

ANNUAL REPORT 2015

YEAR

ended

December 26, 2015



NEWLOOK
VISION GROUP INC.

(Formerly New Look Eyewear Inc.)

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Annual General Meeting of Shareholders
May 6, 2016 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 26, 2015



A strong and positive focus on operations and strategic growth in 2015

The past 36 months have been an extremely active period for the New Look Vision group during which time it has taken a major step forward in building its basic business at the same time as successfully pursuing its strategic game plan. The group is now the second largest retail optical group in Canada with 193 corporate stores, as of the end of 2015, and a leading position in Québec, the Maritimes and Ontario based on its three established and dynamic banners: New Look Eyewear, Vogue Optical and Greiche & Scaff.

Highlights of 2015

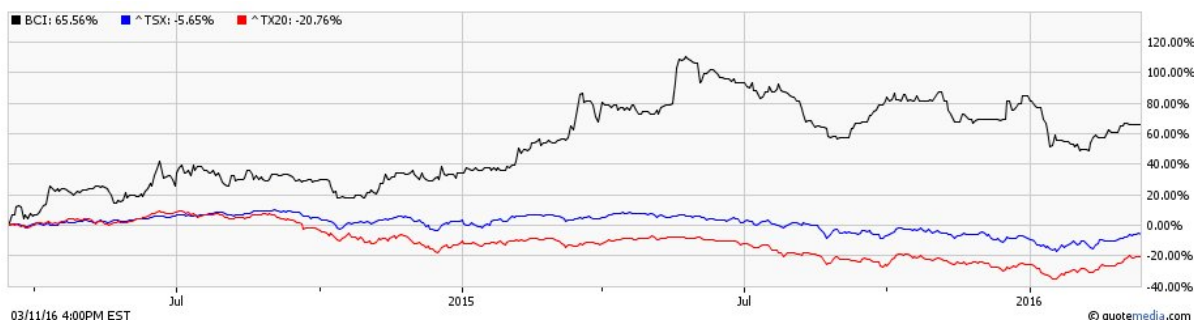
Set out below are summary highlights of 2015. Further details are also set out in the annual message of the President, Antoine Amiel:

- On June 1, the company changed its name to New Look Vision Group Inc. and successfully adopted a new management structure reflecting its recent dramatic growth and current scope of activities.
- Revenues for 2015 increased by 24.5% from last year to reach a record high of \$175 million.
- Adjusted EBITDA^(a) was \$33.5 million (\$2.44 per share on a diluted basis) for 2015 as compared to \$27.0 million (\$2.05 per share on a diluted basis) last year, an increase of 24.0% (19.0% per share) over last year.
- Comparable store sales orders for the year were solid at 4.8% over the previous year.
- The Company made investments totalling \$9.7 million related to acquisitions, store openings and refurbishments, optical and laboratory equipment and information technology.
- Cash flows from operations before changes in working capital were strong at \$27.7 million, an increase of \$3.5 million over last year. It represents \$2.01 per share (on a diluted basis) compared to \$1.83.
- The Company reduced its debt by \$12.3 million during the year to improve its net debt to adjusted EBITDA^(a) ratio to 1.67 compared to 2.20 at the end of last year.
- Net earnings attributable to shareholders reached \$9.2 million in 2015, an increase of 17.8% over last year. Net earnings per share increased by \$0.07 to \$0.68 (to \$0.67 on a diluted basis).
- Adjusted net earnings^(a) attributable to shareholders for 2015 were \$12.6 million (\$0.92 per share) as compared to \$9.4 million last year (\$0.72 per share).
- In November, the Company reached a satisfactory settlement with the Canada Revenue Agency regarding certain tax positions taken by the Company when it converted from a trust structure to a corporation in 2010.
- The strong financial and operating performance of the Company in 2015 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 Vision's common shares during the year.

Trading performance

From January 1st through December 31st, the Company's shares traded in the range of \$22.14 to \$36.27 per share and closed at \$30.50. New Look Vision's solid results allowed its shares to significantly outperform both the TSX Composite Index and the Small Cap Index (TSX Smallcap Index).



Chairman's Message

For the year ended December 26, 2015

Change of name and management structure

Consistent with the Company's current strategy of acquiring and operating separate established retail optical banners and its pan-Canadian aspirations, on June 1st, 2015, the Company's name was changed from New Look Eyewear Inc. to New Look Vision Group Inc. At the same time, a new holdco management structure was adopted. Antoine Amiel was appointed President of the new parent entity in the group which will be responsible for overall consolidated operations, finance, strategic development, laboratory operations, information technology and purchasing. 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 recent acquisitions, including Vogue Optical (December 2013), Greiche & Scaff (October 2014) and iVision (February 2016) greatly strengthen the leadership of New Look Vision in the eye care industry across Canada. Our current priorities and development plans include the following objectives:

- To continue to explore acquisitions in Québec, Ontario, the Atlantic provinces, and across Canada;
- To continue to leverage the three primary trade names, New Look Eyewear, Greiche & Scaff and Vogue Optical, which have long and solid reputation in their respective markets;
- To continue to expand the New Look Eyewear, 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;
- To increase our market position by an expansion and continual modernization of our state-of-the-art laboratories, aggressive marketing, availability of opticians, 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 and the senior management team at the New Look Vision Group Inc. level: Derrick Giannoumis, Mario Pageau, Martin Galemeau and Franca Russo; and at the operating units, Martial Gagné, France Reimnitz, Caroline Rouleau and Marie-Josée Mercier at New Look Eyewear; John MacLeod, Juanita Leary and Regan Lewis at Vogue Optical; and Martial Gagné and Derrick Giannoumis at Greiche & Scaff.

A special thanks to members of the Board of Directors for their continuing support, guidance and advice. The past 36 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 and sincere note of thanks to Bill Ferguson from us all. Bill will not be standing for re-election as a board member at the upcoming annual meeting in May. He has been involved with New Look Vision Group and its predecessor companies and businesses for over 20 years. His wise counsel, practical advice and overall "business smarts" will be missed and we look forward to seeing him in the future on the "links". Thanks again Bill!

We are all confident that New Look Eyewear will continue its positive building process in 2016 and beyond.

W. John Bennett
Chairman of the Board
New Look Vision Group Inc.

- 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. Investors should be cautioned that these measures should not be construed as an alternative to net earnings or cash flows as determined under IFRS. Refer to the section EBITDA and adjusted EBITDA and the section Net earnings and adjusted net earnings in the Management's and Discussion and Analysis for more details.*

President's Message

For the quarter ended December 26, 2015



Overview

We endeavour to be Canadians' destination of choice for eye care and eyewear. In 2015, we moved further along this ambitious road by expanding our footprint, this time into Southwestern Ontario. Meanwhile our New Look Eyewear, Greiche and Scaff and Vogue Optical banners continued to grow organically and to benefit from group synergies reaped from our increased size and quest for ever sharper retail execution and cost efficiency.

As John noted, consistent with our strategy of building and acquiring separate established retail optical banners and our pan-Canadian aspirations, in June we changed the name of the company to the New Look Vision Group and adopted a new holdco management structure of which I was appointed President. The new parent entity going forward will be responsible for overall consolidated operations, finance, strategic development, laboratory operations, information technology and purchasing amongst other activities. I thank the Board of Directors for placing their trust and confidence in me with this new appointment and responsibility.

Profitable growth / The drivers

In the past three years we have grown from a 70 store, single banner, principally in Quebec to dominating the eastern Canada market from Atlantic to Western Ontario, with a three banner network of 193 locations as of the end of 2015.

Although the company has trebled in size there is still ample room to grow.

Our business is primarily driven by demographics: over 90% of the population over the age of 55 needs vision correction and younger generations bear the impact of digital lifestyle in the form of earlier and sharper needs for the same. Both ageing of the population and increased exposure to dynamic displays are trends unlikely to abate in the foreseeable future.

Our second growth driver is market consolidation. The Canadian retail optical market is still fragmented with over 60% of the stores nationwide individually owned and operated. We have been the lead consolidator to date and we intend to continue on that path, looking for the smart, accretive acquisition opportunities, leveraging our vertically integrated supply chain and sharing our retail best practices. The acquisition of IVision, announced in December 2015 and closed in January 2016 gives the opportunity to expand into the strategic Southwestern Ontario market from a solid 15-store base stretching from Oakville to London.

Our third growth driver is optical products. Operating our main lens processing facility as part of our central distribution center gives us recurrent opportunities to launch lens products tailored to our patients' evolving needs. Fiscal 2015 saw us launch, among other new products, a health enhancing thin film, blocking harmful blue rays emitted by flat screens, which degrade the retina's long term health and disturb sleeping patterns. Our Group's size gives us purchasing power which translates into close relationships with frame suppliers and an ability to launch the most thought after frame lines, as we did with Michael Kors, Max Mara and others.

We have built a track record for financial discipline and smart acquisitions, delivering sustained profitability and substantial value to our shareholders.

Strong results / 2015

We have delivered our fifth straight year of record adjusted EBITDA^(a) which has increased to \$33.5 million, up 24.0% over fiscal 2014. Our adjusted EBITDA per share (on a diluted basis) reached \$2.44, up 19.0% over fiscal 2014 and 66.0% over fiscal 2013 when we embarked on our strategic growth plan. Our operating margin (Adjusted EBITDA as a % of revenues) has remained above 19% while integrating newly acquired banners structurally less profitable than our original Lunetterie New Look group of stores.

Despite one-time expenses of \$2.8 million related to a tax settlement, net earnings increased to \$9.2 million, up 17.8% over 2014, and net earnings per share (on a diluted basis) increased by 13.6% from \$0.59 to \$0.67.

We strongly focus on implementing synergies and look for cost reduction opportunities across our banners as well as sharing effective processes for best practices.

President's Message

For the quarter ended December 26, 2015

Deleveraged balance sheet enables growth

We have brought down our Net Debt to Adjusted EBITDA ratio from 2.64 at the end of 2013 to 1.67 at the end of 2015 in spite of all the acquisitions done during the past three years. This deleveraging pace is concrete evidence of our strong operating performance and efficiencies and cash flow generating capabilities. As a result, New Look Vision Group is in a position to fund future significant growth, organic or by acquisition and maintain its current dividend rate.

Corporate responsibility

Being at the cross roads of healthcare and retail enhances our sensibility to providing our services and products in a socially, environmentally and ethically responsible way.

Our people belong to an organization driven by the corporate values of Respect, Passion, Innovation and Excellence. All of us have access to extensive trainings in the technical, retail and professional fields. Internal promotion is ingrained in the organization, we were delighted again, this past year, to promote two Vice-Presidents and a Senior Vice-President at the holdco level, drawing on their passion for our business and their seven, sixteen and twenty-five years respective tenures with the company. Internal promotion extends to acquired business units. Derrick Giannouris, originally with our Greiche & Scaff division, was appointed CFO of New Look Vision Group in June.

Our commitment to the community is expressed through our involvement with local and provincial charities such as the Children's Wish Foundation in the Maritimes and the Eye Disease Foundation in Quebec. In the professional field we support optician and optometrist schools. New Look Vision Group operates both retail locations and manufacturing / warehouse sites. We have placed special emphasis on reducing our power usage from using LED lighting to increasing our employees' awareness to continuously investing in more productive manufacturing equipment. We also run a group wide recycling program of packaging items and manufacturing waste.

Outlook / 2016 and beyond

We intend to pursue our aggressive profitable growth and acquisition strategy into 2016 and beyond as well as retaining our reputation for financial discipline and prudent investments and acquisitions.

Acknowledgments

Most importantly I want to recognize the efforts of our 1,464 employees across our three banners and two manufacturing / distributions centers for their passion and dedication make the New Look Vision Group a family welcoming to new members, customer focused and successful.

Lastly I wish to express my gratitude to the members of the Board of Directors for their guidance and confidence and to our shareholders for their trust.

Antoine Amiel
President
New Look Vision Group Inc.

- a) *Adjusted EBITDA is not a recognized measure under IFRS and may not be comparable to similar measures used by other entities. Investors should be cautioned that this measure should not be construed as an alternative to net earnings or cash flows as determined under IFRS. Refer to the section EBITDA and adjusted EBITDA in the Management's and Discussion and Analysis for more details.*

MANAGEMENT'S DISCUSSION AND ANALYSIS

2015

YEAR

ended

December 26, 2015



NEWLOOK
VISION GROUP INC.

(Formerly New Look Eyewear Inc.)

Management's Discussion and Analysis

For the years ended December 26, 2015 and December 27, 2014

Amounts in tables are in thousands of Canadian dollars, except shares and per share amounts

HIGHLIGHTS

Highlights for the fourth quarter of 2015 and 2014 and the year ended December 26, 2015 compared to the 2014 and 2013 fiscal years:

	Fourth Quarter		Year		
	2015	2014	2015	2014	2013
Revenues	\$44,614	\$40,809	\$174,555	\$140,245	\$90,971
Variance	9.3%		24.5%	54.2%	
Variance in comparable store sales orders ^(a)	4.3%	4.4%	4.8%	1.7%	3.7%
Adjusted EBITDA^(b)	\$9,665	\$7,501	\$33,526	\$27,030	\$15,780
Variance	28.8%		24.0%	71.3%	
% of revenues	21.7%	18.4%	19.2%	19.3%	17.3%
Per share (diluted)	\$0.70	\$0.55	\$2.44	\$2.05	\$1.47
Variance	27.3%		19.0%	39.5%	
Net earnings attributed to shareholders^(c)	\$3,755	\$2,023	\$9,157	\$7,774	\$6,240
Variance	85.6%		17.8%	24.6%	
Net earnings per share^(c)					
Basic	\$0.28	\$0.16	\$0.68	\$0.61	\$0.59
Diluted	\$0.27	\$0.15	\$0.67	\$0.59	\$0.58
Variance	80.0%		13.6%	1.7%	
Adjusted net earnings attributed to shareholders^(b)	\$4,167	\$2,722	\$12,640	\$9,433	
Variance	53.1%		34.0%	34.3%	
Per share (diluted)	\$0.30	\$0.21	\$0.92	\$0.72	\$0.67
Variance	42.9%		27.8%	7.5%	
Cash flows from operating activities, before changes in working capital items^(d)	\$6,954	\$6,476	\$27,725	\$24,258	\$14,518
Per share (diluted)	\$0.50	\$0.47	\$2.01	\$1.83	\$1.34
Variance	6.4%		9.8%	36.6%	
Capital expenditures ^(e)	\$3,863	\$21,814	\$9,748	\$25,201	\$89,352
Net debt increase (decrease) in the period ^(f)	(\$2,530)	\$10,693	(\$12,319)	\$2,920	\$54,274
Cash dividend per share ^(g)	\$0.15	\$0.15	\$0.60	\$0.60	\$0.60
Total dividends ^(g)	\$2,014	\$1,993	\$8,037	\$7,704	\$6,586
At end of period					
Total assets ^(h)			161,959	161,312	134,581
Non-current liabilities ⁽ⁱ⁾			64,198	68,624	59,343
Net debt ^(f)			53,224	65,543	62,623
Number of stores ^(j)			193	192	140

a) Comparable stores are stores which have been operating for at least 12 months. Revenues are recognized at time of delivery of goods to customers, but management measures the comparable store performance on the basis of sales orders, whether delivered or not.

b) 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.

c) One-time expenses totaling \$2,827,000 were recorded in 2015 in relation to a tax settlement described in the section *Income Taxes*. Consequently, net earnings attributable to shareholders and net earnings per share for the year ended December 26, 2015 are reflective of this amount.

Management's Discussion and Analysis

For the years ended December 26, 2015 and December 27, 2014

Amounts in tables are in thousands of Canadian dollars, except shares and per share amounts

- d) Cash flows from operating activities before changes in working capital and payments of tax related to the tax settlement were \$29,458,000.
- e) 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.
- f) 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.
- g) The amounts of dividends shown in the table above refer to amounts declared in the periods.
- h) The increase in total assets in 2014 compared to 2013 is mainly attributable to the acquisition of the assets of Greiche & Scaff.
- i) 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.
- j) The increase in the number of stores in 2014 is principally due to the acquisition of the Greiche & Scaff business in October 2014.

BACKGROUND

As of June 1, 2015, New Look Eyewear Inc. / Lunetterie New Look Inc. changed its corporate name to New Look Vision Group Inc. / Groupe Vision New Look Inc. ("New Look Vision" or the "Company"). Management's Discussion and Analysis ("MD&A") relates to the financial condition, results of operations and cash flows of New Look Vision and its subsidiaries, which include entities over which New Look Vision 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 Vision and its subsidiaries are together referred to as the "Group"). The main subsidiary of New Look Vision is Vogue Optical Group Inc. New Look Eyewear and Greiche & Scaff banners are operated as divisions, not separate legal entities.

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 26, 2015.

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 the Group can be found on the website www.newlookvision.ca. The Group'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 Vision are also available through the SEDAR system at www.sedar.com.

OVERVIEW

The Company has successfully positioned itself as a leader in the Canadian retail optical business and is poised to grow revenues and EBITDA for the foreseeable future. Improved operating performance as well as the successful integration of recent significant acquisitions, Vogue Optical (December 2013), Greiche & Scaff (October 2014) and iVision (February 2016) have allowed the Company to improve its already strong market position. It is now the second largest optical retailer in Canada with 193 stores operating principally under the New Look Eyewear, Greiche & Scaff and Vogue Optical banners as at December 26, 2015.

As shown in the Highlights table, for the fourth quarter, a strong increase in comparable store sales orders of 4.3% and the integration of the recent acquisitions enabled New Look Vision to materialize significant increases in all its financial indicators, including:

- Adjusted EBITDA was up 28.8% to reach 21.7% of revenues and increased 27.3% on a per share (diluted) basis.
- Net earnings increased by 80.0% on a per share (diluted) basis.
- Adjusted net earnings increased 42.9% on the same basis.

The full year 2015 highlights are:

- Annual revenues increased by 24.5% over last year to reach a record \$175 million, reflecting both a strong comparable store sales growth of 4.8% and the addition of Greiche & Scaff in October 2014.

Management's Discussion and Analysis

For the years ended December 26, 2015 and December 27, 2014

Amounts in tables are in thousands of Canadian dollars, except shares and per share amounts

- Adjusted EBITDA increased 24% over the previous year to a record \$33.5 million and increased 19.0% on a per share (diluted) basis to \$2.44 or 66% over two years by \$0.97. The Company maintained a high adjusted EBITDA to revenues ratio of 19.2% comparable to the prior years of 19.3%.
- Cash flows from operations (before changes in working capital) increased by \$3.5 million or 14.3% over last year, an increase of 9.8% on a per share (diluted) basis or 50% over two years.
- The Group reduced its debt by \$12.3 million during the year to arrive at a net debt to adjusted EBITDA ratio of 1.67 compared to 2.20 at the end of 2014.
- Net earnings attributable to shareholders reached \$9.2 million, an increase of 17.8% over last year. Net earnings per share, basic and diluted, increased by \$0.07 to \$0.68 (to \$0.67 on a diluted basis).
- Adjusted Net Earnings attributable to shareholders increased 34% to \$12.6 million or 27.8% on a per share (diluted) basis, an increase of 37.3% or \$0.25 over two years.
- In November 2015, the Company reached an agreement with the Canada Revenue Agency regarding certain tax positions taken by the Company when it converted from a trust structure into a corporation in 2010.
- The strong financial performance of the Group allowed it to maintain its quarterly dividend payment to shareholders of \$0.15 per share.

New Look Vision remains focused on its profitable growth strategy in Canada as evidenced by strong operating results and by the acquisition of the iVision banner stores announced in December 2015 and completed in February 2016.

DESCRIPTION OF ACTIVITIES

The Group is a leading provider of eye care products and services in Eastern Canada. As of December 26, 2015, the Group had three main banners: New Look Eyewear, Vogue Optical and Greiche & Scaff. The Group's network consists of 193 corporately-owned eye care stores. Stores are mainly located in Québec and the Atlantic Provinces: Québec (118), Nova Scotia (22), New Brunswick (22), Newfoundland and Labrador (14), Ontario (8), Prince Edward Island (6), Saskatchewan (2), and British Columbia (1). The Group 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 FINANCIAL STATEMENTS

The Group's consolidated financial statements for the year ended December 26, 2015 have been approved by the Board of Directors upon recommendation of the Audit Committee prior to release.

ACCOUNTING POLICIES

Compliance with the International Financial Reporting Standards (IFRS)

The Company presents its financial statements on the basis of IFRS issued by the International Accounting Standards Board (IASB). The use of IFRS is compulsory for public companies such as New Look Vision.

Year-end

The year-end of the Company is the last Saturday of December. Both 2015 and 2014 fiscal years had 52 weeks of operations.

New policies adopted in 2015

In 2015, the Company early adopted *Disclosures Initiative* (Amendments to IAS 1), which would otherwise have become applicable to its 2016 financial year. The amendments notably specify that an entity need not provide specific disclosures, even though an IFRS contains a list of specific requirements or describe them as minimum requirements, if the information resulting from that disclosure is not material. Management has consequently condensed certain information descriptions, such as those relating to financial instruments. Management intends to continue focusing on material information.

During 2015, there were many amendments to IFRS or interpretations which, as per management's view, did not have an impact on the Group's financial statements.

Management's Discussion and Analysis

For the years ended December 26, 2015 and December 27, 2014

Amounts in tables are in thousands of Canadian dollars, except shares and per share amounts

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, tradenames 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 Eyewear, 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 in 2014. 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 2015 and 2014.

Management's Discussion and Analysis

For the years ended December 26, 2015 and December 27, 2014

Amounts in tables are in thousands of Canadian dollars, except shares and per share amounts

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's issued but not yet effective

The International Accounting Standards Board (IASB) has published revised standards, amendments or interpretations that were not yet effective as of December 26, 2015. By far, the most relevant one concerns lease accounting. Two other changes might also have an impact on the Group's consolidated financial statements

Major reforms to lease accounting

The IASB has published IFRS 16 "Leases" completing its long-running project on lease accounting. IFRS 16 will require lessees to account for leases on balance sheet by recognizing a right-of-use and a lease liability. Exemptions for short-term leases and leases of low value assets will be permitted. The new standard will be effective for annual periods beginning on or after January 1, 2019. In the case of New Look Vision which has a year-end on the last Saturday of December, this means that the new standard will be compulsory for its 2020 financial year. Early application is permitted provided IFRS 15 "Revenue from Contracts with Customers", described below, is applied. The Group has adequate time to prepare for the transition. As an indication of the impact, the Group currently shows as commitments for leases an amount of \$52 million.

Two other relevant changes

Classification and measurement of financial assets (IFRS 9). The new standard introduces changes in the classification and measurement of financial assets. 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 new standard establishes a control-based revenue recognition and provides additional guidance in many areas not covered in detail under existing IFRSs. It will apply to annual reporting periods beginning on or after January 1, 2018, earlier application being permitted. At this time, management does not foresee significant impact, if any, of IFRS 15 on the Company's consolidated financial statements.

RESULTS ANALYSIS

Revenues

Total revenues for the year ended December 26, 2015 reached \$174.6 million, an increase of 24.5% compared to the corresponding period of 2014.

Revenues for the fourth quarter of 2015 were \$44.6 million, an increase of 9.3% over the fourth quarter of last year. The increase was principally attributable to the net addition of 49 stores since October 2014, and same store sales growth for the New Look Eyewear and Vogue Optical banners.

Revenues are recognized when goods are delivered to customers, however, management measures the performance of comparable stores on the basis of sales orders, delivered or not. These have increased by 4.3% in the fourth quarter and 4.8% for the year ended December 26, 2015. Comparable stores are defined as stores which have been operating for the last 12 months.

Management's Discussion and Analysis

For the years ended December 26, 2015 and December 27, 2014

Amounts in tables are in thousands of Canadian dollars, except shares and per share amounts

Operating expenses

Operating expenses for the fourth quarter and the year ended December 26, 2015 are summarized as follows:

	Fourth Quarter		Year	
	2015	2014	2015	2014
	\$	\$	\$	\$
Revenues	44,614	40,809	174,555	140,245
Materials consumed	9,099	8,516	37,185	29,456
<i>% of revenues</i>	20.4%	20.9%	21.3%	21.0%
Employee remuneration				
Salaries and social security costs	14,352	13,769	56,903	46,624
<i>% of revenues</i>	32.2%	33.7%	32.6%	33.2%
Equity-based compensation	178	65	627	422
Acquisition-related costs	482	249	897	1,563
Other operating expenses (excluding acquisition-related costs)	11,537	11,662	46,999	37,789
<i>% of revenues</i>	25.9%	28.6%	26.9%	26.9%
Total operating expenses	35,648	34,261	142,611	115,854
<i>% of revenues</i>	79.9%	84.0%	81.7%	82.6%

Materials consumed

Materials consumed are comprised of frames, lenses and production supplies. The cost of materials includes foreign exchange gains and losses related to the purchase of these materials. The cost of materials consumed decreased by 0.5% of revenues in the fourth quarter and increased by 0.3% in the year ended December 26, 2015. The decrease, as a percentage of revenues, is primarily due to vendor rebates recorded in the quarter offset by improvements to the product mix. The increase of 0.3% of revenues for the year reflects product mix ratio improvements.

Employee remuneration

Employee remuneration expense includes salaries, bonuses, directors' fees and social security costs of all employees and directors. The majority of the expense relates to store based remuneration including opticians. Employee remuneration decreased by 1.5% of revenues in the fourth quarter and 0.6% for the year ended December 26, 2015. The main drivers for the decrease in both the fourth quarter and the year, are salary control efforts, as well as increased production volumes which facilitated the leveraging of the fixed component of wage costs.

Equity-based compensation for a period represents the fair value of New Look Vision stock options granted and vested in that period. More options were granted in 2015 (232,500 compared to 196,000 in 2014) and the average fair value per option increased to \$5.43 in 2015 from \$2.55 in 2014.

Acquisition-related costs

Acquisition-related costs are composed of professional fees specifically incurred in the business acquisition process, whether an acquisition is completed or not. The figures for 2015 refer to projects under development, while the 2014 figures related mainly to the Greiche & Scaff acquisition.

Other operating expenses (excluding acquisition-related costs)

Other operating expenses include stores, manufacturing and distribution facilities and head office occupancy costs, as well as selling, general and administration expenses. They also include foreign exchange gains and losses related to these expenses and gains or losses arising from the change in value of foreign exchange contracts. Depreciation and amortization are not included, as they are presented separately.

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Other operating expenses, as a percentage of revenues, decreased in the fourth quarter to 25.9% down from 28.6% for the same period last year. For the full year 2015, the same ratio was unchanged from the prior year. Those variations reflect the impact of cost rationalization programs offset by the inclusion of Greiche & Scaff which operates stores in shopping malls at a higher occupancy cost to revenues ratio.

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 forward exchange contracts. Under these contracts outstanding as of December 26, 2015, the Company will purchase, depending on the spot rate at the time of purchase from US\$1,730,000 to US\$3,460,000, at a blended rate of 1.294 CAD, while the spot rate was 1.3854 CAD. As hedge accounting is not utilized, changes in fair value of foreign exchange contracts are recognized in earnings. As shown in the next table, they represented a loss of \$39,000 in the fourth quarter of 2015 and a loss of \$58,000 on a year-to-date basis.

EBITDA and adjusted EBITDA

The Group 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. The Group 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	
	2015	2014	2015	2014
	\$	\$	\$	\$
Net earnings	3,741	2,019	9,201	7,825
Depreciation, amortization and loss on disposal	2,773	2,524	11,024	8,999
Financial expenses, net of interest revenues	919	1,136	4,419	4,209
Income taxes	1,533	869	7,300	3,358
EBITDA	8,966	6,548	31,944	24,391
Equity-based compensation	178	65	627	422
Net loss (gain) from changes in fair value of foreign exchange contracts	39	(68)	58	(53)
Acquisition-related costs ^(a)	482	249	897	1,563
Restructuring costs		707		707
Adjusted EBITDA	9,665	7,501	33,526	27,030
Variance in \$	2,164		6,496	
Variance in %	28.8%		24.0%	
% of revenues	21.7%	18.4%	19.2%	19.3%
Per share (diluted)	0.70	0.55	2.44	2.05

- a) Acquisition-related costs are mainly comprised of legal and other fees related to the business acquisitions, whether completed or under way.

The increase in adjusted EBITDA, whether for the fourth quarter or the financial year, reflects the increase in revenues and, as mentioned in the previous section, lower operating expenses as a percentage of revenues. The dollar amounts of adjusted EBITDA increased significantly in 2015 compared to last year: 28.8% for the quarter and 24.0% for the financial year.

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

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Depreciation and amortization

The depreciation and amortization expenses varied as follows:

	Fourth Quarter		Year	
	2015	2014	2015	2014
	\$	\$	\$	\$
Depreciation of property, plant and equipment, net of amortization of deferred investment tax credits	1,959	1,703	7,750	6,028
Amortization of other intangible assets	823	809	3,202	2,959
Loss on disposal of property, plant and equipment	(9)	12	72	12
Depreciation, amortization and loss on disposal of property, plant and equipment	2,773	2,524	11,024	8,999

The increase in depreciation and amortization 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 since the beginning of 2014.

Financial expenses

The following table provides the main elements of financial expenses along with interest revenues for the 13-week and cumulative periods ended December 26, 2015 compared with the corresponding periods of 2014:

	Fourth Quarter		Year	
	2015	2014	2015	2014
	\$	\$	\$	\$
Interest on long-term debt ^(a)	801	865	3,359	3,340
Interest related to a tax settlement	31		249	
Interest on bank indebtedness and other interest	10	4	52	152
Total interest expense	842	869	3,660	3,492
Amortization of deferred costs related to the issuance of debt	119	96	427	383
Change in fair value of interest rate swap	(52)	163	317	391
Other financing expenses	20	36	69	25
Financing expenses	929	1,164	4,473	4,291
Interest revenues	10	28	54	82
Financing expenses, net of interest revenues	919	1,136	4,419	4,209
a) Actual settlement cost of interest rate swap included in the interest on long-term debt above	72	48	251	72

The interest on long-term debt decreased in the fourth quarter of 2015 compared to last year, reflecting decreases in both long term debt levels and interest rate. The full year financing expenses were marginally higher than the prior year in spite of the company carrying an average of \$4 million more long term debt. This reflects the lower interest that prevailed over the period. Readers are reminded that the higher level of long-term debt was due to a borrowing of \$10 million in October 2014 to finance the acquisition of Greiche & Scaff.

The average financing cost which, when taking into account actual settlements under an interest rate swap and the amortization of deferred issuance costs, was 6.00% as of December 26, 2015 compared to 6.07% a year ago. As of December 26, 2015, the long-term debt essentially comprised a balance of \$45.9 million under the "acquisition term" facility and a \$15.0 million loan from a capital development fund.

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In order to mitigate the risk of an increase in interest rate, management has concluded an agreement to swap the variable interest rate for a fixed rate on 50% of the outstanding debt under the acquisition term facility. As of December 26, 2015, approximately 92% of the long-term debt cost was fixed for the next three years.

The table above also shows an exceptional expense of \$249,000 for 2015 as interest related to a tax settlement described in the *Income Taxes* section.

Income taxes

Tax settlement

In 2014, the Canada Revenue Agency (CRA) sent a letter to New Look Vision proposing to disallow the use of tax attributes stemming from the amalgamation with Sonomax Hearing Healthcare Inc. in March 2010 pursuant to the conversion of the former trust known as Benvest New Look Income Fund into the current corporation. The tax attributes consisted mainly of carried-forward tax losses, investment tax credits and research and development expenses. The proposed assessment was based on the general anti-avoidance rule. New Look Vision was confident of the soundness of its position and was ready to defend it before the courts. However, in order to avoid lengthy and costly procedures, New Look Vision reached an agreement with the CRA under which the CRA will not challenge the use of the tax attributes for the 2010, 2011 and 2012 taxation years and the Company will relinquish the use of the tax attributes for the 2013, 2014 and future taxation years.

Based on this agreement and a similar agreement expected to be reached with a provincial tax authority, New Look Vision recorded in 2015 an additional tax expense of \$2.6 million along with estimated interest of \$0.2 million.

In the fourth quarter of 2015, the Company paid to the CRA all the amounts agreed on in the settlement agreement.

The cost of the tax settlement with the CRA and the expected settlement with the provincial tax authorities, including the interest up to the end of 2015, represent \$0.21 per share.

Other income tax expense

The income tax expense unrelated to the settlement with the CRA or the expected settlement with the Québec tax authorities may be summarized as follows:

	2015	2014
	\$	\$
Current	4,478	867
Deferred	244	2,491
Total	4,722	3,358
Estimated effective tax rate of earnings before income taxes	28.6%	30.0%
Combined federal and provincial statutory rate	27.6%	27.4%

The difference between the estimated effective tax rate and the combined federal and provincial statutory rate is attributable to non-deductible expenses and favourable prior year adjustments (which have no relation with the tax settlements mentioned above). The table highlights an important shift in the composition of the income tax expense, as deferred tax losses and deferred tax credits were almost used up in 2014.

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Net earnings and adjusted net earnings

Net earnings for the fourth quarter and the year ended December 26, 2015 can be compared to the corresponding periods of 2014 as follows:

	Fourth Quarter		Year	
	2015	2014	2015	2014
	\$	\$	\$	\$
Net earnings attributed to shareholders	3,755	2,023	9,157	7,774
Variance in \$	1,732		1,383	
Variance in %	85.6%		17.8%	
% of revenues	8.4%	5.0%	5.2%	5.5%
Per share amount				
Basic	0.28	0.16	0.68	0.61
Diluted	0.27	0.15	0.67	0.59
Weighted average number of shares (diluted)	13,776,472	13,108,213	13,759,817	13,164,053
Variation	5.1%		4.5%	

The increase in net earnings attributed to shareholders, for the fourth quarter and the financial year, are in line with the increase in EBITDA, which reflects the Greiche & Scaff acquisition in October 2014, and reflects additional depreciation and amortization along with a decrease in financial expenses in 2015 compared to 2014. It is noteworthy that net earnings per share increased significantly despite the increase in the number of outstanding shares.

Management believes that the following adjustments to net earnings provide useful information as they allow the comparison of the net results excluding the tax settlement impact and acquisition-related costs, which may vary substantially from quarter to quarter:

	Fourth Quarter		Year	
	2015	2014	2015	2014
	\$	\$	\$	\$
Net earnings attributable to shareholders	3,755	2,023	9,157	7,774
Net expenses related to a tax settlement	59		2,827	
Acquisition-related costs	482	249	897	1,563
Restructuring costs		707		707
Related income taxes	(129)	(257)	(241)	(611)
Adjusted net earnings attributed to shareholders	4,167	2,722	12,640	9,433
Variance in \$	1,445		3,207	
Variance in %	53.1%		34.0%	
% of revenues	9.3%	6.7%	7.2%	6.8%
Per share amount				
Diluted	0.30	0.21	0.92	0.72

The highlight of this table is that adjusted net earnings per share increased to \$0.92 in 2015 from \$0.72 in 2014.

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. Investors should be cautioned that adjusted net earnings should not be construed as an alternative to net earnings or cash flows as determined under IFRS.

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SUMMARY OF QUARTERLY RESULTS

The following table summarizes unaudited consolidated quarterly results for each of the eight most recently completed quarters.

	December		September		June		March		4 Quarters	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	13 weeks	13 weeks	13 weeks	13 weeks	13 weeks	13 weeks	13 weeks	13 weeks	52 weeks	52 weeks
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenues	44,614	40,809	41,379	32,504	46,777	35,122	41,785	31,810	174,555	140,245
As a % of the four-quarter revenues	25.6%	29.1%	23.7%	23.2%	26.8%	25.0%	23.9%	22.7%	100%	100%
Adjusted EBITDA ^(c)	9,665	7,501	7,079	6,213	10,080	8,282	6,702	5,034	33,526	27,030
As a % of revenues	21.7%	18.4%	17.1%	19.1%	21.5%	23.6%	16.0%	15.8%	19.2%	19.3%
Per share (diluted) ^(a)	0.70	0.55	0.51	0.47	0.73	0.63	0.49	0.39	2.44	2.05
Net earnings (net loss) attributed to shareholders ^(b)	3,755	2,023	(641)	1,650	4,412	3,098	1,631	1,003	9,157	7,774
Per share (basic) ^(a)	0.28	0.16	(0.05)	0.13	0.33	0.24	0.12	0.08	0.68	0.61
Per share (diluted) ^(a)	0.27	0.15	(0.05)	0.13	0.32	0.24	0.12	0.08	0.67	0.59
Adjusted net earnings attributed to shareholders ^(c)	4,167	2,722	2,178	2,245	4,542	3,463	1,753	1,003	12,640	9,433
Per share (diluted) ^(a)	0.30	0.21	0.16	0.17	0.33	0.27	0.13	0.08	0.92	0.72
Operating cash flows before changes in working capital items	6,954	6,476	5,693	5,321	8,987	7,633	6,091	4,828	27,725	24,258
Per share (diluted) ^(a)	0.50	0.47	0.41	0.41	0.65	0.59	0.44	0.37	2.01	1.83
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.
- b) The net loss for the quarter ended in September 2015 reflects the recording of a tax settlement estimated at \$2.8 million.
- c) Adjusted EBITDA and adjusted net earnings are not recognized measures under IFRS and are therefore unlikely to be comparable to similar measures used by other entities. Investors should be cautioned that these measures should not be construed as an alternative to net earnings or cash flows as determined under IFRS.

The significant increases in revenues, adjusted EBITDA, net earnings, adjusted net earnings and operating cash flows over the last eight quarters are attributable in a large part to the acquisition of Vogue Optical in December 2013 and the acquisition of Greiche & Scaff in October 2014. The resulting amounts per share (net earnings, adjusted net earnings and operating cash flows) for the four most recent quarters are higher than those for the four preceding ones, with one exception due to the recording of a tax settlement.

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LIQUIDITY

The following table summarizes the cash flows for the fourth quarter and the year ended December 26, 2015 compared with the corresponding periods of 2014 :

	Fourth Quarter		Year	
	2015	2014	2015	2014
	\$	\$	\$	\$
Operating activities	9,187	4,651	30,452	23,141
Investing activities	(4,080)	(20,965)	(7,795)	(24,707)
Financing activities	(4,096)	16,340	(17,010)	5,294
Net increase in cash	1,011	26	5,647	3,728
Cash, beginning of period	8,707	4,045	4,071	343
Cash, end of period	9,718	4,071	9,718	4,071

Operating activities

The cash flows related to the operating activities for the fourth quarter and the year ended December 26, 2015 compared with the corresponding periods of 2014 are as follows. Amounts in parentheses represent use of cash.

	Fourth Quarter		Year	
	2015	2014	2015	2014
	\$	\$	\$	\$
Earnings before income taxes	5,274	2,888	16,501	11,183
Items not affecting cash:				
Depreciation, amortization and impairment of non-financial assets	2,773	2,524	11,024	8,999
Amortization of deferred lease inducements and variation of deferred rent	(121)	(128)	(433)	(579)
Equity-based compensation expense	178	65	627	422
Other non-cash expenses and revenues	13	33	9	23
Financial expenses	929	1,164	4,473	4,291
Cash flows from operating activities, before income taxes paid and changes in working capital items	9,046	6,546	32,201	24,339
Income taxes paid	(2,092)	(70)	(4,476)	(81)
Cash flows from operating activities, before changes in working capital items	6,954	6,476	27,725	24,258
Per share (diluted)	0.50	0.47	2.01	1.83
Changes in working capital items	2,233	(1,825)	2,727	(1,117)
Cash flows from operating activities	9,187	4,651	30,452	23,141

Cash generated from operating activities before income taxes paid and changes in working capital items for the fourth quarter and the year ended December 2015 increased by \$2.5 million and \$7.9 million respectively compared to last year. This reflects the additional cash inflows from the Greiche & Scaff stores acquired in October 2014 and other store additions since the beginning of 2014, as well as the general improvement of store contributions throughout the New Look Eyewear and Vogue Optical banners. The significant increase in income taxes paid in 2015 compared to last year reflects the fact that carried forward tax losses and tax credits were almost used up at the end of 2014 and a payment of \$1.9 million regarding a tax settlement with the Canada Revenue Agency discussed in the section *Income Taxes*. Despite these additional tax disbursements, cash flows from operating activities before changes in working capital items were higher in 2015 than in 2014. For instance, the per share cash flows in 2015 were \$2.01 compared to \$1.83 last year, both calculated on a diluted basis.

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

	Fourth Quarter		Year	
	2015	2014	2015	2014
	\$	\$	\$	\$
Decrease (increase) in receivables	(185)	(756)	554	(331)
Decrease in tax credits receivable		64		64
Decrease (increase) in inventory	455	311	(349)	(872)
Decrease (increase) in prepaid expenses	151	65	330	(85)
Increase (decrease) in accounts payable, accrued liabilities and provisions	1,812	(1,509)	2,192	107
Source (use) of cash	2,233	(1,825)	2,727	(1,117)

Changes in working capital in the above table reflect normal variations from quarter to quarter or year to year.

Investing activities

The cash flows related to the investing activities for the fourth quarter and the year ended December 26, 2015 compared with the corresponding periods of 2014 are as follows. Amounts in parentheses represent use of cash.

	Fourth Quarter		Year	
	2015	2014	2015	2014
	\$	\$	\$	\$
Business acquisitions	(1,356)	(19,225)	(1,356)	(19,225)
Business purchase price adjustments received			1,285	
Acquisitions of property, plant and equipment	(2,131)	(1,487)	(6,082)	(4,653)
Acquisitions of other intangible assets	(146)	(198)	(677)	(381)
Reimbursement of loans (loans)	(132)	33	(358)	63
Payment of balances of purchase price	(315)	(128)	(607)	(551)
Other		40		40
Cash flows related to investing activities	(4,080)	(20,965)	(7,795)	(24,707)

Business acquisitions

In the fourth quarter of 2015, the Group acquired a clinic located in Moncton, New Brunswick. The 2014 figures relate to the acquisition of Greiche & Scaff and two other clinics.

Business purchase price adjustments received

The amount of \$1,285,000 received in 2015 as business price adjustments refer to amounts recorded as receivable in the 2014 financial statements.

Purchase of property, plant and equipment, and intangibles

Investments in property, plant and equipment and intangible assets made in the fourth quarter of 2015 related to store renovations, the acquisition of customer relationships, and ongoing updating and addition to optical equipment and sophisticated software aimed at improving operational and management efficiencies. In the year-to-date period of 2015, they also related to three store relocations, net of an indemnity from a landlord, other store renovations, and the additions of two new stores: one in Québec and one in Nova Scotia.

Purchase of an interest in an optical clinic

In 2015, the Group acquired 100% of the voting shares of a company operating an optical clinic managed by New Look Vision for a basic amount of \$860,000 plus future adjustments based on sales over the next three years. The basic amount was settled by

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offsetting a loan receivable in the same amount from the former shareholder of the acquired company. Consequently, the purchase had no cash impact in 2015. Other details appear in Note 21 to the consolidated financial statements for 2015.

Other

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

Reconciliation of investments and their financing

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

	Fourth Quarter		Year	
	2015	2014	2015	2014
	\$	\$	\$	\$
Assets, including working capital, acquired through business combinations	1,453	20,196	1,453	20,196
Purchase of property, plant and equipment	2,132	1,389	6,083	4,623
Purchase of intangibles	146	199	799	382
Purchase of a non-controlling interest			1,055	
Loans	132	30	358	
Total capital expenditures	3,863	21,814	9,748	25,201
Payment in cash	3,765	20,872	8,473	24,259
Less: Price adjustment receivable		(1,343)		(1,343)
Balance of purchase price		787	122	787
Deferred income tax liabilities	97	1,233	97	1,233
Debt assumption		91		91
Deferred credit		174		174
In relation with the purchase of a non-controlling interest				
Settlement of loans receivable			860	
Provision for future price adjustments			195	
	3,862	21,814	9,747	25,201

As shown in this table, the investments made in 2015 were financed through cash generated from operating activities, balances of purchase price, and the settlement of loans receivable.

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Financing activities

The cash flows related to the financing activities for the fourth quarter and the year ended December 26, 2015 compared with the corresponding periods of 2014 are as follows. Amounts in parentheses represent use of cash.

	Fourth Quarter		Year	
	2015	2014	2015	2014
	\$	\$	\$	\$
FINANCING ACTIVITIES				
Variation in bank indebtedness				(3,649)
Long-term borrowings		10,000		10,000
Repayment of long-term borrowings	(1,320)	(22)	(6,862)	(2,290)
Dividends paid, net of dividends reinvested	(1,732)	(1,668)	(6,955)	(5,178)
Interest paid	(1,046)	(742)	(3,589)	(3,333)
Lease inducements received	40	20	169	204
Net cash received on issuance of shares pursuant to a private placement		8,988		8,988
Cash received on exercise of options		74	334	731
Other financial expenses paid	(38)	(310)	(107)	(299)
Reimbursement of loans to purchase shares (Note 20)				120
Cash flows related to financing activities	(4,096)	16,340	(17,010)	5,294

Long-term borrowings

The Group did not make any long-term borrowings in 2015. The purpose of the \$10 million borrowing made in 2014 was to finance the acquisition of Greiche & Scaff.

Repayment of long-term debt

The long-term debt was repaid as scheduled. Repayments in 2015 also included an amount of \$1,587,000 payable under a "cash flow sweep" covenant. This anticipated repayment resulted from the solid cash flow performance of the Group.

Dividends paid

The amounts of dividends paid are net of dividends reinvested in shares under the dividend reinvestment plan implemented during 2014. The variation in amounts reflects the issuance of shares over 2015 and 2014 and timing differences, as dividends declared in a quarter are paid after the end of the quarter. Dividends paid were financed through the cash generated from operating activities. Refer to the section *Dividends* for more details on this topic.

Interest paid

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

Lease inducements received

The lease inducements received were granted by landlords to indemnify for certain relocations or entice the Group for entering in a new lease.

Net cash received on issuance of shares pursuant to a private placement

This item refers to a gross proceeds of \$10 million in excess of issuance fees which partly financed the acquisition of Greiche & Scaff in October 2014.

Cash received on exercise of options

Refer to the section *Outstanding shares and options* for information on options exercised in 2015.

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Contractual obligations

The contractual obligations of the Group as of December 26, 2015 are summarized in the following table:

Contractual obligations	Total	Payments due					
		2016	2017	2018	2019	2020	Thereafter
Long-term debt ^(a)	60,929	5,429	5,269	50,231			
Operating leases	51,681	12,455	10,637	8,876	6,593	4,838	8,282
Agreement to acquire the iVision banner ^(b)	13,000	13,000					
Purchase obligations ^(c)	1,449	1,449					
Other obligations ^(d)	22,798	22,798					
Total	149,857	55,123	15,914	59,107	6,593	4,838	8,282

a) Amounts shown as payments due on the long-term debt reflects the amortized cost of debt as of December 26, 2015.

b) The acquisition of the iVision banner, comprising 11 stores, along with four other stores was completed on February 9, 2016. The purchase price of \$13 million was paid from the amended revolving credits.

c) Purchase obligations relate to capital expenditures.

d) Other obligations relate to accounts payable, accrued liabilities and provisions.

CAPITAL RESOURCES

Credit facilities as of December 26, 2015

The credit facilities at the end of 2015 are essentially the same as at the end of 2014. They have been amended during the fourth quarter of 2015 in order to facilitate the acquisitions in progress by increasing the maximum amounts of permitted acquisitions and growth capital expenditures. The main elements of the credit facilities outstanding as of December 26, 2015 were as follows:

- A revolving facility to finance day-to-day operations of a maximum amount of \$13 million.
- An "acquisition term" facility of an initial amount of \$52.75 million, used to finance the acquisition of the assets of Vogue Optical Inc. in December 2013 and Greiche & Scaff in October 2014 and to refinance certain existing debt.
- The annual repayments on the acquisition term facility represent \$5,275,000, subject to additional repayments under a "cash flow sweep" covenant. The balance of the debt will be repayable on October 17, 2018. Other details are available in Note 15 to the consolidated financial statements.

As of December 26, 2015, the credit facilities used and available were as follows:

	\$
Revolving facility	
Credit granted	13,000
Amounts drawn as of December 26, 2015	
Balance available as of December 26, 2015	13,000
Acquisition term facility	
Credit initially granted	52,750
Amounts drawn as of December 26, 2015	52,750
Balance available as of December 26, 2015	Nil

The Company also had \$9.7 million in cash at the end of 2015 and it was in compliance with all covenants governing the credit facilities.

Management's Discussion and Analysis

For the years ended December 26, 2015 and December 27, 2014

Amounts in tables are in thousands of Canadian dollars, except shares and per share amounts

Revolving facility increased to \$30 million in January 2016

As of January 27, 2016, the credit facilities were further amended to increase the revolving facility to \$30 million and to accommodate the business acquisitions to be completed in 2016 and other capital expenditures.

Capacity to meet obligations

Management determines the capacity of the Group 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.

	Revised guidelines at end of 2015	Guidelines at end of 2014	December 26, 2015	December 27, 2014
Net debt ^(a) to adjusted EBITDA ^(b)	Maximum of 3.00	Maximum of 3.25	1.67	2.20
Adjusted net debt ^(c) to EBITDAR ^(d)	Maximum of 4.50	Maximum of 5.00	3.41	3.79
Fixed charge coverage ratio ^(e)	Minimum of 1.10	Minimum of 1.10	1.88	1.57

- 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 are 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, and the one-time expenses related to the tax settlement discussed in the section *Income taxes* are not considered.

All of the above ratios improved in 2015 compared to 2014.

All covenants under the revised credit facilities were respected.

DIVIDENDS

Dividends declared

In line with a long-standing practice, New Look Vision declared dividends totaling \$0.15 per Class A common shares in each of the quarters of 2015 and 2014. The dividends declared are usually designated as "eligible dividends" for tax purposes, that is dividends entitling shareholders who are individuals residing in Canada to a higher dividend tax credit. Information on the tax status of dividends is available on www.newlookvision.ca in the *Investors* section.

On March 14, 2016, New Look Vision declared a dividend of \$0.15 per Class A common share payable on March 31, 2016 to shareholders of record on March 23, 2016. The dividend has been designated as eligible dividend.

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 Vision and its predecessor, Benvest New Look Income Fund, have regularly paid a dividend or distribution since 2005.

Management's Discussion and Analysis

For the years ended December 26, 2015 and December 27, 2014

Amounts in tables are in thousands of Canadian dollars, except shares and per share amounts

Dividend reinvestment plan

In March 2014, New Look Vision implemented a dividend reinvestment plan allowing shareholders to elect to reinvest their cash dividends into New Look Vision shares, without any brokerage commissions, fees and transaction costs. Subject to further consideration, shares are issued from treasury at 95% of the weighted average trading price for the five preceding trading days preceding the dividend payment date.

Class A common shares issued under the dividend reinvestment plan were as follows:

	Fourth Quarter		Year	
	2015	2014	2015	2014
Number of shares issued in the period ^(a)	10,659	12,337	43,004	27,696
Average issuance price per share	\$27.47	\$20.33	\$26.17	\$20.62
Total amount	\$291	\$251	\$1,125	\$571

a) The dividend reinvestment plan commenced with the dividend payable on June 30, 2014.

RELATED PARTY TRANSACTIONS

The Group's related parties include directors and key management. Key management is composed of the president, the vice-chairman (as this position existed up to June 2015), and the vice presidents of the Group.

During 2015, the Company made an additional loan of \$150,000 to a company controlled by the President of New Look Vision, at 5% interest and expiring in November 2018 and granted a one-year extension, that is to August 1, 2016, for the repayment of a previous loan in the amount of \$200,000. Both loans were issued specifically for funding the purchase of New Look Vision shares and are guaranteed by New Look Vision shares having an approximate fair value of \$1.2 million.

During 2015, the Company also granted an extension up to the end of 2016 to a company controlled by the President of New Look Eyewear and Greiche & Scaff for the repayment of the balance of \$251,000 of previous loans, which are guaranteed by New Look Vision shares having an approximate fair value of \$1.7 million. The loans were issued specifically for funding the purchase of New Look Vision shares.

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

OUTSTANDING SHARES AND OPTIONS

As of February 29, 2016, New Look Vision had 13,463,366 Class A common shares outstanding, which are the only shares outstanding. This number includes the following transactions occurred in 2015 and up to February 29, 2016.

- 62,709 shares issued pursuant to the exercise of 94,608 stock options under the cashless exercise feature;
- 31,034 shares issued pursuant to the exercise of the same number of options at an average exercise price of \$12.41 per share for a total of \$385,000;
- 53,374 shares issued pursuant the dividend reinvestment plan;
- 828 shares issued in payment of services.

Since the beginning of 2015, New Look Vision granted 232,500 stock options at a weighted average exercise price of \$30.76 per share.

As of December 26, 2015, there were 811,493 options outstanding to purchase the same number of New Look Vision Class A common shares for a weighted average exercise price of \$16.70. 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 29, 2016, the balances of shares reserved by the TSX for issuance upon exercise of options or payment for services totaled 1,499,759. This figure is based on shareholders' approval obtained on May 7, 2015 and the subsequent TSX's approval.

Management's Discussion and Analysis

For the years ended December 26, 2015 and December 27, 2014

Amounts in tables are in thousands of Canadian dollars, except shares and per share amounts

FINANCIAL INSTRUMENT RISK MANAGEMENT

The Company's financial instruments are classified as follows:

	2015	2014
	\$	\$
Financial assets (liabilities) at fair value through profit and loss		
Currency options and forward exchange contracts, included in receivables (payables)	(22)	89
Interest rate swap	(708)	(391)
Total	(730)	(302)
Loans and receivables		
Cash	9,718	4,071
Trade accounts receivable	2,018	1,864
Business purchase price adjustment receivable		1,285
Loans and advances	639	1,125
Total loans and receivables	12,375	8,345
Other financial liabilities		
Customers' deposits	4,324	3,096
Trade and other payables	10,703	10,014
Dividends payable	2,013	1,992
Long-term debt including current portion	60,929	68,978
Total financial liabilities	77,969	84,080

Details of financial instrument risk management objectives and policies are described under Note 27 to the consolidated financial statements for 2015. Other comments follow:

Exchange risk related to assets and liabilities denominated in foreign currencies is limited as the amounts involved are short-term accounts payable and relatively small amounts of cash in US dollars. Regarding purchases of goods in foreign currencies, the Group is subject to the fluctuations of the US dollar and euro vis-à-vis the Canadian dollar. The Group 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 \$45,700,000, 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, the Company 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 92% of the interest on the long-term debt was fixed up to December 2018.

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 Vision's website at www.newlookvision.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,

Management's Discussion and Analysis

For the years ended December 26, 2015 and December 27, 2014

Amounts in tables are in thousands of Canadian dollars, except shares and per share amounts

- 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 New Look Vision shares such as:
 - Unpredictability and volatility of the trading value 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 the Group 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.

New Look Vision's management, under the supervision of the President and the Chief Financial Officer, has evaluated the effectiveness as at December 26, 2015 of New Look Vision's DC&P and ICFR, and has concluded that they are effective. Changes in ICFR during the period beginning on September 27, 2015 and ended December 26, 2015 included the ongoing improved procedures related to the consolidation of the financial data of the corporate division and the operating units. 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

Our current priorities and development plans include the following objectives:

- To successfully integrate the 15 stores located in southwestern Ontario and acquired on February 9, 2016.
- To continue exploring profitable growth opportunities across Canada;
- To continue sharing best practices between the banners by benchmarking activities and identifying areas from which the group could maximize results and cash flows;
- To continue leveraging the three primary tradenames, New Look Eyewear, Greiche & Scaff and Vogue Optical, which have long and solid reputations in their respective markets;
- To continue expanding the New Look Eyewear, Greiche & Scaff and Vogue Optical store networks in their respective target markets, through new store openings and the acquisition of individual optical stores;
- To improve liquidity and the balance sheet through a planned program of annual debt repayment;
- To increase our market share by leveraging our state of the art manufacturing and distribution facilities, aggressive marketing, optometric facilities and continuous trained personnel;
- To continue improving the efficiency of our operations by significant investments in retail technology systems;
- To continue improving 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 Vision 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

Management's Discussion and Analysis

For the years ended December 26, 2015 and December 27, 2014

Amounts in tables are in thousands of Canadian dollars, except shares and per share amounts

in a meaningful fashion, as the Company has primarily focused over the last years on large business acquisitions such as Vogue Optical, Greiche & Scaff and iVision. Nevertheless, New Look Vision maintains its intent to support and continue to develop these initiatives in 2016 and beyond.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

All statements other than statements of historical fact contained in this MD&A are forward-looking statements, including, without limitation, statements regarding the future financial position, business strategy, projected costs and plans and objectives of, or involving New Look Vision. Readers can identify many of these statements by looking for words such as “believe”, “expects”, “will”, “intends”, “projects”, “anticipates”, “estimates”, “plans”, “may”, “would” or similar words or the negative thereof. There can be no assurance that the plans, intentions or expectations upon which these forward-looking statements are based will be achieved. Forward-looking statements are subject to risks, uncertainties and assumptions. Although management of New Look Vision believes that the expectations represented in such forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct. Some of the factors which could affect future results and could cause results to differ materially from those expressed in the forward-looking statements contained herein include: pending and proposed legislative or regulatory developments, competition from established competitors and new market entrants, technological change, interest rate fluctuations, general economic conditions, acceptance and demand for new products and services, and fluctuations in operating results, as well as other risks included in New Look Vision's current Annual Information Form (AIF) which can be found at www.sedar.com. The forward-looking statements included in this MD&A are made as of the date hereof, and New Look Vision undertakes no obligation to publicly update such forward-looking statements to reflect new information, subsequent events or otherwise, except as provided by law.

March 14, 2016

CONSOLIDATED FINANCIAL STATEMENTS

2015

YEAR

ended

December 26, 2015



NEWLOOK
VISION GROUP INC.

(Formerly New Look Eyewear Inc.)

Management's Responsibility for Financial Statements

For the years ended December 26, 2015 and December 27, 2014

The consolidated financial statements of New Look Vision Group Inc. ("New Look Vision") 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 Vision. 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 Vision 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 Vision'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 Vision'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 Vision'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) Antoine Amiel

ANTOINE AMIEL
President
New Look Vision Group Inc.

March 14th, 2016

(signed by) Derrick Giannoumis

DERRICK GIANNOUMIS
Senior Vice-President and
Chief Financial Officer
New Look Vision Group Inc.

March 14th, 2016

Independent Auditor's Report

To the Shareholders of
New Look Vision Group Inc.

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

We have audited the accompanying consolidated financial statements of New Look Vision Group Inc., which comprise the consolidated balance sheets as at December 26, 2015 and December 27, 2014 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 Vision Group Inc. as at December 26, 2015 and December 27, 2014 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 LLP¹

Montreal
March 14, 2016

¹ CPA auditor, CA public accountancy permit no. A120795

Consolidated Statements of Earnings and Comprehensive Income

For the years ended December 26, 2015 and December 27, 2014
In thousands of Canadian dollars, except per share amounts

	2015	2014
	\$	\$
Revenues	174,555	140,245
Materials consumed	37,185	29,456
Employee remuneration expenses (Note 3.1)	57,530	47,046
Other operating expenses (Note 3.2)	47,896	39,352
Earnings before depreciation, amortization, loss on disposal and financial expenses	31,944	24,391
Depreciation, amortization and loss on disposal (Note 3.3)	11,024	8,999
Financial expenses, net of interest revenues (Note 4)	4,419	4,209
Earnings before income taxes	16,501	11,183
Income taxes (Note 17)		
Current ^(a)	7,067	867
Deferred	233	2,491
Total income taxes	7,300	3,358
Net earnings and comprehensive income ^(a)	9,201	7,825
Net earnings and comprehensive income attributed to:		
Non-controlling interest	44	51
Shareholders of New Look Vision	9,157	7,774
	9,201	7,825
Net earnings per share (Note 5)		
Basic	0.68	0.61
Diluted	0.67	0.59

- a) The current income tax expense for 2015 includes an amount of \$2,589,000 in relation to a tax settlement described in Note 17.1. Net earnings and comprehensive income for 2015 also reflect interest expense of \$249,000 related to this tax settlement.

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

Consolidated Statements of Cash Flows

For the years ended December 26, 2015 and December 27, 2014
In thousands of Canadian dollars

	2015 \$	2014 \$
OPERATING ACTIVITIES		
Earnings before income taxes	16,501	11,183
Items not affecting cash:		
Depreciation, amortization and loss on disposal	11,024	8,999
Amortization of deferred lease inducements and variation of deferred rent	(433)	(579)
Equity-based compensation expense	627	422
Other non-cash expenses and revenues	9	23
Financial expenses (Note 4)	4,473	4,291
Income taxes paid ^(a)	(4,476)	(81)
Cash flows related to operating activities before changes in working capital items	27,725	24,258
Changes in working capital items (Note 6.1)	2,727	(1,117)
Cash flows related to operating activities	30,452	23,141
INVESTING ACTIVITIES^(b)		
Business acquisitions (Note 7)	(1,356)	(19,225)
Business purchase price adjustments received	1,285	
Acquisitions of property, plant and equipment	(6,082)	(4,653)
Acquisitions of other intangible assets	(677)	(381)
Reimbursement of loans (loans)	(358)	63
Payment of balances of purchase price	(607)	(551)
Other		40
Cash flows related to investing activities	(7,795)	(24,707)
FINANCING ACTIVITIES		
Variation in bank indebtedness		(3,649)
Long-term borrowings		10,000
Repayment of long-term borrowings	(6,862)	(2,290)
Dividends paid, net of dividends reinvested	(6,955)	(5,178)
Interest paid	(3,589)	(3,333)
Lease inducements	169	204
Issuance of shares pursuant to a private placement		8,988
Cash received on exercise of options	334	731
Other financial expenses paid	(107)	(299)
Reimbursement of loans to purchase shares (Note 22)		120
Cash flows related to financing activities	(17,010)	5,294
Net increase in cash	5,647	3,728
Cash, beginning of period	4,071	343
Cash, end of period	9,718	4,071

a) Income tax paid in 2015 includes an amount of \$1,733,000 related to the tax settlement described in Note 17.1.

b) A purchase of an interest in an optical clinic in 2015 was made by offsetting a loan receivable. Refer to Note 21 for more details.

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

Consolidated Balance Sheets

In thousands of Canadian dollars

	December 26, 2015 \$	December 27, 2014 \$
ASSETS		
Current assets		
Cash	9,718	4,071
Receivables (Note 8)	2,997	4,668
Loans and advances (Note 9)	260	984
Inventory	14,060	13,711
Prepaid expenses	893	1,223
Total current assets	27,928	24,657
Loans and advances (Note 9)	379	141
Property, plant and equipment (Note 10)	39,331	40,560
Goodwill (Note 11)	51,834	51,565
Other intangible assets (Note 12)	42,487	44,389
Total assets	161,959	161,312
LIABILITIES		
Current liabilities		
Accounts payable, accrued liabilities and provisions (Note 14)	22,798	20,606
Income taxes payable	3,309	732
Dividends payable	2,013	1,992
Instalments on long-term debt	5,429	7,303
Total current liabilities	33,549	30,633
Long-term debt (Note 15)	55,500	60,319
Other non-current liabilities (Note 16)	2,469	2,406
Deferred tax liabilities (Note 17.3)	6,229	5,899
Total liabilities	97,747	99,257
EQUITY		
Class A common shares (Note 19)	61,413	59,787
Contributed surplus	1,467	982
Retained earnings	1,009	591
Equity attributable to the shareholders of New Look Vision	63,889	61,360
Non-controlling interest	323	695
Total equity	64,212	62,055
Total liabilities and equity	161,959	161,312

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 26, 2015 and December 27, 2014
In thousands of Canadian dollars, except the number of shares

	Equity attributable to						Total equity
	Class A common shares		Contributed surplus	Retained earnings	Shareholders of New Look Vision	Non-controlling interest	
	Number	\$					
Balance at December 27, 2014	13,283,817	59,787	982	591	61,360	695	62,055
Net earnings				9,157	9,157	44	9,201
	13,283,817	59,787	982	9,748	70,517	739	71,256
Equity-based compensation			627		627		627
Shares issued (Note 19.3)	136,075	1,626	(142)		1,484		1,484
Dividends declared (Note 18)				(8,037)	(8,037)	(64)	(8,101)
Purchase of an interest (Note 21)				(702)	(702)	(352)	(1,054)
Transactions with shareholders and holders of non-controlling interest	136,075	1,626	485	(8,739)	(6,628)	(416)	(7,044)
Balance at December 26, 2015	13,419,892	61,413	1,467	1,009	63,889	323	64,212

	Equity attributable to						Total equity
	Class A common shares		Contributed surplus	Retained earnings	Shareholders of New Look	Non-controlling interest	
	Number	\$					
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 19.4)	646,403	10,655	(87)		10,568		10,568
Dividends declared (Note 18)				(7,704)	(7,704)	(37)	(7,741)
Reimbursement of loans to purchase shares (Note 22)		120			120		120
Transactions with shareholders and holders of non-controlling interest	646,403	10,775	335	(7,704)	3,406	(37)	3,369
Balance at December 27, 2014	13,283,817	59,787	982	591	61,360	695	62,055

The carrying value of Class A common shares as of December 26, 2015 and December 27, 2014 is net of certain related party loans of \$251,000 (Note 22).

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

Notes to the Consolidated Financial Statements

For the years ended December 26, 2015 and December 27, 2014

Amounts in tables are in thousands of Canadian dollars, except shares and per share amounts

1. CHANGE IN CORPORATE NAME, GOVERNING STATUTES AND ACTIVITIES

Following shareholders' approval obtained at the annual and special meeting held on May 7, 2015, New Look Eyewear Inc. / Lunetterie New Look Inc. changed its corporate name, effective June 1, 2015, to New Look Vision Group Inc. / Groupe Vision New Look Inc. ("New Look Vision" or the "Company").

The Company, incorporated under the Canada Business Corporations Act, is involved in the eye care industry in Canada. Its head office is located at 1 Place Ville-Marie, Montréal, Québec, Canada and its shares are listed on the Toronto Stock Exchange (TSX:BCI).

In these financial statements, a reference to the "Group" means New Look Vision and its subsidiaries. The Group operates three main banners: New Look Eyewear / Lunetterie New Look, Greiche & Scaff and Vogue Optical.

SIGNIFICANT ACCOUNTING POLICIES

2.1 Compliance with International Financial Reporting Standards (IFRS)

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") that are in effect as at December 26, 2015. They were approved and authorized for issue by the board of directors on March 14, 2016.

2.2 New accounting standards effective in 2015

Management has elected to early adopt *Disclosure Initiative* (Amendments to IAS 1), issued in December 2014 and otherwise applicable for annual periods beginning on or after January 1st, 2016. One objective of the *Disclosure Initiative* and its early adoption by the Company is to reduce immaterial note disclosures. Furthermore, management has determined that the new accounting standards published by the International Accounting Standards Board that became effective in 2015 had no impact on the Group's financial statements.

2.3 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.

2.4 Principles of consolidation

The consolidated financial statements include the accounts of New Look Vision and its subsidiaries, which include entities over which New Look Vision 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. 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 Vision. The major wholly-owned subsidiary is Vogue Optical Group Inc. which operates the Vogue Optical banner. The New Look Eyewear and Greiche & Scaff banners are operated as divisions of New Look Vision. All inter-entity and inter-division transactions and balances have been eliminated.

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

2.5 Year-end

The year-end of New Look Vision and its subsidiaries is the last Saturday of December. Both the 2015 and 2014 fiscal years had 52 weeks.

2.6 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.

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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.

2.7 Segment reporting

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

2.8 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 customers.

2.9 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.

2.10 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.

2.11 Tax credits

Tax credits related to research and development, and training are recognized to earnings when there is reasonable assurance that the entity claiming the tax credits 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 recorded as deferred liabilities and recognized in earnings over the life of a depreciable asset as a reduction to depreciation expense.

2.12 Equity-based compensation

Equity-based compensation, such as options to acquire New Look Vision 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 Vision 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. Loans treated as option grants are deducted from the share capital and reimbursements of such loans increase it.

2.13 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.

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2.14 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 Vision 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. Out-of-the-money options during a period, that is options with a strike price that is higher than the average market price in the period, are not included in the computation of diluted earnings per share.

2.15 Financial instruments

Financial instruments are measured as follows:

	Level of fair value hierarchy ^(g)
At fair value through profit and loss	
Interest rate swaps ^(a)	2
Foreign exchange contracts ^(b)	2
At amortized cost	
Receivables ^(c)	
Loans ^(d)	
Bank indebtedness, accounts payable, customer deposits ^(e)	
Long-term debt ^(f)	

- a) The fair value of interest rate swaps is currently presented as other non-current liabilities and the change in fair value is presented with the financing expenses. The fair value is determined by the bank issuing the swap.
- b) The fair value of foreign exchange contracts is either presented with the receivables or accounts payable, depending on market conditions, and the change in fair value is presented with the other operating expenses. The fair value is determined by the bank issuing the contracts.
- c) Practically, the amortized cost of receivables reflects their initial fair value less any provision for bad debt. Discounting is omitted when determining the initial fair value.
- d) Long-term loans are initially measured at fair value plus transaction costs. They are subsequently measured at amortized cost using the effective interest method, less a provision for impairment when applicable. Discounting is taken into account when measuring the initial fair value.
- e) Practically, the amortized cost of bank indebtedness, accounts payable and customer deposits reflects their initial fair value. Discounting is omitted when determining the initial fair value.
- f) Long-term debt is initially measured at fair value less transaction costs. It is subsequently measured at amortized cost using the effective interest method. Discounting is taken into account when measuring the initial fair value.
- g) The levels of fair value hierarchy are: 1. Unadjusted quoted prices in active markets; 2. Prices based on observable market data, either directly or indirectly; 3. Prices based on unobservable data.

2.16 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.

2.17 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:

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	Method	Period
Computer equipment	Straight line	5 years
Optical equipment	Straight line	10 to 15 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.

2.18 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.

2.19 Other intangible assets

Other intangible assets include tradenames, 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 Eyewear, 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 the division New Look Eyewear, 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.

2.20 Non-financial asset impairment

At the end of each reporting period, the Group 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

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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.

2.21 Employee remuneration

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

2.22 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.

2.23 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 17.1 regarding a tax settlement with the Canada Revenue Agency and an expected similar settlement with a provincial tax authority.

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 deductible temporary difference, tax loss or tax credit will be utilized to reduce future income taxes. Deferred tax liabilities are always provided for in full.

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

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2.24 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. Issuance costs of shares are deducted from their carrying value. As mentioned in Note 22, certain loans to purchase New Look Vision shares are treated as option grants and deducted from share capital.

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.

2.25 Critical judgments in applying accounting policies

The following are the critical judgments, apart from those involving estimates, that management has made in the process of applying the accounting policies of the Group that have the most significant effect on financial statements.

Allocation of goodwill to specific banners. As mentioned in Note 2.20, for the purpose of impairment testing, goodwill has to be allocated to cash generating units expected to benefit from the synergies of business combinations. Management has determined that the most representative level of cash generating units expected to benefit from the synergies of business combinations is the banner level, although management recognizes that the Group as a whole also benefits from the synergies of any business acquisition. Management's determination could result in the impairment of the goodwill of a banner while the recoverable amounts of the other banners would exceed the impairment amount.

Determination as to whether tradenames have an indefinite useful life. Management's determination that the tradenames New Look Eyewear, Vogue Optical and Greiche & Scaff have an indefinite useful life and are thus not amortized is justified in Note 2.19.

Consolidation of entities without owning shares. The Company consolidates the activities, assets and liabilities of two companies without owning shares of these entities. Management has determined that by virtue of agreements with these entities, the Company is exposed to variable returns from its involvement and has the ability to affect those returns through its power over the entities.

Determination of impairment indicators. 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. Management has currently determined that the contribution of stores or certain groups of stores is the best impairment indicator.

2.26 Estimate uncertainty

The following are the assumptions concerning the future, and other major sources of estimate uncertainty, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Useful life of property, plant and equipment. The estimate of the useful life 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 maintaining fashionable stores. Note 2.17 shows the current estimation of useful lives.

Useful life of intangible assets. The estimate of the useful life of application software is based on historical experience, the annual maintenance and updating services, and the reputation of the supplier. The estimate of the useful life of customer relationships acquired is based on an analysis of sales experience of the seller and the Company's estimated capacity to reach such customers. The estimate of the useful life contracts, such as non-competition agreements, is based on the duration of the contracts. Note 2.19 shows the current estimates of useful lives.

Business acquisitions. On initial recognition, the assets and liabilities of an acquired business are included in the balance sheet at their fair values. In measuring fair value, management uses estimates of future cash flows and discount rates, which in turn are based on assumptions about the behavior of market participants.

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.

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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 Vision 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 in Note 2.20, 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.

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 entity'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. The effects of tax assessments differing from an entity's calculations could be material. See Note 17.1 for a provision regarding an expected tax settlement with a provincial tax authority.

2.27 IFRS's issued but not yet effective

At the date of authorization 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 Group. Information of those expected to be relevant to the Group's financial statements is provided below.

Management anticipates that all relevant pronouncements will be adopted in the Group'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.

IFRS 9, *Financial instruments*

IFRS 9 represents the completion of replacement of 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 is effective for annual reporting periods beginning on or after January 1, 2018. The Company has yet to assess the impact of this new standard on its financial statements.

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, 2018. At this time, management does not foresee a significant impact on the Company's consolidated financial statements as a result of implementing this standard.

IFRS 16, *Leases*

In January 2016, the IASB published IFRS 16 which will require lessees to recognize a right-of-use asset and a lease liability in the balance sheet for all leases with exemptions permitted for short-term leases and leases of low value assets. IFRS 16 sets requirements on how to account for the asset and liability, including complexities such as non-lease elements, variable lease payments and options periods, and introduces new disclosure requirements. IFRS 16 is effective for annual reporting periods beginning on or after January 1, 2019 with early application permitted in certain circumstances. This new standard will have a significant impact on the Group's financial statements.

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3. UNDERLYING COMPONENTS IN CONSOLIDATED EARNINGS

	2015	2014
	\$	\$
3.1 Employee remuneration expenses		
Salaries and social security costs	56,903	46,624
Equity-based compensation	627	422
	57,530	47,046
3.2 Amounts included in other operating expenses		
Write-down of inventories	241	130
Acquisition-related costs	897	1,563
3.3 Depreciation, amortization and loss on disposal		
Depreciation of property, plant and equipment, net of amortization of deferred investment tax credits	7,750	6,028
Amortization of other intangible assets	3,202	2,959
Impairment and loss on disposal of property	72	12
	11,024	8,999

In 2014, total restructuring costs amounting to \$707,000 were included in materials consumed, employee remuneration and other operating expenses. These restructuring costs were in relation to the acquisition of the Greiche & Scaff business on October 14, 2014 and related primarily to the amalgamation of two laboratories, the planned closure of six stores, and the relocation of their former head office.

4. FINANCIAL EXPENSES, NET OF INTEREST REVENUES

	2015	2014
	\$	\$
Interest on long-term debt	3,359	3,340
Interest related to a tax settlement (Note 17.1)	249	
Interest on bank indebtedness and other interest	52	152
	3,660	3,492
Amortization of deferred costs related to the issuance of debt	427	383
Change in fair value of interest rate swap	317	391
Other financing expenses	69	25
Financial expenses	4,473	4,291
Interest revenues	54	82
Financial expenses, net of interest revenues	4,419	4,209

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5. NET EARNINGS PER SHARE

	2015	2014
Net earnings attributable to shareholders of New Look Vision	\$9,157	\$7,774
Weighted average number of common shares used in basic earnings per share	13,376,141	12,805,924
Dilutive effect of stock options	383,676	358,129
Weighted average number of common shares used in diluted earnings per share	13,759,817	13,164,053
Net earnings per share ^(a)		
Basic	\$0.68	\$0.61
Diluted	\$0.67	\$0.59
Out-of-the-money options to purchase New Look Vision shares for the period ^(b)	222,500	—

- a) One-time expenses totaling \$2,827,000 were recorded in 2015 in relation to a tax settlement described in Note 17.1. Consequently, net earnings for 2015 are reflective of this amount.
- b) Out-of-the-money options to purchase New Look Vision shares for a period are options with a strike price that is higher than the market price of New Look Vision shares in that period. These shares are not included in the computation of diluted earnings per share.

6. UNDERLYING COMPONENTS IN CONSOLIDATED CASH FLOWS

6.1 Changes in working capital items

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

	2015	2014
	\$	\$
Receivables	554	(331)
Tax credit receivable		64
Inventory	(349)	(872)
Prepaid expenses	330	(85)
Accounts payable, accrued liabilities and provisions	2,192	107
Source (use) of cash	2,727	(1,117)

6.2 Business purchase price adjustments received

The business purchase price adjustments received in 2015 relate essentially to the Greiche & Scaff acquisition in 2014. The amounts received were recorded as receivable in 2014.

7. BUSINESS ACQUISITIONS

7.1 Acquisition in 2015

In October 2015, the Group acquired the assets and business of an optical clinic, located in New Brunswick, which will continue to operate under its existing tradename. This acquisition will contribute to enhance the Group's position in the retail optical industry in Eastern Canada. The details of this business acquisition are summarized as follows:

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Recognized amounts of identifiable assets	\$
Current assets	168
Property, plant and equipment	515
Intangible assets	501
Deferred tax liabilities	(97)
Identifiable net assets	1,087
Goodwill ^(a)	269
Total net assets acquired	1,356
Net amount paid in cash	1,356

- a) Goodwill is attributed to the workforce, know-how and expected synergies from combining activities of the business acquired with those of the Group. Seventy-five percent of goodwill acquired is amortizable for tax purposes.

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

7.2 Acquisitions in 2014

7.2.1 Greiche & Scaff business acquisition

On October 14, 2014, the Group 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 continued to be operated under the Greiche & Scaff name, as a division of New Look Vision. The acquisition was made to enhance the Company's position in the retail optical industry in Eastern Canada.

The 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 received in 2015	(1,254)
Net consideration	16,496

- 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 the Group. Seventy-five percent of goodwill acquired is amortizable for tax purposes.

From 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.

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7.2.2 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 has continued to operate under its previous tradename. These acquisitions were made 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 in 2014	1,475
Net price adjustments settled in 2015	1
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 the Group. An amount of \$174,000 of goodwill acquired is deductible for tax purposes.

8. RECEIVABLES

	2015	2014
	\$	\$
Trade accounts	2,018	1,864
Sales taxes	957	1,430
Business purchase price adjustment receivable		1,285
Foreign exchange contracts	22	89
	2,997	4,668

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9. LOANS AND ADVANCES

	2015 \$	2014 \$
Loans to an entity related to a senior officer, 5% interest:		
\$200 repayable on August 1, 2016 (initially August 1, 2015) ^(b)	200	200
\$150 repayable on November 13, 2018 ^(b)	150	
Loan to a holder of a non-controlling interest, bearing interest at prime rate plus 1%, currently 3.7% (4.0% as at December 27, 2014) without repayment terms	30	30
Various professional loans, without interest, repayable over the next 3 years	259	111
Loan to an officer of \$860 (\$800 as at December 27, 2014), without interest, settled on June 28, 2015 ^(a)		784
	639	1,125
Amounts due within one year	260	984
	379	141

a) A 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 market segments not served under the New Look Eyewear banner. The carrying value of the loan reflected an initial fair value estimate using a discount rate of 5%, transaction costs and accretion of implied interest. On June 28, 2015, the loan was applied as payment for the share of an operating company managed by New Look Vision. See other details in Note 21.

b) The loans are guaranteed by New Look Vision shares having an approximate value of \$1.2 million.

Certain loans to officers are presented as a reduction of share capital. Refer to Note 22 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 27, 2014	1,462	3,798	29,782	2,504	10,871	33,398	15	81,830
Acquisitions through business combinations			165	15				515
Other acquisitions		111	2,483	782	1,661	1,033	12	6,082
Disposals			(321)			(1,403)		(1,724)
Balance as at December 26, 2015	1,462	3,909	32,109	3,301	12,532	33,363	27	86,703
Accumulated depreciation								
Balance as at December 27, 2014		307	14,072	1,607	2,259	23,025		41,270
Depreciation		192	3,173	413	1,255	2,721		7,754
Disposals			(308)			(1,344)		(1,652)
Balance as at December 26, 2015		499	16,937	2,020	3,514	24,402		47,372
Net carrying amount as at December 26, 2015	1,462	3,410	15,172	1,281	9,018	8,961	27	39,331
Leased assets included in net carrying amount						45		

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	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		

11. GOODWILL

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

	2015 \$	2014 \$
Balance at beginning of year	51,565	47,832
Acquired through business acquisitions	269	3,733
Balance, end of year	51,834	51,565

Impairment tests of goodwill

Goodwill was tested for impairment on December 26, 2015 and December 27, 2014. 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:

	2015 \$	2014 \$
New Look Eyewear	9,273	9,273
Vogue Optical	38,072	38,072
Greiche & Scaff	2,994	2,994
Others	1,495	1,226
Balance, end of year	51,834	51,565

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The recoverable amounts were determined based on value-in-use calculations, covering 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 26, 2015 and at December 27, 2014 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 27, 2014	18,963	537	2,817	21,811	6,874	51,002
Reclassification	90				(90)	
Acquisitions through business combinations	138			173	190	501
Other acquisitions			465	334		799
Balance as at December 26, 2015	19,191	537	3,282	22,318	6,974	52,302
Accumulated amortization						
Balance as at December 27, 2014	66	357	1,137	2,314	2,739	6,613
Amortization	76	52	605	1,381	1,088	3,202
Balance as at December 26, 2015	142	409	1,742	3,695	3,827	9,815
Net carrying amount as at December 26, 2015	19,049	128	1,540	18,623	3,147	42,487

	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

a) Leases in the above tables are contracts acquired under favourable conditions.

b) Contractual agreements include non-competition agreements and other contractual agreements.

Impairment test of tradenames with an indefinite useful life

The New Look Eyewear, Vogue Optical and Greiche & Scaff tradenames are not amortized as management considers that they have an indefinite useful life. Consequently, they were tested for impairment on December 26, 2015 and December 27, 2014. The tests indicated that an impairment charge was not necessary.

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The carrying value of the tradenames with indefinite useful lives are as follows:

	2015	2014
	\$	\$
New Look Eyewear	2,500	2,500
Vogue Optical	9,700	9,700
Greiche & Scaff	6,300	6,300
	18,500	18,500

13. CREDIT FACILITIES

The main elements of the credit facilities are the following:

- A revolving facility of \$13,000,000 to fund working capital expenditures and for general corporate purposes, including to finance capital expenditures. At the end of 2015 and 2014, the amounts drawn on this facility were nil. On January 27, 2016, the revolving facility was increased to \$30,000,000. Future use of this facility will be treated as a long-term debt as no repayment is required until October 17, 2018 as long as certain financial ratios, similar to the financial guidelines described in Note 28, are respected.
- A balance of an acquisition term facility of \$45,889,000 (\$52,750,000 at the end of 2014) which finances the acquisition of the Greiche & Scaff business in 2014, the reimbursement of 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 \$1,319,000 per quarter until the full repayment of the balance at the end of the credit facilities period in October 2018.
- Under a cash flow sweep covenant, New Look Vision may have to reimburse larger amounts if, and when available, before the end of the credit facilities period.
- All outstanding debt balances are repayable in full on October 17, 2018.
- 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 26, 2015, the margin was 1.75% (1.75% on December 27, 2014).
- 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 26, 2015 and December 27, 2014, the stamping fees were 2.75%.
- New Look must respect certain financial ratios which approximate the financial ratios described in the guidelines in Note 28.
- Assets of New Look Vision Group (which include the assets of the New Look Eyewear and the Greiche & Scaff divisions) and assets of Vogue Optical Group Inc. are hypothecated in favour of the bank syndicate.

Financial ratios required under the financing agreement were respected as of December 26, 2015 and December 27, 2014 and for the years then ended.

14. ACCOUNTS PAYABLE, ACCRUED LIABILITIES AND PROVISIONS

	2015	2014
	\$	\$
Salaries and accrued benefits	6,303	5,879
Customers' deposits	4,324	3,096
Trade and other payables	10,703	10,014
Provisions	1,468	1,617
	22,798	20,606

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The above provision figures for 2015 reconcile as follows:

	Product warranties	Lease termination ^(a)	Onerous contracts ^(b)	Restructuring	Total
Carrying amount at December 27, 2014	926	298	335	58	1,617
Additional provision (reversal)	2,423			(58)	2,365
Amount utilized	(2,379)	(84)	(51)		(2,514)
Carrying amount at December 26, 2015	970	214	284	—	1468

- a) The lease termination provision covers amounts for litigation settlements and asset removal costs expected to be incurred at the end of certain leases.
- b) The onerous contracts provision covers two leases in which the unavoidable costs of meeting the obligations exceed the expected cash inflows.

All provisions are considered current. The Company is not eligible for any reimbursement by third parties.

15. LONG-TERM DEBT

	2015 \$	2014 \$
Bankers' acceptances under the acquisition term facility, effective rate of 3.70% (4.12% as of December 27, 2014) ^(a)	45,700	52,600
Prime rate basis loan under the acquisition-term facility, effective rate of 4.45% (4.75% as of December 27, 2014)	189	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%, forecast repayments of \$521,000, \$346,000 and \$94,000 in 2016, 2017 and 2018 respectively	961	1,128
Other	47	100
Total debt	61,897	68,978
Deferred costs related to the issuance of debt ^(a)	(968)	(1,356)
	60,929	67,622
Instalments due within one year ^(b)	5,429	7,303
	55,500	60,319

- 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 are expressed at the carrying value as of the year-end date.

Instalments on long-term debt

	\$
2016	5,429
2017	5,269
2018	50,231

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16. OTHER NON-CURRENT LIABILITIES

	2015	2014
	\$	\$
Interest rate swap	708	391
Deferred lease inducements	712	760
Provision for straight-line rent	787	924
Deferred investment tax credits	199	188
Provision for leases acquired under unfavorable conditions	63	143
	2,469	2,406

17. INCOME TAXES

17.1 Settlement agreement

In April 2014, New Look Vision 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 proposed to deny New Look Vision the use of certain tax attributes, principally operating losses, carried forward and used by it in 2010 and the following fiscal periods. The parties have now reached a settlement agreement under which the CRA will not challenge the use of the tax attributes for the 2010, 2011 and 2012 taxation years and the Company will relinquish the right to use the tax attributes for the 2013, 2014 and following taxation years. Based on this agreement and a discussion with a provincial tax authority, a similar agreement is expected to be reached. The Company has recorded the following amounts in 2015 :

Amounts included in the statement of earnings	\$
Current income tax expense	2,589
Interest expense	249
Deferred tax recovery	(11)
Net additional expenses	2,827
	\$
Amounts paid in 2015: full settlement with the CRA	1,883
Amounts included in the balance sheet at December 26, 2015	
Provision for provincial income tax payable	855
Provision for accrued interest	100
Deferred tax liability	(11)
Total of payments in 2015 and net liabilities as of December 26, 2015	2,827

17.2 Overall Income Tax Expense

The Group is subject to tax on its taxable income at a rate of approximately 27.6% (27.4% in 2014). The effective income tax rate for 2015 differs significantly from the combined federal and provincial income tax rates in Canada due to the settlement agreement described in Note 17.1, other adjustments for prior years and non-deductible expenses. The following table shows the impact of the settlement agreement in relation with total income taxes:

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	2015 \$	2014 \$
Earnings before income taxes	16,501	11,183
Current statutory income tax rate	27.6%	27.4%
Income tax expense at statutory rate	4,554	3,064
Increase in taxes resulting from:		
The tax settlement (Note 17.1)	2,589	
Non-deductible current expenses	287	153
Adjustments for prior years	26	42
Other	(156)	99
Income tax expense	7,300	3,358

The income tax expense comprises:

	2015 \$	2014 \$
Current tax expense:		
In relation with the tax settlement (Note 17.1)	2,589	
In relation with the current activities	4,478	867
Total current tax expense	7,067	867
Deferred tax:		
In relation with the tax settlement (Note 17.1)	(11)	
Origination and reversal of temporary differences	620	2,491
Utilization of unused tax losses and tax credits	(376)	
Total deferred tax expense	233	2,491
Total income taxes	7,300	5,849

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17.3 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. 27, 2014	Business acquisitions	Recognized in earnings	Balance as at Dec. 26, 2015
	\$	\$	\$	\$
Unused tax losses, tax credits and deferred expenses	211		376	587
Temporary differences ^(a) :				
Property, plant and equipment	(2,358)	(63)	288	(2,133)
Other assets	(4,296)	(34)	(181)	(4,511)
Cumulative amortization of goodwill ^(b)	(629)		(550)	(1,179)
Provisions	542		(56)	486
Liabilities ^(c)	631		(110)	521
	(5,899)	(97)	(233)	(6,229)

- a) Temporary differences between carrying value and tax basis.
- b) 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.
- c) Liabilities represented by balances of purchase price and deferred lease inducements, investment tax credits and rent.

Deferred taxes for the comparative period are summarized as follows:

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

- a) Temporary differences between carrying value and tax basis.
- b) 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.
- c) Liabilities represented by balances of purchase price and deferred lease inducements, investment tax credits and rent.
- d) Share issuance costs, net of income taxes, are presented as a reduction of the carrying value of the share capital.

18. DIVIDENDS

18.1 Dividends declared

New Look Vision declared quarterly dividends totalling \$0.15 per Class A common share in 2015 and 2014. Dividends totalling \$64,000 were also declared to the holder of a non-controlling interest in 2015 (\$37,000 in 2014).

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Dividends shown as paid in the statements of cash flows are net of dividends reinvested in New Look Vision Class A common shares pursuant to the dividend reinvestment plan that became effective in the second quarter of 2014. The dividends reinvested in the 2015 fiscal year totaled \$1,125,000 (\$571,000 in 2014). Amounts of dividends declared in a period differ from the amounts paid in that period due to timing differences.

18.2 Dividend reinvestment plan

In March 2014, New Look Vision adopted a dividend reinvestment plan (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 Vision 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 Vision, either purchased on the open market or issued from 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 Vision'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.

Since the inception of the plan, New Look Vision has issued shares from treasury with a discount of 5%.

See Notes 19.3 and 19.4 for shares issued under the DRIP in 2015 and 2014 respectively. See Note 29.2 for shares issued under the DRIP after the reporting period.

Shares reserved by the Toronto Stock Exchange for the DRIP was 118,930 after the dividend paid on December 31, 2015.

19. SHARE CAPITAL

19.1 Authorized share capital as at December 26, 2015 and December 27, 2014

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.

19.2 Outstanding share capital as at December 26, 2015 and December 27, 2014

The only shares outstanding as at December 26, 2015 and December 27, 2014 are the Class A common shares whose continuity is shown in the consolidated statements of changes in equity.

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19.3 Shares issued in 2015

	Number of shares issued	Price per share \$	Variation in share capital \$
Exercise of stock options			
In consideration of cash	29,534	11.33	334
Under the cashless exercise feature (94,608 options)	62,709		
Transfer from contributed surplus ^(a)			142
In payment of services	828	30.19	25
Shares issued pursuant to the dividend reinvestment plan (Note 18.2)	43,004	26.17	1,125
	136,075		1,626

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

19.4 Shares issued in 2014

	Number of shares issued	Price per share \$	Variation in share capital \$
Private placement			
Gross proceeds	500,000	20.00	10,000
Payment equal to dividends ^(a)			(75)
Issuance fees			(937)
Net cash received from the private placement			8,988
Reduction in taxes related to the issuance of 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
Shares issued pursuant to the dividend reinvestment plan (Note 18.2)	27,696	20.62	571
In payment of services	1,169	21.39	25
	646,403		10,655

- a) On August 29, 2014, the Company 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 Vision 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.

20. STOCK OPTION PLAN

Under the Stock Option Plan of New Look Vision, options to acquire New Look Vision 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

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by the Board of Directors at the time the options are granted. As of December 26, 2015, the option terms varied from five to seven years and the vesting periods were either : a) one third at the grant date, an additional one third after one year and the balance at the end of the second year; or b) one third after one year, an additional one third at the end of the second year, and the balance at the end of the third year.

The option plan contains a "cashless exercise" feature allowing the settlement of the intrinsic value of an option (excess of fair value over the exercise price) by, at the discretion of the Company, a cash payment or the issuance of New Look Vision 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 1,305,632 as of December 27, 2015 (1,079,682 as of December 27, 2014).

Changes in the number of options outstanding were as follows:

	2015	2014
Number of options		
Outstanding at beginning of year	723,469	654,167
Granted	232,500	196,000
Exercised	(124,642)	(126,698)
Expired	(18,334)	
Outstanding at end of year	812,993	723,469
Exercisable at end of year	575,988	545,455
Weighted average exercise price	\$	\$
Outstanding at beginning of year	11.15	8.47
Granted	30.76	17.62
Exercised	9.87	7.32
Expired	23.25	
Outstanding at end of year	16.68	11.15
Exercisable at end of year	12.16	9.72
Weighted average market value of New Look Vision shares at exercise date	28.63	19.73

Options exercised in 2015 included 94,608 options for which the intrinsic value was settled by the issuance of 62,709 shares under the cashless exercise feature. 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.

The following table summarizes information about options outstanding and exercisable as at December 26, 2015:

Range of exercise price \$	Options outstanding			Options exercisable	
	Number	Weighted average remaining contractual life (years)	Weighted average exercise price	Number	Weighted average exercise price
7.40 to 9.77	427,825	1.53	8.91	427,825	8.91
15.53 to 15.54	90,000	3.05	15.53	59,999	15.53
20.58 to 29.69	150,168	3.83	25.28	73,164	23.80
30.04 to 34.43	145,000	6.05	31.40	15,000	34.43
7.40 to 34.43	812,993	2.93	16.68	575,988	12.16

The per-share average market value was \$29.12 in 2015 (\$19.57 in 2014) and the per-share market value at the end of 2015 was \$30.50 (\$22.19 at end of 2014).

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

	2015	2014
Exercise price	\$30.76	\$17.62
Expected life (years)	4.7	4
Expected volatility	25%	24%
Risk-free interest rate	0.87%	1.6%
Expected annual dividends	\$0.60	\$0.60

The weighted average fair value of options granted in 2015 was estimated at \$5.43 per option (\$2.55 for 2014).

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 \$627,000 recorded in 2015 (\$422,000 in 2014) relates to the vesting of options accrued in the period.

21. PURCHASE OF AN INTEREST

On June 28, 2015, the Group acquired 100% of the voting shares of an entity operating an optical clinic. Prior to the acquisition, the equity in the net assets of that entity was presented as non-controlling interest. Consequently, the purchase of the shares was treated as follows in 2015:

Reduction in equity	\$
Non-controlling interest	352
Retained earnings	702
Total reduction in equity	1,055
Consideration paid and contingent balance of purchase price	
Basic consideration paid ^(a)	860
Provision for future adjustments ^(b)	195
Total consideration	1,055

- The basic consideration was settled by offsetting a loan due to the Group by the former shareholder in the amount of \$860,000. See Note 9(a) for more details.
- The share purchase agreement provides for price adjustments based on sales over the next three years. Future payments may differ significantly from the current estimates.

22. RELATED PARTY TRANSACTIONS

The Company's related parties include the directors and key management. Key management is composed of the vice chairman (as this position existed up to June 2015), the president and the vice presidents of New Look Vision, its subsidiaries and its divisions.

The maturity date of a loan of \$200,000 made to an entity related to the President of New Look Vision was extended from August 1, 2015 to August 1, 2016. This loan is guaranteed by New Look Vision shares having an approximate fair value of \$1 million. Moreover, New Look Vision granted an additional loan of \$150,000 to the same entity under the conditions described in Note 9.

The maturity of loans totaling \$251,000 made to an entity related to the President of New Look Eyewear and Greiche & Scaff were extended from December 2015 and June 2016 to December 31, 2016. In 2014, a reimbursement of \$120,000 was made on these loans, which are presented as a reduction of the share capital. The loans are guaranteed by New Look Vision shares having an approximate fair value of \$1.7 million

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Interest on loans to entities related to senior officers were received as scheduled in 2015 and 2014.

23. REMUNERATION OF KEY MANAGEMENT AND DIRECTORS

Remuneration of key management and directors is summarized as follows:

	2015	2014
	\$	\$
Short-term remuneration, termination payments and related social security costs	3,142	2,718
Equity-based compensation	627	422
	3,769	3,140

24. COMMITMENTS

The Group has entered into long-term lease agreements expiring as late as 2026 which call for lease payments for the rental of buildings. Minimum lease payments required under such leases are as follows:

	\$
2016	12,455
2017	10,637
2018	8,876
2019	6,593
2020	4,838
Thereafter	8,282
	51,681

The Group also entered into agreements to purchase property and equipment totalling \$1,449,000. Commitments regarding the acquisition of businesses are described in Note 29.3.

25. CONTINGENCIES

The Group 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.

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26. FINANCIAL INSTRUMENTS

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

	2015 \$	2014 \$
Financial assets (liabilities) at fair value through profit and loss		
Forward exchange contracts, included in receivables (payables)	(22)	89
Interest rate swap	(708)	(391)
Total	(730)	(302)
Loans and receivables		
Cash	9,718	4,071
Trade accounts receivable ^(a)	2,018	1,864
Business purchase price adjustment receivable ^(a)		1,285
Loans and advances ^(b)	639	1,125
Total loans and receivables	12,375	8,345
Other financial liabilities		
Customers' deposits ^(a)	4,324	3,096
Trade and other payables ^(a)	10,703	10,014
Dividends payable	2,013	1,992
Long-term debt including current portion ^(c)	60,929	68,978
Total financial liabilities	77,969	84,080

- 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 as follows:

Debt	How estimated	Conclusion
Bankers' acceptances	Discounted value at the current rate	Fair value very close to carrying value as terms are very short
Prime rate loan	Face value	Fair value very close to carrying value as terms are very short
Subordinated debt to a development capital fund	Discounting future cash flows at the rate of 8%, the actual nominal rate on the debt	Management believes that the rate of 8% still reflects the market conditions for a subordinated debt
Balances of purchase price	Discounting future cash flows at the rate of 8%	Fair values essentially equivalent to the carrying values

27. FINANCIAL INSTRUMENT RISK MANAGEMENT OBJECTIVES AND POLICIES

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

Management has established objectives and policies regarding the following risks.

Notes to the Consolidated Financial Statements

For the years ended December 26, 2015 and December 27, 2014

Amounts in tables are in thousands of Canadian dollars, except shares and per share amounts

Exchange risk

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

	2015	2014
	\$	\$
Cash in US dollars	41	21
Accounts payable in US dollars	(933)	(86)
Accounts payable in euros	(4)	(545)
Net liabilities in currencies	(896)	(610)
Unfavourable impact of 10% strengthening of the currencies on earnings before income taxes	(90)	(61)

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 Group does not use hedge accounting. Accordingly, forward exchange contracts are recognized at their fair value on the balance sheet and changes in fair value are recognized in earnings. Under forward exchange contracts outstanding as of December 26, 2015, the Company will purchase, depending on the spot rate at the time of purchase, from US\$1,730,000 to US\$3,460,000 at a blended rate of 1.294 CAD over 2016. The rate paid will be 1.4190 if the spot rate reach or exceed this value. As of December 27, 2014, the blended rate was 1.132 for outstanding exchange contracts on US\$3,550,000.

As of December 26, 2015 the estimated fair value of the above forward exchange contracts represented an asset of \$22,000 (\$89,000 as of December 27, 2014) included with the receivables.

Interest rate risk

As at December 26, 2015, 74% (76% as at December 27, 2014) of the long-term debt was composed of loans on the acquisition term facility described in Note 15. As these loans are currently in the form of bankers' acceptances which carry a fixed element (stamping fees) and a variable one (discount), the Company is exposed to cash flow risks resulting from fluctuations in discounts on bankers' acceptances. In order to mitigate this risk, New Look Vision 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 8% (11% as at December 27, 2014) 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 \$22,850,000 at December 26, 2015 (\$26,375,000 at December 27, 2014). The fair value of the swap agreement represented a liability of \$708,000 as at December 26, 2015 (\$391,000 at December 27, 2014).

A 100 basis point increase in interest rates would have resulted in an increase in interest payments of \$459,000 in 2015 (\$458,000 in 2014) and a decrease in net earnings and equity of \$335,000 (\$334,000 in 2014).

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 Group'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 substantially 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 2015 and 2014 were not significant.

The price adjustments receivable at the end of 2014 in relation with the purchase of the Greiche & Scaff store were protected by amounts held in escrow and were actually received in 2015.

Notes to the Consolidated Financial Statements

For the years ended December 26, 2015 and December 27, 2014

Amounts in tables are in thousands of Canadian dollars, except shares and per share amounts

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 the Group has financing sources such as its credit facilities for a sufficient authorized amount. The Group establishes budgets, cash estimates, and a cash management policy to ensure it has the necessary funds to fulfill its obligations for the foreseeable future.

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

	Revolving facility	Long-term debt	Interest rate swap agreement	Accounts payable, accrued liabilities and dividends payable	Total
2016	89	8,266	262	23,343	31,960
2017	89	8,276	230		8,595
2018	89	52,086	107		52,282
	267	68,628	599	23,343	92,837

This analysis reflects the following assumptions, based on conditions prevailing at the end 2015:

- A constant level of the revolving facility of \$2,000,000 and an interest rate of 4.45%;
- Use of the revolving facility to finance working capital expenditures only, not capital expenditures;
- Financing costs of 3.7% paid on the debt under the acquisition term facility, capital repayments of \$5,275,000 per year in 2016 and 2017 on this debt, and repayment of the balance of \$35,338,500 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.

28. CAPITAL MANAGEMENT

The Group's objectives when managing capital are:

- To optimize the use of debt while maintaining a comfortable spread between the actual and required financial ratios in the credit facilities.
- 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 Group'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, the borrowings under the revolving facility and dividends payable, in excess of cash. The Group 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.

Notes to the Consolidated Financial Statements

For the years ended December 26, 2015 and December 27, 2014

Amounts in tables are in thousands of Canadian dollars, except shares and per share amounts

The Group's capital structure is as follows:

	2015		2014	
	\$	%	\$	%
Net debt	53,224	45%	65,543	51%
Equity	64,212	55%	62,055	49%
Total capitalization	117,436	100%	127,598	100%

The guidelines with respect to the capital management approximate the requirements under the credit facilities. The resulting performance read as follows:

	Revised Guidelines at end of 2015	Guidelines at end of 2014	2015	2014
Net debt to adjusted EBITDA ^(a)	Maximum of 3.00	Maximum of 3.25	1.67	2.20
Adjusted net debt ^(b) / EBITDAR ^(c)	Maximum of 4.50	Maximum of 5.00	3.41	3.79
Fixed charge coverage ratio ^(d)	Minimum of 1.10	Minimum of 1.10	1.88	1.57

- 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 Vision has no commitments to issue shares except pursuant to the exercise of options, the dividend reinvestment plan, a certain agreement for services (\$25,000 per year), and a commitment to issue 31,604 Class A Common as partial consideration for the purchase of a business completed in January 2016. See Note 29.3 for more details.

29. EVENTS AFTER THE REPORTING PERIOD

29.1 Dividends

On March 14, 2016, the Board of Directors declared a dividend of \$0.15 per Class A common shares to shareholders of record on March 23, 2016. The dividend is payable on March 31, 2016 and no liability in this respect is recognized in the financial statements for 2015.

29.2 Shares issued pursuant to the DRIP

On December 31, 2015, New Look Vision issued 10,370 Class A Common shares at \$28.07 per share for a total of \$291,000 pursuant to the dividend reinvestment plan. This issuance will be recognized in the first quarter of 2016.

Notes to the Consolidated Financial Statements

For the years ended December 26, 2015 and December 27, 2014

Amounts in tables are in thousands of Canadian dollars, except shares and per share amounts

29.3 Business acquisitions

29.3.1 iVision stores acquisition

On February 9, 2016, the Group acquired the retail optical assets forming a business composed of 15 retail optical clinics, 11 of which were operated under the iVision banner, in southwestern Ontario. Two of the acquired stores are each owned through a company involving a non-controlling interest. The stores will continue to be operated under their previous tradenames except for two which will be operated under the Vogue Optical banner. The acquisition was made to enhance the Group's position in Ontario.

The preliminary purchase price allocation was established as follows:

Recognized amounts of identifiable assets	\$
Net working capital	701
Property, plant and equipment	2,292
Intangible assets	3,320
Deferred tax liabilities	(609)
Identifiable net assets	5,704
Goodwill^(a)	7,725
Total net assets acquired	13,429
Amount paid in cash	12,545
Non-controlling interests ^(b)	429
Holdback	455
Total consideration	13,429

This preliminary purchase price allocation is subject to change.

- a) Goodwill is attributed to the workforce, the locations of the stores, the relationships with optometrists, know-how and expected synergies from combining activities of the business acquired with those of the Group. Management estimates that approximately 85% of goodwill acquired will be amortizable for tax purposes.
- b) The non-controlling interests represent a 25% participation in a company operating one store and a 49% participation in a company operating another store. The carrying value of the non-controlling interests reflects the proportionate share of the fair value of the net assets acquired.

Revenues of the stores acquired for the twelve months ended September 2015 are estimated to be \$8 million.

The acquisition was financed from current banking facilities.

Notes to the Consolidated Financial Statements

For the years ended December 26, 2015 and December 27, 2014

Amounts in tables are in thousands of Canadian dollars, except shares and per share amounts

29.3.2 Other business acquisition

On January 13, 2016, the Group acquired 100% of the voting shares of a company operating an optical clinic in Montréal, Québec, which will continue to operate under its existing tradename. The acquisition will contribute to enhance the Group's position in the retail optical industry in the Province of Québec. The details of the business acquisition are summarized as follows:

Recognized amounts of identifiable assets	\$
Net working capital	98
Property, plant and equipment	544
Intangible assets	1,954
Leasing liabilities	(159)
Deferred tax liabilities	(575)
Identifiable net assets	1,862
Goodwill^(a)	2,638
Total net assets acquired	4,500
Amount paid in cash	3,240
Holdback	360
31,604 shares of New Look Vision	900
Total consideration	4,500

- a) Goodwill is attributed to the workforce, know-how and expected synergies from combining the activities of the business acquired with those of the Group. The amount of goodwill acquired is not deductible for tax purposes.

The purchase price allocation is preliminary and subject to change.

29.4 Amendments to the credit facilities

On January 27, 2016, the revolving credit was increased from \$13 million to \$30 million.

2015 Major Banners



2015 Major Banners



2015 Major Banners



New Look Vision Group Inc. Board of Directors

W. John Bennett
Chairman of the Board
New Look Vision Group Inc.

Antoine Amiel
President
New Look Vision Group Inc.

Richard Cherney
Secretary
New Look Vision Group Inc.
Managing Partner
Davies Ward Phillips & Vineberg

M. William Cleman
Management Consultant
Cleman Consulting Inc.

Paul S. Echenberg
President and
Chief Executive Officer
Schroders and
Associates Canada Inc.

William R. Ferguson
President
Eric T. Webster Foundation

Martial Gagné
President
New Look Eyewear /
Greiche & Scaff

C. Emmett Pearson
Director
New Look Vision Group Inc.

New Look Vision Group Inc. Executive Officers

Antoine Amiel
President
New Look Vision Group Inc.

Derrick Giannoumis
Senior Vice-President and
Chief Financial Officer
New Look Vision Group Inc.

Mario Pageau
Senior Vice-President
Optical Products and Services
New Look Vision Group Inc.

Martin Galerneau
Vice-President
Information Technology
New Look Vision Group Inc.

Franca Russo
Vice-President
Merchandising
New Look Vision Group Inc.

Greiche & Scaff Executive Officer

Martial Gagné
President
Greiche & Scaff

New Look Eyewear Executive Officers

Martial Gagné
President
New Look Eyewear

Marie-Josée Mercier
Vice-President
Sales and Operations
New Look Eyewear

France Reimnitz
Vice-President
Marketing and Merchandising
New Look Eyewear

Caroline Rouleau
Vice-President
Professional Services and
Human Resources
New Look Eyewear

Vogue Optical Group Inc. Executive Officers

John MacLeod
President
Vogue Optical Group Inc.

Juanita Leary
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ANNUAL REPORT 2015

As of February 29, 2016, New Look Vision Group Inc. had 13,463,336 Class A common shares issued and outstanding. New Look Vision Group Inc. is a leader in the eye care industry in Eastern Canada having a network of 193 corporate stores mainly under the New Look Eyewear, Vogue Optical, and Greiche & Scaff banners and laboratory facilities using state-of-the-art technologies.

NEWLOOK
e y e w e a r

Vogue Optical 2nd PAIR
FREE
POLICY

greiche & scaff
eye care professionals

YEAR
ended
December 26, 2015



NEWLOOK
VISION GROUP INC.