

New Look Eyewear Inc.
(formerly Benvest New Look Income Fund)

Quarterly
Report

Second quarter ended
June 26,
2010



lunetterie
NEWLOOK
eyewear

Celebrating 25 years of vision in 2010

Message to Shareholders



To our shareholders,

New Look Eyewear Inc. is the resulting corporation following the completion of the conversion of Benvest New Look Income Fund to a corporate structure effective March 2nd, 2010. The acquisition of Sonomax Hearing Healthcare and the conversion of the Fund into a corporation in the first quarter of 2010 was a major step forward for New Look, its management and shareholders. It removes the uncertainty resulting from the Federal government's announced change in laws re: income trusts in 2007 in a very positive fashion which we believe is already reflected in higher trading values for New Look's common shares since early March.

The second quarter was a challenging quarter, but part of the process in building a better and more profitable business. Revenues were \$17.4 million compared to \$18.1 million in the previous year, a reduction of 4.2%. EBITDA⁽¹⁾ for the quarter was \$1.8 million compared to \$3.3 million in the previous year. Net earnings were \$454,000 (\$0.05 per share) compared to \$1.7 million (\$0.17 per unit) in the previous year. Revenues, profitability and earnings for the quarter were impacted by an unfavourable product mix and start-up problems in the laboratory with the implementation of the company's second HD lens production line.

Year-to-date, for the six months ending June 26th, 2010, the company recorded revenues of \$34.7 million on par with the revenues achieved in the same period last year. EBITDA however was impacted by lower second quarter results which were \$4.4 million year-to-date compared to \$5.8 million last year. Net earnings were \$1.1 million year-to-date (\$0.11 per share) compared to \$3.1 million last year (\$0.31 per unit). These earnings were impacted by one-time costs of \$0.9 million recorded from the conversion from an income trust back to a corporation.

On August 9th, 2010, the Board of directors approved the payment of a dividend of \$0.15 on New Look's common shares to be paid on August 31st, 2010 to the shareholders of record as of August 21st, 2010.

Currently operating 64 corporate stores, the company has plans to open three additional stores over the next year, including one by acquisition. Details of the operating and financial performance of New Look are set out in the financial statements and the Management Discussion and Analysis herein.

We continue to focus on our strategy of increasing our market share through generating more customer traffic in our stores, opening new stores, updating existing ones and making strategic acquisitions. Concurrently, we are actively adding to our team of independent optometrists, opticians and other professional staff. We are also dedicating resources to projects aimed at improving operating efficiency and embracing the latest lens technology. We firmly believe that value added customer service continues to comprise a major part of our success.

A handwritten signature in black ink, appearing to read "W. John Bennett".

W. John Bennett
Chairman
New Look Eyewear Inc.

A handwritten signature in black ink, appearing to read "Martial Gagné".

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), net gains or losses related to former portfolio investments, equity-based compensation, and the cost of conversion to a corporation. 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 Company 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.

New Look Eyewear Inc.
(formerly Benvest New Look Income Fund)

Management's Discussion and Analysis

Second quarter ended
June 26,

2010



Celebrating 25 years of vision in 2010

Management's Discussion and Analysis



For the 13-week and 26-week periods ended June 26, 2010 compared with the 3-month and 6-month periods ended June 30, 2009. Amounts in tables are in thousands of dollars, except per share and unit amounts.

HIGHLIGHTS

On March 2, 2010, Benvest New Look Income Fund (the "Fund") was converted to a corporation named New Look Eyewear Inc. ("New Look"). For accounting purposes, New Look is the successor of the Fund. Highlights for the second quarter and the 26-week period ended June 26, 2010 compared to the corresponding periods of 2009 are as follows:

Periods ended	13 weeks June 26, 2010	3 months June 30, 2009	26 weeks June 26, 2010	6 months June 30, 2009
Revenues	\$17,383	\$18,144	\$34,695	\$34,887
<i>Variance</i>	<i>(4.2%)</i>		<i>(0.6%)</i>	
<i>Comparable stores variance</i>	<i>(5.2%)</i>		<i>(2.3%)</i>	
EBITDA ^(a)	\$1,848	\$3,337	\$4,372	\$5,839
<i>Variance</i>	<i>(44.6%)</i>		<i>(25.1%)</i>	
<i>% of revenues</i>	<i>10.6%</i>	<i>18.4%</i>	<i>12.6%</i>	<i>16.7%</i>
Net earnings attributed to shareholders / unitholders ^(b)	\$454	\$1,732	\$1,132	\$3,037
<i>Variance</i>	<i>(73.8%)</i>		<i>(62.7%)</i>	
Net earnings per share or unit ^(b)				
Basic and diluted	\$0.05	\$0.17	\$0.11	\$0.31
Cash flows from operating activities	\$1,071	\$2,734	\$4,034	\$6,272
Capital expenditures ^(c)	\$866	\$1,062	\$3,656	\$3,378
Issuance of units		\$848	\$123	\$951
Increase (decrease) in net debt ^(d)	\$308	(\$854)	\$1,720	(\$973)
Cash distribution per share or unit ^(e)	\$0.05	\$0.163	\$0.162	\$0.325
Distributions, dividends and related taxes ^(e)	\$501	\$1,505	\$1,577	\$2,977
At end of quarter				
Total assets ^(f)			\$47,500	\$38,919
Long-term debt ^(g)			\$9,988	\$8,713
Number of stores			64	63

- (a) Refer to the section EBITDA below for a definition and comments on EBITDA.
- (b) The reduction in net earnings and net earnings per share compared to last year is explained in the section *Results of operations*.
- (c) Capital expenditures made in 2010 related mainly to the addition of a store and the Sonomax conversion transaction. The above amounts 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.
- (e) The amounts of distributions and dividends shown in the table above refer to amounts declared in the period. The distribution has been paid monthly from the inception of the Fund in May 2005 to its conversion to a corporation in March 2010. The policy of New Look is to declare quarterly dividends beginning with May 2010. The dividend declared in the second quarter of 2010 was intended to cover the stub period from the conversion to a corporation to the end of March 2010.
- (f) The increase in total assets over the last 12 months reflects, among others, the addition of two stores, the renovations of stores, and the Sonomax conversion transaction.
- (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 New Look and its predecessor, the Fund, together with those of the former subsidiary, also named New Look Eyewear Inc., and 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.

In this MD&A, unless the context requires more precision, a reference to New Look includes a reference to the former subsidiary of the Fund and to the new entity resulting from the conversion of the Fund to a corporation.

Management's Discussion and Analysis



For the 13-week and 26-week periods ended June 26, 2010 compared with the 3-month and 6-month periods ended June 30, 2009. Amounts in tables are in thousands of dollars, except per share and unit amounts.

Conversion of the Fund to a corporation

The Fund was an unincorporated, open-ended limited trust established under the laws of the Province of Ontario by a declaration of trust dated March 15, 2005. The purpose of the Fund was to hold securities of the former New Look, a corporation involved in the eye care services industry in Canada. The Fund's units were traded on the Toronto Stock Exchange under the symbol BCI.UN.

New Look results from the conversion of the Fund to a corporation on March 2, 2010 pursuant to an arrangement governed by the *Canada Business Corporations Act*. The arrangement involved the Fund, its former subsidiary and Sonomax Hearing Healthcare Inc. ("Sonomax"). The arrangement was approved by the unitholders of the Fund and the holders of exchangeable shares of former New Look at a special meeting held on February 26, 2010 and it was subsequently sanctioned by the Québec Superior Court. In consequence of the arrangement, the new entity New Look carries on the eye care business previously operated by the Fund's subsidiary and distribution activities related to hearing protection devices.

Rationale and benefits of the conversion

In 2007, the Federal government introduced legislation regarding "specified investment flow-through trusts", such as the Fund, imposing new taxes on their distributions and other restrictions. These provisions are scheduled to take effect in 2011. At the same time, the income tax rules allow for the conversion of a trust to a corporation to be effected on a tax-deferred basis if completed prior to 2013. The Fund reviewed various options and came to the conclusion that converting back to a corporate structure prior to 2011 was the best alternative following these new rules.

In addition, for the past several years, New Look has been examining various opportunities for expanding its products and services through its retail network of optical stores and has been monitoring industry trends in Canada and internationally in this regard. As a result of these considerations, management initiated discussions with Sonomax, a company based in Montreal, which wanted to sell a portion of its distribution business in order to continue to execute its previously announced strategy of becoming a product development and licensing company. On January 21, 2010, an arrangement agreement was signed with Sonomax to achieve the objective of converting back into a corporate structure while at the same time expanding New Look's products and services.

Key benefits for the Fund implementing the conversion include:

- Greater access to equity capital markets and widening of potential investor interest in New Look shares in light of the decreasing importance of the public business income trust market;
- Sonomax hearing healthcare assets and products are a complement to the current eyewear products and services sold through the New Look retail store network;
- The arrangement provided for an effective and efficient method to convert from an income trust to a corporation under existing legislation without adverse tax consequences to the Fund, the unitholders or the New Look exchangeable shareholders;
- The conversion has led to a simplified and more efficient capital structure, as a result of the elimination of the exchangeable shares of New Look; and
- New Look has acquired future income tax assets.

Details of the conversion

The arrangement and subsequent operations resulted in the following:

- Each Fund unit and each exchangeable share of former New Look have been replaced by common shares of the new entity New Look on a one-for-one basis;
- The former trustees and management of the Fund (and former New Look) have become the directors and management of the new entity New Look;
- The new entity New Look holds the assets and business of former New Look and continues its operations; it also holds a license to distribute hearing protection devices with related inventory and furniture;
- The investment in Sonomax has represented \$1,740,000 of which \$1,566,000 was paid cash, the balance of \$174,000 being in the form of preferred shares redeemable over the next two years;
- The common shares of the new entity New Look are listed on the Toronto Stock Exchange under the symbol BCI. Following the conversion, there has been no dilution in the number of shares from the number of units and exchangeable shares outstanding immediately prior to the conversion and no change in the respective interest of unitholders of the Fund and shareholders of former New Look;
- Options to purchase Fund units have been replaced by options to purchase shares of the new entity New Look under the same conditions as those existing under the Fund option plan;
- For accounting purposes, the new entity New Look is considered the continuity of the Fund and accordingly, the carrying value of the Fund's assets and liabilities has become the carrying value of the new entity New Look.

In conjunction with the reorganization, the Fund's policy to make monthly distributions has been replaced by New Look's policy to make quarterly dividends. The initial quarterly rate has been established at \$0.15 (\$0.60 per annum) subject to New Look's ongoing operating results, optical market conditions in which it is operating and other factors normally associated with the declaration of dividends by a corporation. These dividends will be eligible for dividend tax credits for individuals residing in Canada. In 2009, only approximately 36% of the Fund's distributions qualified for dividend tax treatment. A "stub" dividend covering the period from March 3, 2010 to March 27, 2010, in the amount of \$0.05, was paid on May 31, 2010 to shareholders of record on May 21, 2010.

Details of the arrangement are set out in the Information Circular dated January 29, 2010 filed by the Fund through the SEDAR system at www.sedar.com. The circular is also available on New Look's website at www.newlook.ca.

General information

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

All financial information reflected herein is expressed in Canadian dollars (unless otherwise indicated) and determined on the basis of Canadian generally accepted accounting principles ("GAAP"). You should read the following discussion and analysis together with the interim consolidated financial statements for the period ended June 26, 2010 and with the December 31, 2009 year-end audited consolidated financial statements of the Fund.

Management's Discussion and Analysis



For the 13-week and 26-week periods ended June 26, 2010 compared with the 3-month and 6-month periods ended June 30, 2009. Amounts in tables are in thousands of dollars, except per share and unit amounts.

Additional information relating to the Fund and New Look can be found on the website www.newlook.ca. Fund's and New Look's continuous disclosure materials, including the annual and quarterly MD&A, annual and quarterly financial statements, the December 31, 2009 year-end audited consolidated financial statements of the Fund, annual information forms, proxy solicitation and information circulars and various press releases issued by the Fund and New Look are also available directly through the SEDAR system at www.sedar.com.

OUR BUSINESS

New Look is a leading provider of eye care products and services in Eastern Canada. As of June 26, 2010, its network consisted of 64 eye care stores: 57 are located in major cities in the Province of Québec and seven serve the Ottawa, Ontario region. New Look operates 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

New Look's interim consolidated financial statements for the period ended June 26, 2010 have been approved by the Board of Directors upon recommendation of the Audit Committee.

ACCOUNTING POLICIES

The interim consolidated financial statements of New Look for the 26-week period ended June 26, 2010 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, 2009 with the exceptions described below.

Business combinations and presentation of consolidated financial statements

New Look has early adopted, beginning with the 2010 fiscal year, the new standard related to business combinations which will be compulsory in 2011 with the adoption of the international financial reporting standards ("IFRS") and which will anyway apply retrospectively to 2010. Management has determined that the main impact of this new standard is the expensing of acquisition costs in the periods they are incurred instead of being capitalized as part of the cost of the acquisition.

In conjunction with the early adoption of this new standard, New Look also had to early adopt the new presentation of consolidated financial statements. For this reason, the non-controlling interest on the balance sheet has been reclassified from the liabilities to the equity and the statement of earnings now shows an attribution of net earnings between the shareholders and non-controlling interest rather than deducting the non-controlling interest to arrive to net earnings.

New accounting periods

The new entity New Look has adopted the accounting periods already in use by former New Look, i.e. the last Saturday of March, June, September and December. Hence the 2010 fiscal year will end December 25, 2010, each quarter having 91 days. Although the Fund used calendar-based periods, the comparative figures in the statement of earnings and the related notes actually reflect the activities of former New Look, which were reported on the basis of its accounting periods.

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 in the case of New Look 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;
- Preparation in 2010 of simulated IFRS financial statements in order to identify detailed requirements of the new standards.

Areas identified as requiring attention include the following:

- *Non-controlling interest.* The new IFRS requirements regarding non-controlling interest have in fact been early adopted in 2010. See *Accounting Policies* above.
- *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 to 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

Management's Discussion and Analysis



For the 13-week and 26-week periods ended June 26, 2010 compared with the 3-month and 6-month periods ended June 30, 2009. Amounts in tables are in thousands of dollars, except per share and unit amounts.

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.

- *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 require each of such cash flows to be classified in a consistent manner from period to period either as operating or financing activities. Management intends to present interest, distributions and dividends paid as financing activities.
- *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 New Look 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.

RESULTS OF OPERATIONS

Revenues

Revenues for the second quarter of 2010 decreased by 4.2% to \$17.4 million, compared to the second quarter of 2009. Revenues from comparable stores decreased by \$921,000, or 5.2%, while the other stores brought additional revenues of \$160,000. Comparable stores are those opened before 2009.

Revenue decrease in the second quarter of 2010 corresponds to a reduction in the average sale price of eyeglasses, the number of units sold by the comparable stores having slightly increased. Consumers responded favourably to attractive promotions on some products and opted to buy less expensive products, thus generating lower gross margins. The promotion campaign did not trigger the expected increase in sales of regular ophthalmic eyeglasses.

Cumulatively for the 26-week period ended June 26, 2010, revenues were \$34.7 million, down 0.6% compared to the corresponding period of 2009, revenues from comparable stores having decreased by 2.3%. The results for the 26-week period were negatively impacted by the second quarter.

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For the 13-week and 26-week periods ended June 26, 2010 compared with the 3-month and 6-month periods ended June 30, 2009. Amounts in tables are in thousands of dollars, except per share and unit amounts.

Cost of sales

The cost of sales can be summarized as follows:

Periods ended in June of	13 weeks 2010 \$	3 months 2009 \$	26 weeks 2010 \$	6 months 2009 \$
Amounts included in cost of materials, direct labour, selling and administration expenses	8,541	7,868	16,275	15,221
<i>% of revenues</i>	49.1%	43.4%	46.9%	43.6%
Amounts included in amortization	233	232	451	459
	8,774	8,100	16,726	15,680

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 second quarter and the 26-week period of 2010 compared to last year. The increase was mostly attributable to higher costs of lens production and professional services required in the process of producing lenses and adjusting eyewear to the needs of customers. Higher costs of lens production were caused by the necessity to outsource production during the installation and fine tuning of a second HD production line. This second HD production line is now completed and management believes it will help maintain our costs low in the future, while delivering eyewear in short periods of time.

The amortization component of cost of sales was approximately the same in the periods under comparison.

Other operating expenses

Other operating expenses include occupancy costs, selling and general expenses of stores, as well as marketing and administration expenses. The amounts involved are the following:

Periods ended in June of	13 weeks 2010 \$	3 months 2009 \$	26 weeks 2010 \$	6 months 2009 \$
Other operating expenses	6,994	6,939	14,048	13,827
<i>% of revenues</i>	40.2%	38.2%	40.5%	39.6%
Increase	55		221	

The increases were mainly attributable to marketing expenses, occupancy costs of stores, and general increase in salaries.

EBITDA

New Look 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), gains and losses related to former portfolio investments, equity-based compensation, and the cost of conversion to a corporation.

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. New Look 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:

Periods ended in June of	13 weeks 2010 \$	3 months 2009 \$	26 weeks 2010 \$	6 months 2009 \$
Net earnings attributed to shareholders / unitholders	454	1,732	1,132	3,037
Amortization	984	812	1,805	1,542
Financial expenses, net of interest revenues	92	120	169	253
Equity-based compensation	40	52	47	80
Loss (gain) on foreign exchange	(22)	136	(15)	109
Cost of conversion to a corporation	96		853	
Recovery of expenses related to former portfolio investments		(36)		(36)
Income taxes	196	513	366	839
Non-controlling interest	8	8	15	15
EBITDA	1,848	3,337	4,372	5,839
<i>Variance in \$</i>	<i>(1,489)</i>		<i>(1,467)</i>	
<i>Variance in %</i>	<i>(44.6%)</i>		<i>(25.1%)</i>	
<i>% of revenues</i>	<i>10.6%</i>	<i>18.4%</i>	<i>12.6%</i>	<i>16.7%</i>

The decreases in EBITDA shown above results from the factors described in the preceding sections.

Amortization

Amortization expenses varied as follows:

Periods ended in June of	13 weeks 2010 \$	3 months 2009 \$	26 weeks 2010 \$	6 months 2009 \$
Amortization of property and equipment	766	722	1,497	1,409
Amortization of intangible assets	218	90	308	133
	984	812	1,805	1,542

The variation in amortization of property and equipment reflects the continuous addition of stores and renovations to existing stores as well as addition of equipment in the laboratory and in stores. The increase in the amortization of intangible assets reflects the acquisition of distribution rights, in March 2010, with respect to hearing protection devices. The

Management's Discussion and Analysis



For the 13-week and 26-week periods ended June 26, 2010 compared with the 3-month and 6-month periods ended June 30, 2009. Amounts in tables are in thousands of dollars, except per share and unit amounts.

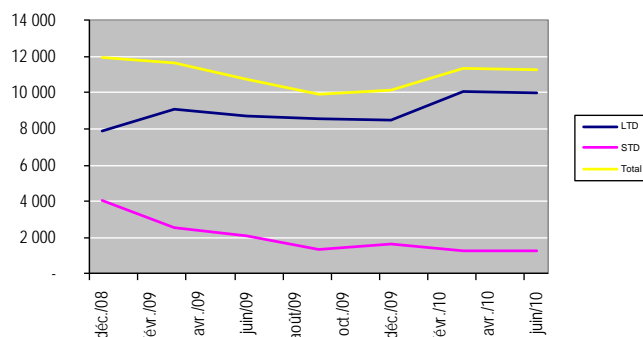
carrying value of these rights, established at \$1.02 million, is amortized over a 24-month period beginning in April 2010.

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 26-week period ended June 26, 2010 compared with the corresponding periods of 2009:

Periods ended in June of	13 weeks 2010 \$	3 months 2009 \$	26 weeks 2010 \$	6 months 2009 \$
Interest on long-term debt	70	88	135	188
Interest on bank indebtedness and other interest	8	13	4	38
Financing fees	15	20	32	31
Interest revenues	(1)	(1)	(2)	(4)
	92	120	169	253

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



Interest charges decreased in 2010 compared to last year as certain debts with interest rate approximating 9% were repaid while new borrowings bore interest at a lower rate.

As of June 26, 2010, 91% of the interest-bearing debt bore interest at an average floating rate of 2.5%.

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 as of June 26, 2010 were as follows:

Cash	USD	114
Accounts payable	USD	1,031
Forward exchange contracts (liabilities)	CAD	56

Gains and losses related to costs of goods sold are reflected in the cost of sales; the net loss amounted to \$30,000 for the second quarter and \$45,000 for the 26-week period ended June 26, 2010. Other gains or losses are shown separately on the statement of earnings; in the 26-week period of 2010, they represented \$15,000.

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 June 26, 2010, foreign exchange contracts to purchase US \$1.1 million at an average rate of 1.062 were outstanding, while the spot rate was 1.036. As hedge accounting is not utilized, changes in fair value of exchange contracts are recognized in earnings.

Costs of conversion to a corporation

The costs of conversion of the Fund to a corporation relates mainly to legal fees for the preparation of the lengthy and complex documentation concerning the plan of arrangement and the various reorganization steps. They also include fees from the Toronto Stock Exchange, accounting fees, printing costs, and liability insurance covering former acts related to the Fund. The revised costs are \$853,000 for the 26-week period of 2010.

Income taxes

The Fund was a mutual fund trust as defined under the *Income Tax Act* (Canada) and as a result, was not subject to taxation on its income to the extent that it was distributed to unitholders. Since all of its income had been distributed, the Fund has had no taxable income since its inception in 2005 up to its conversion to a corporation on March 2, 2010.

The income tax expense relates essentially to former New Look and the new entity New Look. The main change since March 2, 2010 is that former New Look could deduct the interest paid to the Fund in the calculation of its income for tax purposes. This deduction is no longer available to the new entity.

The effective tax rate applicable to the new entity New Look is approximately 3% after amortization of the deferred credit described in Note 7 to the interim financial statements for the second quarter of 2010. This deferred credit arose from the transaction with Sonomax in March 2010 which resulted in acquiring future income tax assets related to the equivalent of \$30 million in tax losses. The charge of \$196,000 in the second quarter of 2010 relates mainly to the write-off of future income tax assets cumulated before the conversion of the Fund into a corporation and which have become null following the conversion.

Management's Discussion and Analysis



For the 13-week and 26-week periods ended June 26, 2010 compared with the 3-month and 6-month periods ended June 30, 2009. Amounts in tables are in thousands of dollars, except per share and unit amounts.

Net earnings

Net earnings for the second quarter and the 26-week period ended June 26, 2010 compared to the corresponding periods of 2009 are summarized as follows:

Periods ended in June of	13 weeks 2010 \$	3 months 2009 \$	26 weeks 2010 \$	6 months 2009 \$
Net earnings attributed to shareholders / unitholders	454	1,732	1,132	3,037
Variance in \$	(1,278)		(1,905)	
Variance in %	(74%)		(63%)	
% of revenues	2.6%		3.3%	
Net earnings per share or unit, basic and diluted	0.05	0.17	0.11	0.31

The decrease in net earnings in the second quarter of 2010 resulted essentially from the decrease in revenues and EBITDA discussed above. The decrease in the year-to-date net earnings was essentially caused by the conversion costs incurred in the first quarter and the decrease in revenues in EBITDA in the second quarter.

Management has taken all necessary and appropriate steps to address the product mix, margins and related issues that contributed significantly to the company's unsatisfactory performance in the second quarter. Also, extra outsourcing and other costs related to the installation and fine tuning of a second HD production line in the company's laboratory are not expected to be repeated.

For more certainty, it is also reminded that the conversion to a corporation has not caused any dilution of capital, since previous Fund units and exchangeable shares of former New Look have been exchanged for common shares of the new entity on a one-for-one basis.

SUMMARY OF QUARTERLY RESULTS

The following table summarizes unaudited quarterly consolidated results for the period ended June 26, 2010, compared with the corresponding quarters of the previous period ended June 30, 2009.

	September		December		March		June		4 Quarters	
	2009	2008	2009	2008	2010	2009	2010	2009	2010	2009
Revenues from eye care	16,446	16,211	17,625	14,468	17,312	16,743	17,383	18,144	68,766	65,566
As a % of annual revenues from eye care	24%	25%	26%	22%	25%	25%	25%	28%	100%	100%
EBITDA	2,188	2,896	2,939	1,738	2,524	2,502	1,848	3,337	9,499	10,473
As a % of revenues from eye care	13.3%	17.9%	16.7%	12.0%	14.6%	14.9%	10.6%	18.4%	13.8%	16.0%
Gain (loss) on foreign exchange	(115)	3	12	26	(7)	27	22	(136)	(88)	(80)
Cost of conversion to a corporation					757		96		853	
Net earnings	824	1,429	1,556	936	678	1,305	454	1,732	3,512	5,402
Net earnings per share or unit ^(a)										
Basic	0.08	0.15	0.16	0.10	0.07	0.13	0.05	0.17	0.35	0.55
Diluted	0.08	0.14	0.16	0.09	0.07	0.13	0.05	0.17	0.35	0.53
Distribution per unit / dividend per share ^(b)	0.163	0.161	0.163	0.163	0.112	0.163	0.162	0.163	0.60	0.65

(a) Net earnings per unit or share for a period of four quarters may not correspond to the total of quarterly net earnings per unit or share, as a distinct calculation is made for each quarter or total period.

(b) The distributions declared in the first quarter of 2010 cover the period from January 1 to March 2, 2010, i.e. the date of conversion to a corporation. A dividend of \$0.05 per share covering the period beginning from March 3 to March 27, 2010 was paid on May 31, 2010.

Management's Discussion and Analysis



For the 13-week and 26-week periods ended June 26, 2010 compared with the 3-month and 6-month periods ended June 30, 2009. Amounts in tables are in thousands of dollars, except per share and unit amounts.

LIQUIDITY

The following table shows the main elements of the statement of cash flows for the second quarter and the 26-week period ended June 26, 2010 compared with the corresponding periods of 2009:

Periods ended in June of	13 weeks 2010 \$	3 months 2009 \$	26 weeks 2010 \$	6 months 2009 \$
Operating activities	1,672	3,197	3,349	5,555
Change in non-cash working capital items	(601)	(463)	685	717
Cash flows from operations	1,071	2,734	4,034	6,272
Investing				
Property, equipment and intangibles	(866)	(1,057)	(1,916)	(2,064)
Business transactions			(1,566)	(200)
Payment of balances of purchase price			(232)	
Financing				
Variation in bank indebtedness	(10)	(470)	(390)	(1,964)
Borrowings			1,700	1,000
Repayment of long-term debt	(72)	(342)	(161)	(894)
Lease inducements		19	45	109
Issuance of units		848	123	951
Distributions and dividends	(501)	(1,469)	(2,057)	(2,901)
Taxes related to dividends paid		(247)	(185)	(493)
Increase (decrease) in cash	(378)	16	(605)	(184)
Cash at beginning of period	612	278	839	478
Cash at end of period	234	294	234	294

Cash flows from operations

Cash generated from operating activities before changes in non-cash working capital items decreased in the quarter and the 26-week period ended June 26, 2010 by \$1,525,000 and \$2,206,000 respectively compared to last year. This essentially reflects the variations in EBITDA and net earnings, including the impact of non-recurrent additional costs caused by the conversion of the Fund to a corporation. Cash was also used or generated by the variation of the following working capital items in 2010:

	13 weeks \$	26 weeks \$
Decrease in receivables	197	161
Receipt of R&D tax credits		146
Increase in inventory	(125)	(331)
Increase of prepaid expenses	(96)	(232)
Increase (decrease) in accounts payable and accrued liabilities	(597)	896
Increase in income taxes payable	20	45
Increase (decrease) in cash	(601)	685

The decrease in cash in the second quarter, shown in the above table, is mainly attributable to the payment of non-recurrent fees related to the conversion of the Fund to a corporation. In the overall period of six months, inventory and prepaid expenses increased due to the addition of a store in Valleyfield, new collections of eyeglasses in all stores, a production line in the laboratory, and normal seasonal increase in work-in-progress. These additions were partly financed by an increase in accounts payable and customers' deposit related to orders in progress. Decrease in receivables and the receipt of R&D tax credits also impacted favourably the cash position.

Investing activities

Investing activities in the second quarter of 2010, totalling \$866,000, related mainly to the addition of laboratory equipment, optometric equipment, and improvements in stores. Previous investments in 2010 included the reorganization with Sonomax, the addition of a store in Valleyfield, the addition of equipment in the laboratory, and the continuous renewal of part of IT equipment.

It is reminded that the reorganization with Sonomax not only resulted in the Fund being converted to a corporation but it also involved the acquisition of a license to distribute hearing protection devices along with inventory, furniture, and future income tax assets. The investment of \$1,740,000 was paid in cash except for \$174,000 which took the form of preferred shares redeemable over the next two years subject to an escrow agreement to assure the respect of certain guarantee.

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

Periods ended in June of	13 weeks 2010 \$	3 months 2009 \$	26 weeks 2010 \$	6 months 2009 \$
Purchase of property and equipment	818	1,012	1,848	2,019
Sonomax transaction, net of deferred credit			1,740	
Assets acquired through business acquisitions, net of cash				1,309
Purchase of intangibles	48	50	68	50
	866	1,062	3,656	3,378
Debt assumptions				476
Balances of purchase price		5	174	638
Paid, as per cash flow statement	866	1,057	3,714	2,264
Less payments attributable to previous year's investment			(232)	
Total capital expenditures	866	1,062	3,656	3,378

Financing activities

Repayment of long-term debt was low in 2010 compared to last year as the bank agreed to postpone to May 30, 2012 the term of the revolving credit facility, known as "Evergreen". No payment of capital on advances received under the Evergreen credit facility will be required until that date. Other repayments on the long-term debt were made as scheduled.

Management's Discussion and Analysis



For the 13-week and 26-week periods ended June 26, 2010 compared with the 3-month and 6-month periods ended June 30, 2009. Amounts in tables are in thousands of dollars, except per share and unit amounts.

The company reduced its short-term bank indebtedness by \$390,000 over the first six months of 2010. Previous use of the short-term bank indebtedness was essentially caused by capital expenditures.

The long-term borrowings of \$1.7 million made in the first quarter of 2010 under the Evergreen credit were essentially related with the reorganization with Sonomax.

Dividends paid in the second quarter of 2010 covered the period from the date of conversion of the Fund to a corporation on March 2, 2010 to the end of the first quarter on March 27, 2010. The amount paid was \$0.05 per share, which amount was based on an annual projection of \$0.60 per share.

The amounts paid as distributions and dividends in the first quarter of 2010 covered the amounts declared for the month of December 2009 and the period from January 1, 2010 to March 2, 2010. The amounts declared were then based on an annual distribution of \$0.65 per unit.

Most new leases provide for the payment of inducements by the landlords to New Look. These inducements represented a source of cash of \$45,000 in 2010.

Issuance of units to directors and executives who exercised options under the option plan represented cash receipts of \$123,000 in 2010.

Increase in long-term debt also included amounts not received in cash, such as the balance payable in the amount of \$174,000 related to the reorganization with Sonomax. Although this balance is in the form of preferred shares, it is treated as a debt for accounting purposes, since it is expected that the amount will be redeemed over the next two years.

Tax related to dividends on exchangeable shares

Dividends on exchangeable shares were 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 first quarter of 2010, the current portion of the tax not offset by a corresponding reduction in current income tax expense was estimated at \$185,000. This amount increased future income tax assets as it is expected it will reduce future income tax, except for an amount of \$16,000 which will not be recovered and consequently is recorded as an addition to the deficit. Part VI.1 tax does not apply to dividends on common shares; hence, no such tax accrued in the second quarter of 2010.

Credit facilities

The credit facilities with the bank were renewed on July 22, 2010.

The main change is the postponement of the term of the Evergreen revolving credit to May 30, 2012. Furthermore, 90 days after each year-end, New Look will have the option to extend the revolving term, subject to the bank's approval, for an additional term of 12 months so as to maintain a revolving term of 24 months. Hence, all advances made under the Evergreen credit totalling \$8,995,000 as of June 26, 2010 will not be repayable until May 30, 2012, and their repayment could be postponed again.

The amount of the Evergreen credit has been maintained at \$12 million and the operating line of credit to finance day-to-day operations was reduced, at the request of New Look, from \$4 million to \$2.5 million. A credit for a maximum net risk of \$900,000 (formerly \$720,000) is also available to use treasury product derivatives such as interest rate swaps.

Advances on the operating line of credit bears interest at prime rate plus a premium varying from 0.5% to 1.0% (previously from 0.5% to 1.5%) depending on the ratio of interest-bearing debt to EBITDA. The floating-rate advances under the Evergreen credit bear interest at prime rate plus a premium varying from 0.75% to 1.25% (previously 0.5% to 1.25%).

New Look may still use its credit facilities through bankers' acceptances. The revised fees on advances on the operating line of credit vary from 1.75% to 2.25% (previously 1.5% to 2.25%) depending on the ratio of interest-bearing debt to EBITDA. They vary from 2.0% to 2.5% (previously 1.5% to 2.5%) on advances on the Evergreen credit.

As of June 26, 2010, advances under the operating line of credit bore interest at prime rate plus a premium 0.5% for a total of 3%. As of that date, there were no bankers' acceptances related to the operating line of credit.

As of the same date, all advances under the Evergreen credit were financed through bankers' acceptances with an effective interest rate of 2.5%, taking into account stamping fees of 1.5%.

Conditions imposed on New Look include the respect of certain ratios such as a debt service coverage ratio which measures the capacity of the company to pay the debt service and occupancy expenses. Formerly this ratio was used to measure the capacity of the company to pay its service debt. New Look respects this newly defined ratio and other ratios required by the bank.

As of June 26, 2010, the credit facilities actually used and available were as follows:

	\$
Credit used	
Amounts drawn on the operating line of credit	1,270
Amounts drawn on the Evergreen credit to finance long-term assets	8,995
Credit available	2,461
Total credit facilities	12,726

If the renewed credit facilities had been in place on June 26, 2010, the credit available would have been \$4,166,000.

Distributable cash

The Fund used to calculate and present its distributable cash based on recommendations contained in a guidance of the Canadian Institute of Chartered Accountants named *Standardized Distributable Cash in Income Trusts and Other Flow-Through Entities*. Management considers that in light of the conversion of the Fund to a corporation, it is no longer appropriate to report such distributable cash.

Management's Discussion and Analysis



For the 13-week and 26-week periods ended June 26, 2010 compared with the 3-month and 6-month periods ended June 30, 2009. Amounts in tables are in thousands of dollars, except per share and unit amounts.

Capacity to meet obligations

Management determines the capacity of New Look to meet its obligations by an analysis of past and forecast cash flows, bank line of credit covenant ratios and other ratios. The following shows a summary of important guidelines used by management and the resulting performance:

		June 26, 2010	Dec 31, 2009
	Guidelines	\$	\$
Non-cash working capital ^(a)	Minimum of 1.0	1.1	1.1
Interest-bearing debt ^(b) to total capitalization ^(c)	Maximum of 0.5	0.40	0.36
		Four quarters ended June 26, 2010	Four quarters ended June 30, 2009
		\$	\$
Interest-bearing debt / EBITDA	Maximum of 2.0	1.2	0.9
Debt service and rent coverage ^(d)	Minimum of 1.1	1.4	1.3

- The non-cash working capital ratio is equal to: current assets except cash / current liabilities except bank indebtedness and instalments on long-term debt payable within one year.
- Interest-bearing debt corresponds to the total of long-term debt, including the short-term portion, and bank indebtedness in excess of cash.
- Total capitalization corresponds to the total of equity, long-term debt, including the short-term portion, and bank indebtedness in excess of cash.
- The debt service and rent coverage ratio is equal to: EBITDAR less dividends, distributions, redeemed shares or units and paid taxes / short-term portion of long-term debt, financial expenses and rent. EBITDAR is defined as EBITDA plus rent.

All ratios are within the guidelines established by management and approved by the Board of Directors and all ratios required by the bank were respected.

Furthermore, New Look constantly maintains and updates both its stores and production facilities in order to preserve and enhance the cash flows from operations. Out of the 64 stores at June 26, 2010, 61 were renovated or constructed over the last six years.

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 declared dividends.

DISTRIBUTIONS AND DIVIDENDS

On March 19, 2010, the Fund made a final distribution to unitholders of record on February 28, 2010 on a pro rata basis for the number of days in the period from February 1 to March 2, 2010 calculated on a yearly basis of \$0.65 per unit. A corresponding dividend was also paid on the exchangeable shares of New Look.

Following its conversion to a corporation, New Look has established a policy of paying quarterly dividends. The first dividend was paid on May 31, 2010 to shareholders of record on May 21, 2010 for the stub period from March 3 to March 27, 2010. The dividend was \$0.05 per share, i.e. 1/12 of an annual amount of \$0.60.

The next dividend will be paid on August 31, 2010 to shareholders of record on August 21, 2010. The Board of Directors maintained the annual basis of \$0.60 per share and thus declared a dividend of \$0.15 per share payable August 31, 2010.

FINANCIAL RISK MANAGEMENT

Details of financial risk management objectives and policies are described under Note 27 to the consolidated financial statements for 2009.

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 June 26, 2010, the spot rates having been lower than the contractual rates, 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 2.5%, 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*.

OUTSTANDING SHARES AND OPTIONS

As of June 26, 2010, New Look had 10,023,732 Class A common shares outstanding. These are the only shares giving rise to dividends and to vote at any shareholders' meeting. These shares have been issued in exchange of the Fund units and the exchangeable shares of former New Look on a one-for-one basis.

Management's Discussion and Analysis



For the 13-week and 26-week periods ended June 26, 2010 compared with the 3-month and 6-month periods ended June 30, 2009. Amounts in tables are in thousands of dollars, except per share and unit amounts.

As of June 26, 2010, New Look also had 174,000 Class A preferred shares issued and outstanding. These shares have been issued pursuant to the arrangement completed on March 2, 2010. They are redeemable at \$1 each over the next 24 months. Their holders have no right to dividend and no right to vote. For accounting purposes, the preferred shares are treated as a liability.

On March 2, 2010, each Fund option was exchanged for an option to purchase one share of New Look. The exercise price of each option is equal to the market value of the share or former unit 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 shares outstanding. During the first quarter of 2010, 35,000 options to purchase units were exercised for an average price of \$3.51. During the second quarter of 2010, 132,000 options at an exercise price of \$7.40 were granted and 33,333 options expired following the departure of an officer. As of June 26, 2010 there were 667,134 options outstanding for an average exercise price of \$6.81.

Normal course issuer bid

The normal course issuer bid implemented in April 2009 expired April 30, 2010. This plan allowed the Fund and, after the conversion, New Look to repurchase its units or shares. Management did not renew this plan, as there has been no repurchase of units or shares over the first four months of 2010.

CONTROLS AND PROCEDURES

Management is responsible for the design of internal control over financial reporting within New Look 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 June 26, 2010 that have materially affected, or are reasonably likely to materially affect, its internal control over financial reporting.

OUTLOOK

Second quarter's modest results were caused by important but well identified problems. Management believes they were not the consequence of a permanent deterioration of key business indicators. New Look's financial situation is still enviable and, most importantly, the management team is highly motivated and committed to re-establish profitability to historical level.

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 five years.

New Look continues to focus on its development. In March 2010, the company opened a new store in Valleyfield. It currently has commitments to add three other stores, including one by business acquisition. The relocation of the store in St-Georges, Québec, is also scheduled and major renovations to two other stores are planned or under way. Therefore, most of the New Look stores will have been added or renovated over the last six years. Keeping our stores modern and attractive is part of our value proposition. Our continued expansion plans include the development, by way of acquisitions, of the store network into smaller Québec markets where the offer of optical services and products can be enhanced. Such plans also include increasing our market share in existing stores in both the Québec and Ontario markets as well as introducing hearing protection devices in some stores.

Overall capital expenditures and increase in inventory budgeted for 2010 exceed \$7.6 million.

The amalgamation with Sonomax in March 2010 not only gives New Look the opportunity to add new products and services in certain stores, it also allows New Look to contemplate a quarterly dividend based on an annual amount of \$0.60 per share.

CAUTION REGARDING FORWARD LOOKING STATEMENTS

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

August 9th, 2010

New Look Eyewear Inc.
(formerly Benvest New Look Income Fund)

Consolidated Financial Statements

Second quarter ended
June 26,

2010



Celebrating 25 years of vision in 2010

Consolidated Earnings, Comprehensive Income and Deficit



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

Consolidated Earnings and Comprehensive Income

Periods ended	13 weeks	3 months	26 weeks	6 months
	June 26, 2010	June 30, 2009	June 26, 2010	June 30, 2009
	\$	\$	\$	\$
Revenues	17,383	18,144	34,695	34,887
Cost of materials, direct labour, operating, selling and administration expenses	15,535	14,807	30,323	29,048
Earnings before the undernoted items	1,848	3,337	4,372	5,839
Amortization	984	812	1,805	1,542
Financial expenses, net of interest revenues (Note 4)	92	120	169	253
Equity-based compensation expense	40	52	47	80
	1,116	984	2,021	1,875
Earnings before the following items	732	2,353	2,351	3,964
Net gain (net loss) on foreign currency translation	22	(136)	15	(109)
Cost of conversion to a corporation	(96)		(853)	
Recovery of expenses related to former portfolio investments		36		36
Earnings before income taxes and non-controlling interest	658	2,253	1,513	3,891
Income taxes (Note 12)	196	513	366	839
Net earnings and comprehensive income	462	1,740	1,147	3,052
Net earnings and comprehensive income attributed to:				
Non-controlling interest	8	8	15	15
Shareholders / Unitholders	454	1,732	1,132	3,037
	462	1,740	1,147	3,052
See Notes 4 and 5 for other information on consolidated earnings				
Net earnings per share or unit (Note 16)				
Basic and diluted	0.05	0.17	0.11	0.31

Consolidated Deficit

Periods ended	13 weeks	3 months	26 weeks	6 months
	June 26, 2010	June 30, 2009	June 26, 2010	June 30, 2009
	\$	\$	\$	\$
Balance, beginning of period	(6,733)	(5,747)	(6,335)	(5,580)
Net earnings	454	1,732	1,132	3,037
Distributions to unitholders		(989)	(689)	(1,948)
Dividends and related taxes (Note 13)	(501)	(516)	(888)	(1,029)
Balance, end of period	(6,780)	(5,520)	(6,780)	(5,520)

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

Consolidated Cash Flows

Unaudited. In thousands of dollars



Periods ended	13 weeks	3 months	26 weeks	6 months
	June 26, 2010	June 30, 2009	June 26, 2010	June 30, 2009
	\$	\$	\$	\$
OPERATING ACTIVITIES				
Net earnings	462	1,740	1,147	3,052
Items not affecting cash:				
Amortization	984	812	1,805	1,542
Amortization of deferred lease inducements and variation of deferred rent	(17)	3	(34)	13
Equity-based compensation expense	40	52	47	80
Accretion of non-interest bearing balance of purchase price	12	15	24	29
Future income tax expense (Note 12)	191	502	360	793
Gain on foreign currency translation related to long-term monetary assets and liabilities		73		46
Change in non-cash working capital items (Note 6)	(601)	(463)	685	717
Cash flows related to operating activities	1,071	2,734	4,034	6,272
INVESTING ACTIVITIES				
Purchase of property and equipment	(851)	(1,012)	(1,848)	(2,019)
Business transactions (Note 7)			(1,566)	(200)
Payment of balances of purchase price			(232)	
Acquisition of other intangible assets	(15)	(45)	(68)	(45)
Cash flows related to investing activities	(866)	(1,057)	(3,714)	(2,264)
FINANCING ACTIVITIES				
Variation in bank indebtedness	(10)	(470)	(390)	(1,964)
Long-term borrowings			1,700	1,000
Repayment of long-term debt	(72)	(342)	(161)	(894)
Lease inducements		19	45	109
Issuance of units pursuant to exercise of options		848	123	951
Distributions and dividends paid	(501)	(1,469)	(2,057)	(2,901)
Current taxes related to dividends paid		(247)	(185)	(493)
Cash flows related to financing activities	(583)	(1,661)	(925)	(4,192)
Net increase (decrease) in cash	(378)	16	(605)	(184)
Cash, beginning of period	612	278	839	478
Cash, end of period	234	294	234	294

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

Consolidated Balance Sheets

Unaudited. In thousands of dollars

	June 26, 2010	Dec. 31, 2009
	\$	\$
ASSETS		
Current assets		
Cash	234	839
Receivables	752	913
Income taxes and tax credits receivable		146
Inventory	7,777	7,416
Prepaid expenses	591	359
Total current assets	9,354	9,673
Advances	80	80
Property and equipment (Note 8)	17,697	17,336
Tradenname	2,500	2,500
Goodwill	5,958	5,958
Future income taxes	8,982	
Other intangible assets (Note 9)	2,929	2,150
	47,500	37,697
LIABILITIES		
Current liabilities		
Bank indebtedness (Note 10)	1,270	1,660
Accounts payable and accrued liabilities	8,466	7,570
Distributions and dividends payable		496
Income taxes payable	137	92
Instalments on long-term debt	491	1,162
Total current liabilities	10,364	10,980
Long-term debt (Note 11)	9,497	7,321
Deferred lease inducements and deferred rent	2,666	2,655
Future income taxes		179
Deferred credit	8,671	
	31,198	21,135
EQUITY		
Class A common shares (Note 14)	21,786	
Fund units (Note 14)		13,655
Exchangeable shares (Note 14)		7,989
Contributed surplus (Note 15)	1,251	1,223
Deficit	(6,780)	(6,335)
	16,257	16,532
Non-controlling interest (Note 17)	45	30
	16,302	16,562
	47,500	37,697

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

Notes to Consolidated Financial Statements



Unaudited. For the 13-week and 26-week periods ended June 26, 2010 compared with the 3-month and 6-month periods ended June 30, 2009. Amounts in tables are in thousands of dollars, except per share and unit amounts.

1. GOVERNING STATUTES AND ACTIVITIES

New Look Eyewear Inc. ("New Look"), incorporated under the *Canada Business Corporations Act*, is involved in the eye care services industry in Canada.

New Look resulted from the conversion on March 2, 2010 of Benvest New Look Income Fund (the "Fund"), a publicly listed income trust, into a corporation. The conversion was realized pursuant to a plan of arrangement governed by the *Canada Business Corporations Act* involving the former subsidiary of the Fund, also named New Look Eyewear Inc. ("former New Look"), and Sonomax Hearing Healthcare Inc. ("Sonomax"). New Look has continued the activities formerly carried on by the Fund and its subsidiary and activities related to the distribution business of Sonomax. Subsequent to the arrangement, the holders of Fund units and the holders of exchangeable shares of its former subsidiary became shareholders of New Look. The Fund units (BCI.UN) formerly listed on the Toronto Stock Exchange ("TSX") have been replaced on the TSX by shares of New Look (BCI).

2. BASIS OF PRESENTATION

New Look is considered the continuation of the Fund and, accordingly, these consolidated financial statements are prepared using the continuity of interests method. Under this method, the assets, liabilities and equity of the Fund transferred to New Look on the conclusion of the plan of arrangement are recognized at their net carrying amount.

These unaudited interim consolidated financial statements have been prepared 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, 2009.

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, 2009, except to the extent that the new accounting policies described in Note 3 apply.

3. ADOPTION OF NEW ACCOUNTING POLICIES

Year-end and interim accounting periods

The year-end of the Fund was December 31 and its interim accounting periods ended March 31, June 30 and September 30. The year-end of New Look is the last Saturday of December and its interim accounting periods end the last Saturday of March, June and September.

As former New Look had already adopted the last Saturday of March, June and September as the end of its interim periods, the comparative figures in the interim statement of earnings reflect the same number of weeks in 2010 as in 2009. Each quarter includes 13 weeks of operations and year-to-date data include 26 weeks of operations in 2010 and 2009.

Business combinations

The Canadian Institute of Chartered Accountants Handbook Section 1582, *Business Combinations*, replaces Section 1581 of the same title. Section 1582 establishes new standards for the accounting for a business combination. This Section constitutes the generally accepted principles ("GAAP") equivalent to the corresponding International Financial Reporting Standards ("IFRS"). This Section shall be applied prospectively to business

combinations for which the acquisition date is on or after January 1, 2011. Entities adopting this Section also adopts Section 1601 and Section 1602 described below. Earlier application is permitted and accordingly, New Look has early adopted this new Section for business combinations occurring after December 31, 2009. New Look's management has determined that the main impact of this new Section will be the expensing of acquisition costs in the periods they are incurred instead of being capitalized as part of the cost of the acquisition.

Consolidated financial statements

The Canadian Institute of Chartered Accountants Handbook Section 1601, *Consolidated Financial Statements*, and Section 1602, *Non-Controlling Interests*, together replace Section 1600, "Consolidated Financial Statements". Section 1601 establishes standards for the preparation of consolidated financial statements. Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in the consolidated financial statements subsequent to a business combination. These Sections constitute the GAAP equivalent to the corresponding IFRS. These Sections apply to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. New Look has early adopted these new Sections as of January 1, 2010. The impact of these new Sections resulted in the reclassification of the non-controlling interest on the balance sheet from the liabilities to the equity and the attribution of net earnings between the unitholders and non-controlling interests rather than deducting the non-controlling interest to arrive to net earnings.

4. FINANCIAL EXPENSES, NET OF INTEREST REVENUES

Periods ended in June of	13 weeks 2010	3 months 2009	26 weeks 2010	6 months 2009
	\$	\$	\$	\$
Interest on long-term debt	70	88	135	188
Interest on bank indebtedness and other interest	8	13	4	38
	78	101	139	226
Financing fees	15	20	32	31
Interest revenues	(1)	(1)	(2)	(4)
	92	120	169	253

5. UNDERLYING COMPONENTS IN CONSOLIDATED EARNINGS

Cost of sales

Periods ended in June of	13 weeks 2010	3 months 2009	26 weeks 2010	6 months 2009
	\$	\$	\$	\$
Amounts included in cost of materials, direct labour, operating, selling and administrative expenses	8,541	7,868	16,275	15,221
Amounts included in amortization	233	232	451	459
	8,774	8,100	16,726	15,680

Notes to Consolidated Financial Statements



Unaudited. For the 13-week and 26-week periods ended June 26, 2010 compared with the 3-month and 6-month periods ended June 30, 2009. Amounts in tables are in thousands of dollars, except per share and unit amounts.

Other components

Periods ended in June of	13 weeks 2010 \$	3 months 2009 \$	26 weeks 2010 \$	6 months 2009 \$
Write-down of inventories included in cost of sales disclosed above	30	26	60	52
Gain (loss) on foreign currency translation included in cost of sales disclosed above	(30)	6	(45)	7
Other gain (loss) on foreign currency translation	22	(136)	15	(109)
Amortization of property and equipment(a)	766	722	1,497	1,409
Amortization of other intangible assets(a)	218	90	308	133
Interest income from holder of the non-controlling interest	1	1	2	1
Other interest income				4
Accretion of non-interest bearing balance of purchase price, included in interest on long-term debt	12	15	24	29

- a) The comparative amounts reflect a reclassification of application software from property and equipment to other intangible assets.

6. UNDERLYING COMPONENTS IN CONSOLIDATED CASH FLOWS

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

Periods ended in June of	13 weeks 2010 \$	3 months 2009 \$	26 weeks 2010 \$	6 months 2009 \$
Receivables	197	224	161	237
Income taxes and tax credits receivable			146	222
Inventory	(125)	465	(331)	346
Prepaid expenses	(96)	57	(232)	(99)
Accounts payable and accrued liabilities	(597)	(1,146)	896	(31)
Income taxes payable	20	(63)	45	42
	(601)	(463)	685	717

Other changes in non-cash working capital items relate to the business transactions as described in Note 7, and lease inducements receivable which are related to financing activities.

7. BUSINESS TRANSACTIONS

In connection with the conversion of the Fund into a corporation under the plan of arrangement described in Note 1, a total consideration of \$1,740,000 composed of \$1,566,000 in cash and \$174,000 of redeemable preferred shares was paid for the transaction with Sonomax that resulted in the acquisition of the following net assets on March 2, 2010:

	2010 \$
Inventory	30
Equipment	10
Distribution license	1,019
Future income tax asset	9,685
Total assets acquired	10,744
Deferred credit	9,004
Net assets acquired	1,740
Cash paid	1,566
Balance payable through the issuance of preferred shares	174
	1,740

The distribution license refers to distribution rights with respect to hearing protection devices. The license is amortized over a 24-month period beginning in April 2010.

The future income tax asset relates to the equivalent of approximately \$30 million in tax losses, including research and development tax credits. The deferred credit relating to this income tax asset is amortized to future income taxes and calculated proportionally to the utilization of the future income tax asset.

The balance payable is in the form of preferred shares redeemable as follows: 1/3 in September 2010, 1/3 in March 2011 and 1/3 in March 2012. The redemption is subject to certain terms and conditions under an escrow agreement.

The allocation of the acquisition cost to the net assets acquired is preliminary and is subject to change

8. PROPERTY AND EQUIPMENT

	June 26, 2010		Net \$
	Cost \$	Accumulated amortization \$	
Computer equipment	1,100	579	521
Optical equipment	2,109	173	1,936
Other equipment and tools	23,163	16,348	6,815
Signs	1,458	768	690
Leasehold improvements	13,690	6,221	7,469
Assets under capital leases			
Other equipment and tools	766	633	133
Leasehold improvements	233	190	43
Deposit to acquire equipment	90		90
	42,609	24,912	17,697

Notes to Consolidated Financial Statements



Unaudited. For the 13-week and 26-week periods ended June 26, 2010 compared with the 3-month and 6-month periods ended June 30, 2009. Amounts in tables are in thousands of dollars, except per share and unit amounts.

	December 31, 2009		
	Cost	Accumulated amortization	Net
	\$	\$	\$
Computer equipment	901	471	430
Optical equipment	1,699	107	1,592
Other equipment and tools	21,994	15,782	6,212
Signs	1,387	713	674
Leasehold improvements	13,218	5,530	7,688
Assets under capital leases			
Other equipment and tools	766	623	143
Leasehold improvements	233	188	45
Deposit to acquire equipment	552		552
	40,750	23,414	17,336

9. OTHER INTANGIBLE ASSETS

	June 26, 2010		
	Cost	Accumulated amortization	Net
	\$	\$	\$
Leases	537	123	414
Application software	892	265	626
Customer relationships	665	174	491
Non-competition agreement	633	127	506
Distribution license	1,019	127	892
	3,746	816	2,929

	December 31, 2009		
	Cost	Accumulated amortization	Net
	\$	\$	\$
Leases	537	97	440
Application software	836	207	629
Customer relationships	652	120	532
Non-competition agreement	633	84	549
	2,658	508	2,150

10. CREDIT FACILITIES

The credit facilities existing at December 31, 2009 were renewed on July 22, 2010, subsequent to the quarter end. The main elements of the renewed facilities are the following:

- An operating line of credit of \$2.5 million to finance short term assets and day-to-day operations and an "Evergreen" operating credit of \$12 million to finance long term assets maturing on May 30, 2012. Both credit facilities will be reviewed annually. Every year, New Look shall have the option to extend the revolving term, subject to the bank's approval, for an additional year so as to maintain a revolving term of two years. Should a revolving term not be renewed, New Look will retain its privileges until the expiry date already granted, on which date the principal then owing shall be converted to a term loan with a maximum term and amortization period of 4 years, payable in equal consecutive monthly instalments.
- Advances under the operating line of credit bear interest at prime rate plus a premium varying from 0.5% to 1.0%, depending on the ratio of interest-bearing debt to earnings before interest, income taxes and amortization ("EBITDA"). The premium varies from 0.75% to 1.25% in the case of advances under the Evergreen operating credit.
- New Look may use its lines of credit through bankers' acceptances. Fees vary from 1.75% to 2.25%, depending on the ratio of interest-bearing debt to EBITDA, in the case of the operating line of credit and from 2.0% to 2.5% in the case of the Evergreen operating credit.
- A credit for a maximum net risk of \$900,000 is available to New Look to use treasury product derivatives such as interest rate swaps.
- The security given to the bank includes a first-ranking hypothec of \$25 million on New Look's movable property (same as at December 31, 2009).
- The conditions include the respect of financial ratios such as a debt service coverage ratio which measures the capacity of New Look to pay the debt service and the occupancy expenses.

As at June 26, 2010, advances on the operating line of credit bore interest at prime rate of 2.5% plus a premium of 0.5% for a total of 3%. As at December 31, 2009, the prime rate was 2.25% and the applicable premium was 0.75% for a total of 3.0%. New Look had no bankers' acceptances related to the operating line of credit as at June 26, 2009 and December 31, 2009.

As at June 26, 2010, all advances under the Evergreen credit were financed through 90-day bankers' acceptances with an effective interest rate of 2.5%. The effective interest rate was 2.3% as at December 31, 2009.

Notes to Consolidated Financial Statements



Unaudited. For the 13-week and 26-week periods ended June 26, 2010 compared with the 3-month and 6-month periods ended June 30, 2009. Amounts in tables are in thousands of dollars, except per share and unit amounts.

11. LONG TERM DEBT

	June 26 2010	Dec 31 2009
	\$	\$
Advances under the Evergreen operating credit (Note 10)	8,995	7,295
Balance of purchase price, initial nominal amount of \$780, without interest, average annual payment of \$195 from 2010 to 2013, fair value estimated using a discount rate of 9%	482	690
9% note payable, secured by leasehold improvements having a carrying value of \$222, payable in monthly instalments of \$7, capital and interest, maturing in May 2012	142	175
6.15% note payable in monthly instalments of \$15, capital and interest, maturing in September 2010	30	117
8.88% note payable, secured by leasehold improvements and equipment having a carrying value of \$129, payable in monthly instalments of \$2, capital and interest, maturing in May 2014	77	85
Obligations under capital leases, average rate of 10.6%, payable in monthly instalments, maturing on various dates until 2010		17
9% note payable in monthly instalments of \$1, capital and interest, maturing in January 2013	41	48
6.6% note payable in monthly instalments of \$1, capital and interest, maturing in 2013	32	37
9% note payable in monthly instalments of \$1, capital and interest, maturing in July 2011	10	14
Balance of purchase price through the issuance of 174,000 Class A preferred shares ^(a)	174	
Other	5	5
	9,988	8,483
Instalments due within one year	491	1,162
	9,497	7,321

a) The Class A preferred shares, in the number of 174,000, with a redemption price of \$1 each, are redeemable as follows: 1/3 in September 2010, 1/3 in March 2011 and 1/3 in March 2012. The redemption is subject to certain terms and conditions under an escrow agreement.

12. INCOME TAXES

The components of the income tax expense are as follows:

	13 weeks 2010	3 months 2009	26 weeks 2010	6 months 2009
Periods ended in June of	\$	\$	\$	\$
Current	5	11	6	46
Future	191	502	360	793
	196	513	366	839

The amounts of future income taxes reflect the use of carried forward tax losses. These amounts are net of the amortization of deferred credit described in Note 7.

13. DIVIDENDS AND RELATED TAXES

	13 weeks 2010	3 months 2009	26 weeks 2010	6 months 2009
Periods ended in June of	\$	\$	\$	\$
Dividends declared	501	495	872	987
Current tax		247	185	493
Future tax		(226)	(169)	(451)
Net tax related to dividends		21	16	42
	501	516	888	1,029

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.

14. FUND UNITS, EXCHANGEABLE SHARES AND CLASS A COMMON SHARES

Authorized capital as of December 31, 2009

Fund units

Unlimited number of units, each representing an equal beneficial interest in any distribution and in the net assets in the event of termination and entitling the holder to one vote.

Exchangeable shares

An unlimited number of exchangeable shares of former New Look, each exchangeable into one Fund unit, giving right to a dividend equal to the distribution declared on each Fund unit less an amount reflecting any tax required to be paid by former New Look in respect of such dividend. The dividend was stated at two-thirds of the corresponding distribution, unless the distribution was sourced from dividends of former New Look, in which case the Board of Directors of former New Look had discretion to reduce the discount on any dividend payable on the exchangeable shares.

Special voting units issued by the Fund gave the right to holders of exchangeable shares to be represented at meetings of unitholders.

Notes to Consolidated Financial Statements



Unaudited. For the 13-week and 26-week periods ended June 26, 2010 compared with the 3-month and 6-month periods ended June 30, 2009. Amounts in tables are in thousands of dollars, except per share and unit amounts.

Authorized share capital as of June 26, 2010

Class A common shares

Unlimited number, voting and participating.

First preferred shares

Unlimited number, issuable in series, whose designation, rights, privileges, restrictions and conditions attaching to each series shall be established at issue time.

Class A preferred shares

Unlimited number, non-voting and non-participating. These shares are treated as a liability for accounting purposes. Refer to Note 10.

Issued units, exchangeable shares and Class A common shares

The consolidated number and carrying value of the Fund units and exchangeable shares of former New Look, and Class A common shares of New Look are reconciled as follows:

	Units		Exchangeable shares		Class A Common shares	
	Number	\$	Number	\$	Number	\$
Balance at December 31, 2009	6,118,328	13,655	3,870,404	7,989		
Issued pursuant to exercise of options						
Paid in cash, average price of \$3.51 per unit	35,000	123				
Transfer from contributed surplus ^(a)		19				
	6,153,328	13,797	3,870,404	7,989		
Exchange for Class A common shares ^(b)	(6,153,328)	(13,797)	(3,870,404)	(7,989)	10,023,732	21,786
Balance at June 26, 2010					10,023,732	21,786

- a) The transfer from contributed surplus corresponds to the equity-based compensation expense previously recorded and recognized in contributed surplus.
- b) Fund units and exchangeable shares were exchanged for Class A common shares on a one-for-one basis.

15. CONTRIBUTED SURPLUS

	2,010
	\$
Balance, beginning of period	1,223
Equity-based compensation expense	47
Transfer to Fund units	(19)
Balance, end of period	1,251

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 or share capital when the related options are exercised.

16. NET EARNINGS PER SHARE OR UNIT

	13 weeks	3 months	26 weeks	6 months
Periods ended in June of	2010	2009	2010	2009
	\$	\$	\$	\$
Net earnings attributable to shareholders / unitholders	454	1,732	1,132	3,037
Weighted average number of units and exchangeable shares or common shares	10,023,732	9,907,450	10,023,430	9,833,410
Dilutive effect of unit options / stock options	57,361	11,214	45,278	50,085
	10,081,093	9,918,664	10,068,708	9,883,495
Basic net earnings per share or unit	0.05	0.17	0.11	0.31
Diluted net earnings per share or unit	0.05	0.17	0.11	0.31

Notes to Consolidated Financial Statements



Unaudited. For the 13-week and 26-week periods ended June 26, 2010 compared with the 3-month and 6-month periods ended June 30, 2009. Amounts in tables are in thousands of dollars, except per share and unit amounts.

17. NON-CONTROLLING INTEREST

	2010
	\$
Balance, beginning of period	30
Net earnings attributed to minority interest	15
Balance, end of period	45

18. OPTION PLAN

Options to purchase Fund units have been replaced by options to purchase shares of New Look under the same conditions as those existing under the previous Fund option plan.

Changes in options outstanding were as follows:

	Number	Weighted average exercise price
Outstanding at beginning of period	603,467	6.00
Granted	132,000	7.40
Exercised	(35,000)	3.51
Expired	(33,333)	5.50
Outstanding at end of period	667,134	6.81

The options granted in the six-month period ended June 26, 2010 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 assumption.

Expected life (years)	4
Expected volatility	27%
Risk-free interest rate	2.8%
Expected annual dividends	0.60

The weighted average fair value of options granted in 2010 was \$0.76 per option.

19. FORWARD EXCHANGE CONTRACTS

New Look uses forward exchange contracts to protect future foreign currency purchases against changes in exchange rates. New Look 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 June 26, 2010 related to purchases of US dollars. They are summarized as follows:

Maturity	USD	Average contract rate
Less than 4 months	200	1.088
From 4 to 12 months	900	1.057

As at June 26, 2010, the estimated fair value of the above exchange contracts was a liability of \$56,000.

20. CAPITAL MANAGEMENT

New Look's objectives when managing capital are:

- To continue to successfully build the business with a conservative capital structure at the same time as maintaining and increasing distributions to shareholders; and
- To provide above average return to the shareholders commensurate with the level of risk;

New Look's capital is composed of equity, the long-term debt including the current portion, and short-term bank indebtedness, less cash. New Look manages the capital structure by financing its growth by using a combination of its credit facilities and cash flows from operations.

New Look's capital structure is as follows:

	June 26, 2010	Dec. 31, 2009
	\$	\$
Equity	16,302	16,562
Long-term debt including current portion	9,988	8,483
Bank indebtedness	1,270	1,660
Cash	(234)	(839)
Total capitalization	27,326	25,866

The company's guidelines with respect to its capital structure were changed in 2010 to add a debt service and rent coverage ratio. These guidelines and the resulting performance read as follows:

Guidelines	June 26, 2010	Dec. 31, 2009
Interest bearing debt ^(a) / EBITDA ^(b)	1.2	0.9
Interest bearing debt ^(a) / Total capitalization	0.40	0.36
Debt service and rent coverage ^(c)	1.4	1.3

Notes to Consolidated Financial Statements



Unaudited. For the 13-week and 26-week periods ended June 26, 2010 compared with the 3-month and 6-month periods ended June 30, 2009. Amounts in tables are in thousands of dollars, except per share and unit amounts.

- (a) For this calculation, interest bearing debt is net of cash; it includes any balance of purchase price of long-term assets even if such balance bears no interest.
- (b) EBITDA is net earnings before financial expenses net of interest revenues, amortization, and income taxes. It excludes any gain or loss on foreign currency (except if related to cost of sales), expenses related to former portfolio investment, equity-based compensation and non-controlling interest.
- (c) The debt service and rent coverage ratio is equal to: EBITDAR less dividends, distributions, redeemed shares or units and paid taxes / current portion of long-term debt, financial expenses and rent. EBITDAR is defined as EBITDA plus rent.

While New Look is not subject to externally imposed capital requirements, its credit facilities are subject to a number of covenants, including an interest bearing debt to EBITDA ratio, which were respected as of June 26, 2010 and December 31, 2009.

New Look has no commitments to issue shares except pursuant to the exercise of options. The normal course issuer bid, under which the Fund could repurchase its units, expired April 30, 2010.

21. SUBSEQUENT EVENT

On August 9, 2010, the Board of Directors declared a dividend of \$0.15 per Class A Common share payable August 31, 2010 to shareholders of record on August 21, 2010.

On March 2, 2010, Benvest New Look Income Fund (formerly TSX:BCI.UN) was converted into a corporation named New Look Eyewear Inc. (TSX:BCI). As of July 31, 2010, New Look had 10,023,732 common shares issued and outstanding. New Look is a leader in the eye care industry in Eastern Canada operating a network of corporate stores and a laboratory using state-of-the-art technologies.



Second quarter ended
June 26,

2010

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Cleman Consulting Inc.

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Quarterly Report

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