ANNUAL REPORT

2014

For the year ended December 27, 2014

NEWLOOK
lunetterie eyewear

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Annual General Meeting of Shareholders
May 7, 2015 at 10 a.m. (Montréal time)
The Ritz-Carlton, Salon Or
1228 Sherbrooke Street West
Montréal, Québec

Chairman's Message

For the year ended December 27, 2014

FOCUS ON STRATEGIC GROWTH IN 2014

The past 24 months have been an extremely active period for the New Look group during which it has taken a major step forward in building its basic business and successfully pursuing its strategic game plan. The New Look group is now the second largest retail optical group in Canada with 192 corporate stores and a leading position in Québec and the Maritimes based on its three established and dynamic banners: New Look Eyewear, Vogue Optical and Greiche & Scaff.

HIGHLIGHTS OF 2015

Set out below are summary highlights of 2014. Further details are set out in the following messages of the Vice Chairman, Antoine Amiel and the President, Martial Gagné:

- Revenues for 2014 increased by 54.2% to reach a record high in excess of $140 million.
- Comparable store sales orders for the year were solid at 1.7% over the previous year.
- Adjusted EBITDA(a) was $27.0 million for 2014 as compared to $15.8 million the previous year, an increase of 71.3%.
- The Company made investments totalling $ $25.2 million of which $16.5 million was related to the acquisition of the assets and the business of Greiche & Scaff.
- The Company successfully completed the integration of the laboratory of Greiche & Scaff into New Look's laboratory in Ville St-Laurent. Other major investments in 2014 included the acquisition of three independent optical clinics, the addition of one store, the enlargement of the lens manufacturing laboratory and the distribution center located in Ville St. Laurent, Québec, and the ongoing implementation of a new point-of-sales software for the purpose of improving operational and management efficiency.
- Cash flows from operations before changes in working capital were strong at $24.3 million, an increase of $9.7 million over last year. It represented $1.83 per share (on a diluted basis) compared to $1.34 last year.
- Adjusted net earnings(a) attributable to shareholders for 2014 were $9.4 million as compared to $7.0 million the year before. Adjusted net earnings per share were $0.72 as compared to $0.67 last year.
- The strong financial performance of the Company in 2014 allowed it to maintain its quarterly payments of dividends to shareholders of $0.15 per share.

The above factors contributed to a very strong performance in the trading value of New Look Eyewear's common shares during the year.

TRADING PERFORMANCE

From January 1st through December 31st, the Company's shares traded in the range of $15.01 to $23.70 per share and closed at $22.19. New Look's solid results allowed its shares to significantly outperform both the TSX Composite Index and the Small Cap Index (TSX Smallcap Index).

PROPOSED CHANGE OF NAME

Consistent with the Company's current strategy of acquiring and operating separate established retail optical banners and its pan-Canadian aspirations, at the Annual Meeting on May 7th, 2015, a resolution will be proposed to change the Company's name from New Look Eyewear Inc. to New Look Vision Group Inc. While very proud of its "Lunetterie New Look" roots, it is time to take this step. The operating divisions and companies will continue, as before, to carry on their respective businesses under the banners New Look Eyewear, Vogue Optical and Greiche & Scaff.

OUTLOOK

The Company believes that the acquisition of Greiche & Scaff greatly strengthens the leadership of New Look in the eye care industry in Eastern Canada. Our current priorities and development plans include the following objectives:

- To continue to explore acquisitions in Québec, the Atlantic provinces, and across Canada;
- To continue to leverage the three primary tradenames, New Look, Greiche & Scaff and Vogue Optical, which have long and solid reputation in their respective markets;
- To continue to expand the New Look, Greiche & Scaff and Vogue Optical store networks in their respective target markets, through new store openings and the acquisition of individual optical practices;
- To improve liquidity and the balance sheet through a planned program of annual repayment of acquisition debt used to acquire Vogue Optical and Greiche & Scaff;
- To increase our market position by an expansion and continual modernization of our state-of-the-art laboratories, aggressive marketing, availability of optometrists, and well-trained personnel;
- To continue to improve the efficiency of our operations by significant investments in a new point-of-sales system;
- To continue to improve our web-related platform for eye exam appointments, contact lens sales orders and greater information to the public through our internet window display and newsletter on eyewear fashion trends.

MANAGEMENT TEAM AND BOARD MEMBERS

Congratulations are in order for Antoine Amiel, Martial Gagné, and the senior management team at New Look Eyewear Inc., Jean-Luc Deschamps, Mario Pageau, France Reimnitz, Caroline Rouleau, Claire Boulanger and Marie-Josée Mercier; at Vogue Optical, John MacLeod, Juanita Leary and Matthew Rust; and at Greiche & Scaff, Derrick Giannoumis.

A special thanks to members of the Board of Directors for their continuing support, guidance and advice. The past 24 months have been very busy for the Board and Board Committees in support of the high level of activity in the companies.

Finally, a special note of thanks to Jean-Luc Deschamps, who will retire as C.F.O. effective June 30th, 2015. For the past 7 years he has been with the team through a period of rapid growth and development and we wish him the best in his new endeavours.

We are all confident that New Look Eyewear will continue its positive building process in 2015 and beyond.

W. John Bennett
Chairman of the Board
New Look Eyewear Inc.
March 16th, 2015

a) *EBITDA, adjusted EBITDA and adjusted net earnings are not recognized measures under IFRS and may not be comparable to similar measures used by other entities. Refer to pages 12 and 14 of this annual report for more details.*

Vice-Chairman's Message

For the year ended December 27, 2014

STRATEGIC DEVELOPMENTS

John has asked me to do an update on strategic factors impacting the retail optical industry and New Look's development outlook. There are currently three major trends underpinning the Canadian optical industry that New Look and Vogue Optical have positioned themselves well to leverage.

DEMOGRAPHICS

The optical industry's primary growth driver is demographics. Presbyopia, the decreasing ability to focus at reading distance, is a natural part of the eye's aging process and becomes noticeable in the early to mid-forties. By the mid-fifties, only 1 in 25 people are spared the need for vision correction. The ageing of the Canadian population supports our long-term growth outlook. In addition to this age related patients intake, the strain put on eyesight by today's proliferation of dynamic displays means the need for vision correction is wider spread among young generations than ever before.

OPTICAL PRODUCTS

Eyeglasses' ever increasing performances and attractiveness underpin the long-term product mix improvement trend we foresee as our second growth driver.

Eyeglasses, launched nearly seven centuries ago, have proven to be a remarkably resilient concept. Alternative forms of eyesight correction, contact lenses or surgery, have not undermined their dominance. Improvements in lens precision have brought increasing wearer satisfaction levels and the advent of designer frames have made eyeglasses a sought after fashion item instead of the necessary apparatus it used to be.

DISTRIBUTION AND CONSOLIDATION

The impending consolidation of optical retail is the third growth trend.

More than half of all Canadian optical stores are operated independently of any retail brand, integrated distribution system and consolidated ownership. The competitive advantages of a prominent retail brand to draw footfall, purchasing and operational economies of scale and investment capacity are forces that independent operators and smaller chains will increasingly be looking to join.

The sale of optical goods on line as an alternative to traditional retail has had a share of the contact lens segment for years but has so far had a limited impact on the eyeglass one. Given the regulations concerning prescriptions, the need to measure and fit the frame to the patient's face in person and the inherent fashion nature of the purchase, on line sales are likely to remain secondary to the traditional channel and confined to the lower end of the market.

DEVELOPMENT AND OUTLOOK

New Look executed both organic and external growth in 2014. Three acquisitions of individual optical practices and a new store opening were completed during the year. The optical retail consolidation trend continues to give us opportunities to complement our store network with recognized professionals operating from long established optical practices.

In the second half of 2014 New Look also acquired Greiche & Scaff's 49 stores, a long-established and prominent optical retail banner in Québec, complementary to New Look in all regards. We now have the ability to leverage two distinct store banners in the province, thereby broadening our customer reach.

Vindicated by the 2014 results, New Look will pursue the same strategy in 2015, combining organic and external growth as well as leveraging our newly acquired size to maximize synergies throughout our three store networks.

We at New Look and Vogue Optical feel privileged welcoming the Greiche & Scaff team in our group. We are very much looking forward to sharing the methods that have underpinned the three organizations' rise to prominence in their respective markets and segments.

Lastly I wish to congratulate all at New Look and Vogue Optical for another record breaking year of profitable growth and express my gratitude to the members of the Board for their guidance and to our shareholders for their trust.

Antoine Amiel
Vice-Chairman of the Board
New Look Eyewear Inc.
March 16th, 2015

President's Message

For the year ended December 27, 2014

2014 IN REVIEW

Through several significant initiatives in 2014, New Look established itself as a dominant player in the Eastern Canadian optics market, thus ensuring the group's revenue growth for the years to come.

Despite an ever-demanding market situation, the annual sales of comparable stores remained strong with a 1.7% increase compared to last year. All banners included, revenues reached a record high with an increase of 54.2%

EXPANDING OUR MARKETS

In 2014, we continued our growth strategy by adding two new optical practices located in the province of Québec. These two practices brought to 76 the number of stores operating under the New Look banner as of December 27. We also acquired an optical clinic located in Prince Edward Island that will continue to operate under its current name. This will allow us to continue asserting our position in the Maritimes by reaching consumer segments not already served by the current New Look and Vogue Optical business models.

INVESTING IN OUR INFRASTRUCTURES

As part of our previously announced plans, we successfully completed the remodeling of the space used by our laboratory and distribution center. In doubling the occupied space of the building we acquired in 2012, we also doubled the area reserved for our surfacing processes, the edging capacity by adding state-of-the-art equipment and the distribution and warehousing capacity, allowing us to serve a greater number of stores. This reengineering also made it possible to integrate the Greiche & Scaff laboratory's activities, which were relocated in November 2014.

We continue to work on the implementation of a new point-of-sales system. Real-time tests are currently underway in certain stores and overall implementation is scheduled for 2016.

THE EYEWEAR BUSINESS - A CUSTOMER CARE BUSINESS

Ever-increasing customer expectations lead us to constantly refine and customize our approach. Our wide selections of frames, high-quality lenses and competitive prices make us a first choice destination in the eye care business. However, it is the way our customers are treated in our stores that makes the difference. Customer service must always remain our top priority. Our customers' loyalty and trust are nurtured by the way they are greeted, listened to, and respected, be it during an eye exam or in the store. This is what sets us apart and this difference is the result of various factors, including the professional development of our staff. In 2015, we will aim for an even more personalized approach, based on customer expectations. Stronger communication tools will help us better target our approach to reach this goal, and assert our market position and growth.

I would like to thank all New Look's employees and all the optometrists that contribute every day to our success through their passion and dedication to customers. Also, a special thanks to our customers who recognize the quality of our professional services. We also welcome our colleagues from Greiche & Scaff, with whom we share the same passion for the eye care business. We have already started to work as a team to identify the best practices and synergies to optimize results.

GREICHE & SCAFF

The highlight of the year was of course the acquisition of Greiche & Scaff in October 2014. With this acquisition, we now have three leading retail optical banners. Our network now has 192 stores with activities concentrated in Québec, the Maritimes and eastern Ontario. The Greiche & Scaff banner will continue to operate under its name. The ownership of this dominant banner in Québec, along with the New Look banner, will lead to great opportunities. Through specific and complementary positioning, we will be able to increase our overall market shares while maintaining the profitability and development of each banner.

OUTLOOK

New Look made investments totalling $25.2 million in 2014 and I know that these investments will pave the road for many exciting years to come. The balance sheet reflects the investments that were made this year and the new capital structure reflects our 2013 growth strategy.

To conclude, I would like to express my sincere thanks to my dynamic management team and the members of the Board of Directors for their valuable contributions.

Martial Gagné, FCPA, FCMA
President
New Look Eyewear Inc.
March 16th, 2015

Management's Discussion and Analysis

2014

For the year ended December 27, 2014

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HIGHLIGHTS

Highlights for the fourth quarters of 2014 and 2013 and the year ended December 27, 2014 compared to 2013 and 2012 fiscal years are as follows:

	Fourth Quarter		Year		
	2014	2013 as revised[a]	2014	2013 as revised[a]	2012
Revenues[b]	**$40,809**	**$25,596**	**$140,245**	**$90,971**	**$82,296**
Variance	*59.4%*		*54.2%*	*10.5 %*	
Variance in comparable store sales orders	*4.4%*	*4.0%*	*1.7%*	*3.7 %*	*(1.3)%*
Adjusted EBITDA[c]	**$7,501**	**$4,428**	**$27,030**	**$15,780**	**$15,362**
Variance	*69.4%*		*71.3%*	*2.7 %*	
% of revenues	*18.4%*	*17.3%*	*19.3%*	*17.3 %*	*18.7 %*
Per share (diluted)	$0.55	$0.39	$2.05	$1.47	$1.49
Net earnings attributed to shareholders[c]	**$2,023**	**$1,112**	**$7,774**	**$6,240**	**$6,478**
Variance	*81.9%*		*24.6%*	*(0.4)%*	
Net earnings per share					
Basic	$0.16	$0.12	$0.61	$0.59	$0.64
Diluted	$0.15	$0.11	$0.59	$0.58	$0.63
Adjusted net earnings attributed to shareholders[c]	**$2,722**	**$1,778**	**$9,433**	**$7,022**	**$6,492**
Variance	*53.1%*		*34.3%*	*8.2 %*	
Per share (diluted)	$0.21	$0.17	$0.72	$0.67	$0.63
Cash flows from operating activities, before changes in non-cash working capital	**$6,476**	**$3,506**	**$24,258**	**$14,518**	**$14,769**
Per share (diluted)	$0.47	$0.29	$1.83	$1.34	$1.43
Capital expenditures[d]	$21,814	$77,682	$25,201	$89,352	$9,856
Net debt increase in the period[e]	$10,693	$50,330	$2,920	$54,274	$1,797
Cash dividend per share[f]	$0.15	$0.15	$0.60	$0.60	$0.60
Total dividends[e]	$2,258	$1,896	$7,704	$6,586	$6,148
At end of year					
Total assets[g]			$161,312	$134,581	$47,571
Non-current liabilities[h]			$68,624	$59,343	$11,503
Net debt[e]			$65,543	$62,623	$8,282
Number of stores[i]			192	140	70

a) Some figures for 2013 and 2012 were adjusted to correspond to the presentation adopted in 2014. Also, some figures were revised following the revised purchase price allocation of net assets of Vogue Optical Inc. acquired in 2013. Details are provided in Note 7.3 to the consolidated financial statements.

b) Revenues included the revenues for Greiche & Scaff banner ("Greiche & Scaff") from the date of acquisition, October 14, 2014 until the 2014 year- end.

c) EBITDA, adjusted EBITDA and adjusted net earnings are not recognized measures under IFRS and may not be comparable to similar measures used by other entities. Refer to the sections *EBITDA and Adjusted EBITDA* and *Net Earnings and Adjusted Net Earnings* for the definitions and reconciliations to net earnings.

d) Capital expenditures include amounts financed through debt assumptions, balances of purchase price, issuance of shares and non-controlling interests. Refer to the section Liquidity for a reconciliation of investments in long-term assets and their financing.

e) Net debt refers to the total of the long-term debt, including the short-term portion, the short-term bank indebtedness and dividends payable, in excess of cash. The increase in net debt in 2014 is essentially attributable to the acquisition of the assets and business of Greiche & Scaff in the fourth quarter and to three smaller acquisitions made also during the last portion of the year.

f) The amounts of dividends shown in the table above refer to amounts declared in the periods.

g) The increase in total assets in 2014 compared to 2013 is mainly attributable to the acquisition of the assets of Greiche & Scaff, the acquisition of three independent practices as well as the opening of a new store. The expansion of the laboratory and the distribution center also contributed to the increase in the total assets.

h) Non-current liabilities are comprised of the long-term portion of the long-term debt, deferred lease inducements, investment tax credits and rent, and deferred tax liabilities, as shown on the balance sheet.

i) The increase in the number of stores in 2014 is explained as follows:

• Addition of Greiche & Scaff stores	49
• Acquisition of independent practices	3
• New opening	1
• Closure	(1)

BACKGROUND

Management's Discussion and Analysis ("MD&A") relates to the financial condition, results of operations and cash flows of New Look Eyewear Inc. ("New Look"), its subsidiaries and entities over which New Look has the power to govern the financial and operating policies so as to affect the amount of its return without owning shares of these entities (New Look, its subsidiaries and these entities are together referred to as the "Company"). The main subsidiary of New Look is Vogue Optical Group Inc.

This MD&A provides prospective data, comments and analysis wherever appropriate to assist readers in viewing the business from 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 audited consolidated financial statements for the year ended December 27, 2014.

Except where otherwise indicated, all financial information reflected herein is expressed in thousands of Canadian dollars and is determined on the basis of International Financial Reporting Standards (IFRS). Additional information relating to New Look can be found on the website www.newlook.ca. New Look's continuous disclosure materials, including the annual and quarterly MD&A, annual and quarterly financial statements, annual information forms, proxy solicitation and information circulars and various press releases issued by New Look are also available through the SEDAR system at www.sedar.com.

2014 OVERVIEW

The Company has better positioned itself to be a leader the Eastern Canada optical retail business and grow revenues and EBITDA for the years to come. In this regard, the most important action taken was the acquisition of Vogue Optical, in December 2013, a leading player in Eastern Canada. In the fall of 2014, the company pursued its strategy further with the acquisition of the assets and business of Greiche & Scaff, an important optical retailer in Québec. This strategic acquisition added 49 stores to the network of the Company which now counts 192 corporate stores. Other highlights for the year can be summarized as follows:

- Revenues for 2014 increased by 54.2% to reach a record high in excess of $140 million.
- Comparable store sales orders for the year were solid at 1.7% over the previous year.
- Adjusted EBITDA was $27.0 million for 2014 as compared to $15.8 million the previous year, an increase of 71.3%.
- The Company made investments totalling $25.2 million of which $16.5 million was related to the acquisition of the assets and the business of Greiche & Scaff.
- The company completed the integration of the resources and the equipment of the laboratory of Greiche & Scaff into New Look's laboratory in Ville St-Laurent. Restructuring costs related to this integration were recorded in the fourth quarter of 2014.
- Other investments included the acquisition of three independent optical clinics, the addition of one store, the enlargement of the lens manufacturing laboratory and the distribution center located in Ville St. Laurent, Québec, and the ongoing implementation of a new point-of-sales software for the purpose of improving operational and management efficiency.
- Cash flows from operations before changes in working capital were strong at $24.3 million, an increase of $9.7 million over last year. They represented $1.83 per share (on a diluted basis) compared to $1.34 last year.
- Adjusted net earnings attributable to shareholders for 2014 were $9.4 million as compared to $7.0 million the year before. Adjusted net earnings per share were $0.72 as compared to $0.67 last year.
- The strong financial performance of the Company in 2014 allowed it to maintain its quarterly payments of dividends to shareholders of $0.15 per share.
- The Company also continues its strong efforts in searching for new growth opportunities in Québec, the Atlantic Provinces, Eastern Ontario and the rest of Canada.

DESCRIPTION OF ACTIVITIES

New Look is a leading provider of eye care products and services in Eastern Canada. As of December 27, 2014, the Company had three main banners: New Look , Vogue Optical and Greiche & Scaff. The company network consists of 192 corporately-owned eye care stores. Stores are mainly located in Québec and the Atlantic Provinces: Québec (119), New Brunswick (21), Nova Scotia (21), Newfoundland and Labrador (14), Prince Edward Island (6), Ontario (8), Saskatchewan (2), and British Columbia (1). The Company operates a lens processing laboratory and a distribution centre in Ville St-Laurent, Québec, and a lens processing laboratory in Charlottetown, Prince Edward Island.

APPROVAL OF THE FINANCIAL STATEMENTS

The Company's consolidated financial statements for the year ended December 27, 2014 have been approved by the Board of Directors upon recommendation of the Audit Committee prior to release.

ACCOUNTING POLICIES

Year-end

The year-end of the Company is the last Saturday of December. Both 2014 and 2013 fiscal years had 52 weeks of operations.

New policies adopted or updated in 2014

Management assessed that the Greiche &Scaff tradename acquired in 2014 has an indefinite useful life. This is in line with the treatment granted to the New Look Eyewear and Vogue Optical tradenames. Consequently, these three tradenames are not amortized but are subject to an annual impairment test.

Optical equipment was formerly amortized over 15 years. The amortization period now varies from 10 to 15 years.

Critical accounting estimates

The preparation of consolidated financial statements in accordance with IFRS 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 Company.

Allowance for obsolescence

Although the Company continuously endeavours to increase the inventory turnover to reduce the risk of obsolescence and improve cash flows, management estimates an allowance for obsolescence regarding slow moving inventories. Such estimates are based on historical experience of inventories liquidated, donated to charities or destroyed.

Useful life of property, plant, equipment and intangible assets

For the purpose of calculating the depreciation and the amortization of property, plant, equipment and intangible assets, estimates of the duration of their useful lives must be carried out. Factors such as risks of obsolescence caused by new technologies and the Company's objective of using state-of-the-art equipment and presenting fashionable stores are taken into account.

Allocation of purchase price of a business

When acquiring a business, management allocates the purchase price to underlying assets and liabilities, as required by the IFRS. With this respect, management identifies intangible assets or liabilities such as customer relationships, contractual agreements and below-market or above-market leases. These assets and liabilities are valued based on assumptions regarding forecast revenues, operating costs and discounting rates. Intangible assets other than New Look, Vogue Optical and Greiche & Scaff tradenames are amortized over the estimated period of benefits arising from their use.

Financial instruments

The carrying value of the non-interest bearing balances of purchase price and the carrying value of a non-interest bearing loan were determined by discounting their nominal value using rates varying from 5 to 8%.

The Company uses two derivatives: forward exchange contracts and an interest rate swap. Both are valued at fair value on the balance sheet and the variation in fair value is reflected in earnings. The Company does not use hedge accounting.

Provisions

The Company recorded provisions as liabilities to cover expected future payments related to product warranties, asset retirement obligations on termination of leases, "onerous contracts" and restructuring. The latter two relate to the acquisition of the Greiche & Scaff business. Amounts are based on historical data, past experience and management's best knowledge of current events and actions that the Company may undertake in the future.

Fair value of equity-based compensation

Equity-based compensation, such as stock options granted to employees, is recognized as an expense even if no cash disbursement is required. Stock options granted are 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, and expected dividends. The determination of these factors is based on historical experience, financial performance of the Company, development plans of the Company, and the economic environment.

Asset impairment tests

Accounting standards require making impairment tests on long-lived assets such as property, plant and equipment, intangible assets and goodwill. The tests involve making assumptions as to discounted future cash flows arising from these assets. Historical data and development plans are the prime source of information used in these circumstances. As per the conclusions of the tests, no impairment was required in 2014 and 2013.

Income taxes and tax credits

The calculation of the income tax expense and tax credits related to R&D, training or investments requires judgement in determining the activities or expenses giving rise to a deduction or credit. Similar judgement is required in determining the right to use tax losses or credits carried over from past reorganizations. The effects of tax assessments differing from the Company's calculations could be material.

IFRS issued but not yet effective

The International Accounting Standards Board has published revised standards, amendments or interpretations that were not yet effective as of December 27, 2014. Those relevant or expected to be relevant to the Company's financial statements are the following:

- *Expensing of levies.* A new interpretation (IFRIC 7) specifies when levies, which include municipal taxes, should be recognized as an expense. In management's view, the impact on the annual and interim financial statements will not be significant.
- *Classification of financial assets (IFRS 9).* The revised standard will apply to the financial years beginning on or after January 1, 2018. The impact has yet to be determined.

- *Revenue from Contracts with Customers (IFRS 15).* The revised standard will apply to the financial years beginning on or after January 1, 2017. The impact has yet to be determined.

Exposure draft on leases

In May 2013, the International Accounting Standards Board (IASB) issued a revised exposure draft on leases. The main purpose of the exposure draft is to put leases on the balance sheet: lessees would then record a right-of-use asset and a lease liability. Management carefully follows the development of this draft exposure as its eventual implementation will have a substantial impact on the financial statements of the Company. The IASB has not yet proposed an effective date of implementation.

RETROSPECTIVE ADJUSTMENTS TO THE 2013 FIGURES

The purchase price allocation of the net assets of Vogue Optical Inc. acquired in December 2013 and described in the 2013 consolidated financial statements was subject to change should new information become available. The application of clauses provided for in the purchase agreement, namely a price adjustment clause, has prompted in the first quarter of 2014 a new purchase price allocation. As accounting standards (IFRS 3) require a retrospective application of a revised purchase price during a "measurement period", that is within one year from the acquisition date, financial data for 2013 were revised. Consequently, net earnings for 2013 decreased by $209,000 and net earnings per share, basic and diluted, decreased by $0.02. More details are provided in Note 7 to the interim financial statements for the third quarter of 2014.

RESULTS ANALYSIS

Revenues

In 2013, more resources were devoted to grow revenues through acquisitions and new initiatives in markets where New Look had no operations. The acquisition of the assets and the business of Vogue Optical Inc. at the end of 2013 gave a significant boost to 2014 results. The acquisition of Greiche & Scaff, at the end of 2014, will impact 2015 results and the years to come.

Revenues for the fourth quarter of 2014 were $40.8 million, an increase of 59.4% over the fourth quarter of last year. The increase was attributable to an increase in existing stores revenues, the addition of 65 stores in December 2013 with the acquisition of the assets and business of Vogue Optical Inc., the opening of a store, the acquisition of 3 optical practices and the acquisition of 49 Greiche & Scaff stores in the last quarter of 2014.

The cumulative 52-week period ended December 27, 2014 benefited from a total addition of 122 stores since the beginning of 2013, which resulted in revenues reaching $140.2 million , up 54.2% compared to the corresponding period of 2013.

Revenues are recognized when goods are delivered to customers. However, management measures the performance of the comparable stores on the basis of sales orders. Accordingly, beginning with the first quarter of 2014 fiscal year, management presents the variance in the performance of these stores on the basis of sales orders. These have increased by 4.4% in the fourth quarter and 1.7% in the year ended December 27, 2014 compared to last year. Comparable stores are those opened before 2013, including the Vogue Optical and the Greiche & Scaff stores.

Operating expenses

Operating expenses for 2014 and 2013 can be compared as follows:

	Fourth Quarter		Year	
	2014	2013	2014	2013 as revised
	$	$	$	$
Revenues	40,809	25,596	140,245	90,971
Materials consumed, net of changes in inventory	8,516	5,420	29,456	19,851
% of revenues	*20.9%*	*21.2%*	*21.0%*	*21.8%*
Employee remuneration				
Salaries and social security costs	13,769	8,545	46,624	28,435
% of revenues	*33.7%*	*33.4%*	*33.2%*	*31.3%*
Equity-based compensation	65	27	422	167
Other operating expenses	11,911	8,141	39,352	27,978
% of revenues	*29.2%*	*31.8%*	*28.1%*	*30.8%*
Total operating expenses	34,196	22,106	115,432	76,264
% of revenues	*83.8%*	*86.4%*	*82.3%*	*83.8%*
Write-down of inventories included in materials consumed	32	84	130	174
Acquisition-related costs, included in the other operating expenses	249	911	1,563	1,070
Restructuring costs, included in materials consumed, employee remuneration and other operating expenses	707		707	

Materials consumed, net of change in inventory

Materials consumed are comprised of frames, lenses and production supplies. The cost of materials includes gains and losses on foreign exchanges related to the purchase of these materials. Expressed as a percentage of revenues, there was a reduction on a cumulative basis due to an improvement in the variety of products sold and by maintaining material costs comparable to last year.

Employee remuneration

The employee remuneration expense includes salaries, bonuses, directors' fees and social security costs of all employees and directors. Most of the expense relates to the store employees including opticians. Other employees are associated to the laboratory, the distribution center and the head office. The overall increase of 1.9 percentage points of revenues on a yearly basis is mainly attributable to the change in the mix of store sizes following the acquisition of Vogue Optical on December 2, 2013 and Greiche & Scaff in the last quarter of 2014.

Other operating expenses

Other operating expenses include occupancy costs of stores, laboratory, distribution center and head office, selling and general expenses of stores as well as marketing and administration expenses, including the development costs and the costs related to the acquisition of the assets and business of Vogue Optical. Depreciation and amortization are not included, they are discussed separately. The above table shows decreases in these other operating expenses of 2.6 percentage points of revenues for the fourth quarter and 1.5 percentage point for the complete year compared to last year. This reflects the impact of consolidating Vogue Optical Optical results in 2014 and the impact of additional acquisition-related costs and restructuring costs incurred in 2014 compared to 2013, as shown in the *EBITDA and Adjusted EBITDA* section.

EBITDA and Adjusted EBITDA

New Look defines EBITDA and adjusted EBITDA as per the table below. It should be noted that these performance measures are not defined under IFRS and may not be comparable to similar measures used by other entities. New Look believes that these measures are useful financial metrics as they assist in determining the ability to generate cash from operations. Investors should be cautioned that EBITDA and adjusted EBITDA should not be construed as an alternative to net earnings or cash flows as determined under IFRS. The reconciling items between net earnings, EBITDA and adjusted EBITDA are as follows:

	Fourth Quarter		Year	
	2014	2013 as revised	2014	2013 as revised
	$	$	$	$
Net earnings	2,019	1,097	7,825	6,260
Depreciation, amortization and loss on disposal of property, plant and equipment	2,524	1,517	8,999	5,057
Financial expenses, net of interest revenues	1,136	399	4,209	703
Income taxes	869	450	3,358	2,520
EBITDA	**6,548**	**3,463**	**24,391**	**14,540**
Equity-based compensation	65	27	422	167
Net loss (gain) from changes in fair value of foreign exchange contracts	(68)	27	(53)	3
Acquisition-related costs (a)	249	911	1,563	1,070
Restructuring costs(b)	707		707	
Adjusted EBITDA	**7,501**	**4,428**	**27,030**	**15,780**
Variance in $	*$3,073*		*$11,250*	
Variance in %	*69.4%*		*71.3%*	
% of revenues	*18.4%*	*17.3%*	*19.3%*	*17.3%*
Per share (diluted)	0.55	0.39	2.05	1.47

a) Acquisition-related costs are mainly comprised of legal and other fees related to the business acquisitions.

b) Restructuring costs include costs related to the integration of the Greiche & Scaff's and New Look's laboratories, the planned closure of six stores in 2015, and the lease termination of the former head office and laboratory of Greiche & Scaff.

Adjusted EBITDA increased significantly in terms of dollars and percentage in the fourth quarter and the year ended December 27, 2014 when compared to last year. Expressed as a percentage of revenues, adjusted EBITDA was 19.3% as compared to 17.3% in 2013.

The performance improvement reflects the contribution of the acquisitions made in 2013 and 2014 , including the most significant acquisition, Vogue Optical. The results of Greiche & Scaff were consolidated from October 14th onward.

Refer to *Summary of Quarterly Results* below for comparisons of Adjusted EBITDA on a quarterly basis.

Depreciation and amortization

The depreciation and amortization expense varied as follows:

	Fourth Quarter		Year	
	2014	2013 as revised	2014	2013 as revised
	$	$	$	$
Depreciation of property, plant and equipment, net of amortization of deferred investment tax credits	1,703	1,117	6,028	3,810
Amortization of other intangible assets	809	347	2,959	1194
Loss on disposal of property, plant and equipment	12	53	12	53
Depreciation, amortization and loss on disposal of property, plant and equipment	**2,524**	**1,517**	**8,999**	**5,057**

The increase in depreciation and amortization, in both the quarter and the year-to-date period compared to last year, reflects the addition of fixed assets and intangible assets in relation with the business acquisitions, store openings, the enlargement of the laboratory and distribution centre in Ville St-Laurent, the addition to lens manufacturing equipment, store renovations, and the addition of optical equipment in stores, realized in 2013 and 2014.

Financial expenses

The following table provides the main elements of financial expenses along with interest revenues for the fourth quarter and the year ended December 27, 2014 compared with the corresponding periods of 2013:

	Fourth Quarter		Year	
	2014	2013 as revised	2014	2013 as revised
	$	$	$	$
Interest on long-term debt	865	366	3,340	632
Interest on bank indebtedness and other interest	4	29	152	29
	869	395	3,492	661
Amortization of deferred costs related to the issuance of debt	96	(15)	383	
Change in fair value of interest rate swap	163		391	
Other financing expenses	36	48	25	99
Financial expenses	1,164	428	4,291	760
Interest revenues	28	29	82	57
Financing expenses, net of interest revenues	1,136	399	4,209	703

Interest charge on the long-term debt increased in 2014 compared to last year as a consequence of the increase in the level of debt following the acquisition of Vogue Optical and Greiche & Scaff. Costs incurred in 2013 and 2014 in connection with the issuance of debt were deferred and are amortized over the term of the debt.

The new capital structure impacted the average financing cost which was 6.07% as of December 27, 2014, when taking into account actual settlements under the interest rate swap and the amortization of deferred issuance costs, compared to 6.15% a year ago. As of December 27, 2014, the long-term debt essentially comprised a balance of $52.75 million under the "acquisition term" facility and a $15 million loan from a capital development fund.

In order to mitigate the risk of an increase in interest rate, management has concluded an agreement to swap the variable interest rate on 50% of the outstanding debt under the acquisition term facility. The change in fair value of this swap represented an expense of $163,000 for the fourth quarter of 2014 and an expense of $391,000 for the year. As of December 27, 2014, approximately 90% of the long-term debt cost was fixed for the next four years.

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 27, 2014 were as follows:

Cash	USD	102
Accounts payable	USD	86
Accounts payable	EUR	544
Forward exchange contracts in US $ (liabilities)	CAD	89

Net gains related to the use of foreign currencies and foreign exchange contracts, including the change in value of these contracts, were $40,000 and $50,000 in the fourth quarter and the year ended December 27, 2014 respectively.

Management has 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 27, 2014, foreign exchange contracts to purchase US $3,550,000 at an average rate of 1.1317 CAD were outstanding, while the spot rate was 1.153 CAD. As hedge accounting is not utilized, changes in fair value of exchange contracts are recognized in earnings.

Income taxes

The income tax figures may be summarized as follows:

	2014	2013 as revised
	$	$
Earnings before income taxes	11,183	8,780
Income tax expense		
Current	867	9
Deferred	2,491	2,511
	3,358	2,520
Effective tax rate	30.0%	28.7%
Combined federal and provincial statutory rate	27.4%	28.7%

The difference in the effective tax rate and the combined federal and provincial statutory rate in 2014 is attributable to non-deductible expenses, adjustments to last year's estimated charges, and re-assessments for prior years. The expenses for 2014 and 2013 are mainly composed of deferred income taxes which corresponds to the use of tax attributes carried forward such as tax losses, R&D expenses and R&D tax credits.

Last year's difference in the effective tax rate and the combined federal and provincial statutory rate was attributable to non-deductible expenses and an adjustment to the value of income tax assets taking into account tax assessments for prior years.

Net earnings and adjusted net earnings

Net earnings for the fourth quarter and the year ended December 27, 2014 can be compared with the corresponding periods of 2013 as follows:

	Fourth Quarter		Year	
	2014	2013 as revised	2014	2013 as revised
Net earnings attributed to shareholders	**$2,023**	**$1,112**	**$7,774**	**$6,240**
Variance in $	*$911*		*$1,534*	
Variance in %	*81.9%*		*24.6%*	
% of revenues	*5.0%*	*4.3%*	*5.5%*	*6.9%*
Per share amount				
Basic	$0.16	$0.12	$0.61	$0.59
Diluted	$0.15	$0.11	$0.59	$0.58
Weighted average number of shares (diluted)	13,108,213	10,585,023	13,164,053	10,766,976
Variation	*23.8%*		*22.3%*	

Net earnings attributed to shareholders for the fourth quarter increased by 81.9% compared to last year. This increase is in line with the EBITDA increase following the Vogue Optical acquisition and reflects additional depreciation, amortization, financial expenses, acquisition-related costs and restructuring costs recorded in the quarters.

Net earnings attributed to shareholders for the year 2014 increased by 24.6%compared to last year. This increase is in line with the EBITDA increase following the Vogue Optical acquisition and reflects additional depreciation, amortization, financial expenses, acquisition-related and restructuring costs recorded in 2014 and 2013.

Management believes that the following adjustments to net earnings provide useful information as the amounts of acquisition-related costs and restructuring costs varied substantially from previous years:

	Fourth Quarter		Year	
	2014	2013 as revised	2014	2013 as revised
	13 weeks	13 weeks		
	$	$	$	$
Net earnings attributable to shareholders	**2,023**	**1,112**	**7,774**	**6,240**
Acquisition-related costs	249	911	1,563	1,070
Restructuring costs	707		707	
Related income taxes	(257)	(245)	(611)	(288)
Adjusted net earnings attributed to shareholders	**2,722**	**1,778**	**9,433**	**7,022**
Variance in $	*$944*		*$2,411*	
Variance in %	*53.1%*		*34.3%*	
% of revenues	*8.4%*	*5.5%*	*6.8%*	*8.0%*
Per share amount				
Diluted	0.21	0.17	0.72	0.67

Adjusted Net earnings increased by 53.1% for the quarter and 34.3% for the year-to-date period when compared to the corresponding periods of last year. Per share amounts also increased in periods under comparison.

Adjusted net earnings calculated above are not a recognized measure under IFRS and are therefore unlikely to be comparable to similar measures used by other entities.

SUMMARY OF QUARTERLY RESULTS

The following table summarizes unaudited quarterly results for the year ended December 27, 2014 compared with the corresponding quarters of 2013.

	December		September		June		March		4 Quarters	
	2014	2013 as revised	2014	2013	2014	2013	2014[a]	2013	2014	2013 as revised
	13 weeks	13 weeks	13 weeks	13 weeks	13 weeks	13 weeks	13 weeks	13 weeks	52 weeks	52 weeks
	$	$	$	$	$	$	$	$	$	$
Revenues	40,809	25,596	32,504	21,110	35,122	23,967	31,810	20,298	140,245	90,971
As a % of the four-quarter revenues	*29.1%*	*28.1%*	*23.2%*	*23.2%*	*25%*	*26.3%*	*22.7%*	*22.3%*	*100%*	*100%*
Adjusted EBITDA	7,501	4,428	6,213	3,169	8,282	5,148	5,034	3,035	27,030	15,780
As a % of revenues	*18.4%*	*17.3%*	*19.1%*	*15.0%*	*23.6%*	*21.5%*	*15.8%*	*15.0%*	*19.3%*	*17.3%*
Per share (diluted)[a]	0.55	0.39	0.47	0.30	0.63	0.49	0.39	0.29	2.05	1.47
Net earnings attributed to shareholders	2,023	1,112	1,650	1,111	3,098	2,709	1,003	1,308	7,774	6,240
Per share (basic)[a]	0.16	0.12	0.13	0.11	0.24	0.26	0.08	0.13	0.61	0.59
Per share (diluted)[a]	0.15	0.11	0.13	0.10	0.24	0.26	0.08	0.12	0.59	0.58
Adjusted net earnings attributed to shareholders	2,722	1,778	2,245	1,162	3,463	2,774	1,003	1,308	9,433	7,022
Per share (diluted)[a]	0.21	0.17	0.17	0.11	0.27	0.26	0.08	0.13	0.72	0.67
Operating cash flows before changes in working capital	6,476	3,506	5,321	3,008	7,633	5,014	4,828	2,990	24,229	14,812
Per share (diluted)[a]	0.47	0.29	0.41	0.28	0.59	0.48	0.28	0.28	1.83	1.34
Dividend per share	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.60	0.60

a) Amounts per share for four quarters may not correspond to the total of quarterly amounts, as a distinct calculation is made for each quarter or four-quarter period.

The acquisition of Vogue Optical in December 2013 produced significant increases in revenues, adjusted EBITDA, net earnings, adjusted net earnings and operating cash flows in each quarter of 2014 when compared to the corresponding one of 2013. The Greiche & Scaff acquisition on October 14, 2014 also impacted the 2014 fourth quarter performance.

LIQUIDITY

The following table shows the main elements of the statement of cash flows for the years 2014 and 2013:

	Fourth Quarter		Year	
	2014	2013	2014	2013 as revised
	$	$	$	$
OPERATING ACTIVITIES				
Operating activities, before changes in working capital	**6,476**	**3,506**	**24,258**	**14,518**
Per share (diluted)	0.47	0.29	1.83	1.34
Change in working capital items	(1,825)	1,261	(1,117)	1,730
Cash flows from operations	**4,651**	**4,767**	**23,141**	**16,248**
INVESTING ACTIVITIES				
Business acquisitions	(19,225)	(74,000)	(19,225)	(79,300)
Reimbursement of loans (loans)	33	(8)	63	(808)
Withdrawal from escrow	40	30	40	30
Acquisitions of property, plant and equipment	(1,487)	(2,341)	(4,653)	(5,681)
Payment of balances of purchase price	(128)		(551)	(392)
Acquisitions of other intangible assets	(198)	(169)	(381)	(752)
Cash flows related to investing activities	**(20,965)**	**(76,488)**	**(24,707)**	**(86,903)**
FINANCING ACTIVITIES				
Variation in bank indebtedness		3,069	(3,649)	3,649
Long-term borrowings	10,000	57,000	10,000	60,000
Repayment of long-term borrowings	(22)	(8,851)	(2,290)	(9,031)
Lease inducements	20	97	204	97
Reimbursement of loans to purchase shares			120	
Issuance of shares pursuant to a private placement	8,988	23,177	8,988	23,076
Issuance of shares pursuant to exercises of options	74		731	129
Issuance of shares pursuant to the dividend reinvestment plan	251		571	
Dividends paid	(1,919)	(1,896)	(5,749)	(6,586)
Interest paid	(742)	(375)	(3,333)	(633)
Other financial expenses paid	(310)	(1,186)	(299)	(1,237)
Cash flows related to financing activities	**16,340**	**71,035**	**5,294**	**69,464**
Net increase (decrease) in cash	26	(686)	3,728	(1,191)
Cash, beginning of the period	4,045	1,029	343	1,534
Cash, end of year	4,071	343	4,071	343

Cash flows from operations

In the fourth quarter, cash generated from operating activities before changes in working capital items reflects the increase in the EBITDA and increased from $3.5 million to $6.5 million . On a annual basis, the cash flows from operation reached $24.3 million as compared to $14.5 million the year before.

Cash was also generated (or used) by the variation of the following working capital items:

	Fourth quarter		Year	
	2014	2013 as revised	2014	2013 as revised
	$	$		
Decrease (increase) in receivables	(756)	213	(331)	(172)
Decrease in tax credits receivable	64	(64)	64	94
Decrease (increase) in inventory	311	530	(872)	(424)
Decrease (increase) in prepaid expenses	65	(156)	(85)	(313)
Increase (decrease) in accounts payable, accrued liabilities and provisions	(1,509)	738	107	2,545
Source (use) of cash	(1,825)	1,261	(1,117)	1,730

Changes in working capital in 2014 reflect normal variations from quarter to quarter or year to year. Last year's increase in accounts payable reflected fees related to the Vogue Optical business acquisition. Most fees related to the business acquisition of Greiche & Scaff were paid at the end of 2014.

Investing activities in 2014

Investments made in the fourth quarter of 2014 related mainly to the acquisition of assets and business of Greiche & Scaff. for $16.5 million, net of adjustments. The business is comprised of a network of 49 corporate stores in Quebec and an additional lens processing facility in Montreal (the latter has been integrated into the New Look laboratory facility at Ville St. Laurent, Quebec). Other details are provided in Note 7 to the consolidated financial statements.

The Company also acquired three optical clinics and opened a store during the year. Other capital expenditures in the year included the expansion of the laboratory and the distribution center, major renovations to stores, ongoing acquisition of enhanced software aimed at improving operational efficiency (such as the POS project), and the continuous upgrading of optical equipment.

The payment of balances of purchase price refers to previous years business acquisitions.

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

	2014	2013 as revised
	$	$
Assets acquired through business combinations	20,196	81,925
Purchase of property, plant and equipment	4,623	5,681
Purchase of intangibles	382	752
Property acquired through exchange		186
Loans and advances		808
Total capital expenditures	25,201	89,352
Payments in cash	24,259	85,944
Less price adjustment receivable	(1,343)	
Balances of purchase price	787	414
Deferred income tax liabilities	1,233	1,921
Debt assumptions	91	
Deferred credit	174	
Property disposed of through exchange		186
Payment in New Look shares		300
Non-controlling interest		587
Total financing of capital expenditures	25,201	89,352

a) See under *Financing activities* how the payment in cash was financed.

Financing activities in 2014

Funds were raised from two sources: a bank syndicate for gross proceeds of $10 million and an issuance of shares for gross proceeds of $10 million, through a private placement.

Fees incurred in relation to the issuance of debt and shares amounted to $1,092,000. Net proceeds were essentially used to pay the costs of the acquisition of the assets and business of Greiche & Scaff and repay previous borrowings.

The dividends paid in 2014 and 2013 were financed through the cash generated from operating activities.

Amounts paid as interest and financing fees are commented on in the section *Financial expenses.*

Credit facilities

The main elements of the amended and restated credit facilities in 2014 are as follows:

- A revolving facility to finance day-to-day operations of a maximum amount of $13 million. At the end of 2014, the company was not using the revolving facility.
- An "acquisition term" facility of $52.75 million to refinance existing debt and finance the acquisition of the assets of Vogue Optical Inc. and Greiche & Scaff.
- These facilities were amended and restated on October 7, 2014. The acquisition term facility includes financial covenants and repayment terms which are described in Note 15 to the consolidated financial statements.

As of December 27, 2014, the credit facilities used and available were as follows:

	$
Revolving facility	
Credit granted	13,000
Amounts drawn as of December 27, 2014	—
Balance available as of December 28, 2013	13,000
Acquisition term facility	
Credit granted	52,750
Amounts drawn as of December 27, 2014	52,750
Balance available as of December 28, 2013	Nil

The Company also had $4,071,000 in cash at the end of the year and it was in compliance with all covenants governing the credit facilities.

Contractual obligations

The contractual obligations of the Company as of December 27, 2014 are summarized in the following table:

		Payments due					
Contractual obligations	Total	2015	2016	2017	2018	2019	Thereafter
Long-term debt	68,978	7,303	5,650	5,531	50,494		
Operating leases	52,735	12,485	10,905	8,648	6,888	4,675	9,135
Purchase obligations[(a)]	725	725					
Total	122,438	20,513	16,555	14,179	57,382	4,675	9,135

a) Purchase obligations relate to capital expenditures.

Capital commitments

In addition to the purchase obligations included in the table above, commitments for capital expenditures as of the 2014 year-end amounted to $725,000 and are related to the addition of one store and the relocation of one store in the beginning of 2015. Refer to the *Outlook* section for the Company's capital projects.

Capacity to meet obligations

Management determines the capacity of New Look to meet its obligations, including compliance on loan covenant ratios, by an analysis of past and forecast cash flows, revolving facility usage, maintenance and growth committed capital expenditures, scheduled repayments of debt, income tax payable and dividends payable in cash. The following shows a summary of important revised guidelines used by management with respect to the capital management and the resulting performance.

	Guidelines	2014	2013 as revised
Net debt[(a)] to adjusted EBITDA[(b)]	Maximum of 3.25	2.20	2.64
Adjusted net debt[(c)] to EBITDAR[(d)]	Maximum of 5.00	3.79	4.34
Fixed charge coverage ratio[(e)]	Minimum of 1.10	1.57	1.28

a) Net debt refers to the total of long-term debt, including the short-term portion, the short-term bank indebtedness and dividends payable, in excess of cash.

b) The calculation of adjusted EBITDA, illustrated in the section Adjusted EBITDA, covers a period of four quarters. Pro Forma data is included when necessary.

c) Adjusted net debt corresponds to the net debt plus eight times the rent expenses for the last four quarters. Pro forma data are included when necessary.

d) EBITDAR, defined as adjusted EBITDA plus rent expenses, covers a period of four quarters.

e) The fixed charge coverage ratio is defined for a period of four quarters as the ratio of (i) adjusted EBITDA less maintenance capital expenditures, current taxes, and dividends paid in cash to (ii) fixed charges. For this calculation, fixed charges are composed of scheduled repayments of debt and interest paid during the period.

All covenants under the new credit facilities are respected.

DIVIDENDS

In 2014, New Look maintained its policy of paying quarterly dividends which amounted to $0.60 per share for the complete year. Except for a portion of $0.03 in 2014, dividends qualified as eligible dividends for tax purposes, i.e. dividends entitling shareholders who are individuals residing in Canada to a higher dividend tax credit.

On March 16, 2015, the Company declared two dividends totalling $0.15 per Class A common share payable on March 31, 2015 to shareholders of record on March 25, 2015.

The decision to declare a dividend is made quarterly when the financial statements for a quarter or a financial year are made available to the Board of Directors. Although there is no guarantee that a dividend will be declared in the future, New Look and its predecessor, Benvest New Look Income Fund, have regularly paid a dividend or distribution since 2005.

RELATED PARTY TRANSACTIONS

The Company's related parties include key management and directors. Key management is composed of the vice-chairman, the president and the vice presidents of New Look, the president and vice presidents of Vogue Optical, and the general manager of Greiche & Scaff.

Over 2011 and 2012, New Look made three loans totalling $571,000 to companies owned by senior officers for the purchase of shares of New Look. Following a reimbursement of $120,000 in 2014 , the balances of loans were $451,000 at the end of 2014. The loans bear interest at 5% per annum, are guaranteed by the assets of the companies, and are repayable in 2015 with possible extension. Two of the loans with a balance of $251,000 at the end of 2014 are presented as a reduction of share capital and the future repayment will increase it.

Stock options are essentially granted to key management and directors. See the next section for more details on options granted and exercised and on the repurchase of shares.

OUTSTANDING SHARES AND OPTIONS

As of February 28, 2015, New Look had 13,312,684 Class A common shares outstanding. This number includes:

- 500,000 shares issued on October 14, 2014 in exchange of the same number of subscription receipts issued in last August at $20.00 per receipt;
- 100,698 shares issued in consideration of $731,000 pursuant to the exercise of the same number of stock options at an average price of $7.26;
- 16,840 shares issued pursuant to the exercise of stock options under the cashless exercise feature;
- 27,296 shares issued pursuant the dividend reinvestment plan (discussed above); and
- 1,169 shares issued in payment of services.

The Class A common shares are the only shares giving right to dividends and to vote at any shareholders' meeting.

As of February 28, 2015, there were 723,469 options outstanding to purchase the same number of New Look Class A common shares for an average exercise price of $11.15. The exercise price reflects the market value of the shares for the five business days preceding the grant date. All outstanding options will expire five years after the grant date. As of February 28, 2015, the balance of shares reserved by the TSX for issuance upon exercise of options was 1,079,682.

The market value of the Class A common shares was as follows:

	2014	2013
	$	$
Average market value	18.41	11.99
Market value at end of year	22.19	15.02

Other details on the variation of options outstanding are provided in Note 19 to the financial statements:

FINANCIAL INSTRUMENT RISK MANAGEMENT

The Company's financial instruments are classified as follows:

	2014 $	2013 as revised $
Financial assets (liabilities) at fair value through profit and loss		
Forward exchange contracts, included in receivables	89	32
Interest rate swap	(391)	
Total	(302)	32
Loans and receivables		
Cash	4,071	343
Trade accounts receivable	1,864	1,283
Lease inducements receivable		191
Business purchase price adjustment receivable	1,285	521
Loans and advances	1,125	1,197
Total loans and receivables	8,345	3,535
Other financial liabilities		
Bank indebtedness		3,649
Customers' deposits	3,096	2,252
Trade and other payables	10,014	7,869
Dividends payable	1,992	
Long-term debt including current portion	68,978	60,902
Total financial liabilities	84,080	74,672

Details of financial instrument risk management objectives and policies are described under Note 25 to the consolidated financial statements for 2014. Other comments follow:

Exchange risk related to assets and liabilities denominated in foreign currencies is commented the section *Gain and loss on foreign currency translation.* Regarding purchases of goods in foreign currencies, New Look is subject to the fluctuations of the US dollar and euro vis-à-vis the Canadian dollar. New Look may not always be in a position to adjust the sales price reflecting a variation in costs. Management has established a policy of covering approximately 50% of the purchases in US dollars forecast for the next 12 months through the use of foreign exchange contracts.

Interest rate risk arises from the fact that the balance outstanding under the acquisition term facility, currently $52,750,000, bears interest at a floating rate through bankers' acceptances. This risk is mitigated by the fact that stamping fees, currently at 2.75%, actually correspond to a fixed component of financing costs. Moreover, New Look has concluded an agreement to swap the variable component of the financing cost to fixed interest on 50% of the debt balance. As previously mentioned, when taking into account the borrowing from a development capital fund, approximately 90% of the interest on the long-term debt was fixed for the next four years as of December 27, 2014.

The credit risk related to the accounts receivable is almost non-existent due to the policy of requiring down payments on accepting sales orders and payment of any balance at time of delivery of goods. Credit risk related to the main loans is limited by guarantees on assets.

OTHER RISK FACTORS

Readers should refer to the risk factors included in the Annual Information Form available on New Look's website at www.newlook.ca and on SEDAR at www.sedar.com. The information includes:

- Risks relating to the business such as:
  - Reliance on the availability of optometrists and other professionals,
  - Competition, including e-commerce,
  - Violation of confidential health information,
  - Impact of laser surgery,
  - Technological changes and obsolescence regarding lens manufacturing processes,
  - Dependence on computer-assisted production equipment and information technology systems,
  - Difficulty of integrating acquired businesses,
  - Foreign sourcing, and
  - Non-compliance with laws and regulations regarding optometrists and opticians.
- Risks relating to the higher level of debt.
- Risks relating to acquisition of Sonomax such as:
  - Third party credit, contractual and operational risks,
  - Due diligence risks,
  - Reliance on the indemnity agreement, pertaining to tax credits and other matters.
- Risks relating to New Look shares such as:
  - Unpredictability and volatility of the shares,
  - No guarantee of dividends,
  - Leverage and restrictive covenants.

INTERNAL CONTROL OVER FINANCIAL REPORTING

Management is responsible for the design of disclosure controls and procedures (DC&P)(as defined in National Instrument 52-109) in order to provide reasonable assurance that material information relating to the Company is made known to management, including its chief financial officer and its president, and that information required to be disclosed under securities legislation is recorded and reported on a timely basis. Management is also responsible for the design of internal control over financial reporting ("ICFR") (as defined in National Instrument 52-109) within New Look in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

Management's evaluation of the effectiveness of DC&P and ICFR in the 2013 MD&A excluded controls, policies and procedures of Vogue Optical Group Inc., the new subsidiary which acquired the assets and business of Vogue Optical Inc. on December 2, 2013. The review of the design of DC&P and ICFR in relation with the activities of the subsidiary has now been completed to management's satisfaction.

New Look's management, under the supervision of the President and the Chief Financial Officer, has evaluated the effectiveness as at December 27, 2014 of New Look's DC&P and ICFR, including those related to the newly acquired Greiche & Scaff division, and has concluded that they are effective. Changes in ICFR during the period beginning on September 28, 2014 and ended December 27, 2014 included new procedures related to the incorporation of the financial data of the Greiche & Scaff business acquired on October 14, 2014 and operated as a division of New Look. Otherwise, there were no material changes in ICFR that have materially affected, or are reasonably expected to materially affect the internal control over financial reporting.

OUTLOOK

Management believes that the acquisition of Greiche & Scaff consolidates the leadership of New Look in the eye care industry in Eastern Canada. Our current priorities and development plans include the following objectives:

- To continue to explore acquisitions in Québec, the Atlantic provinces, and across Canada;
- To share current practices between the three banners by benchmarking activities and identifying areas from which the group could maximize results and cash flows.
- To continue to leverage the three primary tradenames, New Look, Greiche & Scaff and Vogue Optical, which have long and solid reputation in their respective markets;
- To continue to expand the New Look, Greiche & Scaff and Vogue Optical store networks in their respective target markets, through new store openings and the acquisition of individual optical practices;
- To improve liquidity and the balance sheet through a planned program of annual repayment of acquisition debt used to acquire Vogue Optical and Greiche & Scaff;
- To increase our market position by an expansion and continual modernization of our state-of-the-art laboratories, aggressive marketing, availability of optometrists, and well-trained personnel;
- To continue to improve the efficiency of our operations by significant investments in a new point-of-sales system;
- To continue to improve our web-related platform for eye exam appointments, contact lens sales orders and greater information to the public through our internet window display and newsletter on eyewear fashion trends.

Certain major international optical chains have been successfully expanding the range of products and services in their retail optical store network by introducing hearing care and listening products and services. Following the acquisition of certain hearing care distribution rights and assets in 2010 pursuant to reorganization with Sonomax, New Look launched certain in-store initiatives with respect to hearing care and listening products and services. To-date these initiatives have not yet been commercially successful in a meaningful fashion. New Look intends to support and continue to develop these initiatives in 2015 and beyond.

Overall capital expenditures currently planned for 2015 are expected to be around $6.0 million, including the opening of new stores, renovations to existing stores, new store acquisitions, implementation of a new POS in the stores and continuous additions to in-store optical equipment.

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 16th, 2015

Consolidated Financial Statements

2014

For the year ended December 27, 2014

NEWLOOK
lunetterie eyewear

Management's Responsibility for Financial Statements

For the years ended December 27, 2014 and December 28, 2013

The consolidated financial statements of New Look Eyewear Inc. (“New Look”) and the other financial information included in the annual report are the responsibility of the management and have been approved by the Board of Directors of New Look. The consolidated financial statements have been prepared by management in accordance with International Financial Accounting Standards and include amounts that are based on management’s best estimates using careful judgment. The selection of accounting principles and methods is management’s responsibility.

New Look has 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 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 reporting process for the preparation of 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 to the Board of Directors and to review internal control and information protection systems and all other matters relating to New Look’s accounting and finances. In order to do so, the Audit Committee meets periodically with the external auditor to review its audit plan and to discuss the results of its examination. This committee is also responsible for recommending the appointment of the external auditor.

New Look’s external auditor, Raymond Chabot Grant Thornton LLP, appointed by the shareholders at the annual general meeting, has audited the financial statements and his report on the financial statements follows.

(signed by) Martial Gagné

MARTIAL GAGNÉ
President
New Look Eyewear Inc.

March 16th, 2015

(signed by) Jean-Luc Deschamps

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

March 16th, 2015

Independent Auditor's Report

Raymond Chabot Grant Thornton LLP
Suite 2000
National Bank Tower
600 De La Gauchetière Street West
Montréal, Quebec H3B 4L8

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

To the Shareholders of
New Look Eyewear Inc.

We have audited the accompanying consolidated financial statements of New Look Eyewear Inc., which comprise the consolidated balance sheets as at December 27, 2014 and December 28, 2013 and the consolidated statements of earnings and comprehensive income, the consolidated statements of cash flows and the consolidated statements of changes in equity for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of New Look Eyewear Inc. as at December 27, 2014 and December 28, 2013 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

Raymond Chabot Grant Thornton LLP[1]

Montreal
March 16, 2015

[1] CPA auditor, CA public accountancy permit no° A123715

Consolidated Statements of Earnings and Comprehensive Income

For the years ended December 27, 2014 and December 28, 2013
In thousands of Canadian dollars, except per share amounts

	2014	2013 (Revised - Note 7)
	$	$
Revenues	**140,245**	**90,971**
Materials consumed, net of changes in inventory	29,456	19,851
Employee remuneration expenses (Note 4.1)	47,046	28,602
Other operating expenses (Note 4.2)	39,352	27,978
Earnings before depreciation, amortization and loss on disposal of property, plant and equipment, and financial expenses	**24,391**	**14,540**
Depreciation, amortization and loss on disposal of property, plant and equipment (Note 4.3)	8,999	5,057
Financial expenses, net of interest revenues (Note 3)	4,209	703
Earnings before income taxes	**11,183**	**8,780**
Income taxes		
Current	867	9
Deferred	2,491	2,511
Total income taxes	3,358	2,520
Net earnings and comprehensive income	**7,825**	**6,260**
Net earnings and comprehensive income attributed to:		
Non-controlling interest	51	20
Shareholders of New Look	7,774	6,240
	7,825	**6,260**
Net earnings per share (Note 5)		
Basic	0.61	0.59
Diluted	0.59	0.58

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

Consolidated Statements of Cash Flows

For the years ended December 27, 2014 and December 28, 2013
In thousands of Canadian dollars

	2014	2013
		(Revised - Note 7)
	$	$
OPERATING ACTIVITIES		
Earnings before income taxes	11,183	8,780
Items not affecting cash:		
Depreciation, amortization and loss on disposal of property, plant and equipment	8,999	5,057
Amortization of deferred lease inducements and variation of deferred rent	(579)	(324)
Equity-based compensation expense	422	167
Other non-cash expenses and revenues	23	73
Financial expenses (Note 3)	4,291	760
Income taxes recovered (paid)	(81)	5
Cash flows related to operating activities before changes in working capital items	**24,258**	**14,518**
Changes in working capital items (Note 6)	(1,117)	1,730
Cash flows related to operating activities	**23,141**	**16,248**
INVESTING ACTIVITIES		
Business acquisitions (Note 7)	(19,225)	(79,300)
Reimbursement of loans (loans) (Note 9)	63	(808)
Withdrawal from escrow (Note 9)	40	30
Acquisitions of property, plant and equipment (Note 10)	(4,653)	(5,681)
Payment of balances of purchase price	(551)	(392)
Acquisitions of other intangible assets (Note 12)	(381)	(752)
Cash flows related to investing activities	**(24,707)**	**(86,903)**
FINANCING ACTIVITIES		
Variation in bank indebtedness	(3,649)	3,649
Long-term borrowings	10,000	60,000
Repayment of long-term borrowings	(2,290)	(9,031)
Lease inducements	204	97
Reimbursement of loans to purchase shares (Note 20)	120	
Issuance of shares pursuant to a private placement (Note 18)	8,988	23,076
Issuance of shares pursuant to exercise of options (Note 18)	731	129
Issuance of shares pursuant to the dividend reinvestment plan (Note 17)	571	
Dividends paid (Note 17)	(5,749)	(6,586)
Interest paid	(3,333)	(633)
Other financial expenses paid	(299)	(1,237)
Cash flows related to financing activities	**5,294**	**69,464**
Net increase (decrease) in cash	3,728	(1,191)
Cash, beginning of year	343	1,534
Cash, end of year	**4,071**	**343**

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

Consolidated Balance Sheets

In thousands of Canadian dollars

	December 27, 2014	December 28, 2013 (Revised - Note 7)
	$	$
ASSETS		
Current assets		
Cash	4,071	343
Receivables (Note 8)	4,668	2,914
Tax credits receivable		118
Loans and advances (Note 9)	984	
Inventory	13,711	10,315
Prepaid expenses	1,223	692
Total current assets	**24,657**	**14,382**
Loans and advances (Note 9)	141	1,197
Property, plant and equipment (Note 10)	40,560	35,527
Goodwill (Note 11)	51,565	47,832
Other intangible assets (Note 12)	44,389	35,643
Total assets	**161,312**	**134,581**
LIABILITIES		
Current liabilities		
Bank indebtedness (Note 13)		3,649
Accounts payable, accrued liabilities and provisions (Note 14)	20,606	16,020
Income taxes payable	732	
Dividends payable	1,992	
Instalments on long-term debt	7,303	4,708
Total current liabilities	**30,633**	**24,377**
Long-term debt (Note 15)	60,319	54,609
Interest rate swap	391	
Deferred lease inducements, investment tax credits and rent	2,015	2,306
Deferred tax liabilities (Note 16.2)	5,899	2,428
Total liabilities	**99,257**	**83,720**
EQUITY		
Class A common shares (Note 18)	59,787	49,012
Contributed surplus	982	647
Retained earnings	591	521
Equity attributable to the shareholders of New Look	**61,360**	**50,180**
Non-controlling interest	695	681
Total equity	**62,055**	**50,861**
Total liabilities and equity	**161,312**	**134,581**

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

On behalf of the Board of Directors

(Signed by) W. John Bennett
W. John Bennett
Chairman of the Board

(Signed by) Paul S. Echenberg
Paul S. Echenberg
Chairman of the Audit Committee

Consolidated Statements of Changes in Equity

For the years ended December 27, 2014 and December 28, 2013
In thousands of Canadian dollars, except the number of shares

	Class A common shares		Contributed surplus	Retained earnings	Equity attributable to		Total equity
					Shareholders of New Look	Non-controlling interest	
	Number	$	$	$	**$**	$	$
Balance at December 28, 2013, as previously stated	12,637,414	49,012	647	730	**50,389**	681	51,070
Adjustment related to a revised purchase price allocation (Note 7.3)				(209)	**(209)**		(209)
Balance at December 28, 2013, as revised	12,637,414	49,012	647	521	**50,180**	681	50,861
Net earnings				7,774	**7,774**	51	7,825
	12,637,414	49,012	647	8,295	**57,954**	732	58,686
Equity-based compensation			422		**422**		422
Shares issued (Note 18.3)	646,403	10,655	(87)		**10,568**		10,568
Dividends declared (Note 17)				(7,704)	**(7,704)**	(37)	(7,741)
Reimbursement of loans to purchase shares (Note 20)		120			**120**		120
Transactions with shareholders	646,403	10,775	335	(7,704)	**3,406**	(37)	3,369
Balance at December 27, 2014	**13,283,817**	**59,787[(a)]**	**982**	**591**	**61,360**	**695**	**62,055**

a) Net of certain related party loans of $251,000 (Note 20).

	Class A common shares		Contributed surplus	Retained earnings	Equity attributable to		Total equity
					Shareholders of New Look	Non-controlling interest	
	Number	$	$	$	**$**	$	$
Balance at December 29, 2012	10,399,032	24,908	549	867	**26,324**	74	26,398
Net earnings previously stated				6,449	**6,449**	20	6,469
Adjustment related to a revised purchase price allocation (Note 7.3)				(209)	**(209)**		(209)
Net earnings, as revised				6,240	**6,240**	20	6,260
	10,399,032	24,908	549	7,107	**32,564**	94	32,658
Equity-based compensation			167		**167**		167
Shares issued (Note 18.4)	2,238,382	24,104	(69)		**24,035**		24,035
Dividends declared (Note 17)				(6,586)	**(6,586)**		(6,586)
Transactions with shareholders	2,238,382	24,104	98	(6,586)	**17,616**		17,616
Non-controlling interests in a subsidiary acquired and a business under management						587	587
Balance at December 28, 2013	**12,637,414**	**49,012[(b)]**	**647**	**521**	**50,180**	**681**	**50,861**

b) Net of certain related party loans of $371,000 (Note 20).

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

Notes to the Consolidated Financial Statements

For the years ended December 27, 2014 and December 28, 2013
Amounts in tables are in thousands of Canadian dollars, except shares and per share amounts

1. GOVERNING STATUTES AND ACTIVITIES

New Look Eyewear Inc. ("New Look"), incorporated under the Canada Business Corporations Act, is involved in the eye care industry in Canada. New Look's head office is at 1 Place Ville-Marie, Montréal, Québec, Canada. The shares of New Look (BCI) are listed on the Toronto Stock Exchange.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Compliance with IFRS

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") that are in effect as at December 27, 2014. They were approved and authorized for issue by the board of directors on March 16, 2015.

2.2 Basis of presentation

Measurement basis

The consolidated financial statements have been prepared using the historical cost basis except for derivative financial instruments, which are measured at fair value, as explained in the accounting policies described below.

Principles of consolidation

The consolidated financial statements include the accounts of New Look, its subsidiaries and entities over which New Look is exposed to, or has rights to variable returns from its involvement with the entities and has the ability to use its power to affect the amount of its return without owning shares of these entities. (New Look, its subsidiaries and these entities are together referred to as the ''Company''). The non-controlling interest presented in the consolidated financial statements refers to the share of net earnings and net assets not held by New Look. The major wholly-owned subsidiary of New Look is Vogue Optical Group Inc. All inter-entity transactions and balances have been eliminated.

Earnings of businesses acquired during the year are recognized from the effective date of acquisition.

Year-end

The year-end of the Company is the last Saturday of December. The 2014 and 2013 fiscal years both had 52 weeks.

Business acquisitions

Business acquisitions are accounted for using the acquisition method. Under this method, the Company measures the identifiable assets acquired and the liabilities assumed, including contingent liabilities, at their acquisition-date fair values, regardless of whether the assets and liabilities were previously recognized in the acquiree's financial statements.

Goodwill is recognized to the extent the fair value of consideration transferred and the recognized amount of any non-controlling interest in the acquiree exceed the acquisition-date fair value of the identifiable assets net of liabilities assumed; a negative amount would be recognized in earnings.

Acquisition costs are expensed as incurred.

Accounting judgements, estimates and assumptions

The preparation of financial statements requires management to make judgements, estimates and assumptions in the process of applying the Company's accounting policies. The judgements, estimates and assumptions are based on historical experience, management's best knowledge of current events and actions that the Company may undertake in the future. Actual results may differ from those estimates. Key areas where judgements, estimates and assumptions are significant to the financial statements are as follows:

Useful life of property, plant, equipment and intangible assets. Property, plant, equipment and intangible assets, except for certain tradenames and goodwill, are amortized over their respective useful lives. The estimation of useful lives of property, plant and equipment is based on historical experience and assumptions related to obsolescence caused by new technologies and the Company's objectives of using state-of-the-art equipment and of presenting fashionable stores. The estimates of useful lives of property, plant and equipment are provided in the section Property, plant and equipment below. The estimation of the useful life of application software programs is based on historical experience, the annual maintenance and updating services, and the reputation of the supplier. The estimation of the useful lives of customers relationships acquired is based on an analysis of sales experience of the vendor and the Company's estimated capacity to reach such customers.

Business acquisitions. On initial recognition, the assets and liabilities of the acquired business are included in the consolidated balance sheet at their fair values. In measuring fair value, management uses estimates of future cash flows and discount rates. Details of the assets and liabilities acquired are given in Note 7.

Provisions. Current provisions relate to product warranties, lease termination, onerous contracts, store closures and restructuring. The amounts of provisions were estimated based on historical data and past experience. More details are provided in Note 14.

Assumptions in applying the Black-Scholes method for the determination of equity-based compensation related to options granted. The method requires assumptions regarding expected values such as: duration of the options, percentage of the options which will not be exercised, volatility of New Look shares, and dividends. These values are based on information known to management at the time the options are granted. It includes historical experience, financial performance of the Company, development plans of the Company, and economic environment.

Asset impairment. Asset impairment tests, described below, require measuring the recoverable amount of certain assets. For this purpose, management has to make assumptions such as discounted future cash flows derived from the use of assets. Historical data and development plans are the prime sources of information used in these circumstances. Determining if there are any facts and circumstances indicating impairment loss or reversal of impairment losses are a subjective process involving judgement and a number of estimates and assumptions in many cases.

Fair value of financial instruments. The Company applies valuation techniques to determine the fair value of financial instruments where active market quotes are not available. This requires management to develop estimates and assumptions based on market inputs, using observable data that market participants would use in pricing the instrument. Where such data is not observable, management uses its best estimate. Estimated fair values of financial instruments may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

Allowance for inventory obsolescence. The Company estimates an allowance for obsolescence based on the ability to sell the inventories and historical experience.

Income taxes. The calculation of income tax expense and, consequently, the deferred income tax asset or liability requires determining factors such as the deductibility of expenses, the restrictions in deductibility if any, the rate of depreciation when applicable, and the possibility to use carried-forward tax losses based on the Company's ability to generate future taxable income. For the purpose of these calculations, management exercises judgement by making interpretations and using past experience and the services of tax experts. See Note 16.3 for management's position on a current tax matter. The effects of tax assessments differing from the Company's calculations could be material.

Tax credits. The calculation of tax credits relating to research and development, training or investments requires determining the activities and expenses eligible to the credits. Management exercises judgement in determining the eligibility of such activities and expenses based on prior experience.

Consolidation of entities without holding voting rights. The Company consolidates certain entities without it holding voting rights when it is exposed to, or has rights to variable returns from its involvement in such entities and has the ability to use its power to affect the amount of its return. This is achieved from the management agreements that New Look has with these entities. Significant judgement is used to determine whether such agreements provide New Look power over such entities when it does not hold voting rights.

Segment reporting

Management assesses performance of the Company as a single segment being eye care retail activities.

Revenue recognition

Sales of goods are the only significant source of revenue. Revenue represents cash received or receivable from the customer, net of sales taxes, rebates and discounts. Revenue is recognized when goods are delivered to the customer, which corresponds to the fulfilment of the following conditions:

- The Company has transferred to the customer the significant risks and rewards of ownership of goods;
- The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Company;
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Operating leases

Total rents under operating leases are charged to expenses 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

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.

Tax credits

Tax credits related to research and development, and training are recognized to earnings when there is reasonable assurance that the Company will comply with the conditions attaching to them and that the credits will be received.

Tax credits related to the acquisition of long-term assets are deferred and recognized in earnings over the life of a depreciable asset as a reduction to depreciation expense.

Equity-based compensation

Equity-based compensation, such as options to acquire New Look shares, granted to key employees, officers and directors, is part of the employee remuneration expense. Options to acquire shares are measured at fair value at the grant date using the Black-Scholes option pricing model. Certain loans made by New Look to allow the purchase of its shares are treated as option grants and their repayments as exercises of options.

The fair value of the options determined at the grant date is expensed over the vesting period, based on the Company's estimate of options that will eventually vest, with a corresponding increase in contributed surplus. At the end of each reporting period, the Company revises its estimate of the number of options expected to vest. The impact of the revision of the original estimates, if any, is recognized in earnings such that cumulative expenses reflects the revised estimate, with a corresponding adjustment to the contributed surplus. Balances in contributed surplus are transferred to share capital when the options are exercised. Proceeds from the exercise of options are credited to share capital. Certain loans are deducted from the share capital and their reimbursement increases it.

Foreign currency translation

The consolidated financial statements are presented in Canadian dollars which is also the functional currency. Monetary assets and liabilities in foreign currencies are translated into Canadian dollars at the exchange rate in effect at the balance sheet date. Non-monetary assets are translated at rates in effect at transaction dates. Current expenses in foreign currencies are translated at rates in effect at transaction dates. Exchange gains and losses are included in earnings.

Net earnings per share

Basic net earnings per share for a period are computed by dividing the net earnings attributed to shareholders of New Look by the weighted average number of Class A shares outstanding in the period.

Diluted earnings per share for a period are calculated assuming that all dilutive stock options are exercised and that the proceeds obtained on the exercise of these options would be used to re-purchase shares at the average market price during the period. Options are not included in the computation of diluted earnings per share when their exercise price is greater than the average market price in the period since they would have an anti-dilutive effect.

Financial instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled or when it expires.

Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- Financial assets at fair value through profit and loss,
- Loans and receivables,
- Held-to-maturity investments,
- Available-for-sale financial assets.

The Company only has financial assets in the first two categories listed above.

All financial assets except for those at fair value through profit and loss are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets used by the Company, which are described below.

All income and expenses relating to financial assets are recognized in net earnings within financial expenses, except for impairment of trade receivables which is presented within other operating expenses.

Financial instruments carried at fair value through profit and loss

Foreign exchange contracts and the interest rate swap agreements are currently the only instruments of the Company carried at fair value through profit and loss. Changes in fair value of these instruments and transaction costs are reflected in earnings. Depending on market conditions, such instruments represent an asset or a liability. The fair value of financial assets and liabilities in this category are determined by reference to active market transactions or using a valuation technique where no active market exists. The Company does not use hedge accounting. Gains and losses on foreign exchange contracts and interest rate swap agreements are presented within other operating expenses.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, loans and receivables are subsequently measured at amortized cost using the effective interest method, less a provision for impairment when applicable. The initial amount recognized corresponds to the fair value of the instrument plus transaction costs. Discounting is omitted where the effect is immaterial. Cash, trade accounts receivable, lease inducements receivable, business purchase price adjustments receivable, loans and advances fall into this category under financial instruments. Certain loans made by New Look to allow the purchase of its shares are treated as option grants and their repayment as exercises of options. See *Equity-based Compensation* above and Note 19 for more details.

Classification and subsequent measurement of financial liabilities

Bank indebtedness, accounts payable, customers' deposits, dividends payable and long-term debt are measured initially at fair value plus transaction costs. They are measured subsequently at amortized cost using the effective interest method. Interest charges and fees related to the annual review of the credit facilities are included with financial expenses.

Hierarchy of financial instruments

The Company 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 Company does not have any financial instruments which should be included in this level.

Level 2: The fair value is estimated using a valuation technique based on observable market data, either directly or indirectly. This level includes the Company's derivative financial instruments composed of its forward

exchange rate contracts and interest rate swap agreements, which are valued using a pricing model supported by market inputs, and also loans, advances and the long-term debt.

Level 3: The fair value is estimated using a valuation technique based on unobservable data. The Company does not have any financial instruments which should be included in this level.

Inventory valuation

Inventory is valued at the lower of cost and net realizable value. Cost is determined using the first in first out method. Cost includes the purchase price, import duties and transport. Trade discounts, rebates and other similar items are deducted in determining the cost. Net realizable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

Property, plant and equipment

Property, plant and equipment are carried at acquisition cost less accumulated depreciation and impairment losses. When property, plant and equipment are acquired in a business combination, the cost corresponds to the fair value at the acquisition date. Costs less residual value of property, plant and equipment are depreciated over their estimated useful lives. The following table shows the method or maximum periods in use:

	Method	Period
Computer equipment	Straight line	5 years
Optical equipment	Straight line	10 to15 years
Other equipment, tools and signs	Straight line	4 to 10 years
Leasehold improvements	Straight line	Lease term including periods under option, maximum 10 years
Building		
Main structure	Straight line	40 years
Other components	Straight line	7 to 13 years
Land		No depreciation

Depreciation methods, useful lives and residual values are reviewed annually.

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the assets and are recognized in earnings. Any write-off and loss on disposal are included with depreciation, amortization and loss on property, plant and equipment in the statements of earnings and comprehensive income.

Goodwill

Goodwill represents the future economic benefits arising from the net assets acquired in a business combination that are not individually identified and separately recognized. Goodwill is not amortized and is carried at cost less accumulated impairment losses. Goodwill is subject to impairment testing described below.

Other intangible assets

Other intangible assets include tradenames, acquired application software, lease contracts acquired under favourable conditions, customer relationships, and contractual agreements (including non-competition agreements). Except for the tradenames described below, they are accounted for at cost less accumulated amortization and impairment losses. When an intangible asset is acquired in a business combination, the cost corresponds to the fair value at the acquisition date. The value allocated to a depreciable intangible asset is amortized on a straight-line basis over the estimated duration of the benefits expected from the asset, that is: a) in the case of a lease contract, its duration; b) an application software, ten years; c) customer relationships, from 5 to 20 years; d) a contractual agreement, its duration; e) amortizable tradenames, from 5 to 15 years. Residual value, amortization methods and useful lives are reviewed at least annually. In addition, the other intangible assets are subject to impairment testing as described below.

Tradenames

The tradenames New Look, Vogue Optical and Greiche & Scaff are recorded at cost and are not amortized. They are subject to asset impairment testing as described below. Management considers that these tradenames are closely linked to the respective existence of New Look, Vogue Optical Group Inc. and the division Greiche & Scaff and consequently have an indefinite useful life. The useful life is reviewed each period to determine whether events and circumstances continue to support an indefinite useful life assessment.

Non-financial asset impairment

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant, equipment and other intangible assets, excluding tradenames with indefinite useful lives, to determine whether there is an indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs. A cash generating unit is the lowest level for which there are separately identifiable cash flows.

The tradenames, with an indefinite useful life, are tested for impairment at least annually and more frequently whenever there is an indication that the asset may be impaired.

For the purpose of impairment testing, goodwill acquired in business combinations is allocated to those cash generating units expected to benefit from the synergies of these combinations which represents the lowest level within the Company at which management monitors goodwill. Management has established that this level corresponds to the store banners under which stores are operated. These groups of cash generating units to which goodwill is allocated are tested for impairment annually, or more frequently when there is indication that the goodwill may be impaired.

An impairment loss is recognized when the carrying amount of an asset exceeds the recoverable amount. The recoverable amount is the higher of fair value less costs to sell and value in use. The value in use corresponds to the estimated future cash flows that are discounted to their present value

using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset.

An impairment loss for a cash-generating unit is first allocated to reduce the carrying amount of goodwill to nil and then pro rata to the carrying amount of the other assets in the cash-generating unit. Except for goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist. An impairment charge is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount. See Notes 11 and 12 for impairment testing of tradenames and goodwill.

Employee remuneration

Accounts payable, accrued liabilities, and provisions include accrued salaries and benefits, such as vacations, measured at the undiscounted amount that the Company expects to pay.

Provisions

Provisions are recognized when present obligations as a result of a past event will probably lead to an outflow of economic resources and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events, for example, product warranties granted. Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date. Discounting is omitted when its effect is immaterial.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. See details in Note 14.

Income taxes

Tax expense recognized in net earnings comprises the sum of current tax and deferred tax.

Current income tax liabilities or assets comprise those obligations to, or claims from, tax authorities relating to the current or prior periods, that are unpaid or receivable at the balance sheet date. Current tax is payable on taxable income, which differs from earnings in the financial statements. Calculation of current tax is based on rates and tax laws that have been enacted or substantively enacted at the balance sheet date. See Note 16.3 regarding a tax position taken by New Look and questioned by the tax authorities.

Deferred income tax assets and liabilities are determined according to temporary differences between the carrying amount of assets and liabilities and their tax bases, carried-forward tax losses and deferred tax credits. However, deferred tax is not provided on the initial recognition of goodwill or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax assets and liabilities are calculated, without discounting, at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date. The effect of a change in tax rates on deferred income tax assets or liabilities is recognized in earnings in the period in which the change occurs.

Deferred tax assets are recognized to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilized to reduce future income taxes. Deferred tax liabilities are always provided for in full.

Deferred tax assets and liabilities are offset only when the Company has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Equity

The carrying value of Class A common shares represents the amounts received on the issue of these shares and the amounts transferred from contributed surplus on the exercise of options.

Contributed surplus includes discounts on re-purchase of shares and amounts corresponding to equity-based compensation expenses previously recorded, net of amounts transferred to share capital on the exercise of options.

Retained earnings include all current and prior period retained profits or losses.

2.3 New accounting standards effective in 2014

Management has determined that the new accounting standards published by the International Accounting Standards Board (IASB) that became effective in 2014 had no impact on the Company's financial statements.

2.4 IFRS issued but not yet effective

At the date of authorisation of these financial statements, certain new standards, interpretations and amendments to existing standards have been published by the IASB that are not yet effective, and have not been adopted early by the company. Information of those expected to be relevant to the Company's financial statements is provided below.

Management anticipates that all relevant pronouncements will be adopted in the company's accounting policies for the first period beginning after the effective date of the pronouncement. New standards, interpretations and amendments not either adopted or listed below are not expected to have a material impact on the Company's consolidated financial statements.

IFRIC 21, Levies

In May 2013, the IASB issued an interpretation clarifying that:

- The obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by the government's legislation. If this activity arises on a specific date within an accounting period then the entire obligation is recognized on that date;
- The same recognition principles apply in the annual and interim financial statements.

This interpretation applies for annual periods beginning on or after January 1, 2014. Management will thus apply it in the annual period that began on December 28, 2014. In management's view, the new interpretation has no significant impact on the annual and interim financial statements.

IFRS 9, Financial Instruments (2014)

The IASB recently released IFRS 9, *Financial Instruments* (2014), representing the completion of its project to replace IAS 39 *Financial Instruments: Recognition and Measurement.* The new standard introduces extensive changes to IAS 39's guidance on the classification and measurement of financial assets and introduces a new 'expected credit loss' model for the impairment of financial assets. IFRS 9 also provides new guidance on the application of hedge accounting.

Management has yet to assess the impact of IFRS 9 on its consolidated financial statements. The new standard is required to be applied for annual reporting periods beginning on or after January 1, 2018.

IFRS 15, Revenue from Contracts with Customers

IFRS 15 presents new requirements for the recognition of revenues, replacing IAS 18, *Revenue,* IAS 11, *Construction Contracts,* and several revenue-related Interpretations. The new standard establishes a control-based revenue recognition model and provides additional guidance in many areas not covered in detail under existing IFRSs, including how to account for arrangements with multiple performance obligations, variable pricing, customer refund rights, supplier repurchase options, and other common complexities.

IFRS 15 is effective for reporting periods beginning on or after January 1, 2017. Management has not yet assessed the impact of IFRS 15 on the Company's consolidated financial statements.

3. FINANCIAL EXPENSES

	2014 $	2013 $
Interest on long-term debt	3,340	632
Interest on bank indebtedness and other interest	152	29
	3,492	661
Amortization of deferred costs related to the issuance of debt	383	
Change in fair value of interest rate swap	391	
Other financing expenses	25	99
Financial expenses	4,291	760
Interest revenues	82	57
Financing expenses, net of interest revenues	4,209	703

4. UNDERLYING COMPONENTS IN CONSOLIDATED EARNINGS

	2014 $	2013 $
4.1 Employee remuneration expenses		
Salaries and social security costs	46,624	28,435
Equity-based compensation	422	167
	47,046	28,602
4.2 Amounts included in other operating expenses		
Write-down of inventories	130	174
Acquisition-related costs	1,563	1,070
4.3 Depreciation, amortization and loss on disposal of property, plant and equipment		
Depreciation of property, plant and equipment, net of amortization of deferred investment tax credits	6,028	3,810
Amortization of other intangible assets	2,959	1,194
Loss on disposal of property, plant and equipment	12	53
	8,999	5,057

Total restructuring costs amounting to $707,000 (nil in 2013) are included in the materials consumed, the employee remuneration expense and the other operating expenses. These restructuring costs are in relation to the acquisition of the Greiche & Scaff business on October 14, 2014 and relate primarily to the amalgamation of two laboratories, the planned closure of six stores, and the relocation of their former head office.

5. NET EARNINGS PER SHARE

	2014	2013 Revised (Note 7)	2013 Initial
Net earnings attributable to shareholders of New Look	$7,774	$6,240	$6,449
Weighted average number of common shares used in basic earnings per share	12,805,924	10,574,870	10,574,870
Dilutive effect of stock options	358,129	192,106	192,106
Weighted average number of common shares used in diluted earnings per share	13,164,053	10,766,976	10,766,976
Net earnings per share			
Basic	$0.61	$0.59	$0.61
Diluted	$0.59	$0.58	$0.60

Antidilutive options were not included in the computation of diluted earnings per share.

6. UNDERLYING COMPONENTS IN CONSOLIDATED CASH FLOWS

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

	2014	2013 (Revised - Note 7)
	$	$
Receivables	(331)	(172)
Tax credits receivable	64	94
Inventory	(872)	(424)
Prepaid expenses	(85)	(313)
Accounts payable, accrued liabilities and provisions	107	2,545
Source (use) of cash	(1,117)	1,730

7. BUSINESS ACQUISITIONS

7.1 Greiche & Scaff business acquisition

On October 14, 2014, New Look acquired certain assets from Optic Direct Inc., carrying on business under the Greiche & Scaff banner in Québec. The assets acquired include 49 corporately-owned stores in Québec and an integrated lens processing facility located in Montreal. The business will continue to be operated under the Greiche & Scaff name, as a division of New Look. The acquisition was made to enhance the Company's position in the retail optical industry in Eastern Canada.

The preliminary purchase price allocation was established as follows:

Recognized amounts of identifiable net assets	**$**
Current assets	3,056
Current liabilities	(4,417)
Property, plant and equipment	6,075
Intangible assets	9,904
Non-current liabilities	(235)
Deferred tax liabilities	(881)
Identifiable net assets	**13,502**
Goodwill (a)	**2,994**
Total net assets acquired	**16,496**
Amount paid in cash	17,750
Price adjustment receivable	(1,254)
Net consideration	**16,496**

The purchase price allocation is subject to change should new information become available.

a) Goodwill is attributed to the workforce, the on-going presence of optometrists within the premises of the stores, know-how and expected synergies from combining activities of the business acquired, including the lens processing facilities, with those of New Look. Seventy-five percent of goodwill acquired is amortizable for tax purposes.

Since the acquisition date to December 27, 2014, the Greiche & Scaff business realized revenues of $6.3 million and an operating loss of $225,000, taking into account restructuring expenses.

It was not practical to determine pro forma profit or loss for 2014 due to a substantial reorganization of the business acquired.

7.2 Other business acquisitions in 2014

In 2014, in addition to the Greiche & Scaff business acquisition, the Company acquired 100% of the voting shares of two companies each operating an optical clinic and the assets of another clinic. Two of the clinics are located in Québec and have been integrated under the New Look banner, while the other is located in Prince-Edward Island and will continue to operate under its previous tradename. These acquisitions will contribute to enhance the Company's position in the retail optical industry in Eastern Canada. The details of these business acquisitions are summarized as follows:

Recognized amounts of identifiable net assets	**$**
Current assets	147
Current liabilities	(37)
Property, plant and equipment	375
Intangible assets	1,361
Non-current liabilities	(29)
Deferred tax liabilities	(352)
Identifiable net assets	**1,465**
Goodwill (a)	**739**
Total net assets acquired	**2,203**
Amounts paid in cash	1,475
Price adjustments receivable	(23)
Price adjustments payable	24
Balances of purchase price, interest varying from 0% to 5%, subject to performance conditions, fair value estimated using a discount rate reflecting effective interest of 8%, average annual payments of $275, maturing in 2017	728
Total consideration	**2,203**

a) Goodwill is attributed to the workforce, the ongoing presence of optometrists within the premises of the stores, know-how and expected synergies from combining activities of the businesses acquired with those of New Look. An amount of $174,000 of goodwill acquired is deductible for tax purposes.

The purchase price allocation is subject to change should new information become available.

Since their acquisition date to December 27, 2014, the other businesses acquired realized revenues of $394,000. It was not practical to determine the profit or loss of these businesses since their acquisition date as their operations were integrated into New Look operations. Due to lack of IFRS-specific data prior to the acquisition of the businesses, pro-forma profit or loss for 2014 could not be determined reliably.

7.3 Acquisition of the Vogue Optical business in 2013

On December 2, 2013, New Look acquired through a wholly-owned subsidiary named Vogue Optical Group Inc. the assets and business of Vogue Optical Inc. of Charlottetown, Prince Edward Island. The business acquired consists in a network of 65 retail optical stores along with a lens manufacturing laboratory. The business has continued to be operated under the Vogue Optical name. The acquisition was made to enhance New Look's position in the retail optical industry in Eastern Canada.

The purchase price allocation of net assets acquired presented in the consolidated financial statements of the Company for the year ended December 28, 2013 was subject to change should new information become available. Further review relating to the components of working capital acquired, liabilities assumed and deferred tax liabilities has resulted in the following change in the purchase price allocation:

Recognized amounts of identifiable net assets	Revised	Initial
	$	$
Current assets	2,631	2,229
Current liabilities	(4,279)	(4,237)
Loans and advances	178	178
Property, plant and equipment	10,252	10,252
Intangible assets	28,093	28,093
Long-term debt	(67)	
Deferred tax liabilities	(1,401)	(1,151)
Identifiable net assets	**35,407**	**35,364**
Goodwill [(a)]	**38,072**	**38,039**
Total net assets acquired	**73,479**	**73,403**
Amount paid in cash	74,000	74,000
Price adjustment receivable	(521)	(597)
Net consideration	**73,479**	**73,403**

a) Goodwill is attributed to the workforce, the ongoing presence of optometrists within the premises of the stores, know-how and expected synergies from combining the best practices of the business acquired with those of New Look. Seventy-five percent of goodwill acquired is amortizable for tax purposes.

From the acquisition date to December 28, 2013, the Vogue Optical business realized revenues of $2,258,000 and operating profit of $85,000 prior to financing costs incurred with respect to its acquisition.

Following this revised purchase price allocation, retained earnings at December 28, 2013 were revised as follows:

Retained earnings	$
Balance at December 28, 2013 previously stated	730
Additional cost of goods sold resulting from the revised purchase price allocation	294
Related income taxes	(85)
Decrease in net earnings	209
Revised balance at December 28, 2013	521

The revised purchase price allocation had a nil impact on the cash flows as the decrease in net earnings was set off by an increase in changes in working capital items.

7.4 Other business acquisitions in 2013

In 2013, in addition to the Vogue Optical acquisition, New Look acquired an interest in three companies, operating optical clinics, representing respectively 100%, 100% and 85% of the voting shares. It also concluded a management agreement under which it has rights to variable returns from the operations of an optical clinic without owning shares of the entity owning the clinic. Two of the clinics were integrated under the New Look banner while the other two continued to operate under their previous tradenames, as part of a new business initiative to serve new markets or market segments not previously served under the New Look banner. The details of these business acquisitions are summarized as follows:

Recognized amounts of identifiable net assets	$
Current assets	879
Current liabilities	(239)
Property, plant and equipment	508
Intangible assets	2,860
Deferred tax liabilities	(770)
Identifiable net assets	**3,238**
Goodwill [(a)]	**3,363**
Total net assets acquired or managed	**6,601**
Amount paid in cash	5,300
Issuance of 31,746 New Look shares (Note 18)	300
Non-interest bearing balance of purchase price, nominal value of $480, payable over the next three years, discounted at 8%	414
Non-controlling interests [(b)]	587
Total consideration	**6,601**

a) Goodwill is attributed to the workforce, the ongoing presence of optometrists within the premises of the stores, know-how and expected synergies from combining the best practices of the businesses acquired with those of New Look. No amount of goodwill acquired is deductible for tax purposes.

b) The non-controlling interests are evaluated proportionally to New Look's interest in the identifiable net assets. The shareholder of the entity owning the optical clinic managed by New Look holds a put option requiring New Look to purchase the shares owned at any time at fair value.

From their acquisition date to December 28, 2013, the businesses acquired or managed realized revenues of $2,961,000. It was not practical to determine the profit or loss of these businesses since their acquisition date as their operations were integrated to New Look operations.

Due to lack of IFRS-specific data prior to the acquisition of the businesses, pro-forma profit or loss for 2013 could not be determined reliably.

8. RECEIVABLES

	2014 $	2013 (Revised - Note 7) $
Trade accounts	1,864	1,283
Sales taxes	1,430	887
Lease inducements		191
Business purchase price adjustment receivable	1,285	521
Foreign exchange contracts	89	32
	4,668	2,914

9. LOANS AND ADVANCES

	2014 $	2013 $
Loan to an officer of $800, without interest until maturity on July 1, 2015, guaranteed by the shares and assets of an operating company managed by New Look [(a)]	784	753
Cash held in escrow to guarantee a balance of purchase price		40
Loan to an entity related to a senior officer, 5% interest, repayable in 2015, guaranteed by New Look shares having an approximate fair value of $750 (Note 20)	200	200
Loan to a holder of a non-controlling interest, bearing interest at prime rate plus 1%, currently 4.0% (4.0% as at December 28, 2013) without repayment terms	30	30
Various professional loans, without interest, repayable over the next 3 years	111	174
	1,125	1,197
Amounts due within one year	984	
	141	1,197

a) The loan in the amount of $800,000 was made pursuant to a business initiative to affiliate with and invest in independent optical clinics serving markets and markets segments not served under the New Look banner. The carrying value of the loan reflects an initial fair value estimated using a discount rate of 5%, transaction costs and accretion of implied interest.

Total loans in 2013 along with transaction costs amounted to $808,000.

Certain loans to officers are presented as a reduction of share capital. Refer to Note 20 for more details.

10. PROPERTY, PLANT AND EQUIPMENT

	Land	Building	Leasehold improvements	Computer equipment	Optical equipment	Other equipment, tools and signs	Deposit to acquire equipment	Total
	$	$	$	$	$	$	$	$
Gross carrying amount								
Balance as at December 28, 2013	1,462	3,221	26,067	2,048	5,687	33,121		71,606
Reclassification					4,188	(4,188)		
Acquisitions through business combinations			1,845	253	155	4,197		6,450
Other acquisitions		577	2,103	203	841	914	15	4,653
Disposals			(233)			(646)		(879)
Balance as at December 27, 2014	1,462	3,798	29,782	2,504	10,871	33,398	15	81,830
Accumulated depreciation								
Balance as at December 28, 2013		150	11,581	1,298	1,063	21,987		36,079
Reclassification					62	(62)		
Depreciation		157	2,758	309	1,134	1,682		6,040
Disposals			(267)			(582)		(849)
Balance as at December 27, 2014		307	14,072	1,607	2,259	23,025		41,270
Net carrying amount as at December 27, 2014	**1,462**	**3,491**	**15,710**	**897**	**8,612**	**10,373**	**15**	**40,560**
Leased assets included in net carrying amount			48	32		267		

	Land	Building	Leasehold improvements	Computer equipment	Optical equipment	Other equipment, tools and signs	Deposit to acquire equipment	Total
	$	$	$	$	$	$	$	$
Gross carrying amount								
Balance as at December 29, 2012	1,462	2,834	17,420	1,616	4,110	27,159	767	55,368
Acquisitions through business combinations			6,156	160	141	4,303		10,760
Other acquisitions [(a)]		387	2,830	272	1,437	1,708	(767)	5,867
Disposals			(339)		(1)	(49)		(389)
Balance as at December 28, 2013	1,462	3,221	26,067	2,048	5,687	33,121		71,606
Accumulated depreciation								
Balance as at December 29, 2012		47	10,009	1,080	737	20,535		32,408
Depreciation		103	1,722	218	326	1,452		3,821
Disposals			(150)					(150)
Balance as at December 28, 2013		150	11,581	1,298	1,063	21,987		36,079
Net carrying amount as at December 28, 2013	**1,462**	**3,071**	**14,486**	**750**	**4,624**	**11,134**		**35,527**
Leased assets included in net carrying amount						52		

a) Other acquisitions in 2013 include $5,681,000 paid in cash and $186,000 in exchange for other property.

11. GOODWILL

The change in the carrying amount of goodwill resulted from the business acquisitions:

	2014 $	2013 as revised - Note 7 $
Balance, beginning of year, as previously stated	47,799	6,397
Net impact of the revised purchase price allocation of net assets of Vogue Optical Inc. acquired in 2013 (Note 7.3)	33	
Revised balance, beginning of year	47,832	6,397
Addition though business acquisitions	3,733	41,435
Balance, end of year	51,565	47,832

Impairment tests of goodwill

Goodwill was tested for impairment on December 27, 2014 and December 28, 2013. The tests showed that an impairment was not necessary.

For the purpose of annual impairment testing, goodwill is allocated to the following store banners expected to benefit from the synergies of the business acquisitions:

	2014 $	2013 as revised - Note 7 $
New Look	9,273	8,534
Vogue Optical	38,072	38,072
Greiche & Scaff	2,994	
Others	1,226	1,226
Balance, end of year	51,565	47,832

The recoverable amounts were determined based on value-in-use calculations, covering detailed three-year forecasts, followed by an extrapolation of expected cash flows for the remaining useful lives using an annual average growth rate of 2% and an average discount pre-tax rate of 10% at December 27, 2014 and at December 28, 2013 for all store banners. The growth rate reflects the minimum expected long-term growth rate of the store banners.

12. OTHER INTANGIBLE ASSETS

	Tradenames	Leases[(a)]	Application software	Customer relationships	Contractual agreements[(b)]	Total
	$	$	$	$	$	$
Gross carrying amount						
Balance as at December 28, 2013	12,511	537	2,062	18,871	5,316	39,297
Acquisitions through business combinations	6,452		400	2,880	1,533	11,265
Other acquisitions			355	60	25	440
Balance as at December 27, 2014	18,963	537	2,817	21,811	6,874	51,002
Accumulated amortization						
Balance as at December 28, 2013	19	305	822	1,050	1,458	3,654
Amortization	47	52	315	1,264	1,281	2,959
Balance as at December 27, 2014	66	357	1,137	2,314	2,739	6,613
Net carrying amount as at December 27, 2014	**18,897**	**180**	**1,680**	**19,497**	**4,135**	**44,389**

	Tradenames	Leases[(a)]	Application software	Customer relationships	Contractual agreements[(b)]	Total
	$	$	$	$	$	$
Gross carrying amount						
Balance as at December 29, 2012	2,500	537	1,310	1,459	1,786	7,592
Acquisitions through business combinations	10,011			17,412	3,530	30,953
Other acquisitions			752			752
Balance as at December 28, 2013	12,511	537	2,062	18,871	5,316	39,297
Accumulated amortization						
Balance as at December 29, 2012		253	626	630	951	2,460
Amortization	19	52	196	420	507	1,194
Balance as at December 28, 2013	19	305	822	1,050	1,458	3,654
Net carrying amount as at December 28, 2013	**12,492**	**232**	**1,240**	**17,821**	**3,858**	**35,643**

a) Leases in the above tables are contracts acquired under favourable conditions.
b) Contractual agreements include non-competition agreements and other contractual agreements.

Impairment tests of tradenames

The New Look, Vogue Optical and Greiche & Scaff tradenames are not amortized and were tested for impairment on December 27, 2014 and December 28, 2013. The tests indicated that an impairment charge was not necessary.

For the purpose of annual impairment testing, the tradenames with indefinite useful lives are allocated to the following store banners:

	2014	2013
	$	$
New Look	2,500	2,500
Vogue Optical	9,700	9,700
Greiche & Scaff	6,300	
	18,500	12,200

The recoverable amounts were determined using the "relief from royalty method" with the following assumptions: hypothetical royalties varying from 4% to 6% of projected revenues, annual average growth rate in revenues of 2%, and a discount pre-tax rate of 10%

13. BANK INDEBTEDNESS

Revised credit facilities

The short-term bank indebtedness is governed by the revised revolving credit facility of $13,000,000 ($10,000,000 in 2013) described in Note 15.

The actual cost of advances under this credit facility as of December 27, 2014 was 4.75% (5.25% as of December 28, 2013).

14. ACCOUNTS PAYABLE, ACCRUED LIABILITIES AND PROVISIONS

	2014	2013 Revised - Note 7
		$
Salaries and accrued benefits	5,879	4,750
Customers' deposits	3,096	2,252
Trade and other payables	10,014	7,869
Provisions	1,617	1,149
	20,606	16,020

The above provision figures reconcile as follows:

	Product warranties	Lease termination (a)	Onerous contracts (b)	Restructuring(c)	Total
Carrying amount at December 28, 2013	1,044	105			1,149
Business acquisitions	82	424	335		841
Additional provision	1,510	274		58	1,842
Amount utilized	(1,710)	(505)			(2,215)
Carrying amount at December 27, 2014	926	298	335	58	1,617

a) The lease termination provision covers amounts for litigation settlements and asset removal costs expected to be incurred at the end of certain leases, including the leases for six stores planned to be closed pursuant to the acquisition of the Greiche & Scaff business and the lease for the former head office of the Greiche & Scaff business.

b) The onerous contracts provision covers two leases in which the unavoidable costs of meeting the obligations exceed the expected cash inflows.

c) The restructuring costs provision covers expected severance costs related to the planned store closures mentioned in a).

All provisions are considered current. The Company is not eligible for any reimbursement by third parties. See Note 2.2 for accounting judgements estimates and assumptions related to the provisions.

15. LONG-TERM DEBT

	2014	2013
		Revised - Note 7
	$	$
Bankers' acceptances under the acquisiton term facility, effective rate of 4.12% (4.64% as of December 28, 2013) (a)	52,600	45,000
Prime rate basis loan under the acquisition-term facility, effective rate of 4.75%	150	
Subordinated debt to a development capital fund, repayable upon maturity in 2018, nominal rate of 8% (a)	15,000	15,000
Balances of purchase price, interest varying from 0% to 5%, subject to performance conditions, initial fair value estimated using discount rates varying from 5% to 8%, average annual payments of $287, various maturity dates until 2017	1,128	875
Other	100	27
Total debt	68,978	60,902
Deferred costs related to the issuance of debt (a)	(1,356)	(1,585)
	67,622	59,317
Instalments due within one year(b)	7,303	4,708
	60,319	54,609

a) Transaction costs related to the acquisition term facility and the subordinated debt are included in the deferred costs presented above. They are amortized using the effective interest method. They represent an addition of 0.48% per year in the case of borrowings under the acquisition term facility. They represent an addition of 1.23% on the nominal rate of the financing cost of 8.0% on the subordinated debt.

b) Instalments due within one year include an estimated amount of $1,525,000 under a "cash flow sweep" covenant.

Instalments on long-term debt

	$
2015	7,303
2016	5,650
2017	5,531
2018	50,494
	68,978

Revised credit facilities in 2014

New credit facilities with a bank syndicate were granted to New Look in 2013 pursuant to the acquisition of the Vogue Optical business. These credit facilities were amended and restated in 2014 pursuant to the acquisition of the Greiche & Scaff business. The main elements of the amended and restated credit facilities are the following:

- A revolving facility of $13,000,000 (previously $10,000,000) to fund working capital expenditures and for general corporate purposes.
- An acquisition term facility of $52,750,000 (in replacement of the previous term facility of $45,000,000) to finance the acquisition of the Greiche & Scaff business, reimburse previous debt balances, and for general corporate purposes.
- The facilities are available by way of loans on a prime rate basis, Libor loans and bankers' acceptances.
- An interest-rate swap agreement has been concluded to swap the variable interest rate on 50% of the outstanding debt under the acquisition term facility to fixed interest rate.
- Repayments on the acquisition term facility represent $5,275,000 per year for 2015 through 2017 (previously $4,500,000 per year for 2014 through 2016). Under a cash flow sweep covenant, New Look may have to reimburse larger amounts if, as and when available.
- All outstanding debt balances are repayable in full on October 17, 2018 (previously December 2, 2017).
- Loans on a prime rate basis bear interest at prime rate plus a margin varying from 1.00% to 2.25% depending on the ratio of debt to EBITDA. On December 27, 2014, the margin was 1.75% (2.25% on December 28, 2013).
- Libor loans bear interest at Libor plus a margin varying from 2.00% to 3.25% depending on the ratio of debt to EBITDA. Bankers' acceptances are subject to stamping fees of same percentage. On December 27, 2014, the stamping fees were 2.75% (3.25% on December 28, 2013).
- New Look must respect certain financial ratios which approximate the financial ratios described in the guidelines in Note 26.
- Assets of New Look (which include the assets of the Greiche & Scaff division) and Vogue Optical Group Inc. are hypothecated in favour of the bank syndicate.

Financial ratios required under the financing agreement were respected as of December 27, 2014 and December 28, 2013 and for the years then ended.

16. INCOME TAXES

16.1 Income tax expense

The Company is subject to tax on its taxable income at a rate of approximately 27.4% (26.9% in 2013). The effective income tax rate differs from the combined federal and provincial income tax rates in Canada. This difference results from the following:

	2014	2013 as revised
	$	$
Earnings before income taxes	11,183	8,780
Current statutory income tax rate	27.4%	26.9%
Income tax expense at statutory rate	3,064	2,362
Increase in taxes resulting from:		
Non-deductible current expenses	153	95
Adjustments for prior years	42	23
Other	99	40
Income tax expense	3,358	2,520

The income tax expense comprises:

	2014	2013
	$	$
Current tax	867	9
Deferred tax:		
Origination and reversal of temporary differences	721	35
Utilization of unused tax losses and tax credits	1,770	2,476
Total deferred tax	2,491	2,511
Total income taxes	3,358	2,520

16.2 Deferred tax assets (liabilities)

Deferred taxes arising from temporary differences and unused tax losses and tax credits are summarized as follows (negative balances represent deferred tax liabilities):

	Balance as at Dec 28, 2013	Business acquisitions	Recognized in earnings	Reduction of share issuance costs [a]	Balance as at Dec 27, 2014
	$	$	$	$	$
Unused tax losses and tax credits	1,732	(4)	(1,770)	253	211
Temporary differences[b]:					
Property, plant and equipment	(1,806)	(584)	32		(2,358)
Other assets	(3,471)	(907)	82		(4,296)
Cumulative amortization of goodwill for tax purposes[c]			(629)		(629)
Provisions	725	228	(411)		542
Liabilities[c]	392	34	205		631
	(2,428)	(1,233)	(2,491)	253	(5,899)

a) Share issuance costs, net of income taxes, are presented as a reduction of the carrying value of share capital.

b) Temporary differences between carrying value and tax basis.

c) No deferred tax was recorded on the initial recognition of goodwill. However, a deferred tax liability is calculated on amortization of goodwill for tax purposes.

Deferred taxes for the comparative period are summarized as follows:

	Balance as at Dec 29, 2012	Business acquisitions (Revised - Note 7)	Recognized in earnings (Revised - Note 7)	Reduction of share issuance costs (a)	Balance as at Dec 28, 2013 as revised
	$	$	$	$	$
Unused tax losses and tax credits	3,690		(2,476)	518	1,732
Temporary differences(b):					
Property, plant and equipment	(1,732)	(30)	(44)		(1,806)
Other assets	(933)	(2,757)	219		(3,471)
Provisions	66	634	25		725
Liabilities (c)	645	(18)	(235)		392
	1,736	(2,171)	(2,511)	518	(2,428)

a) Share issuance costs, net of income taxes, are presented as a reduction of the carrying value of the share capital.

b) Temporary differences between carrying value and tax basis.

c) Liabilities represented by balances of purchase price and deferred lease inducements, investment tax credits and rent.

16.3 Proposal letter from the Canada Revenue Agency

In April 2014, New Look received a letter from the Canada Revenue Agency (CRA) proposing to contest certain tax consequences arising in relation to its conversion from a trust structure into a corporation in March 2010. More specifically, the letter proposes to deny New Look the use of certain tax attributes, principally operating losses, carried forward and used by it in 2010 and the following fiscal periods. The letter is the beginning of an administrative process which could result in notices of reassessment being issued for these periods. In October 2014, New Look made written representations to the tax authorities regarding its position on these matters and expects to have further discussions during the administrative process.

New Look is confident of the soundness of the position it has taken on this matter in filing its tax returns and will strongly defend its position through the administrative process and before the courts, if necessary. Consequently, no amount has been recorded as a liability regarding the CRA contestation.

In the event notices of reassessment were to be issued, New Look has the right to object thereto and, if the objection is not successful, to appeal the reassessment to the courts. To pursue an objection to a reassessment, New Look must advance 50% of the amount reassessed. It is currently estimated that this would involve payments, at the federal and provincial levels, on account of tax and interest of $972,000 for 2010, $1,529,000 for 2011, $1,608,000 for 2012, $1,291,000 for 2013 and $378,000 for 2014.

If the tax authorities were ultimately successful in pursuing its claims, New Look would have to pay the balance of the 50% plus accrued interest thereon.

17. DIVIDENDS

17.1 Dividends declared

New Look declared quarterly dividends totalling $0.60 per Class A common share in 2014 and 2013. Dividends totalling $37,000 were also declared to the holder of a non-controlling interest in 2014.

17.2 Dividend reinvestment program

In March 2014, New Look adopted a dividend reinvestment program (DRIP) commencing with the payment of the June 2014 dividend. The DRIP provides Canadian resident shareholders with the opportunity to reinvest their cash dividends in New Look Class A common shares without incurring brokerage commissions, service charges or brokerage fees. Shares acquired under the DRIP are, at the discretion of New Look, either purchased on the open market or issued from the treasury. The purchase price from the reinvestment of cash dividends is determined as follows:

- In the case of treasury shares, the weighted average trading price for the five trading days preceding the dividend payment date less a discount, if any, of up to 5% at New Look's election;
- In the case of shares purchased on the open market, the average of actual price paid (excluding brokerage commissions, fees and transaction costs) during the five business days following the dividend payment date.

Currently, New Look issues shares from treasury with a discount of 5%.

Class A common shares issued under the DRIP in 2014 represented 27,696 shares at an average carrying value of $20.62 for a total of $571,000. See Note 27 for shares issued under the DRIP after the reporting period.

The Toronto Stock Exchange has approved the DRIP and has reserved 200,000 Class A common shares to be issued under this plan.

18. SHARE CAPITAL

18.1 Authorized share capital as at December 27, 2014 and December 28, 2013

Class A common shares

Unlimited number, voting and participating.

First preferred shares

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

Class A preferred shares

Unlimited number, non-voting, non-participating, redeemable and retractable.

18.2 Outstanding share capital as December 27, 2014 and December 28, 2013

The only shares outstanding as at December 27, 2014 and December 28, 2013 are the Class A common shares whose continuity is shown in the consolidated statements of changes in equity.

18.3 Issuance of shares in 2014

	Number of shares issued	Price per share	Variation in share capital
	#	$	$
Private placement[a]			
Gross proceeds	500,000	20.00	10,000
Payment equal to dividends [a]			(75)
Issuance fees			(937)
Net proceeds from the private placement			8,988
Reduction in taxes related to the issuance fees			253
Exercise of stock options			
In consideration of cash	100,698	7.26	731
Under the cashless exercise feature (26,000 options)	16,840		
Transfer from contributed surplus [b]			87
In payment of services	1,169	21.39	25
Shares issued pursuant to the dividend reinvestment plan (Note 17.2)	27,696	20.62	571
	646,403		10,655

a) On August 29, 2014, New Look completed a "bought deal" private placement by the issuance of 500,000 subscription receipts at a price of $20.00 each for a total of $10 million. The issuance proceeds were held in escrow pending the closing of the acquisition of the Greiche & Scaff business on October 14, 2014. At that date, the subscription receipts were exchanged for New Look Class A common shares on a one-for-one basis and their holders received a cash payment equal to the dividends totalling $0.15 per Class A common share payable on September 30, 2014 to the holders of record on September 23, 2014. This payment equal to dividends has been treated as a return of capital to the holders of subscription receipts.

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

18.4 Issuance of shares in 2013

	Number of shares issued	Price per share	Variation in share capital
	#	$	$
Private placement			
Gross proceeds	2,155,172	11.60	25,000
Issuance fees			(1,924)
Net proceeds from a private placement			23,076
Reduction in taxes related to the issuance fees			518
Partial consideration for a business acquisition (Note 7.4)	31,746	9.45	300
Exercise of stock options			
In consideration of cash	21,167	6.11	129
Under the cashless exercise feature (81,633 options)	29,496		
Transfer from contributed surplus [a]			69
In payment of services	801	15.61	12
	2,238,382		24,104

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

19. STOCK OPTION PLAN

Under the Stock Option Plan of New Look, options to acquire New Look shares may be granted to key employees, officers and directors. The exercise price of each option reflects the average market price of the shares for the five business days preceding the grant date and an option's maximum term may not exceed ten years. Options vest according to a period established by the Board of Directors at the time the options are granted. As of December 28, 2013, all outstanding options had been granted for a period of five years. The current policy is to grant options with the following vesting periods: 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.

In 2013, the TSX approved the addition of a cashless exercise feature to the option plan allowing the Board of Directors, at its sole discretion, to accept the settlement of the intrinsic value of an option (excess of fair value over the exercise price) by a cash payment or the issuance of New Look shares to the optionee.

The maximum number of shares issuable under the plan at any given time is 10% of shares issued and outstanding. The number of shares reserved by the TSX for issuance upon the exercise of options was 1,079,682 as of December 27, 2014 (989,240 as of December 28, 2013).

Changes in the number of options outstanding were as follows:

	2014	2013
Number of options		
Outstanding at beginning of year	654,167	614,967
Granted	196,000	142,000
Exercised	(126,698)	(102,800)
Outstanding at end of year	723,469	654,167
Exercisable at end of year	545,455	459,157
Weighted average exercise price	**$**	**$**
Outstanding at beginning of year	8.47	7.94
Granted	17.62	9.76
Exercised	7.32	7.08
Outstanding at end of year	11.15	8.47
Exercisable at end of year	9.72	8.08
Weighted average market value of New Look shares at exercise date	19.73	12.26

Options exercised in 2014 included 26,000 options for which the intrinsic value was settled by the issuance of 16,840 shares under the cashless exercise feature.

Options exercised in 2013 included 81,633 options for which the intrinsic value was settled by the issuance of 29,496 shares under the cashless exercise feature.

The following table summarizes information about options outstanding and exercisable as at December 27, 2014:

	Options outstanding			Options exercisable	
Range of exercise price	Number	Weighted average remaining contractual life (years)	Weighted average exercise price	Number	Weighted average exercise price
$			$		$
7.40	139,800	0.93	7.40	139,800	7.40
8.98 to 9.77	389,335	2.83	9.28	341,995	9.21
15.53	115,000	4.05	15.53	38,332	15.53
20.58	79,334	4.37	20.58	25,328	20.58
	723,469	2.83	11.15	545,455	9.72

The per-share average market value was $18.41 in 2014 ($11.99 in 2013) and the per-share market value at the end of 2014 was $22.15 ($15.02 at end of 2013).

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

	2014	2013
Exercise price	$17.62	$9.76
Expected life (years)	4	4
Expected volatility	24%	25%
Risk-free interest rate	1.6%	1.6%
Expected annual dividends	$0.60	$0.60

The weighted average fair value of options granted in 2014 was estimated at $2.55 per option ($1.00 for 2013).

The underlying expected volatility was determined by reference to historical data of the Company's shares over a period of time representing the expected life of the options granted.

The equity-based compensation expense of $422,000 recorded in 2014 ($167,000 in 2013) relates to the vesting of options accrued in the period.

20. RELATED PARTY TRANSACTIONS

The Company's related parties include key management and directors. Key management is composed of the vice chairman, the president and the vice presidents of New Look, the president and vice presidents of Vogue Optical, and the general manager of Greiche & Scaff.

Interest on loans to entities related to senior officers were received as scheduled in 2014 and 2013 and a reimbursement of $120,000 was made in 2014.

Loans treated as financial assets are described in Note 9. Certain loans to purchase New Look shares were treated as option grants and deducted from share capital. Their balance amounted to $251, 000 at December 27, 2014 ($371,000 at December 28, 2013).

21. REMUNERATION OF KEY MANAGEMENT AND DIRECTORS

Remuneration of key management and directors is summarized as follows:

	2014	2013
	$	$
Short-term remuneration of key management and directors, termination payments and related social security costs	2,718	1,953
Equity-based compensation	422	167
	3,140	2,120

22. COMMITMENTS

New Look has entered into long-term lease agreements expiring until 2024 which call for lease payments for the rental of buildings. Minimum lease payments required under such leases are as follows:

2015	12,485
2016	10,905
2017	8,648
2018	6,888
2019	4,675
Thereafter	9,135
	52,735

New Look also entered into agreements to purchase property and equipment totalling $725,000.

23. CONTINGENCIES

New Look is contingently liable with respect to claims and litigations that arise in the normal course of business. Management is of the opinion that any liability in excess of a 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 Company.

24. FINANCIAL INSTRUMENTS

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

	2014 $	2013 (as revised - Note 7) $
Financial assets (liabilities) at fair value through profit and loss		
Forward exchange contracts, included in receivables	89	32
Interest rate swap	(391)	
Total financial assets (liabilities) at fair value through profit or loss	**(302)**	**32**
Loans and receivables		
Cash	4,071	343
Trade accounts receivable[a]	1,864	1,283
Lease inducements receivable[a]		191
Business purchase price adjustment receivable[a]	1,285	521
Loans and advances [b]	1,125	1,197
Total loans and receivables	**8,345**	**3,535**
Other financial liabilities		
Bank indebtedness		3,649
Customers' deposits[a]	3,096	2,252
Trade and other payables[a]	10,014	7,869
Dividends payable	1,992	
Long-term debt [c]	68,978	60,902
Total financial liabilities	**84,080**	**74,672**

a) The fair value of short-term financial assets and liabilities approximate their carrying amount given that they mature shortly.

b) The fair value of the loans and advances is determined by discounting future cash flows using current rates. The fair value of the loans approximates their carrying amount.

c) 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 the years ended December 27, 2014 and December 28, 2013.

25. FINANCIAL INSTRUMENT RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company is exposed to various risks in relation to financial instruments including: foreign exchange risk, interest rate risk, credit risk and liquidity risk. Management is responsible for setting acceptable levels of risks and reviewing management activities as necessary.

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

Management has established objectives and policies regarding the following risks.

Exchange risk

The Company is exposed to foreign currency fluctuations with regards to the following assets and liabilities, expressed in Canadian dollars:

	2014 $	2013 $
Cash in US dollars	21	109
Accounts payable in US dollars	(86)	(772)
Accounts payable in euros	(545)	(174)
Net assets (net liabilities) in currencies	(610)	(837)
Favourable (unfavourable) impact of 10% strengthening of the currencies on earnings before income taxes	(61)	(84)

Management has established a policy covering approximately 50% of the purchases in US dollars forecast for the next 12 months through the use of forward exchange contracts.

The Company does not use hedge accounting in relation with the forward exchange contracts. Accordingly, such 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 27, 2014 and December 28, 2013 related to the purchases of US dollars are summarized as follows:

Maturity	USD	Average contract rate in CAD
As of December 27, 2014		
Less than 4 months	1,025	1.124
From 4 to 12 months	2,525	1.135
As of December 28, 2013		
Less than 4 months	400	1.027
From 4 to 12 months	800	1.066

The average contract rates as of December 27, 2014 are calculated on the assumption that the spot rate of the US dollar in 2015 will exceed 1.1260 CAD. Should the spot rate be equal or lower than 1.1260, New Look would

have to purchase an additional amount of $1,950,000 USD at the rate of 1.1260 CAD.

As of December 27, 2014 the estimated fair value of the above exchange contracts represented an asset of $89,000 ($32,000 as of December 28, 2013) included with the receivables.

Interest rate risk

As at December 27, 2014, 76% (75% as at December 28, 2013) of the long-term debt bore interest at a floating rate and therefore, the Company is exposed to cash flow risks resulting from fluctuations in interest rates. In order to mitigate this risk, New Look has concluded an interest rate swap agreement to fix the variable interest rate to a fixed interest rate on 50% of the outstanding balance of the acquisition term facility, which brings the variable interest rate risk to approximately 11% (10% as at December 28, 2013) of long-term debt.

The interest rate swap agreement fixes the interest rate at 2.08% and the outstanding notional principal amount of debt covered by the agreement was $26,375,000 at December 27, 2014 ($22,500,000 at December 28, 2013). The fair value of the swap agreement represented a liability of $391,000 as at December 27, 2014 ; the amount was insignificant as at December 28, 2013.

A 100 basis point increase in interest rates would have resulted in an increase in interest payments of $458,000 in 2014 ($136,000 in 2013) and a decrease in net earnings and equity of $334,000 ($99,000 in 2013).

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 Company's balance sheet for its financial assets exposed to credit risk represents the maximum amount exposed to credit risk.

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.

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. Amounts past due at the end of 2014 and 2013 were not significant.

The price adjustments receivable were actually received subsequent to the year-end or protected by amounts held in escrow. Lease inducements receivable from landlords are also well documented and considered well protected since the Company, as lessee, continually owes money to them.

Credit risk with respect to loans to officers or related entities are limited by guarantees on assets, and credit risk associated with professional loans is mitigated by the nature of the business relation with the debtor.

Management considers all of the above financial assets for each of the reporting dates under review of good credit quality.

Liquidity risk

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

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

	Bank indebtedness	Long-term debt	Interest rate swap agreement	Accounts payable, accrued liabilities and dividends payable	Total
2015	95	9,498	356	15,102	25,051
2016	95	9,088	318		9,501
2017	95	8,693	281		9,069
2018	95	54,542	131		54,768
	380	81,821	1,086	15,102	98,389

This analysis reflects the following assumptions, based on conditions prevailing at the end 2014:

- A constant level of short-term bank indebtedness of $2,000,000 and an interest rate of 4.75%;
- Financing costs of 4.12% paid on the debt under the acquisition term facility, quarterly repayments of $1,318,750 on this debt, and repayment of the balance in 2018;
- Additional disbursements related to the swapped interest rate;
- Regular payments of the 8% interest on the subordinated debt with full repayment in 2018.

26. CAPITAL MANAGEMENT

The Company's objectives when managing capital are:

a) To optimize the use of debt while maintaining a comfortable spread between the actual and required financial ratios in the credit facilities.

b) To use the cash flows generated by the operations to pay interest, pay down the debt, to continue to make maintenance and growth capital expenditures, and maintain the current dividend pay-out to the shareholders.

The Company's capital is composed of shareholders' equity and net debt. Net debt is the total of the long-term debt, including the short-term portion, and the short-term bank indebtedness, and dividends payable in excess of cash. The Company manages the capital structure by financing its growth using a combination of its credit facilities and cash flows from operations and issuances of treasury common shares.

The Company's capital structure is as follows:

	2014		2013 (Revised- Note 7)	
	$	%	$	%
Net debt	65,543	51%	62,623	55%
Equity	62,055	49%	50,861	45%
Total capitalization	127,598	100%	113,484	100%

The guidelines with respect to the capital management and the resulting performance read as follows:

	Guidelines	2014	2013 as revised
Net debt to adjusted EBITDA[(a)]	Maximum of 3.25	2.20	2.53
Adjusted net debt[(b)] / EBITDAR[(c)]	Maximum of 5.00	3.79	4.34
Fixed charge coverage ratio[(d)]	Minimum of 1.10	1.57	1.28

a) Adjusted EBITDA is net earnings before financial expenses, income taxes, depreciation and amortization for the last four quarters. It excludes any gain or loss on foreign currency, equity-based compensation, acquisition-related and restructuring costs. Pro forma data are included when necessary.

b) Adjusted net debt corresponds to the net debt plus eight times the rent expenses for the last four quarters. Pro forma data are included when necessary.

c) EBITDAR is defined as EBITDA plus rent expenses.

d) The fixed charge coverage ratio is defined for a period of four quarters as the ratio of (i) EBITDA less maintenance capital expenditures, taxes and dividends paid in cash to (ii) fixed charges. For this calculation, fixed charges are composed of scheduled repayments of debt and interest paid during the period.

New Look has no commitments to issue shares except pursuant to the exercise of options and the dividend reinvestment plan.

27. EVENTS AFTER THE REPORTING PERIOD

Dividends

On March 16, 2015, the Board of Directors declared two dividends totalling $0.15 per Class A common shares to shareholders of record on March 25, 2015. The dividends are payable on March 31, 2015 and no liability in this respect is recognized in the financial statements for 2014.

Shares issued pursuant to the DRIP

On December 31, 2014, New Look issued 12,667 Class A Common shares at $20.81 per share for a total pursuant to the DRIP described in Note 17.2. This issuance will be recognized in the first quarter of 2015. After this issuance, the balance of shares reserved by the TSX for the purpose of the DRIP is 159,637.

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New Look Eyewear Inc.

Antoine Amiel
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New Look Eyewear Inc.

Richard Cherney
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Operations
Vogue Optical Group Inc.

Matthew Rust
Chief Financial Officer
Vogue Optical Group Inc.

Greiche & Scaff Inc. Executive Officer

Derrick Giannoumis
General Manager
Greiche & Scaff Inc.

Contact Information

Head Office
1 Place Ville-Marie, suite 3438
Montréal, (Québec), H3B 3N6
Tel: (514) 877-4299
Fax: (514) 876-3956
Website: www.newlook.ca

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

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Vogue Optical 2nd PAIR FREE POLICY

greiche & scaff eye care professionals

ANNUAL REPORT 2014

For the year ended December 27, 2014

As of February 28, 2015, New Look had 13,312,684 Class A common shares issued and outstanding. New Look is a leader in the eye care industry in Eastern Canada having a network of 192 corporate stores mainly under the New Look, Vogue Optical, and Greiche & Scaff banners and laboratory facilities using state-of-the-art technologies.