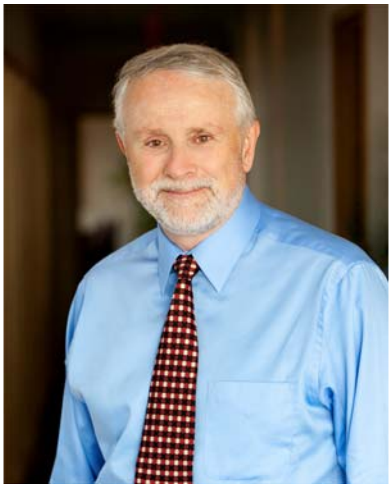
Fonds de revenu Benvest NEWLOOK Income Fund

ANNUAL REPORT

For the year ended December 31, 2009

On March 2, 2010, Benvest New Look Income Fund was converted into a corporation named New Look Eyewear Inc.

Annual General Meeting of Shareholders
May 13, 2010 at 10 a.m.
Fairmont Le Reine Elizabeth
900 René-Lévesque Blvd West
Montreal, Québec



The Benvest New Look Income Fund (the "Fund") (formerly TSX: BCI.UN) came into existence May 1, 2005 when Benvest Capital, a publicly listed company was converted into an income trust. Since that time, the Fund has carried on business through its principal operating subsidiary New Look Eyewear Inc. ("New Look"), the successor to Benvest Capital. This annual report covers the Fund's 12-month fiscal period ending December 31, 2009.

Effective March 2, 2010, pursuant to a plan of arrangement, the Fund was converted back to a conventional corporate structure carrying on business as a publicly listed company under the name New Look Eyewear Inc. (TSX: BCI). Details of the conversion are set out in the Information Circular for security holders dated January 29, 2010 (which can be viewed at www.sedar.com or www.newlook.ca).

Overview

In 2009, the Fund made positive progress in spite of uncertain economic conditions. Highlights for the year were as follows:

a) Our operating subsidiary, New Look, achieved record revenues, EBITDA[(a)], and net earnings. Revenues increased by 9.7%, EBITDA by 5.8%, and net earnings by 3.6% over last year.

b) As a result of this and its sound financial position, the Fund was able to maintain its monthly distributions based on an annual amount of $0.65 per unit (and $0.512 per exchangeable share).

c) There was a recovery in the public trading price of the Funds units during the year, and the units outperformed the relevant TSX indices.

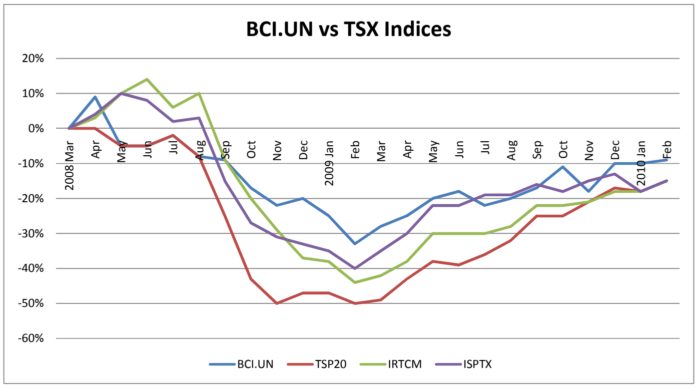
d) During the year, the Fund received approval to proceed with a normal course issuer bid for its publicly traded units, which it felt were undervalued.

e) Subsequent to year-end, the Fund successfully converted back to a conventional corporate structure with New Look Eyewear Inc. as both the operating and publicly listed entity.

Details of the Fund and New Look's financial and operating results are set out in the President's Message and also in Management's Discussion and Analysis in this report.

Unit trading performance

From January 1 through December 31, 2009, the Fund's units traded in the range of $4.51 to $7.09 and closed at $6.19 per unit in December. While overall market conditions are starting to improve, New Look's solid results allowed the Fund's units to outperform the relevant TSX indices, including the composite (ISPTX), the income trust (IRTCM), and the small cap indices (TSP20).



Conversion of the Fund to a corporation

As mentioned in previous annual reports, in 2007 the Federal government introduced legislation regarding income trusts, imposing new taxes and other restrictions. These provisions are scheduled to take effect in 2011. During 2009, the Fund reviewed its various options going forward and concluded that converting back to a corporate structure prior to 2011 would be the best alternative given these new provisions.

Also, for the past several years, New Look has been evaluating new opportunities for expanding its products and services through its retail network of optical stores. It has been monitoring industry trends in Canada and internationally in the retail optical industry as part of this process.

As a result of these considerations, in the fall of 2009, we initiated discussions with Sonomax Hearing Healthcare ("Sonomax") of Montreal, a company involved in the hearing care industry, which wanted to sell a portion of its distribution business to concentrate on product development and licensing. This resulted in a court supervised plan of arrangement and subsequent corporate reorganization involving the Fund, New Look and Sonomax which was completed by and came into effect, March 2, 2010. This process successfully achieved two objectives, converting the Fund back into a conventional corporate structure while at the same time expanding New Look's menu of products and services.

Pursuant to this process:

a) Holders of the Fund's units (and exchangeable shares of its operating subsidiary) received common shares on a one-for-one basis of the new publicly listed entity, New Look Eyewear Inc. (TSX: BCI). There was no unitholder or shareholder dilution as a result of the transactions.

b) New Look Eyewear Inc. will hold the assets and business of the Fund and its operating subsidiary and continue its operations. The existing trustees, directors and management of the Fund and its operating subsidiary will become the directors and management of New Look Eyewear Inc.

c) New Look Eyewear Inc. will commence a program of introducing hearing protection devices into its retail network.

d) New Look Eyewear Inc. intends to make distributions to its shareholders in the form of quarterly dividends. The initial quarterly rate is expected to be $0.15 ($0.60 per annum) subject to ongoing operating results, optical market conditions in which it is operating and other factors normally associated with the declaration of dividends by a Canadian 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.

Outlook

The conversion back to a conventional corporate structure has not changed the ongoing objective which is to continue to successfully build New Look's revenues and profitability. This will result, as achieved, in a growing enterprise value of the underlying business as well as sustainable dividends to its shareholders.

We continue to be strong believers in the eye care business in Québec and Canada and are looking forward to growing the business successfully in other regions in Canada.

Management team and Board members

As noted earlier, the Fund had another strong year considering overall economic and market conditions. Congratulations are in order for Martial Gagné and his senior management team at New Look Eyewear Inc., Jean-Luc Deschamps, Terry Yanofsky, Mario Pageau, France Reimnitz, Caroline Rouleau and Claire Boulanger. Also a special thanks to all New Look Eyewear Inc.'s many employees who contribute, each of them in their everyday work, to the continuing success of the company. Finally, a special thanks to members of the Board of Trustees of the Fund and now Directors of New Look Eyewear Inc. for their continuing support, guidance and advice.

We are all confident that, post conversion, New Look Eyewear Inc. will continue its positive building process in 2010 in spite of uncertain times in the economy in markets in which it is operating and growing.

W. John Bennett
Chairman of the Board
New Look Eyewear Inc.
March 17th, 2010
Montreal, Québec

a) *EBITDA refers essentially to earnings before interest, income tax and amortization. EBITDA does not have any standardized meaning prescribed by Canadian GAAP and may not be comparable to similar measures presented 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 income as determined in accordance with GAAP. Refer to the Management's Discussion & Analysis section for more details.*

The year 2009 has been my second year as President of New Look Eyewear Inc. ("New Look"). I am pleased and proud to report record revenues, EBITDA[a], and net earnings from our operations. Despite difficult general economic conditions, New Look continues to lead the market in Québec and Eastern Ontario, offering a selection of products at competitive prices and providing exceptional professional services that contribute to our customers' satisfaction and to our enviable reputation. These ingredients are integrated into our corporate values and are fundamental to the improvement of our revenues and consequently, financial performance.

Total revenues and profitability

Revenues for the 2009 year increased to $69.0 million, an increase of 9.7% compared to last year. EBITDA was $11.0 million, a record for a fiscal year and an increase of 5.8% compared to last year. Net earnings for 2009 were $5.4 million, an increase of 3.6% compared to last year and a record when compared to previous years' net earnings from eye care. The ratio of cost of sales to revenues increased due to higher sales promotions and higher costs of professional services in stores. Other operating expenses related to the new stores and to the addition of human resources in order to better cope with the company's expansion also impacted EBITDA which, expressed as a percentage of revenues, reduced slightly from 16.5% to 15.9% for the fiscal year. Nevertheless, the dollar amount increase of EBITDA was $0.6 million.

Store network development and growth strategy

New Look's development continued in 2009 as we invested $5.3 million to add two stores, acquire the remaining 50% interest of a former joint venture, acquire three optical practices, renovate four stores and purchase additional state-of-the-art eye care equipment to be used by the professionals in the stores and in our laboratory. The New Look store network development is almost complete in the urban markets of Québec. The company's expansion plans consist of further developing the smaller Québec markets where its optical services and products offering will provide an enhanced customer shopping experience. Such plans include increasing our market share in existing stores in both the Québec and Ottawa markets as well as introducing hearing protection devices in some of our stores.

Product innovation and unique laboratory expertise

During 2009, we added capacity in our laboratory and continued to develop and benefit from the previous years' major innovation in digital progressive lenses: the Evolution HD ™ and Ultra Evolution HD ™ lenses. The HD technology is one of the most significant developments in progressive lenses in recent years in the industry and offers New Look customers clearer lenses and improved vision. New Look has been one of the leaders worldwide in successfully adopting and marketing this new digital technology. This has been possible due to the fact that New Look has one of the most advanced eyewear laboratories in North America and is thereby in complete control of quality and customer service. The advantage of our laboratory, combined with the other strong elements of our value chain, confirm New Look's leadership position in Québec and Eastern Ontario.

New Look celebrates its 25th anniversary in 2010

New Look is celebrating its 25th anniversary in 2010. From the first store to the 64th opened lately, the employees have always contributed to make the New Look of today. Some employees are still with us after 25 years to celebrate this unique success. My special thanks to all these employees and all the employees of New Look for their loyal and sustained contribution.

Special thanks to our customers who continue to recognize the quality of our professional services and optometrists who performed a record number of eye exams in our stores in 2009. This important milestone gives us another reason to celebrate New Look's 25th anniversary.

Finally, I would like to welcome Ms Terry Yanofsky as Senior Vice President, Sales and Operations, and express my sincere thanks to my management team for their valuable contribution. Special thanks also to all the Board members who supported the management group in their initiatives.

We know consumers are looking for excellent service and good value. We strongly believe that New Look has the tools to answer their needs while maintaining its high standards of professional services from its team of professionals. The latter is essential in monitoring high quality eye care products and services to our customers. This should allow us to maintain and improve our operating and financial performance in 2010.

Martial Gagné, CMA
President
New Look Eyewear Inc.
March 17th, 2010
Montréal, Québec

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Fonds de revenu Benvest NEWLOOK Income Fund

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended December 31, 2009

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" or "Company"), and those of a variable interest entity ("VIE"). The non-controlling interest referred to in the financial statements represents the share of the VIE in earnings and net assets.

The Fund was created pursuant to a plan of arrangement that became effective May 1, 2005. The Fund owned all of the outstanding share capital of New Look, except the exchangeable shares. New Look was a corporation governed by the Canada Business Corporations Act and had 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 were carried on through the Fund and New Look. Fund units were traded on the Toronto Stock Exchange (BCI.UN).

Following the completion of another arrangement which resulted in the Fund being converted into a corporation effective March 2nd, 2009, New Look was amalgamated with Sonomax Hearing Healthcare Inc. ("Sonomax"), and the new entity resulting from the amalgamation took the name of New Look Eyewear Inc., whose shares are now traded on the Toronto Stock Exchange (BCI). In this MD&A, the new entity is referred to as "NewLookCo" when it is necessary to differentiate it from the former New Look.

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. The purpose of this MD&A is to provide a better understanding of our activities and should be read in conjunction with the annual consolidated financial statements and related notes thereto.

Except where otherwise indicated, all financial information reflected herein is expressed in thousands of Canadian dollars and is determined on the basis of Canadian generally accepted accounting principles ("GAAP").

Additional information relating to the Fund and New Look, including the new entity having replaced the Fund and New Look on March 2, 2010, can be found on the website www.newlook.ca. The Fund's continuous disclosure materials, including its annual and quarterly MD&As, annual and quarterly financial statements, annual information forms, proxy solicitation and information circulars and various press releases issued by the Fund are also available directly through SEDAR system at www.sedar.com.

Description of activities

New Look is a leading provider of eye care products and services in Eastern Canada. As of December 31, 2009, its network consisted of 63 eye care stores: 56 are located in the 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.

2009 Overview

In the 2008 Annual Report, management mentioned commitments to open a total of three stores in 2009 and to proceed with the renovations of three existing stores. New Look actually opened two stores in 2009, one project having been cancelled, and made major renovations to four existing stores. The Company also acquired the remaining 50% interest in a joint venture which already operated two New Look stores.

During the year 2009, eye care operations generated $11 million of EBITDA (see definition below). Net earnings increased by $188 or 3.6% compared to last year to reach $5.4 million.

Taking into account the economic situation, New Look continues to focus on its expansion plans, examining potential sites or acquisitions to accelerate growth. In 2009, the Company invested $5.3 million in capital expenditures, including assets acquired through a business acquisition.

The highlights of investments can be summarized as follows:

- Completion of investments in a store on Rideau Street in Ottawa;
- Addition of a store in St-Bruno, Québec;
- Acquisition of the remaining 50% interest in Monique Laurent Inc., a former joint venture;
- Acquisition of practices and customer lists;
- Major renovations to four stores;
- Addition of equipment in our laboratory;
- Updating of optical equipment in many stores;
- Updating of computers in stores; and
- Addition of software applications in stores and improvements to administrative software applications.

These investments were mainly financed through cash generated by operating activities, although part of them was financed through long-term borrowings, debt assumptions and balances of purchase price. Refer to the Liquidity section for more details.

Due to strong cash flows and sound financial position, the Fund has maintained its monthly distribution, expressed on an annualized basis, of $0.65 per unit.

In thousands of dollars, except per unit amounts

Selected annual information

	2009	2008 Restated[(a)]
Revenues from eye care	$68,958	$62,869
Growth rate	*9.7%*	
Comparable stores growth rate	*1.7%*	
EBITDA [(b)]	$10,966	$10,360
Growth rate	*5.8%*	
% of revenues	*15.9%*	*16.5%*
Net earnings	$5,417	$5,229
Growth rate	*3.6%*	
Net earnings per unit		
Basic	$0.55	$0.54
Diluted	$0.54	$0.53
Cash flows from operating activities	$11,951	$8,287
Capital expenditures[(c)]	$5,297	$5,047
Issuance of units	$990	$388
Increase (decrease) in interest-bearing debt[(d)] net of cash	($2,158)	$2,872
Cash distribution per unit [(e)]	$0.65	$0.64
Distributions, dividends and related taxes	$6,026	$5,701
At end of year		
Total assets [(f)]	$37,697	$38,676
Interest-bearing debt, net of cash [(g)]	$11,462	$8,590
Number of stores	63	61

(a) The comparative amount of EBITDA and net earnings were restated pursuant to the change in an accounting policy, describe in Note 2 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 the acquisition of the remaining 50% interest in a joint venture, addition or completion of three stores, major renovations to four stores, and addition of optical equipment and application software. 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.

(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 interest-bearing debt includes all long-term debt, including the portion repayable within one year, and the short-term bank indebtedness.

Results of operations

Revenues from eye care

Revenues from eye care increased by 9.7% compared to last year, 1.7% being attributable to comparable stores, i.e. stores opened before 2008. The difference of 8% is due to the addition of 6 stores since the beginning of 2008 and the purchase of the remaining interest in a joint venture at the beginning of 2009.

The performance of the comparable stores was affected by a slight decrease in the average sale price of eyeglasses which was more than compensated by an increase in the number of eyeglasses sold. Management attributes this increase to a sustained and ever improving offer to consumers of our care services and products. Such offer includes high quality products such as the Evolution HD™ and Ultra Evolution™ lenses launched in 2007 and continuous attractive promotions.

Cost of sales

The cost of sales can be summarized as follows:

	2009 $	2008 $
Amounts included in cost of materials, direct labour, selling and administration expenses	30,775	27,942
% of revenues	*44.6%*	44.4%
Amounts included in amortization	917	940
	31,692	28,882

The main items of inventory used and reflected in the cost of sales are frames, lenses, and production supplies. Gains and losses on foreign exchanges 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 very slightly from 2008 to 2009. Gains in production costs were still realized in 2009 thanks to the new technology used but they were absorbed by higher promotions and higher costs of professional services. As the US dollar averaged CA$1.14 in 2009 compared to CA$1.07 in 2008, this contributed in increasing the cost of imported components.

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.

Other operating expenses

Other operating expenses include occupancy costs, selling and general expenses of stores as well as marketing and administration expenses, which also include occupancy costs; amortization is dealt with separately. These expenses increased by $2.7 million compared to last year, due mainly to additional costs caused by the new stores, including occupancy costs, and addition to human resources in order to better cope with the Company's expansion. Nevertheless, the increase represented less than 0.4% of total revenues of last year.

In thousands of dollars, except per unit amounts

EBITDA

EBITDA is defined as earnings before interest income and expenses, income taxes and amortization. It excludes any gain or loss on foreign currency translation (except if related to cost of goods sold), net gains or losses related to portfolio investments, and equity-based compensation expense, and non-controlling interest.

EBITDA does not have any standardized meaning prescribed by Canadian GAAP and may not be comparable to similar measures presented 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 income as determined in accordance with GAAP. The reconciling items between net earnings and EBITDA are as follows:

	2009	2008 Restated
	$	$
Net earnings	5,417	5,229
Amortization	3,270	3,199
Financial expenses, net of interest revenues	321	589
Equity-based compensation	146	126
Loss (gain) on foreign exchange	212	(14)
Expenses (recovery) related to former portfolio investments	(84)	42
Income taxes	1,677	1,178
Non-controlling interest	7	11
EBITDA	10,966	10,360
Growth in $	*606*	
Growth in %	*5.8%*	
% of revenues	*15.9%*	*16.5%*

The ratio of EBITDA to revenues decreased in 2009 compared to last year due to the impact of promotions to consumers, higher costs of professional services used for the purpose of producing lenses, and fixed operating costs of most recently opened stores not having reached maturity. Nevertheless the dollar amount of EBITDA increased by $0.6 million.

Amortization

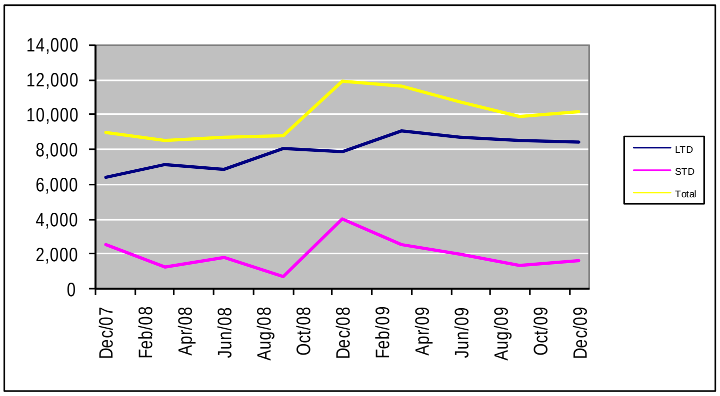
Amortization expense increased from $3.2 million in 2008 to $3.3 million in 2009. Amortization expense increased due to the addition of six stores since the beginning of 2008, the major renovation of 11 stores, addition of equipment in the laboratory, updating of optical equipment in many stores, and addition of amortizable intangible assets arising mainly from the acquisition of the remaining 50% interest in a joint venture. The calculation of amortization for 2009 was based on revised useful lives of fixed assets which have been in use since the second quarter of 2008

Financial expenses, net of interest revenues

The following table provides the main elements of financial expenses along with interest revenues for 2009 and 2008.

	2009	2008
	$	$
Interest on long-term debt	289	439
Interest on bank indebtedness and other interest	76	107
Financing fees	30	52
Interest revenues	(74)	(9)
	321	589

The following graph shows the balances of long-term debt ("LTD") and short-term bank indebtedness ("STD"), and the total of both over the last two years.



Although the total debt averaged $10.9 million in 2009 compared to $9.4 in 2008, the interest charge decreased by $0.2 million. This results from the fact that an average of 87% of the long-term debt and the short-term bank indebtedness bore interest at a floating rate, which decreased significantly from 2008 to 2009, and better bank borrowing conditions. The use of bankers' acceptances in 2009 has also contributed in reducing the interest charges. As an illustration, New Look could finance its "Evergreen" debt at as low as 1.96% during part of the year while the Company paid interest at the rate of 5.4% in the first quarter of 2008.

Financing fees related mainly to standby fees and fees for the revision of the credit facilities.

Interest revenues were essentially attributable to the interest accrued on the escrowed proceeds from the sale of a portfolio investment in 2004 which were released in the fourth quarter of 2009. Other 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 the 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 December 31, 2009 were as follows:

- Cash — USD 567
- Accounts payable — USD 231
- Forward exchange contracts in US $ (liabilities) — CAD 58

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 December 31, 2009, foreign exchange contracts to purchase US $1,150 at an average rate of 1.10 were outstanding, while the spot rate was 1.05. 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 consolidated income tax expense of $1,677 ($1,178 in 2008) relates essentially to New Look. The average tax expense for 2009 represented 23.6% of earnings before income taxes. The corresponding rate for 2008 was 18.4% (as restated). 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 and adjustments to future income tax assets and liabilities regarding the tax rates used.

Important change in 2010

Following the conversion of the Fund to a corporation as of March 2, 2010, the new entity, which is named New Look Eyewear Inc. ("NewLookCo"), is subject to tax rates approximating 30% in 2010. Dividends paid by NewLookCo will replace the distributions formerly paid by the Fund. While the distributions were deductible in the calculation of the taxable income of the Fund, the dividends are not deductible in the calculation of the taxable income of NewLookCo. Management foresees that the additional tax burden will however be mitigated by tax losses and tax credits arising from the amalgamation of New Look and Sonomax.

The conversion of the Fund to a corporation has been prompted by new tax rules that will apply beginning in 2011 to publicly-traded income trusts and the possibility to realize such a conversion on a tax-free basis if it is completed before 2013.

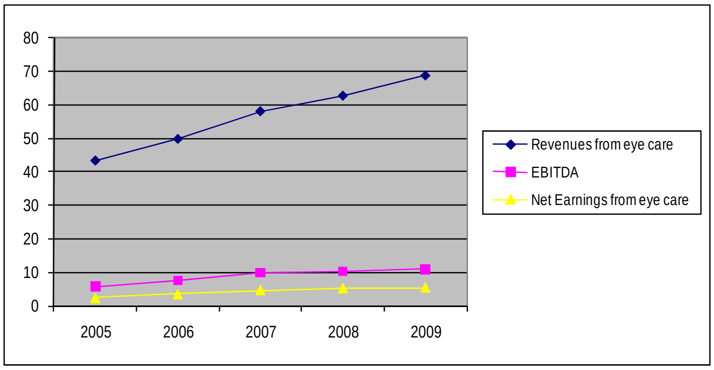
In the 2008 MD&A, management estimated that the new rules would have caused in 2011 a reduction in distribution to unitholders of approximately $0.12 per unit per year. Under the new structure, the dividends expected to be paid for 2010 are based on an annual amount of $0.60, i.e. a $0.05 reduction compared to 2008 annual distributions.

Individuals residing in Canada benefit from dividend tax credits on the whole amount of the dividend received while the dividend content of the former distribution approximated 36%. Expressed otherwise, the net receipt of a dividend of $0.60 will often exceed the net receipt of a distribution of $0.65.

The dividends declared on exchangeable shares in 2009 totalled $0.51 per unit. Former holders of exchangeable shares will of course benefit from the announced rate of $0.60 per unit.

Net earnings

The progress of revenues, EBITDA and net earnings from eye care for the last five years can be shown as follows:



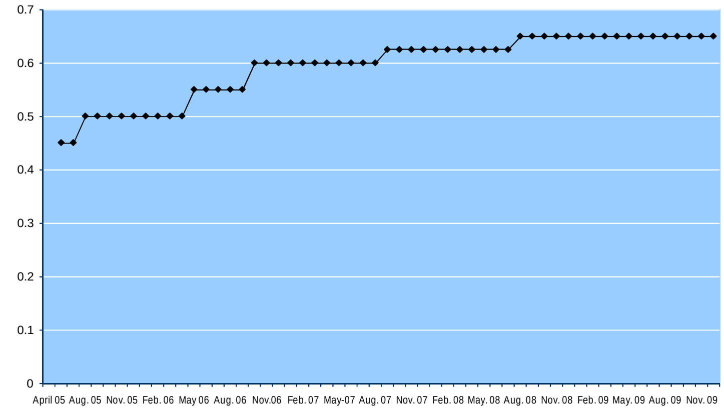
As the table shows, net earnings increased constantly over the last five years, as did the EBITDA and revenues from eye care. The growth rate of net earnings in 2009 compared to 2008 is lower than the growth rate of EBITDA due mainly to higher income tax expenses and losses on foreign currency translation.

Distributions and dividends on exchangeable shares

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

		Distribution per Unit	Dividend per Exchangeable Share	Total Distributions and Dividends
		$	$	$
2005	8 months	0.325	0.234	2,738
2006	12 months	0.545	0.404	4,684
2007	12 months	0.611	0.466	5,332
2008	12 months	0.636	0.492	5,619
2009	12 months	0.650	0.512	5,924

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



In thousands of dollars, except per unit amounts

The cash dividend on each exchangeable share is approximately 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 2009, the dividends per share represented 79% of the distributions per unit. Except for one month, the dividends paid in 2009 were designated as "eligible" dividends, i.e. dividends giving rise to the enhanced dividend tax credit in the hands of holders who are individuals residing in Canada. Shareholders will find the necessary information on the T5 slip remitted to them.

For tax purposes, the total distribution of $0.65 per unit declared in 2009 was composed of interest income for $0.416, eligible dividend for $0.212 and ordinary dividend for $0.022.

As shown in the tables above, the Fund has regularly declared and paid its monthly distribution to unitholders since its inception in May 2005. The new entity NewLookCo intends to replace the monthly distributions by quarterly dividends. The Fund paid its last distribution, which covered the period from February 1st to March 2nd, 2010, on March 19, 2010. NewLookCo plans to declare its first dividend in May 2010 to cover the "stub" period from March 3rd to March 27th, 2010. The decision to declare a dividend will be made quarterly and there is no guarantee that dividends will be declared in the future.

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 2009 fiscal year, the current tax on dividends which was not offset by a corresponding reduction in current income tax expense was $990, i.e. the entire amount of the tax on dividends. Of this amount, $888 was added to future income tax asset, which means that the net cost of the tax for 2008 was $102 or 5.2% ($81 or 4.3% in 2008) of the dividends declared. The net cost of the tax on dividends increased in 2009 compared to 2008 due to the reduction in the corporate income tax rate. Management believes that the additional disbursements caused by the tax on dividends and added to future income tax will be recovered in the future.

Summary of quarterly results

The following table summarizes unaudited quarterly results for the year ended December 31, 2009, compared with the corresponding quarters of 2008. The results for the quarters ended in 2008 have been restated to reflect the change in the accounting policy regarding the expensing of start-up costs. Refer to Note 2 to the consolidated financial statements for the year ended December 31, 2009 for more details.

	March 31		June 30		September 30		December 31		12 months	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Revenues from eye care	16,743	15,306	18,144	16,884	16,446	16,211	17,625	14,468	68,958	62,869
As a % of annual revenues from eye care	*24%*	*24%*	*26%*	*27%*	*24%*	*26%*	*26%*	*23%*	*100%*	*100%*
EBITDA	2,502	2,731	3,337	2,995	2,188	2,896	2,939	1,738	10,966	10,360
As a % of revenues from eye care	*14.9%*	*17.8%*	*18.4%*	*17.7%*	*13.3%*	*17.9%*	*16.7%*	*12.0%*	*15.9%*	*16.5%*
Gain (loss) on foreign exchange	27	(15)	(136)		(115)	3	12	26	(212)	14
Net earnings	1,305	1,270	1,732	1,594	824	1,429	1,556	936	5,417	5,229
Net earnings per unit(a)										
Basic	0.13	0.13	0.17	0.16	0.08	0.15	0.16	0.10	0.55	0.54
Diluted	0.13	0.12	0.17	0.15	0.08	0.14	0.16	0.09	0.54	0.53
Distribution per unit	0.163	0.156	0.163	0.156	0.163	0.161	0.163	0.163	0.650	0.636

a) Net earnings per unit for 12 months may not correspond to the total of quarterly net earnings per unit, as a distinct calculation is made for each quarter or 12-month period.

This table shows that revenues increased each quarter of 2009 compared with the corresponding quarter of 2008 The decrease in EBITDA and net earnings in the third quarter of 2009 was counterbalanced by a strong performance in the fourth quarter of 2009.

In thousands of dollars, except per unit amounts

Fourth quarter of 2009

The consolidated earnings of the fourth quarter of 2009 compared with the fourth quarter of 2008 are as follows:

	2009	2008
	$	$
Revenues from eye care	17,625	14,468
Cost of materials, direct labour, operating, selling and administration expenses	14,686	12,730
EBITDA	2,939	1,738
Amortization	885	715
Financial expenses, net of interest revenues (interest revenues net of financial expenses)	(9)	109
Equity-based compensation expense	27	29
	903	853
Earnings before the following items	2,036	885
Net gain on foreign currency translation	12	26
Recovery (expenses) related to former portfolio investments	48	(1)
Earnings before income taxes and non-controlling interest	2,096	910
Income taxes	555	(10)
Earnings before non-controlling interest	1,541	920
Non-controlling interest	(15)	(16)
Net earnings	1,556	936
Net earnings per unit		
Basic	0.16	0.10
Diluted	0.16	0.10

The main elements of cash flows for the fourth quarter of 2009 compared with the fourth quarter of 2008 are as follows:

	2009	2008
	$	$
Operating activities	3,023	1,678
Change in non-cash working capital items	(310)	(890)
Cash flows from operations	2,713	788
Investing		
Receipt of escrowed proceeds from the sale of a portfolio investment	942	
Property, equipment and intangibles	(1,334)	(1,643)
Other	50	5
Financing		
Variation in bank indebtedness	280	3,264
Repayment of long-term debt	(92)	(258)
Distributions and dividends	(1,495)	(1,464)
Taxes related to dividends paid	(248)	(280)
Repurchase of units	(176)	
Other	169	66
Increase in cash	809	478

Revenues for the fourth quarter of 2009 increased by $3.2 million or 22% compared with the fourth quarter of 2008. Revenues from comparable stores for the quarter were up 13.1 % and EBITDA increased by $1.2 million or 69% from the previous year. Finally, net earnings increased by $620 when compared to net earnings in 2008.

The consolidated earnings and cash flows of the Fund for the fourth quarter of 2009 reflect the following recordings:

- The receipt of the escrowed proceeds from the sale of CMN in 2004 in the amount of US $891. The translation in Canadian dollars triggered a loss on foreign exchange of $135.
- Concurrently with the receipt of the escrowed proceeds, favourable adjustments were made to record additional accrued interest revenues of $108 and the reversal of a provision of $75 for defence costs, net of an indemnity claim of $27.
- Increase in income tax expense following year-end adjustments relating to non deductible expenses and future income tax assets or liabilities. The average tax expense for the first three quarters of 2009 was 22.4% while the average tax expense for the whole year is 26.5%.
- Capital expenditure of $1.3 million in accordance with the plan of store development and renovations. Major renovations were made to two existing stores and new equipment was added in the laboratory and in stores.

Liquidity

The following table shows the main elements of the statements of cash flows for the years 2009 and 2008:

	2009	2008
	$	$
Operating activities	10,453	9,503
Change in non-cash working capital items	1,498	(1,216)
Cash flows from operations	11,951	8,287
Investing		
Receipt of escrowed proceeds from the sale of a portfolio investment	942	
Property, equipment and intangibles	(3,995)	(4,598)
Business acquisition	(200)	(275)
Other	50	(91)
Financing		
Variation in bank indebtedness	(2,374)	1,434
Borrowings	1,000	2,336
Repayment of long-term debt	(1,152)	(1,135)
Lease inducements	284	250
Issuance of units	990	388
Distributions and dividends paid	(5,893)	(5,597)
Current taxes related to dividends paid	(990)	(946)
Repurchase of units	(252)	
Increase in cash	361	53
Cash at beginning of year	478	425
Cash at end of year	839	478

In thousands of dollars, except per unit amounts

Cash flows from operations

Cash generated from operating activities before changes in non-cash working capital items increased by $945 or 10% in 2009 compared to last year. This is in line with the variation in EBITDA. Cash of $1.5 million was also generated in 2009 by the variation of the following working capital items:

	2009 $	2008 $
Decrease (increase) in accounts receivable	132	(312)
Decrease (increase) in income taxes and tax credits receivable	74	(218)
Decrease (increase) in inventory	1,017	(1,341)
Decrease (increase) of prepaid expenses	191	(11)
Increase in accounts payable and accrued liabilities	130	921
Decrease in income taxes payable	(41)	(255)
Increase (decrease) in cash	1,503	(1,216)

Overall inventory decreased despite the addition of two stores, as the results 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

Investments in property, equipment, business acquisitions and intangible assets totalled $5,297 in 2009 compared with $5,047 in 2008. The 2009 investments relate to the following additions:

- Completion of investments in a store on Rideau Street in Ottawa;
- Addition of a store in St-Bruno, Québec;
- Acquisition of the remaining 50% interest in Monique Laurent Inc., a former joint venture;
- Acquisition of practices and customer lists;
- Major renovations to four stores;
- Addition of equipment in our laboratory;
- Updating of optical equipment in many stores;
- Updating of computers in stores, and
- Addition of software applications in stores and improvements to administrative software applications.

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

	2009 $	2008 $
Purchase of property and equipment	3,581	4,245
Assets acquired through business acquisitions, net of cash	1,281	449
Purchase of intangibles	435	353
	5,297	5,047
Debt assumptions	448	
Balances of purchase price	654	174
Paid, as per cash flow statement	4,195	4,873
Total capital expenditures	5,297	5,047

Financing activities

In 2009, New Look borrowed $1 million under the "Evergreen" credit facilities and repaid $2.4 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 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 $284 in 2009.

Issuance of units to executives and trustees who exercised options under the Executive Unit Option Plan represented cash receipts of $990 in 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 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 2009, the Fund repurchased 46,000 units at an average price of $5.49 for a total of $252. The repurchases were made pursuant to the normal course issuer bid authorized since May 2009.

During 2009 and 2008, New Look was in compliance with all covenants in its notes payable and its obligations under capital leases.

In thousands of dollars, except per unit amounts

Contractual obligations

The contractual obligations of the Fund and the consolidated entities are summarized in the following table:

		Payments due					
Contractual obligations	Total	2010	2011	2012	2013	2014	Thereafter
Long-term debt	8,466	1,145	2,130	2,075	2,025	1,091	
Capital lease obligations	18	18					
Operating leases	51,068	8,304	8,004	7,439	6,697	6,198	14,426
Purchase obligations [(a)]	880		880				
Total	60,432	9,467	10,134	9,514	8,722	7,289	14,426

(a) Purchase obligations related to equipment and property only.

Capital commitments

For 2010, the overall capital expenditures and increase in inventory are budgeted to amount to over $7.6 million. The major investments relate to the commitment of New Look to open a minimum of four stores, including one through a business acquisition, to proceed with the relocation of one existing store, and the acquisition of Sonomax.

Credit facilities

Credit facilities with the bank were renewed in the fourth quarter of 2009. The main elements of these renewed facilities are summarized as follows:

- An operating line of credit to finance day-to-day operations which can reach $4 million, depending on the value of inventory and accounts receivable, at prime rate plus a premium varying from varying from 0.50% to 1.25% depending on the ratio of interest-bearing debt to EBITDA. The former rate was prime rate plus 0.50%. As at December 31, 2009, the prime rate was 2.25% and the premium was 0.75% for a total of 3.0%.

- An "Evergreen" operating credit of $12 million to finance capital expenditures. The first tranche of $10 million had a revolving period that ended December 31, 2009. The second tranche of $2 million has a revolving period ending December 31, 2011. No payment of capital is repayable during a revolving period. Upon expiry of a revolving period, New Look shall be required to repay the borrowed amount in 48 monthly equal instalments in capital. The credit available will be revised following the filing of the audited consolidated financial statements for 2009.

- The variable interest rate applicable to the Evergreen advances is the same as for the operating line of credit.

- New Look may finance the Evergreen advances through bankers' acceptances for stamping fees varying from 1.5% to 2.25% depending on the ratio of interest-bearing debt to EBITDA. The Company has actually used bankers' acceptances since mid-2009 and has so benefited from rates varying from 1.96% to 2.26%. Stamping fees applicable to most recent bankers' acceptances were 1.75%.

- Upon expiry of a revolving period, New Look may opt for a fixed rate of interest to be determined by the bank.

- Interest rate swap instruments are also available to New Look under the credit facilities.

Management intends to use fixed rate of interest on a portion of the Evergreen advances in order to mitigate the risk related to floating interest rates.

As of December 31, 2009, the credit facilities used and available were as follows:

	$
Credit used	
Amounts drawn on the operating line of credit	1,660
"Evergreen" borrowings	7,295
Credit available	3,893
Total credit facilities	12,848

In March 2010, New Look actually borrowed $1.7 million out of the second tranche of the Evergreen operating credit, which is repayable beginning in January 2012. Management expects that the Evergreen credit will be maintained at the previous level of $12 million following the filing of the audited consolidated financial statements for 2009

As of December 31, 2009, the Fund and New Look were in compliance with all covenants governing credit facilities.

In thousands of dollars, except per unit amounts

Distributable cash

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

	2009	2008 Restated
	$	$
Cash flows from operations	11,951	8,287
Capital expenditures[a]	(4,195)	(4,873)
Non-controlling interest in net earnings	(7)	(11)
Standardized distributable cash[b]	7,749	3,403
Add entity-specific adjustments:		
Financing of capital expenditures		
Receipt of escrowed proceeds from the sale of a portfolio investment	942	
Increase in short-term bank indebtedness [c]		1,434
Long-term borrowings in the period	1,000	2,336
Lease inducements[c]	284	250
Additional borrowings permitted under banking agreements but not used[d]	1,969	853
Adjustments in respect of financing capital expenditures	4,195	4,873
Repayment of certain debts[e][f]	(526)	(298)
Total entity-specific adjustments	3,669	4,575
Distributable cash[g]	11,418	7,978
Distributions and dividends paid and related taxes		
In $	6,883	6,543
As % of distributable cash	60%	82%

(a) Capital expenditures correspond to the purchase of property and equipment, business acquisitions and intangible assets other than start-up costs.

(b) Standardized distributable cash is defined in the guidance as the GAAP measure of cash from operating activities after adjusting for capital expenditures, restrictions on distributions arising from compliance with financial covenants restrictive at time of reporting, and minority interests.

(c) Management considers that the increase in short-term borrowings and lease inducements were used to finance the capital expenditures.

(d) 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 December 2009 and at the end of December 2008 exceeds the amounts of $1,969 and $853 shown in the table.

(e) 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.

(f) 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.

(g) Distributable cash is not a recognized measure under GAAP. The Fund believes that it is a useful financial measure of the periodic cash that is potentially available for distributions. The Fund's method of calculating this measure may differ from other issuers and accordingly, it may not be comparable to that used by other issuers.

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 December 31 2009 and 2008 show that the working capital, excluding cash, bank indebtedness, and the instalments on long-term debt, is a positive amount at both dates.

	2009	2008
	$	$
Accounts receivable	913	1,136
Income taxes and tax credits receivable	146	218
Inventory	7,416	8,297
Prepaid expenses	359	544
	8,834	10,195
Accounts payable and accrued liabilities	7,570	7,323
Distributions and dividends payable	496	465
Income taxes payable	92	132
	8,158	7,920
Net amount	676	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 December 31, 2009, two simulations of instalments of capital and interest over the next five years give the following result:

	Assumption A	Assumption B
Year	$	$
2010	1,494	1,776
2011	2,332	2,561
2012	2,229	2,384
2013	2,105	2,188
2014	1,106	1,126

Under assumption A, the advances under the Evergreen credit bear interest at the current rate of 3% over the next five years, while the rate used in assumption B is 7%. Under both assumptions, the long-term debt existing at the end of 2009 is fully repaid over the next five years.

Cash flows from operating activities for 2009 were $12 million, which amount took into account interest expenses of $363. The comparative figures for 2008 were $8.3 million after a deduction of $546 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 current stores, 60 were renovated or constructed over the last six years.

Escrowed proceeds from the sale of CMN

The escrowed proceeds from the sale of CMN International, a former portfolio investment disposed of in 2004, the balance of which was $1,077 (US $891) at the end of 2008 was received in the fourth quarter of 2009, along with accrued interest, except for an amount representing the share of New Look in an indemnity claim. Adjustments in 2009 in accrued interest revenues and the provision for defence costs represented an increase in net earnings before income taxes of $118.

On date of receipt of the escrowed proceeds, the US dollar was worth CA $1.057 while its value was CA $1.201 at the end of 2008. This caused a loss on foreign exchange of $135. The proceeds were kept in a US dollar bank account as a hedge for subsequent purchases in US dollars.

Critical accounting policies

Adoption of new accounting standards

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 2008 was an increase of $70. More details are contained in Note 2 and Note 20 to the consolidated financial statements.

More information on financial instruments

A new recommendation of the CICA now clarifies that an entity's own risk and the credit risk of its counterparty should be taken into account in determining the fair value of financial assets and liabilities. Additional disclosures are also required with respect to the fair value measurements of financial instruments and the liquidity risk. The required additional information has been included in the notes to the financial statements. In management's view, the new recommendations did not a material impact on the determination of the fair value of the financial instruments.

Future accounting standards and policies

Business combinations and consolidated financial statements

Canadian GAAPs regarding business combinations and consolidated financial statements have been modified to be equivalent to the corresponding IFRS standards (discussed below) and to allow their early application. The main impact of the new standards is the evaluation of assets at fair value instead of cost and the expensing of acquisition costs in the period they are incurred instead of being capitalized. NewLookCo as successor of the Fund intends to early apply the new standards beginning with the 2010 year, since the IFRSs regarding business combinations and consolidated financial statements will anyway apply retrospectively to the comparative figures presented with the first IFRS financial statements in 2011.

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 NewLookCo December 27, 2009. 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 revaluating 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.
- *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:
  - o Business combinations completed prior to January 1, 2010 will not be revaluated;
  - o 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.

New Accounting periods of NewLookCo

NewLookCo has adopted the accounting periods already in use by New Look i.e. the last Saturday of March, June, September and December. Hence the 2010 fiscal year of NewLookCo will end December 25, 2010.

Revenue recognition

Revenue from eye care is recognized at the time of delivery of eyewear to the customer. Any down payment required from the customer when an order is accepted is recorded as a liability until the delivery of the eyewear.

Operating leases

Total rents payable under operating leases are charged to expense on a straight-line basis over the term of the leases. Lease term covers the period from the date the premise is delivered to New Look until the end of the lease.

Critical estimates

The preparation of consolidated financial statements in accordance with GAAP requires management to make estimates. These estimates are established on the basis of previous years and management's best judgment. Management continually reviews estimates. Actual results may differ from those estimates. The following paragraphs establish the main estimates used in preparing the consolidated financial statements of the Fund.

Fixed assets

In order to allocate the cost of fixed assets over their useful lives, estimates of the duration of their useful lives must be carried out. Amortization of fixed assets is based on such estimates. The useful lives of fixed assets were revised in 2008 and changes have been brought in the calculation of amortization since the second quarter of 2008.

In thousands of dollars, except per unit amounts

Intangible assets

When acquiring a business, management endeavours to allocate the purchase price to underlying assets as required by the CICA Handbook. With this respect, management has identified intangible assets such as value of below-market leases and customer relationships. These assets are amortized over the estimated period of benefit.

Research and development and related tax credits

New Look continuously researches ways of improving production such as reducing breakages of glasses, reducing time production and adaptation of new technologies to the needs of our laboratory. Although long-term benefits arise from these activities, costs related to research and development are charged to expenses. In accordance with the CICA Handbook, income tax credits related to research and development are treated as a reduction of the laboratory expenses, not as a reduction of income tax expenses.

Equity-based compensation

Equity-based compensation, such as options granted to employees, is recognized as an expense even if no cash disbursement is required. Compensation is measured at fair value at grant date using the method known as the Black-Scholes option pricing model. This model takes into account factors such as expected duration of the option, expected volatility of the underlying security, risk-free interest rate and expected distributions. Except for the risk-free interest rate, the determination of these factors requires estimates and judgment. The expense of equity-based compensation is recognized over the vesting period with a corresponding credit to contributed surplus. Balances in the contributed surplus are transferred to the carrying value of Fund units when the options are exercised.

Tradename

The tradename is recorded at cost and is not amortized, rather it is tested for impairment annually, or more frequently if events or changes in circumstances dictate that the asset value is impaired. The impairment test consists of a comparison of the fair value of the tradename with its carrying amount. When the carrying amount exceeds the fair value, an impairment loss is recognized in an amount equal to the excess.

Goodwill

Goodwill represents the excess of the purchase price of an acquired business over the fair value of the underlying net assets acquired. Goodwill is not amortized; it is tested for impairment annually, or more frequently if events or circumstances dictate that the asset is impaired.

Income taxes and taxes on dividends

The Fund recognizes as a future income tax asset the value of tax losses and unused tax credits. It also takes into account in the determination of such asset the value of future deduction when the carrying value of an asset is lower than its tax value. A future income tax liability is recorded when the tax value of an asset is lower than its carrying value.

New Look charges directly to deficit any amount of taxes on dividends which cannot be used to reduce income taxes, either currently or in the future.

Outstanding units, exchangeable shares and options

As of February 28, 2010, the Fund had 6,153,328 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, 568,467 options to purchase Fund units were outstanding for an average exercise price of $6.60 per unit.

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

On March 2, 2010, all units and exchangeable shares were exchanged for common shares of NewLookCo, on one-for-one basis. The total number of common shares then outstanding was 10,023,732. Each common share entitles the holder to one vote at all meetings of shareholders.

Each Fund option gave the right to purchase one Fund unit at an exercise price equal to the market value on grant date. On March 2, 2010, all options to purchase Fund units were exchanged for options to purchase shares of NewLookCo on a one-for-one basis.

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 was 10% of the units issued and outstanding. A similar maximum now applies to options to purchase shares of NewLookCo.

In 2009, the Fund granted a total of 172,000 options to purchase units at an exercise price of $5.43 and repurchased 281,498 options at an average exercise price of $3.52.

Changes in market value of the Fund units were as follows:

	2009	2008
	$	$
Average market value	5.38	6.23
Market value at end of year	6.19	5.50

The average market value of the unit declined although the performance of the Fund improved in 2009 compared to 2008. This was the consequence of the world wide economic crisis prevailing over 2008 and 2009. However, the unit recovered value in the second part of 2009.

Normal course issuer bid

In April 2009, the Fund received approval from Toronto Stock Exchange ("TSX") to proceed with a normal course issuer bid. Under the bid, the Fund was authorized to purchase up to 300,583 units of the Fund, which was 5% of outstanding units as at April 27, 2009, subject to a daily limit of 1,000 units. The bid started on May 1, 2009 and it was authorized to continue until April 30, 2010. NewLookCo has received the approval of TSX to continue the plan started by the Fund with regard to NewLookCo shares having replaced the former Fund units and the former New Look exchangeable shares. The description that follows initially applied to the Fund units but since March 2, 2010 now applies to NewLookCo shares.

NewLookCo shares may be purchased on behalf of NewLookCo by a registered broker through the facilities of TSX. The price paid for the shares is the market price at the time of acquisition and the number of shares purchased and the timing of any such purchases is determined by NewLookCo, subject to the terms of an automatic unit purchase plan. All units purchased by NewLookCo are cancelled.

An automatic unit purchase plan has been implemented with a broker in order to facilitate repurchases of the shares under the normal course issuer bid. Under this plan, NewLookCo's broker may repurchase shares under the normal course issuer bid at any time including, without limitation, when NewLookCo would ordinarily not be permitted to due to regulatory restrictions or self-imposed blackout periods. Purchases are made by NewLookCo'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 and was implemented effective May 1, 2009 and for the duration of the bid.

NewLookCo believes that its shares may trade in price ranges which do not fully reflect the value of the shares. As a result, NewLookCo believes that the purchase of its outstanding shares may represent an appropriate use of its funds. Since the inception of the normal course issuer bid, the Fund has repurchased 46,000 units at an average price of $5.49 for a total of $252.

Related party transactions

A loan of $100 to a company related to a former officer was outstanding at December 31, 2009. This loan bears no interest and is repayable in two annual payments of $50, thus expiring in December 2011. A loan of $30 to the holder of the non-controlling interest, bearing interest at prime rate plus 1% and without repayment terms was also outstanding as the end of 2009.

Business risks and other risks

- New Look is subject to interest rate fluctuations. Approximately 86% of long-term debt is based on variable interest rates. An increase in the prime rate would raise the interest expense of New Look. As an illustration, an increase of one percentage point would have reduced earnings before income taxes by $70 in 2009.

- New Look is exposed to foreign currency fluctuations with regards to certain purchases in US dollars and euros. In order to mitigate this risk, management established in the beginning of 2009 a policy of using foreign exchange contracts to cover approximately 50% of the forecast purchases for the next 12 months. Management maintains this policy even though the impact was negative for 2009.

- The success of New Look is highly dependent on the expertise of our key optical professionals and employees. Absence of optometrists in a store is detrimental to eyewear sales. To mitigate this risk, New Look offers to our key professionals a pleasant and efficient environment of work and to employees a competitive compensation program, good working conditions, and bonus plans. Management believes that this strategy improves the recruitment of key optical professionals and employees, and their retention.

- Competition is a major risk factor in any business. However, the barriers to entry in optical retailing are significant due to regulations by the orders of optometrists and opticians and this tends to limit the creation of new large competitors.

- Laser surgery is available in Canada and is frequently performed thus replacing the need for corrective lenses. Even though many individuals having undergone these surgeries require alternative corrective lenses later, increase in such surgeries could reduce the need for corrective lenses.

- Changes in economic conditions such as the world wide economic crisis has an impact on the Canadian economy and may influence consumers' spending patterns and, consequently, New Look's sales. Like any other retail network, New Look has fixed costs that cannot be reduced in the short term. Furthermore, New Look must comply with rules governing the exercise of the eye care services in the different markets in which it operates and some professional labour costs are not variable. Such a situation would impact negatively financial performance in the short term. Management however believes such a situation would generate opportunities to further consolidate its leadership position in the eye care industry.

Disclosure controls and procedures and internal control over financial reporting

New Look's management, under the supervision of the president and the chief financial officer, has evaluated the effectiveness as at December 31, 2009 of the Fund's disclosure controls and procedures (as defined in Multilateral Instrument 52-109) and has concluded that such disclosure controls and procedures are effective and that material information relating to the Fund was made known to them and was recorded, processed, summarized and reported within the time periods specified under applicable securities legislation.

Management is also responsible for the design of internal control over financial reporting (as defined in Multilateral Instrument 52-109) 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. New Look's management, under the supervision of the president and the chief financial officer, has evaluated the effectiveness as at December 31, 2009 of such internal control and has concluded that it is effective. There were no changes in internal control over financial reporting during the period beginning on October 1, 2009 and ended December 31, 2009 that have materially affected, or are reasonably expected to materially affect the internal control over financial reporting.

Approval of the financial statements

The Fund's consolidated financial statements have been approved by the Board of Directors of NewLookCo, as successor of the Fund, upon recommendation of its Audit Committee prior to release.

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 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. 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 chain. 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 Ottawa 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 NewLookCo the opportunity to add new products and services in certain stores, it also allows NewLookCo to benefit from tax attributes of former Sonomax and 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.

March 17th, 2010

Fonds de revenu Benvest
NEWLOOK
Income Fund

CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2009 and 2008

The consolidated financial statements of Benvest New Look Income Fund (the "Fund") and the other financial information included in this annual report are the responsibility of the management of New Look Eyewear Inc. ("New Look"), successor of the Fund, and have been approved by the Board of Directors of New Look. The consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles and include some amounts that are based on management's best estimates using careful judgment. The selection of accounting principles and methods is management's responsibility.

The Fund and New Look have maintained internal control systems designed to ensure that financial information is relevant and accurate and that assets are protected.

Management recognizes its responsibility for conducting New Look's and previously the Fund's affairs in a manner to comply with the requirements of applicable laws and of established financial standards and principles and for maintaining proper standards of conduct in its activities.

The Board of Directors supervises the financial statements and other financial information through its Audit Committee, whose members are exclusively non-management directors. This committee's role is to review the financial statements and recommend approval by the Board of Directors and to review internal control and information protection systems and all other matters relating to New Look's and previously the Fund's accounting and finances. In order to do so, the Audit Committee meets periodically with the external auditors to review their audit plans and to discuss the results of their examinations. This committee is also responsible for recommending the appointment of the external auditors.

The Fund's external auditors, Raymond Chabot Grant Thornton LLP, appointed by the unitholders at the annual general meeting, have audited the Fund's financial statements and their report on the financial statements follows.

MARTIAL GAGNÉ
President
New Look Eyewear Inc.

Montreal, Québec
March 17th, 2009

JEAN-LUC DESCHAMPS
Chief Financial Officer
New Look Eyewear Inc.

Montreal, Québec
March 17th, 2009

Raymond Chabot Grant Thornton

Auditors' Report

Raymond Chabot Grant Thornton LLP
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National Bank Tower
600 De La Gauchetière Street West
Montréal, Québec H3B 4L8

Telephone: 514-878-2691
Fax: 514-878-2127
www.rcgt.com

To the unitholders of
Benvest New Look Income Fund

We have audited the consolidated balance sheets of Benvest New Look Income Fund as at December 31, 2009 and 2008 and the consolidated statements of earnings and comprehensive income, deficit and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2009 and 2008 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Raymond Chabot Grant Thornton LLP[1]

Montreal, March 5, 2010

[1] Chartered accountant auditor permit no. 20518

In thousands of dollars, except per unit amounts

Consolidated Earnings and Comprehensive Income

	2009	2008 Restated Note 2
	$	$
Revenues from eye care	68,958	62,869
Cost of materials, direct labour, operating, selling and administration expenses	57,992	52,509
Earnings before the undernoted items	10,966	10,360
Amortization	3,270	3,199
Financial expenses, net of interest revenues (Note 4)	321	589
Equity-based compensation expense	146	126
	3,737	3,914
Earnings before the following items	7,229	6,446
Net gain (net loss) on foreign currency translation	(212)	14
Recovery (expenses) related to former portfolio investments	84	(42)
Earnings before income taxes and non-controlling interest	7,101	6,418
Income taxes (Note 15)	1,677	1,178
Earnings before non-controlling interest	5,424	5,240
Non-controlling interest	7	11
Net earnings	5,417	5,229
Comprehensive income	5,417	5,229
See Notes 4 and 5 for other information on consolidated earnings		
Net earnings per unit (Note 19)		
Basic	0.55	0.54
Diluted	0.54	0.53

Consolidated Deficit

	2009	2008 Restated Note 2
	$	$
Balance, beginning of year	(5,457)	(4,915)
Adjustment (Note 20)	(123)	(193)
Restated balance, beginning of year	(5,580)	(5,108)
Net earnings	5,417	5,229
Distributions to unitholders	(3,944)	(3,716)
Dividends and related taxes (Note 21)	(2,082)	(1,985)
Premium on repurchase of units (Note 16)	(146)	
Balance, end of year	(6,335)	(5,580)

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

For the years ended December 31, 2009 and 2008
In thousands of dollars

	2009	2008 Restated Note 2
	$	$
OPERATING ACTIVITIES		
Net earnings	5,417	5,229
Items not affecting cash:		
Non-controlling interest	7	11
Amortization	3,270	3,199
Amortization of deferred lease inducements and variation of deferred rent	(37)	8
Equity-based compensation expense	146	126
Accretion of non-interest bearing balance of purchase price	57	
Future income tax expense (Note 15)	1,635	1,139
Future tax credits related to research and development expenses	(174)	(181)
Loss (gain) on foreign currency translation related to long-term monetary assets and liabilities	132	(28)
Change in non-cash working capital items (Note 6)	1,498	(1,216)
Cash flows related to operating activities	11,951	8,287
INVESTING ACTIVITIES		
Advances		(100)
Receipt of escrowed proceeds from the sale of a portfolio invesment	942	
Reimbursement of advances	50	9
Purchase of property and equipment	(3,581)	(4,245)
Business acquisitions (Note 7)	(200)	(275)
Acquisition of other assets	(414)	(353)
Cash flows related to investing activities	(3,203)	(4,964)
FINANCING ACTIVITIES		
Variation in bank indebtedness	(2,374)	1,434
Long-term borrowings	1,000	2,336
Repayment of long-term debt	(1,152)	(1,135)
Lease inducements	284	250
Issuance of units pursuant to exercise of options	990	388
Distributions and dividends paid	(5,893)	(5,597)
Current taxes related to dividends paid	(990)	(946)
Repurchase of units (Note 16)	(252)	
Cash flows related to financing activities	(8,387)	(3,270)
Net increase in cash	361	53
Cash, beginning of year	478	425
Cash, end of year	839	478

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

For the years ended December 31, 2009 and 2008
In thousands of dollars

	2009	2008 Restated Note 2
	$	$
ASSETS		
Current assets		
Cash	839	478
Receivables (Note 8)	913	1,136
Income taxes and tax credits receivable	146	218
Inventory	7,416	8,297
Prepaid expenses	359	544
Total current assets	9,673	10,673
Advances (Note 9)	80	271
Escrowed proceeds from the sale of a portfolio investment (Note 10)		1,077
Property and equipment (Note 11)	17,336	16,356
Tradename	2,500	2,500
Goodwill	5,958	5,854
Future income taxes (Note 15)		573
Other intangible assets (Note 12)	2,150	1,372
	37,697	38,676
LIABILITIES		
Current liabilities		
Bank indebtedness (Note 13)	1,660	4,034
Accounts payable and accrued liabilities	7,570	7,323
Distributions and dividends payable	496	465
Income taxes payable	92	132
Instalments on long-term debt (Note 14)	1,162	975
Total current liabilities	10,980	12,929
Long-term debt (Note 14)	7,321	6,931
Deferred lease inducements and deferred rent	2,655	2,536
Future income taxes (Note 15)	179	
Non-controlling interest	30	23
	21,165	22,419
UNITHOLDERS' EQUITY		
Fund units (Note 16)	13,655	12,612
Exchangeable shares (Note 16)	7,989	7,989
Contributed surplus (Note 17)	1,223	1,236
Deficit	(6,335)	(5,580)
	16,532	16,257
	37,697	38,676

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

On behalf of the Board of Directors

W. John Bennett
Chairman of the Board

William R. Ferguson
President of the Audit Committee

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 in Canada. The Fund units (BCI.UN) were listed on the Toronto Stock Exchange (“TSX”) up to March 2, 2010.

On March 2, 2010, the Fund was converted to a corporation named New Look Eyewear Inc. (“NewLookCo”) through a plan of arrangement described in Note 29, Subsequent Events. Shares of NewLookCo (BCI) are listed on the TSX.

2. Accounting changes

NEW ACCOUNTING STANDARDS

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. Comparative amounts of the statement of earnings for 2008 were restated as follows:

Reversal of amortization of start-up costs	227
Additional expenses as current start-up costs included with cost of materials, direct labor, selling and administration expenses	126
Increase in earnings before income taxes	101
Increase in income taxes	31
Increase in net earnings	70
Increase in net earnings per unit, basic and diluted	0.007

The amounts of other intangible assets, future income tax assets and deficit at January 1, 2008 and January 1, 2009 were restated as described in Note 20. The net impact on the cash flow statement for 2008 was nil. The change did not have a significant impact on the net earnings for 2009.

Credit risk and the fair value of financial assets and financial liabilities

On January 1, 2009, in accordance with the applicable transitional provisions, the Fund adopted the new recommendations of Emerging Issues Committee Abstract No. 173 *Credit Risk and Fair Value of Financial Assets and Financial Liabilities* (“EIC-173”) which clarifies that an entity’s own credit risk and the credit risk of its counterparty should be taken into account in determining the fair value of financial assets and liabilities. EIC-173 applies to all financial assets and liabilities and derivative financial instruments measured at fair value in interim and annual consolidated financial statements for periods ending on or after January 20, 2009. The adoption of EIC-173 did not have a material impact on the Fund’s consolidated financial statements or on the fair value determination of its financial assets and liabilities, including derivative financial instruments.

Financial instruments - Disclosures and presentation

On January 1, 2009, in accordance with the applicable transitional provisions, the Fund adopted new recommendations added to Section 3862 *Financial Instruments – Disclosures* of the CICA Handbook. This Section has been amended to primarily include additional disclosure requirements with respect to the fair value measurements of financial instruments and to enhance liquidity risk disclosure. The amendments to this Section apply to annual consolidated financial statements for fiscal years ending on or after September 30, 2009. The new disclosure requirements were not significant to the Fund’s consolidated financial statements.

FUTURE ACCOUNTING STANDARDS

On January 1, 2009, in accordance with the applicable transitional provisions, the Fund adopted new recommendations added to Section 3862 *Financial Instruments – Disclosures* of the CICA Handbook. This Section has been amended to primarily include additional disclosure requirements with respect to the fair value measurements of financial instruments and to enhance liquidity risk disclosure. The amendments to this Section apply to annual consolidated financial statements for fiscal years ending on or after September 30, 2009. The new disclosure requirements were not significant to the Fund’s consolidated financial statements:

Business combinations

Section 1582, *Business Combinations* replaces Section 1581 of the same title. This Section establishes new standards for the accounting for a business combination. This Section constitutes the GAAP equivalent to the corresponding 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, the Fund has early adopted this new Section for business combinations occurring after December 31, 2009. The Fund’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

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. The Fund has early adopted these new Sections as of January 1, 2010. The impact of these new Sections will result in the reclassification of 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.

In thousands of dollars, except per unit amounts

International financial reporting standards

In October 2009, the Canadian Accounting Standards Board confirmed that IFRSs as issued by the International Accounting Standards Board ("IASB") will become Canadian accounting standards for publicly accountable enterprises on January 1, 2011. Accordingly, the Fund has established a plan of changeover to IFRSs in order to adopt these standards as of January 1, 2011, with a retroactive effect to January 1, 2010 for the comparative amounts.

Although IFRSs use a conceptual framework similar to GAAPs, many IFRSs will require more disclosure than their Canadian GAAP equivalents. The Fund has reviewed the standards to determine the potential impact on its consolidated financial statements and has determined that IFRSs should not have a significant impact on the financial statements of NewLookCo the successor of the Fund following the arrangement described in Note 29, Subsequent Events.

3. Accounting policies

Principles of consolidation

The consolidated financial statements include the accounts of the Fund and New Look, as well as those of a variable interest entity as defined in the Accounting Guideline 15 of the CICA Handbook. All inter-entity transactions and balances have been eliminated.

Year-end

The fiscal year-end of New Look and the variable interest entity is the last Saturday of December. Accordingly, the year ended December 26, 2009 of New Look and the variable interest entity includes 364 days, whereas the comparative year includes 362 days. The Fund's year-end is December 31.

Events subsequent to the last Saturday of December may provide significant additional information relating to items included in the financial statements of New Look and the variable interest entity. All such information that becomes available prior to the completion of the Fund's consolidated financial statements would be used in evaluating the estimates made and the financial statements would be adjusted where necessary.

Accounting estimates

The preparation of financial statements in accordance with Canadian GAAP requires management to make estimates and assumptions that affect the amounts recorded in the financial statements and notes to financial statements. These estimates are based on management's best knowledge of current events and actions that the Fund may undertake in the future. Actual results may differ from those estimates.

Key areas of estimation, where management has made difficult, complex, or subjective judgments, often as a result of matters that are inherently uncertain, are the allowance for doubtful accounts, the ability to use income tax losses and other future income tax assets, allowance for obsolete and slow moving inventories, useful lives of depreciable assets, the assumptions underlying the Fund's equity-based compensation fair value model, and future cash flows and projections in connection with the impairment tests of goodwill, intangible assets and property, plant and equipment.

Revenue recognition

Revenue from eye care is recognized when the product is delivered to the customer. Interest income is recognized when earned.

Cost of sales

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

Research and development

Research and development costs are expensed as they are incurred, net of any related tax credits.

Foreign currency translation

Monetary assets and liabilities in foreign currency are translated into Canadian dollars at the exchange rate in effect at the balance sheet date, whereas other assets and liabilities are translated at exchange rates in effect at transaction dates. Revenues and expenses in foreign currency are translated at rates in effect at transaction dates. Exchange gains and losses are included in earnings for the year.

Comprehensive income

Comprehensive income is the change in equity or net assets of an enterprise during a period that results from transactions, events, and circumstances from sources other than the owners. It includes net earnings, revenues, expenses, gains and losses that, in accordance with primary sources of GAAP, are recognized in comprehensive income but excluded from net earnings. Management's determination was that the only component of comprehensive income for the years ended December 31, 2009 and 2008 was net earnings.

Earnings per unit

Basic earnings per unit are computed by dividing the net earnings by the weighted average number of Fund units and exchangeable shares outstanding in the period. Diluted earnings per unit are calculated using the treasury stock method giving effect to the exercise of options. The treasury stock method assumes that any proceeds that could be obtained upon the exercise of options would be used to repurchase units at the average market price during the period. Options are not included in the computation of diluted earnings per unit when their exercise price is greater than the average market price in the period since they would have an anti-dilutive effect.

Financial assets and liabilities

Financial instruments are measured at fair value on initial recognition. The measurement of financial instruments in subsequent periods depends on their classification. The classification of the Fund's financial instruments in the various classes is presented in the following table:

Class	Financial instruments
Assets held for trading	Cash
Loans and receivables	Receivables, excluding sales taxes Advances Escrowed proceeds from sale of portfolio investment
Other financial liabilities	Bank indebtedness Accounts payable and accrued liabilities Distributions and dividends payable Long-term debt

In thousands of dollars, except per unit amounts

Assets held for trading are recognized at fair value on the consolidated balance sheet.

Loans and receivables are initially recorded at fair value. Subsequent measurement of receivables excluding sales taxes are recorded at amortized cost, which usually corresponds to the amount initially recorded less any allowance for doubtful accounts. Subsequent measurements of advances and escrowed proceeds from sale of a portfolio investment are recorded at amortized cost using the effective interest method, including any impairment. Gains and losses arising from a subsequent measurement of loans and receivables are recognized in net earnings.

Bank indebtedness, accounts payable and accrued liabilities, distributions and dividends payable and long-term debt are measured at amortized cost using the effective interest method and the gains and losses resulting from their subsequent measurement are recognized in net earnings.

Transaction costs related to bank indebtedness and long-term debt are expensed in the period incurred and are included in financial expenses.

Note 26 provides the carrying value of each class of financial instrument.

Hierarchy of financial instruments

The Fund categorizes its financial instruments, that are measured at fair value on the balance sheet, into a three-level fair value measurement hierarchy as follows:

Level 1: The fair value is determined directly by reference to unadjusted quoted prices in active markets for identical assets and liabilities. The financial asset included in this level is cash denominated in foreign currencies.

Level 2: The fair value is estimated using a valuation technique based on observable market data, either directly or indirectly. This level includes the Fund's derivative financial instruments composed of its forward foreign exchange rate contracts, which are valued using a pricing model supported by market inputs.

Level 3: The fair value is estimated using a valuation technique based on unobservable data. As at December 31, 2009, the Fund does not have any financial instruments, which should be included in this level.

Derivative financial instruments

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

Inventory valuation

Inventory is valued at the lower of cost and net realizable value. Cost is determined using the first in first out method.

Amortization

Property and equipment are amortized over their estimated useful lives. The following table show the methods, rates or periods in use since the second quarter of 2008 following a review of the useful lives:

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

The following table shows the methods, rates or periods in use in the first quarter of 2008:

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

The impact of the revised estimates in useful lives was a reduction in amortization expense of $447 for the year ended December 31, 2008.

Impairment of long-lived assets

Property, equipment, and intangible assets subject to amortization are tested for recoverability when event or changes in circumstances indicate that their carrying amount may not be recoverable. The carrying amount of a long-lived asset is not recoverable when it exceeds the sum of the undiscounted cash flows expected from its use and eventual disposal. In such case, an impairment loss must be recognized and is equivalent to the excess of the carrying amount of long-lived asset over its fair value. As at December 31, 2009 and 2008, there were no events or changes in circumstances that would indicate that the carrying amount may not be recoverable.

Tradename

The tradename is recorded at cost and is not amortized. It is tested for impairment annually or more frequently if events or changes in circumstances indicate that the asset might be impaired. The impairment test consists of a comparison of the fair value of the tradename with its carrying amount. When the carrying amount exceeds the fair value, an impairment loss is recognized in an amount equal to that excess. Management's determination at December 31, 2009 and December 31, 2008 was that the tradename was not impaired.

In thousands of dollars, except per unit amounts

Goodwill

Goodwill represents the excess of the purchase price of an acquired business over the fair value of the underlying net assets acquired at the time of the acquisition. Goodwill is not amortized. It is tested for impairment annually or more frequently if events or changes in circumstances indicate that the asset is impaired. Goodwill in written down if its carrying value exceeds its fair value. The fair value is calculated using discounted cash flows. Management's determination at December 31, 2009 and 2008 was that the goodwill was not impaired.

Other intangible assets

Other intangible assets include intangible assets acquired with the purchase of businesses, such as lease contracts acquired under favourable conditions, customer relationships and non-competition agreements. The value allocated to a lease contract is amortized on a straight-line basis over the duration of the lease. The value of customer relationships and non-competition agreements is amortized on a straight-line basis over the estimated duration of the benefits obtained, which varies from five to ten years. Other intangible assets also included application software that is amortized on a straight line basis over five to ten years.

Operating leases

Rent under operating leases is charged to expense on a straight-line basis over the lease term. Any difference between the rent expense and the rent payable is reflected as deferred rent on the balance sheet. Lease term includes free rent periods as well as the construction period prior to the commencement of the lease.

Lease inducements applicable to lease contracts are deferred and amortized as a reduction of operating costs over the lease term using the straight-line method.

Equity-based compensation

Options granted to acquire Fund units are recorded using the fair value method. Under this method, compensation expense is measured at fair value at the grant date using the Black-Scholes option pricing model. The expense is recognized over the vesting period with a corresponding credit to contributed surplus. Balances in contributed surplus are transferred to the carrying value of Fund units when the options are exercised. Proceeds from the exercise of Fund options are credited to Fund units.

Income taxes

The Fund is an income trust and as such, is only taxable on income not distributed to unitholders. Income tax obligations relating to distributions from the Fund are the obligations of the unitholders.

The subsidiary New Look and the variable interest entity use the future income taxes method of accounting for income taxes. Under this method, future income tax assets and liabilities are determined according to unused tax losses and differences between the carrying amount of the assets and liabilities, and their values for tax purposes. Future tax assets and liabilities are measured using substantively enacted income tax rates expected to be in effect for the years in which the tax losses are expected to be used and the differences are expected to reverse. The effect of a change in tax rates on future income tax assets or liabilities is recognized in earnings in the period in which the change occurs. In addition, unused tax credits are assessed for recognition as tax assets. New Look records a valuation allowance for future income taxes if, based on available information, it is more likely than not that some or all of the future income tax assets will not be realized.

Following the conversion of the Fund into a corporation, as described in Note 29, Subsequent Events, the new entity is subject to income tax rules applicable to corporations. Amounts corresponding to former distributions to unitholders will now be included in the calculation of income for tax purposes of the corporation.

Taxes related to dividends on exchangeable shares

Taxes related to dividends paid on exchangeable shares are charged to retained earnings to the extent that they are not offset by a reduction in corporate income taxes.

These taxes no longer apply after the conversion of the Fund into a corporation, as described in Note 29, Subsequent Events.

4. Financial expenses, net of interest revenues

	2009	2008
	$	$
Interest on long-term debt	289	439
Interest on bank indebtedness and other interest	76	107
	365	546
Financing fees	30	52
Interest revenues	(74)	(9)
	321	589

5. Underlying components in consolidated earnings

Cost of sales

	2009	2008
	$	$
Amounts included in cost of materials, direct labour, operating, selling and administrative expenses	30,775	27,942
Amounts included in amortization	917	940
	31,692	28,882

In thousands of dollars, except per unit amounts

Other components

	2009 $	2008 $
Write-down of inventories included in cost of sales disclosed above	107	138
Loss on foreign currency translation included in cost of sales disclosed above	(65)	(125)
Other gain (loss) on foreign currency translation, including :	(212)	14
Loss from changes in fair value of forward exchange contracts	(58)	
Amortization of property and equipment	2,864	3,021
Amortization of other intangible assets	406	405
Interest income from temporary investments and the escrowed proceeds	72	3
Interest income from a joint venture		3
Interest income from holder of the non-controlling interest	2	3
Accretion of non-interest bearing balance of purchase price, included in interest on long-term debt	57	
Research and development expenses	711	750
Related tax credits		
Current	227	213
Future	174	181

6. Underlying components in consolidated cash flows

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

	2009 $	2008 $
Receivables	132	(312)
Income taxes and tax credits receivable	76	(218)
Inventory	1,017	(1,341)
Prepaid expenses	191	(11)
Accounts payable and accrued liabilities	122	921
Income taxes payable	(40)	(255)
	1,498	(1,216)

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 of an advance as short-term asset.

Cash flows relating to interest, income taxes, and taxes on dividends are detailed as follows:

	2009 $	2008 $
Interest paid	308	597
Income taxes paid and taxes relating to dividends paid	995	1,391

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 net assets acquired are detailed as follows:

	2009 $
Cash	125
Other current assets	165
Property and equipment	263
Non-competition agreement	633
Customer relationships	116
Goodwill	104
Total assets acquired	1,406
Current liabilities	184
Long-term liabilities	85
Future income taxes	179
Total liabilities assumed	448
Net assets acquired	958
Cash paid	325
Balance payable, at fair value [a]	633
	958
Cash paid	325
Less: Cash acquired	125
Cash paid net of cash acquired	200

(a) 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 operations were included in the consolidated earnings from the beginning of 2009.

In thousands of dollars, except per unit amounts

During 2008, New Look acquired an optical practice. The net assets acquired are detailed as follows:

	$
Current assets	99
Property and equipment	125
Lease	150
Customer relationships	75
Net assets acquired	449
Amount paid in cash	275
Balance payable over the next four years, at 3% interest, guaranteed by a letter of credit, average annual payments of $19 (b)	74
Balance payable over the next four years, without interest, average annual payments of $25, subject to realization of minimum sales(b)	100
	449

(b) The balances payable were actually settled in 2009 for $165.

The operations were included in the consolidated earnings from the date of acquisition in September 2008.

8. Receivables

	2009	2008
	$	$
Trade accounts	325	311
Sales taxes	487	607
Lease inducements	51	179
Accrued interest		39
Advances (Note 9)	50	
	913	1,136

9. Advances

	2009	2008
	$	$
Advance to an entity related to a trustee, without interest, annual repayment of $50, expiring in December 2011	100	150
Advance to the holder of the non-controlling interest, bearing interest at prime rate plus 1%, currently 3.25% (4.5% as at December 31, 2008) without repayment terms.	30	30
Advances to a joint venture (a)		91
	130	271
Instalment due within one year	50	
	80	271

(a) Advances to a joint venture were eliminated through the business acquisition described in Note 7.

10. Escrowed proceeds from the sale of a portfolio investment

Following the sale in 2004 of shares of CMN International Inc. ("CMN"), New Look had at the end of 2008 a balance receivable of $1,077 (US $891) which remained 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 2009 in accrued interest revenues and the provision for defence costs represented an increase in earnings before income taxes of $118. The net loss on foreign exchange translation in 2009 includes a loss of $135 related to the escrowed proceeds.

11. Property and equipment

	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

	2008		
	Cost	Accumulated amortization	Net
	$	$	$
Computer equipment	686	298	388
Optical equipment	687	15	672
Other equipment and tools	21,185	14,315	6,870
Signs	1,248	589	659
Leasehold improvements	11,817	4,300	7,517
Assets under capital leases			
Other equipment and tools	687	533	154
Leasehold improvements	131	96	35
Deposit to acquire equipment	61		61
	36,502	20,146	16,356

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

In thousands of dollars, except per unit amounts

12. Other intangible assets

	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

	2008		
	Cost	Accumulated amortization	Net
	$	$	$
Leases	537	45	492
Application software	705	113	592
Customer relationships	324	36	288
	1,566	194	1,372

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

13. Bank indebtedness

The bank indebtedness, for a maximum authorized amount of $4,000 under an operating line of credit to finance day-to-day operations, bears interest at prime rate plus a premium varying from 0.5% to 1.25% (from 0.25% to 1.0% as at December 31, 2008), depending on the ratio of interest-bearing debt to earnings before interest, income taxes and amortization ("EBITDA"). As at December 31, 2009, the prime rate was 2.25% and the applicable premium was 0.75% for a total of 3.0%. As at December 31, 2008, the prime rate was 3.5% and the premium 0.25% for a total of 3.75%.

At the end of 2009, New Look had drawn $1,660 on its operating line of credit ($3,060 at the end of 2008).

New Look may use its operating credit through bankers' acceptances for fees varying from 1.5% to 2.25% (from 1.25% to 2.0% as at December 31, 2008), depending on the ratio of interest-bearing debt to EBITDA. As of December 31, 2009 and December 31, 2008, New Look had no bankers' acceptances outstanding related to the operating line of credit.

Refer to Note 14 for the description of the security.

14. Long term debt

	2009	2008
	$	$
Advances under the "Evergreen" operating credit [(a)]	7,295	6,295
Balance of purchase price, nominal amount of $780, without interest, average annual payment of $195 from 2010 to 2013, fair value estimated using a discount rate of 9%	690	
9% note payable, secured by leasehold improvements having a carrying value of $243, payable in monthly instalments of $7, capital and interest, maturing in May 2012	175	237
6.15% note payable in monthly instalments of $15, capital and interest, maturing in September 2010	117	283
8.88% note payable, secured by leasehold improvements and equipment having a carrying value of $143, payable in monthly instalments of $2, capital and interest, maturing in May 2014	85	101
Obligations under capital leases, average rate of 10.6%, payable in monthly instalments, maturing on various dates until 2010	17	58
9% note payable in monthly instalments of $1, capital and interest, maturing in January 2013	48	61
6.6% note payable in monthly instalments of $1, capital and interest, maturing in 2013	37	46
9% note payable in monthly instalments of $1, capital and interest, maturing in July 2011	14	22
Balance of purchase price of a practice settled for $75 in July 2009		100
Term loan denominated in US dollars, repaid in 2009 (US$520)		629
Balance of purchase price of a practice, settled in March 2009		74
Other	5	
	8,483	7,906
Instalments due within one year	1,162	975
	7,321	6,931

(a) Advances under the Evergreen credit bear interest at the rate described below. They are repayable as follows:

- An amount of $3,959 will be repayable beginning in April 2010 in 48 monthly instalments of $82 in capital.
- An amount of $3,336 will be repayable beginning in January 2011 in 48 equal monthly instalments of $69 in capital.

In thousands of dollars, except per unit amounts

Instalments on long-term debt

	Obligations under capital leases $	Other long-term debt $
2010	18	1,145
2011		2,130
2012		2,075
2013		2,025
2014		1,091
	18	8,466
Interest included in minimum lease payments	1	
	17	8,466

Credit facilities

The credit facilities existing at December 31, 2008 were renewed in 2009. The main elements of the renewed facilities are the following:

- An operating line of credit described in Note 13*, Bank Indebtedness.*

  An "Evergreen" operating credit totalling $12 million to finance capital expenditures. The first tranche of $10 million had a revolving period that ended December 31, 2009. The second tranche of $2 million has a revolving period ending December 31, 2011. No payment of capital is required during a revolving period. Upon expiry of a revolving period, New Look shall be required to repay the borrowed amount in 48 monthly equal instalments in capital. The credit will be revised after the filing of these audited consolidated financial statements.
- The variable interest rate applicable to the Evergreen credit is prime rate plus a premium varying from 0.5% to 1.25% (0.25% to 1% as of December 31, 2008) depending on the ratio of interest-bearing debt to EBITDA. As of December 31, 2009, the prime rate was 2.25% and the applicable premium was 0.75% for a total of 3.0%. As of December 31, 2008, the prime rate was 3.5% and the premium 0.25% for a total of 3.75%.
- New Look may use its Evergreen credit through bankers' acceptances for fees varying from 1.5% to 2.25% (1.25% to 2.0% as of December 31, 2008), depending on the ratio of interest-bearing debt to EBITDA; the fee applicable as of December 31, 2009 was 1.75% (1.25% as of December 31, 2008). As of December 31, 2009, all advances under the Evergreen credit were financed through bankers' acceptances. No bankers' acceptances were outstanding as of December 31, 2008 related to the Evergreen operating credit.
- Upon the expiry of a revolving period, New Look has the option to change the floating rate to a fixed rate to be determined by the bank at such time.
- A credit for a maximum net risk of $720 ($420 in 2008) is available to New Look to manage interest risk by using interest rate swap agreements or other treasury product derivatives.

The bank indebtedness and the long-term credit facilities are secured by a first ranking hypothec of $25,000 on New Look's movable property. Financial ratios required under the financing agreement were respected as of December 31, 2009 and 2008.

The credit facilities are reviewable annually.

15. Income taxes

During the year, the Fund allocated all of its income to unitholders and accordingly, no provision for income taxes was recorded by the Fund. New Look and the other entity whose financial statements are consolidated with those of the Fund are subject to tax on their taxable income at a rate of approximately 30.9% (30.4% in 2008).

The effective income tax rate differs from the combined federal and provincial income tax rates in Canada. This difference results from the following:

	2009 $	2008 Restated $
Earnings before income taxes and non-controlling interest	7,101	6,418
Current statutory income tax rate	30.9%	30.4%
Income tax expense at statutory rate	2,194	1,951
Increase (decrease) in taxes resulting from:		
Distributions to unitholders	(780)	(763)
Non deductible expenses	75	51
Non deductible loss	41	(9)
Increase in valuation allowance	45	11
Change in tax rates	13	
Other	89	(63)
Income tax expense	1,677	1,178

The components of the income tax expense are as follows:

	2009 $	2008 $
Current	42	39
Future	1,635	1,139
	1,677	1,178

In thousands of dollars, except per unit amounts

The future income tax assets and liabilities result from differences between the carrying amount and the tax basis of the following items:

	2009	2008 Restated
	$	$
Long-term future income tax assets		
Unused non-capital losses and tax credits	1,475	1,244
Long-term liabilities	758	742
	2,233	1,986
Long-term future income tax liabilities		
Property and equipment	1,573	746
Goodwill and other assets	527	400
	2,100	1,146
Net long-term future income tax assets before valuation allowance	133	840
Valuation allowance	312	267
Net long-term future income tax assets (liabilities)	(179)	573

16. Fund units and exchangeable shares

Fund units

An unlimited number of units may be issued by the Fund. Each unit is transferable and represents an equal beneficial interest in any distribution and in the net assets in the event of termination. Each unit entitles the holder to one vote at all meetings of unitholders.

Exchangeable shares

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

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

Exchangeable shares of New Look are presented as part of unitholders' equity as they meet the two following conditions under Canadian GAAP: a) the holders of exchangeable shares are entitled to receive distributions of earnings economically equivalent to distributions received by unitholders of the income trust; and b) the holders of the exchangeable shares can only dispose of their shares by exchanging them for units of the income trust.

Normal course issuer bid

Under a "normal course issuer bid", approved by the TSX, that became effective on May 1st, 2009, the Fund may repurchase, subject to a daily limit of 1,000 units, up to 300,583 of its units until April 30, 2010. The units are repurchased on behalf of the Fund by a registered broker though the facilities of the TSX. The price paid for the units is the market price at the time of acquisition and the number of units purchased and the timing of any such purchases are determined by the Fund. All units purchased by the Fund are cancelled.

During the year ended December 31, 2009, 46,000 units were repurchased at an average price of $5.49.

Outstanding units and exchangeable shares

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

	Units		Exchangeable shares	
	Number	$	Number	$
Balance at December 31, 2007	5,784,795	12,172	3,870,404	7,989
Issued pursuant to exercise of options				
Paid in cash, average price of $3.96 per unit	98,035	388		
Transfer from contributed surplus[a]		52		
Balance at December 31, 2008	5,882,830	12,612	3,870,404	7,989
Issued pursuant to exercise of options	281,498			
Paid in cash, $3.52 per unit		990		
Transfer from contributed surplus[a]		155		
Repurchased [b]	(46,000)	(102)		
Balance at December 31, 2009	6,118,328	13,655	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 2009, 46,000 units were repurchased at an average price of $5.49 for total disbursements of $252, which were recorded as follows:

	$
Reduction in the carrying value of the Fund units	102
Reduction in contributed surplus	4
Increase in deficit as premium on repurchase of units	146
	252

17. Contributed surplus

	2009	2008
	$	$
Balance, beginning of year	1,236	1,162
Equity-based compensation expense	146	126
Transfer to Fund units	(155)	(52)
Repurchase of units	(4)	
Balance, end of year	1,223	1,236

As indicated in Note 3, the amount corresponding to the equity-based compensation expense is credited to contributed surplus over the vesting period of options granted and balances in contributed surplus are transferred to the carrying value of Fund units when options are exercised.

18. Executive unit option plan

Under the Executive Unit Option Plan of the Fund, options to acquire Fund units may be granted to key employees, officers, directors and trustees. The exercise price of each option equals the market price of the unit on grant date and an option's maximum term may not exceed ten years. Options vest according to a period established by the Board of Trustees at the time the options are granted.

In thousands of dollars, except per unit amounts

Accordingly, the options granted 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) two-thirds after the grant date and the balance at the end of the first year;
iii) 50% after the grant date, 25% at the end of the first year and the balance at the end of the second year;
iv) 100% after the date of grant.

The maximum number of units issuable under the plan at any given time is 10% of units issued and outstanding, including units which may be issued on the exchange of exchangeable shares. The number of units authorized for grants of options was 835,539 as of December 31, 2009.

Changes in the number of options outstanding were as follows:

	2009	2008
Number of options		
Outstanding at beginning of year	712,965	791,000
Granted	172,000	20,000
Exercised	(281,498)	(98,035)
Outstanding at end of year	603,467	712,965
Exercisable at end of year	487,130	599,964
Weigted average exercise price	$	$
Outstanding at beginning of year	5.51	5.28
Granted	5.43	7.20
Exercised	3.52	3.96
Outstanding at end of year	6.42	5.51
Exercisable at end of year	6.64	5.15

The following table summarizes information about options outstanding and exercisable as at December 31, 2009:

	Options outstanding			Options exercisable	
Range of exercise price	Number	Weighted average remaining contrac-tual life (years)	Weighted average exercise price	Number	Weighted average exercise price
			$		$
$3.50 to $3.55	35,000	0.1	3.51	35,000	3.51
$5.10	26,000	1.3	5.10	26,000	5.10
$5.40 to $5.50	172,000	4.4	5.43	60,663	5.43
$5.77	31,467	2.0	5.77	31,467	5.77
$7.20 to $7.44	339,000	2.9	7.39	334,000	7.39
	603,467	3.0	6.42	487,130	6.64

The per-unit average market value was $5.38 in 2009 ($6.23 in 2008) and the per-unit market value at the end of 2009 was $6.19 ($5.50 at end of 2008).

The fair value of options granted is estimated using a Black-Scholes option pricing model with the following assumptions:

	December 2009	December 2008
Expected life (years)	4	4
Expected volatility	35%	35%
Risk-free interest rate	1.6%	3.0%
Expected distributions (a)	$ 0.65	$ 0.63

(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 ($0.87 for 2008). The compensation expense of $146 recorded in 2009 ($126 in 2008) relates to the vesting of options accrued in the period.

19. Net earnings per unit

	2009	2008
	$	$
Net earnings	5,417	5,229
Weighted average number of units and exchangeable shares	9,922,112	9,710,100
Dilutive effect of unit options	37,422	160,651
	9,959,534	9,870,751
Basic net earnings per unit	0.55	0.54
Diluted net earnings per unit	0.54	0.53

20. Adjustment to deficit

Pursuant to the adoption on January 1, 2009 of a policy of expensing start-up costs, retrospectively as described in Note 2, the opening balances of deficit as of January 1, 2008 and January 1, 2009 were restated as follows:

	2009	2008 Restated
	$	$
Write-off of deferred start-up costs at beginning of year (previously reported under "Other intangible assets")	178	279
Less: Future income taxes related to the write-off	55	86
Net increase in deficit	123	193

21. Dividends and related taxes

	2009	2008
	$	$
Dividends declared on exchangeable shares	1,980	1,904
Current tax	990	946
Future tax	(888)	(865)
Net tax related to dividends	102	81
	2,082	1,985

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.

In thousands of dollars, except per unit amounts

22. Cash distributions and dividends

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

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

Dividends paid by New Look to the Fund are discretionary and hence distributions out of such dividends are considered as discretionary.

	2009	2008
	$	$
Total distributions and dividends paid	5,893	5,597
Non-discretionary portion	3,619	3,628

23. Related party transactions

The consolidated statement of earnings reflects the following transactions with related parties:

	2009	2008
	$	$
Interest income from the holder of the non-controlling interest	2	3
Interest income on advances to a joint venture		3

These transactions were concluded at the exchange amount established and accepted by the parties. Advances to an entity related to an officer bear no interest.

24. Commitments

New Look has entered into long-term lease agreements expiring until 2021 which call for lease payments for the rental of buildings. Minimum lease payments required under such leases are as follows:

Year	$
2010	8,304
2011	8,004
2012	7,439
2013	6,697
2014	6,198
Thereafter	14,426
	51,068

New Look has also entered into agreements to purchase property and equipment totalling $880.

25. Contingencies

New Look is contingently liable with respect to claims and litigations that arise in the normal course of operations. Management is of the opinion that any liability in excess of the provision already recorded in the accounts, which may arise from such claims, would not have a material adverse effect on the financial statements of the Fund.

26. Financial instruments

The following table provides the carrying value of each category of financial assets and liabilities and the related balance sheet item:

	2009	2008
	$	$
Assets held for trading		
Cash	839	478
Loans and receivables		
Trade accounts	325	311
Lease inducements	51	179
Accrued interest		39
Advances including current portion	130	271
Escrowed proceeds from sale of a portfolio investment		1,077
Total financial assets	1,345	2,355
Other financial liabilities		
Bank indebtedness	1,660	4,034
Accounts payable and accrued liabilities	7,570	7,323
Distributions and dividends payable	496	465
Long-term debt including current portion	8,483	7,906
Total financial liabilities	18,209	19,728

Estimated fair value

Cash, receivables excluding sales taxes, bank indebtedness, accounts payable and accrued liabilities, as well as distributions and dividends payable are financial instruments whose fair values approximate carrying amounts given that they mature shortly.

The fair value of escrowed proceeds from sale of a portfolio investment was equivalent to the carrying amount.

The fair value of long-term debt was determined by discounting future cash flows using rates which New Look could currently obtain for loans with similar terms and conditions and maturity dates. The estimated fair value of the long-term debt was essentially equivalent to the carrying amount. For 2008, the estimated fair value of the long-term debt was $7,610 compared to a carrying amount of $7,906.

In thousands of dollars, except per unit amounts

27. Financial risk management objectives and policies

The Fund is exposed to various financial risks including: foreign exchange risk, interest rate risk, credit risk and liquidity risk resulting from its activities. Management is responsible for setting acceptable levels of risks and reviewing management activities as necessary.

The Fund does not enter into financial instrument agreements, including derivative financial instruments, for speculative purposes.

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

Exchange risk

The Fund is exposed to foreign currency fluctuations with regards to the following assets and liabilities, expressed in Canadian dollars, as at December 31, 2009 and 2008:

	Currency	2009	2008
		$	$
Cash	USD	607	24
Escrowed proceeds	USD		1,077
Term loan	USD		629
Accounts payable	USD	245	797
Accounts payable	EUR	30	101

The Fund is also exposed to foreign currency fluctuations with regards to purchases of certain goods in the normal course of business, in the amount of US$3,095 and €152 for the current year (US$3,570 and €386 for 2008). Based on these figures, each 1% strengthening of the US dollar and euro would increase the amount of expenses by $40 ($62 in 2008) and decrease earnings before taxes by the same amount. 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. No such contracts were used in 2008.

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 December 31, 2009 related to the purchases of US dollars. They are summarized as follow:

Maturity	USD	Average contract rate
Less than 4 months	300	1.150
From 4 to 12 months	850	1.085

As of December 31, 2009, the estimated fair value of the above exchange contracts was a liability of $58 included with accounts payable and accrued liabilities.

Interest rate risk

As at December 31, 2009, 86% (88% as at December 31, 2008) of the long-term debt bore interest at a floating rate and therefore, the Fund is exposed to cash flow risks resulting from fluctuations in interest rates. A 100 basis point increase in interest rates would result in an increase in annual interest payments of $70 ($66 in 2008). As mentioned in Note 14, the Fund has the option at the end of a revolving period to change a floating rate to a fixed rate and is enabled to use interest rate swap agreements.

The long-term debt bearing a fixed rate of interest, including the discounted non-interest bearing debt, amounted to $1,184 as at December 31, 2009 ($892 as at December 31, 2008) and therefore, the Fund is exposed to the risk of changes in fair value resulting from fluctuations in interest rates. A 100 basis point variation in interest rate would result in a variation in fair value of the debt of $19 ($67 in 2008).

Management's objective is to reduce the interest rate risk by using a combination of floating and fixed interest rates.

Credit risk

Credit risk results from the possibility that a loss may occur from the failure of another party to perform according to the terms of the contract. Generally, the carrying amount reported on the Fund's balance sheet for its financial assets exposed to credit risk represents the maximum amount exposed to credit risk.

Cash

Credit risk associated with cash is substantiality mitigated by ensuring that these financial assets are placed with major financial institutions that have been accorded investment grade ratings by a primary rating agency and qualify as credit worthy counterparties.

Trade receivables

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

Liquidity risk

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

The maturity analysis of financial liabilities, including estimated interest, is as follows:

	Long-term debt	Capital leases	Other financial liabilities[(a)]	Total
2010	1,494	18	9,726	11,238
2011	2,332			2,332
2012	2,229			2,229
2013	2,105			2,105
2014	1,106			1,106
	9,266	18	9,726	19,010

(a) Other financial liabilities include short-term bank indebtedness, accounts payable and accrued liabilities, and distributions and dividends payable.

In thousands of dollars, except per unit amounts

28. Capital management

The Fund's objectives when managing capital are:

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

The Fund's capital is composed of unitholders' equity, including the exchangeable shares, the non-controlling interest, the long-term debt including the current portion, and short-term bank indebtedness, less cash and cash equivalents. The Fund manages the capital structure by financing its growth by using a combination of its credit facilities and cash flows from operations.

The Fund's capital structure is as follows:

	2009	2008 Restated
	$	$
Unitholders' equity	16,532	16,257
Non-controlling interest	30	23
Long-term debt including short-term portion	8,483	7,906
Bank indebtedness	1,660	4,034
Cash	(839)	(478)
Total capitalization	25,866	27,742

The current Fund's guidelines with respect to its capital structure (no change from 2008) and the resulting performance are as follows:

	Guidelines	2009	2008
Interest bearing debt(a) / EBITDA(b)	Maximum of 2.0	0.8	1.1
Interest bearing debt(a) / Total capitalization	0.50	0.36	0.41

(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.

While the Fund 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 was respected in the financial years ended December 31, 2009 and December 31, 2008.

The Fund may repurchase its units under the "normal course issuer bid" described in Note 16 and has no commitments to issue units except pursuant to the exercise of options and the exchange of exchangeable shares.

29. Subsequent Events

Conversion of the Fund to a corporation and business acquisition

Pursuant to a plan of arrangement governed by the *Canada Business Corporations Act* and completed on March 2, 2010 following an order of the Québec Superior Court, the Fund was converted to a corporation which has continued the activities of New Look and activities related to the distribution business of Sonomax Hearing Healthcare Inc. ("Sonomax"). The arrangement and subsequent operations resulted in the following:

- A new corporation named New Look Eyewear Inc. ("NewLookCo) has replaced the Fund, New Look and Sonomax.
- Each Fund unit and each exchangeable shares of New Look have been replaced by shares of NewLookCo on a one-for-one basis.
- NewLookCo invested an amount of $1,740 for the acquisition of Sonomax. The amount was paid as follows: $1,566 in cash and $174 in preferred shares redeemable over the next two years. The assets acquired include a distribution licence, inventory, furniture and tax attributes of Sonomax.
- Options to purchase Fund units have been replaced by options to purchase shares of NewLookCo under the same conditions as those existing under the Fund option plan.
- For accounting purposes, NewLookCo is considered the continuity of the Fund and hence, the carrying value of the Fund's assets and liabilities has become the carrying value of NewLookCo's assets and liabilities.
- Beginning with the first quarter of 2010, the consolidated financial statements of NewLookCo will replace the consolidated financial statements of the Fund.
- The "normal course issuer bid", described in Note 16, allowing the Fund to repurchase its units under certain conditions has been replaced by a similar "normal course issuer bid" which allows NewLookCo to repurchase its shares.
- The Fund's policy to make monthly distributions has been replaced by NewLookCo's policy to make quarterly dividends, a "stub" dividend covering the period from March 3rd to March 27th, 2010 being foreseen for May 2010.

Borrowing

A borrowing in the amount of $1.7 million was made in March 2010 out of the Evergreen credit.

Subsequent distributions and dividends

The Fund declared a distribution of $0.0542 per unit for the month of January and a distribution of $0.0578 per unit for the period of February 1, 2010 through March 2, 2010. New Look declared a corresponding dividend per exchangeable share for each of the same periods.

NEW LOOK EYEWEAR

CELEBRATING 25 YEARS
OF VISION IN 2010

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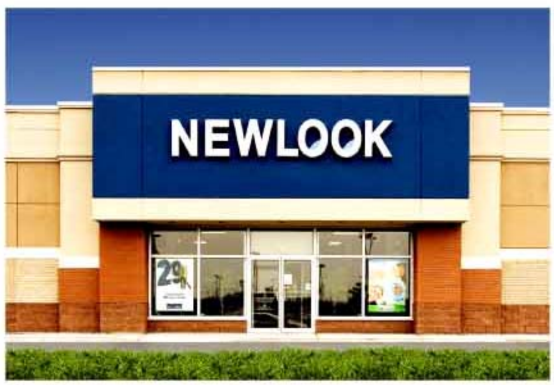

Trustees and Directors

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 March 2, 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.

For the year ended December 31, 2009