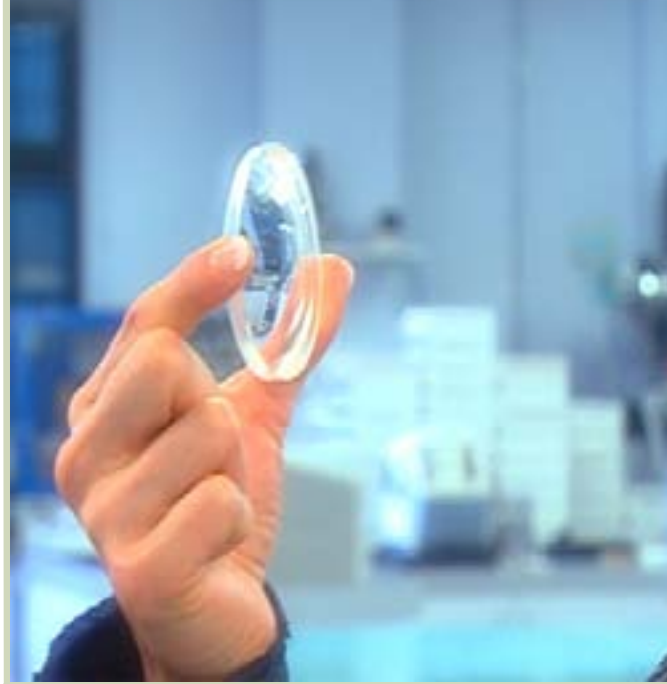


Fonds de revenu **Benvest**  
**NEWLOOK**  
*Income Fund*



# Quarterly Report

For the third quarter and the  
nine-month period ended  
September 30, 2007





For the third quarter and the nine-month period ended September 30, 2007

November 7<sup>th</sup> 2007

To our unitholders,

The third quarter of 2007 was a record quarter for the Fund in terms of both revenues, EBITDA<sup>(a)</sup> and net earnings. New Look Eyewear Inc., our operating subsidiary, continued to expand same store sales, while acquiring a second optical practice this year and continuing to lead the market in the sale of new digital progressive lenses.

Total revenues for the quarter increased 17.1% to \$15.4 million compared to last year while comparable store sales increased 11.1% compared to last year. EBITDA for the third quarter was record high \$3.1 million, an increase of 28% compared to last year.

Total revenues for the nine-month period increased 20.9% to \$44.3 million compared to last year while comparable store sales increased 10.1% compared to last year. EBITDA for the nine-month period increased to \$8.2 million or 48% compared to last year.

Revenues for the trailing twelve months ended September 30<sup>th</sup> increased to \$57.6 million, an increase of 19.3% compared to last year. EBITDA for the twelve-month period was \$10.1 million, a record for a 12-month period, an increase of 48% compared to the same period last year.

Net earnings for the third quarter were \$1.6 million (or \$0.159 diluted, per unit), an increase of 25% compared to last year.

Net earnings for the nine-month period were \$4.0 million (or \$0.410 diluted, per unit), an increase of 47% compared to last year.

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

- The successful introduction to the marketplace of the Evolution HD™ and Ultra Evolution HD™ lenses;
- Three new stores were opened, two in Montreal and one in Ottawa;
- In addition, two acquisitions of eyewear practices were completed in Montreal. One was re-located while the other is located in a store that is to be renovated;
- Another store in Montreal was relocated;
- Commitments for the addition of five stores and the relocation of another existed as at the date of this report;
- A decision was made to implement an Enterprise Resource Planning system in order to facilitate the continued growth of the company.



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

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.

Economies of scale have been contributing to reduce, as a percentage of revenues, administration and distribution centre costs while increasing the contribution of our laboratory. As a result, overall operating efficiency improved resulting in EBITDA expressed as a percentage of revenues, increasing for the third quarter to 20.3%, compared to 18.6% last year, and for the nine-month period to 18.5%, compared to 15.1% last year.

Monthly distribution rate increased in August 2007 (paid in September) to \$0.0521 per unit, the fourth increase since the inception of the Fund. The Fund has regularly paid its monthly distributions since its inception and the current monthly distribution has increased 38.9% compared to the initial distribution in May 2005.

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 nine months 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, 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 increasing our team of independent optometrists, opticians and professional staff in order to continue to give the superior customer service.

We are pleased with the results of New Look's store expansion and improvement program to date and with the contributions of its 22 new stores (16 additional stores and 6 relocated stores) opened since January 2005. The third quarter of 2007 represents the 11<sup>th</sup> consecutive quarter where the current quarter EBITDA exceeded that of the same quarter of the preceding year.

We thank our employees and independent optometrists for their valuable contributions to our success. With our strong management team, the services of a great team of optometrists and opticians, new stores and HD lenses, we are well positioned to continue our growth and success.



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

(a) EBITDA refers to consolidated earnings before interest income and expenses, income taxes, 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 and may not be comparable to similar measures used by other entities. The Fund believes that EBITDA is a useful financial metric as it assists in determining the ability to generate cash from operations.

# Management's Discussion and Analysis

For the third quarter and the nine-month period ended September 30, 2007

In thousands of dollars, except per unit amounts

## HIGHLIGHTS

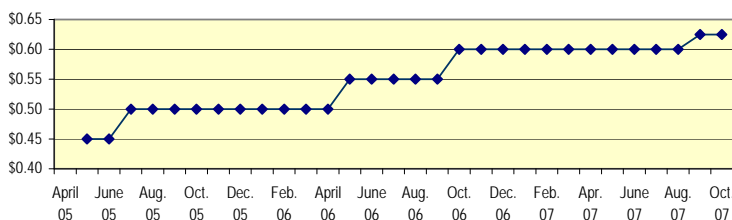
Highlights for the quarter and the nine-month period ended September 30, 2007 compared to the corresponding periods of 2006 are as follows:

|   | Three months |           | Nine months |           |
|---|--------------|-----------|-------------|-----------|
|   | 2007         | 2006      | 2007        | 2006      |
| Revenues from eye care                            | \$ 15,371    | \$ 13,126 | \$ 44,263   | \$ 36,604 |
| <i>Growth rate</i>                                | 17.1%        |           | 20.9%       |           |
| <i>Comparable stores sales growth</i>             | 11.1%        |           | 10.1%       |           |
| EBITDA <sup>(a)</sup>                             | \$ 3,123     | \$ 2,446  | \$ 8,185    | \$ 5,538  |
| <i>Growth rate</i>                                | 28%          |           | 48%         |           |
| <i>% of revenues</i>                              | 20.3%        | 18.6%     | 18.5%       | 15.1%     |
| Net earnings from eye care                        | \$ 1,601     | \$ 1,208  | \$ 4,096    | \$ 2,656  |
| <i>Growth rate</i>                                | 33%          |           | 54%         |           |
| Net earnings per unit (diluted)                   | \$ 0.159     | \$ 0.129  | \$ 0.410    | \$ 0.280  |
| Cash distribution per unit <sup>(b)</sup>         | \$ 0.154     | \$ 0.137  | \$ 0.454    | \$ 0.395  |
| Purchase of property, equipment and stores        | \$ 2,453     | \$ 1,169  | \$ 5,174    | \$ 3,538  |
| At end of quarter                                 |              |           |             |           |
| Total assets - eye care segment <sup>(c)(d)</sup> |              |           | \$ 33,923   | \$ 28,984 |
| Long-term debt <sup>(e)</sup>                     |              |           | \$ 6,698    | \$ 3,559  |
| Number of stores                                  |              |           | 57          | 50        |

- (a) Refer to the section EBITDA below for a definition and comments on EBITDA. Comparative amounts reflect the reclassification of interest revenues with financial expenses.
- (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 over the last 12 months reflects, among others, the addition of seven stores and major renovations or relocations of four stores.
- (d) The Fund has two reportable segments: eye care products and services, and other. The other segment relates to the remaining portfolio investment under liquidation 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"), and those of a variable interest entity ("VIE"). The financial statements also consolidate a 50% interest in a company which operates two stores. The non-controlling interest referred to in the financial statements represent the share of the VIE in earnings and assets.

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 (BCI.UN)

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, 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 September 30, 2007, its network consisted of 57 eye care stores: 52 are located in the major cities of the province of Québec and five 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.

For the third quarter and the nine-month  
period ended September 30, 2007

*In thousands of dollars, except per unit amounts*

## APPROVAL OF THE FINANCIAL STATEMENTS

The Fund's interim consolidated financial statements for the period ended September 30, 2007 have been approved by its Board of Trustees.

## ACCOUNTING POLICIES

The interim consolidated financial statements of the Fund for the period ended September 30, 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: a) financing fees and financial instruments; b) cash distributions and dividends.

### 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 revaluations, at the end of each period, in net earnings. No such gains or losses were recognized in 2007. Note 3 to the financial statements provides more details on the adoption of the new accounting standard.

### 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

### Pre-opening costs

The current accounting policies of the Fund include the deferral of pre-opening costs of stores and their amortization over a 24-month period. The MD&A in the 2006 annual report mentioned that the Accounting Standards Board ("AcSB") had announced its intention to issue in 2007 a re-exposure draft on the deferral of costs of internally developed intangible assets. This re-exposure draft proposes namely to prevent start up costs of an operation or business to be recognized as an asset. It is also proposed that this new measure applies with the fiscal year beginning after October 1, 2008, i.e. in the case of the Fund for its 2009 fiscal year. Under the initial exposure draft, the new standards would have applied starting with the 2007 fiscal year. Management confirms its intention to adopt the new accounting standards if and when they are adopted by the AcSB. The future adoption of these standards will have the effect of reducing EBITDA by the amount invested in

pre-openings costs. Such costs for 2006 were \$346 and a similar amount is expected for 2007. The effect on earnings before income taxes will be an increase in expenses and a decrease in amortization; the net effect for 2006 would have been an increase of \$19 in earnings before income taxes. The new standards will have the effect of showing a lesser amount of cash flows from operating activities and a lesser amount of cash used in investing activities, the net effect being nil.

## REVENUES FROM EYE CARE

In order to simplify the presentation of the 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 September 30, 2007 were \$15,371 compared with \$13,126 for the quarter ended September 30, 2006, an increase of 17.1%. Of that increase, 11.1% was due to increases in comparable stores sales, the difference being attributable to the incremental sales generated by the addition of 7 stores since July 2006 (excluding a store acquired at the end of September 2007).

For the nine-month period ended September 30, 2007, revenues from eye care grew 20.9% to \$44,263 from \$36,604 in the comparable period of 2006. Of that increase, 10.1% was due to increases in comparable stores sales, the difference being attributable to the incremental sales generated by the net addition of 12 stores opened since January 2006 (excluding the store acquired at the end of September 2007).

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. Management believes that major renovations to stores over the last two years have also contributed to the good performance of the comparable stores.

## 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 2007 to 79.7% from 81.4% in 2006 and in the nine-month period ended September 30, 2007 decreased to 81.5% from 84.9% in 2006.

These improved ratios were the overall result of achieving economies of scale as a consequence of sales growth, including efficiency in our laboratory.

Gross margin increased in the third quarter by 2.0 percentage points and for the nine-month period by 1.5 percentage points compared with the corresponding periods of last year.

# Management's Discussion and Analysis

For the third quarter and the nine-month period ended September 30, 2007

In thousands of dollars, except per unit amounts

General expenses of the stores as a percentage of sales remained approximately the same in both quarters and nine-month periods under comparison.

## EBITDA

While revenues from eye care for the quarter ended September 30, 2007 rose by 17.1% compared with the corresponding quarter of 2006, EBITDA increased by 28% for the same period to \$3,123. Expressed as a percentage of revenues, EBITDA grew to 20.3% from 18.6% in the previous year.

For the nine-month period ended September 30, 2007, EBITDA increased by 48% to \$8,185 compared with the corresponding period of last year. The percentage of EBITDA to revenues grew to 18.5% from 15.1% in the previous year. These improved ratios are the result of increase in revenues, margins and economies of scale.

The Fund defines EBITDA as earnings before interest income and expenses, income taxes, 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 entities. 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:

|  | Three months |              | Nine months  |              |
|--|--------------|--------------|--------------|--------------|
|  | 2007         | 2006         | 2007         | 2006         |
|  | \$           | \$           | \$           | \$           |
| Net earnings                                 | 1,574        | 1,262        | 4,036        | 2,739        |
| Amortization                                 | 925          | 795          | 2,547        | 2,156        |
| Financial expenses, net of interest revenues | 180          | 11           | 494          | (55)         |
| Loss (gain) on foreign currency translation  | (41)         | 2            | (124)        | 69           |
| Income taxes                                 | 476          | 370          | 1,205        | 609          |
| Non-controlling interest                     | 9            | 6            | 27           | 20           |
| <b>EBITDA</b>                                | <b>3,123</b> | <b>2,446</b> | <b>8,185</b> | <b>5,538</b> |

## AMORTIZATION

Amortization expenses rose to \$925 and \$2,547 respectively for the third quarter and the nine-month period ended September 30, 2007, compared with \$795 and \$2,156 for the corresponding periods of last year. The increases were due to capital expenditures required since the beginning of 2006 to open 13 new stores (an addition of 12 stores, net of relocation), acquire optical laboratory equipment, make major renovations to 8 stores, and update store equipment. Laboratory equipment acquired includes sophisticated apparatus and software for the introduction of hydro satin coating technology and the digital lens manufacturing technology.

## FINANCIAL EXPENSES, NET OF INTEREST REVENUES

The following table provides the main elements of financial expenses along with interest revenues for the quarters and the nine-month periods ended September 30, 2007 and September 30, 2006.

|  | Three months |           | Nine months |             |
|--|--------------|-----------|-------------|-------------|
|  | 2007         | 2006      | 2007        | 2006        |
|  | \$           | \$        | \$          | \$          |
| Interest on long-term debt                     | 136          | 95        | 318         | 301         |
| Interest on bank indebtedness and standby fees | 16           | 4         | 93          | 34          |
| Other financial expenses                       | 30           | 27        | 89          | 60          |
|  | 182          | 126       | 500         | 395         |
| Interest revenues                              | 2            | 115       | 6           | 450         |
|  | <b>180</b>   | <b>11</b> | <b>494</b>  | <b>(55)</b> |

On one hand, the interest on long-term debt decreased due to the repayment of \$2.1 million of long-term debt in 2006 and 2007. On the other hand, the interest expense increased since New Look has borrowed \$4.5 million since April 2007 to finance new stores, laboratory equipment, and an ERP system.

Interest on bank indebtedness increased in 2007 compared with 2006 due the greater use of the line of credit. At the end of June 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 2007 relate mainly 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 company. The nine-month period 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 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 Canadian dollar on the net assets (or net debt) denominated in US dollar. The net debt position (US \$620 as of September 30, 2007) and the decrease in value of the US dollar during 2007 resulted in a net gain of \$41 for the third quarter and \$124 for the nine-month period of 2007. Gains and losses related to the escrowed proceeds and the long-term debt in US dollars are allocated to the "other segment", not the eye care segment.

For the third quarter and the nine-month period ended September 30, 2007

*In thousands of dollars, except per unit amounts*

## 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 nine-month period of 2007 compared to 18% for the corresponding period 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. The income tax expense of the third quarter of 2007 cannot easily be compared to the third quarter of 2006 as the latter contained an adjustment of tax for the previous quarters. In 2007, New Look was able to utilize tax losses carried forward from previous years, which had the effect of reducing the future income tax assets by \$338 of which \$121 is attributable to the third quarter.

Previous reports stated the intention of the federal government to tax publicly-traded income trusts on distributions paid to unitholders. That intention was translated into law by the adoption of Bill C-52 which received royal assent in June 2007. Trusts existing at October 31, 2006 benefit from a grandfathering clause. Under the new rule, the Fund will be taxed beginning in 2011 at the corporate rate on income distributed to unitholders and such distributions will be treated as dividends in the hand of unitholders. Unitholders who are individuals residing in Canada will benefit from dividend tax credits, which will

compensate to a large extent any future reduction in distribution caused by the new tax. It will be in the interest of such individuals to seek independent tax advice to measure the real impact on them.

Current distributions include a dividend content of 28%. The new rule will have no impact on the dividend content of a distribution.

## NET EARNINGS

As a result of increases in revenues, margins and economies of scales, net earnings from eye care reached \$1,601 in the third quarter and \$4,096 in the nine-month period ended September 30, 2007. These figures represent increases of 33% and 54% respectively compared to corresponding periods of last year.

The net loss of \$60 related to the "other segment" for the nine-month period of 2007 is mainly the result of fees (\$168), engaged for the purpose of realizing the remaining portfolio assets, and net gains on foreign currency (\$145). The nine-month period of 2006 included interest revenues of \$427 related to advances to The Fitness Company ("TFC"), written down to nil at the end of 2006, and the escrowed proceeds from sale of CMN International Inc.; it also included a net loss on foreign currency of \$128. New Look ceased to record interest revenue from the advances to TFC in the fourth quarter of 2006 and recorded no accrued interest in 2007 on the escrowed proceeds from the sale of CMN International Inc.

## SUMMARY OF QUARTERLY RESULTS

The following table summarizes unaudited quarterly results for the 12-month period ended September 30, 2007, compared with the corresponding quarters of the previous 12-month period ended September 30, 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:

|  | December 31, |              | March 31,    |              | June 30,     |              | September 30, |              | 12 months    |              |
|--|--------------|--------------|--------------|--------------|--------------|--------------|---------------|--------------|--------------|--------------|
|  | 2006         | 2005         | 2007         | 2006         | 2007         | 2006         | 2007          | 2006         | 2007         | 2006         |
| Revenues from eye care                         | 13,280       | 11,644       | 14,309       | 11,709       | 14,583       | 11,768       | 15,371        | 13,126       | 57,543       | 48,247       |
| <i>As a % of annual revenues from eye care</i> | <i>23%</i>   | <i>24%</i>   | <i>25%</i>   | <i>24%</i>   | <i>25%</i>   | <i>25%</i>   | <i>27%</i>    | <i>27%</i>   | <i>100%</i>  | <i>100%</i>  |
| EBITDA <sup>(a)</sup>                          | 1,934        | 1,303        | 2,494        | 1,679        | 2,568        | 1,412        | 3,123         | 2,446        | 10,119       | 6,840        |
| <i>As a % of total revenues</i>                | <i>14.6%</i> | <i>11.2%</i> | <i>17.4%</i> | <i>14.3%</i> | <i>17.6%</i> | <i>12.0%</i> | <i>20.3%</i>  | <i>18.6%</i> | <i>17.6%</i> | <i>14.2%</i> |
| Gain (loss) on foreign exchange                | 106          | (99)         | 5            | (13)         | 78           | (54)         | (41)          | (2)          | 148          | (168)        |
| Net loss on portfolio investments              | (3,659)      | (2,903)      |              |              |              |              |               |              | (3,659)      | (2,903)      |
| Net earnings                                   |              |              |              |              |              |              |               |              |              |              |
| Eye care                                       | 829          | 504          | 1,188        | 786          | 1,307        | 662          | 1,601         | 1,208        | 4,925        | 3,160        |
| Other segment                                  | (3,680)      | (2,838)      | 8            | 63           | (41)         | (34)         | (27)          | 54           | (3,740)      | (2,755)      |
| All segments                                   | (2,851)      | (2,334)      | 1,196        | 849          | 1,266        | 628          | 1,574         | 1,262        | 1,185        | 405          |
| Net earnings (loss) per unit                   |              |              |              |              |              |              |               |              |              |              |
| Basic  | (0.295)      | (0.243)      | 0.124        | 0.088        | 0.131        | 0.065        | 0.163         | 0.131        | 0.123        | 0.041        |
| Diluted  | (0.295)      | (0.243)      | 0.122        | 0.087        | 0.128        | 0.064        | 0.159         | 0.129        | 0.121        | 0.037        |

(a) Refer to the section EBITDA above for a definition and comments on EBITDA.

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 19% for the 12-month period, EBITDA by 48%, and net earnings from eye care by 56%.

# Management's Discussion and Analysis

For the third quarter and the nine-month period ended September 30, 2007

In thousands of dollars, except per unit amounts

## LIQUIDITY

The following table shows the main elements of the statement of cash flows for the third quarter and the nine-month period ended September 30, 2007 compared with the corresponding periods of 2006:

|  | Three months |         | Nine months |         |
|--|--------------|---------|-------------|---------|
|  | 2007         | 2006    | 2007        | 2006    |
|  | \$           | \$      | \$          | \$      |
| Operating activities                     | 2,653        | 2,133   | 6,988       | 5,129   |
| Change in non-cash working capital items | (141)        | (246)   | (851)       | (742)   |
| Cash flows from operations               | 2,512        | 1,887   | 6,137       | 4,387   |
| Investing                                |              |         |             |         |
| Receipt of escrowed proceeds             |              |         |             | 2,342   |
| Property, equipment and stores           | (2,453)      | (1,169) | (5,174)     | (3,538) |
| Other                                    | (110)        | (69)    | (239)       | (379)   |
| Financing                                |              |         |             |         |
| Variation in bank indebtedness           | 785          |         | (1,005)     | (1,150) |
| Borrowings                               | 75           |         | 4,523       |         |
| Repayment of debts                       | (271)        | (271)   | (1,019)     | (868)   |
| Distributions and dividends paid         | (1,328)      | (1,182) | (3,953)     | (3,418) |
| Other                                    | 198          | 155     | 495         | 466     |
| Increase (decrease) in cash              | (592)        | (649)   | (235)       | (2,158) |

Cash generated from operating activities, before change in non-cash working capital items, increased by 24% in the third quarter and by 36% in the nine-month period of 2007 compared with the corresponding periods of last year. These increases were mainly driven by higher net earnings and non-cash expenses related to amortization and future income taxes, net of higher interest expenses and income taxes.

Change in non-cash working capital items affecting cash flows from operations for the third quarter of 2007 includes an increase in inventory of \$410 which is attributable to the opening of a store and a general increase of inventory in most stores and in the distribution center.

Change in non-cash working capital items affecting cash flows from operations for the nine-month period ended September 30, 2007 includes an increase in inventory of \$1,064 which is attributable to the opening of four stores and a general increase of inventory in most stores and in the distribution center. The laboratory also increased its inventory due to the acquisition of new material for the production of the Evolution HD™ and Ultra Evolution HD™ lenses launched at the beginning of the year. The amount of \$851 from the table above also includes an increase of \$101 in prepaid expenses related to the acquisition of an "Enterprise Resources Planning" system ("ERP"). The ERP and the related prepaid expenses were financed through a term loan repayable over three years.

The use of funds in non-cash working capital items reflects the growth of the business in the quarter and the nine-month period ended September 30, 2007.

Acquisition of property, equipment and practices amounted to \$2,453 and \$5,174 respectively in the quarter and the nine-month period ended September 30, 2007. These amounts were related to the opening of stores, the addition of optical equipment, and the acquisition of the first part of the ERP system.

The increase of \$177 in long-term debt during the third quarter of 2007 was mainly composed of a balance of purchase price of a practice and assumption of related debts. A cash borrowing of \$75 was also made.

Borrowings in cash in the previous quarters of 2007 were from two sources:

|   |                |
|---|----------------|
| ▪ "Evergreen" credit facilities with the bank | \$3,959        |
| ▪ Special financing of the ERP                | 489            |
|   | <u>\$4,448</u> |

The Evergreen credit facilities allow borrowing funds on the basis of cumulative purchases of long-term assets since the beginning of 2005. No such borrowings were required during the third quarter of 2007. Borrowings in the previous quarters of 2007 were used not only to finance the acquisition of long-term assets in these quarters but also to repay short-term bank indebtedness which was previously used to finance long-term assets and to provide cash for acquisition of capital assets in the following months. Capital assets acquired in the third quarter of 2007 will be used in future quarters to borrow new money under the Evergreen credit.

The increase in distributions and dividends paid in 2007 compared to last year is in line with the increase in distribution per unit as shown in the table entitled Distribution and Dividends on Exchangeable Shares. 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 6.75%;
- An "Evergreen" credit of \$10 million (less the outstanding US dollar term loan described in c), the balance of which is CA \$1.5 million as of September 30, 2007) for the financing of capital expenditures, at prime rate plus 1%, currently 7.25%, 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;
- A term loan in US dollars, US prime rate plus 1%, payable in monthly instalments of US \$79. Any payment in capital increases by the same amount the availability of the Evergreen credit, the whole to a maximum amount of \$10 million.

For the third quarter and the nine-month period ended September 30, 2007

*In thousands of dollars, except per unit amounts*

As of September 30, 2007, the credit facilities used and available were as follows:

|                              | \$     |
|------------------------------|--------|
| Credit used                  |        |
| Short-term bank indebtedness | 785    |
| Letter of credit             | 100    |
| "Evergreen" borrowings       | 3,959  |
| Term loan                    | 1,503  |
| Credit available             | 7,245  |
| Total lines of credit        | 13,592 |

As of September 30, 2007, the Fund and New Look were in compliance with all covenants governing credit facilities.

## Distributable cash

The Fund has modified the presentation and the calculation of distributable cash based on recommendations contained in a CICA's guidance issued in July 2007.

|  | Three months |         | Nine months |         |
|--|--------------|---------|-------------|---------|
|  | 2007         | 2006    | 2007        | 2006    |
|  | \$           | \$      | \$          | \$      |
| Cash flows from operations   | 2,512        | 1,887   | 6,137       | 4,387   |
| Capital expenditures <sup>(a)</sup>  | (2,453)      | (1,169) | (5,174)     | (3,538) |
| Non-controlling interest in net earnings   | (9)          | (6)     | (27)        | (20)    |
| Standardized distributable cash <sup>(b)</sup>                                       | 50           | 712     | 936         | 829     |
| Add (deduct) entity-specific adjustments:  |              |         |             |         |
| <i>Financing of capital expenditures</i>   |              |         |             |         |
| Increase in long-term borrowings <sup>(c)</sup>                                      | 75           |         | 4,523       |         |
| Sale proceeds of CMN <sup>(d)</sup>  |              | 1,169   |             | 4,688   |
| Increase (decrease) in short-term bank indebtedness                                  | 785          |         | (1,005)     | (1,150) |
| Additional borrowings permitted but not used under banking agreements <sup>(e)</sup> | 1,593        |         | 1,656       |         |
| Adjustments in respect of financing capital expenditures                             | 2,453        | 1,169   | 5,174       | 3,538   |
| Repayment of long-term borrowings <sup>(f)</sup>                                     | (271)        | (76)    | (1,019)     | (289)   |
| Capitalized pre-opening expenses <sup>(g)</sup>                                      | (120)        | (74)    | (252)       | (246)   |
| Total entity-specific adjustments  | 2,062        | 1,019   | 3,903       | 3,003   |
| Distributable cash   | 2,112        | 1,731   | 4,839       | 3,832   |
| Distributions and dividends paid   |              |         |             |         |
| \$   | 1,328        | 1,182   | 3,936       | 3,401   |
| % of distributable cash  | 63%          | 68%     | 81%         | 89%     |

(a) Capital expenditures correspond to the purchase of property, equipment and stores.

- (b) Standardized distributable cash is defined in the guidance as the GAAP measure of cash from operating activities after adjusting for capital expenditures, restrictions on distributions arising from compliance with financial covenants restrictive at time of reporting, and minority interests.
- (c) Management considers that the increase in long-term borrowings was used to finance the capital expenditures and the decrease in short-term bank indebtedness.
- (d) Management considered in 2006 that the proceeds from the sale of CMN and the subsequent receipt of escrowed proceeds were used in part to finance the capital expenditures and the decrease in short-term bank indebtedness.
- (e) New Look has the ability under the terms of its banking agreement to finance all of its capital expenditures for 2007, but has not been required to do so, due to its strong cash flows. An adjustment has been made to standardized distributable cash to reflect this ability to finance current capital expenditures. The additional amount that New Look could have actually borrowed at the end of September, 2007 approximates \$4.5 million compared to \$1,656 in the table.
- (f) Management considers that repayment in 2007 of long-term borrowings was financed by the cash flows from operations. As mentioned in the MD&A for 2006, management considered that the repayment in 2006 of US term loan was financed with the receipt of escrowed proceeds from the sale of CMN.
- (g) Capitalized pre-opening expenses are amortized over a 24-month period following the opening of a store. As such expenses cannot be financed through debt, they are deducted in the calculation of 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.

## PORTFOLIO INVESTMENTS

The balance in the amount of \$886 (US\$890) of the sale price of CMN International, a former portfolio investment disposed in 2004, is held in escrow pending a decision from a court further to a recent hearing. 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 provision against the escrowed amount and no interest revenue accruing on the escrowed amount have been recorded.

The company's remaining portfolio investment consists of equity in (80% ownership) and secured loans to TFC which are carried on the Fund's balance sheet at nil. On July 13, 2007, TFC made a voluntary filing under Chapter 11 of the U.S. Bankruptcy Code. Subject to court approval, it is the intention of TFC to attempt to sell its remaining health and fitness clubs in order to repay its creditors including New Look. Based on filings by TFC, its liabilities significantly exceed its assets and there is no assurance at this time that any amounts will be recovered by New Look on its secured loans to TFC. Expenses relating to the "other segment" in the quarter ended September 30, 2007 include legal fees amounting to \$168 incurred by New Look in regard to its secured loans to TFC. Neither the Fund nor New Look is responsible for the debts of TFC.

# Management's Discussion and Analysis

For the third quarter and the nine-month period ended September 30, 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<br>\$ | Dividend per Exchangeable Share<br>\$ | Distributions and Dividends<br>\$ |
|----------------------------|--------------------|--------------------|-----------------------------|---------------------------------------|-----------------------------------|
| 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                               |
| <b>Total for 8 months</b>  |                    |                    | <b>0.3246</b>               | <b>0.2335</b>                         | <b>2,738</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                               |
| <b>Total for 12 months</b> |                    |                    | <b>0.5454</b>               | <b>0.4042</b>                         | <b>4,684</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                               |
| April 2007                 | April 30, 2007     | May 18, 2007       | 0.0500                      | 0.0378                                | 435                               |
| May 2007                   | May 31, 2007       | June 20, 2007      | 0.0500                      | 0.0378                                | 436                               |
| June 2007                  | June 30, 2007      | July 20, 2007      | 0.0500                      | 0.0379                                | 436                               |
| July 2007                  | July 30, 2007      | August 20, 2007    | 0.0500                      | 0.0379                                | 436                               |
| August 2007                | August 30, 2007    | September 20, 2007 | 0.0521                      | 0.0400                                | 456                               |
| September 2007             | September 30, 2007 | October 19, 2007   | 0.0521                      | 0.0400                                | 456                               |
| <b>Total for 9 months</b>  |                    |                    | <b>0.4542</b>               | <b>0.3458</b>                         | <b>3,964</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.

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 nine-month period ended September 30, 2007, the dividend per share represented 76% of the distribution per unit. For tax purposes, the nine monthly dividends totalling \$0.3458 were "eligible" dividends (except for an amount of less than \$0.01), i.e. dividends giving right to the enhanced dividend tax credit to shareholders who are individuals residing in Canada.

The distributions declared in the first nine months of 2007 were composed, for tax purposes, of 27% of eligible dividends, 1% of other dividend and 72% 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.

For the third quarter and the nine-month  
period ended September 30, 2007

*In thousands of dollars, except per unit amounts*

## OUTSTANDING UNITS, SHARES AND OPTIONS

At September 30, 2007, the Fund had 5,784,795 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 shares 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 and during the third quarter of 2007, 5000 options to purchase units at \$3.55 were exercised.

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.

As of September 30, 2007, 472,000 Fund options were outstanding for an average price of \$3.84. Of this number, 436,001 were exercisable.

## CONTROLS AND PROCEDURES

In accordance 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, chief executive officer and chief financial officer has evaluated whether there were changes to its ICFR during the quarter ended September 30, 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 added five stores in 2007 and is committed to open a minimum of five other stores in 2008.

Keeping our stores modern and attractive is part of our strategy to increase sales. For this reason, major renovations to ten existing stores have been completed, are in progress or are planned for 2007 and 2008.

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 Townships. In order to improve New Look's market share, television, radio and newspaper will continue to be used as the favourite media.

The implementation of an ERP system is an important project under progress. Such a new system should diminish certain risks related to old software and is expected to facilitate growth of the business with modest addition of administrative personnel.

## 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.

*November 7<sup>th</sup> 2007.*



For the third quarter  
and the nine-month period  
ended September 30, 2007

Consolidated  
Financial Statements

# Consolidated Earnings and Retained Earnings (Deficit)

For the third quarter and the nine-month period ended September 30, 2007

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

|  | Three months ended September 30, |              | Nine months ended September 30, |              |
|--|----------------------------------|--------------|---------------------------------|--------------|
|  | 2007                             | 2006         | 2007                            | 2006         |
|  | \$                               | \$           | \$                              | \$           |
| Revenues from eye care   | 15,371                           | 13,126       | 44,263                          | 36,604       |
| Cost of goods sold, operating, selling and administration expenses | 12,248                           | 10,680       | 36,078                          | 31,066       |
| <b>Earnings before the undernoted items</b>                        | <b>3,123</b>                     | <b>2,446</b> | <b>8,185</b>                    | <b>5,538</b> |
| Amortization   | 925                              | 795          | 2,547                           | 2,156        |
| Financial expenses, net of interest revenues (Note 4)              | 180                              | 11           | 494                             | (55)         |
| Loss (gain) on foreign currency translation                        | (41)                             | 2            | (124)                           | 69           |
|  | 1,064                            | 808          | 2,917                           | 2,170        |
| <b>Earnings before income taxes and non-controlling interest</b>   | <b>2,059</b>                     | <b>1,638</b> | <b>5,268</b>                    | <b>3,368</b> |
| Income taxes (Note 9)  | 476                              | 370          | 1,205                           | 609          |
| <b>Earnings before non-controlling interest</b>                    | <b>1,583</b>                     | <b>1,268</b> | <b>4,063</b>                    | <b>2,759</b> |
| Non-controlling interest   | 9                                | 6            | 27                              | 20           |
| <b>Net earnings</b>  | <b>1,574</b>                     | <b>1,262</b> | <b>4,036</b>                    | <b>2,739</b> |
| See Notes 4 and 5 for other information on consolidated earnings   |                                  |              |                                 |              |
| <b>Segmented information (Note 16)</b>                             |                                  |              |                                 |              |
| Net earnings from eye care   | 1,601                            | 1,208        | 4,096                           | 2,656        |
| Net earnings (loss) from other segment                             | (27)                             | 54           | (60)                            | 83           |
|  | 1,574                            | 1,262        | 4,036                           | 2,739        |
| <b>Net earnings per unit (Note 13)</b>                             |                                  |              |                                 |              |
| Basic  | 0.163                            | 0.131        | 0.418                           | 0.284        |
| Diluted  | 0.159                            | 0.129        | 0.410                           | 0.280        |

## Consolidated Retained Earnings (Deficit)

|                                | Three months ended September 30, |            | Nine months ended September 30, |            |
|--------------------------------|----------------------------------|------------|---------------------------------|------------|
|                                | 2007                             | 2006       | 2007                            | 2006       |
|                                | \$                               | \$         | \$                              | \$         |
| Balance - beginning of period  | (4,147)                          | 204        | (3,873)                         | 944        |
| Adjustment (Note 15)           |                                  |            | (120)                           |            |
| Net earnings                   | 1,574                            | 1,262      | 4,036                           | 2,739      |
| Distributions declared         | (892)                            | (756)      | (2,624)                         | (2,164)    |
| Dividends declared             | (456)                            | (426)      | (1,340)                         | (1,235)    |
| <b>Balance - end of period</b> | <b>(3,921)</b>                   | <b>284</b> | <b>(3,921)</b>                  | <b>284</b> |

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

For the third quarter and the nine-month period ended September 30, 2007

Unaudited - In thousands of dollars

|  | Three months ended September 30, |                | Nine months ended September 30, |                |
|--|----------------------------------|----------------|---------------------------------|----------------|
|  | 2007                             | 2006           | 2007                            | 2006           |
|  | \$                               | \$             | \$                              | \$             |
| <b>OPERATING ACTIVITIES</b>  |                                  |                |                                 |                |
| Net earnings   | 1,574                            | 1,262          | 4,036                           | 2,739          |
| Items not affecting cash:  |                                  |                |                                 |                |
| Non-controlling interest   | 9                                | 6              | 27                              | 20             |
| Amortization   | 925                              | 795            | 2,547                           | 2,156          |
| Loss on disposal of property and equipment   | 17                               |                | 17                              |                |
| Amortization of deferred lease inducements and variation of deferred rent                        | 52                               | 79             | 160                             | 240            |
| Equity-based compensation expense  | 4                                | 4              | 9                               | 30             |
| Future income taxes  | 121                              | 103            | 338                             | 138            |
| Loss (gain) on foreign currency translation related to long-term monetary assets and liabilities | (49)                             | (6)            | (146)                           | 128            |
| Change in non-cash working capital items   | (141)                            | (246)          | (851)                           | (742)          |
| Change in long-term accounts receivable  |                                  | (110)          |                                 | (322)          |
| <b>Cash flows related to operating activities</b>  | <b>2,512</b>                     | <b>1,887</b>   | <b>6,137</b>                    | <b>4,387</b>   |
| <b>INVESTING ACTIVITIES</b>  |                                  |                |                                 |                |
| Receipt of escrowed proceeds   |                                  |                |                                 | 2,342          |
| Advances   |                                  | 5              | 3                               | (133)          |
| Purchase of property, equipment and stores   | (2,453)                          | (1,169)        | (5,174)                         | (3,538)        |
| Disposal of property and equipment   | 10                               |                | 10                              |                |
| Acquisition of other assets  | (120)                            | (74)           | (252)                           | (246)          |
| <b>Cash flows related to investing activities</b>  | <b>(2,563)</b>                   | <b>(1,238)</b> | <b>(5,413)</b>                  | <b>(1,575)</b> |
| <b>FINANCING ACTIVITIES</b>  |                                  |                |                                 |                |
| Variation in bank indebtedness   | 785                              |                | (1,005)                         | (1,150)        |
| Long-term borrowings (Note 8)  | 75                               |                | 4,523                           |                |
| Repayment of long-term debt  | (271)                            | (271)          | (1,019)                         | (868)          |
| Lease inducements  | 198                              | 53             | 477                             | 364            |
| Issuance of units to holders of options  |                                  |                | 18                              | 102            |
| Distributions and dividends paid (Note 12)   | (1,328)                          | (1,182)        | (3,953)                         | (3,418)        |
| Future income tax related to dividends on exchangeable shares                                    |                                  | 102            |                                 |                |
| <b>Cash flows related to financing activities</b>  | <b>(541)</b>                     | <b>(1,298)</b> | <b>(959)</b>                    | <b>(4,970)</b> |
| <b>Decrease in cash and cash equivalents</b>   | <b>(592)</b>                     | <b>(649)</b>   | <b>(235)</b>                    | <b>(2,158)</b> |
| Cash and cash equivalents, beginning of period   | 592                              | 1,073          | 235                             | 2,582          |
| <b>Cash and cash equivalents, end of period</b>  | <b>-</b>                         | <b>424</b>     | <b>-</b>                        | <b>424</b>     |

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

# Consolidated Balance Sheets

For the third quarter and the nine-month  
period ended September 30, 2007

*In thousands of dollars*

|   | September 30,<br>2007<br>(unaudited)<br>\$ | December 31<br>2006<br>(audited)<br>\$ |
|---|--|--|
| <b>ASSETS</b>   |  |  |
| <b>Current assets</b>                                 |  |  |
| Cash and cash equivalents                             |  | 235                                    |
| Accounts receivable                                   | 1,341                                      | 803                                    |
| Inventory   | 7,184                                      | 5,886                                  |
| Prepaid expenses                                      | 615  | 286                                    |
| <b>Total current assets</b>                           | <b>9,140</b>                               | <b>7,210</b>                           |
| Advances  | 180  | 183                                    |
| Escrowed proceeds from sale of a portfolio investment | 886  | 1,038                                  |
| Property and equipment                                | 15,512                                     | 12,979                                 |
| Tradenname  | 2,500                                      | 2,500                                  |
| Goodwill  | 6,037                                      | 5,854                                  |
| Future income taxes                                   | 153  | 442                                    |
| Other assets  | 401  | 573                                    |
|   | <b>34,809</b>                              | <b>30,779</b>                          |
| <b>LIABILITIES</b>                                    |  |  |
| <b>Current liabilities</b>                            |  |  |
| Bank indebtedness                                     | 785  | 1,790                                  |
| Accounts payable and accrued liabilities              | 7,262                                      | 6,204                                  |
| Distributions and dividends payable                   | 456  | 428                                    |
| Income taxes payable                                  | 219  | 197                                    |
| Instalments on long-term debt                         | 1,171                                      | 1,162                                  |
| <b>Total current liabilities</b>                      | <b>9,893</b>                               | <b>9,781</b>                           |
| Long-term debt  | 5,527                                      | 2,228                                  |
| Deferred lease inducements and deferred rent          | 2,109                                      | 1,472                                  |
| Non-controlling interest                              | 3  |  |
|   | <b>17,532</b>                              | <b>13,481</b>                          |
| <b>UNITHOLDERS' EQUITY</b>                            |  |  |
| Fund units (Note 10)                                  | 12,172                                     | 12,093                                 |
| Exchangeable shares (Note 10)                         | 7,989                                      | 8,048                                  |
| Contributed surplus (Note 11)                         | 1,037                                      | 1,030                                  |
| Deficit   | (3,921)                                    | (3,873)                                |
|   | <b>17,277</b>                              | <b>17,298</b>                          |
|   | <b>34,809</b>                              | <b>30,779</b>                          |

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

For the third quarter and the nine-month period ended September 30, 2007

*Unaudited - 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 for the purpose of measuring the value of the financial instruments:

- 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 September 30, 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.

### 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 12 for more details.

## 4. FINANCIAL EXPENSES, NET OF INTEREST REVENUES

|  | Three months |      | Nine months |      |
|--|--------------|------|-------------|------|
|  | 2007         | 2006 | 2007        | 2006 |
|  | \$           | \$   | \$          | \$   |
| Interest on long-term debt                     | 136          | 95   | 318         | 301  |
| Interest on bank indebtedness and standby fees | 16           | 4    | 93          | 34   |
| Other financial expenses                       | 30           | 27   | 89          | 60   |
|  | 182          | 126  | 500         | 395  |
| Interest revenues                              | 2            | 115  | 6           | 450  |
|  | 180          | 11   | 494         | (55) |

# Notes to Consolidated Financial Statements

For the third quarter and the nine-month period ended September 30, 2007

Unaudited - In thousands of dollars, except per unit amounts

## 5. UNDERLYING COMPONENTS IN CONSOLIDATED EARNINGS

|   | Three months |      | Nine months |       |
|---|--------------|------|-------------|-------|
|   | 2007         | 2006 | 2007        | 2006  |
|   | \$           | \$   | \$          | \$    |
| Gain on foreign exchange related to cost of goods sold                    | 43           | 1    | 54          | 9     |
| Amortization of property and equipment                                    | 832          | 713  | 2,299       | 1,916 |
| Amortization of other assets  | 93           | 82   | 248         | 240   |
| Interest income from temporary investments                                | 1            | 4    | 4           | 21    |
| Interest income from portfolio investment companies and escrowed proceeds |              | 110  |             | 427   |
| Interest income from officers or entities related to officers             | 1            | 1    | 2           | 2     |
| Equity-based compensation   | 4            | 4    | 9           | 30    |

## 6. REMAINING PORTFOLIO INVESTMENT

The Fitness Company ("TFC"), the remaining portfolio investment, filed on July 13, 2007 a voluntary petition for relief under Chapter 11 of the Bankruptcy Code of the United States. The Fund has determined that it does not have the continuing power to determine the strategic operating, investing and financing policies of TFC without the co-operation of the bankruptcy court.

The financial statements of TFC have never been consolidated to those of the Fund. Investment in equity and debts in TFC were completely written down as of December 31, 2006. Neither the Fund nor New Look is responsible for the debts of TFC. Note 16 provides segmented information related to TFC.

## 7. 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 6.75%, and an "evergreen" operating credit of \$10,000 (less outstanding debt of \$1,503) 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 7.25%. 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.

Security given to the bank is the same as at December 31, 2006. Financial ratios required under the financing agreement were respected as at September 30, 2007.

## 8. LONG-TERM DEBT

The long-term debt at the end of the third quarter of 2007 has increased since December 31, 2006 as follows:

|   | \$    |
|---|-------|
| Under the "evergreen" credit (Note 7)   | 3,959 |
| Term loan, 6.15%, payable in monthly instalments of \$15, principal and interest, maturing in August 2010           | 489   |
| Term loan, 9%, payable in monthly instalments of \$1, principal and interest, maturing in January 2013              | 75    |
| Borrowings in cash  | 4,523 |
| Increase related to non-cash transactions:  |       |
| Balance of purchase price of a store, payable in September 2008, without interest                                   | 50    |
| Obligations under capital leases and long-term payables, average rate of 9.1%, maturing on various dates until 2011 | 52    |

## 9. INCOME TAXES

The components of the income tax expense are as follows:

|         | Three months |      | Nine months |      |
|---------|--------------|------|-------------|------|
|         | 2007         | 2006 | 2007        | 2006 |
|         | \$           | \$   | \$          | \$   |
| Current | 355          | 267  | 867         | 471  |
| Future  | 121          | 103  | 338         | 138  |
|         | 476          | 370  | 1,205       | 609  |

On June 22, 2007, Bill C-52 adopted by the House of Commons received royal assent. This bill provides for the imposition of entities such as publicly-traded income trusts on income distributed to unitholders at the rate applicable to corporations and the treatment of such distributions in the hand of unitholders as dividends. Under a grandfathering clause, the Fund will be subject to this new tax starting in 2011. The Fund will lose the benefit of this grandfathering clause if it exceeds a "normal growth" as determined by reference to guidelines issued by the Department of Finance. 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.

For the third quarter and the nine-month period ended September 30, 2007

Unaudited - In thousands of dollars, except per unit amounts

## 10. 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 |
| Issued pursuant to exercise of options              |           |        |                     |       |
| Paid in cash, \$3.55 per unit                       | 5,000     | 18     |                     |       |
| Transferred from contributed surplus <sup>(a)</sup> |           | 2      |                     |       |
| Exchangeable shares exchanged for units             | 28,400    | 59     | (28,400)            | (59)  |
| Balance at September 30, 2007                       | 5,784,795 | 12,172 | 3,870,404           | 7,989 |

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

## 11. CONTRIBUTION SURPLUS

|   | \$    |
|---|-------|
| Balance at December 31, 2006                | 1,030 |
| Stock-based compensation expense            | 9     |
| Transfer to capital contributions (Note 10) | (2)   |
| Balance at September 30, 2007               | 1,037 |

A compensation expense of \$9 was recorded as a result of options vested in 2007.

## 13. NET EARNINGS PER UNIT

|  | Three months |           | Nine months |           |
|--|--------------|-----------|-------------|-----------|
|  | 2007         | 2006      | 2007        | 2006      |
|  | \$           | \$        | \$          | \$        |
| Net earnings   | 1,574        | 1,262     | 4,036       | 2,739     |
| Weighted average number of units and exchangeable shares | 9,655,199    | 9,650,199 | 9,652,470   | 9,646,690 |
| Dilutive effect of unit options                          | 220,860      | 167,219   | 196,372     | 132,981   |
|  | 9,876,059    | 9,817,418 | 9,848,842   | 9,779,671 |
| Basic net earnings per unit                              | 0.163        | 0.131     | 0.418       | 0.284     |
| Diluted net earnings per unit                            | 0.159        | 0.129     | 0.410       | 0.280     |

## 12. 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 was 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 that the distribution is sourced with dividends from New Look in which case the dividend is equal to distribution.

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

The dividend 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:

|  | Three months |       | Nine months |       |
|--|--------------|-------|-------------|-------|
|  | 2007         | 2006  | 2007        | 2006  |
|  | \$           | \$    | \$          | \$    |
| Total distributions and dividends paid | 1,328        | 1,182 | 3,953       | 3,418 |
| Non-discretionary portion              | 915          | 862   | 2,737       | 2,547 |

# Notes to Consolidated Financial Statements

For the third quarter and the nine-month period ended September 30, 2007

Unaudited - In thousands of dollars, except per unit amounts

## 14. FUND OPTION PLAN

Changes in the number of options outstanding were as follows:

|   | Number  | Weighted Average Price<br>\$ |
|---|---------|------------------------------|
| Outstanding at December 31, 2006          | 477,000 | 3.84                         |
| Exercised                                 | 5,000   | 3.55                         |
| Outstanding at September 30, 2007         | 472,000 | 3.84                         |
| Options exercisable at September 30, 2007 | 436,001 | 3.69                         |

## 15. 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 was increased as follows:

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

## 16. 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 under liquidation and the escrowed proceeds from the sale of another portfolio investment.

|  | For the three months ended<br>September 30, 2007 |             |              |
|--|--|-------------|--------------|
|  | Eye care   | Other       | Total        |
| Revenues   | 15,371   |             | 15,371       |
| Cost of goods sold, operating, selling and administration expenses | 12,180   | 68          | 12,248       |
| Financial expenses   | 172  | 10          | 182          |
| Interest revenues  | 2  |             | 2            |
| translation  | (89)   | 48          | (41)         |
| Earnings (loss) before income taxes                                | 2,089  | (30)        | 2,059        |
| Income taxes (recovery)  | 479  | (3)         | 476          |
| <b>Net earnings (loss)</b>   | <b>1,601</b>                                     | <b>(27)</b> | <b>1,574</b> |

|  | For the three months ended<br>September 30, 2006 |           |              |
|--|--|-----------|--------------|
|  | Eye care   | Other     | Total        |
| Revenues   | 13,126   |           | 13,126       |
| Cost of goods sold, operating, selling and administration expenses | 10,667   | 13        | 10,680       |
| Financial expenses   | 104  | 22        | 126          |
| Interest revenues  | 5  | 110       | 115          |
| translation  | (4)  | 6         | 2            |
| Earnings before income taxes                                       | 1,557  | 81        | 1,638        |
| Income taxes   | 343  | 27        | 370          |
| <b>Net earnings (loss)</b>   | <b>1,208</b>                                     | <b>54</b> | <b>1,262</b> |

|  | For the nine months ended<br>September 30, 2007 |             |              |
|--|---|-------------|--------------|
|  | Eye care  | Other       | Total        |
| Revenues   | 44,263  |             | 44,263       |
| Cost of goods sold, operating, selling and administration expenses | 35,898  | 180         | 36,078       |
| Financial expenses   | 462   | 38          | 500          |
| Interest revenues  | 6   |             | 6            |
| Gain (loss) on foreign currency translation                        | (269)   | 145         | (124)        |
| Earnings (loss) before income taxes                                | 5,341   | (73)        | 5,268        |
| Income taxes (recovery)  | 1,218   | (13)        | 1,205        |
| <b>Net earnings (loss)</b>   | <b>4,096</b>                                    | <b>(60)</b> | <b>4,036</b> |

|  | For the nine months ended<br>September 30, 2006 |           |              |
|--|---|-----------|--------------|
|  | Eye care  | Other     | Total        |
| Revenues   | 36,604  |           | 36,604       |
| Cost of goods sold, operating, selling and administration expenses | 31,030  | 36        | 31,066       |
| Financial expenses   | 329   | 66        | 395          |
| Interest revenues  | 23  | 427       | 450          |
| Gain (loss) on foreign currency translation                        | 197   | (128)     | 69           |
| Earnings before income taxes                                       | 3,171   | 197       | 3,368        |
| Income taxes   | 495   | 114       | 609          |
| <b>Net earnings</b>  | <b>2,656</b>                                    | <b>83</b> | <b>2,739</b> |

Interest revenues of the "other sector" for the nine-month period ended September 30, 2006 includes interest from TFC totalling \$322 which was reversed in the fourth quarter of 2006.

For the third quarter and the nine-month  
period ended September 30, 2007

*Unaudited - In thousands of dollars, except per unit amounts*

## 17. COMMITMENTS

Agreements to purchase property and equipment totalled \$664 as of September 30, 2007.

On June 30, 2007, a standby letter of credit in the amount of \$100 expiring June 30, 2008 was issued in replacement of a former letter of credit in the amount of \$200.

## 18. SUBSEQUENT EVENTS

The Fund declared a distribution of \$0.0521 per unit for the month of October 2007 and New Look declared a corresponding dividend per exchangeable share for the same month.

## 19. COMPARATIVE AMOUNTS

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

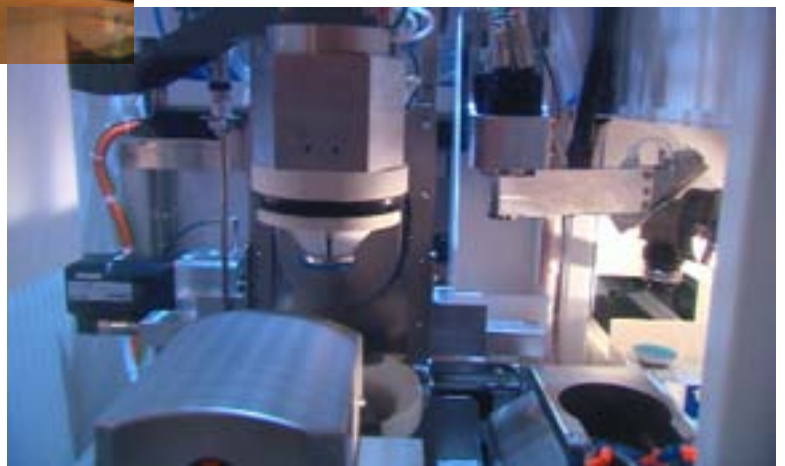
New Look Eyewear,  
a leader in eye care...

... continues to move forward



The chain now has 57 stores and keeps expanding.

With the success of the Evolution HD™  
and the Ultra Evolution HD™ lenses  
launched at the beginning of 2007,  
New Look Eyewear demonstrates once  
again that it is a leader provider of eye  
care products and services.





## 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 – Optical Products and Services  
New Look Eyewear Inc.

### Caroline Rouleau

Vice-President - Professionnal Services and Human Ressources  
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 September 30, 2007, 5,784,795 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