

To our unitholders,

After three quarters, our operating subsidiary, New Look Eyewear Inc., is still holding a satisfactory performance although the third quarter seemed to track the general slowdown experienced by the optical eyewear retail industry. Nevertheless, encouraging signs of recovery towards the end of the third quarter lead us to be optimistic for the rest of the year. Revenues for the nine months achieved \$51.3 million, an increase of 6.1% over the corresponding period of last year. Even if EBITDA<sup>(1)</sup> for the nine-month period decreased by \$0.6 million compared to last year, it nonetheless reached \$8.0 million and net earnings attained \$3.9 million (or \$0.39 per unit) compared to \$4.3 million last year (\$0.43 per unit). Cash flows from operations for the nine months were strong at \$9.2 million as compared to \$7.5 million for the same period last year.

Eye care operations in the third quarter generated revenues of \$16.4 million, an increase of 1.4% over the corresponding quarter of last year, while the increase was 8.4% for the first two quarters. Revenue increase was not sufficient to cover operating cost increases. EBITDA and net earnings were impacted by the modest growth in revenues during the third quarter.

Since its inception in May 2005, the Fund has increased its distribution rate five times. The monthly distribution is currently based on an annualized rate of \$0.65 per unit.

In April 2009, the Fund received approval from Toronto Stock Exchange to proceed with a normal course issuer bid, under which the Fund may purchase up to 300,583 of its units. The bid started May 1, 2009 and may continue to April 30, 2010. To-date 14,000 units have been purchased pursuant to the bid. The Fund believes that its units may trade in price ranges which do not fully reflect the value of the units. As a result, the Fund believes that the purchase of its outstanding units may represent an appropriate use of its funds. Other details on the normal course issuer bid can be found in the Management's Discussion and Analysis.

As part of its core strategies, New Look constantly revises its promotional and merchandising programs to track overall customer attitude. This strategy has proven to be successful as, despite current economic conditions, revenues have increased for the first nine months. The strategy generated sufficient revenues to maintain professional staff levels, augment our market share and very importantly, maintain our expansion plan. Capital expenditures along with the acquisition of a joint venture partner and four practices totalled \$4.0 million. Since the beginning of 2009, two stores were opened and the company has plans to open at least three additional stores over the next 12 months. Details of the performance of the Fund and New Look are set out in the financial statements and the Management Discussion and Analysis herein.



**W. John Bennett**  
Chairman  
Benvest New Look Income Fund



**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 (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.*

Third quarter ended September 30, 2009  
In thousands of dollars, except per unit amounts

## Highlights

Highlights for the quarter and the nine-month period ended September 30, 2009 compared to the corresponding periods of 2008 are as follows:

|  | Quarter  |                                 | Nine months |                                 |
|--|----------|---------------------------------|-------------|---------------------------------|
|  | 2009     | 2008<br>Restated <sup>(a)</sup> | 2009        | 2008<br>Restated <sup>(a)</sup> |
| Revenues from eye care                         | \$16,446 | \$16,211                        | \$51,333    | \$48,401                        |
| <i>Growth rate</i>                             | 1.4%     |                                 | 6.1%        |                                 |
| <i>Comparable stores variance</i>              | (6.5%)   |                                 | (1.8%)      |                                 |
| EBITDA <sup>(b)</sup>                          | \$2,188  | \$2,896                         | \$8,027     | \$8,622                         |
| <i>Variance</i>                                | (24.4%)  |                                 | (6.9%)      |                                 |
| <i>% of revenues</i>                           | 13.3%    | 17.9%                           | 15.6%       | 17.8%                           |
| Net earnings                                   | \$824    | \$1,429                         | \$3,861     | \$4,293                         |
| <i>Variance</i>                                | (42.3%)  |                                 | (10.1%)     |                                 |
| Net earnings per unit                          |          |                                 |             |                                 |
| Basic  | \$0.08   | \$0.15                          | \$0.39      | \$0.44                          |
| Diluted  | \$0.08   | \$0.14                          | \$0.39      | \$0.43                          |
| Cash flows from operating activities           | \$2,966  | \$2,814                         | \$9,238     | \$7,499                         |
| Capital expenditures <sup>(c)</sup>            | \$613    | \$1,577                         | \$3,991     | \$3,404                         |
| Issuance of units                              |          | \$202                           | \$951       | \$388                           |
| Increase (decrease) in net debt <sup>(d)</sup> | (\$578)  | \$143                           | (\$1,551)   | \$245                           |
| Cash distribution per unit <sup>(e)</sup>      | \$0.163  | \$0.161                         | \$0.488     | \$0.473                         |
| Distributions, dividends and related taxes     | \$1,518  | \$1,426                         | \$4,495     | \$4,174                         |
| At end of quarter                              |          |                                 |             |                                 |
| Total assets <sup>(f)</sup>                    |          |                                 | \$38,028    | \$36,078                        |
| Long-term debt <sup>(g)</sup>                  |          |                                 | \$8,561     | \$8,065                         |
| Number of stores                               |          |                                 | 63          | 58                              |

(a) The comparative amounts of EBITDA and net earnings were restated pursuant to the change in accounting policy, described in Note 3 to the consolidated financial statements, regarding the expensing of start-up costs retrospectively to January 1, 2008.

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

(c) Capital expenditures made in 2009 related mainly to a business acquisition, addition of two stores, major renovations to three stores, and addition of optical equipment. The amounts above also include expenditures financed through debt assumptions and balances of purchase price. Refer to the section *Liquidity* for a reconciliation of capital expenditures affecting the cash flows and total capital expenditures.

(d) Increase or decrease in net debt refers to the variation of long-term debt, including balances of purchase price of assets, short-term bank indebtedness, net of the variation in cash and cash equivalents.

(e) The distribution has been paid monthly since the inception of the Fund in May 2005.

(f) The increase in total assets reflects, among others, the acquisition of businesses and renovations to stores.

(g) 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).

Third quarter ended September 30, 2009  
In thousands of dollars, except per unit amounts

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 September 30, 2009 and with the December 31, 2008 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, 2008 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, 2009, its network consisted of 63 eye care stores: 56 are located in major cities in the Province of Québec and seven serve the Ottawa, Ontario region. New Look is the only eyewear retailer in Québec to operate a complete eyewear transformation laboratory which is located in Ville St-Laurent, Québec.

New Look sells its products and services through its corporate-owned retail stores.

## Approval of the financial statements

The Fund's interim consolidated financial statements for the period ended September 30, 2009 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 September 30, 2009 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, 2008 with the exception regarding the treatment of start-up costs.

### Write-off of start-up costs and restatement of comparative amounts

Start-up costs include rents and other costs incurred during the period prior to the commencement of commercial operations of new stores or the opening of new facilities. The former policy of New Look was to capitalize such costs and amortize them over a period of 24 months in the case of new stores; in other cases, the amortization period reached ten years. A new accounting standard, contained in Section 3064 of the Canadian Institute of Chartered Accountants' Handbook, now precludes deferring such costs. As the new standard applies retrospectively to the comparative figures, the financial statements for 2008 were restated accordingly. The impact on net earnings for the third quarter of 2008 was a decrease of \$4 and the impact for the nine-month period of 2008 was an increase of \$65. The impact on net earnings for the complete fiscal year of 2008 is an increase of \$70. More details are contained in Note 3 and Note 17 to the interim financial statements.

## Future accounting standards and policies

### Changeover plan to International Financial Reporting Standards

In October, 2009, the Accounting Standards Board issued a third omnibus exposure draft entitled "Adopting IFRSs in Canada III" which confirms January 1, 2011 as the adoption date of IFRSs in Canada.

The Fund has established a plan in order to present its financial statements under IFRSs starting in 2011. Since the comparative figures will also have to be presented under IFRSs, the transition date to IFRSs will in fact be January 1, 2010. The changeover plan, commenced in 2007, includes the following:

- Designation of a person specifically trained on IFRS who reports to the chief financial officer;
- Identification of key areas that may be impacted by the transition to IFRS;
- Impact analysis, i.e. specification of changes required to existing accounting policies, information systems and internal controls;
- Implementation of changes to accounting policies, information systems and internal controls, where necessary;
- Regular reporting to the Audit Committee.

Areas identified as requiring attention include the following:

- *Non-controlling interests.* Net earnings will no longer be reduced by amounts allocated to non-controlling interests and the cumulative non-controlling interests on the balance sheet will be presented in the equity section.
- *Revaluation of property and equipment.* IFRSs permit the revaluation of such assets to fair value. At this time, management does not intend to adopt a policy of revaluing its assets at fair value, as these assets are mainly composed of leasehold improvements and equipment whose value declines with use and time.
- *Amortization of components of fixed assets.* IFRSs require amortizing fixed assets based on the useful life of its main components. Management sees no difficulty in applying this principle.
- *Impairment test for goodwill and intangible assets of indefinite life.* For the purpose of the impairment test for goodwill and intangible assets of indefinite life under Canadian GAAP, management considers all stores as a single reporting unit as all stores have similar economic characteristics. IFRSs require impairment tests of goodwill and intangible assets of indefinite life for each of the acquirer's cash-generating units, or groups of cash-generating units, that is expected to benefit from the synergies of the related business combination. Although the two approaches may produce different results, management does not expect at this time any impairment loss on goodwill and intangible assets of indefinite life.
- *Borrowing costs.* Borrowing costs are currently recorded as an expense in the period in which they accrue. Under IFRSs, borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset shall form part of the cost of that asset; they cannot be expensed. A qualifying asset is an asset that necessarily takes a "substantial period of time" to get ready for its intended use or sale. Any of the following assets may be a qualifying asset: inventories, manufacturing plants, intangible assets, investment properties. As the time of construction of a new store is generally six weeks and the time of producing lenses is less than a week, management has taken the position that these periods are not substantial periods of time. Accordingly, management will not capitalize related borrowing costs.

Third quarter ended September 30, 2009  
In thousands of dollars, except per unit amounts

- **Segmented information.** The current management's position under Canadian GAAP to consider all the activities of New Look as one reportable segment is maintained for the purpose of IFRSs.
- **Opening balance sheet as of January 1, 2010.** At this time, management expects no changes to the figures on the opening balance sheet as of January 1, 2010 that will have to be presented under IFRS as comparative data in the financial statements for 2011.
- **Format of the balance sheet.** The statement of financial position (balance sheet) under IFRS usually presents non-current assets before the current assets, non-current liabilities before the current liabilities, and equity before the liabilities. An entity may choose a different presentation. At this time, management intends to continue presenting the assets, the liabilities and the equity in the order currently in use in North America.
- **Statement of cash flows.** Interest expenses are currently presented as a reduction of cash flows from operating activities and distributions and dividends are presented as financing activities. IFRSs allow such transactions to be presented either as operating or financing activities, but they must belong to only one group of activities. Management intends to present interest, distributions and dividends paid as financing cash flows.
- **New statement of changes in equity.** IFRSs require the presentation of a statement of changes in equity. In fact, this new statement will only replace the statement of deficit and the notes regarding the variation of the carrying values of units, exchangeable shares and contributed surplus.
- **Statement of comprehensive income.** IFRSs require presenting an analysis of expenses recognized in profit or loss using a classification based on either their nature or their function, whichever provides information that is reliable and more relevant. At this time, management is inclined to use what IFRSs call the "function of expense" or "cost of sales" method, i.e. a classification according to the function of expenses as part of cost of sales or, for example, the costs of administrative activities. IFRSs also require an entity classifying expenses by function to disclose additional information on the nature of expenses, including amortization and employee benefits expense. Management foresees no difficulty in complying with these requirements.
- **Leases.** Most leases to which New Look is a party (as lessee) are operating leases under Canadian GAAP. New Look is also a lessee under some capital leases (which are recorded as assets and liabilities) which will expire in 2010. Under IFRSs, leases will be classified as either operating leases or finance leases. At this time, management has concluded that the typical leases for the stores, the laboratory and administrative premises will continue to be treated as operating leases, whose presentation will be very similar to the current presentation.
- **Provisions as liabilities.** IFRS is viewed as having a lower threshold than Canadian GAAP to recognize a provision as a liability. Management continues to investigate the impact, if any, of this lower threshold.
- **Share-based payments.** This topic includes compensation in the form of options granted to employees as the Fund does. In accounting for the fair value of such options vesting at different dates, IFRSs require to deal with each "instalment" as a separate transaction and value it independently. Under Canadian GAAP, an entity can elect to pool such options and determine the fair value using the average life of the options. Management believes that such a change will not have a significant impact on the statement of earnings and the balance sheet.
- **Earnings per unit.** Management has concluded that the calculation of earnings per unit, basic and diluted, will be the same under IFRSs as under the Canadian GAAP
- **Exemptions from full retrospective application of IFRSs.** For practical reasons, management intends to elect the following optional exemptions from full retrospective application:

- Business combinations completed prior to January 1, 2010 will not be revaluated;
- Share-based payments (i.e. options granted in the case of the Fund) vested prior to January 1, 2010 will not be revaluated.

Overall at this time, management does not expect any significant changes to the calculation of net earnings. Cash flows from operations will generally show a higher amount due to the reclassification of interest expense to the financing activities. The equity will increase by the amount of non-controlling interest in assets and liabilities.

## Results of operations

### Revenues from eye care

Revenues from eye care operations for the third quarter of 2009 increased by 1.4% to \$16.4 million. The increase is attributable to the addition of six new stores since the beginning of 2008 and the purchase of the remaining interest in a joint venture at the beginning of 2009, revenues from the comparable stores having decreased by 6.5%. Comparable stores are those opened before 2008. The first part of the third quarter was impacted by a lower volume of eyeglasses sold than the corresponding period last year. However, the situation improved in the last portion of the third quarter.

Cumulatively for the nine-month period ended September 30, 2009, revenues were up 6.1% to \$51.3 million, revenues from the comparable stores having decreased by 1.8%.

### Cost of sales

The cost of sales can be summarized as follows:

|   | Quarter |       | Nine months |        |
|---|---------|-------|-------------|--------|
|   | 2009    | 2008  | 2009        | 2008   |
|   | \$      | \$    | \$          | \$     |
| Amounts included in cost of materials, direct labour, selling and administration expenses | 7,698   | 7,319 | 22,919      | 21,142 |
| % of revenues   | 46.8%   | 45.1% | 44.6%       | 43.7%  |
| Amounts included in amortization  | 229     | 260   | 688         | 669    |
|   | 7,927   | 7,579 | 23,607      | 21,811 |

The main items of inventory used and reflected in the cost of sales are frames, lenses and production supplies. Gains and losses on foreign exchange related to goods sold are included in the cost of sales. 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 materials, direct labour and operating expenses to revenues increased in the third quarter and the nine-month period of 2009 compared to last year. The increase in comparable store revenues was not sufficient to offset the additional costs caused by the most recent stores and general increase in operating costs of comparable stores and general administration costs.

The variation of the amortization component of cost of sales reflects the acquisition of new equipment since the beginning of 2008 and the revision of the useful life of assets as of April 1, 2008.

Third quarter ended September 30, 2009  
In thousands of dollars, except per unit amounts

## 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 third quarter and the nine-month period of 2009 compared to 2008, in dollar amounts and as a percentage of revenues. This reflects additional fixed expenses caused by addition of stores, including administrative expenses to support the growth of the business.

## EBITDA

The Fund defines EBITDA as earnings before financial expenses, net of interest revenues, income taxes, and amortization. It also 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 ("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:

|  | Quarter      |              | Nine months  |              |
|--|--------------|--------------|--------------|--------------|
|  | 2009         | 2008         | 2009         | 2008         |
|  | \$           | \$           | \$           | \$           |
| Net earnings   | 824          | 1,429        | 3,861        | 4,293        |
| Amortization   | 843          | 819          | 2,385        | 2,484        |
| Financial expenses, net of interest revenues                 | 77           | 183          | 330          | 480          |
| Equity-based compensation                                    | 39           | 30           | 119          | 97           |
| Loss (gain) on foreign exchange                              | 115          | (3)          | 224          | 12           |
| Recovery of expenses related to former portfolio investments |              | 41           | (36)         | 41           |
| Income taxes   | 283          | 388          | 1,122        | 1,188        |
| Non-controlling interest                                     | 7            | 9            | 22           | 27           |
| <b>EBITDA</b>  | <b>2,188</b> | <b>2,896</b> | <b>8,027</b> | <b>8,622</b> |
| Variance in \$   | (708)        |              | (595)        |              |
| Variance in %  | (24.4%)      |              | (6.9%)       |              |
| % of revenues  | 13.3%        | 17.9%        | 15.6%        | 17.8%        |

Sales increase in the third quarter and the nine-month period compared to last year was not sufficient to absorb the increase in the cost of sales, additional fixed costs caused by the new stores, and additional administrative expenses.

## Amortization

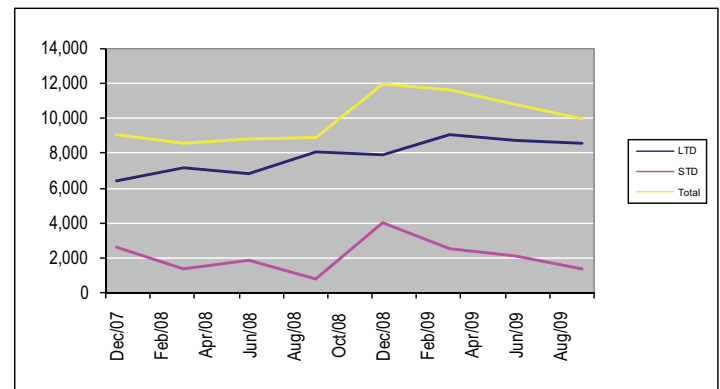
Amortization expenses were \$843 and \$2,385 respectively for the third quarter and the nine-month period ended September 30, 2009, compared with \$819 and \$2,484 for the corresponding periods of last year. On one hand, amortization expenses increased due to the addition of six stores, major renovations to ten stores, addition of equipment in the laboratory, updating of optical equipment in many stores, and other additions over 2008 and the first three quarters of 2009. On the other hand, the calculation of amortization for the periods ending September 30 2009 was based on revised useful lives of fixed assets which have been in use since the second quarter of 2008. For instance, leasehold improvements were previously amortized over a maximum of seven years; under the revised policy, such capital expenditures can be amortized up to 10 years.

## 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 nine-month period ended September 30, 2009 compared with the corresponding periods of 2008:

|  | Quarter   |            | Nine months |            |
|--|-----------|------------|-------------|------------|
|  | 2009      | 2008       | 2009        | 2008       |
|  | \$        | \$         | \$          | \$         |
| Interest on long-term debt                       | 48        | 120        | 236         | 345        |
| Interest on bank indebtedness and other interest | 16        | 34         | 54          | 85         |
| Financing fees                                   | 14        | 30         | 45          | 55         |
| Interest revenues                                | (1)       | (1)        | (5)         | (5)        |
|  | <b>77</b> | <b>183</b> | <b>330</b>  | <b>480</b> |

The following graph shows the balances of long-term debt ("LTD") and short-term bank indebtedness ("STD"), and the total of both over 2008 and 2009:



Additions to long-term debt since the beginning of 2008 totalled \$4.3 million while the repayment of long-term debt totalled \$2.2 million for a net increase of \$2.1 million. Although there was an increase in debt, interest expenses decreased due to better bank borrowing conditions and a general decrease in the interest rates. Under the current conditions, the premium over the prime rate applicable to short-term and long-term bank debt decreased from 0.5% to 0.25% and New Look now has the opportunity to benefit from using bankers' acceptances as a financing tool. As an illustration, New Look could finance its "Evergreen" debt at a cost of 2.01% in the third quarter of 2009 while the company paid interest at the rate of 5.4% in the first quarter of 2008.

Financing fees relate mainly to standby fees and accrued fees for the revision of the credit facilities. Interest revenues were not significant since cash generated by the operations was invested in capital expenditures, distributed, or used to repay debt.

## Gain and loss on foreign currency translation

Gains and losses on foreign currency translation are due to the fluctuation of the US dollar and euro vis-à-vis the Canadian dollar on assets and liabilities denominated in these currencies and on foreign exchange contracts. The main elements of these assets and liabilities on September 30, 2009 were as follows:

|   |     |     |
|---|-----|-----|
| Escrowed proceeds from the sale of a portfolio investment | USD | 891 |
| Accounts payable  | USD | 389 |
| Forward exchange contracts (liabilities)                  | USD | 94  |

Third quarter ended September 30, 2009  
In thousands of dollars, except per unit amounts

The net loss on foreign currency translation shown on the statement of earnings for 2009 relates mainly to the devaluation of the escrowed proceeds, due to the decrease in value of the US dollar, and the recording of a loss on the exchange contracts. In the beginning of 2009, management established a policy aimed at covering approximately 50% of the purchases in US dollars forecast for the next 12 months through the use of foreign exchange contracts. As of September 30, 2009, foreign exchange contracts to purchase US \$1,570 at an average rate of 1.16 were outstanding, while the spot rate was 1.09. As hedge accounting is not utilized, changes in fair value of exchange contracts are recognized in earnings.

## 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 nine-month period ended September 30, 2009 represented 22.4% of earnings before income taxes, while the average rate for the whole year of 2008 was 18.2%. The increase in the average rate arises from higher non-deductible charges, such as certain losses on foreign exchange translation and amortization of certain intangible assets. The increase is also attributable to a different mix of statutory income tax rates following the acquisition of the remaining 50% interest in a joint venture.

### 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",

## Summary of quarterly results

The following table summarizes unaudited quarterly consolidated results for the 12-month period ended September 30, 2009, compared with the corresponding quarters of the previous 12-month period ended September 30, 2008. The results for the quarters ended in 2008 and 2007 have been restated to reflect the change in accounting policy regarding the expensing of start-up costs. Refer to Note 3 to the consolidated financial statements for the third quarter of 2009 for more details.

|  | December 31 |        | March 31 |        | June 30 |        | September 30 |        | 12 months |        |
|--|-------------|--------|----------|--------|---------|--------|--------------|--------|-----------|--------|
|  | 2008        | 2007   | 2009     | 2008   | 2009    | 2008   | 2009         | 2008   | 2009      | 2008   |
| Revenues from eye care                         | 14,468      | 13,955 | 16,743   | 15,306 | 18,144  | 16,884 | 16,446       | 16,211 | 65,801    | 62,356 |
| <i>As a % of annual revenues from eye care</i> | 22%         | 22%    | 25%      | 25%    | 28%     | 27%    | 25%          | 26%    | 100%      | 100%   |
| EBITDA   | 1,738       | 1,637  | 2,502    | 2,731  | 3,337   | 2,995  | 2,188        | 2,896  | 9,765     | 10,259 |
| <i>As a % of revenues from eye care</i>        | 12.0%       | 11.7%  | 14.9%    | 17.8%  | 18.4%   | 17.7%  | 13.3%        | 17.9%  | 14.8%     | 16.5%  |
| Gain (loss) on foreign exchange                | 26          | 2      | 27       | (15)   | (136)   |        | (115)        | 3      | (198)     | (10)   |
| Net earnings (loss)                            |             |        |          |        |         |        |              |        |           |        |
| Eye care                                       | 936         | 690    | 1,305    | 1,270  | 1,732   | 1,594  | 824          | 1,429  | 4,797     | 4,983  |
| Other segment <sup>(a)</sup>                   |             | (157)  |          |        |         |        |              |        |           | (157)  |
| All segments                                   | 936         | 533    | 1,305    | 1,270  | 1,732   | 1,594  | 824          | 1,429  | 4,797     | 4,826  |
| Net earnings per unit                          |             |        |          |        |         |        |              |        |           |        |
| Basic  | 0.10        | 0.05   | 0.13     | 0.13   | 0.17    | 0.16   | 0.08         | 0.15   | 0.48      | 0.49   |
| Diluted  | 0.09        | 0.05   | 0.13     | 0.12   | 0.17    | 0.15   | 0.08         | 0.14   | 0.47      | 0.46   |
| Distribution per unit                          | 0.163       | 0.156  | 0.163    | 0.156  | 0.163   | 0.156  | 0.163        | 0.161  | 0.650     | 0.629  |

(a) Information on the "other" segment is no longer presented beginning with the first quarter of 2008.

This table shows that revenues increased each quarter compared with the corresponding quarter of the previous 12-month period. Total EBITDA decreased by \$494 and net earnings from eye care by \$186.

Third quarter ended September 30, 2009  
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, 2009 compared with the corresponding periods of 2008:

|  | Quarter |         | Nine months |         |
|--|---------|---------|-------------|---------|
|  | 2009    | 2008    | 2009        | 2008    |
|  | \$      | \$      | \$          | \$      |
| Operating activities                     | 1,875   | 2,451   | 7,430       | 7,825   |
| Change in non-cash working capital items | 1,091   | 363     | 1,808       | (326)   |
| Cash flows from operations               | 2,966   | 2,814   | 9,238       | 7,499   |
| Investing                                |         |         |             |         |
| Property, equipment and intangibles      | (597)   | (1,128) | (2,661)     | (2,955) |
| Business acquisition                     |         | (275)   | (200)       | (275)   |
| Other                                    |         | (96)    |             | (96)    |
| Financing                                |         |         |             |         |
| Variation in bank indebtedness           | (690)   | (1,110) | (2,654)     | (1,830) |
| Borrowings                               |         | 1,338   | 1,000       | 2,336   |
| Repayment of long-term debt              | (166)   | (306)   | (1,060)     | (877)   |
| Lease inducements                        | 45      | 129     | 154         | 184     |
| Issuance of units                        |         | 202     | 951         | 388     |
| Distributions and dividends              | (1,497) | (1,402) | (4,398)     | (4,133) |
| Taxes related to dividends paid          | (249)   | (227)   | (742)       | (666)   |
| Repurchase of units                      | (76)    |         | (76)        |         |
| Increase (decrease) in cash              | (264)   | (61)    | (448)       | (425)   |
| Cash at beginning of period              | 294     | 61      | 478         | 425     |
| Cash at end of period                    | 30      | -       | 30          | -       |

## Cash flows from operations

Cash generated from operating activities before changes in non-cash working capital items decreased in the quarter and the nine-month period ended September 30, 2009 by \$576 and \$395 respectively compared to last year. This is in line with the variations in EBITDA and net earnings. However these decreases were more than compensated by the source of funds from changes in non-cash working capital items as the following table details:

|  | Three  | Nine   |
|--|--------|--------|
|  | months | months |
|  | \$     | \$     |
| Decrease in accounts receivable                      | 168    | 405    |
| Receipt of R&D tax credits                           |        | 222    |
| Decrease in inventory                                | 213    | 559    |
| Decrease (increase) of prepaid expenses              | 11     | (88)   |
| Increase in accounts payable and accrued liabilities | 682    | 651    |
| Increase in income taxes payable                     | 17     | 59     |
| Increase in cash                                     | 1,091  | 1,808  |

Overall inventory decreased, despite the addition of two stores, as the result of initiatives regarding the management of inventory. The reduction of level of inventory has not affected the variety of frames and lenses available to the customers.

The increase in accounts payable and accrued liabilities comprises an increase in customers' deposits related to orders in progress and seasonal normal variation of payables and accrued expenses.

## Investing activities

Investing activities in the third quarter of 2009 related mainly to the addition of optical equipment in stores, major renovations to an existing store, and the acquisition of a practice. Previous investments in 2009 included the addition of a store on Rideau Street in Ottawa and a store in St-Bruno, Québec, major renovations to another store, and the acquisition of the remaining 50% interest in Monique Laurent Inc., a former joint venture which already operated two stores under the name of New Look.

The following table reconciles the investments in long-term assets and their financing:

|  | Quarter |       | Nine months |       |
|--|---------|-------|-------------|-------|
|  | 2009    | 2008  | 2009        | 2008  |
|  | \$      | \$    | \$          | \$    |
| Purchase of property and equipment                         | 458     | 1,104 | 2,477       | 2,916 |
| Assets acquired through business acquisitions, net of cash |         | 449   | 1,309       | 449   |
| Purchase of intangibles                                    | 155     | 24    | 205         | 39    |
|  | 613     | 1,577 | 3,991       | 3,404 |
| Debt assumptions   |         |       | 476         |       |
| Balances of purchase price                                 | 16      | 174   | 654         | 174   |
| Paid, as per cash flow statement                           | 597     | 1,403 | 2,861       | 3,230 |
| Total capital expenditures                                 | 613     | 1,577 | 3,991       | 3,404 |

## Financing activities

In the nine-month period ended September 30, 2009, New Look borrowed \$1 million under the "Evergreen" credit facilities and repaid \$2.7 million on the short-term bank indebtedness. Previous use of the short-term bank indebtedness was essentially caused by capital expenditures.

Regular repayments on the long-term debt were made as scheduled. The balance of the US dollar denominated debt was fully repaid in the second quarter of 2009. This debt represented monthly payments in the approximate amount of CA\$95. Borrowings under the "Evergreen" credit facilities do not require payments of capital before April 2010.

Most new leases provide for the payment of inducements by the landlords to New Look. These inducements represented a source of cash of \$154 in the nine-month period ended September 30, 2009.

Issuance of units to executives and trustees who exercised options under the Executive Unit Option Plan represented cash receipts of \$951 in the nine-month period ended September 30, 2009.

Increase in long-term debt also included amounts not received in cash, i.e. the balance of purchase price related to the acquisition of the remaining 50% interest in Monique Laurent Inc., assumption of former debt of this company, and the balance of purchase price of a practice.

The increase in distributions and dividends paid in 2009 compared to 2008 reflects the increase in distribution per unit which was, on an annualized basis, \$0.625 at the beginning of 2008 and \$0.65 at the end of September 2009. The increase is also attributable to the increase in the number of units outstanding pursuant to the exercise of options, net of repurchased units.

During the third quarter of 2009, the Fund repurchased 14,000 units at an average price of \$5.47 for a total of \$76. The repurchases were made pursuant to the normal course issuer bid authorized since May 2009.

Third quarter ended September 30, 2009  
In thousands of dollars, except per unit amounts

## 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 nine-month period ended September 30, 2009, the current portion of the tax not offset by a corresponding reduction in current income tax expense is estimated at \$742. This amount increases future income tax assets as it is expected it will reduce future income tax, except for an amount of \$64 which will not be recovered and consequently is recorded as an addition to the deficit.

## Credit facilities

As of September 30, 2009, the credit facilities used and available were as follows:

|   | \$     |
|---|--------|
| Credit used                                   |        |
| Amounts drawn on the operating line of credit | 1,380  |
| "Evergreen" borrowings                        | 7,295  |
| Credit available                              | 6,820  |
| Total credit facilities                       | 15,495 |

No payment of capital is required on the Evergreen borrowings until April 2010. A tranche of \$3,959 of the "Evergreen" borrowings will be repayable in 48 equal monthly instalments of capital and interest beginning in April 2010. The balance will be repayable in 48 equal monthly instalments of capital and interest beginning in January 2011; subject to the bank's approval, New Look will have the option of extending the term for an additional year.

Beginning with the second quarter of 2009, New Look has financed its "Evergreen" debt through bankers' acceptances which represent an effective rate of 2.01% at September 30, 2009.

As of September 30, 2009, 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      |              | Nine months  |              |
|--|--------------|--------------|--------------|--------------|
|  | 2009         | 2008         | 2009         | 2008         |
|  | \$           | \$           | \$           | \$           |
| Cash flows from operations   | 2,966        | 2,814        | 9,238        | 7,499        |
| Capital expenditures <sup>(a)</sup>  | (597)        | (1,403)      | (2,861)      | (3,230)      |
| Non-controlling interest in net earnings   | (7)          | (9)          | (22)         | (27)         |
| <b>Standardized distributable cash<sup>(b)</sup></b>                                 | <b>2,362</b> | <b>1,402</b> | <b>6,355</b> | <b>4,242</b> |
| Add (deduct) entity-specific adjustments:  |              |              |              |              |
| <i>Financing of capital expenditures</i>   |              |              |              |              |
| Long-term borrowings in the period   |              | 1,338        | 1,000        | 2,336        |
| Lease inducements  | 45           | 129          | 154          | 184          |
| Additional borrowings permitted but not used under banking agreements <sup>(c)</sup> | 552          |              | 1,707        | 671          |
| Adjustments in respect of financing capital expenditures                             | 597          | 1,467        | 2,861        | 3,191        |
| Repayment of certain debts <sup>(d) (e)</sup>  | (166)        | (77)         | (434)        | (223)        |
| <b>Total entity-specific adjustments</b>   | <b>431</b>   | <b>1,390</b> | <b>2,427</b> | <b>2,968</b> |
| <b>Distributable cash<sup>(f)</sup></b>  | <b>2,793</b> | <b>2,792</b> | <b>8,782</b> | <b>7,210</b> |
| Distributions and dividends paid and related taxes                                   |              |              |              |              |
| In \$  | 1,746        | 1,629        | 5,140        | 4,799        |
| As % of distributable cash   | 63%          | 58%          | 59%          | 67%          |

- (a) Capital expenditures correspond to the purchase of property and equipment, business acquisitions, and the purchase of long-term intangible assets.
- (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 September 2009 exceeds the amounts of \$552 and \$1,707 shown in the table. The additional amount that New Look could have actually borrowed at the end of September 2008 exceeds the amount of \$671 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 increased by the same amount the availability of the Evergreen credit.
- (f) 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.

Third quarter ended September 30, 2009  
In thousands of dollars, except per unit amounts

## Capacity to meet obligations

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.

The balance sheets as of September 30, 2009 and December 31, 2008 show that the working capital, excluding cash, escrowed proceeds from the sale of a portfolio investment, bank indebtedness, and the instalments on long-term debt is a positive amount at both dates.

|  | Sept. 2009 | Dec. 2008 |
|--|------------|-----------|
|  | \$         | \$        |
| Accounts receivable                      | 725        | 1,136     |
| Income taxes and tax credits receivable  |            | 218       |
| Inventory                                | 7,874      | 8,297     |
| Prepaid expenses                         | 638        | 544       |
|  | 9,237      | 10,195    |
| Accounts payable and accrued liabilities | 8,099      | 7,323     |
| Distributions and dividends payable      | 498        | 465       |
| Income taxes payable                     | 191        | 132       |
|  | 8,788      | 7,920     |
| Net amount                               | 449        | 2,275     |
| Ratio                                    | 1.1        | 1.3       |

Considering that most sales are fully paid on delivery of eyewear, management believes that the ratios above are very satisfactory.

Regarding the long-term debt existing at September 30, 2009, a simulation of instalments of capital and interest over 2009 and the next four years gives the following result:

| Year | \$    |
|------|-------|
| 2009 | 1,274 |
| 2010 | 1,640 |
| 2011 | 2,632 |
| 2012 | 2,578 |
| 2013 | 2,504 |

The simulation assumes an average interest rate of 7% after 2009 (the current rate is 2.01%) on the advances under the Evergreen credit and the repayment of the advances on a 48-month period starting from April 2010.

Cash flows from operating activities for 2008 were \$8.4 million, which amount took into account interest expenses of \$598. The comparative figures for 2007 were also \$8.4 million after a deduction of \$632 for interest expenses. Such amounts well exceed the annual instalments in the above table.

New Look constantly maintains and updates both its store and production facilities. Out of the 63 stores at September 30, 2009, 58 were renovated or constructed over the last five years.

## Escrowed proceeds from the sale of CMN

The balance in the amount of \$973 (US\$891) of the sale price of CMN International, a former portfolio investment disposed of in 2004, was at September 30, 2009 still held in escrow. Subsequent to this date, the escrow agent confirmed to New Look the final settlement of the dispute in favour of CMN and indirectly to its former shareholders including New Look (as successor of Benvest) and New Look's entitlement to the escrowed proceeds with accrued interest thereon, subject to a deduction for an indemnity claim. Consequently, on October 26, 2009, New Look received \$1,023 (US \$968) from the escrow agent. The excess of this amount over the carrying values of the withheld amount, the accrued interest revenues, and the provision for defence costs, along with a loss on foreign exchange, represent a net increase in earnings before income taxes of \$88. The adjustments will be recorded in the fourth quarter of 2009.

## Financial risk management

Details of financial risk management objectives and policies are described under Note 27 to the consolidated financial statements for 2008.

Exchange risk related to assets and liabilities denominated in foreign currencies is commented above in the section *Gain and loss on foreign currency translation*. Regarding purchases of goods in foreign currencies, New Look is subject to the fluctuations of the US dollar and euro vis-à-vis the Canadian dollar. New Look may not always be in a position to adjust the sales price reflecting a variation in costs. In the beginning of 2009, management has established a policy covering approximately 50% of the purchases in US dollars forecast for the next 12 months through the use of foreign exchange contracts. Although the result has not been profitable up to September 30, 2009, the spot rate having been lower than the contractual rate, management maintains its policy on foreign exchange.

Most part of the long-term debt bears a variable interest rate which has been profitable to New Look. The credit facilities allow New Look to use interest rate swap instruments when management will see it appropriate. New Look also has an agreement with its bank allowing the company to borrow through bankers' acceptances. The long-term debt to the bank is currently financed through bankers' acceptances at an effective rate of 2.01%, which is favourable to New Look.

Credit risk is not really an issue since the general policy is to require a down payment on accepting orders and payment of the balance of the sale price on delivery of goods.

The liquidity risk management is covered above in the section *Liquidity*.

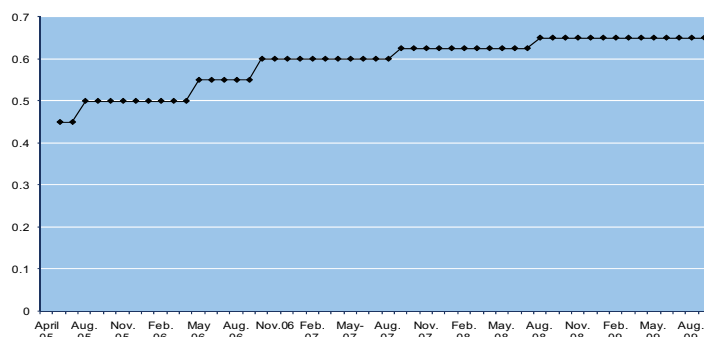
Third quarter ended September 30, 2009  
In thousands of dollars, except per unit amounts

## Distributions and dividends on exchangeable shares

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

|      |           | Dividend per<br>Exchangeable<br>Share | Total<br>Distributions<br>and Dividends |
|------|-----------|---------------------------------------|---|
|      |           | per Unit                              |   |
|      |           | \$                                    | \$                                      |
| 2005 | 8 months  | 0.325                                 | 2,738                                   |
| 2006 | 12 months | 0.545                                 | 4,684                                   |
| 2007 | 12 months | 0.611                                 | 5,332                                   |
| 2008 | 12 months | 0.636                                 | 5,619                                   |
| 2009 | 9 months  | 0.488                                 | 4,430                                   |

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 nine months of 2009, the dividend per exchangeable share represented 79% of the distribution per unit. For tax purposes, the dividends were designated 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 three quarters of 2009 were composed, for tax purposes, of 36% of eligible dividends and 64% 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

As of October 31, 2009, the Fund had 6,139,328 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, 614,467 Fund options were outstanding for an average exercise price of \$6.37; of this number, 395,223 were exercisable for an average exercise price of \$6.35.

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 tradeable 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. Currently, the Fund has no plan to issue units except pursuant to the exercise of options or exchange of exchangeable shares and New Look has no plan to issue exchangeable shares.

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 and exchangeable shares (on a consolidated basis) issued and outstanding.

During the first three quarters of 2009, a total of 172,000 options to purchase units at an average exercise price of \$5.43 were granted and 270,498 options to purchase units at an average price of \$3.52 were exercised.

## Normal course issuer bid

On April 28, 2009, the Fund announced that it had received approval from Toronto Stock Exchange ("TSX") to proceed with a normal course issuer bid. Under the bid, the Fund may purchase up to 300,583 units of the Fund, which is 5% of outstanding units as at April 27, 2009. The Fund may repurchase up to 1,000 units on a daily basis. The bid started on May 1, 2009 and may continue until April 30, 2010. The units will be purchased on behalf of the Fund by a registered broker through the facilities of TSX. The price paid for the units will be the market price at the time of acquisition and the number of units purchased and the timing of any such purchases will be determined by the Fund, subject to the terms of an automatic unit purchase plan. All units purchased by the Fund will be cancelled.

The Fund also announced that it has implemented an automatic unit purchase plan with a broker in order to facilitate repurchases of its units under its normal course issuer bid. Under the Fund's automatic unit purchase plan, the Fund's broker may repurchase units under the normal course issuer bid at any time including, without limitation, when the Fund would ordinarily not be permitted to due to regulatory restrictions or self-imposed blackout periods. Purchases will be made by the Fund's broker based upon the parameters prescribed by TSX and applicable Canadian securities laws and the terms of the parties' written agreement. The automatic unit purchase plan has been reviewed by TSX. The automatic unit purchase plan was implemented effective May 1, 2009 and for the duration of the bid.

The Fund believes that its units may trade in price ranges which do not fully reflect the value of the units. As a result, the Fund believes that the purchase of its outstanding units may represent an appropriate use of its funds. Since the inception of the normal course issuer bid, the Fund has repurchased 14,000 units at an average price of \$5.47 for a total of \$76.

Third quarter ended September 30, 2009  
In thousands of dollars, except per unit amounts

### 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 that there were no change in its internal controls over financial reporting during the quarter ended September 30, 2009 that have materially affected, or are reasonably likely to materially affect, its internal control over financial reporting.

### Outlook

We continuously endeavour to adapt new technologies in our laboratory in order to improve quality and productivity, and offer value-added products and services. New commitments have been made to add new equipment in the laboratory over the next few years.

New Look continues to focus on its development. In the first three quarters of 2009, the company has already opened two stores, one on Rideau Street in Ottawa and one at Promenades St- Bruno, in the suburb of Montreal. It currently has commitments to open three other stores over the next 12 months. As keeping our stores modern and attractive is part of our value chain, major renovations to five stores are completed or scheduled for 2009 and 2010. Therefore, almost all of New Look stores will be new or newly renovated. Our continued expansion plan also consists in developing, by way of acquisitions, the store network into smaller markets where the offer of optical services and products can be enhanced.

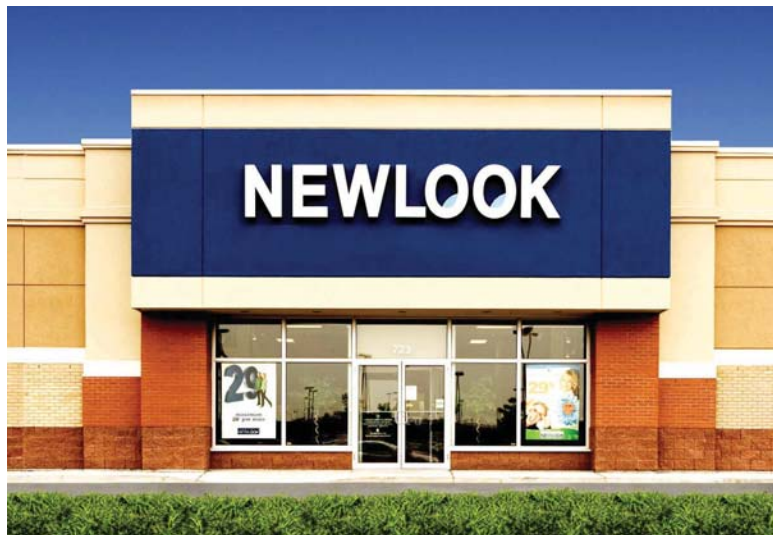
#### *Tax legislation to facilitate conversion into a corporation*

On March 4, 2009, the House of Commons adopted Bill C-10 which provides for the conversion of "specified investment flow through" trusts, such as the Fund, into corporations without adverse tax consequences to investors. We are monitoring the situation on an ongoing basis with our advisors. At this point in time, there are no plans to convert the Fund into a common share corporation.

### 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 9<sup>th</sup>, 2009



Unaudited - In thousands of dollars, except per unit amounts

**Consolidated Earnings and Comprehensive Income**

|  | Three months ended |              | Nine months ended |              |
|--|--------------------|--------------|-------------------|--------------|
|  | September 30       |              | September 30      |              |
|  | 2009               | 2008         | 2009              | 2008         |
|  |                    | (restated)   |                   | (restated)   |
|  | \$                 | \$           | \$                | \$           |
| <b>Revenues from eye care</b>  | 16,446             | 16,211       | 51,333            | 48,401       |
| Cost of materials, direct labour, operating, selling and administration expenses | 14,258             | 13,315       | 43,306            | 39,779       |
| <b>Earnings before the undernoted items</b>                                      | <b>2,188</b>       | <b>2,896</b> | <b>8,027</b>      | <b>8,622</b> |
| Amortization   | 843                | 819          | 2,385             | 2,484        |
| Financial expenses, net of interest revenues (Note 4)                            | 77                 | 183          | 330               | 480          |
| Equity-based compensation expense  | 39                 | 30           | 119               | 97           |
|  | 959                | 1,032        | 2,834             | 3,061        |
| <b>Earnings before the following items</b>                                       | <b>1,229</b>       | <b>1,864</b> | <b>5,193</b>      | <b>5,561</b> |
| Net gain (net loss) on foreign currency translation                              | (115)              | 3            | (224)             | (12)         |
| Recovery (expenses) related to former portfolio investments                      |                    | (41)         | 36                | (41)         |
| <b>Earnings before income taxes and non-controlling interest</b>                 | <b>1,114</b>       | <b>1,826</b> | <b>5,005</b>      | <b>5,508</b> |
| Income taxes (Note 11)   | 283                | 388          | 1,122             | 1,188        |
| <b>Earnings before non-controlling interest</b>                                  | <b>831</b>         | <b>1,438</b> | <b>3,883</b>      | <b>4,320</b> |
| Non-controlling interest   | 7                  | 9            | 22                | 27           |
| <b>Net earnings</b>  | <b>824</b>         | <b>1,429</b> | <b>3,861</b>      | <b>4,293</b> |
| <b>Comprehensive income</b>  | <b>824</b>         | <b>1,429</b> | <b>3,861</b>      | <b>4,293</b> |
| See Notes 4 and 5 for other information on consolidated earnings                 |                    |              |                   |              |
| <b>Net earnings per unit (Note 15)</b>   |                    |              |                   |              |
| Basic  | 0.08               | 0.15         | 0.39              | 0.44         |
| Diluted  | 0.08               | 0.14         | 0.39              | 0.43         |

**Consolidated Deficit**

|  | Three months ended |                | Nine months ended |                |
|--|--------------------|----------------|-------------------|----------------|
|  | September 30       |                | September 30      |                |
|  | 2009               | 2008           | 2009              | 2008           |
|  |                    | (restated)     |                   | (restated)     |
|  | \$                 | \$             | \$                | \$             |
| Balance, beginning of period             | (5,520)            | (4,992)        | (5,457)           | (4,915)        |
| Adjustment (Note 17)                     |                    |                | (123)             | (193)          |
| Restated balance, beginning of period    | (5,520)            | (4,992)        | (5,580)           | (5,108)        |
| Net earnings                             | 824                | 1,429          | 3,861             | 4,293          |
| Distributions to unitholders             | (999)              | (943)          | (2,947)           | (2,759)        |
| Dividends and related taxes (Note 12)    | (519)              | (483)          | (1,548)           | (1,415)        |
| Premium on repurchase of units (Note 13) | (44)               |                | (44)              |                |
| <b>Balance, end of period</b>            | <b>(6,258)</b>     | <b>(4,989)</b> | <b>(6,258)</b>    | <b>(4,989)</b> |

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

Unaudited - In thousands of dollars

|  | Three months ended |                    | Nine months ended |                    |
|--|--------------------|--------------------|-------------------|--------------------|
|  | September 30       |                    | September 30      |                    |
|  | 2009               | 2008<br>(restated) | 2009              | 2008<br>(restated) |
|  | \$                 | \$                 | \$                | \$                 |
| <b>OPERATING ACTIVITIES</b>  |                    |                    |                   |                    |
| Net earnings   | 824                | 1,429              | 3,861             | 4,293              |
| Items not affecting cash:  |                    |                    |                   |                    |
| Non-controlling interest   | 7                  | 9                  | 22                | 27                 |
| Amortization   | 843                | 819                | 2,385             | 2,484              |
| Amortization of deferred lease inducements and variation of deferred rent                        | (23)               | (8)                | (10)              | (16)               |
| Equity-based compensation expense  | 39                 | 30                 | 119               | 97                 |
| Accretion of non-interest bearing balance of purchase price                                      | 14                 |                    | 43                |                    |
| Future income tax expense (Note 11)  | 116                | 356                | 909               | 1,119              |
| Future tax credits related to research and development expenses                                  |                    | (181)              |                   | (181)              |
| Loss (gain) on foreign currency translation related to long-term monetary assets and liabilities | 55                 | (3)                | 101               | 2                  |
| Change in non-cash working capital items (Note 6)  | 1,091              | 363                | 1,808             | (326)              |
| <b>Cash flows related to operating activities</b>  | <b>2,966</b>       | <b>2,814</b>       | <b>9,238</b>      | <b>7,499</b>       |
| <b>INVESTING ACTIVITIES</b>  |                    |                    |                   |                    |
| Advances, net of reimbursements  |                    | (96)               |                   | (96)               |
| Purchase of property and equipment   | (458)              | (1,104)            | (2,477)           | (2,916)            |
| Business acquisitions (Note 7)   |                    | (275)              | (200)             | (275)              |
| Acquisition of other assets  | (139)              | (24)               | (184)             | (39)               |
| <b>Cash flows related to investing activities</b>  | <b>(597)</b>       | <b>(1,499)</b>     | <b>(2,861)</b>    | <b>(3,326)</b>     |
| <b>FINANCING ACTIVITIES</b>  |                    |                    |                   |                    |
| Variation in bank indebtedness   | (690)              | (1,110)            | (2,654)           | (1,830)            |
| Long-term borrowings   |                    | 1,338              | 1,000             | 2,336              |
| Repayment of long-term debt  | (166)              | (306)              | (1,060)           | (877)              |
| Lease inducements  | 45                 | 129                | 154               | 184                |
| Issuance of units pursuant to exercise of options  |                    | 202                | 951               | 388                |
| Distributions and dividends paid   | (1,497)            | (1,402)            | (4,398)           | (4,133)            |
| Current taxes related to dividends paid  | (249)              | (227)              | (742)             | (666)              |
| Repurchase of units (Note 13)  | (76)               |                    | (76)              |                    |
| <b>Cash flows related to financing activities</b>  | <b>(2,633)</b>     | <b>(1,376)</b>     | <b>(6,825)</b>    | <b>(4,598)</b>     |
| <b>Net decrease in cash and cash equivalents</b>   | <b>(264)</b>       | <b>(61)</b>        | <b>(448)</b>      | <b>(425)</b>       |
| Cash and cash equivalents, beginning of period   | 294                | 61                 | 478               | 425                |
| <b>Cash and cash equivalents, end of period</b>  | <b>30</b>          | <b>-</b>           | <b>30</b>         | <b>-</b>           |

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

In thousands of dollars

|  | Sept. 30,<br>2009<br>(unaudited)<br>\$ | December 31,<br>2008<br>(restated)<br>\$ |
|--|--|--|
| <b>ASSETS</b>  |  |  |
| <b>Current assets</b>  |  |  |
| Cash and cash equivalents  | 30                                     | 478                                      |
| Accounts receivable  | 725                                    | 1,136                                    |
| Income taxes and tax credits receivable                            |  | 218                                      |
| Escrowed proceeds from the sale of a portfolio investment (Note 8) | 973                                    |  |
| Inventory  | 7,874                                  | 8,297                                    |
| Prepaid expenses   | 638                                    | 544                                      |
| <b>Total current assets</b>  | <b>10,240</b>                          | <b>10,673</b>                            |
| Advances   | 130                                    | 271                                      |
| Escrowed proceeds from the sale of a portfolio investment (Note 8) |  | 1,077                                    |
| Property and equipment   | 17,447                                 | 16,948                                   |
| Tradename  | 2,500                                  | 2,500                                    |
| Goodwill   | 5,854                                  | 5,854                                    |
| Future income taxes  | 135                                    | 573                                      |
| Other intangible assets (Note 9)                                   | 1,722                                  | 780                                      |
|  | <b>38,028</b>                          | <b>38,676</b>                            |
| <b>LIABILITIES</b>   |  |  |
| <b>Current liabilities</b>   |  |  |
| Bank indebtedness  | 1,380                                  | 4,034                                    |
| Accounts payable and accrued liabilities                           | 8,099                                  | 7,323                                    |
| Distributions and dividends payable                                | 498                                    | 465                                      |
| Income taxes payable   | 191                                    | 132                                      |
| Instalments on long-term debt                                      | 955                                    | 975                                      |
| <b>Total current liabilities</b>                                   | <b>11,123</b>                          | <b>12,929</b>                            |
| Long-term debt (Note 10)   | 7,606                                  | 6,931                                    |
| Deferred lease inducements and deferred rent                       | 2,637                                  | 2,536                                    |
| Non-controlling interest   | 45                                     | 23                                       |
|  | <b>21,411</b>                          | <b>22,419</b>                            |
| <b>UNITHOLDERS' EQUITY</b>   |  |  |
| Fund units (Note 13)   | 13,681                                 | 12,612                                   |
| Exchangeable shares (Note 13)                                      | 7,989                                  | 7,989                                    |
| Contributed surplus (Note 14)                                      | 1,205                                  | 1,236                                    |
| Deficit  | (6,258)                                | (5,580)                                  |
|  | <b>16,617</b>                          | <b>16,257</b>                            |
|  | <b>38,028</b>                          | <b>38,676</b>                            |

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

Third quarter ended September 30, 2009  
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, 2008.

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, 2008, except to the extent that the new accounting policies described in Note 3 apply.

## 3. Adoption of new accounting policies

### Goodwill and intangible assets

On January 1, 2009, in accordance with the applicable transitional provisions, the Fund adopted the new recommendations of the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3064, "Goodwill and Intangible Assets", which replaces Section 3062, "Goodwill and Other Intangible Assets" and Section 3450, "Research and Development Costs". This new Section establishes standards for the recognition, measurement and disclosure of goodwill and intangible assets. The provisions of this Section, relating to the definition and initial recognition of intangible assets, are equivalent to the corresponding provisions under International Financial Reporting Standards ("IFRS"). Section 1000, "Financial Statement Concepts", was also amended to provide consistency with this new Section. Finally, upon adoption of this new section, the Fund may no longer apply the guidance in Emerging Issues Committee of the CICA Abstract No 27 "Revenues and Expenditures during the Pre-Operating Period." As a result, start-up costs, which were formerly capitalized and amortized over a two to ten-year period, are now recognized as an expense when they are incurred. The new standard is applied retrospectively to January 1, 2008. Comparative amounts of the statement of earnings for 2008 were restated as follows:

|  | Three months | Nine months |
|--|--------------|-------------|
| Reversal of amortization of start-up costs           | 5            | 116         |
| Additional expenses as current start-up costs        | 11           | 22          |
| Increase (decrease) in earnings before income taxes  | (6)          | 94          |
| Increase (decrease) in income taxes                  | (2)          | 29          |
| Increase (decrease) in net earnings                  | (4)          | 65          |
| Increase in net earnings per unit, basic and diluted | -            | 0.007       |

The amounts of deficit at January 1, 2008 and January 1, 2009 were restated as described in Note 17. The net impact on the cash flow statement for 2008 was nil.

### Change in accounting periods

In line with the policy adopted in 2008 of ending the fiscal year of the operating entities the last Saturday of December, the interim accounting periods of these entities now end the last Saturday of March, June, and September. The third quarter of 2009 of New Look and the variable interest entity consolidated with the Fund thus ended September 26, 2009. The corresponding quarter of last year ended September 30, 2008. The number of days in each period is as follows:

|               | 2009 | 2008 |
|---------------|------|------|
| Third quarter | 91   | 92   |
| Nine months   | 273  | 274  |

The Fund maintained the end of its interim accounting periods at March 31, June 30, and September 30.

## 4. Financial expenses, net of interest revenues

|  | Three months |      | Nine months |      |
|--|--------------|------|-------------|------|
|  | 2009         | 2008 | 2009        | 2008 |
|  | \$           | \$   | \$          | \$   |
| Interest on long-term debt                       | 48           | 120  | 236         | 345  |
| Interest on bank indebtedness and other interest | 16           | 34   | 54          | 85   |
|  | 64           | 154  | 290         | 430  |
| Financing fees                                   | 14           | 30   | 45          | 55   |
| Interest revenues                                | (1)          | (1)  | (5)         | (5)  |
|  | 77           | 183  | 330         | 480  |

Third quarter ended September 30, 2009  
Unaudited - In thousands of dollars, except per unit amounts

## 5. Underlying components in consolidated earnings

### Cost of sales

|  | Three months |                    | Nine months   |                    |
|--|--------------|--------------------|---------------|--------------------|
|  | 2009         | 2008<br>(restated) | 2009          | 2008<br>(restated) |
|  | \$           | \$                 | \$            | \$                 |
| Amounts included in cost of materials, direct labour, operating, selling and administrative expenses | 7,698        | 7,319              | 22,919        | 21,142             |
| Amounts included in amortization   | 229          | 260                | 688           | 669                |
|  | <b>7,927</b> | <b>7,579</b>       | <b>23,607</b> | <b>21,811</b>      |

### Other components

|   | Three months |      | Nine months |       |
|---|--------------|------|-------------|-------|
|   | 2009         | 2008 | 2009        | 2008  |
|   | \$           | \$   | \$          | \$    |
| Write-down of inventories included in cost of sales disclosed above                                 | 26           | 39   | 78          | 90    |
| Gain (loss) on foreign currency translation included in cost of sales disclosed above               | (6)          | (39) | 1           | (55)  |
| Gain (loss) from changes in fair value of forward exchange contracts                                | (58)         |      | (103)       |       |
| Amortization of property and equipment  | 794          | 744  | 2,241       | 2,263 |
| Amortization of other assets  | 49           | 75   | 144         | 221   |
| Interest income from holder of the non-controlling interest   | 1            | 1    | 2           | 2     |
| Other interest income   | 2            | 1    | 3           | 2     |
| Accretion of non-interest bearing balance of purchase price, included in interest on long-term debt | 14           |      | 43          |       |

## 6. Underlying components in consolidated cash flows

The changes in non-cash working capital items related to operating activities are detailed as follows:

|  | Three months |            | Nine months  |              |
|--|--------------|------------|--------------|--------------|
|  | 2009         | 2008       | 2009         | 2008         |
|  | \$           | \$         | \$           | \$           |
| Accounts receivable                      | 168          | 330        | 405          | (55)         |
| Income taxes and tax credits receivable  |              |            | 222          |              |
| Inventory                                | 213          | (341)      | 559          | (970)        |
| Prepaid expenses                         | 11           | 23         | (88)         | 2            |
| Accounts payable and accrued liabilities | 682          | 341        | 651          | 957          |
| Income taxes payable                     | 17           | 10         | 59           | (260)        |
|  | <b>1,091</b> | <b>363</b> | <b>1,808</b> | <b>(326)</b> |

Other changes in non-cash working capital items relate to a business acquisition as described in Note 7, lease inducements receivable which are related to financing activities and the reclassification as short-term assets of the escrowed proceeds from the sale of a portfolio investment and an advance of \$50 repayable within one year.

## 7. Business acquisition

Effective the first day of 2009, New Look acquired the remaining 50% of the voting shares, also representing 50% of the equity, of Monique Laurent Inc., a joint venture already operating two stores under the name of New Look. The operations were included in the consolidated earnings since that date.

The net assets acquired are detailed as follows:

|   | 2009         |
|---|--------------|
|   | \$           |
| Cash  | 125          |
| Other current assets                          | 165          |
| Property and equipment                        | 263          |
| Intangible assets <sup>(a)</sup>              | 881          |
| <b>Total assets acquired</b>                  | <b>1,434</b> |
| Current liabilities                           | 184          |
| Long-term liabilities                         | 85           |
| Future income taxes                           | 207          |
| <b>Total liabilities assumed</b>              | <b>476</b>   |
| <b>Net assets acquired</b>                    | <b>958</b>   |
| Cash paid                                     | 325          |
| Balance payable, at fair value <sup>(b)</sup> | 633          |
|   | <b>958</b>   |
| Cash paid                                     | 325          |
| Less: Cash acquired                           | 125          |
| <b>Cash paid net of cash acquired</b>         | <b>200</b>   |

(a) Intangible assets are composed of non-competition agreement which will be amortized over the next ten years.

(b) The balance payable has a nominal value of \$780, bears no interest and will be disbursed over the next six years by amounts determined by reference to the performance of the stores acquired. Management has concluded that the expected performance is realizable beyond reasonable doubt and therefore has recorded the contingent consideration. The fair value of the balance payable was determined by discounting the expected disbursements at the rate of 9% per annum.

The allocation of the acquisition cost to the assets acquired and liabilities assumed is preliminary and subject to change.

Third quarter ended September 30, 2009  
 Unaudited - In thousands of dollars, except per unit amounts

## 8. Escrowed proceeds from the sale of a portfolio investment

Following the sale of shares of CMN International Inc. ("CMN") in 2004, New Look had as of September 30, 2009 a balance receivable of \$973 (US \$891) held in escrow pending the final settlement of a claim against CMN. The escrowed amount and accrued interest thereon of \$108 (US \$103) were actually received on October 26, 2009, except for an amount of \$27 (US \$25) representing the share of New Look in an indemnity claim. Adjustments in accrued interest revenues, the provision for defence costs, and loss on foreign exchange represent a net increase in earnings before income taxes of \$88. The adjustments will be recorded in the fourth quarter of 2009.

## 9. Other intangible assets

|   | September 30, 2009 |                          |       |
|---|--------------------|--------------------------|-------|
|   | Cost               | Accumulated amortization | Net   |
|   | \$                 | \$                       | \$    |
| Favourable leases                                 | 537                | 84                       | 453   |
| Customer relations and non-competition agreements | 1,410              | 141                      | 1,269 |
|   | 1,947              | 225                      | 1,722 |

|                        | December 31, 2008, as restated |                          |     |
|------------------------|--------------------------------|--------------------------|-----|
|                        | Cost                           | Accumulated amortization | Net |
|                        | \$                             | \$                       | \$  |
| Favourable leases      | 537                            | 45                       | 492 |
| Customer relationships | 324                            | 36                       | 288 |
|                        | 861                            | 81                       | 780 |

## 10. Long-term debt

|  | Sept 30<br>2009<br>\$ | Dec 31<br>2008<br>\$ |
|--|-----------------------|----------------------|
| Advances under the "Evergreen" operating credit <sup>(a)</sup>   | 7,295                 | 6,295                |
| Balance of purchase price of practices, nominal amount of \$780, without interest, average annual payment of \$195 from 2010 to 2013, fair value estimated using a discount rate of 9%           | 676                   |                      |
| 9% note payable, secured by leasehold improvements having a carrying value of \$217, payable in monthly instalments of \$7, capital and interest, maturing in May 2012                           | 191                   | 237                  |
| 6.15% note payable in monthly instalments of \$15, capital and interest, maturing in September 2010  | 159                   | 283                  |
| 8.88% note payable, secured by leasehold improvements and equipment having a carrying value of \$151, payable in monthly instalments of \$2, capital and interest, maturing in May 2014          | 90                    | 101                  |
| Obligations under capital leases, average rate of 10.6%, payable in monthly instalments, maturing on various dates until 2010  | 38                    | 58                   |
| 9% note payable in monthly instalments of \$1, capital and interest, maturing in January 2013  | 52                    | 61                   |
| 6.6% note payable in monthly instalments of \$1, capital and interest, maturing in 2013  | 39                    | 46                   |
| 9% note payable in monthly instalments of \$1, capital and interest, maturing in July 2011   | 16                    | 22                   |
| Term loan denominated in US dollars, US prime rate plus 0.25%, (4.0% at December 31, 2008), payable in monthly instalments of US\$77, capital and interest, repaid in 2009                       |                       | 629                  |
| Balance of purchase price of a practice, without interest, average annual instalments of \$25 subject to realisation of minimum sales, maturing in September 2012, settled for \$75 in July 2009 |                       | 100                  |
| Balance of purchase price of a practice, settled in March 2009   |                       | 74                   |
| Other  | 5                     |                      |
|  | 8,561                 | 7,906                |
| Instalments due within one year  | 955                   | 975                  |
|  | 7,606                 | 6,931                |

(a) Advances under the Evergreen credit are repayable as follows:

- A tranche of \$3,959 will be repayable beginning in April 2010 in 48 equal monthly instalments of capital and interest.
- The balance will be repayable beginning in January 2011 in 48 equal monthly instalments of capital and interest. Subject to the bank's approval, New Look has the option of extending the beginning of repayment in January 2012.

Third quarter ended September 30, 2009  
Unaudited - In thousands of dollars, except per unit amounts

The variable interest rate applicable to the Evergreen credit is prime rate plus a premium varying from 0.25% to 1%, depending on the ratio of interest bearing debt to EBITDA (earnings before interest, income taxes and amortization). As of December 31, 2008, the prime rate was 3.5% and the applicable premium was 0.25%.

New Look may use its Evergreen credit through bankers' acceptances for fees varying from 1.25% to 2% per annum, depending on the ratio of interest bearing debt to EBITDA; the fee applicable as of September 30, 2009 was 1.25%. As of September 30, 2009, all advances under the Evergreen credit were financed through bankers' acceptances.

## 11. Income taxes

|         | Three months |                    | Nine months  |                    |
|---------|--------------|--------------------|--------------|--------------------|
|         | 2009         | 2008<br>(Restated) | 2009         | 2008<br>(Restated) |
|         | \$           | \$                 | \$           | \$                 |
| Current | 167          | 32                 | 213          | 69                 |
| Future  | 116          | 356                | 909          | 1,119              |
|         | <b>283</b>   | <b>388</b>         | <b>1,122</b> | <b>1,188</b>       |

## 12. Dividends and related taxes

|   | Three months |            | Nine months  |              |
|---|--------------|------------|--------------|--------------|
|   | 2009         | 2008       | 2009         | 2008         |
|   | \$           | \$         | \$           | \$           |
| Dividends declared on exchangeable shares | 497          | 483        | 1,484        | 1,415        |
| Current tax                               | 249          | 227        | 742          | 666          |
| Future tax                                | (227)        | (227)      | (678)        | (666)        |
| Net tax related to dividends              | 22           |            | 64           |              |
|   | <b>519</b>   | <b>483</b> | <b>1,548</b> | <b>1,415</b> |

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.

## 13. 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, 2008                     | 5,882,830 | 12,612 | 3,870,404           | 7,989 |
| Issued pursuant to exercise of options           | 270,498   |        |                     |       |
| Paid in cash, \$3.52 per unit                    |           | 951    |                     |       |
| Transfer from contributed surplus <sup>(a)</sup> |           | 149    |                     |       |
| Repurchased <sup>(b)</sup>                       | (14,000)  | (31)   |                     |       |
| Balance at September 30, 2009                    | 6,139,328 | 13,681 | 3,870,404           | 7,989 |

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

b) During the third quarter of 2009, 14,000 units were repurchased at an average price of \$5.47 for total disbursements of \$76, which were recorded as follows:

|   |           |
|---|-----------|
|   | \$        |
| Reduction in the carrying value of the Fund units     | 31        |
| Reduction in contributed surplus                      | 1         |
| Increase in deficit as premium on repurchase of units | 44        |
|   | <u>76</u> |

## 14. Contributed surplus

|                                   | 2009         |
|-----------------------------------|--------------|
|                                   | \$           |
| Balance at December 31, 2008      | 1,236        |
| Equity-based compensation expense | 119          |
| Transfer to Fund units            | (149)        |
| Repurchase of units               | (1)          |
| Balance at September 30, 2009     | <u>1,205</u> |

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 the related options are exercised. Refer to Note 13 for details regarding the repurchase of units.

## 15. Net earnings per unit

|  | Three months      |                  | Nine months      |                  |
|--|-------------------|------------------|------------------|------------------|
|  | 2009              | 2008             | 2009             | 2008             |
|  | \$                | \$               | \$               | \$               |
| Net earnings   | 824               | 1,429            | 3,861            | 4,293            |
| Weighted average number of units and exchangeable shares | 10,012,220        | 9,733,777        | 9,893,668        | 9,695,617        |
| Dilutive effect of unit options                          | 16,327            | 235,438          | 45,146           | 195,656          |
|  | <u>10,028,547</u> | <u>9,969,215</u> | <u>9,938,814</u> | <u>9,891,273</u> |
| Basic net earnings per unit                              | 0.08              | 0.15             | 0.39             | 0.44             |
| Diluted net earnings per unit                            | 0.08              | 0.14             | 0.39             | 0.43             |

## 16. Fund option plan

Changes in the number of options outstanding were as follows:

|   | Number    | Weighted Average Exercise Price |
|---|-----------|---------------------------------|
|   |           | Price                           |
| Outstanding at December 31, 2008          | 712,965   | 5.51                            |
| Granted                                   | 172,000   | 5.43                            |
| Exercised                                 | (270,498) | 3.52                            |
| Outstanding at September 30, 2009         | 614,467   | 6.37                            |
| Options exercisable at September 30, 2009 | 395,223   | 6.35                            |

Third quarter ended September 30, 2009  
 Unaudited - In thousands of dollars, except per unit amounts

The options granted in the nine-month period ended September 30, 2009 have either one of the following vesting periods:

- i) one-third after the grant date, an additional one-third at the end of the first year and the balance at the end of the second year;
- ii) 50% after 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 the 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               | 1.6%   |
| Expected distributions <sup>(a)</sup> | \$0.65 |

(a) The expected distributions were adjusted for 2011 and thereafter to reflect the impact of the new tax on distributions.

The weighted average fair value of options granted in 2009 was \$0.40 per option. The compensation expense recorded in 2009 relates to the vesting of options accrued in the period.

## 17. Adjustment to deficit

Pursuant to the adoption on January 1, 2009 of a policy of expensing start-up costs, retrospectively to January 1, 2008, as described in Note 3, the opening balances of deficit as of January 1, 2008 and January 1, 2009 were restated as follows:

|  | 2009 | 2008 |
|--|------|------|
|  | \$   | \$   |
| period   | 178  | 279  |
| Less: Future income taxes related to the write-off | 55   | 86   |
| Net increase in deficit                            | 123  | 193  |

## 18. Forward exchange contracts

New Look uses forward exchange contracts to protect future foreign currency purchases against changes in exchange rates. The Fund does not use hedge accounting; accordingly, forward exchange contracts are recognized at their fair value on the balance sheet and changes in fair value are recognized in earnings.

Forward exchange contracts outstanding as of September 30, 2009 related to purchases of US dollars. They are summarized as follows:

| <u>Maturity</u>     | <u>USD</u> | <u>Average contract rate</u> |
|---------------------|------------|------------------------------|
| Less than 4 months  | 770        | 1.1975                       |
| From 4 to 12 months | 800        | 1.1172                       |

As at September 30, 2009, the estimated fair value of the above exchange contracts was a liability of \$103.

## 19. Subsequent events

### *Distributions and dividends*

The Fund declared a distribution of \$0.0542 per unit for the month of October 2009 and New Look declared a corresponding dividend per exchangeable share for the same month.

### *Receipt of the escrowed proceeds*

The escrowed proceeds receivable as of September 30, 2009 were actually received on October 26, 2009. Refer to Note 8 for more details.

## 20. Comparative amounts

Comparative amounts were restated as mentioned in Notes 3 and 17.

## Contact Information

### Head Office

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

### Unitholders Inquiries

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

## Directors and Officers

### Martial Gagné

President  
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

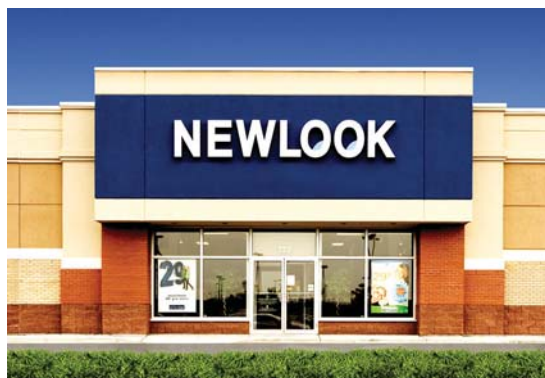
Vice President  
Marketing and Merchandising  
New Look Eyewear Inc.

### Claire Boulanger

Vice President  
Real Estate and Development  
New Look Eyewear Inc.

### Terry Yanofsky

Vice President  
Sales and Operations  
New Look Eyewear Inc.



## 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 October 31, 2009, 6,139,328 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.

**Third quarter  
ended September 30, 2009**