

QUARTERLY REPORT



Fonds de revenu **Benvest**
NEWLOOK
Income Fund



To our unitholders,

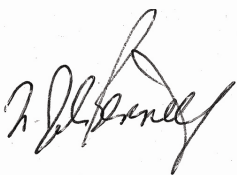
The second quarter of 2008 was another strong quarter for the Fund as New Look Eyewear Inc., our operating subsidiary, continued to successfully grow its business profitability. Details are set out in the financial statements and the Management Discussion and Analysis herein. Highlights of the operating and financial performance were as follows:

- (a) Revenues increased by 15.8% to \$16.9 million while EBITDA ⁽¹⁾ increased by 11.9% to \$3.0 million for the quarter compared to last year.
- (b) Revenues from comparable stores for the quarter increased 12.4%.
- (c) Revenues and EBITDA for the 12-month period ending June 30, 2008 reached \$61.5 million and \$10.6 million, increases of 11% and 12% respectively compared to the period ending June 30, 2007.
- (d) Net earnings for the quarter were \$1.6 million (or \$0.15 per unit on a diluted basis) compared with \$1.3 million (or \$0.13 per unit on a diluted basis) last year.

New Look plans to open at least six new stores over the next 12 months. As keeping our stores modern and attractive is part of our strategy to increase sales, the company has already proceeded in 2008 with the major renovation or relocation of six existing stores and one other major renovation is scheduled for the balance of the year. New Look continues to benefit from the launching in 2007 of the Evolution HD™ and Ultra Evolution HD™ lens technology which is one of the most significant developments in progressive lenses in recent years and which offers New Look's customers clearer lenses and improved vision.

Since its inception in May 2005, the Fund has increased its distribution rate five times, including the increase announced as of August 7, 2008 which will increase the annualized rate to \$0.65 per unit. Distributions have been paid monthly without exception and amounted to \$0.622 over the last 12 months.

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



W. John Bennett
Chairman
Benvest New Look Income Fund



C. Emmet Pearson, CA
Chairman
New Look Eyewear Inc



Martial Gagné, CMA
President
New Look Eyewear Inc

(1) 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), expenses related to former portfolio investments, equity-based compensation, and non-controlling interest. 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

SECOND QUARTER ENDED JUNE 30, 2008

In thousands of dollars, except per unit amounts

Highlights

Highlights for the quarter and the six-month period ended June 30, 2008 compared to the corresponding quarter of 2007 are as follows:

	Quarter		Six months	
	2008	2007	2008	2007
Revenues from eye care	\$16,884	\$14,583	\$32,190	\$28,892
<i>Growth rate</i>	15.8%		11.4%	
<i>Comparable stores growth rate</i>	12.4%		7.6%	
EBITDA ^(a)	\$3,006	\$2,686	\$5,737	\$5,180
<i>Growth rate</i>	11.9%		10.8%	
<i>% of revenues</i>	17.8%	18.4%	17.8%	17.9%
Net earnings	\$1,563	\$1,266	\$2,795	\$2,462
<i>Growth rate</i>	23.5%		13.5%	
Net earnings per unit				
Basic	\$0.16	\$0.13	\$0.29	\$0.26
Diluted	\$0.15	\$0.13	\$0.27	\$0.25
Cash flows from operating activities	\$2,070	\$1,803	\$4,696	\$4,041
Capital expenditures ^(b)	\$1,067	\$1,580	\$1,812	\$2,721
Long-term debt borrowings		\$3,514	\$998	\$4,448
Repayment of long-term debt	\$290	\$465	\$571	\$748
Cash distribution per unit ^(c)	\$0.156	\$0.150	\$0.365	\$0.300
Distributions, dividends and related taxes	\$1,595	\$1,512	\$3,170	\$3,041
At end of quarter				
Total assets ^(d)			\$35,252	\$32,296
Long-term debt ^(e)			\$6,873	\$6,904
Number of stores			57	54

- Refer to the section EBITDA below for a definition and comments on EBITDA. Comparative figures of EBITDA reflect the changes made to the definition.
- Capital expenditures made in 2008 related mainly to the major renovation or relocation of stores and to the addition and renewal of IT equipment and software in stores and offices.
- The distribution has been paid monthly since the inception of the Fund in May 2005.
- The increase in total assets reflects, among others, the addition of four stores and major renovations or relocations of nine stores.
- The amount of long-term debt includes the portion repayable within one year.

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 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 ("GAAP"). You should read the following discussion and analysis together with the interim consolidated financial statements for the period ended June 30, 2008 and with the December 31, 2007 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 or via 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, 2007 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.

Our business

New Look is a leading provider of eye care products and services in Eastern Canada. As of June 30, 2008, 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.

Approval of the financial statements

The Fund's interim consolidated financial statements for the period ended June 30, 2008 have been approved by the Board of Trustees upon recommendation of the Audit Committee.

Accounting policies

The interim consolidated financial statements of the Fund for the period ended June 30, 2008 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, 2007 with the following exceptions: segmented information, inventories and cost of sales, additional disclosures regarding financial instruments and capital, and revision of the useful life of fixed assets.

Segmented information

Up to 2007, the Fund reported segmented information in its financial statements. The reportable segments then identified were the eye care segment and the "other segment" which related to former portfolio investments. Management is of the view that the current situation no longer warrants segmented information, taking into account the disclosure requirements of the Canadian Institute of Chartered Accountants' ("CICA") Handbook. Management does not see at this time other reportable segments justifying segmented information.

Inventories and cost of sales

Beginning with the first quarter of 2008 and in accordance with new Section 3031 of the CICA Handbook, the Fund provides additional information in its financial statements regarding inventory and the cost of sales.

The basic method of measuring inventories remains the same as in the past, i.e. the lower of cost and net realizable value. Considering our extended network of stores, by far the most important item included in the inventory is frames. The cost attributed to frames reflects the purchase price, custom duties and discounts granted by suppliers. The cost of lenses processed in our laboratory includes the cost of materials, direct labour, and production overheads.

The elements included in the cost of sales are described in the section *Cost of sales*.

Additional disclosures

In accordance with new requirements of the CICA Handbook, the Fund has added in the financial statements additional information regarding financial instruments and capital management. The new requirements only address disclosures and have no impact on the Fund's financial results.

Start-up costs

As mentioned in the 2007 annual MD&A, the Fund has adopted the policy of expensing start-up costs beginning with its 2009 fiscal year and the comparative figures will then be restated retrospectively. The retrospective impact will be as follows for the second quarter and the six-month period ended June 30, 2008.

	Quarter	Six months
	\$	\$
Reversal of amortization of start-up costs	56	111
Additional expenses as current start-up costs	11	11
Increase in net earnings before income tax	45	100

Revenues from eye care

Revenues from eye care operations for the quarter ended June 30, 2008 increased by 15.8% to \$16.8 million. Of that increase, 12.4% was due to increases in comparable store revenues, the difference being attributable to the incremental revenues generated by the addition of five stores since the beginning of 2007. Comparable stores are those opened before 2007.

Cumulatively for the six-month period ended June 30, 2008, revenues are up 11.4% to \$32.2 million, the comparable stores contributing 7.6% in that increase.

Management attributes the increases in comparable stores revenues to a sustained and ever improving offer to consumers of our eye care services and products.

Cost of sales

The main items of inventory used and reflected in the cost of sales are frames, lenses and production supplies. The cost of sales also comprises operating expenses related to the laboratory and the distribution centre as well as the cost of professional services required for the purpose of producing lenses and adjusting the eyewear to the needs of customers. Amortization related to the assets used for these purposes is also allocated to cost of sales.

The ratio of cost of sales to revenues decreased in the quarter and the six-month period ended June 30, 2008 compared to the corresponding periods 2007, as investment in new technology allowed a decrease in the cost of components and economies of scales were achieved.

Other operating expenses

Other operating expenses include occupancy costs, selling and general expenses of stores as well as marketing and administration expenses. These expenses increased in the quarter and the six-month period ended June 30, 2008 compared to the corresponding periods of 2007 in dollar amounts and as a percentage of revenues. This reflects additional fixed expenses caused by addition of stores, enhanced marketing programs, and changes at the executive.

EBITDA

The Fund defines EBITDA as earnings before financial expenses, net of interest revenues, income taxes, and amortization. It excludes any gain or loss on foreign currency translation (except if related to cost of sales), expenses related to former portfolio investments, equity-based compensation, and non-controlling interest.

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.

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:

MANAGEMENT'S DISCUSSION AND ANALYSIS

SECOND QUARTER ENDED JUNE 30, 2008

In thousands of dollars, except per unit amounts

	Quarter		Six months	
	2008	2007	2008	2007
	\$	\$	\$	\$
Net earnings	1,563	1,266	2,795	2,462
Amortization	800	836	1,776	1,622
Financial expenses, net of interest revenues	139	159	297	314
Equity-based compensation	34	5	67	5
Net loss (gain) on foreign exchange		(78)	15	(83)
Expenses related to former portfolio investments		113		113
Income taxes	461	376	769	729
Non-controlling interest	9	9	18	18
EBITDA	3,006	2,686	5,737	5,180
<i>Growth rate</i>	<i>11.9%</i>		<i>10.8%</i>	
<i>% of revenues</i>	<i>17.8%</i>	<i>18.4%</i>	<i>17.8%</i>	<i>17.9%</i>

The ratio of EBITDA to revenues decreased in the second quarter of 2008 compared to the second quarter of 2007 due to the impact of the increase in fixed operating expenses mentioned above. However, the year-to-date ratio is almost the same as for last year.

Amortization

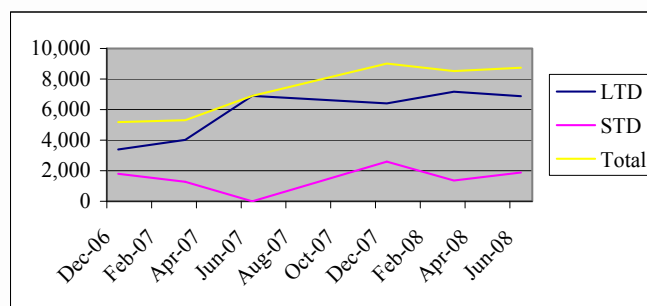
Amortization expenses were \$800 and \$1,776 respectively for the second quarter and the six-month period ended June 30, 2008, compared with \$836 and \$1,622 for the corresponding periods of last year. On one hand, amortization expenses increased due to the addition of 5 stores in 2007 and major renovations to 14 stores over 2007 and 2008. On the other hand, following the revision of the useful life of fixed assets, it was determined that the useful life of certain assets was longer than initially estimated. For instance, leasehold improvements were previously amortized over a maximum of 7 years; under the revised policy, such capital expenditures can be amortized up to 10 years. In accordance with the CICA Handbook, the change in amortization is applied prospectively.

Financial expenses, net of interest revenues

The following table provides the main elements of financial expenses along with interest revenues for the quarter and the six-month period ended June 30, 2008 and June 30, 2007:

	Quarter		Six months	
	2008	2007	2008	2007
	\$	\$	\$	\$
Interest on long-term debt	102	96	225	167
Interest on bank indebtedness and other interest	20	46	51	71
Financial fees	19	13	25	80
	141	155	301	318
Interest revenues (adjustment)	2	(4)	4	4
	139	159	297	314

The following graph shows the balances of long-term debt and short-term bank indebtedness, and the total of both over the last six quarters



Long-term borrowings since the beginning of 2007 totalled \$5.5 million while the repayment of long-term debt totalled \$1.9 million for a net increase of \$3.6 million. Although there is a general increase in debt over the quarters, the increase in interest expenses was tempered by a decrease in the interest rate; in fact, the prime rate was 6.25% in July 2007 and 4.75% at the end of June 2008.

Proceeds from long-term borrowings were used to finance new stores, store renovations, laboratory equipment, IT equipment, and an ERP system.

Financing fees are composed of standby fees and fees related to the renewal of the credit facilities. As per the accounting policy adopted in 2007, such fees are expensed when incurred.

Gain and loss on foreign currency translation

Gains and losses on foreign currency translation are due to the fluctuation of foreign currencies, mainly US dollar, vis-à-vis the Canadian dollar on assets and liabilities denominated in foreign currencies. The main elements of these assets and liabilities on June 30, 2008 were as follows:

▪ Escrowed proceeds from the sale of a portfolio investment	USD 891
▪ Term loan	USD 888
▪ Accounts payable	USD 1,441
▪ Accounts payable	EUR 145

The exchange risk is mitigated by the counterbalancing effect of the US-dollar denominated asset and US-dollar denominated debt. The US-dollar term loan is scheduled to be fully repaid within the next 12 months. The escrowed proceeds are expected to be received within the next 18 months. Accounts payable in foreign currencies are usually paid within a short period of time which limits the exposure to exchange risk.

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 essentially to New Look. On a consolidated basis, the average tax expense for the quarter and the six-month period ended June 30, 2008 represented respectively 23% and 21% of earnings before income taxes. The corresponding rate for the 2007 fiscal year was 18%. The difference is attributable to non taxable gain related to foreign exchange recorded in 2007. The increase in the average consolidated tax rate is also a normal result as the tax benefit from the income trust structure does not increase with the increase in earnings.

Although the income tax expense amounted to \$461 and \$769 respectively for quarter and the six-month period ended June 30, 2008, the current income tax portion was only \$37 for the cumulative period, the difference of \$732 reflecting the use of tax losses and credits previously recognized in future income tax assets.

Change announced for 2011

Bill C-52, which received royal assent in June 2007, translated into law the intention of the federal government to tax publicly-traded income trusts on distributions paid to unitholders, which are derived from "non-portfolio earnings". 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 "non-portfolio earnings" distributed to unitholders and

such distributions will be treated as dividends in the hands of unitholders. Non-portfolio earnings will include income such as the interest received from New Look but not the dividends received from New Look.

Management estimates that the additional tax cost related to the new rule supported by the Fund will represent approximately \$0.08 per unit per year.

However, it should be noted that 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.

Distributions declared in the six-month period ended June 30, 2008 had a dividend content of 31%. The new rule will have no impact on the dividend content of a distribution.

Net earnings

Net earnings are up 23.5% and 13.5% respectively for the quarter and the six-month period ended June 30, 2008 compared with the corresponding periods of last year. This is the overall result of increases in revenues and EBITDA combined with a reduction in amortization expense and the elimination of expenses related to former portfolio investments.

Summary of quarterly results

The following table summarizes unaudited quarterly consolidated results for the 12-month period ended June 30, 2008, compared with the corresponding quarters of the previous 12-month period ended June 30, 2007. These results are presented on the same basis as in the December 31, 2007 year-end audited consolidated financial statements of the Fund.

	September 30		December 31		March 31		June 30		12 months	
	2007	2006	2007	2006	2008	2007	2008	2007	2008	2007
Revenues from eye care	15,371	13,126	13,955	13,280	15,306	14,309	16,884	14,583	61,516	55,298
<i>As a % of annual revenues from eye care</i>	25%	24%	23%	24%	25%	26%	27%	26%	100%	100%
EBITDA	3,206	2,463	1,637	1,956	2,731	2,494	3,006	2,686	10,580	9,442
<i>As a % of revenues from eye care</i>	20.9%	18.8%	11.7%	14.7%	17.8%	17.4%	17.8%	18.4%	17.2%	17.1%
Gain (loss) on foreign exchange	41	(2)	2	106	(15)	5		78	28	187
Net earnings (loss)										
Eye care	1,601	1,208	558	829	1,216	1,188	1,563	1,307	4,938	4,532
Other segment ^(a)	(27)	54	(157)	(3,680)		8		(41)	(184)	(3,659)
All segments	1,574	1,262	401	(2,851)	1,216	1,196	1,563	1,266	4,754	873
Net earnings (loss) per unit										
Basic	0.16	0.13	0.05	(0.30)	0.13	0.12	0.16	0.13	0.50	0.08
Diluted	0.16	0.13	0.05	(0.30)	0.12	0.12	0.15	0.13	0.48	0.08
Distribution per unit	0.154	0.137	0.156	0.150	0.156	0.150	0.156	0.150	0.622	0.587

(a) As mentioned above under the section Accounting Policies, information on the "other" segment is no longer presented beginning with the first quarter of 2008.

This table shows that revenues, EBITDA and net earnings from eye care increased each quarter compared with the corresponding quarter of the previous year, except for the last quarter of 2007. In the 12-month period ended June 30, 2008, revenues, EBITDA and net earnings from eye care increased respectively by 11%, 12%, and 9% compared with the previous 12-month period.

MANAGEMENT'S DISCUSSION AND ANALYSIS

SECOND QUARTER ENDED JUNE 30, 2008

In thousands of dollars, except per unit amounts

Liquidity

The following table shows the main elements of the statement of cash flows for the second quarter and the six-month period ended June 30, 2008 compared with the corresponding periods of 2007:

	Quarter		Six months	
	2008	2007	2008	2007
	\$	\$	\$	\$
Operating activities	2,850	2,388	5,385	4,751
Change in non-cash working capital items	(780)	(585)	(689)	(710)
Cash flows from operations	2,070	1,803	4,696	4,041
Investing				
Property and equipment	(1,067)	(1,580)	(1,812)	(2,721)
Other	(11)	(60)	(26)	(129)
Financing				
Variation in bank indebtedness	530	(1,277)	(720)	(1,790)
Borrowings		3,514	998	4,448
Repayment of long-term debt	(290)	(465)	(571)	(748)
Lease inducements	55	151	55	279
Distributions and dividends	(1,375)	(1,305)	(2,731)	(2,625)
Current tax related to dividends paid	(220)	(207)	(439)	(416)
Other	107	18	186	18
Increase (decrease) in cash	(201)	592	(364)	357

Cash flows from operations

Cash generated from operating activities before changes in non-cash working capital items increased by 19% and 13% respectively for the quarter and the six-month period ended June 30, 2008 compared to the corresponding periods of 2007. This is in line with the increases in EBITDA and net earnings. Non-cash working capital items used \$780 in the quarter and \$689 in the cumulative period of 2008. The year-to-date use of funds was mainly caused by an increase in receivables and payments of the balance of income taxes for 2007.

Investing activities

Investing activities in the second quarter of 2008 related mainly to the major renovations of four stores. The previous capital expenditures in the year included major renovations to one store and the relocation of another, as well as IT equipment and software in stores and offices.

In the six-month period ended June 30, 2007, the investments related to the opening of stores, the acquisition of a practice, the addition of optical equipment, and the acquisition of the first part of an ERP system.

Financing activities

Investments in long-term assets in the second quarter of 2008 were financed through an increase in short-term bank indebtedness, lease inducements, issuance of units and cash flows from operations. No long-term borrowing was required in the second quarter. Previously in the year, a borrowing of \$998 out of the "Evergreen" credit facilities served, along with cash on hand at the end of 2007 and part of cash flows from operations, to finance the capital expenditures of the first quarter and to reduce the short-term bank indebtedness.

Regular repayments on the long-term debt were made as scheduled. Borrowings under the Evergreen credit facilities do not require payments of capital before 2010. Refer to section Credit Facilities below for more details.

Most new leases provide for the payment of inducements by the landlords to New Look. These inducements represented a year-to-date source of cash of \$55 in 2008.

The increase in distributions and dividends paid in 2008 compared to 2007 reflects the increase in distribution per unit which was, on an annualized basis, \$0.60 at the beginning of 2007 and \$0.625 in June 2008.

Tax related to dividends on exchangeable shares

Dividends on exchangeable shares are subject to a special 50% tax under Part VI.1 of the Income Tax Act (Canada). This tax is sometimes described as an "advance corporation tax" as it causes to a large extent a reduction of the corporate income tax, whether current or future. For the six-month period ended June 30, 2008, the current portion of the tax not offset by a corresponding reduction in current income tax expense is estimated at \$439. This amount increases future income tax assets as it is expected it will reduce future income tax.

Comparative figures of the corresponding periods of 2007 were restated in order to transfer from the statement of earnings to the statement of deficit a current charge of tax in the amount of \$220 for the second quarter and \$439 for the six-month period. This had the effect of increasing cash flows from operating activities and cash flows used in financing activities by the same amount.

Credit facilities

The main elements of the credit facilities with the bank 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%, or 5.25% at the end of June 2008;
- An "Evergreen" credit of \$10 million (less the outstanding US dollar term loan described in (c), the balance of which is CA \$0.9 million as of June 30, 2008) for the financing of capital expenditures, at prime rate plus 1%, or 5.75% at the end of June 2008, 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 denominated in US dollars, US prime rate plus 1%, i.e. 6.5% at the end of June 2008, 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.

SECOND QUARTER ENDED JUNE 30, 2008
In thousands of dollars, except per unit amounts

As of June 30, 2008, the credit facilities used and available were as follows:

	\$
Credit used	
Short-term bank indebtedness	1,880
"Evergreen" borrowings	4,957
Term loan	906
Credit available	5,701
Total lines of credit	13,444

As of June 30, 2008, the Fund and New Look were in compliance with all covenants governing credit facilities.

Distributable cash

The Fund calculates and presents its distributable cash based on recommendations contained in a CICA's guidance issued in July 2007 and named *Standardized Distributable Cash in Income Trusts and Other Flow-Through Entities*.

	Quarter		Six months	
	2008	2007	2008	2007
	\$	\$	\$	\$
Cash flows from operations	2,070	1,803	4,696	4,041
Capital expenditures ^(a)	(1,067)	(1,580)	(1,812)	(2,721)
Non-controlling interest in net earnings	(9)	(9)	(18)	(18)
Standardized distributable cash ^(b)	994	214	2,866	1,302
Add (deduct) entity-specific adjustments:				
<i>Financing of capital expenditures</i>				
Long-term borrowings in the period		1,429	998	2,442
Lease inducements	55	151	55	279
Additional borrowings permitted but not used ^(c)	1,012		759	
Adjustments in respect of financing capital expenditures	1,067	1,580	1,812	2,721
Repayment of debt ^{(d)(e)}	(74)	(263)	(146)	(331)
Capitalized start-up costs ^(f)	(11)	(60)	(26)	(132)
Total entity-specific adjustments	982	1,257	1,640	2,258
Distributable cash ^(g)	1,976	1,471	4,506	3,560
Distributions and dividends paid and related taxes ^(h)				
In \$	1,595	1,512	3,170	3,041
% of distributable cash	81%	103%	70%	85%

- (a) Capital expenditures correspond to the purchase of property and equipment.
- (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) New Look had the ability under the terms of its banking agreement to finance all of its capital expenditures, 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 June 2008 exceeds the amount of \$1,012 and \$759 shown in the table.
- (d) Capital expenditures are at first financed through current liquidities or short-term bank indebtedness awaiting periodic borrowings under the Evergreen credits. As the temporary short-term financing is discretionary, management considers that the repayment of short-term bank indebtedness does not reduce the distributable cash.
- (e) Repayment of long-term debt deducted in the calculation of distributable cash does not include any repayment on the term loan denominated in US dollars, as such payment increases by the same amount the availability of the Evergreen credit.
- (f) As capitalized pre-opening expenses cannot be financed through long-term debt, they are deducted in the calculation of distributable cash.
- (g) Distributable cash is not a recognized measure under GAAP. The Fund believes that it is a useful financial measure of the periodic cash that is potentially available for distributions. The Fund's method of calculating this measure may differ from other issuers and accordingly, it may not be comparable to that used by other issuers.
- (h) Distributions and dividends exclude the non-controlling portion.

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.

Escrowed proceeds from the sale of CMN

The balance in the amount of \$909 (US\$890) of the sale price of CMN International, a former portfolio investment disposed of in 2004, is held in escrow pending the settlement of two claims. A court decision favourable to CMN and indirectly to its former shareholders including New Look has been rendered in one of the disputes and the claimant has appealed that decision. Management expects that the appeal will be heard within the next 18 months and is confident in a favourable result. Consequently, the carrying value of the escrowed proceeds is maintained at the amount actually withheld.

MANAGEMENT'S DISCUSSION AND ANALYSIS

SECOND QUARTER ENDED JUNE 30, 2008

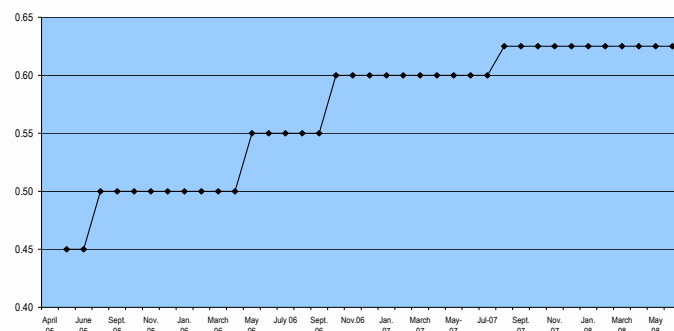
In thousands of dollars, except per unit amounts

Distributions and dividends on exchangeable shares

The following table summarizes the distributions and dividends paid since the inception of the Fund in May 2005:

		Distribution per Unit \$	Dividend per Exchangeable Share \$	Total Distributions and Dividends \$
2005	8 months	0.3246	0.2335	2,737
2006	12 months	0.5454	0.4042	4,683
2007	12 months	0.6105	0.4656	5,333
2008	6 months	0.3115	0.2405	2,748

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



The cash dividend on each exchangeable share is equivalent to the cash distribution declared on each unit less the income taxes required to be paid by New Look with respect of such dividend. In the first six months of 2008, the dividend per share represented 77% of the distribution per unit. For tax purposes, the dividends were designated, except for a small amount, as "eligible" dividends, 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 two quarters of 2008 were composed, for tax purposes, of 30% of eligible dividends, 1% of "ordinary" dividends, and 69% of "other income".

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

Outstanding units, exchangeable shares and options

At June 30, 2008, the Fund had 5,832,830 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. As of the same date, 762,965 Fund options were outstanding for an average exercise price of \$5.42; of this number, 677,476 were exercisable for an average exercise price of \$5.19.

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.

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.

Each option gives the right to purchase one Fund unit at an exercise price equal to the market value on grant date. All outstanding options will expire five years after the grant date. The maximum number of units issuable upon the exercise of options at any given time is 10% of the units issued and outstanding. During the second quarter of 2008, 29,369 options to purchase units at an average price of 3.64 were exercised. During the first quarter of 2008, 18,666 options to purchase units at an average price of \$4.22 were exercised.

Controls and procedures

Management is responsible for the design of internal control over financial reporting within the Fund in order to provide reasonable assurance regarding the reliability of financial reporting and the presentation of financial statements for external purposes in accordance with Canadian GAAP. Management has evaluated there were no changes in its internal controls over financial reporting during the quarter ended June 30, 2008 that have materially affected, or are reasonable expected to materially affect its internal control over financial reporting.

Outlook

New Look will continue to focus on its expansion plan. In the 2007 Annual Report, management mentioned commitments to open six new stores and to proceed with the relocation or major renovations of seven existing stores in 2008. Most of the major renovations and one store relocation were completed at the end of the second quarter. The rest of the plan is under progress, two planned openings having been postponed after 2008. Furthermore, commitments have been made to open two other stores after the current year. New Look plans to open six new stores over the next twelve months.

Overall capital expenditures, increase in inventory and pre-openings expenses budgeted for 2008 amount to \$6 million.

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

Draft legislative proposals

On July 14, 2008, Finance Canada released draft legislative proposals to allow the conversion of "specified investment flow through" trusts, such as the Fund, into corporations without any adverse tax consequences to investors. Management is analysing these proposals and their impact on the Fund. There are no current plans to change the status of the trust.

Caution regarding forward-looking statements

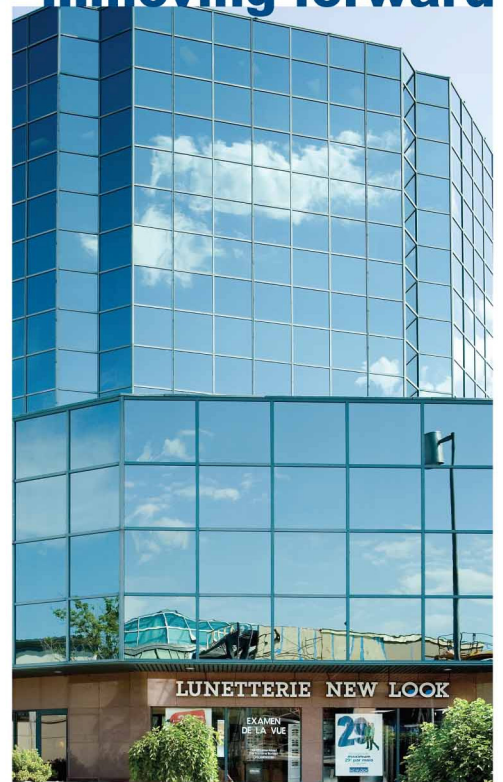
This report contains "forward-looking statements" which involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such statements. Although management believes the expectations reflected in those statements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

August 7th 2008

NEW LOOK EYEWEAR



A LEADER IN EYE CARE ...moving forward



CONSOLIDATED FINANCIAL STATEMENTS



Fonds de revenu **Benvest**
NEWLOOK
Income Fund



CONSOLIDATED EARNINGS, COMPREHENSIVE INCOME AND DEFICIT

In thousands of dollars, except per unit amounts

	Three months ended June 30		Six months ended June 30	
	2008	2007	2008	2007
	\$	\$	\$	\$
Revenues from eye care	16,884	14,583	32,190	28,892
Cost of materials, direct labour, operating, selling and administrative expenses	13,878	11,897	26,453	23,712
Earnings before the undernoted items	3,006	2,686	5,737	5,180
Amortization	800	836	1,776	1,622
Financial expenses, net of interest revenues (Note 4)	139	159	297	314
Equity-based compensation expense	34	5	67	5
	973	1,000	2,140	1,941
Earnings before the following items	2,033	1,686	3,597	3,239
Net gain (loss) on foreign currency translation (Note 5)		78	(15)	83
Expenses related to former portfolio investments		(113)		(113)
Earnings before income taxes and non-controlling interest	2,033	1,651	3,582	3,209
Income taxes (Note 7)	461	376	769	729
Earnings before non-controlling interest	1,572	1,275	2,813	2,480
Non-controlling interest	9	9	18	18
Net earnings and comprehensive income	1,563	1,266	2,795	2,462
See Notes 4 and 5 for other information on consolidated earnings				
Net earnings per unit (Note 12)				
Basic	0.16	0.13	0.29	0.26
Diluted	0.15	0.13	0.27	0.25

Consolidated Deficit

	Three months ended June 30		Six months ended June 30	
	2008	2007	2008	2007
	\$	\$	\$	\$
Balance, beginning of period	(5,055)	(4,106)	(4,915)	(3,873)
Adjustment (Note 14)				(120)
Net earnings	1,563	1,266	2,795	2,462
Distributions to unitholders	(910)	(867)	(1,816)	(1,732)
Dividends and related taxes (Note 8)	(466)	(440)	(932)	(884)
Deficit, end of period	(4,868)	(4,147)	(4,868)	(4,147)

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

CONSOLIDATED CASH FLOWS

In thousands of dollars

	Three months ended June 30		Six months ended June 30	
	2008	2007	2008	2007
	\$	\$	\$	\$
OPERATING ACTIVITIES				
Net earnings	1,563	1,266	2,795	2,462
Items not affecting cash:				
Non-controlling interest	9	9	18	18
Amortization	800	836	1,776	1,622
Amortization of deferred lease inducements and variation of deferred rent	1	43	(8)	108
Equity-based compensation expense	34	5	67	5
Future income taxes	448	315	732	633
Loss (gain) on foreign currency translation related to long-term monetary assets and liabilities	(5)	(86)	5	(97)
Change in non-cash working capital items	(780)	(585)	(689)	(710)
Cash flows related to operating activities	2,070	1,803	4,696	4,041
INVESTING ACTIVITIES				
Advances				3
Purchase of property and equipment	(1,067)	(1,580)	(1,812)	(2,721)
Acquisition of other assets	(11)	(60)	(26)	(132)
Cash flows related to investing activities	(1,078)	(1,640)	(1,838)	(2,850)
FINANCING ACTIVITIES				
Variation in bank indebtedness	530	(1,277)	(720)	(1,790)
Long-term borrowings (Note 6)		3,514	998	4,448
Repayment of long-term debt	(290)	(465)	(571)	(748)
Lease inducements	55	151	55	279
Issuance of units to holders of options	107	18	186	18
Distributions and dividends paid (Note 11)	(1,375)	(1,305)	(2,731)	(2,625)
Current tax related to dividends paid (Notes 8 and 20)	(220)	(207)	(439)	(416)
Cash flows related to financing activities	(1,193)	429	(3,222)	(834)
Net increase (decrease) in cash and cash equivalents	(201)	592	(364)	357
Cash and cash equivalents, beginning of period	262		425	235
Cash and cash equivalents, end of period	61	592	61	592

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

CONSOLIDATED BALANCE SHEETS

In thousands of dollars

	June 30 2008 (unaudited) \$	December 31 2007 (audited) \$
ASSETS		
Current assets		
Cash and cash equivalents	61	425
Accounts receivable	1,051	666
Inventory	7,486	6,857
Prepaid expenses	554	533
Total current assets	9,152	8,481
Advances	180	180
Escrowed proceeds from sale of a portfolio investment	909	883
Property and equipment	15,569	15,387
Tradenname	2,500	2,500
Goodwill	5,854	5,854
Future income taxes	287	580
Other assets	801	921
	35,252	34,786
LIABILITIES		
Current liabilities		
Bank indebtedness	1,880	2,600
Accounts payable and accrued liabilities	7,018	6,402
Distributions and dividends payable	459	442
Income taxes payable	117	387
Instalments on long-term debt	1,266	1,188
Total current liabilities	10,740	11,019
Long-term debt	5,607	5,227
Deferred lease inducements and deferred rent	2,167	2,120
Non-controlling interest	30	12
	18,544	18,378
UNITHOLDERS' EQUITY		
Fund units (Note 9)	12,385	12,172
Exchangeable shares (Note 9)	7,989	7,989
Contributed surplus (Note 10)	1,202	1,162
Deficit	(4,868)	(4,915)
	16,708	16,408
	35,252	34,786

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

SECOND QUARTER ENDED JUNE 30, 2008
 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. The Fund units are listed on the Toronto Stock Exchange.

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, 2007.

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, 2007, except to the extent that the new accounting policies and estimates described in Note 3 apply. Furthermore, starting with the 2008 fiscal year, the Fund no more presents segmented information as the "other segment", which related to a portfolio investment under liquidation and the escrowed proceeds from the sale of a portfolio investment, no more justifies presenting segregated data and accordingly the comparative figures are no longer presented.

3. Adoption of new accounting policies and changes in accounting estimates

Financial instruments – Disclosures

In December 2006, the Canadian Institute of Chartered Accountants ("CICA") published in the CICA Handbook new Section 3862, "Financial Instruments – Disclosures", and Section 3863, "Financial Instruments – Presentation" which establish standards for the presentation and disclosure of financial instruments and non-financial derivatives. These new standards are effective for fiscal years beginning on or after October 1, 2007 and the Fund implemented them as of January 1, 2008. They only address disclosures and have no impact on the Fund's financial results.

Capital disclosures

In December 2006, the CICA published new Section 1535, "Capital Disclosures". The new section establishes standards for disclosing information about an entity's capital and how it is managed. This new standard is effective for fiscal years beginning on or after October 1, 2007 and the Fund implemented it as of January 1, 2008. The new accounting standard only addresses disclosures and has no impact on the Fund's financial results.

Inventories

In June 2007, the CICA published Section 3031, "Inventories", which replaces Section 3030 of the same title. The new section provides guidance on the determination of cost and its subsequent recognition as an expense. It also provides guidance on the cost formulas that are used to assign costs to inventories and the requirement to disclose the amount of inventories recognized as an expense. This new standard is effective for fiscal years beginning on or after January 1, 2008 and the Fund applied it as of this date.

Inventories are measured at the lower of cost and net realizable value. The cost of inventories comprises all costs of purchase and costs of conversion, which in turn include direct labour and production overheads. Cost is determined by the average cost method.

Pursuant to the adoption of new Section 3031, the Fund also discloses the cost of sales which includes the amount of inventories recognized as an expense, unallocated production overheads, distribution costs to the stores, and costs of professional services required for the purpose of producing lenses and adjusting the eyewear to the needs of the customers. Amortization related to the assets used for these purposes is allocated to cost of sales.

Management has determined that the new standard related to inventories had no significant impact on the financial results.

Change in accounting estimates - Amortization

Methods, rate or period of amortization were as follows up to the first quarter of 2008:

	Methods	Rate or period
Equipment, tools and signs	Diminishing balance	20%
Computer equipment	Straight line	5 years
Leasehold improvements	Straight line	Lease term maximum of 7 years

Following a review of the useful lives of property and equipment, management has established the following methods, rate or period of amortization effective April 1, 2008:

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

SECOND QUARTER ENDED JUNE 30, 2008

Unaudited - In thousands of dollars, except per unit amounts

	Methods	Rate or period
Equipment, tools and signs acquired prior to January 1, 2007	Diminishing balance	20%
Equipment, tools and signs acquired since January 1, 2007	Straight line	10 years
Computer equipment	Straight line	5 years
Optical equipment	Straight line	15 years
Leasehold improvements acquired prior to January 1, 2007	Straight line	Lease term, maximum of 7 years
Leasehold improvements acquired since January 1, 2007	Straight line	Lease term including periods under option, maximum of 10 years

This change in estimated useful lives was applied prospectively. The impact of the revised estimates is a reduction of amortization expense of \$149 for the second quarter of 2008 and the expected reduction in amortization expense for the fiscal year 2008 is \$447 while the expected reduction in amortization for a full year is \$596.

4. Financial expenses, net of interest revenues

	Three months		Six months	
	2008	2007	2008	2007
	\$	\$	\$	\$
Interest on long-term debt	102	96	225	167
Interest on bank indebtedness and other interest	20	46	51	71
Financial fees	19	13	25	80
	141	155	301	318
Interest revenues	2	(4)	4	4
	139	159	297	314

5. Underlying components in consolidated earnings

Cost of sales

	Three months		Six months	
	2008	2007	2008	2007
	\$	\$	\$	\$
Amounts included in cost of materials, direct labour and operating expenses	7,495	6,765	13,812	12,925
Amounts included in amortization	194	284	520	592
	7,689	7,049	14,332	13,517

Other components

	Three months		Six months	
	2008	2007	2008	2007
	\$	\$	\$	\$
Write-down of inventories included in cost of sales	30	18	51	36
Gain (loss) on foreign currency translation included in cost of sales	(17)	13	(16)	11
Other gain (loss) on foreign currency translation		78	(15)	83
Amortization of property and equipment	726	754	1,630	1,467
Amortization of other assets	74	82	146	155
Interest income from temporary investments (adjustment)	1	(4)	2	3
Interest income from holder of the non-controlling interest	1		2	1

6. Long-term borrowings

Long-term borrowings in the amount of \$998 in the first quarter of 2008 were made under the "Evergreen" credit facilities which provides for no payment of capital until December 31, 2009. No long-term borrowings were made in the second quarter of 2008.

7. Income tax

	Three months		Six months	
	2008	2007	2008	2007
	\$	\$	\$	\$
Current	13	61	37	96
Future	448	315	732	633
	461	376	769	729

Comparative figures were reclassified. See Notes 8 and 20 for more details.

8. Dividends and related taxes

	Three months		Six months	
	2008	2007	2008	2007
	\$	\$	\$	\$
Dividends declared on exchangeable shares	466	440	932	884
Current tax	220	207	439	416
Future tax	(220)	(207)	(439)	(416)
Net tax related to dividends				
	466	440	932	884

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

SECOND QUARTER ENDED JUNE 30, 2008
Unaudited - In thousands of dollars, except per unit amounts

The current tax corresponds to the tax payable on the dividends on exchangeable shares and not offset by a corresponding reduction in current income tax expense. The negative amounts of future tax correspond to additions to future income tax assets. The comparative amounts of taxes were presented as part of income taxes in the first two quarters of 2007. The above table reflects a reclassification made in the fourth quarter of 2007.

9. Fund units and exchangeable shares

The consolidated number and carrying value of the Fund units and exchangeable shares of New Look are determined as follows:

	Units		Exchangeable shares	
	Number	\$	Number	\$
Balance at December 31, 2007	5,784,795	12,172	3,870,404	7,989
Issued pursuant to exercise of options				
Paid in cash, average price of \$3.86 per unit	48,035	186		
Transferred from contributed surplus ^(a)		27		
Balance at June 30, 2008	5,832,830	12,385	3,870,404	7,989

a) The portion transferred from contributed surplus corresponds to the equity-based compensation expense previously recorded and recognized in contributed surplus.

10. Contributed surplus

	\$
Balance at December 31, 2007	1,162
Equity-based compensation expense	67
Transfer to Fund units	(27)
Balance at June 30, 2008	1,202

The amounts corresponding to the equity-based compensation expense are credited to contributed surplus over the vesting period of options granted and balances in contributed surplus are transferred to the carrying value of Fund units when options are exercised.

11. Cash distribution and dividends

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

	Three months		Six months	
	2008	2007	2008	2007
	\$	\$	\$	\$
Total distributions and dividends paid	1,375	1,305	2,731	2,625
Non-discretionary portion	1,189	915	2,289	1,822

12. Net earnings per unit

	Three months		Six months	
	2008	2007	2008	2007
	\$	\$	\$	\$
Net earnings	1,563	1,266	2,795	2,462
Weighted average number of units and exchangeable shares	9,688,816	9,650,199	9,676,328	9,651,083
Dilutive effect of unit options	772,458	209,523	612,539	185,774
	10,461,274	9,859,722	10,288,867	9,836,857
Basic net earnings per unit	0.16	0.13	0.29	0.26
Diluted earnings per unit	0.15	0.13	0.27	0.25

13. Fund option plan

Changes in the number of options outstanding were as follows:

	Number	Weighted
		Average Price \$
Outstanding at December 31, 2007	791,000	5.28
Granted	20,000	7.20
Exercised	(48,035)	3.87
Outstanding at June 30, 2008	762,965	5.42
Options exercisable at June 30, 2008	677,476	5.19

During the quarter ended June 30, 2008, the Fund granted a total of 20,000 options at an exercise price of \$7.20 with the following vesting period: 50% at the grant date, 25% at the end of the first year, and the balance at the end of the second year. The fair value of options granted was estimated using a Black-Scholes option pricing model with the following assumptions.

Expected life (years)	4
Expected volatility	35%
Risk-free interest rate	2.9%
Expected distributions	\$0.63

The fair value of the options granted was established at \$0.87 per option.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

SECOND QUARTER ENDED JUNE 30, 2008

Unaudited - In thousands of dollars, except per unit amounts

14. Adjustment to deficit

Pursuant to the adoption on January 1, 2007 of a policy of expensing transaction costs related to loans and lines of credit, the balance of deficit as of this date was increased as follows:

	\$
Write-off of deferred financing fees	176
Less: Future income tax related to the write-off	56
	120

15. Capital management

The Fund's objectives when managing capital are:

- To continue to successfully build the business with a conservative capital structure at the same time as maintaining and increasing distributions to unitholders;
- To provide above average return to the unitholders commensurately with the level of risk;
- To treat the holders of exchangeable shares with respect to distributions on the same basis as the unitholders after taking into account the impact of corporate income tax.

The Fund's capital is composed of unitholders' equity, including the exchangeable shares, the non-controlling interest, the long-term debt including the current portion, and short-term bank indebtedness. The Fund manages the capital structure by financing its growth mainly by using its credit facilities. While the Fund is not subject to externally imposed capital requirements, its credit facilities are subject to a number of covenants, including a debt-to-EBITDA ratio. The Fund's objective with respect to its capital is to maintain a debt-to-EBITDA ratio below 2.0.

The Fund has no commitments to issue units except pursuant to the exercise of options and the exchange of exchangeable shares.

16. Financial instruments

Financial instruments are either measured at fair value or amortized cost. Assets held for trading are measured on the balance sheet at fair value. Loans and receivables and other financial liabilities are measured at amortized cost. The following table provides the carrying value of each category of financial assets and liabilities and the related balance sheet item:

	March 31, 2008	December 31, 2007
	\$	\$
Assets held for trading		
Cash and cash equivalents	61	425
Loans and receivables		
Accounts receivable	1,051	666
Advances	180	180
Escrowed proceeds from sale of a portfolio investment	909	883
Total financial assets	2,201	2,154
Other financial liabilities		
Bank indebtedness	1,880	2,600
Accounts payable and accrued liabilities	7,018	6,402
Distributions and dividends payable	459	442
Income taxes payable	117	387
Long-term debt including current portion	6,873	6,415
Total financial liabilities	16,347	16,246

17. Financial risk management objectives and policies

Management has established objectives and policies regarding the following financial risks:

Currency risk

New Look is exposed to foreign currency fluctuations with regards to the following assets as of June 30, 2008:

		\$
Escrowed proceeds	USD	891
Term loan, US prime rate plus 1%, expiring June 2009	USD	888
Accounts payable	USD	1,441
Accounts payable	EUR	145

Risk exposure is mitigated by a matching of amounts of US dollar-denominated assets and liabilities. This matching will diminish to nil over the next year as monthly repayments are made on the US term loan. Each 1% weakening of the US dollar vis-à-vis the Canadian dollar would decrease the value of the escrowed proceeds by \$9. Management has elected not to actively manage this exposure at this time.

Accounts payable in foreign currencies are usually settled within 30 to 60 days. Based on the figures above, each 1% strengthening of the US dollar vis-à-vis the Canadian dollar would increase the amount of the debt by \$14. The risk is mitigated by the fact that accounts payable do not come due all at the same time.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

SECOND QUARTER ENDED JUNE 30, 2008
Unaudited - In thousands of dollars, except per unit amounts

Interest rate risk

As at June 30, 2008, 85% of the long-term debt bore interest at a floating rate. Most of this debt was covered by the Evergreen credit facilities which provide for the option to change at any time the floating rate to a fixed rate to be determined by the bank at such time. A 100 basis point increase in interest rates would result in an increase in annual interest payments of \$54.

The long-term debt bearing a fixed rate of interest amounted to \$959 as at June 30, 2008. Of this amount, \$360 will be repaid in the next 12 months. A 100 basis point variation in interest rate would result in a variation in fair value of the debt of \$77.

Credit risk

Credit risk with respect to trade receivables is limited due to the general policy of requiring down payments on accepting orders and payment of the balance of sale price on delivery of goods.

Indemnity risk related to the escrowed proceeds

New Look is exposed to the risk of assuming its part of indemnity claims against the escrowed proceeds from the sale of CMN. New Look has taken the necessary steps to assure that defence of the rights of former shareholders of CMN was appropriately conducted.

Liquidity risk

Liquidity risk management serves to maintain a sufficient amount of cash and cash equivalents and to ensure that the Fund has financing sources such as its credit facilities for a sufficient authorized amount. The Fund establishes budgets, cash estimates and a cash management policy to ensure it has the necessary funds to fulfill its obligations for the foreseeable future.

18. Commitments

Agreements to purchase property and equipment totalled \$639 as of June 30, 2008.

19. Subsequent events

The Fund declared a distribution of \$0.0521 per unit for the month of July 2008 and New Look declared a corresponding dividend per exchangeable share for the same month.

20. Comparative amounts

As mentioned in Note 8, the current and future taxes related to dividends declared in the first two quarters of 2007 were reclassified from the statement of earnings to the statement of deficit. The impact on net earnings for these quarters was nil. However, as per the revised classification, cash flows from operating activities increased by \$207 and \$416 respectively for the quarter and the six-month period ended June 30, 2007 and cash flows used in financing activities increased by the same amounts.

Directors and Officers

Martial Gagné

President and Chief Operating Officer
New Look Eyewear Inc.

Jean-Luc Deschamps

Senior Vice-President and Chief Financial Officer
New Look Eyewear Inc.

Mario Pageau

Vice-President – Optical Products and Services
New Look Eyewear Inc.

Caroline Rouleau

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

France Reimnitz

Vice-President – Sales and Marketing
New Look Eyewear Inc.

Claire Boulanger

Vice-President – Real Estate and Development
New Look Eyewear Inc.

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Outside Trustees and Directors

W. John Bennett

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

C. Emmett Pearson

Trustee – Benvest New Look Income Fund
Chairman – New Look Eyewear Inc.

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 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 June 30, 2008, 5,832,830 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, 2006.