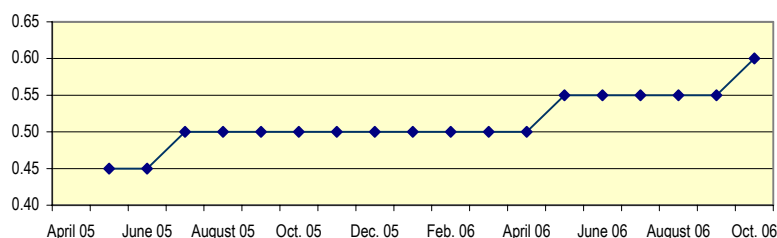
The unaudited comparative financial data are drawn from the consolidated results of the former entities, Benvest and its subsidiaries, for the same periods of last year. This presentation reflects the adoption by the Fund of the continuity of interests method of accounting.

This MD&A provides prospective data, comments and analysis wherever appropriate to assist readers in viewing the business from a corporate management's point of view.

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 for the period ended September 30, 2006 and with the December 31, 2005 year-end audited consolidated financial statements of the Fund.

Additional information relating to the Fund and New Look can be found on the website [www.newlook.ca](http://www.newlook.ca). The Fund's continuous disclosure materials and the disclosure materials of Benvest, including its annual and quarterly MD&A, annual and quarterly financial statements, the December 31, 2005 year-end audited consolidated financial statements of the Fund, annual information forms, proxy solicitation and information circulars and various press releases issued by Benvest and the Fund are also available directly through the SEDAR system at [www.sedar.com](http://www.sedar.com).

## Monthly distributions (on an annualized basis)



<sup>(1)</sup> See the heading EBITDA for more details.

<sup>(2)</sup> Net earnings per common share for the period prior to May 1, 2005.

## Background

Management's discussion and analysis ("MD&A") relates to the financial conditions and results of operations of Benvest New Look Income Fund (the "Fund"), together with those of its subsidiary, New Look Eyewear Inc. ("New Look").

The Fund was created pursuant to a plan of arrangement that became effective May 1, 2005 (the "Arrangement"). The Fund owns all of the outstanding securities of New Look, except its exchangeable shares. New Look is a corporation governed by the Canada Business Corporations Act and has resulted from the amalgamation of Benvest Capital Inc. ("Benvest") and certain other corporations pursuant to the Arrangement. The business

## Our business

New Look, the Fund's operating subsidiary, is a leading provider of eye care products and services in the Eastern Canada. As of September 30, 2006, its network consisted of 50 eye care stores: 46 are located in the major cities of the province of Québec and four serve the Ottawa area in Ontario. New Look is the only eyewear retailer in Eastern Canada to operate a complete eyewear transformation laboratory which is located in St-Laurent, Québec.

For the three-month and the nine-month periods ended September 30, 2006

## Approval of the financial statements

The Fund's interim consolidated financial statements for the period ended September 30, 2006 have been approved by its Board of Trustees.

## Accounting policies

The interim consolidated financial statements of the Fund for the period ended September 30, 2006 are consistent with the policies and methods of application outlined in the audited consolidated financial statements of the Fund for the fiscal period ended December 31, 2005. These policies and methods include the continuity of interests method of accounting. Under this method, the Fund is considered to be the continuation of Benvest and hence, the comparative amounts relate partly to former Benvest and its subsidiaries.

## Revenues from eye care

Revenues from eye care operations for the quarter ended September 30, 2006 were \$13,020,000 compared with \$11,052,000 for the quarter ended September 30, 2005, an increase of 17.8%. Of that increase, 1.9% was due to increases in comparable stores sales and 15.9% was attributable to the incremental sales generated by the net addition of 9 stores opened since July 2005.

For the nine-month period ended September 30, 2006, revenues from eye care grew 15.5% to \$36,270,000 from \$31,412,000 in the comparable period of 2005. Of that increase, 5.9% was due to increases in comparable stores sales and 9.5% was attributable to the incremental sales generated by the net addition of 9 stores opened since January 2005.

## Fees, interests and other income

Net increases in fees, interest and other income in the amount of \$55,000 for the quarter and \$163,000 for the nine-month period ended September 30, 2006 were attributable to interest revenues from loans and advances to the remaining a portfolio company, the recording (in the first two quarters of 2006) of interest on the escrowed proceeds from the sale of a portfolio investment, and additional ancillary revenues from the new stores opened since January 2005. The additional revenues were partially offset by a decrease in interest revenue from term deposits which were used in capital expenditures and repayment of debentures.

## Cost of goods sold, operating, selling and administration expenses

Cost of goods sold, operating, selling and administration expenses includes product related costs and laboratory expenses, store operation expenses, marketing and administration expenses. These expenses, expressed as a percentage of total revenues, decreased in the third quarter of 2006 to 80.7% from 84.4% in 2005 and in the nine-month period ended September 30, 2006 decreased to 83.8% from 86.2% in 2005.

These improved ratios were mainly due to achieving economies of scale as a result of sales growth in the third quarter and in the nine-month period ended September 30, 2006. Decreases, as a percentage of sales, of stores salaries, marketing expenses and administration expenses explain the majority of the savings. The ratios also improved due to non-recurring favourable adjustments recorded in the third quarter, principally related to the inventory adjustments and the settlement of a claim against a supplier.

## EBITDA

Earnings before amortization, financial expenses, income trust expenses, gain and loss on foreign currency translation, income taxes and non-controlling interest ("EBITDA") was \$2,561,000 for the quarter ended September 30, 2006, an increase of \$812,000 or 46.4% compared with the corresponding period of last year. EBITDA was \$5,988,000 for the nine-month period ended September 30, 2006 compared with \$4,431,000 for the corresponding period of last year, an increase of \$1,557,000 or 35.1%. These improvements were due to an increase in sales, the incremental contribution to profit of the new stores and a reduction of administrative expenses as a percentage of revenues.

EBITDA is not a recognized measure under Canadian generally accepted accounting principles ("GAAP") and may not be comparable to similar measures used by other companies. The Fund believes that EBITDA is a useful financial metric as it assists in determining the ability to generate cash from operations.

Investors should be cautioned that EBITDA should not be construed as an alternative to net earnings or cash flows as determined in accordance with GAAP. The reconciling items between net earnings and EBITDA are as follows:

*In thousands of dollars*

	Third Quarter		Year to date	
	2006	2005	2006	2005
	\$	\$	\$	\$
Net earnings	1,262	554	2,739	2,042
Amortization	795	536	2,156	1,465
Financial expenses	126	106	395	286
Income trust expenses				1,192
Loss (gain) on foreign currency translation	2	555	69	(122)
Income taxes	370	(9)	609	(437)
Non-controlling interest	6	7	20	5
<b>EBITDA</b>	<b>2,561</b>	<b>1,749</b>	<b>5,988</b>	<b>4,431</b>

## Amortization

Amortization expenses rose to \$795,000 and \$2,156,000 respectively for the third quarter and the nine-month period ended September 30, 2006, compared with \$536,000 and \$1,465,000 for the corresponding periods of last year. The increases were mainly due to the opening of 14 new stores (an addition of 9 stores, net of relocations/closings), the major renovation of 4 stores and the acquisition of laboratory equipment since January 2005.

# Management's Discussion and Analysis

For the three-month and the nine-month periods  
ended September 30, 2006

## Financial expenses

Financial expenses for the quarter ended September 30, 2006 totalled \$126,000 compared with \$106,000 for the corresponding quarter of last year. The interest savings arising from the long-term debt reduction were offset by higher interest paid on a CA \$3.3 million term loan converted into US dollars in December 2005. The purpose of the transaction was to create a financial hedge against the impact of foreign exchange fluctuations on US dollar-denominated assets.

Financial expenses for the nine-month period ended September 30, 2006 totalled \$395,000 compared with \$286,000 for the corresponding period of last year. The increase was partly due to the conversion into US dollars of the term loan mentioned above, a higher use of the line of credit, and the reversal in 2005 of accrued expenses. Conversely, financial expenses were reduced due to the full repayment of debentures in 2005.

## Gain and loss on foreign currency translation

Losses on foreign currency translation amounted to \$2,000 and \$69,000 respectively in the third quarter and the nine months of 2006, compared with losses of \$555,000 and gains of \$122,000 in the corresponding periods of 2005. Gains and losses on foreign currency translation were due to the impact of the fluctuation of the US dollar vis-à-vis the CA dollar on the net assets denominated in US dollar. The value of the US dollar varied from CA \$1.163 on December 31, 2005 to CA \$1.116 on June 30, 2006 and CA \$1.118 on September 30, 2006. The risk associated with the foreign currency fluctuation was significantly reduced in 2006 following the conversion in December 2005 of a CA \$3.3 million term loan into US dollars and the use of foreign exchange contracts. As of September 30, 2006, New Look had \$2.3 million of net assets denominated in US dollars. It is an increase of US\$300,000 compared with the balance as at June 30, 2006 due to accrued interest receivable from the remaining portfolio investment company and monthly repayments of the US dollar-denominated debt.

## Income taxes

The Fund is a mutual fund trust as defined under the Income Tax Act (Canada) and as a result, is not subject to taxation on its income to the extent that it is distributed to unitholders.

The income tax expense relates essentially to New Look for the quarter and the nine-month period ended September 30, 2006 and partially to Benvest and its former subsidiaries (including Lunetterie New Look International Inc.) for the corresponding periods of last year. The consolidated effective tax rate for the nine-month period ended September 30, 2006 was 18%, which reflects the adoption of an income trust structure.

For the nine-month period ended September 30, 2006, future income tax assets decreased by \$158,000. This reflects the use in the third quarter of tax losses created in the previous quarter and tax losses carried forward from 2005.

The recovery of income taxes for the nine-month period ended September 30, 2005 was attributable to year-end adjustments recorded by Benvest in its April 2005 fiscal year.

## Net earnings

Net earnings reached \$1,262,000 and \$2,739,000 respectively for the third quarter and the nine-month period of 2006, compared with \$554,000 and \$2,042,000 for the corresponding periods of 2005. In the third quarter of 2006, the earnings before the one-time expenses related to the conversion into an income trust, gain or loss on foreign currency translation, income taxes and non-controlling interest amounted to \$1,640,000 compared with \$1,107,000 in 2005, an increase of 48.1%. For the nine months of 2006, they were \$3,437,000 compared with \$2,680,000 in 2005, an increase of 28.1%.

## Summary of quarterly results

The following table summarizes quarterly results for the 12-month period ended September 30, 2006, compared with the corresponding quarters of the previous 12-month period ended September 30, 2005. The unaudited quarterly consolidated results are presented on the same basis as in the December 31, 2005 year-end audited consolidated financial statements of the Fund. The three-month periods presented below do not necessarily correspond to the quarters used in the previously published reports<sup>(1)</sup>.

For the three-month and the nine-month periods ended September 30, 2006

*In thousands of dollars except per unit and per share amounts*

	December 31,		March 31,		June 30,		September 30,		12 months September 30,	
	2005	2004	2006	2005	2006	2005	2006	2005	2006	2005
Total revenues	11,768	10,049	11,837	10,657	11,976	10,156	13,241	11,218	48,822	42,080
As a % of annual revenues	24%	24%	24%	25%	25%	24%	27%	27%	100%	100%
EBITDA	1,427	1,235	1,807	1,536	1,620	1,146	2,561	1,749	7,415	5,666
As a % of total revenues	12.1%	12.3%	15.3%	14.4%	13.5%	11.3%	19.3%	15.6%	15.2%	13.6%
Gain (loss) on foreign exchange	(99)	(17)	(13)	501	(54)	176	(2)	(555)	(168)	105
Net gain (loss) on portfolio investments	(2,903)	7,776							(2,903)	7,776
Income trust expenses						(1,192)				(1,192)
Net earnings (loss)	(2,334)	6,871	849	980	628	508	1,262	554	405	8,913
Net earnings (loss) per unit <sup>(2)</sup>										
Basic	(0.243)	0.732	0.088	0.104	0.065	0.054	0.131	0.058	0.041	0.948
Diluted	(0.243)	0.731	0.087	0.101	0.064	0.053	0.129	0.057	0.037	0.942

(1) The above financial results are presented for information purposes only. The quarter ended June 30, 2005 includes three months of operations contrary to the interim consolidated earnings filed last year, which covered two months of operations, due to a change in year-end.

(2) Net earnings (loss) per common share for the period prior to May 1, 2005.

## Liquidity

The following table shows the statement of cash flows for the third quarter and the nine-month period ended September 30, 2006 and September 30, 2005:

	<i>In thousands of dollars</i>			
	Third Quarter		Year to date	
	2006	2005	2006	2005
	\$	\$	\$	\$
Operating activities	2,133	1,202	5,129	3,872
Change in non-cash working capital items	(246)	(411)	(742)	(968)
Cash flows from operations	1,887	791	4,387	2,904
Investing				
Receipt of escrowed proceeds			2,342	
Capital expenditures	(1,169)	(1,356)	(3,538)	(3,753)
Other	(69)	(245)	(379)	(653)
Financing				
Reimbursement of debts	(271)	(283)	(2,018)	(2,859)
Distributions and dividends paid	(1,182)	(992)	(3,418)	(1,297)
Other	155	109	466	852
<b>Increase (decrease) in cash</b>	<b>(649)</b>	<b>(1,976)</b>	<b>(2,158)</b>	<b>(4,806)</b>

Cash generated from operating activities increased to \$2,133,000 and \$5,129,000 respectively for the third quarter and the nine-month period ended September 30, 2006 compared with \$1,202,000 and \$3,872,000 for the corresponding periods of last year. These increases were mainly driven

by higher net earnings and higher non-cash expenses related to amortization this year.

Non-cash working capital items consumed \$246,000 and \$742,000 respectively for the third quarter and the nine-month period ended September 30, 2006 compared with \$411,000 and \$968,000 for the corresponding periods of last year. Working capital fluctuates seasonally, largely driven by changes in inventory and accounts payable. Inventory also increased due to the addition of 6 stores since the beginning of the year.

In May 2006, New Look received \$2,342,000 (US \$2,108,000) out of a total of US \$3 million held in escrow pursuant to the sale in 2004 of a portfolio investment. The balance of the funds, in the amount of \$996,000 (US \$890,000), was reclassified as a long-term asset. It remains in escrow pending the review and negotiation of certain potential claims against the escrow. At this time, it is not possible to ascertain the actual outcome of such review and negotiations, but management expects that such claims will not have a significant impact on the amount receivable.

Capital expenditures amounted to \$1,169,000 and \$3,538,000 respectively in the quarter and the nine-month period ended September 30, 2006. These amounts were related to the opening, relocation and renovation of stores as well as the acquisition of new optical equipment.

Repayment of long-term debt amounted to \$271,000 and \$868,000 respectively in the third quarter and the nine-month period ended September 30, 2006. In addition, \$1,150,000 of bank indebtedness was reimbursed during the nine-month period of 2006. The nine-month period of 2005 included the reimbursement of debentures in the amount of \$1,843,000.

2006

# Management's Discussion and Analysis

For the quarter and the nine-month period  
ended September 30, 2006

The Fund and its subsidiary New Look paid cash distributions to unitholders and dividends to holders of exchangeable shares totalling \$1,182,000 and \$3,401,000 respectively in the third quarter and the nine-month period ended September 30, 2006 (a dividend of \$17,000 was paid to the non-controlling interest in the first quarter). Distributions and dividends accrued for September 2006 were paid on October 20, 2006.

At the end of the third quarter, \$2.6 million was available under an operating credit facility and \$7.5 million term loan was available under an acquisition credit facility for a total of \$10.1 million of unutilized credits. The credit agreement governing the credit facilities requires New Look, the Fund's subsidiary, to maintain a minimum debt service coverage ratio. As at September 30, 2006, the Fund and its subsidiary New Look were in compliance with all covenants governing credit facilities.

Cash flows from operations together with cash and cash equivalents on hand, the escrowed proceeds from the sale of a portfolio investment and the credit facilities are expected to be sufficient to meet operating requirements, maintenance capital expenditures, expansion capital

expenditures, reimbursement of long-term debts as well as anticipated dividends and distributions.

## Advances and accounts receivable from a portfolio company

The advances and receivables (net of provisions) from the remaining portfolio investment company grew to US \$3,417,000 (CA \$3,820,000) as of September 30, 2006 from US \$3,006,000 (CA \$3,497,000) as of December 31, 2005. These loans are due March 23, 2009 with interest payable annually commencing on April 30<sup>th</sup> 2007. The increase is due to the accrual of interest and financing fees on the loans and receivables and additional advances in the amount of US \$125,000.

This remaining portfolio investment, TFC, related to the former merchant banking activities of Benvest, is held for sale and its equity investment is carried at a nil value since December 31, 2005. It is the intention of the Fund to collect the loans and receivables from this entity when possible.

## Distributions and dividends on exchangeable shares

Distributions declared to unitholders and dividends declared to holders of exchangeable shares were as follows since May 1, 2005.

*In thousands of dollars except per unit and per share amounts*

Period	Record Date	Payment Date	Distribution per Unit \$	Dividend per Exchangeable Share \$	Distributions and Dividends \$
May 2005	May 31, 2005	June 20, 2005	0.0375 <sup>(1)</sup>	0.0250	305
June 2005	June 30, 2005	July 20, 2005	0.0375	0.0250	308
July 2005	July 31, 2005	August 20, 2005	0.0416 <sup>(2)</sup>	0.0277	342
August 2005	August 31, 2005	September 20, 2005	0.0416	0.0277	342
September 2005	September 30, 2005	October 20, 2005	0.0416	0.0277	342
October 2005	October 31, 2005	November 18, 2005	0.0416	0.0277	342
November 2005	November 30, 2005	December 20, 2005	0.0416	0.0277	342
December 2005	December 31, 2005	January 20, 2006	0.0416	0.0450 <sup>(3)</sup>	415
<b>Total for 8 months</b>			<b>0.3246</b>	<b>0.2335</b>	<b>2,737</b>
January 2006	January 31, 2006	February 20, 2006	0.0416	0.0277	343
February 2006	February 28, 2006	March 20, 2006	0.0416	0.0277	343
March 2006	March 31, 2006	April 20, 2006	0.0416	0.0277	343
April 2006	April 30, 2006	May 19, 2006	0.0416	0.0277	343
May 2006	May 31, 2006	June 20, 2006	0.0458 <sup>(4)</sup>	0.0439 <sup>(3)</sup>	434
June 2006	June 30, 2006	July 20, 2006	0.0458	0.0344	395
July 2006	July 31, 2006	August 18, 2006	0.0458	0.0342	394
August 2006	August 31, 2006	September 20, 2006	0.0458	0.0342	394
September 2006	September 30, 2006	October 20, 2006	0.0458	0.0342	394
<b>Total for 9 months</b>			<b>0.3954</b>	<b>0.2917</b>	<b>3,382</b>
<b>Total for the last quarter</b>			<b>0.1374</b>	<b>0.1026</b>	<b>1,182</b>

(1) On an annual basis, it represents a per unit distribution of \$0.45.

(2) On an annual basis, it represents a per unit distribution of \$0.50.

(3) Dividends declared for December 2005 and May 2006 include an adjustment to assure a fair equivalence of yield between units of the Fund and exchangeable shares of New Look, taking corporate income tax into consideration. It is foreseen that another adjustment will be made for December 2006.

(4) On an annual basis, it represents a per unit distribution of \$0.55.

For the three-month and the nine-month periods ended September 30, 2006

The cash dividend on each exchangeable share is equivalent to the cash distribution declared on each unit less the income taxes required to be paid by New Look with respect of such dividend. In the third quarter, the dividend represented 74.7% of the distribution rate.

For the nine-month period ended September 30, 2006, the distribution per unit was composed, for tax purposes, of 79% of interest and 21% of dividends.

As shown in the table above, the Fund has regularly declared and paid its monthly distribution since its inception in May 2005. It intends to continue making such monthly distributions. The decision is made monthly and there is no guarantee that a distribution will be made each month in the future.

### Caution regarding forward-looking statements

This report contains "forward-looking statements" which involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such statements. Although management believes the expectations reflected in those statements are reasonable, there can be no assurance that such expectations will prove to be correct.

### Outlook

#### *Growth*

Since September 30, 2006, New Look has opened two new stores in the Greater Montreal bringing the total number of new stores opened during 2006 to eight, which is in line with what was presented in our 2005 annual report. New Look will continue to focus on its expansion plan to strengthen its market share in Montreal and Ottawa and is already committed to open an additional four new stores in the next twelve months.

#### *New technology in our laboratory*

The project of acquisition of innovative new laboratory technology announced in the last quarterly report is in progress. Management believes that this new technology will offer our customers superior lenses while improving profitability.

#### *Distributions*

Based on the performance of New Look, the Board of Trustees has approved on October 19<sup>th</sup> the third increase in the Fund's monthly distribution commencing with October 2006. The monthly distribution was raised to \$0.05 per unit (\$0.60 on an annualized basis) from \$0.458 (\$0.55 on an annualized basis), a 9.1% increase. The new distribution represents a 33.3% increase over the initial distribution of May 2005.

#### *Tax on distributions announced for 2011*

On October 31, 2006, the Minister of Finance announced that Ottawa will start taxing certain trusts on amounts distributed to their beneficiaries. The proposed rules are effective immediately for newly created trusts, but will not apply to trusts that began to be publicly-traded before November 2006 - and their investors - for taxation years that end before 2011. Based on the announcement, and considering that Benvest New Look Income Fund has been publicly traded since May 1, 2005, the proposed tax regime will not impact negatively the cash available for distribution during the four-year transition period. There are no assurances that the announced changes will be enacted as proposed.

November 8<sup>th</sup>, 2006

New Look reached a milestone with the opening of its 50<sup>th</sup> store



**Newman Boulevard in Lasalle**

---

# Consolidated Financial Statements

For the three-month and the nine-month periods  
ended September 30, 2006

# Consolidated Earnings and Retained Earnings

Unaudited - In thousands of dollars, except per unit and per share amounts

	3 months ended September 30		9 months ended September 30	
	2006	2005	2006	2005
	\$	\$	\$	\$
<b>Revenues</b>				
Revenues from eye care	13,020	11,052	36,270	31,412
Fees, interest and other income	221	166	784	619
	13,241	11,218	37,054	32,031
Cost of goods sold, operating, selling and administration expenses	10,680	9,469	31,066	27,600
<b>Earnings before the undernoted items</b>	<b>2,561</b>	<b>1,749</b>	<b>5,988</b>	<b>4,431</b>
Amortization	795	536	2,156	1,465
Financial expenses (Note 4)	126	106	395	286
	921	642	2,551	1,751
<b>Earnings before the following items</b>	<b>1,640</b>	<b>1,107</b>	<b>3,437</b>	<b>2,680</b>
Income trust expenses				(1,192)
Gain (loss) on foreign currency translation	(2)	(555)	(69)	122
<b>Earnings before income taxes and non-controlling interest</b>	<b>1,638</b>	<b>552</b>	<b>3,368</b>	<b>1,610</b>
Income taxes (recovery) (Note 7)	370	(9)	609	(437)
<b>Earnings before non-controlling interest</b>	<b>1,268</b>	<b>561</b>	<b>2,759</b>	<b>2,047</b>
Non-controlling interest	6	7	20	5
<b>Net earnings</b>	<b>1,262</b>	<b>554</b>	<b>2,739</b>	<b>2,042</b>
See Note 5 for other information on consolidated earnings				
<b>Net earnings per unit or share</b>				
Basic	0.131	0.058	0.284	0.215
Diluted	0.129	0.057	0.280	0.212
Weighted average number of units and exchangeable shares outstanding (common shares before May 1, 2005)				
Basic	9,650,199	9,621,199	9,646,690	9,497,690
Diluted	9,817,418	9,728,820	9,779,671	9,625,302
<b>Consolidated Retained Earnings</b>				
	3 months ended September 30		9 months ended September 30	
	2006	2005	2006	2005
	\$	\$	\$	\$
Balance - beginning of period	204	4,861	944	3,986
Net earnings	1,262	554	2,739	2,042
Distributions	(756)	(677)	(2,164)	(1,080)
Dividends and related taxes (Note 10)	(426)	(349)	(1,235)	(559)
<b>Balance - end of period</b>	<b>284</b>	<b>4,389</b>	<b>284</b>	<b>4,389</b>

The accompanying notes are an integral part of these consolidated financial statements

2006

# Consolidated Cash Flows

Unaudited - In thousands of dollars

	3 months ended September 30		9 months ended September 30	
	2006 \$	2005 \$	2006 \$	2005 \$
<b>OPERATING ACTIVITIES</b>				
Net earnings	1,262	554	2,739	2,042
Items not affecting cash:				
Non-controlling interest	6	7	20	5
Amortization	795	536	2,156	1,465
Amortization of deferred lease inducements and variation of deferred rent	79	(21)	240	(66)
Equity-based compensation expense	4	4	30	237
Future income taxes	103	(265)	138	155
Loss (gain) on foreign currency translation related to long-term monetary assets	(6)	459	128	266
Change in non-cash working capital items	(246)	(411)	(742)	(968)
Change in long-term accounts receivable	(110)	(72)	(322)	(232)
<b>Cash flows related to operating activities</b>	<b>1,887</b>	<b>791</b>	<b>4,387</b>	<b>2,904</b>
<b>INVESTING ACTIVITIES</b>				
Receipt of escrowed proceeds (Note 6)			2,342	
Advances	5	(160)	(133)	(219)
Purchase of property and equipment	(1,169)	(1,356)	(3,538)	(3,753)
Acquisition of other assets	(74)	(85)	(246)	(434)
<b>Cash flows related to investing activities</b>	<b>(1,238)</b>	<b>(1,601)</b>	<b>(1,575)</b>	<b>(4,406)</b>
<b>FINANCING ACTIVITIES</b>				
Variation in bank indebtedness		10	(1,150)	(40)
Repayment of long-term debt	(271)	(293)	(868)	(976)
Repayment of debentures				(1,843)
Lease inducements	53	109	364	225
Issuance of units to holders of options			102	627
Distributions and dividends paid	(1,182)	(992)	(3,418)	(1,297)
Future income tax related to dividends on exchangeable shares (Note 10)	102			
<b>Cash flows related to financing activities</b>	<b>(1,298)</b>	<b>(1,166)</b>	<b>(4,970)</b>	<b>(3,304)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(649)</b>	<b>(1,976)</b>	<b>(2,158)</b>	<b>(4,806)</b>
Cash and cash equivalents, beginning of period	1,073	5,319	2,582	8,149
<b>Cash and cash equivalents, end of period</b>	<b>424</b>	<b>3,343</b>	<b>424</b>	<b>3,343</b>

The accompanying notes are an integral part of these consolidated financial statements

2006

# Consolidated Balance Sheets

*In thousands of dollars*

	September 30, 2006 (unaudited) \$	December 31, 2005 (audited) \$
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	424	2,582
Accounts receivable	1,282	1,317
Escrowed proceeds from sale of a portfolio investment (Note 6)		3,451
Inventory	5,964	5,028
Prepaid expenses	471	425
<b>Total current assets</b>	<b>8,141</b>	<b>12,803</b>
Advances and accounts receivable	4,005	3,686
Escrowed proceeds from sale of a portfolio investment (Note 6)	996	
Property and equipment	11,594	9,972
Tradename	2,500	2,500
Goodwill	5,854	5,854
Other assets	598	592
Future income taxes	112	270
	<b>33,800</b>	<b>35,677</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Bank indebtedness		1,150
Accounts payable and accrued liabilities	7,125	6,803
Distributions and dividends payable	395	415
Income taxes payable	4	120
Instalments on long-term debt	1,140	1,299
<b>Total current liabilities</b>	<b>8,664</b>	<b>9,787</b>
Long-term debt	2,419	3,249
Deferred lease inducements and deferred rent	1,269	665
	<b>12,352</b>	<b>13,701</b>
<b>UNITHOLDERS' EQUITY</b>		
Fund units (Note 8)	11,567	11,361
Exchangeable shares (Note 8)	8,574	8,663
Contributed surplus (Note 9)	1,023	1,008
Retained earnings	284	944
	<b>21,448</b>	<b>21,976</b>
	<b>33,800</b>	<b>35,677</b>

The accompanying notes are an integral part of these consolidated financial statements

For the three-month and the nine-month periods ended September 30, 2006

Unaudited - In thousands of dollars, except per unit, share and option data

## 1 - Governing Statutes and Activities

Benvest New Look Income Fund (the «Fund») is an unincorporated, open-ended limited purpose trust established under the laws of the Province of Ontario by a declaration of trust dated March 15, 2005. The purpose of the Fund is to hold securities of New Look Eyewear Inc. ("New Look"), a corporation involved in the eye care services industry.

Effective May 1, 2005, New Look is the operating successor of Benvest Capital Inc. ("Benvest") and Lunetterie New Look International Inc. The Fund remained inactive until that date.

## 2 - Reorganization

Pursuant to a plan of arrangement completed on May 1, 2005, the shareholders of Benvest transferred on a one-for-one basis their common shares to the Fund in consideration for units. Some elected to transfer on a one-for-one basis their common shares to New Look AcquisitionCo Inc. ("Aco"), a wholly-owned subsidiary of the Fund, in consideration for shares exchangeable into Fund units.

Upon completion of the arrangement, New Look was the entity resulting from the amalgamation of Benvest, Aco and two holding companies.

Stock options originally granted by Benvest have been replaced by unit options of the Fund having the same conditions as the former stock options.

## 3 - Basis of Presentation

The Fund is the continuation of Benvest following the continuity of interests method of accounting and as a result, the comparative amounts presented in these financial statements covering a period prior to May 1, 2005 relate to Benvest. The comparative amounts correspond to the three-month and the nine-month periods ended September 30, 2005, whereas the financial statements actually filed for the period ended September 30, 2005 covered five months of operations, due to a change in year-end.

These unaudited interim consolidated financial statements have been prepared by the Fund in accordance with Canadian generally accepted accounting principles for interim financial statements. They do not include all the information and notes required for annual financial statements and should therefore be read in conjunction with the audited consolidated financial statements of the Fund for the fiscal period ended December 31, 2005.

These interim consolidated financial statements are also prepared in accordance with accounting policies described in the Fund's audited consolidated financial statements for the fiscal period ended December 31, 2005.

## 4 - Financial Expenses

	3 months		9 months	
	2006	2005	2006	2005
	\$	\$	\$	\$
Interest on debentures		1		38
Interest on long-term debt	95	92	301	267
Interest on bank indebtedness	4	5	34	11
Other financial expenses	27	8	60	(30)
	<b>126</b>	<b>106</b>	<b>395</b>	<b>286</b>

## 5 - Underlying Components in Consolidated Earnings

	3 months		9 months	
	2006	2005	2006	2005
	\$	\$	\$	\$
Loss (gain) on foreign exchange related to cost of goods sold	(1)	(16)	(9)	(15)
Amortization of property and equipment	713	479	1,916	1,314
Amortization of other assets	82	57	240	151
Interest income from temporary investments	4	23	21	70
Interest income from portfolio investment companies and escrowed proceeds	110	52	427	213
Interest income from officers or entities related to officers	1		2	11
Equity-based compensation	4	4	30	237

# Notes to Consolidated Financial Statements

For the three-month and the nine-month periods ended September 30, 2006  
 Unaudited - In thousands of dollars, except per unit, share and option data

## 6 - Escrowed Proceeds from the Sale of a Portfolio Investment

In May 2006, New Look received \$2,342 (US \$2,108) out of a total of \$3,451 (US \$2,999) held in escrow pursuant to the sale in 2004 of a portfolio investment. The balance, in the amount of \$996 (US \$890), remains in escrow pending the review and negotiation of certain potential claims against the escrow. As of November 8, 2006, it is not possible to ascertain the actual outcome of such review and negotiations, but management expects that such claims will not have a significant impact on the amount receivable.

## 7 - Income Taxes

The components of the income tax expense are as follows:

	3 months		9 months	
	2006	2005	2006	2005
	\$	\$	\$	\$
Current	267	256	471	(592)
Future	103	(265)	138	155
	<b>370</b>	<b>(9)</b>	<b>609</b>	<b>(437)</b>

## 8 - Fund Units and Exchangeable Shares

	Units		Exchangeable shares	
	Number	\$	Number	\$
Balance at December 31, 2005	5,424,335	11,361	4,196,864	8,663
Issued pursuant to exercise of options	29,000			
Portion paid in cash, average price of \$3.51 per unit		102		
Portion transferred from contributed surplus <sup>(a)</sup>		15		
Exchangeable shares exchanged for units	43,060	89	(43,060)	(89)
Balance at September 30, 2006	5,496,395	11,567	4,153,804	8,574

(a) The portion transferred from contributed surplus corresponds to the equity-based compensation expense recorded when option rights were vested and recognized in contributed surplus.

## 9 - Contributed Surplus

	\$
Balance at December 31, 2005	1,008
Equity-based compensation expense	30
Transfer to capital contributions (Note 8)	(15)
Balance at September 30, 2006	1,023

A compensation expense of \$30 was recorded as a result of options vested in 2006.

## 10 - Dividends and Related Taxes

	3 months		9 months	
	2006	2005	2006	2005
	\$	\$	\$	\$
Dividends declared on exchangeable shares	426	349	1,218	559
Dividend declared to non-controlling interest			17	
Current tax	(102)			
Future tax	102			
	<b>426</b>	<b>349</b>	<b>1,235</b>	<b>559</b>

The current tax corresponds to the tax payable on dividends and not offset by a corresponding reduction in current income tax expense. In the quarter ended September 30, 2006, sufficient taxable income has allowed the offset of current tax recorded in the preceding quarter.

# Notes to Consolidated Financial Statements

For the three-month and the nine-month periods ended September 30, 2006

Unaudited - In thousands of dollars, except per unit, share and option data

## 11- Fund Option Plan

Changes in the number of options outstanding were as follows:

	Weighted Average Price	Number	\$
Outstanding at December 31, 2005	3.60	449,000	
Granted	5.10	31,000	
Exercised	3.51	(29,000)	
Outstanding at September 30, 2006	3.71	451,000	
Options exercisable at September 30, 2006	3.61	420,335	

During the quarter ended June 30, 2006, the Fund granted a total of 31,000 options at an exercise price of \$5.10 with the following vesting periods: one-third after the grant date, an additional one-third at the end of the first year, and the balance at the end of the second year. The fair value of options granted is estimated using the Black-Scholes option pricing model with the following assumptions:

Expected life (number of months)	36
Expected volatility	35 %
Risk-free interest rate	4 %
Expected annual distributions	\$ 0.55

The average value of the options granted was \$0.55 per option. A compensation expense of \$7 was recorded as a result of these options grants for the quarter ended June 30, 2006.

## 12 - Segmented Information

The Fund has two reportable segments: eye care products and services, and other. The eye care products and services segment relates to the sale of ophthalmic frames, lenses and related products and services. The other segment relates to the remaining portfolio investment held for sale and the escrowed proceeds from the sale of another portfolio investment.

The composition of the reportable segments used by the Fund in the quarter and the nine-month period ended September 30, 2006 changed compared with the composition previously used by Benvest. The comparable amounts were restated accordingly.

	For the 3 months ended September 30, 2006		
	Eye care \$	Other \$	Total \$
Revenues	13,131	110	13,241
EBITDA <sup>(a)</sup>	2,464	97	2,561

	For the 3 months ended September 30, 2005		
	Eye care \$	Other \$	Total \$
Revenues	11,166	52	11,218
EBITDA <sup>(a)</sup>	1,689	60	1,749

	For the 9 months ended September 30, 2006		
	Eye care \$	Other \$	Total \$
Revenues	36,627	427	37,054
EBITDA <sup>(a)</sup>	5,597	391	5,988

	For the 9 months ended September 30, 2005		
	Eye care \$	Other \$	Total \$
Revenues	31,818	213	32,031
EBITDA <sup>(a)</sup>	4,231	200	4,431

(a) Earnings before amortization, financial, expenses, income trust expenses, gain or loss on foreign currency translation, income taxes and non-controlling interest.

The segments assets were as follows:

	Eye care \$	Other \$	Total \$
September 30, 2006	28,984	4,815	33,800
December 31, 2005	28,729	6,948	35,677

## 13 - Subsequent Events

On October 20, 2006, the Fund announced a distribution of \$0.05 per unit for the month of October and New Look announced a dividend of \$0.0384 per exchangeable share for the same month. The distribution and the dividend are payable on November 20, 2006.

During the month of October 2006, 255,000 exchangeable shares of New Look were exchanged for Fund units on a one-for-one basis.

2006

# Always expanding

51<sup>st</sup> store on Montée Masson  
in Mascouche



52<sup>nd</sup> store in the Power Center  
of Vaudreuil-Dorion



## Officers & Directors

### W. John Bennett

Chairman & Trustee  
Benvest New Look Income Fund  
and Chairman & Director  
New Look Eyewear Inc.

### C. Emmett Pearson

Trustee  
Benvest New Look Income Fund and  
Director & President  
and Chief Executive Officer  
New Look Eyewear Inc.

### Rock Daneau

Senior Vice President Finance &  
Chief Financial Officer  
New Look Eyewear Inc.

### Martial Gagné

Senior Vice President  
Merchandise Operations  
New Look Eyewear Inc.

### Mario Pageau

Vice President  
Laboratory and Distribution Center  
New Look Eyewear Inc.

### Caroline Rouleau

Vice President  
Professional Services and Human  
Resources  
New Look Eyewear Inc.

## Outside Directors

### Richard Cherney

Secretary  
Benvest New Look Income Fund &  
New Look Eyewear Inc.  
Managing Partner  
Davies Ward Phillips & Vineberg

### William Cleman

Vice Chairman  
Benvest New Look Income Fund &  
New Look Eyewear Inc.  
Management Consultant  
Cleman Consulting Inc.

### Paul S. Echenberg

President & Chief Executive Officer  
Shroders Associate Canada

### William R. Ferguson

President  
Eric T. Webster Foundation



## Contact Information

### Head Office

1 Place Ville-Marie, suite 3438  
Montreal (Québec) H3B 3N6  
Tel. : (514) 877-4299  
Fax : (514) 876-3956  
Website : [www.newlook.ca](http://www.newlook.ca)

### Unitholder Inquiries

Lise Melanson  
Tel : (514) 877-4299  
Fax : (514) 876-3956  
E-mail : [l.melanson@benvest.com](mailto:l.melanson@benvest.com)

On May 1, 2005, Benvest Capital Inc. was converted into an income trust named the Benvest New Look Income Fund, the purpose of which is to hold securities of New Look Eyewear Inc. ("New Look"). 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. As of October 31, 2006, 5,751,395 units of the Fund were issued and outstanding and listed for trading on the TSX (BCI.UN). In addition, 3,898,804 exchangeable shares of New Look were also issued and outstanding. These shares, which are not listed or freely tradable, have been exchangeable on a one-for-one basis into units of the Fund since May 1<sup>st</sup>, 2006.