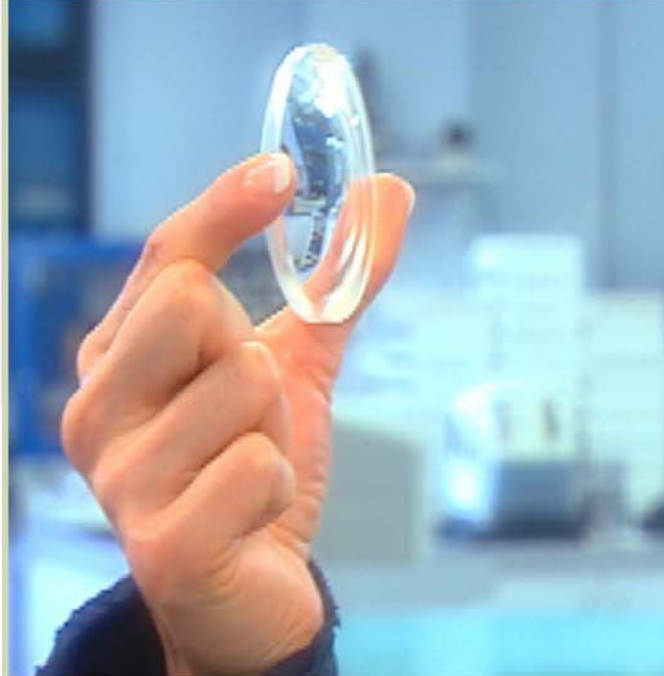


Fonds de revenu **Benvest**  
**NEWLOOK**  
*Income Fund*



# Quarterly Report

First quarter ended  
March 31, 2007



First quarter ended  
March 31, 2007

To our unitholders,

The first 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 a new store and increasing operational efficiencies. During the quarter, New Look successfully launched its new digital lens technology to the marketplace.

Revenues grew during the first quarter of 2007 to \$14.3 million, an increase of 22.2% while EBITDA<sup>(1)</sup> increased to \$2.5 million or 48.6% compared to last year.

Comparable stores sales during the first quarter increased 7.9% while new stores sales and other income increased total revenues by 14.3% compared to last year.

For the twelve-month period ended March 31<sup>st</sup>, 2007, revenues rose 17.8% to \$52.5 million while EBITDA<sup>(1)</sup> increased to \$8.3 million or 45.3% compared to last year.

Net earnings for the first quarter were \$1.2 million (or \$0.122 per diluted unit), compared with \$0.8 million (or \$0.087) for the corresponding period of last year, an increase of 40.8%.

Net earnings from the eye care segment for the 12 months ended March 31<sup>st</sup>, 2007 were \$3.9 million compared with \$2.5 million for the corresponding period of last year, an increase of 55%.

Highlights for New Look during the first quarter were as follows:

- The successful introduction to the marketplace of the Evolution HD™ and Ultra Evolution HD™ lenses;
- One new store was opened and another was relocated in Montreal; and
- Commitments for 6 additional stores have been initiated.

The Evolution HD™ and Ultra Evolution HD™ lens technology is one of the most significant developments in progressive lenses in recent years in the industry and offers New Look's customers clearer lenses and improved vision. New Look is the first eyewear company in Canada to make a major commitment to this new digital "free form" technology which required a significant additional investment in its laboratory facilities and supply chain relationships.

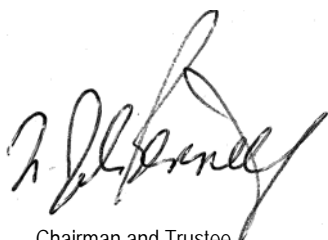
We are satisfied with the results of New Look's store expansion and improvement program to date and with the contributions of its 18 new stores (12 additional stores and 6 relocations/closings) opened since January 2005.

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 first quarter to 17.4%, compared to 14.3% last year, and for the twelve-month period to 15.8%, compared to 12.8% last year.

As of October 2006, monthly distributions for the months of January through March 2007 were increased to \$0.05 per unit (an annual rate of \$0.60 per unit). In the months of May through September 2006, monthly distributions had been increased to \$0.0458 per unit (an annual rate of \$0.55 per unit) for that period.

Dividends on each exchangeable share of New Look for the quarter 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 first quarter of 2007 represented 76% 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, improving operating efficiency, and embracing the latest lens technology. 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.



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



President, Chief Executive Officer and  
Chief Financial Officer  
New Look Eyewear Inc.  
Trustee - Benvest New Look Income Fund

(1) EBITDA refers to consolidated earnings before interest revenues and expenses, amortization, gains and losses 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

First quarter ended  
March 31, 2007

In thousands of dollars, except per unit amounts

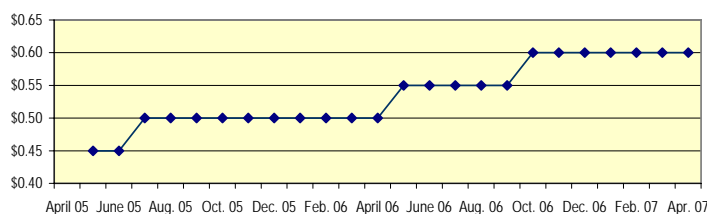
## Highlights

	2007	2006
Revenues from eye care	\$ 14,309	\$ 11,709
Growth	22.2%	
Comparable stores sales growth	7.9%	
EBITDA <sup>(a)</sup>	\$ 2,494	\$ 1,679
Growth	48.6%	
% of revenues	17.4%	14.3%
Net earnings from eye care	\$ 1,188	\$ 786
Growth	51.1%	
Net earnings per unit (diluted)	\$ 0.122	\$ 0.087
Cash distribution per unit <sup>(b)</sup>	\$ 0.150	\$ 0.125
Purchase of property and equipment	\$ 1,141	\$ 1,359
At end of quarter		
Total assets - Eye care segment <sup>(c)(d)</sup>	\$ 30,527	\$ 28,035
Long-term debt <sup>(e)</sup>	\$ 4,020	\$ 4,548
Number of stores	53	46

- (a) Refer to the section EBITDA below for a definition and comments on EBITDA.  
 (b) The distribution has been paid monthly since the inception of the Fund in May 2005.  
 (c) The increase in total assets related to the eye care segment reflects the addition of seven stores.  
 (d) The Fund has two reportable segments: eye care products and services, and other. The other segment relates to the remaining portfolio investment held for sale and to the escrowed proceeds from sale of a portfolio investment.  
 (e) The amount of long-term debt includes the portion repayable within one year.

## Monthly distributions (on an annualized basis)

The progress of the monthly distributions by the Fund can be shown as follows:



## Background

Management's discussion and analysis ("MD&A") relates to the financial condition, results of operations and cash flows 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 carried on by Benvest and its subsidiaries prior to the Arrangement is now carried on through the Fund and New Look. Fund units are traded on the TSX.

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 March 31, 2007 and with the December 31, 2006 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) or via [www.benvest.com](http://www.benvest.com). 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, 2006 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).

## Our business

New Look is a leading provider of eye care products and services in Eastern Canada. As of March 31, 2007, its network consisted of 53 eye care stores: 49 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 Ville St-Laurent, Québec.

## Approval of the financial statements

The Fund's interim consolidated financial statements for the period ended March 31, 2007 have been approved by its Board of Trustees.



# Management's Discussion and Analysis

First quarter ended  
 March 31, 2007

*In thousands of dollars, except per unit amounts*

## Accounting policies

The interim consolidated financial statements of the Fund for the period ended March 31, 2007 are consistent with the policies and methods of application outlined in the audited consolidated financial statements of the Fund for the year ended December 31, 2006 with the following exceptions.

### *Financing fees and financial instruments*

In accordance with new section 3855 of the CICA Handbook, dealing with the recognition and measurement of financial instruments, the Fund has adopted as of the beginning of 2007 the policy to charge to net earnings costs related to obtaining loans and lines of credit. Up to the end of 2006, the policy was to defer such costs and amortize them over the term of the loans or expected duration of credit facilities. In conformity with the transitional provisions of the new section, the balance of deferred financing costs at the end of 2006, in the amount of \$176, was charged directly to the deficit at the beginning of the first quarter of 2007, without restatement of prior periods. Future tax asset of \$56 related to this write-off was also recorded, the net charge to the deficit being \$120.

The new accounting standard requires, for instance, to measure long-term debt at fair value and to recognize gains and losses from subsequent revaluation, at the end of each period, in net earnings. No such gains or losses were recognized in the first quarter of 2007. Note 3 to the financial statements provides more details on the adoption of the new accounting standard.

In accordance with new requirements of section 3861 of the CICA Handbook, management has also added in a note to the financial statements a table describing the objectives and policies related to the main identified financial risks.

### *Cash distributions and dividends*

In accordance with new requirements of section 1540 of the CICA Handbook, information is now presented in a note to the financial statements about the non-discretionary portion of distributions and dividends paid. The non-discretionary portion of distributions paid by the Fund corresponds to the interest received from New Look over the Fund's expenses. A portion of dividends paid on exchangeable shares are considered as non-discretionary as the amount of dividend is based on the amount of distributions

## Revenues from eye care

In order to simplify the presentation of statement of earnings, the item revenues from eye care now includes ancillary revenues such as fees and rents charged to optometrists. The corresponding figures of last year have been changed accordingly.

Revenues from eye care operations for the quarter ended March 31, 2007 were \$14,309 compared with \$11,709 for the quarter ended March 31, 2006, an increase of 22.2%. Of that increase, 7.9% was due to increases in comparable stores sales, the difference being attributable to the incremental sales generated by the net addition of 12 stores since the beginning of 2005.

Increases in comparable store sales were significantly assisted by the launching in the beginning of 2007 of the Evolution HD™ and Ultra Evolution HD™ lenses. These lenses are custom-made in our laboratory using direct surfacing computer technology. They are designed to improve the clarity and vision of our customers compared to traditional lenses. Publicity of this breakthrough

technology began in January on television and in newspapers and sales of these lenses are above our expectations.

## 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 revenues from eye care, decreased in the first quarter of 2007 to 82.6% from 85.7% in the corresponding quarter of 2006.

This improved ratio was the overall result of the following factors:

- The achieving of economies of scale as a consequence of sales growth;
- An increase in margins as the result of the successful launching of the Evolution HD™ and Ultra Evolution HD™ lenses.

General expenses of the stores as a percentage of sales remained approximately the same in both quarters under comparison.

## EBITDA

While revenues from eye care rose by 22.2%, EBITDA increased by 48.6%, or \$815,000. Expressed as a percentage of revenues, EBITDA grew to 17.4% in the quarter of 2007 compared with 14.3% in the quarter of 2006. This is the result of increase in revenues and economies of scale.

The Fund defines EBITDA as earnings before interest income and expenses, income taxes, depreciation and amortization. It excludes any gain or loss on foreign currency translation (except if related to cost of goods sold) and net gains and losses related to portfolio investments.

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 under GAAP. The reconciling items between net earnings and EBITDA are as follows:

	2007	2006
	\$	\$
Net earnings	1,196	849
Amortization	786	644
Financial expenses, net of interest revenues	155	7
Loss (gain) on foreign currency translation	(5)	13
Income taxes	353	159
Non-controlling interest	9	7
<b>EBITDA</b>	<b>2,494</b>	<b>1,679</b>

# Management's Discussion and Analysis

First quarter ended  
March 31, 2007

*In thousands of dollars, except per unit amounts*

## Amortization

Amortization expenses amounted to \$786 for the quarter ended March 31, 2007 compared with \$644 for the corresponding quarter of 2006. The increase is due to capital expenditures required since the beginning of 2006 to open 10 stores (an addition of 9, net of relocation), acquire optical laboratory equipment, make major renovations to 5 stores, and update store equipment.

## Financial expenses, net of interest revenues

The following table provides the main elements of financial expenses along with interest revenues for the first quarters of 2007 and 2006.

	2007	2006
	\$	\$
Interest on long-term debt	86	105
Interest on bank indebtedness and standby fees	31	19
Other	46	11
	163	135
Interest revenues	8	128
	155	7

Decrease in interest on long-term debt reflects the repayment of \$1.2 million of debt during 2006. New borrowing of \$934 in the first quarter of 2007 did not impact significantly the interest charge since the borrowing occurred at the end of the quarter.

Interest on bank indebtedness increased in the first quarter of 2007 compared with the first quarter of 2006 due the greater use of the line of credit. At the end of March 2006, New Look had approximately \$1 million of cash which resulted from the sale of its equity in CMN International Inc. in 2004. This cash has been used in 2006 to finance capital expenditures.

The other financial expenses in the first quarter of 2007 relate to the renewal of the credit facilities.

Interest revenues decreased compared with last year as New Look has since the last quarter of 2006 ceased recording interest accrued on the advances to a portfolio investment. The quarter of 2006 also took into account interest accrued on the escrowed proceeds from the sale of the shares of CMN International Inc. while no accrued interest was recorded in the quarter of 2007.

## Gain and loss on foreign currency translation

Gains and losses on foreign currency translation are due to the fluctuation of the US dollar vis-à-vis the CA dollar on the net assets (or net debt) denominated in US dollar. The net debt position and the decrease in value of the US dollar during the first quarter of 2007 resulted in a net gain of \$5.

## 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. Since all of its income has been distributed, the Fund has had no taxable income since its inception in 2005.

The income tax expense relates to New Look and its share of income tax in a joint venture. On a consolidated basis, the average tax expense was 23% of the earnings before income taxes in the first quarter of 2007 and 16% in the first quarter of 2006. This is a normal result as the increase in earnings could not be compensated by a corresponding increase in interest paid to the Fund. In the first quarter of 2007, New Look was able to utilize tax losses carried forward from previous years, which had the effect of reducing the income tax assets by \$109.

In 2006, the federal government announced its intention to impose a tax on certain distributions received by publicly-traded income trusts from their operating subsidiaries. This intention was confirmed in Bill C-52 which received first reading at the House of Commons on March 29, 2007. This bill provides for the taxation of publicly-traded trusts on such amounts received at the rate applicable to corporations and the treatment of related distributions to unitholders as dividends. Under a grandfathering clause contained in the bill, the Fund would be subject to this new tax starting in 2011. The Fund would lose the benefit of this grandfathering clause if it would exceed a "normal growth" as determined by reference to guidelines issued by the Department of Finance in last December. For instance, an issuance of units for more than \$50 million could trigger the application of the new rules earlier than in 2011. At this time, the Fund has no plan to issue units except as a result of the exchange of exchangeable shares of New Look and the exercise of options.

## Net earnings

As a result of the increase in revenues and economies of scales, net earnings from eye care reached \$1,188 in the first quarter of 2007 compared with \$786 for the first quarter of 2006, an increase of 51%.

The net earnings related to the "other segment" was not significant in the quarter of 2007 as New Look ceased to record interest revenue from the advances to a portfolio investment at the end of 2006 and recorded no accrued interest on the escrowed proceeds from the sale of CMN International Inc..

First quarter ended  
 March 31, 2007

*In thousands of dollars, except per unit amounts*

## Summary of quarterly results

The following table summarizes unaudited quarterly results for the 12-month period ended March 31, 2007, compared with the corresponding quarters of the previous 12-month period ended March 31, 2006. The unaudited quarterly consolidated results are presented on the same basis as in the December 31, 2006 year-end audited consolidated financial statements of the Fund:

	June 30,		September 30,		December 31,		March 31,		12 months March 31,	
	2006	2005	2006	2005	2006	2005	2007	2006	2007	2006
Revenues from eye care	11,768	10,057	13,126	11,143	13,280	11,644	14,309	11,709	52,483	44,553
<i>As a % of annual revenues from eye care</i>	22%	23%	25%	25%	25%	26%	27%	26%	100%	100%
EBITDA	1,412	1,047	2,446	1,674	1,934	1,303	2,494	1,679	8,286	5,703
<i>As a % of total revenues</i>	12.0%	10.4%	18.6%	15.0%	14.6%	11.2%	17.4%	14.3%	15.8%	12.8%
Gain (loss) on foreign exchange	(54)	176	(2)	(555)	106	(99)	5	(13)	55	(491)
Net loss on portfolio investments					(3,659)	(2,903)			(3,659)	(2,903)
Income trust expenses		(1,192)								(1,192)
Net earnings										
Eye care	662	242	1,208	969	829	504	1,188	786	3,887	2,501
Other segment	(34)	266	54	(415)	(3,680)	(2,838)	8	63	(3,652)	(2,924)
All segments	628	508	1,262	554	(2,851)	(2,334)	1,196	849	235	(423)
Net earnings (loss) per unit										
Basic	0.065	0.054	0.131	0.058	(0.295)	(0.243)	0.124	0.088	0.024	(0.044)
Diluted	0.064	0.053	0.129	0.057	(0.295)	(0.243)	0.122	0.087	0.024	(0.044)

This table shows that revenues, EBITDA and net earnings from eye care increased each quarter compared with the corresponding quarter of the previous year, revenues increasing by 18% for the 12-month period, EBITDA by 45%, and net earnings from eye care by 55%.

## Liquidity

The following table shows the main elements of the statement of cash flows for the first quarter of 2007 compared with the first quarter of 2006:

	2007	2006
	\$	\$
Operating activities	2,154	1,489
Change in non-cash working capital items	(125)	619
Cash flows from operations	2,029	2,108
Investing		
Capital expenditures	(1,141)	(1,359)
Other	(69)	(71)
Financing		
Variation in bank indebtedness	(513)	(1,150)
Borrowing	934	
Repayment of debts	(283)	(278)
Distributions and dividends	(1,320)	(1,117)
Other	128	238
<b>Decrease in cash</b>	<b>(235)</b>	<b>(1,629)</b>

Cash generated from operating activities increased to \$2,154 in the first quarter of 2007 compared with \$1,489 in the first quarter of 2006. This increase was mainly driven by higher net earnings and higher non-cash expenses related to amortization and future income taxes.

Non-cash working capital items consumed \$125 in the first quarter of 2007 while they contributed to increase cash by \$619 in the first quarter of 2006. The difference is mainly explained by payments of income tax instalments and other prepaid expenses earlier in 2007 than in 2006.

In the quarter of 2007, inventory increased by \$473 due to the opening of one store, general increase of inventory in all stores, and acquisition of new material for the production of the Evolution HD™ and Ultra Evolution HD™ lenses launched at the beginning of the year.

Capital expenditures of \$1,141 in the first quarter of 2007 related mainly to the opening of one store and to the relocation of another store as well as addition of optical equipment in stores.

# Management's Discussion and Analysis

First quarter ended  
March 31, 2007

*In thousands of dollars, except per unit amounts*

These capital expenditures were financed with a borrowing of \$934 under the credit facilities renewed in March 2007 and the cash available at the beginning of the quarter.

The cash flows from operations have allowed a reduction of \$513 in the current bank indebtedness as well as the regular repayments of long-term debt in the amount of \$283.

The Fund and New Look paid cash distributions to unitholders and dividends to holders of exchangeable shares totalling \$1,303 in the first quarter of 2007 and \$1,100 in the first quarter of 2006. A dividend of \$17 was paid to the holder of the non-controlling interest in the first quarter of both years. Distributions and dividends declared for a month are paid in the following month.

## Renewed credit facilities

The agreement with the bank regarding the credit facilities was renewed in March 2007. It contains essentially the same benefits and conditions of the previous one. The main elements of the new facilities are summarized as follows:

- An operating line of credit which can reach \$4 million, depending on the value of inventory and accounts receivable, at prime rate plus 0.5%, currently 6.5%;
- An "Evergreen" credit of \$10 million (including an outstanding debt of \$2.2 million as of March 31, 2007) for the financing of capital expenditures, at prime rate plus 1%, no repayment of capital required until the end of the term in December 2009 or, at the discretion of the bank, in December 2010; capital will be repayable over 48 instalments after the end of the term; conditions include the maintaining of debt service coverage ratios.

As of March 31, 2007, the credit facilities used and available were as follows:

<hr/>	
Credit used	
Bank indebtedness	1,277
Letter of credit	200
"Evergreen" borrowing	934
Credit available	8,471
<hr/>	
Total	10,882

As at March 31, 2007, the Fund and New Look were in compliance with all covenants governing credit facilities.

## Distributable cash

Cash flows from operations 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.

With respect to distributable cash, the Fund's current policy is to ensure that after payment of distributions and dividends there is sufficient cash from operations to provide for maintenance capital expenses and repayments, if any, of long term debt. For the first quarter of 2007, cash flow from operations amounted to \$2,029; maintenance capital expenditures amounted to \$275; long term debt repayment amounted to \$283; and distributions and dividends to \$1,320. Reference is made to Liquidity on page 7.

## Portfolio investments

The balance, in the amount of US\$890 of the sale price of CMN International, a former portfolio investment disposed in 2004, is held in escrow pending the review and negotiation of claims against the escrow. At this time, it is not possible to ascertain the actual outcome of such review and negotiation, but management expects that such claims will not have significant impact on the amount receivable. Meanwhile, no revenue accruing on the escrowed amount is recorded.

New Look has other assets, consisting of shares, loans and advances to a remaining portfolio company with a book value of nil. It will continue to attempt to realize on these assets, if possible. No assurances can be made that any amounts will be recovered.

First quarter ended  
March 31, 2007

*In thousands of dollars, except per unit amounts*

## Distributions and dividends on exchangeable shares

Distributions declared to unitholders and dividends declared to holders of exchangeable shares have been as follows since May 1, 2005:

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	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	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>(a)</sup>	415
Total for 8 months			<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	0.0439 <sup>(a)</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
October 2006	October 31, 2006	November 20, 2006	0.0500	0.0384	437
November 2006	November 30, 2006	December 20, 2006	0.0500	0.0380	436
December 2006	December 31, 2006	January 19, 2007	0.0500	0.0361 <sup>(a)</sup>	428
Total for 12 months			<b>0.5454</b>	<b>0.4042</b>	<b>4,683</b>
January 2007	January 31, 2007	February 20, 2007	0.0500	0.0388	439
February 2007	February 28, 2007	March 20, 2007	0.0500	0.0378	435
March 2007	March 31, 2007	April 20, 2007	0.0500	0.0378	435
Total for 3 months			<b>0.1500</b>	<b>0.1144</b>	<b>1,309</b>

(a) The amount of dividend declared on exchangeable shares is adjusted periodically, mainly in December of each year, to assure a fair equivalence of yield between units of the Fund and exchangeable shares of New Look, taking into consideration changes in corporate income taxes and estimates of Fund's expenses.

# Management's Discussion and Analysis

First quarter ended  
March 31, 2007

*In thousands of dollars, except per unit amounts*

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 first quarter of 2007, the dividend per share represented 76% of the distribution per unit. For tax purposes, each of the three monthly dividends totalling \$0.1144 was an "eligible" dividend, i.e. a dividend giving right to the enhanced dividend tax credit to the shareholder who is an individual residing in Canada.

The distributions declared in the first quarter of 2007 were composed, for tax purposes, of 21% of eligible dividends and 79% of "other income".

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.

## Outstanding unit and share data

At March 31, 2007, the Fund had 5,779,795 units outstanding and New Look had, on a consolidated basis, 3,870,404 exchangeable shares outstanding. As New Look common shares are 100% owned by the Fund, they are eliminated in the consolidated balance sheet.

An unlimited number of units may be issued by the Fund and an unlimited number of exchangeable shares may be issued by New Look. The Fund units are freely tradable on the Toronto Stock Exchange (BCI.UN) while there is no market for the exchangeable shares. However these have been exchangeable, beginning May 1, 2006, into Fund units on a one-for-one basis. During the first quarter of 2007, 28,400 exchangeable shares were exchanged for Fund units.

Each unit entitles the holder to one vote at all meetings of unitholders. Holders of exchangeable shares have a similar right through special voting units issued by the Fund.

## Controls and procedures

In conformance with the Canadian Securities Administrators Multilateral Instrument 52-109, the Fund has filed a certificate, signed by the president and chief executive officer, also acting as interim chief financial officer, that among

other things reports on the design of disclosure controls and procedures and the design of internal control over financial reporting.

Internal control over financial reporting ("ICFR") is designed to provide reasonable assurance regarding the reliability of the Fund's financial reporting and its compliance with Canadian GAAP in its financial statements. The president and chief executive officer of the Fund has evaluated whether there were changes to its ICFR during the quarter ended March 31, 2007 that have materially affected, or are reasonably likely to materially affect, the ICFR. No such significant changes were identified through his evaluation.

## Outlook

New Look maintains its plan to open six new stores in 2007 and early 2008: three in Montreal and three in Ottawa. The first of this series, located on the popular St-Urbain Street in Montreal facing Place des Arts, opened in last February. Another, located at the corner of Jean-Talon Street and Pie IX in Montreal, is scheduled to open in May.

Marketing efforts will continue to focus on our distinctive products such as the Evolution HD™ and Ultra Evolution HD™ lenses, while targeting not only the francophone market in Québec, but also the English-speaking population of the Ottawa region, Montreal and Eastern Township. In order to improve New Look's market share, television, radio and newspaper will continue to be used as the favourite media.

## 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.

May 9<sup>th</sup> 2007

Consolidated  
Financial Statements

First quarter ended  
March 31, 2007

*Fonds de revenu* **Benvest**  
**NEWLOOK**  
*Income Fund*

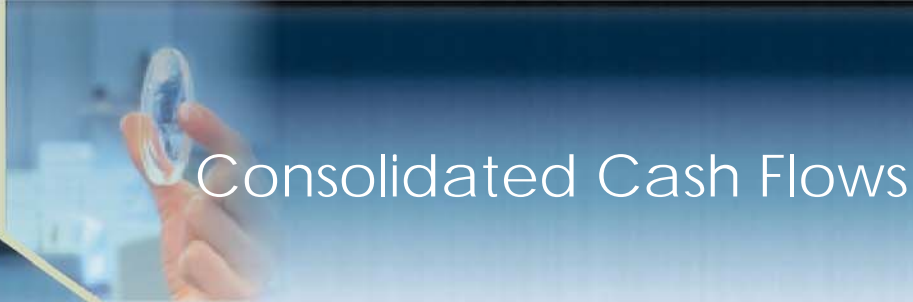
# Consolidated Earnings and Retained Earnings

First quarter ended  
March 31, 2007

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

	3 months ended 31 mars 2007 (Unaudited) \$	3 months ended March 31, 2006 (Unaudited) \$
Revenues from eye care	14,309	11,709
Cost of goods sold, operating, selling and administration expenses	11,815	10,030
Earnings before the undernoted items	2,494	1,679
Amortization	786	644
Financial expenses, net of interest revenues (Note 4)	155	7
	941	651
Earnings before the following items	1,553	1,028
Gain (loss) on foreign exchange translation	5	(13)
Earnings before income taxes and non-controlling interest	1,558	1,015
Income taxes (Note 7)	353	159
Earnings before non-controlling interest	1,205	856
Non-controlling interest	9	7
<b>Net earnings</b>	<b>1,196</b>	<b>849</b>
See Notes 4 and 5 for other information on consolidated earnings		
<b>Segmented information (Note 12)</b>		
Net earnings from eye care	1,188	786
Net earnings from other segment	8	63
	1,196	849
<b>Net earnings per unit</b>		
Basic	0.124	0.088
Diluted	0.122	0.087
<b>Weighted average number of units</b>		
Basic	9,650,199	9,639,877
Diluted	9,824,998	9,760,235
<b>Consolidated Retained Earnings (Deficit)</b>		
	3 months ended 31 mars 2007 (Unaudited) \$	3 months ended March 31, 2006 (Unaudited) \$
Retained earnings (deficit), beginning of period	(3,873)	944
Adjustment (Note 11)	(120)	
Net earnings	1,196	849
Distributions	(865)	(680)
Dividends	(444)	(365)
<b>Retained earnings (deficit), end of period</b>	<b>(4,106)</b>	<b>748</b>

The accompanying notes are an integral part of the consolidated financial statements.



# Consolidated Cash Flows

First quarter ended  
 March 31, 2007

*In thousands of dollars*

	3 months ended 31 mars 2007 (Unaudited) \$	3 months ended March 31, 2006 (Unaudited) \$
<b>OPERATING ACTIVITIES</b>		
Net earnings	1,196	849
Items not affecting cash:		
Non-controlling interest	9	7
Amortization	786	644
Amortization of deferred lease inducements and variation of deferred future rent	65	34
Equity-based compensation expense		19
Future income taxes	109	46
Gain on foreign currency translation related to long-term monetary assets and liabilities	(11)	(15)
Change in non-cash working capital items	(125)	619
Change in long-term accounts receivable		(95)
<b>Cash flows related to operating activities</b>	<b>2,029</b>	<b>2,108</b>
<b>INVESTING ACTIVITIES</b>		
Advances	3	7
Purchase of property and equipment	(1,141)	(1,359)
Acquisition of other assets	(72)	(78)
<b>Cash flows related to investing activities</b>	<b>(1,210)</b>	<b>(1,430)</b>
<b>FINANCING ACTIVITIES</b>		
Variation in bank indebtedness	(513)	(1,150)
Proceeds from long-term debt	934	
Repayment of long-term debt	(283)	(278)
Lease inducements	128	136
Issuance of units to holders of options		102
Distributions and dividends paid (Note 9)	(1,320)	(1,117)
<b>Cash flows related to financing activities</b>	<b>(1,054)</b>	<b>(2,307)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(235)</b>	<b>(1,629)</b>
Cash and cash equivalents, beginning of period	235	2,582
<b>Cash and cash equivalents, end of period</b>	<b>-</b>	<b>953</b>

The accompanying notes are an integral part of the financial statements.

# Consolidated Balance Sheets

First quarter ended  
March 31, 2007

*In thousands of dollars*

	March 31, 2007 (Unaudited) \$	December 31, 2006 (Audited) \$
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents		235
Accounts receivable	980	803
Income taxes recoverable	11	
Inventory	6,359	5,886
Prepaid expenses	444	286
<b>Total current assets</b>	<b>7,794</b>	<b>7,210</b>
Advances	180	183
Escrowed proceeds from sale of a portfolio investment	1,029	1,038
Property and equipment	13,407	12,979
Tradenname	2,500	2,500
Goodwill	5,854	5,854
Future income taxes	396	442
Other assets	396	573
	<b>31,556</b>	<b>30,779</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Bank indebtedness (Note 6)	1,277	1,790
Accounts payable and accrued liabilities	7,095	6,204
Distributions and dividends payable	434	428
Income taxes payable		197
Instalments on long-term debt	1,125	1,162
<b>Total current liabilities</b>	<b>9,931</b>	<b>9,781</b>
Long-term debt (Note 6)	2,895	2,228
Deferred lease inducements and deferred rent	1,665	1,472
	<b>14,491</b>	<b>13,481</b>
<b>UNITHOLDERS' EQUITY</b>		
Fund units (Note 8)	12,152	12,093
Exchangeable shares (Note 8)	7,989	8,048
Contributed surplus	1,030	1,030
Deficit	(4,106)	(3,873)
	<b>17,065</b>	<b>17,298</b>
	<b>31,556</b>	<b>30,779</b>

The accompanying notes are an integral part of the financial statements.

First quarter ended  
 March 31, 2007

*In thousands of dollars, except per unit amounts*

## 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.

## 2. Basis of Presentation

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 year ended December 31, 2006.

These interim consolidated financial statements are also prepared in accordance with accounting policies described in the Fund's audited consolidated financial statements for the year ended December 31, 2006, except to the extent that the new accounting policies described in Note 3 apply.

## 3. Adoption of New Accounting Policies

### Financial instruments and deferred financing costs

On January 1, 2007, the Fund retroactively adopted, without restatement of prior periods, the recommendations included in the CICA Handbook Section 3855, "Financial Instruments— Recognition and Measurement".

Section 3855, describes the standards for the recognition and measurement of financial assets, financial liabilities and non-financial derivatives. These standards prescribe when to recognize a financial instrument in the balance sheet and at what amount. Depending on their balance sheet classification, fair value or cost-based measures are used. These standards also prescribe the basis of presentation for gains and losses on financial instruments. The Fund has made the following classification:

- Cash and cash equivalents have been classified as "Assets held for trading". They are measured at fair value and the gains or losses resulting from the revaluation at the end of each period are recognized in net earnings.
- Accounts receivable, advances and escrowed proceeds from sale of a portfolio investment are classified under "Loans and receivables". They are recorded at cost, which upon their initial measurement is equal to their fair value. Subsequent measurements of accounts receivable are recorded at amortized cost which usually corresponds to the amount initially recorded less any allowance for doubtful accounts. Subsequent measurements of escrowed proceeds from sale of a portfolio investment are recorded at amortized cost using the effective interest method; at March 31, 2007 the result corresponded to the amount initially recorded. Advances to officers or entities related to officers are not subject to subsequent measurements.

- Bank indebtedness, accounts payable and accrued liabilities, distributions and dividends payable and long-term debt are classified as "Other financial liabilities." They are initially measured at fair value and the gains and losses resulting from their subsequent revaluation, at the end of each period, are recognized in net earnings.

As a result of adopting these new standards, the Fund adopted the policy of expensing all transaction costs related to loans and lines of credit. Previously, financing fees incurred with the contracting of long-term debt were capitalized and amortized over the term of the related long-term debt. The adoption of these new standards resulted in the following changes as at January 1, 2007: a decrease in other assets of \$176, an increase in future income tax assets of \$56 and an increase in the deficit of \$120. The adoption of these new standards has no impact on the Fund's cash flows.

### Financial risk management and objectives

In accordance with new requirements of section 3861 of the CICA Handbook, the Fund describes its financial risk management objectives and policies. Refer to Note 10 for more details.

### Cash distributions and dividends

In accordance with new requirements under section 1540 of the CICA Handbook, the Fund discloses the terms and conditions that apply to the determination of cash distributions and dividends and the extent to which the distribution is non-discretionary. Refer to Note 9 for more details.

## 4. Financial Expenses, Net of Interest Revenues

	2007	2006
	\$	\$
Interest on long-term debt	86	105
Interest on bank indebtedness and standby fees	31	19
Other	46	11
	163	135
Interest revenues	8	128
	155	7

## 5. Underlying Components in Consolidated Earnings

	2007	2006
	\$	\$
Gain on foreign exchange related to cost of goods sold	2	1
Amortization of property and equipment	713	570
Amortization of other assets	73	74
Interest income from temporary investments	7	32
Interest income from the portfolio investment company and escrowed proceeds		96
Interest income from officers	1	
Equity-based compensation		19

# Notes to Consolidated Financial Statements

First quarter ended  
 March 31, 2007

In thousands of dollars, except per unit amounts

## 6. Credit Facilities

The credit facilities existing at December 31, 2006 were renewed in the first quarter of 2007. They are composed of two main elements: a line of credit to finance day to day operations for a maximum authorized amount of \$4,000 at prime rate plus 0.5%, currently 6.5%, and an "evergreen" operating credit of \$10,000 (less outstanding debt of \$2,122) available to New Look for expansion of the business. This element of the credit facilities is presented with long-term debt. The "evergreen" operating credit has a three-year term ending December 31, 2009 with no payment of capital. Borrowings pursuant to this credit bear interest at prime rate plus 1%, currently 7%. Upon expiry of the term, New Look shall be required to repay the borrowed amounts in 48 monthly instalments. At any time, New Look has the option to change the floating interest rate to a fixed interest rate to be determined by the bank at such time. As of March 31, 2007, New Look has used \$934 out of the "evergreen" operating credit.

Security given to the bank is the same as at December 31, 2006. Financial ratios required under the financing agreement were respected as at March 31, 2007.

## 7. Income tax

	2007	2006
	\$	\$
Current	243	113
Future	109	46
	353	159

## 8. Fund Units and Exchangeable Shares

	Units		Exchangeable shares	
	Number	\$	Number	\$
Balance at December 31, 2006	5,751,395	12,093	3,898,804	8,048
Exchangeable shares exchanged for units	28,400	59	(28,400)	(59)
Balance at March 31, 2007	5,779,795	12,152	3,870,404	7,989

## 9. Cash Distributions and Dividends

The declaration of trust under which the Fund was formed provides that the trustees shall, for each month, declare payable to the unitholders the distributable cash flow for that month. The distributable cash flow is calculated at the level of the Fund and, currently, consists of the excess of interest and dividends received from New Look over the expenses incurred by the Fund.

The Certificate of Arrangement under which New Look has been formed provides that the holders of exchangeable shares are entitled to a dividend per share equivalent to the distribution per unit after taking the corporate income tax into consideration. Currently, the dividend per share is established at 2/3 of the distribution per unit, except to the extent the distribution is sourced with dividends from New Look in which case the dividend is equal to the distribution.

Distributions and dividends declared for a month are payable in the following month.

The dividends paid in the quarter ended March 31, 2007 included an amount of \$17, not related to the exchangeable shares, paid to the holder of the non-controlling interest.

Total cash distributions and dividends paid and the extent to which they were non-discretionary were as follows:

	2007	2006
	\$	\$
Total distributions and dividends paid	1,320	1,117
Non-discretionary portion	1,002	957

## 10. Financial Instruments

Financial risk management objectives and policies include the following elements:

<u>Risks</u>	<u>Objectives and policies</u>
Currency risk	Compensation of assets in US dollars with debt in US dollars
Fluctuation of interest rate	Option of using floating or fixed rate
Customer credit	Down payments required on accepting orders and payment of the balance required on delivery, unless the customer has an established credit

## 11. Adjustment to Deficit

Pursuant to the adoption of new accounting policies described in Note 3, the balance of the deficit at the beginning of the current year is increased as follows:

	\$
Write-off of deferred financing fees at January 1, 2007	176
Income tax asset related to the write-off	56
	120



# Notes to Consolidated Financial Statements

First quarter ended  
 March 31, 2007

*In thousands of dollars, except per unit amounts*

## 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 to the escrowed proceeds from the sale of a portfolio investment.

	2007		
	Eye care	Other	Total
Revenues	14,309		14,309
Cost of goods sold, operating, selling and administration expenses (recovery)	11,821	(6)	11,815
Financial expenses	149	14	163
Interest revenues	8		8
Gain (loss) on foreign currency translation	(6)	11	5
Earnings before income taxes	1,555	3	1,558
Income taxes (recovery)	358	(5)	353
<b>Net earnings</b>	<b>1,188</b>	<b>8</b>	<b>1,196</b>

	2006		
	Eye care	Other	Total
Revenues	11,709		11,709
Cost of goods sold, operating, selling and administration expenses	10,015	15	10,030
Financial expenses	113	22	135
Interest revenues	12	116	128
Gain (loss) on foreign currency translation	(28)	15	(13)
Earnings before income taxes	921	94	1,015
Income taxes	128	31	159
<b>Net earnings</b>	<b>786</b>	<b>63</b>	<b>849</b>

## 13. Commitments

Agreements to purchase property and equipment totalled \$439 as of March 31, 2007.

## 14. Subsequent Events

The Fund declared a distribution of \$0.05 per unit for the month of April 2007 and New Look declared a corresponding dividend per exchangeable share for the same month.

## 15. Comparative Amounts

Certain comparative amounts have been reclassified to conform to the presentation adopted in the fourth quarter of 2006.

New Look Eyewear  
even more present...

... in the Montreal market

New Look Eyewear continues its expansion in the Montreal area with the opening of its 53<sup>rd</sup> store.

Located on Ste-Catherine Street at the corner of St-Urbain, facing Place des Arts, this new store offers to its clientele a clean and modern design.



## Contact information

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## Directors & Officers

**W. John Bennett**  
Chairman and Trustee - Benvest New Look Income Fund  
Chairman and Director - New Look Eyewear Inc.

**C. Emmett Pearson**  
Trustee - Benvest New Look Income Fund  
Director, President, Chief Executive Officer and  
Chief Financial Officer - New Look Eyewear Inc.

**Martial Gagné**  
Senior Vice-President and Chief Operating Officer  
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.

**France Reimnitz**  
Vice President - Sales and Marketing  
New Look Eyewear Inc.

**Claire Boulanger**  
Vice-President - Real Estate and Development  
New Look Eyewear Inc.

## Outside Trustees & Directors

**Richard Cherney**  
Secretary - Benvest New Look Income Fund and  
New Look Eyewear Inc.  
Managing Partner - Davies Ward Phillips & Vineberg

**William Cleman**  
Vice-Chairman - Benvest New Look Income Fund and  
New Look Eyewear Inc.  
Management Consultant - Cleman Consulting Inc.

**Paul S. Echenberg**  
President and Chief Executive Officer  
Schroders and Associates Canada Inc.

**William R. Ferguson**  
President  
Eric T. Webster Foundation

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 March 31, 2007, 5,779,395 units of the Fund were issued and outstanding and listed for trading on the TSX (BCI.UN). In addition, 3,870,404 exchangeable shares (on a consolidated basis) 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