ANNUAL REPORT

lunetterie NEWLOOK eyewear

For the year ended December 31

2011

Table of Contents

CHAIRMAN'S MESSAGE 2

PRESIDENT'S MESSAGE 3

MANAGEMENT'S DISCUSSION AND ANALYSIS 6

CONSOLIDATED FINANCIAL STATEMENTS 19

- Management's Responsibility for Financial Statements 20
- Auditor's Report 21
- Consolidated Statements of Earnings and Comprehensive Income 22
- Consolidated Statements of Cash Flows 23
- Consolidated Balance Sheets 24
- Consolidated Statements of Changes in Equity 25
- Notes to Consolidated Financial Statements 26

DIRECTORS AND OFFICERS 50

Annual General Meeting of Shareholders
May 10, 2012 at 10 a.m.
Fairmont The Queen Elizabeth
900 René-Lévesque Boulevard West
Montréal, Québec

Chairman's Message

For the year ended December 31, 2011

FOCUS ON BUILDING THE BUSINESS

On March 2nd, 2010, the corporate structure of the New Look Eyewear enterprise was converted from a trust back to a corporation carrying on business as a publicly listed company under the name New Look Eyewear Inc. (TSX: BCI).

The focus now that this has been achieved is on building the business, revenues and profitability.

OVERVIEW

Highlights for the year were as follows:

a) Record EBITDA[(a)] of $13.3 million (a 29.4% increase over last year).

b) Improved operating efficiency (EDITDA to revenues up to 16.6% from 14.5%).

c) Annual net earnings of $0.59 per share[(b)] (in comparison to adjusted net earnings[(c)] of $0.41 last year).

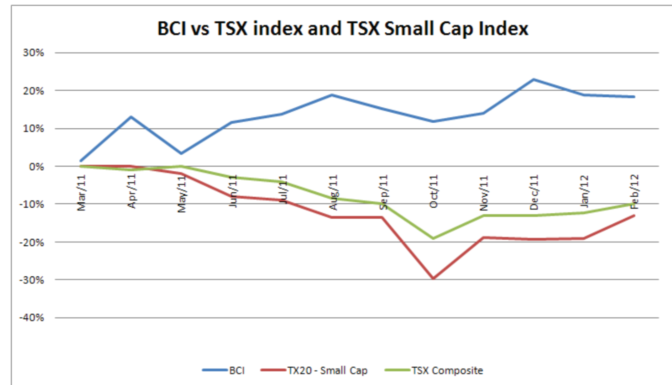
d) Annual cash flows from operating activities, before changes in non-cash working capital items, of $1.28 per share[(b)] (in comparison to $0.92 last year).

e) As a result of its sound basic financial and operating position, the Company was able to maintain a quarterly dividend policy of $0.15 per share ($0.60 per annum), pay down debt ($3,048,00) and invest ($6,048,000) in new store additions and other capital expenditures.

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

TRADING PERFORMANCE

From January 1st through December 31st, the Company's shares traded in the range of $7.11 to $8.94 per share and closed at $7.95. While overall market conditions during the year were uncertain, New Look's solid results allowed its securities to outperform both the TSX Composite Index and the Small Cap Index (TX20).



OUTLOOK

The ongoing objective is to continue to successfully build New Look's business, revenues and profitability. This will result, as achieved, in a growing enterprise value of the underlying business as well as sustainable dividends to the shareholders.

New Look, with its successful business model, is well positioned to continue to play a key role into the evolution of the eye care industry in Québec and in Canada through organic expansion, acquisitions as well as greater market penetration through its existing store network.

MANAGEMENT TEAM AND BOARD MEMBERS

Congratulations are in order for Martial Gagné and his senior management team at New Look Eyewear Inc., Jean-Luc Deschamps, Mario Pageau, France Reimnitz, Caroline Rouleau, Claire Boulanger and Marie-Josée Mercier. Also a special thanks to all New Look Eyewear Inc.'s many employees who contribute, each of them in their everyday work, to the continuing success of the company. A special thanks also to members of the Board of Directors for their continuing support, guidance and advice. I would also like to welcome on board Antoine Amiel who will be joining as Vice-Chairman and a member of the Board of Directors, effective May 7th, 2012. He will be a great addition to the management team and the Board at many levels.

We are all confident that New Look Eyewear Inc. will continue its positive building process in 2012.

W. John Bennett
Chairman of the Board
New Look Eyewear Inc.
March 21st, 2012
Montreal, Québec

a) *EBITDA refers to consolidated earnings before interest income and expenses, income taxes, and amortization. It excludes any gain or loss on foreign currency translation (except if related to cost of goods sold), equity-based compensation, and the cost of conversion to a corporation. EBITDA does not have any standardized meaning prescribed by IFRS and may not be comparable to similar measures presented by other entities. New Look believes that EBITDA is a useful financial metric as it assists in determining the ability to generate cash from operations. Investors should be cautioned that EBITDA should not be construed as an alternative to net income as determined in accordance with IFRS. Refer to the Management's Discussion & Analysis section for more details.*

b) *On a diluted basis.*

c) *Adjusted net earnings is not a recognized measure under IFRS and is therefore unlikely to be comparable to similar measures presented by other entities. New Look believes that it currently provides useful information as the adjustment of income tax related to the corporate conversion and the cost of conversion to a corporation, net of tax, are not representative of on-going operations of the Company. Refer to the Management's Discussion & Analysis section for more details.*

2011 OPERATIONS AND FINANCIAL RESULTS

We are very proud of the 2011 results. Quarter after quarter, we maintained the momentum of the end of 2010 and delivered both revenues and EBITDA[(a)] growth. Over the year, revenues increased by 13% and EBITDA increased by 29%.

These results are attributable to three main elements: our ability to generate traffic in our stores, the continuous operational improvement of our stores and laboratory, and the addition of five new stores to our network. Two of the new stores were existing highly reputable eye care clinics which have been converted to the New Look banner. In both cases, the professionals of the acquired clinics joined New Look’s team as they saw an interesting opportunity to continue their professional practice.

From the revenue increase of 13.3%, same stores contributed for 8.9%. EBITDA reached $13.3 million, up $3 million or 29.4% from 2010, the impact of a 53-week period in 2011 compared to a 52-week period in 2010 being insignificant.

The 2011 net earnings at $6.0 million compare favourably to the 2010 adjusted net earnings[(b)] of $4.1 million. Cash flows from operating activities, before changes in non-cash working capital items, reached $13 million ($1.28 per share) in comparison to $9.2 million ($0.92 per share) last year. Our ratio of indebtedness to EBITDA at the end of the year is at 0.5, leaving room for further expansion.

The agility of the management team and our sound financial position are key ingredients for New Look maintaining its profitability and leadership position in both the Québec and Eastern Ontario markets. We will continue to offer a selection of quality products at competitive prices and provide exceptional professional services that contribute to our customers’ satisfaction and to our enviable reputation. These ingredients are integrated into our corporate values and are fundamental to the improvement of our revenues and financial performance.

EXPANSION OF STORE NETWORK / NEW MARKETS

New Look is well positioned to play a key role in the evolution of the optical industry in Québec and in Canada through organic geographic expansion, acquisitions and through greater market penetration within its existing store network.

New Look is a leading provider of eye care products and services in Eastern Canada. At the date of this report, its network consisted of 69 corporate stores, all of them operating under the same successful format: 61 in the province of Québec and 8 situated in the Ottawa, Ontario region. We currently have commitments to open three new stores.

PRODUCT INNOVATION AND UNIQUE LABORATORY EXPERTISE

During 2011, we continued to develop and benefit from the previous years’ major innovation in digital manufacturing of progressive lenses: the Evolution HD™, Ultra Evolution HD™ and Ultrafit Evolution HD™ lenses. The HD technology is one of the most significant industry developments in progressive lenses in recent years and offers New Look customers clearer lenses and improved vision at all levels. New Look has been one of the worldwide leaders in successfully merchandising and marketing this new digital technology. This has been possible due to the fact that New Look has one of the most advanced eyewear laboratories in North America leading to its complete control over quality and customer service. The advantage of our laboratory, combined with the other strong elements of our value chain, confirm New Look’s leadership position in Québec and Eastern Ontario.

THE EYEWEAR BUSINESS – A CUSTOMER CARE BUSINESS

Beside all the ingredients that make New Look a successful eye care professional, the way our customers are treated at the eye exam clinics and in our stores make the difference. This difference is the combination of many elements which generate loyalty, respect and trust from our customers.

In 2011, we’ve served a record number of customers in our network. I would like to thank all New Look employees and all optometrists that contribute every day to our success through their passion and dedication to customers. Also, special thanks to our customers who recognize the quality of our professional services.

More than ever with the changes in the optical industry, personalized service will remain a key ingredient of our positioning and growth.

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

Martial Gagné, FCMA
President
New Look Eyewear Inc.
March 21st, 2012
Montreal, Québec

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b) *Adjusted net earnings is not a recognized measure under IFRS and is therefore unlikely to be comparable to similar measures presented by other entities. New Look believes that it currently provides useful information as the adjustment of income tax related to the corporate conversion and the cost of conversion to a corporation, net of tax, are not representative of on-going operations of the Company. Refer to the Management’s Discussion & Analysis section for more details.*

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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For the year ended December 31

2011

Management's Discussion and Analysis

For the years ended December 31, 2011 (53 weeks) and December 25, 2010 (52 weeks)
In thousands of Canadian dollars, except per share or unit amounts

HIGHLIGHTS

Highlights for the fourth quarters of 2011 and 2010 and the year ended December 31, 2011 compared to 2010 and 2009 fiscal years are as follows:

	Fourth Quarter		Year[a]		
	2011	2010	2011	2010	2009
Number of weeks	14	13	53	52	52
Revenues	*$22,096*	*$19,514*	*$80,190*	*$70,778*	*$68,958*
Variance	*13.2%*		*13.3%*	*2.6%*	
Comparable stores variance	*8.6%*		*8.9%*	*1.7%*	
EBITDA[b]	$3,893	$3,645	$13,280	$10,259	$10,966
Variance	*6.8%*		*29.4%*	*(6.4%)*	
% of revenues	*17.6%*	*18.7%*	*16.6%*	*14.5%*	*15.9%*
Adjusted net earnings attributed to shareholders or unitholders[c]	$1,813	$1,757	$6,024	$4,109	$5,417
Variance	*3.2%*		*46.6%*	*(24.1%)*	
Net earnings attributed to shareholders or unitholders[c]	$1,813	$1,757	$6,024	$11,488	$5,417
Adjusted net earnings per share or unit[c]					
Basic	$0.18	$0.18	$0.60	$0.41	n.a.
Diluted	$0.18	$0.17	$0.59	$0.41	n.a.
Net earnings per share or unit[c]					
Basic	$0.18	$0.18	$0.60	$1.15	$0.55
Diluted	$0.18	$0.17	$0.59	$1.14	$0.54
Cash flows from operating activities, before change in non-cash working capital	$3,639	$3,524	$13,009	$9,231	$8,944
Per share or unit (diluted)	$0.36	$0.35	$1.28	$0.92	$0.90
Capital expenditures (including Sonomax in 2010)[d]	$1,419	$415	$6,008	$5,075	$5,297
Decrease in net debt[e]	$502	$ 1 004	$3,048	$267	$ 2 127
Cash dividend per share or distribution per unit[f]	$0.150	$0.150	$0.600	$0.462	$0.650
Distributions, dividends and related taxes[f]	$1,518	$1,504	$6,056	$4,584	$6,026
At end of year					
Total assets[g]			$45,217	$45,858	$37,697
Non-current liabilites[h]			$9,941	$13,165	$10,155
Net debt[e]			$6,485	$9,533	$9,800
Number of stores[i]			68	63	63

a) Financial data for 2011 and 2010 have been prepared in accordance with International Financial Reporting Standards and financial data for 2009 have been prepared in accordance with former Canadian generally accepted accounting principles.

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

c) Variances in net earnings and net earnings per share, as well as adjusted net earnings, are explained in the section *Results of operations.*

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

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

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

g) The decrease in total assets in 2011 compared to 2010 is mainly attributable to the use of deferred income tax assets.

h) Non-current liabilities are comprised of the long-term portion of the long-term debt, deferred lease inducements, investment tax credits and rent, and deferred income taxes.

i) The five stores added in 2011 include two acquisitions of optical practices. In 2010, one store was added and one was closed.

BACKGROUND

Management's Discussion and Analysis ("MD&A") relates to the financial condition, results of operations and cash flows of New Look Eyewear Inc. ("New Look") and its predecessor, Benvest New Look Income Fund (the "Fund"), together with those of the former subsidiary, also named New Look Eyewear Inc., and an entity, formerly described as a "variable interest entity", over which New Look has the power to govern the financial and operating policies without owning shares of this entity (New Look and this entity are together referred to as the "Company"). The non-controlling interest referred to in the financial statements represents the share of this entity in earnings and net assets.

New Look is a corporation governed by the *Canada Business Corporation Act* and has resulted from the amalgamation of the former subsidiary of the Fund and Sonomax Hearing Healthcare in March 2010. For accounting purposes, New Look is considered as the continuity of the Fund.

MD&A provides prospective data, comments and analysis wherever appropriate to assist readers in viewing the business from a corporate management's point of view. The purpose of this MD&A is to provide a better understanding of our activities and should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2011.

Except where otherwise indicated, all financial information reflected herein is expressed in thousands of Canadian dollars and is determined on the basis of IFRS. Additional information relating to New Look and the Fund can be found on the website www.newlook.ca. The New Look and the Fund'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 and the Fund are also available through the SEDAR system at www.sedar.com.

DESCRIPTION OF ACTIVITIES

New Look is a leading provider of eye care products and services in Eastern Canada. As of December 31, 2011, its network consisted of 68 corporately-owned eye care stores: 60 are located in the province of Québec and 8 serve the Ottawa, Ontario region. New Look operates a complete lens processing laboratory and a distribution centre located in Ville St-Laurent, Québec.

APPROVAL OF THE FINANCIAL STATEMENTS

The Company's consolidated financial statements for the year ended December 31, 2011 have been approved by the Board of Directors upon recommendation of the Audit Committee prior to release.

ACCOUNTING POLICIES

ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")

New Look adopted IFRS on December 26, 2010, which is the beginning of the 2011 fiscal year. Since the comparative figures have also to be presented under IFRS, the transition date to IFRS is, in the case of New Look, January 1, 2010. The impact of the adoption of IFRS can be summarized as follows.

Impact on the opening balance sheet as of January 1, 2010

Management determined that the carrying value of assets, liabilities and equity at January 1, 2010, established under IFRS, is the same as the carrying value established under former generally accepted accounting principles ("GAAP") at December 31, 2009. This conclusion was arrived at as the Company benefits from mandatory exceptions from full retrospective application and elected the following optional exemptions from full retrospective application of IFRS:

- Business combinations completed prior to January 1, 2010 have not been revaluated; and
- Share options vested prior to January 1, 2010 have not been revalued.

The significant mandatory exception applicable to New Look is the requirement to use estimates under IFRS that are consistent with those applied under previous GAAP.

IFRS permit the revaluation of property and equipment to fair value. Management has taken the position of not revaluating these assets, as they are mainly composed of leasehold improvements and equipment whose value declines with use and time.

Impact on 2010 net earnings and the balance sheet as of December 25, 2010

The most significant impact of the adoption of IFRS arises from the fact that the notion of deferred credit related to income tax assets does not meet the definition of a liability under IFRS, Consequently, the deferred credit recorded on corporate conversion in March 2010 was retrospectively removed from the balance sheet and a reduction of the tax expense of $8,285,000 was recorded; amortization of the deferred credit was consequently reversed. The end result is a net increase in equity of $6,731,000 as of December 25, 2010 compared to the figures computed under previous GAAP.

Impact on the statement of cash flows

Under previous GAAP practices, financial expenses in fact reduced cash flows from operating activities while distributions and dividends paid were presented as financing activities. As IFRS require each of such cash flows to be classified in a consistent manner from period to period either as operating or financing activities, management has elected to present interest, distributions, dividends and other financial expenses paid as financing activities. Consequently, cash flows from operations will generally show a higher amount than previously reported.

New statement on changes in equity

IFRS require the presentation of a statement of changes in equity. In fact, this new statement replaces the statement of retained earnings or deficit and the notes regarding the variation of the carrying values of shares or units and contributed surplus.

Impact on the statement of earnings and comprehensive income and on the notes

IFRS require presenting an analysis of expenses recognized in profit or loss using a classification based on either their nature or their function, whichever provides information that is reliable and more relevant. Management has elected to present the expenses by their nature. The Company has consequently changed the format of expense analysis.

Format of the balance sheet

The statement of financial position (balance sheet) under IFRS usually presents non-current assets before the current assets, non-current liabilities before the current liabilities, and equity before the liabilities. An entity may choose a different presentation. Management has taken the position to continue presenting the assets, liabilities and equity in the order currently in use in North America.

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 and equipment and intangible assets

In order to allocate the cost of property, equipment and intangible assets, except tradename and goodwill, over their useful lives, 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 practice

When acquiring a business, management allocates the purchase price to underlying assets as required by the IFRS. With this respect, management identifies intangible assets such as customer relationships, contractual agreements and below-market leases. These assets are valued based on assumptions regarding forecast revenues, operating costs and discounting rates. They are amortized over the estimated period of benefit arising from their use.

Provisions

Provisions for warranties are based on historical data. The provision for leases is based on the most reliable evidence available at year-end.

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 and equipment, intangible assets, tradename 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 2011 and 2010.

Income taxes and tax credits

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

IFRS ISSUED BUT NOT YET EFFECTIVE

Note 2.3 to the consolidated financial statements lists new, amended or revised IFRS that will be effective after the 2011 fiscal year. They mainly concern the recognition, measurement and disclosures of financial instruments, the measurement of deferred tax in relation with the recovery of underlying assets, consolidated financial statements and related topics. Management believes that these new or amended standards will have a very limited impact on the Company's financial statements.

FOURTH QUARTER OF 2011

The consolidated earnings of the fourth quarter of 2011 compared with the fourth quarter of 2010 are as follows:

	2011 14 weeks $	2010 13 weeks $
Revenues	**22,096**	**19,514**
Materials consumed, net of changes in inventory	4,495	4,610
Employee remuneration expense	6,978	5,668
Other operating expenses	6,763	5,616
	18,236	15,894
Earnings before the following items	**3,860**	**3,620**
Depreciation, amortization and impairment of non financial assets	1,350	1,150
Financial expenses, net of interest revenues	89	131
	1,439	1,281
Earnings before income taxes	**2,421**	**2,339**
Income taxes		
Current	(50)	
Deferred	660	599
	610	599
Net earnings and comprehensive income	**1,811**	**1,740**
Net earnings and comprehensive income attributed to:		
Non-controlling interest	(2)	(17)
Shareholders of New Look	1,813	1,757
	1,811	1,740
Net earnings per share or unit		
Basic	0.18	0.18
Diluted	0.18	0.17

EBITDA for the fourth quarter of 2011 and 2010 reconcile to net earnings as follows:

	2011 14 weeks $	2010 13 weeks $
Net earnings	1,811	1,740
Depreciation and amortization	1,350	1,150
Financial expenses, net of interest revenues	89	131
Equity-based compensation	35	16
Net loss (net gain) on foreign exchange, unrelated to cost of materials	(2)	9
Income taxes	610	599
EBITDA	3,893	3,645
Variance in $	*248*	
Variance in %	*6.8%*	
% of revenues	*17.6%*	*16.5%*

The main elements of cash flows for the fourth quarter of 2011 compared to the fourth quarter of 2010 are as follows:

	2011 14 weeks $	2010 13 weeks $
Operating activities	3,639	3,524
Change in non-cash working capital items	688	3
Cash flows from operations	4,327	3,527
Investing activities		
Reimbursement of advances	50	50
Cash held in escrow	(100)	
Purchase of property, equipment and intangibles	(813)	(730)
Net proceeds from disposal of property and equipment	99	
Business transaction	(1,293)	(120)
Payment of balances of purchase price	(106)	
Acquisition of intangible assets	(75)	(35)
Financing activities		
Repayment of long-term borrowings	(30)	(1,030)
Lease inducements	132	
Issuance of shares pursuant to exercise of options	121	15
Interest paid	(38)	(78)
Other financial expenses paid	(14)	(3)
Distributions and dividends paid	(3,033)	(1,504)
Increase (decrease) in cash	(773)	92

The fourth quarter of 2011 benefited from the activities of a 14-week period compared to 13 weeks last year. Revenues for the fourth quarter of 2011 increased by $2.6 million or 13.2% compared with the fourth quarter of 2010. Revenues from comparable stores for the quarter were up by 8.6%, approximately half of this increase being attributable to the additional week. EBITDA increased by $261 000 or 6.8% from the previous year, the impact of the 14th week being negligible. Finally, net earnings increased by $71,000 when compared to net earnings in 2010. Management believes that this performance was due to a number of factors, including the increasing popularity of the "2 for 1" promotion that prevailed in both quarters under comparisons.

Consolidated earnings and cash flows for the fourth quarter of 2011 included the following: the acquisition of two optical practices ($1,293,000); capital expenditures relating to updating of equipment in the stores and the laboratory ($813,000) and dividends paid on September 30 and December 30 ($3,033,000).

2011 OVERVIEW

Highlights of 2011 can be summarized as follows:

- The Company achieved record revenues, EBITDA and net earnings in a highly competitive market environment.
- Revenues exceeded $80 million, EBITDA exceeded $13 million and net earnings exceeded $6 million.
- Cash flows from operations were strong during the year and achieved a record of $14.8 million. Of this amount and from cash generated from other sources, the Company invested $5.8 million back into the business including acquisitions and capital expenditures on new stores and the laboratory; $6 million was paid out to shareholders in dividends and the balance used principally to reduce the Company's debt, which declined by $3.0 million.
- This strong performance allowed it to comfortably sustain payments of dividends to shareholders ($0.60 per share).
- The Company continued to aggressively expand its retail network. Five new stores (including two acquisitions) were opened in target markets. Five other stores were significantly renovated and another relocated.
- The Company continued to invest in its state-of-the-art laboratory by adding edging capacity. During the year, it also invested in the store optical and IT equipment.
- During the year, the Company developed and introduced a web- based system for eye exam appointments and contact lens orders.
- Pursued extensive training of its store employees aimed at improving customer service.

RESULTS OF OPERATIONS

REVENUES

Revenues for 2011 benefited from the activities of 53 weeks compared to 52 last year. Revenues for 2011 increased by 13.3% compared to last year, 8.9% being attributable to comparable stores (stores opened before 2010). The difference is due to the addition of five stores in 2011. Overall, the extra week accounted for one percentage point of the increase in annual sales.

The Company's strong performance in 2011 was driven by an increase in the number of units sold. Management believes that this increase was due to the continuous efforts in providing high quality products and services and competitive promotional activities. The offering of state-of-the-art technologies in our laboratory and our training programs were also contributing factors.

OPERATING EXPENSES

Operating expenses for 2011 and 2010 can be compared as follows:

	2011 $	2010 $
Revenues	80,190	70,778
Materials consumed, net of changes in inventory	17,895	16,984
% of revenues	*22.3%*	*24.0%*
Employee remuneration		
Salaries and social security costs	24,831	21,549
% of revenues	*31.0%*	*30.4%*
Equity-based compensation	114	88
Other operating expenses	24,114	21,980
% of revenues	*30.1%*	*31.1%*
Total operating expenses	66,954	60,601
% of revenues	*83.5%*	*85.6%*
Write-down of inventories included in materials consumed	256	127

Materials consumed comprise frames, lenses and production supplies. The cost of materials includes gains and losses on foreign exchanges related to the purchase of these materials. The following factors contributed to the decrease of these expenses as a percentage of revenues in 2011 compared to 2010:

- the 2011 fiscal year fully benefited from a second HD production, which reduced the necessity to outsource the production of lenses;
- the strengthening of the Canadian dollar vis-à-vis the US dollar;-and
- our increased purchasing power due to our sales volume.

The employee remuneration expense includes salaries, bonuses, directors' fees and social security costs of all employees and directors. Most of the expense relates to the store employees including opticians. Other employees are related to the laboratory, the distribution center and the head office. The employee remuneration expense increased by 0.6 percentage point in 2011 compared to 2010 due to the following reasons:

- increased personnel in the laboratory following the addition of a second production line during 2010, which partly offset the reduction in cost of materials;
- generally improved salary conditions in order to attract and retain professional staff.

Other operating expenses include occupancy costs of stores, laboratory, distribution center and head office, selling and general expenses of stores as well as marketing and administration expenses. The above table shows a significant decrease in these expenses of 1.0 percentage point of revenues. This mainly reflects economies of scale regarding store occupancy costs, marketing expenses and store general expenses.

EBITDA

New Look defines EBITDA as earnings before financial expenses, net of interest revenues, income taxes, depreciation and amortization. It also excludes any gain or loss on foreign currency translation (except if related to cost of materials), equity-based compensation, and the cost of conversion to a corporation.

EBITDA is not a recognized measure under IFRS or former Canadian GAAP and may not be comparable to similar measures used by other entities. New Look believes that EBITDA is a useful financial metric as it assists in determining the ability to generate cash from operations.

Investors should be cautioned that EBITDA should not be construed as an alternative to net earnings or cash flows as determined under IFRS. The reconciling items between net earnings and EBITDA are as follows:

	2011	2010
	$	$
Net earnings	6,045	11,493
Depreciation and amortization	4,313	3,950
Financial expenses, net of interest revenues	366	405
Equity-based compensation	114	88
Net gain on foreign exchange unrelated to cost of materials	(70)	(6)
Cost of conversion to a corporation		853
Income taxes	2,512	(6,524)
EBITDA	13,280	10,259
Variance in $	*3,021*	
Variance in %	*29%*	
% of revenues	*16.6%*	*14.5%*

EBITDA increased significantly by $3.0 million or 29.4% compared to last year. This reflects the impact of the increase in sales, the reduction in lens production cost, and economies of scale generated by our increasing volume of units sold. Refer to *Summary of Quarterly Results* below for comparisons of EBITDA on a quarterly basis.

DEPRECIATION AND AMORTIZATION

The depreciation and amortization expense varied as follows:

	2011	2010
	$	$
Depreciation of property and equipment	3,339	3,041
Amortization of intangible assets	980	745
Write-off of property and equipment		164
Loss on disposal of property	6	
Amortization of deferred tax credits related to fixed assets	(12)	
	4,313	3,950

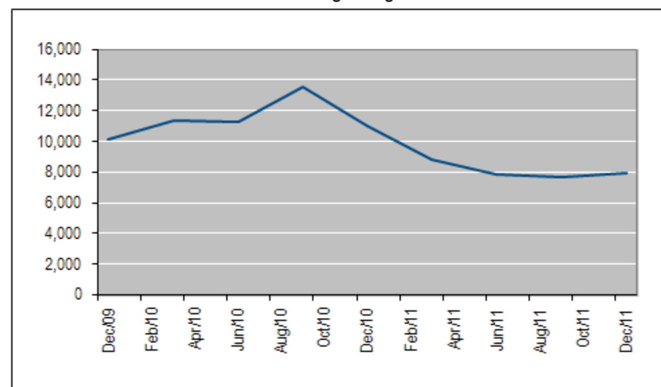
The increased amount of expense reflects, among other things, the addition of five stores in 2011 and continuous addition, renewal or updating of equipment in the laboratory and in stores. It is to be noted that a large portion of the cost of the practices acquired in 2011, $1.2 million out of $1.8 million, was attributed to intangibles assets, such as customer relationships and contractual agreements. These assets are amortized over a period not exceeding five years. The above amounts of amortization of intangible assets also reflect the acquisition of distribution rights in March 2010 with respect to hearing protection and listening devices. The carrying value of these rights, initially established at $1,019,000, is amortized over a 24-month period beginning in April 2010.

FINANCIAL EXPENSES, NET OF INTEREST REVENUES

The following table provides the main elements of financial expenses along with interest revenues for 2011 and 2010:

	2011	2010
	$	$
Interest on long-term debt	315	335
Interest on bank indebtedness and other interest	10	23
	325	358
Financing fees	51	49
Interest revenues	(10)	(2)
	366	405

The following graph shows the total balances of long-term debt and short-term bank indebtedness since the beginning of 2010:



lunetterie NEWLOOK eyewear

The decrease in the level of the debt from December 2010 caused a reduction in interest expense although the average cost of financing through bankers' acceptances increased by 0.8 percentage point.

As of December 31, 2011, bankers' acceptances represented 89% of the long-term debt and their financing cost corresponded to 3.3%, the same as one year ago. Management believes it is currently the most appropriate means of financing.

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

GAIN AND LOSS ON FOREIGN CURRENCY TRANSLATION

Gains and losses on foreign currency translation are due to the fluctuation of the US dollar and the euro vis-à-vis the Canadian dollar on assets and liabilities denominated in these currencies and on foreign exchange contracts. The main elements of these assets and liabilities on December 31, 2011 were as follows:

Cash	USD	54
Accounts payable	USD	827
Accounts payable	EUR	75
Forward exchange contracts in US $ (assets)	CAD	16

The net loss related to the cost of materials amounted to $132,000 in 2011. The other operating expenses also include a net gain of $53,000 reflecting the variation in the unrealized value of exchange contracts.

Management has established a policy aimed at covering approximately 50% of the purchases in US dollars forecast for the next 12 months through the use of foreign exchange contracts. As of December 31, 2011, foreign exchange contracts to purchase US $600,000 at an average rate of 0.997 (US$/ CA$) were outstanding, while the spot rate was 1.017. As hedge accounting is not utilized, changes in fair value of exchange contracts are recognized in earnings.

INCOME TAXES

The effective tax rate for 2011 is 29.4% while the combined federal and provincial statutory tax rate is 28.4%. The difference in rates is attributable to usual non deductible expenses and an adjustment to the value of income tax assets taking into account tax assessments for prior years. The income tax expense for 2011 is essentially composed of deferred tax, which reflects the use of tax losses carried forward.

Last year's figures show a negative amount of $8,285,000 as an adjustment related to the corporate conversion that occurred in March 2010. This resulted from the application of IFRS which required transferring to earnings an amount originally presented as a deferred credit.

NET EARNINGS AND ADJUSTED NET EARNINGS

Management believes that the net earnings for 2011 can only be compared with the figures for 2010 by making the following non-recurrent adjustments:

	2011 $	2010 $
Net earnings attributed to shareholders or unitholders	6,024	11,488
Adjustment of income tax related to corporate conversion		(8,285)
Write-off of income tax asset arising from the corporate conversion		207
Cost of conversion to a corporation, net of tax		699
Adjusted net earnings attributable to shareholders or unitholders	6,024	4,109
Variance in $	*1,915*	
Variance in %	*47%*	
% of revenues	*7.5%*	*5.8%*
Net earnings per share or unit		
Basic	0.60	1.15
Diluted	0.59	1.14
Adjusted net earnings per share or unit		
Basic	0.60	0.41
Diluted	0.59	0.41

The net earnings per share at $0.60 compare favourably to the adjusted net earnings of $0.41 per share of last year. The same conclusion applies to the diluted net earnings per share.

Adjusted net earnings calculated above are not a recognized measure under IFRS and is therefore unlikely to be comparable to similar measures presented by other entities. New Look believes that this disclosure provides useful information as the adjustments shown in the table above are not representative of on-going operations of the Company.

SUMMARY OF QUARTERLY RESULTS

The following table summarizes unaudited quarterly results for the year ended December 31, 2011 compared with the corresponding quarters of 2010.

	December		September		June		March		4 Quarters	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	$	$	$	$	$	$	$	$	$	$
Revenues	22,096	19,514	19,516	16,569	19,461	17,383	19,917	17,312	80,990	70,778
As a % of the four-quarter revenues	*27.3%*	*27.5%*	*24.1%*	*23.4%*	*24.0%*	*24.6%*	*24.6%*	*24.5%*	*100%*	*100%*
EBITDA	3,893	3,645	2,641	2,242	3,381	1,848	3,365	2,524	13,280	10,259
As a % of revenues	*17.6%*	*18.7%*	*13.5%*	*13.5%*	*17.4%*	*10.6%*	*16.9%*	*14.6%*	*16.4%*	*14.5%*
Adjusted net earnings attributed to shareholders or unitholders[a]	1,813	1,757	1,000	854	1,613	387	1,598	1,111	6,024	4,109
Net earnings attributed to shareholders or unitholders	1,813	1,757	1,000	647	1,613	331	1,598	8,753	6,024	11,488
Operating cash flows before changes in non-cash working capital	3,639	3,524	2,630	2,144	3,520	1,783	3,220	1,780	13,009	9,231
Net earnings per share or unit[a][b]										
Basic	0.18	0.18	0.10	0.06	0.16	0.03	0.16	0.87	0.60	1.15
Diluted	0.18	0.17	0.10	0.08	0.16	0.03	0.16	0.87	0.59	1.14
Operating cash flows per share or unit, before changes in non-cash working capital, diluted[c]	0.36	0.35	0.26	0.21	0.35	0.17	0.32	0.19	1.28	0.92
Dividend per share or distribution per unit	0.15	0.15	0.15	0.15	0.15	0.05	0.15	0.11	0.60	0.46

a) See the section Net *Earnings and Adjusted Net Earnings* for a reconciliation of these figures for 2010.

b) Net earnings per share or unit for 4 quarters may not correspond to the total of quarterly net earnings per share or unit, as a distinct calculation is made for each quarter or 4-quarter period.

c) Operating cash flows per share or unit for 4 quarters may not correspond to the total of quarterly operating cash flows as a distinct calculation is made for each quarter or 4-quarter period.

Overall, revenues and EBITDA increased in the trailing 4-quarter period ended December 31, 2011 compared with the preceding trailing 4-quarter period. Were it not for the non-recurrent reduction in income tax expense and conversion costs recorded in 2010, net earnings for the 4-quarter period ended in December 2011 would have exceeded net earnings for the preceding 4-quarter period.

LIQUIDITY

The following table shows the main elements of the statement of cash flows for the years 2011 and 2010:

	2011	2010
	$	$
Operating activities	13,009	9,231
Change in non-cash working capital items	1,763	979
Cash flows from operations	14,772	10,210
Investing activities		
Reimbursement of advances	50	50
Cash held in escrow, included in advances	(100)	
Purchase of property and equipment	(3,841)	(2,980)
Net proceeds from disposal of property and equipment	99	
Business transactions	(1,293)	(1,686)
Payment of balances of purchase price and assumed debt	(439)	(237)
Acquisition of other intangible assets	(305)	(116)
Financing activities		
Variation in bank indebtedness		(1,660)
Long-term borrowings		3,705
Repayment of long-term borrowings	(3,123)	(1,251)
Lease inducements	178	90
Issuance of shares or units	502	138
Loan to purchase shares	(188)	
Interest and financing fees paid	(334)	(357)
Distributions and dividends paid	(6,056)	(5,064)
Current taxes related to dividends paid		(185)
Increase (decrease) in cash	(78)	657
Cash at beginning of period	1,496	839
Cash at end of period	1,418	1,496

CASH FLOWS FROM OPERATIONS

The increases in cash generated from operating activities before changes in non-cash working capital items compared to last year are in line with the increases in revenues, EBITDA and adjusted net earnings. Cash was also generated (or used) by the variation of the following working capital items:

	2011	2010
	$	$
Decrease (increase) in receivables	(228)	(40)
Decrease (increase) in tax credits receivable	102	146
Decrease (increase) in inventory	(200)	66
Decrease (increase) in prepaid expenses	151	(94)
Increase (decrease) in accounts payable, accrued liabilities and provisions	1,938	901
Increase in cash	1,763	979

The increase in receivables, inventory, payables and accrued liabilities in 2011 reflects the new business generated by the addition of five stores in the year. Payables and accrued liabilities also increased due to normal seasonal variations of accrued salaries, vacations and year-end bonus adjustments.

INVESTING ACTIVITIES

Investing activities in 2011 related to the addition of five stores and additional edging capacity in our laboratory as well as continuous renovations to existing stores and updating of optical equipment and IT equipment.

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

	2011	2010
	$	$
Assets acquired through business acquistions	1,826	239
Purchase of property and equipment	3,872	2,980
Sonomax transaction		1,740
Purchase of intangibles	310	116
	6,008	5,075
Debt assumptions	22	
Balances of purchase price	373	279
Future income tax liabilities	174	14
Payments in the year	5,439	4,782
Total capital expenditures	6,008	5,075

Assets acquired through two business acquisitions in 2011 consisted of the following:

	$
Inventory	87
Equipment	296
Leasehold improvements	25
Customer relationships	474
Contractual agreements	755
Goodwill	189
	1,826

FINANCING ACTIVITIES

Repayment of long-term borrowings in 2011 totalling $3,123,000 included an amount of $3 million on the Evergreen credit. This discretionary repayment was allowed due to cash flows from operating activities and cash on hand at the beginning of the year which amounted to $1.5 million. Other repayments on the long-term debt were made as scheduled.

At the end of the period, the Company had no amount outstanding as short-term bank indebtedness out of the operating line of credit of $2.5 million.

Dividends paid in 2011, totalling $6,056,000, correspond to the dividends declared in March, June, September and December of this year out of the cash then on hand.

Most new leases provide for the payment of inducements by the landlords to New Look. These inducements represented a source of cash of $178,000 in 2011.

Issuance of shares to directors and executives who exercised options under the option plan represented cash receipts of $502,000 in 2011.

The loan to purchase shares is commented on in the section *Related Party Transactions.*

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

CREDIT FACILITIES

The main elements of the credit facilities with the bank are the following:

- An operating line of credit to finance day-to-day operations of a maximum amount of $2.5 million depending on the value of receivables and inventory.
- An "Evergreen" credit of $12 million to finance capital expenditures with a revolving term renewable annually, the current term being May 31, 2013. No payment of capital is required during a revolving period.
- A credit for a maximum net risk of $900,000 to manage interest rate risk by using treasury product derivatives such as interest rate swap agreements.

Advances on the operating line of credit bear interest at prime rate plus a premium varying from 0.5% to 1.0% depending on the ratio of interest-bearing debt to EBITDA. As of December 31, 2011, the interest rate would have been 3.5% if such advances had been outstanding, the same rate as of the end of 2010. Although the Company has the option of using the operating line of credit through bankers' acceptances, it has not done so as the balance of the credit used varies daily.

Advances on the Evergreen credit bear interest at a floating rate and may be granted through bankers' acceptances. New Look has used this option for all advances received in 2011 and 2010. The effective cost of financing depends on the market rates and the stamping fees required by the bank which vary from 2.0% to 2.5% depending on the ratio of interest-bearing debt to EBITDA. The effective cost was 3.3% at December 31, 2011, the same as of the end of 2010.

As of December 31, 2011, the credit facilities actually used and available were as follows:

	$
Credit used	
Amounts drawn on the operating line of credit	Nil
Amounts drawn on the Evergreen credit to finance long-term assets	7,000
Credit available	7,500
Total credit facilities	14,500

The Company also had $1,418,000 in cash at the end of the year and it was in compliance with all covenants governing the credit facilities.

CONTRACTUAL OBLIGATIONS

The contractual obligations of the Company are summarized in the following table:

		Payments due					
Contractual obligations	Total	2012	2013	2014	2015	2016	Thereafter
Long-term debt[a]	7,903	497	1,309	1,868	1,750	1,750	729
Operating leases	42,672	9,140	8,218	7,239	6,023	4,844	7,208
Purchase obligations[b]	285	285					
Total	50,860	9,922	9,527	9,107	7,773	6,594	7,937

a) Long-term debt includes advances of $7,000,000 under the "Evergreen credit". Although management expects that the Evergreen credit will be renewed annually, the above table assumes a reimbursement of this debt in 48 equal monthly instalments beginning in June 2013.

b) Purchase obligations related to equipment and property only.

CAPITAL COMMITMENTS

Commitments for capital expenditures as of the end of 2011 amounted to $285,000 and related to the renovations of stores. The Company's capital projects are mentioned in the *Outlook* section.

CAPACITY TO MEET OBLIGATIONS

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

	Guidelines	Dec 31, 2011	Dec 25, 2010
Net debt[(a)] / total capitalization[(b)]	Maximum of 0.50	0.21	0.29
		Four quarters ended Dec 31, 2011	Four quarters ended Dec 25, 2010
Net debt / EBITDA	Maximum of 2.0	0.5	0.9
Debt service and rent coverage ratio[(c)]	Minimum of 1.1	1.8	1.5

a) Net debt corresponds to the total of long-term debt, including the short-term portion, the short-term bank indebtedness, and distributions and dividends payable in excess of cash. The net debt / EBITDA ratio has replaced the former interest-bearing debt / EBITDA ratio, the only difference being the inclusion of dividends and distributions payable in the calculation of net debt.

b) Total capitalization corresponds to the total of equity and net debt.

c) The debt service and rent coverage ratio is equal to: EBITDAR for the last four quarters less dividends, distributions, redeemed shares or units and paid taxes in these quarters / short-term portion of long-term debt, financial expenses and rent. EBITDAR is defined as EBITDA plus rent.

Beginning with this report, management no longer presents the non-cash working capital ratios as the Company benefits from the possibility to operate with a negative non-cash working capital as a result of customers' deposit and the credit facilities with the bank. The Company always respect its obligations to creditors when due.

All ratios are within the guidelines established by management and approved by the Board of Directors.

Furthermore, New Look constantly maintains and updates both its stores and production facilities in order to preserve and enhance the cash flows from operations. Out of the 68 stores at December 31, 2011, 60 were renovated or constructed over the last six years.

Cash flows from operations and the credit facilities are expected to be sufficient to meet operating requirements, maintenance capital expenditures, expansion capital expenditures, reimbursement of long-term debts, as well as declared dividends.

DIVIDENDS

The following table summarizes the dividends per Class A common share paid in 2011:

Date of Record	Date of Payment	Eligible Dividend	Ordinary Dividend	Total
March 25, 2011	March 31, 2011	0.15		0.15
June 21, 2011	June 30, 2011	0.15		0.15
Sept 21, 2011	Sept 30, 2011	0.15		0.15
Dec 19, 2011	Dec 30, 2011	0.1468	0.0032	0.15
				0.60

All dividends, except for a small amount, qualified as eligible dividends, i.e. dividend entitling shareholders who are individuals residing in Canada to a higher dividend tax credit.

On March 13, 2012, the Company declared a dividend of $0.15 per Class A common share payable on March 31, 2012 to shareholders of record on March 22, 2012.

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. There is no guarantee that a dividend will be declared in the future.

RELATED PARTY TRANSACTIONS

A loan of $30,000 to the holder of the non-controlling interest, bearing interest at prime rate plus 1% and without repayment terms was outstanding at the end of 2011.

The balance of $50,000 on an interest-free loan to a company related to a former officer was reimbursed in 2011.

In 2011, New Look made a loan of $188,000 to a company owned by a senior officer for the purchase of shares of New Look. The loan is guaranteed by the assets of the officer's company. It bears interest at 5% per year and has a 3-year term extendible to 5 years upon maintenance of employment. The amount of the loan is presented as a reduction of the carrying value of the outstanding common shares and the future repayment will increase it. The loan gave rise to an expense of $21,000 in 2011 as an equity-based compensation.

OUTSTANDING SHARES AND OPTIONS

As of February 29, 2012, New Look had 10,118,732 Class A common shares outstanding. These are the only shares giving right to dividends and to vote at any shareholders' meeting.

As of the end of 2010, New Look had 174,000 Class A preferred shares issued and outstanding. These shares had been issued pursuant to the arrangement completed on March 2, 2010. They were redeemable and retractable, under certain conditions, at $1 each over two years. Its holder had no right to dividends and no right to vote. For accounting purposes, the preferred shares were treated as a liability. In 2011, the Company redeemed all of the 174,000 preferred shares outstanding at $1 each as consideration of amounts receivable from the holder of the shares.

In April 2011, 137,000 options to purchase New Look shares at the exercise price of $7.40 per share were granted. 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. The maximum number of units issuable upon the exercise of options at any given time is 10% of shares outstanding. As of January 31, 2012, there were 692,467 options outstanding for an average exercise price of $7.09. As of the same date, the balance of shares reserved by the TSX for issuance upon exercise of options was 907,373.

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

	2011	2010
	$	$
Average market value	7.95	6.90
Market value at end of year	7.76	7.12

FINANCIAL INSTRUMENT RISK MANAGEMENT

Details of financial instrument risk management objectives and policies are described under Note 25 to the consolidated financial statements for 2011. Other comments follow:

- Exchange risk related to assets and liabilities denominated in foreign currencies is commented above in the section *Gain and loss on foreign currency translation.* Regarding purchases of goods in foreign currencies, New Look is subject to the fluctuations of the US dollar and euro vis-à-vis the Canadian dollar. New Look may not always be in a position to adjust the sales price reflecting a variation in costs. 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 89% of the long-term debt bears interest at a floating rate through bankers' acceptances. Management believes that under the current economic situation and the Company's financial position, this form of financing will benefit to the Company for the years to come. Nevertheless, management intends to maintain at all times the possibility of using interest rate swaps when it will deem it appropriate.
- The liquidity risk management is covered above in the section *Liquidity*.

OTHER RISK FACTORS

Readers will find more information on other risk factors in the Annual Information Form which is available on New Look's website and on SEDAR at www.sedar.com. The information provided includes

- Risks relating to the business such as
  - Reliance on the availability of optometrists and other professionals,
  - Non-compliance with laws and regulations regarding optometrists and opticians,
  - Competition, including e-commerce,
  - Violation of confidential health information,
  - Impact of laser surgery,
  - Technological change and obsolescence regarding lens processing,
  - Dependence on computer-assisted production equipment and information technology systems,
  - Difficulty of integrating acquired businesses,
  - Possible litigation,
  - Insufficient provision for income taxes, and
  - Foreign sourcing.
- Risks relating to acquisition of Sonomax such as
  - Third party credit, contractual and operational risks,
  - Due diligence risks,
  - Reliance on the indemnity agreement,
  - Income taxes;
- Risks relating to New Look shares such as
  - Unpredictability and volatility of the shares,
  - No guarantee of dividends,
  - Leverage and restrictive covenants.

INTERNAL CONTROL OVER FINANCIAL REPORTING

New Look's management, under the supervision of the president and the chief financial officer, has evaluated the effectiveness as at December 31, 2011 of New Look's disclosure controls and procedures (as defined in Multilateral Instrument 52-109) and has concluded that such disclosure controls and procedures are effective and that material information relating to the Company was made known to them and was recorded, processed, summarized and reported within the time periods specified under applicable securities legislation.

Management is also responsible for the design of internal control over financial reporting (as defined in Multilateral Instrument 52-109) within the Company in order to provide reasonable assurance regarding the reliability of financial reporting and the presentation of financial statements for external purposes in accordance with IFRS. New Look's management, under the supervision of the president and the chief financial officer, has evaluated the effectiveness as at December 31, 2011 of such internal control and has concluded that it is effective. There were no changes in internal control over financial reporting during the period beginning on September 25, 2011 and ended December 31, 2011 that have materially affected, or are reasonably expected to materially affect the internal control over financial reporting.

OUTLOOK

Management believes that New Look is well positioned to play a key role in the evolution of the eye care industry in Canada. Our current development plans include the following objectives:

- To continue to expand the store network in its target markets, through new store openings and the acquisition of individual optical practices.
- To continue to reinvest in the existing store network through major renovations (including relocations) to keep the portfolio contemporary and attractive and a leader in the marketplace.
- To continue to explore more significant acquisitions in Québec and across Canada.
- To maintain our market position by an expansion and continual modernization of our state-of-the-art laboratory, and by significant expenditures in our IT platform, including a new point-of-sales system to improve the efficiency of our operations.
- To continue to improve our web 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.

Overall capital expenditures planned for 2012 approximate $5 million. Management believes that expected cash flows from operations and the credit facilities are suitable to realize these expenditures and maintain the current level of dividend payout to shareholders.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

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

March 13th, 2012

CONSOLIDATED FINANCIAL STATEMENTS

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For the year ended December 31

2011

Management's Responsibility for Financial Statements

For the years ended December 31, 2011 and December 25, 2010

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

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

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

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

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

MARTIAL GAGNÉ
President
New Look Eyewear Inc.

Montreal, Québec
March 13th, 2012

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

Montreal, Québec
March 13th, 2012

Raymond Chabot Grant Thornton

Independent Auditor's Report

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

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

To the Shareholders of
New Look Eyewear Inc.

We have audited the accompanying consolidated financial statements of New Look Eyewear Inc., which comprise the consolidated balance sheets as at December 31, 2011, December 25, 2010 and January 1, 2010 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 ended December 31, 2011 and December 25, 2010, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

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

Auditor's responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of New Look Eyewear Inc. as at December 31, 2011, December 25, 2010 and January 1, 2010 and its financial performance and its cash flows for the years ended December 31, 2011 and December 25, 2010 in accordance with International Financial Reporting Standards (IFRS).

Raymond Chabot Grant Thornton LLP[1]

Montreal
March 13, 2012

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[1] Chartered accountant auditor permit no. 20518

Consolidated Statements of Earnings and Comprehensive Income

For the years ended December 31, 2011 (53 weeks) and December 25, 2010 (52 weeks)
In thousands of Canadian dollars, except per share or unit amounts

	2011	2010
	$	$
Revenues	**80,190**	**70,778**
Materials consumed, net of changes in inventory	17,895	16,984
Employee remuneration expense	24,945	21,637
Other operating expenses	24,114	21,980
	66,954	60,601
Earnings before the following items	**13,236**	**10,177**
Depreciation, amortization and impairment of non-financial assets	4,313	3,950
Financial expenses, net of interest revenues (Note 3)	366	405
Cost of conversion to a corporation		853
	4,679	5,208
Earnings before income taxes	**8,557**	**4,969**
Income taxes		
Current	(30)	6
Deferred	2,542	1,755
Adjustment related to corporate conversion (Note 27.4)		(8,285)
	2,512	(6,524)
Net earnings and comprehensive income	**6,045**	**11,493**
Net earnings and comprehensive income attributed to:		
Non-controlling interest	21	5
Shareholders of New Look or unitholders of the Fund	6,024	11,488
	6,045	**11,493**
See Notes 3 and 4 for other information on consolidated earnings		
Net earnings per share or unit (Note 5)		
Basic	0.60	1.15
Diluted	0.59	1.14

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

Consolidated Statements of Cash Flows

For the years ended December 31, 2011 (53 weeks) and December 25, 2010 (52 weeks)
In thousands of Canadian dollars

	2011 $	2010 $
OPERATING ACTIVITIES		
Earnings before income taxes	8,557	4,969
Items not affecting cash:		
Depreciation, amortization and impairment of non-financial assets	4,313	3,950
Amortization of deferred lease inducements and variation of deferred rent	(277)	(107)
Future tax credits related to research and development expenses	(91)	
Equity-based compensation expense	114	88
Financial expenses	376	407
Income taxes recovered (paid)	17	(76)
Cash flows related to operating activities before changes in non-cash working capital items	13,009	9,231
Changes in non-cash working capital items (Note 6)	1,763	979
Cash flows related to operating activities	**14,772**	**10,210**
INVESTING ACTIVITIES		
Reimbursement of advances	50	50
Cash held in escrow, included in advances	(100)	
Purchase of property and equipment	(3,841)	(2,980)
Net proceeds from disposal of property and equipment	99	
Business transactions (Note 7)	(1,293)	(1,686)
Payment of balances of purchase price	(439)	(237)
Acquisition of other intangible assets (Note 11)	(305)	(116)
Cash flows related to investing activities	**(5,829)**	**(4,969)**
FINANCING ACTIVITIES		
Variation in bank indebtedness		(1,660)
Long-term borrowings		3,705
Repayment of long-term borrowings	(3,123)	(1,251)
Lease inducements	178	90
Issuance of shares or units pursuant to exercise of options	502	138
Loans to purchase shares (Note 20)	(188)	
Interest paid	(283)	(308)
Other financial expenses paid	(51)	(49)
Distributions and dividends paid	(6,056)	(5,064)
Current tax related to dividends paid (Note 17)		(185)
Cash flows related to financing activities	**(9,021)**	**(4,584)**
Net increase (decrease) in cash	**(78)**	**657**
Cash, beginning of period	1,496	839
Cash, end of period	**1,418**	**1,496**

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

Consolidated Balance Sheets

In thousands of Canadian dollars

	Dec 31, 2011	Dec 25, 2010	Jan 1, 2010
	$	$	$
ASSETS			
Current assets			
Cash	1,418	1,496	839
Receivables (Note 8)	1,080	954	913
Tax credits receivable	15		146
Inventory	7,699	7,412	7,416
Prepaid expenses	302	453	359
Total current assets	**10,514**	**10,315**	**9,673**
Advances (Note 9)	130	30	80
Property and equipment (Note 10)	17,887	17,138	17,336
Tradename	2,500	2,500	2,500
Goodwill (Note 12)	6,147	5,958	5,958
Deferred tax assets (Note 16)	4,750	7,187	
Other intangible assets (Note 11)	3,289	2,730	2,150
Total assets	**45,217**	**45,858**	**37,697**
LIABILITIES			
Current liabilities			
Bank indebtedness (Note 13)			1,660
Accounts payable, accrued liabilities and provisions (Note 14)	10,656	8,471	7,570
Dividends and distributions payable (Note 17)			496
Income taxes payable	9	22	92
Instalments on long-term debt	497	503	1,162
Total current liabilities	**11,162**	**8,996**	**10,980**
Long-term debt (Note 15)	7,406	10,526	7,321
Deferred lease inducements, investment tax credits and rent	2,535	2,639	2,655
Deferred income taxes (Note 16)			179
Total liabilities	**21,103**	**22,161**	**21,135**
EQUITY (Note 18)			
Class A common shares	22,162	21,803	
Fund units			13,655
Exchangeable shares			7,989
Contributed surplus	1,359	1,290	1,223
Retained earnings (deficit)	537	569	(6,335)
Equity attributable to the shareholders of New Look or unitholders of the Fund	**24,058**	**23,662**	**16,532**
Non-controlling interest	56	35	30
Total equity	**24,114**	**23,697**	**16,562**
Total liabilities and equity	**45,217**	**45,858**	**37,697**

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

On behalf of the Board of Directors

W. John Bennett
Chairman of the Board

Paul S. Echenberg
Chairman of the Audit Committee

Consolidated Statements of Changes in Equity

For the years ended December 31, 2011 (53 weeks) and December 25, 2010 (52 weeks)
In thousands of Canadian dollars

	Class A common shares	Contributed surplus	Retained earnings (deficit)	**Shareholders' equity**	Non-controlling interest	**Total equity**
	$	$	$	**$**	$	**$**
Balance at December 25, 2010	21,803	1,290	569	**23,662**	35	**23,697**
Net earnings			6,024	**6,024**	21	**6,045**
	21,803	1,290	6,593	**29,686**	56	**29,742**
Equity-based compensation		114		**114**		**114**
Shares issued pursuant to the exercice of options						
Paid in cash	502			**502**		**502**
Transfer from contributed surplus	45	(45)				
Loans to purchase the Company's shares (Note 20)	(188)			**(188)**		**(188)**
Dividends on Class A common shares (Note 17)			(6,056)	**(6,056)**		**(6,056)**
Transactions with shareholders	359	69	(6,056)	**(5,628)**		**(5,628)**
Balance at December 31, 2011	**22,162**	**1,359**	**537**	**24,058**	**56**	**24,114**

	Class A common shares	Fund units	Exchangeable shares	Contributed surplus	Retained earnings (deficit)	**Unitholders and shareholders' equity**	Non-controlling interest	**Total equity**
	$	$	$	$	$	**$**	$	**$**
Balance at January 1, 2010		13,655	7,989	1,223	(6,335)	**16,532**	30	**16,562**
Net earnings					11,488	**11,488**	5	**11,493**
Tax related to dividends on exchangeable shares (Note 17)								
Current tax					(185)	**(185)**		**(185)**
Future tax					169	**169**		**169**
		13,655	7,989	1,223	5,137	**28,004**	35	**28,039**
Class A common shares or Fund units issued pursuant to the exercise of options								
Paid in cash	15	123				**138**		**138**
Transfer from contributed surplus	2	19		(21)				
Exchange for Class A common shares	21,786	(13,797)	(7,989)					
Equity-based compensation				88		**88**		**88**
Distributions to unitholders					(689)	**(689)**		**(689)**
Dividends on exchangeable shares					(371)	**(371)**		**(371)**
Dividends on Class A common shares					(3,508)	**(3,508)**		**(3,508)**
Transactions with shareholders and unitholders	21,803	(13,655)	(7,989)	67	(4,568)	**(4,342)**		**(4,342)**
Balance at December 25, 2010	**21,803**	**-**	**-**	**1,290**	**569**	**23,662**	**35**	**23,697**

See Note 18 for other information on equity.
See Note 27 for a reconciliation of equity under previous GAAP to IFRS.

1. GOVERNING STATUTES AND ACTIVITIES

New Look Eyewear Inc. ("New Look"), incorporated under the *Canada Business Corporations Act,* is involved in the eye care industry in Canada. New Look's head office is at 1 Place Ville-Marie, Montréal, Québec, Canada.

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

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 COMPLIANCE WITH IFRS

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and that are in effect as at December 31, 2011. These are New Look's first annual financial statements prepared in accordance with IFRS. See Note 27 for explanation of the transition to IFRS.

The consolidated financial statements for the year ended December 31, 2011 (including comparatives) were approved and authorized for issue by the board of directors on March 13, 2012.

2.2 BASIS OF PRESENTATION

Measurement basis

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

Accounting for the corporate conversion in March 2010

The conversion steps of the Fund to a corporation in March 2010 included a reverse acquisition of Sonomax by the Fund whereby each Fund unit and each exchangeable share of former New Look were exchanged for new common shares of Sonomax on a one-for-one basis. The pre-existing common shares of Sonomax were redeemed, the Fund was liquidated, and former New Look and Sonomax were amalgamated thus giving rise to the new entity New Look. Options to acquire Fund units have been replaced by options to acquire New Look shares.

New Look is considered the continuation of the Fund and, accordingly, the assets, liabilities, and equity of the Fund transferred to New Look on the completion of the conversion steps are recognized at their net carrying amount at the date of conversion. These consolidated financial statements reflect New Look's activities as a corporation on and subsequent to March 2, 2010 and the Fund's activities prior thereto.

Principles of consolidation

The consolidated financial statements include the accounts of the Fund and former New Look, as they existed up to March 2, 2010, and the accounts of New Look, as well as those of an entity over which New Look has the power to govern the financial and operating policies without owning shares of this entity (New Look and this entity are together referred to as the "Company"). The non-controlling interest presented in the consolidated financial statements refers to the share of net earnings and net assets not held by New Look. All inter-entity transactions and balances have been eliminated.

Earnings and other comprehensive income of businesses acquired or disposed of during the year are recognized from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Year-end

The year-end of New Look and that of the entity described above is the last Saturday of December. The 2011 fiscal year had 53 weeks while the 2010 fiscal year had 52 weeks.

Business combinations

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

Goodwill is recognized to the extent the fair value of consideration transferred, including liabilities incurred and equity interests issued, exceeds the acquisition-date fair value of the net identifiable assets; a negative amount would be recognized in earnings.

Acquisition costs are expensed as incurred.

Accounting judgments, estimates and assumptions

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

- *Allowance for inventory obsolescence.* The Company estimates an allowance for obsolescence based on the ability to sell the inventories and historical experience.
- *Useful life of property, equipment and intangible assets.* Property, equipment and intangible assets, except tradename and goodwill, are amortized over their respective useful lives. The estimation of useful lives of property and equipment is based on historical experience and assumptions related to obsolescence caused by new technologies and the Company's objectives of using state-of-the-art equipment and of presenting fashionable stores. The estimates of useful lives of property and equipment are provided in the section *Property and Equipment* below. The estimation of the useful life of application software programs is based on historical experience, the annual maintenance and updating services, and the reputation of the supplier. The estimation of the useful lives of customers relationships

acquired is based on an analysis of sales experience of the vendor and the Company's estimated capacity to reach such customers.

- *Business combinations*. On initial recognition, the assets and liabilities of the acquired business are included in the consolidated balance sheet at their fair values. In measuring fair value, management uses estimates of future cash flows and discount rates. Details of the assets and liabilities acquired are given in Note 7.
- *Provisions.* The provision related to product warranties is estimated based on historical experience. The provision for leases covers estimated amounts payable under certain premises leases that currently are the subject of litigation and are based on management's best estimate. Management does not expect the outcome will give rise to any significant costs beyond the amount recognized.
- *Assumptions in applying the Black-Scholes method for the determination of equity-based compensation related to options granted.* The method requires assumptions regarding expected values such as: duration of the options, percentage of the options which will not be exercised, volatility of New Look shares, and dividends. These values are based on information known to management at the time the options are granted. It includes historical experience, financial performance of the Company, development plans of the Company, and economic environment.
- *Asset impairment.* Asset impairment tests, described below, require measuring the recoverable amount of certain assets. For this purpose, management has to make assumptions such as discounted future cash flows derived from the use of assets. Historical data and development plans are the prime sources of information used in these circumstances.
- *Income taxes*. The calculation of income tax expense and, consequently, the deferred income tax asset or liability requires determining factors such as the deductibility of expenses, the restrictions in deductibility if any, the rate of depreciation when applicable, and the possibility to use carried-forward tax losses based on the Company's ability to generate future taxable income. For the purpose of these calculations, management exercises judgment by making interpretations and using past experience and the services of tax experts. The effects of tax assessments differing from the Company's calculations could be material.
- *Tax credits.* The calculation of tax credits relating to research and development, training or investments requires determining the activities and expenses eligible to the credits. Management exercises judgment in determining the eligibility of such activities and expenses based on prior experience.
- *Fair value of financial instruments*. The Company applies valuation techniques to determine the fair value of financial instruments where active market quotes are not available. This requires management to develop estimates and assumptions based on market inputs, using observable data that market participants would use in pricing the instrument. Where such data is not observable, management uses its best estimate. Estimated fair values of financial instruments may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

Segment reporting

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

Revenue recognition

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

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

Operating leases

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

Lease inducements

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

Tax credits

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

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

Foreign currency translation

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

Net earnings per share or unit

Basic net earnings per share or unit for a period are computed by dividing the net earnings attributed to shareholders of New Look or unitholders of the Fund by the weighted average number of Fund units, exchangeable shares and Class A shares outstanding in the period.

Diluted earnings per share or unit 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 repurchase shares or units at the average market price during the period. Options are not included in the computation of diluted earnings per share or unit when their exercise price is greater than the average market price in the period since they would have an anti-dilutive effect.

Financial instruments

Recognition, initial measurement and derecognition

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

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

Classification and subsequent measurement of financial assets

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

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

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

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

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

Financial instruments carried at fair value through earnings

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

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, loans and receivables are subsequently measured at amortized cost using the effective interest method, less a provision for impairment when applicable. The initial amount recognized corresponds to the fair value of the instrument plus transaction costs. Discounting is omitted where the effect is immaterial. Cash, trade accounts receivable, lease inducements receivable and advances fall into this category under financial instruments.

Classification and subsequent measurement of financial liabilities

Bank indebtedness, accounts payable and accrued liabilities, excluding foreign exchange contracts, dividends and distributions payable and long-term debt are measured initially at fair value plus transaction costs. They are measured subsequently at amortized cost using the effective interest method. Interest charges and fees related to the annual review of the credit facilities are included with financial expenses. Gains and losses on foreign exchange contracts are presented within other operating expenses.

Hierarchy of financial instruments

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

Level 1: The fair value is determined directly by reference to unadjusted quoted prices in active markets for identical assets and liabilities. The Company does not have any financial instruments which should be included in this level.

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

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

Inventory valuation

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

Property and equipment

Property and equipment are carried at acquisition cost less accumulated depreciation and impairment losses. Costs less residual value of property and equipment are depreciated over their estimated useful lives. The following table shows the method and maximum periods in use:

	Method	Rate or period
Equipment, tools and signs	Straight line	10 years
Computer equipment	Straight line	5 years
Optical equipment	Straight line	15 years
Leasehold improvements	Straight line	Lease term including periods under option, maximum 10 years

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

Gains or losses arising on the disposal of property 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 impairment of non-financial assets in the statements of earnings and comprehensive income.

Tradename

The tradename New Look is recorded at cost and is not amortized. It is subject to asset impairment testing described below. Management considers that the tradename is closely linked to the existence of the Company and consequently has 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.

Other intangible assets

Other intangible assets include acquired application software and intangible assets acquired with the purchase of businesses or otherwise, such as lease contracts acquired under favourable conditions, customer relationships, non-competition agreements, distribution licenses, and other contractual agreements. 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 lease contract is amortized on a straight-line basis over the duration of the lease. The value of the other intangible assets is amortized on a straight-line basis over the estimated duration of the benefits obtained, which varies from two to ten years. Residual value, amortization methods and useful lives are reviewed at least annually. In addition, they are subject to impairment testing described below.

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.

Non-financial asset impairment

At the end of each reporting period, the Company reviews the carrying amounts of its property, equipment and other intangible assets 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 tradename, with an indefinite useful life, is tested for impairment at least annually and more frequently whenever there is an indication that the asset may be impaired.

For the purpose of impairment testing, goodwill acquired in business combinations is allocated to those cash generating units expected to benefit from the synergies of these combinations which represents the lowest level within the Company at which management monitors goodwill. Management has established that this level corresponds to the store network. This group of cash generating units to which goodwill is allocated is 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 Note 12 for impairment testing of tradename and goodwill.

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.

Equity-based compensation

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

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

Employee remuneration

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

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 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.

Deferred income tax assets and liabilities are determined according to temporary differences between the carrying amount of assets and liabilities and their tax bases, deferred 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 they will be utilized to reduce future income taxes. Deferred tax liabilities are always provided for in full.

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

Taxes related to dividends on exchangeable shares

Taxes related to dividends paid on exchangeable shares were charged to deficit to the extent that they were not offset by a reduction in corporate income taxes. These taxes no longer apply after the corporate conversion in March 2010. See details in Note 17.

2.3 IFRS ISSUED BUT NOT YET EFFECTIVE

The *International Accounting Standards Board* has issued amended, revised and new IFRS that were not yet effective as of December 31, 2011. Those that may affect the Company are the following:

- *IFRS 9, Financial Instruments.* This is a new standard replacing current International Accounting Standard (IAS) 39, *Financial Instruments: recognition and measurement.* The objective of IFRS 9 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. IFRS 9 is being issued in phases with chapters dealing with recognition, classification, measurement and derecognition being issued to date. The standard is applicable for annual periods beginning on or after January 1, 2015, earlier application being permitted. In management's view's, the new standard will not have a significant impact on the Company's financial statements and does not intend to early apply the new standard.
- *IAS 12*, *Income taxes*. Amendments regarding deferred tax in relation with the recovery of underlying assets. Amendments are applicable for annual periods beginning on or after January 1, 2012, earlier application being permitted. Management will apply these amendments in the next fiscal year beginning January 1, 2012. In management's view, these amendments will have a very limited impact on the Company's financial statements.
- *Consolidation standards.* A package of consolidation standards are effective for annual periods beginning or after January 1, 2013. Information on theses new standards that may affect the Company is presented below. Management's view is that these new standards will have a very limited impact on the Company's financial statements.
  - *IFRS 10 Consolidated Financial Statements*. IFRS 10 supersedes IAS 27 *Consolidated and Separate Financial Statements* and SIC 12 *Consolidation – Special Purpose Entities.* It revised the definition of control together with accompanying guidance to identify an interest in a subsidiary.
  - *IFRS 12 Disclosure of interest of other entities.* IFRS 12 integrates and makes consistent the disclosure requirements for various types of investments, including unconsolidated structured entities. It introduces new disclosure requirements about the risks to which an entity is exposed from its involvement with structured entities

- Amendments to IAS 1 *Presentation of financial statements*. The IAS 1 Amendments require an entity to group items presented in other comprehensive income into those that, in accordance with other IFRS: (a) will not be reclassified subsequently to profit or loss and (b) will be reclassified subsequently to profit or loss when specific conditions are met. It is applicable for annual periods beginning on or after July 1, 2012. Management expects this will not change the current presentation of items in other comprehensive income.
- *IFRS 13, Fair Value Measurement.* This is a new standard replacing fair value measurement guidance in other IFRS. It does not affect which items are required to be fair-valued, but clarifies the definition of fair value, provides related guidance, and requires enhanced disclosures about fair value measurements. It is applicable for annual periods beginning on or after January 1, 2013, earlier application being permitted. Management has yet to assess the impact of this new standard.

3. FINANCIAL EXPENSES, NET OF INTEREST REVENUES

	2011	2010
	$	$
Interest on long-term debt	315	335
Interest on bank indebtedness and other interest	10	23
	325	358
Financing fees	51	49
Interest revenues	(10)	(2)
	366	405

4. UNDERLYING COMPONENTS IN CONSOLIDATED EARNINGS

	2011	2010
	$	$
Employee remuneration expense		
Salaries and social security costs	24,831	21,549
Equity-based compensation	114	88
	24,945	21,637
Other components		
Write-down of inventories	256	127
Gain (loss) on foreign currency translation included in:		
Cost of materials consumed	(133)	(69)
Other operating expenses	17	(15)
Gain from changes in fair value of forward exchange contracts	53	15
Depreciation of property and equipment	3,339	3,041
Write-off of property and equipment		164
Loss on disposal of property and equipment	6	
Amortization of other intangible assets	980	745
Amortization of deferred investment tax credits, reducing the depreciation expense	12	
Accretion of non-interest bearing balances of purchase price, included in interest on long-term debt	42	50
Acquisition cost of businesses included in other operating expenses	49	
Research and development expenses	136	385
Related tax credits		
Current	109	
Future	91	

5. NET EARNINGS PER SHARE OR UNIT

	2011	2010
	$	$
Net earnings attributable to shareholders of New Look or unitholders of the Fund	6,024	11,493
Weighted average number of units and exchangeable shares or common shares	10,074,622	10,022,232
Dilutive effect of unit options or stock options	59,665	42,001
	10,134,287	10,064,233
Basic net earnings per share or unit	0.60	1.15
Diluted net earnings per share or unit	0.59	1.14

Net earnings attributable to shareholders of New Look and unitholders of the Fund and net earnings per share or unit (basic and diluted) for 2010 established under previous GAAP were $4,762,000 and $0.47 respectively. See Note 27.5 for more details.

6. UNDERLYING COMPONENTS IN CONSOLIDATED CASH FLOWS

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

	2011	2010
	$	$
Receivables	(228)	(40)
Tax credits	102	146
Inventory	(200)	66
Prepaid expenses	151	(94)
Accounts payable, accrued liabilities and provisions	1,938	901
	1,763	979

7. BUSINESS TRANSACTIONS

Acquisitions in 2011

On October 31, 2011 and December 2, 2011, the Company acquired 100% of the voting shares of two companies operating optical practices in Québec. These two acquisitions added two retail stores to the New Look network. The net assets acquired are detailed as follows:

	$
Inventory	87
Equipment	296
Leasehold improvements	25
Customer relationships	474
Contractual agreements	755
Goodwill[(a)]	189
	1,826
Debt assumption	22
Balances of purchase price[(b)]	342
Deferred income taxes[(c)]	169
	533
Cash paid	1,293
	1,826

a) Goodwill acquired reflects the acquisition of personnel and expected synergies from combining operations of the practices acquired and the Company. No amount of goodwill is deductible for tax purposes.

b) The balances of purchase price payable have a total nominal value of $375,000, bear no interest, and are repayable over the next three years. Their fair value was determined by discounting the expected disbursements at the rate of 5% per annum. A tranche of $100,000 of nominal value is guaranteed by an amount of $100,000 held in escrow (see Note 9).

c) The deferred income tax liabilities arise from the temporary difference in the carrying value of assets acquired, except goodwill, and their tax value.

The revenues from the acquired practices from their acquisition date amounted to $179,000 in 2011. It is impracticable to provide the profit or loss from these practices since their acquisition date as their operations have been transferred to the Company and are treated as ordinary stores for which there is no allocation of network expenses and hence, no specific calculation of profit or loss.

It is also impracticable to provide the revenue and profit of the combined entity for 2011 as though the acquisition date for all business combinations occurred in the year had been as of the beginning of the fiscal year, since the acquired entities had fiscal years different from the Company's fiscal year.

Corporate conversion in 2010

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

	2010
	$
Inventory	30
Equipment	10
Distribution license	1,019
Deferred tax assets	8,966
Total assets acquired	10,025
Consideration transferred:	
Cash	1,566
Issuance of Class A preferred shares	174
	1,740
Excess of assets acquired over consideration transferred	8,285

The amount of $8,285,000 was recognized in earnings as an adjustment related to corporate conversion. The distribution licenses refer to distribution rights with respect to custom-fit hearing protection devices and listening devices. The licence is amortized over a 24-month period beginning in April 2010.

The deferred tax assets related to the equivalent of approximately $30 million in tax losses, including research and development tax credits.

The preferred shares were redeemable as follows: 1/3 in September 2010, 1/3 in March 2011 and 1/3 in March 2012. The redemption was subject to certain terms and conditions under an escrow agreement. The portion payable in September 2010 was retained as some conditions were not fulfilled. The shares were non-voting and did not give right to receive any dividend. They were all redeemed in 2011.

Acquisition of a practice in December 2010

On December 17, 2010, New Look acquired 100% of the voting shares of an optical practice for a total consideration amounting to $225,000 of which $120,000 was paid in cash and $105,000 is the fair value of a balance payable over the next three years. The net assets acquired mainly include intangible assets for $190,000 consisting of customer relationships and contractual agreements. The net assets acquired also include inventory and equipment for $49,000 and deferred income tax liabilities for $14,000.

8. RECEIVABLES

	Dec 31, 2011	Dec 25, 2010	Jan 1, 2010
	$	$	$
Trade accounts	487	352	325
Sales taxes	557	500	487
Lease inducements		52	51
Advances	36	50	50
	1,080	954	913

9. ADVANCES

	Dec 31, 2011	Dec 25, 2010	Jan 1, 2010
		$	$
Cash held in escrow to guarantee a balance of purchase price	100		
Advance to an entity related to a director, without interest, repaid in full in 2011		50	100
Advance to the holder of the non-controlling interest, bearing interest at prime rate plus 1%, currently 4.0% (4.0% as at December 25, 2010 and 3.25% as at January 1, 2010) without repayment terms	30	30	30
	130	80	130
Instalments due within one year		50	50
	130	30	80

10. PROPERTY AND EQUIPMENT

	Computer equipment	Optical equipment	Other equipment, tools and signs	Leasehold improvements	Deposit to acquire equipment	Total
	$	$	$	$	$	$
Gross carrying amount						
Balance as at December 25, 2010	1,157	2,368	25,469	14,052	441	43,487
Acquisitions through business transactions		290	6	25		321
Other acquisitions	217	519	1,364	1,923	(151)	3,872
Disposals			(392)	(146)		(538)
Balance as at December 31, 2011	1,374	3,177	26,447	15,854	290	47,142
Accumulated depreciation						
Balance as at December 25, 2010	699	248	18,321	7,081		26,349
Depreciation	210	224	1,401	1,504		3,339
Disposals			(355)	(78)		(433)
Balance as at December 31, 2011	909	472	19,367	8,507		29,255
Net carrying amount as at December 31, 2011	**465**	**2,705**	**7,080**	**7,347**	**290**	**17,887**
Leased assets included in net carrying amount			90	10		100

	Computer equipment	Optical equipment	Other equipment, tools and signs	Leasehold improvements	Deposit to acquire equipment	Total
Gross carrying amount						
Balance as at January 1, 2010	901	1,699	24,147	13,451	552	40,750
Business transactions			27			27
Other acquisitions	256	669	1,409	757	(111)	2,980
Write-off			(114)	(156)		(270)
Balance as at December 25, 2010	1,157	2,368	25,469	14,052	441	43,487
Accumulated depreciation						
Balance as at January 1, 2010	471	107	17,118	5,718		23,414
Depreciation	228	141	1,256	1,416		3,041
Write-off			(53)	(53)		(106)
Balance as at December 25, 2010	699	248	18,321	7,081		26,349
Net carrying amount as at December 25, 2010	**458**	**2,120**	**7,148**	**6,971**	**441**	**17,138**
Leased assets included in net carrying amount			117	25		142
Net carrying amount as at January 1, 2010	**430**	**1,592**	**7,029**	**7,733**	**552**	**17,336**
Leased assets included in net carrying amount			143	45		188

11.OTHER INTANGIBLE ASSETS

	Leases	Application software	Customer relationships	Contractual agreements(a)	Distribution license	Total
	$	$	$	$	$	$
Gross carrying amount						
Balance as at December 25, 2010	537	925	755	748	1,019	3,984
Acquisitions through business transactions			474	755		1,229
Other acquisitions		222	86	2		310
Balance as at December 31, 2011	537	1,147	1,315	1,505	1,019	5,523
Accumulated amortization						
Balance as at December 25, 2010	149	324	230	170	381	1,254
Amortization	53	147	150	117	513	980
Balance as at December 31, 2011	202	471	380	287	894	2,234
Net carrying amount as at December 31, 2011	**335**	**676**	**935**	**1,218**	**125**	**3,289**
Gross carrying amount						
Balance as at January 1, 2010	537	836	652	633		2,658
Business acquisitions			75	115	1,019	1,209
Other acquisitions		89	28			117
Balance as at December 25, 2010	537	925	755	748	1,019	3,984
Accumulated amortization						
Balance as at January 1, 2010	97	207	120	84		508
Amortization	52	117	110	86	381	746
Balance as at December 25, 2010	149	324	230	170	381	1,254
Net carrying amount as at December 25, 2010	**388**	**601**	**525**	**578**	**638**	**2,730**
Net carrying amount as at January 1, 2010	**440**	**629**	**532**	**549**		**2,150**

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

12. TRADENAME AND GOODWILL

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

	2011	2010
	$	$
Balance at beginning of year	5,958	5,958
Acquired though business acquisitions	189	
Balance at end of year	6,147	5,958

Impairment tests of tradename and goodwill

The tradename and goodwill were tested for impairment at the transition date on January 1, 2010, on December 25, 2010 and on December 31, 2011. The impairment tests showed that no impairment was necessary.

The impairment tests required determining the recoverable amount of the store network. This recoverable amount was determined based on value-in-use calculations, covering a detailed three-year forecast, followed by an extrapolation of expected cash flows for the store network remaining useful lives using an annual growth rate of 2% and a discount rate of 11% at January 1, 2010 and December 25, 2010 and a discount rate of 10% at December 31, 2011. The growth rate reflects the minimum expected long-term growth rate of the store network.

13. BANK INDEBTEDNESS

The bank indebtedness, for a maximum authorized amount of $2,500,000 ($4,000,000 as at January 1, 2010) under an operating line of credit to finance day-to-day operations, bears interest at prime rate plus a premium varying from 0.5% to 1.0% (from 0.5% to 1.25% as at January 1, 2010) depending on the ratio of interest-bearing debt to earnings before interest, income taxes and amortization ("EBITDA"). As at December 31, 2011, the prime rate was 3.0% and the applicable premium was 0.5 % for a total of 3.5%. As at December 25, 2010, the prime rate was 3.0% and the premium 0.75% for a total of 3.75%. As at January 1, 2010, the prime rate was 2.25$ and the premium 0.75% for a total of 3.0%.

No amount was drawn on the operating line of credit as of December 31, 2011 and December 25, 2010. An amount of $1,660,000 was drawn as at January 1, 2010.

New Look may use its operating credit through bankers' acceptances for fees varying from 1.75% to 2.25% (from 1.5% to 2.25% as at January 1, 2010) depending on the ratio of interest-bearing debt to EBITDA. As of December 31, 2011, December 25, 2010 and January 1, 2010, New Look had no bankers' acceptances outstanding related to the operating line of credit.

Refer to Note 15 for the description of the security.

14. ACCOUNTS PAYABLE, ACCRUED LIABILITIES AND PROVISIONS

	Dec 31, 2011	Dec 25, 2010	Jan 1, 2010
		$	$
Salaries and accrued benefits	3,402	1,988	2,154
Customers' deposits	1,556	1,708	982
Suppliers	5,292	4,276	4,354
Provisions	406	499	80
	10,656	8,471	7,570

The above figures of provisions reconcile as follows:

	Product warranties	Leases	Total
Carrying amount at January 1, 2010	80		80
Additional provision	1,027	419	1,446
Amount utilized	(1,027)		(1,027)
Carrying amount at December 25, 2010	80	419	499
Additional provisions	1,139	210	1,349
Amount utilized	(1,111)	(331)	(1,442)
Carrying amount at December 31, 2011	108	298	406

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

15. LONG-TERM DEBT

	Dec 31, 2011	Dec 25, 2010	Jan 1, 2010
	$	$	$
Bankers' acceptances under the Evergreen credit, effective rate of 3.3% (3.3% as of December 25, 2010 and 2.3% as of January 1, 2010)	7,000	10,000	7,295
Balance of purchase price, initial nominal amount of $780, without interest, average annual payment of $195 from 2010 to 2013, subject to performance conditions, initial fair value estimated using a discount rate of 9%	318	506	690
Balance of purchase price, initial nominal amount of $275, without interest, average annual payment of $92 from 2012 to 2014, subject to performance conditions, initial fair value estimated using a discount rate of 5%	253		
Balance of purchase price, initial nominal amount of $100, without interest, average annual payment of $33 from 2012 to 2014, subject to performance conditions, initial fair value estimated using a discount rate of 5%	92		
Balance of purchase price, nominal amount of $120, without interest, annual payment of $40 from 2011 to 2013, subject to performance conditions, initial fair value estimated using a discount rate of 7%	73	107	
Class A preferred shares, redeemed in 2011		174	
9% note payable, secured by leasehold improvements having a carrying value of $104, payable in monthly instalments of $7, capital and interest, maturing in May 2012	33	107	175
8.88% note payable, secured by leasehold improvements and equipment having a carrying value of $155, payable in monthly instalments of $2, capital and interest, maturing in May 2014	51	69	85
Other	83	66	238
	7,903	11,029	8,483
Instalments due within one year	497	503	1,162
	7,406	10,526	7,321

Instalments on long-term debt

	$
2012	497
2013	1,309
2014	1,868
2015	1,750
2016	1,750
2017	729
	7,903

The Evergreen credit is expected to be renewed and when renewed should not require any reimbursements. The table above reflects instalment payments assuming that the "Evergreen" credit will not be renewed by the financial institution at the end of the current revolving term maturing in 2013.

Credit facilities

The credit facilities existing at January 1, 2010 were renewed in 2010 and the credit facilities existing at December 25, 2010 were renewed in 2011. The main elements of the renewed facilities are the following:

- An operating line of credit of $2.5 million described in Note 13, *Bank Indebtedness.*
- An "Evergreen" operating credit totalling $12,000,000 to finance capital expenditures with a revolving term maturing on May 31, 2013. Every year, New Look has the option to extent the revolving term, subject to the bank's approval, for an additional year so as to maintain a revolving term of two years. No payment of capital is required during a revolving period. Should a revolving term not be renewed, New Look will retain its privileges until the expiry date already granted, on which date the principal then owing shall be converted to a term loan with a maximum term and amortization period of four years, payable in equal consecutive monthly instalments.
- The variable interest rate applicable to the Evergreen credit is prime rate plus a premium varying from 0.75% to 1.25% (0.50% to 1.25 % as at January 1, 2010) depending on the ratio of interest-bearing debt to EBITDA. As at December 31, 2011 and December 25, 2010, the prime rate was 3.0% and the applicable premium was 0.75% for a total of 3.75%. As at January 1, 2010, the prime rate was 2.25% and the applicable premium 0.75% for a total of 3.0%.
- New Look may use its Evergreen credit through bankers' acceptances for fees varying from 2.0% to 2.5% (1.5% to 2.25% as of January 1, 2010), depending on the ratio of interest-bearing debt to EBITDA; the fee applicable as of December 31, 2011 and December 25, 2010 was 2.0% (1.75% as of January 1, 2010). As at December 31, 2011, December 25, 2010 and January 1, 2010, all advances under the Evergreen credit were financed through bankers' acceptances.

- A credit for a maximum net risk of $900,000 ($720,000 as of January 1,2010) is available to New Look to manage interest risk by using interest rate swap agreements or other treasury product derivatives.

The bank indebtedness and the long-term credit facilities are secured by a first ranking hypothec of $25,000,000 on the Company's movable property. Financial ratios required under the financing agreement were respected as of December 31, 2011, December 25, 2010 and January 1, 2010.

The credit facilities are reviewable annually.

16. INCOME TAXES

16.1 INCOME TAX EXPENSE

The Company is subject to tax on its taxable income at a rate of approximately 28.4% (29.8% in 2010).

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

	2011	2010
	$	$
Earnings before income taxes	8,557	4,969
Current statutory income tax rate	28.4%	29.8%
Income tax expense at statutory rate	2,430	1,481
Increase (decrease) in taxes resulting from:		
Adjustment related to corporate conversion (Note 27.4)		(8,285)
Distributions to unitholders		(89)
Non deductible expenses	60	85
Write-off of tax losses on corporate conversion		207
Change in tax rates		59
Other	22	18
Income tax expense	2,512	(6,524)

The income tax expense comprises:

	2011	2010
	$	$
Current tax expense	(30)	6
Deferred tax expense:		
Origination and reversal of temporary differences	(137)	175
Utilization of unused tax losses and tax credits	2,679	1,580
Adjustment related to corporate conversion		(8,285)
	2,512	(6,524)

16.2 DEFERRED TAX ASSETS

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 25, 2010	Business transactions	Recognized in earnings	Balance as at Dec 31, 2011
	$	$	$	$
Unused tax losses and tax credits	8,695	188	(2,588)	6,295
Temporary differences[(a)]:				
Property and equipment	(1,532)		(180)	(1,712)
Other assets	(820)	(174)	362	(632)
Provisions	134		(25)	109
Liabilities[(b)]	710		(20)	690
	7,187	14	(2,451)	4,750
Recognized as:				
Deferred income tax expense			(2,542)	
Reduction of operating expenses			91	
			(2,451)	

a) Temporary differences between carrying value and tax basis.

b) Liabilities represented by deferred lease inducements, investment tax credits and rent.

Deferred taxes for the comparative period are summarized as follows:

	Balance as at Jan 1, 2010	Business transactions	Recognized in earnings or retained earnings	Balance as at Dec 25, 2010
	$	$	$	$
Unused tax losses and tax credits	1,140	8,966	(1,411)	8,695
Temporary differences[(a)]:				
Property and equipment	(1,573)		41	(1,532)
Other assets	(527)	(14)	(279)	(820)
Provisions	23		111	134
Liabilities[(b)]	758		(48)	710
	(179)	8,952	(1,586)	7,187
Recognized as:				
Deferred income tax expense			(1,755)	
Increase in tax asset and retained earnings[(c)]			169	
			(1,586)	

a) Temporary differences between carrying value and tax basis.

b) Liabilities represented by deferred lease inducements, investment tax credits and rent

c) Arising from a tax on dividends on exchangeable shares.

17. DISTRIBUTIONS, DIVIDENDS AND RELATED TAXES

Dividends on exchangeable shares paid in 2010 caused a current tax of $185,000 of which $169,000 was added to deferred income tax assets and $16,000 to deficit.

New Look declared and paid dividends totalling $.60 per Class A common share in 2011.

18. EQUITY

AUTHORIZED SHARE CAPITAL AS AT DECEMBER 31, 2011 AND DECEMBER 25, 2010

Class A common shares

Unlimited number, voting and participating.

First preferred shares

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

Class A preferred shares

Unlimited number, non-voting, non-participating, redeemable and retractable. These shares are treated as a liability for accounting purposes. Refer to Note 15.

AUTHORIZED AS JANUARY 1, 2010

Fund units

An unlimited number of units could be issued by the Fund. Each unit was transferable, represented an equal beneficial interest in any distribution and in the net assets in the event of termination of the Fund, and entitled the holder to one vote at all meetings of unitholders.

Exchangeable shares

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

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

Normal course issuer bid

Under a “normal course issuer bid”, approved by the TSX, that became effective on May 1, 2009, the Fund could repurchase, subject to a daily limit of 1,000 units, up to 300,583 of its units until April 30, 2010. The normal course issuer bid was not renewed on that date.

No units or shares were repurchased in 2010.

Outstanding Class A common shares, units and exchangeable shares

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

	Class A Common shares		Units		Exchangeable shares	
	Number	$	Number	$	Number	$
Balance at January 1, 2010			6,118,328	13,655	3,870,404	7,989
Issued pursuant to exercise of options			35,000			
Paid in cash, average price of $3.51 per unit				123		
Transfer from contributed surplus[a]				19		
			6,153,328	13,797	3,870,404	7,989
Exchange for Class A common shares	10,023,732	21,786	(6,153,328)	(13,797)	(3,870,404)	(7,989)
Issued pursuant to exercise of options	3,000					
Paid in cash, average price of $5.10 per share		15				
Transfer from contributed surplus[a]		2				
Balance at December 25, 2010	10,026,732	21,803	-	-	-	-
Issued pursuant to exercise of options	92,000					
Paid in cash, average price of $5.28 per share		502				
Transfer from contributed surplus[a]		45				
Loan to purchase shares (Note 20)		(188)				
Balance at December 31, 2011	10,118,732	22,162	-	-	-	-

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

The carrying value of Class A common shares represents the amounts received on the issue of these shares (or shares and units replaced under previous reorganizations) and the amounts transferred from contributed surplus on the exercise of options. Certain loans to purchase shares of New Look are deducted from the share capital and their reimbursements increase it.

The carrying value of Fund units and exchangeable shares represents amounts received on their issue (or the issue of shares replaced under previous reorganizations) and amounts transferred from contributed surplus on the exercise of options.

Contributed surplus comprises gains on repurchase 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 (deficit) include all current and prior period retained profits or loss.

19. STOCK OPTION PLAN

Under the Stock Option Plan of New Look, options to acquire New Look shares may be granted to key employees, officers and directors. The exercise price of each option, payable in cash, equals the market price of the share on grant date and an option's maximum term may not exceed ten years. Options vest according to a period established by the Board of Directors at the time the options are granted.

Accordingly, the options granted have either one of the following vesting periods:

i) one-third after the grant date, an additional one-third at the end of the first year and the balance at the end of the second year;

ii) two-thirds after the grant date and the balance at the end of the first year;

iii) 50% after the grant date, 25% at the end of the first year and the balance at the end of the second year;

iv) 100% after the date of grant.

The maximum number of 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 907,373 as of December 31, 2011 (999,373 as of December 25, 2010).

Changes in the number of options outstanding were as follows:

	2011	2010
Number of options		
Outstanding at beginning of year	647,467	603,467
Granted	137,000	132,000
Exercised	(92,000)	(38,000)
Cancelled		(50,000)
Outstanding at end of year	692,467	647,467
Exercisable at end of year	558,793	523,795
Weighted average exercise price	**$**	**$**
Outstanding at beginning of year	6.85	6.42
Granted	7.40	7.40
Exercised	5.45	3.63
Cancelled		5.50
Outstanding at end of year	7.15	6.85
Exercisable at end of year	7.09	6.87
Weighted average market value at exercise date	7.66	5.91

The following table summarizes information about options outstanding and exercisable as at December 31, 2011:

	Options outstanding			Options exercisable	
Range of exercise price	Number	Weighted average remaining contractual life (years)	Weighted average exercise price	Number	Weighted average exercise price
			$		$
$5.40	84,467	2.35	5.40	84,467	5.40
$7.20 to $7.44	608,000	2.20	7.39	474,326	7.39
	692,467	2.22	7.15	558,793	7.09

The per-share average market value was $7.76 in 2011 ($6.90 in 2010) and the per-share market value at the end of 2011 was $7.95 ($7.12 at end of 2010).

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

	2011	2010
Exercise price	$7.40	$7.40
Expected life (years)	4	4
Expected volatility	27%	27%
Risk-free interest rate	2.4%	2.8%
Expected annual dividends	$0.60	$0.60

The fair value of options granted in 2011 was $0.73 per option ($0.76 for 2010).

The loans described in Note 20, *Related Party Transactions*, have been treated as option grants the exercise price of which corresponds to the amounts of the loans and interest payable. The assumptions used in applying the Black-Scholes pricing model were similar to those presented in the above table.

The equity-based compensation expense of $114,000 recorded in 2011 relates to the vesting of options accrued in the period and the loans described in Note 20.

20. RELATED PARTY TRANSACTIONS

The Company's related parties include key management and directors. Key management is composed of the president and the vice presidents.

In 2011, New Look made a 5% interest-bearing loan of $188,000 to a company owned by a senior officer for a 3-year term, which can be extended to 5 years upon the maintenance of employment of the officer, for the purchase of shares of New Look. The loan is guaranteed by the assets of the company owned by the officer and it gave rise to an equity-based compensation of $21,000 fully expensed in 2011. New Look also made an interest-free advance of $20,000 to the officer which was repaid at the beginning of 2012. This amount is included in the financial assets.

21. REMUNERATION OF KEY MANAGEMENT AND DIRECTORS

Remuneration of key management and directors is summarized as follows:

	2011	2010
		$
Short-term remuneration of key management and directors, termination payments and related social security costs	1,729	1,419
Equity-based compensation	114	88
	1,843	1,507

22. COMMITMENTS

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

	$
Not later than one year	9,140
Later than one year and not later than five years	26,324
Later than five years	7,208
	42,672

New Look also entered into agreements to purchase property and equipment totalling $285,000.

23. CONTINGENCIES

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

24. FINANCIAL INSTRUMENTS

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

	Dec 31, 2011	Dec 25, 2010	Jan 1, 2010
	$	$	$
Loans and receivables			
Cash	1,418	1,496	839
Trade accounts	487	352	325
Lease inducements		52	51
Advances including current portion	166	80	130
Total financial assets	2,071	1,980	1,345
Other financial liabilities			
Bank indebtedness			1,660
Accounts payable and accrued liabilities	10,250	7,972	7,490
Dividends and distributions payable			496
Long-term debt including current portion	7,903	11,029	8,483
Total financial liabilities	18,153	19,001	18,129

Estimated fair value

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

The fair value of long-term debt was determined by discounting future cash flows using rates which New Look could currently obtain for loans with similar terms and conditions and maturity dates. The estimated fair value of the long-term debt was essentially equivalent to the carrying amount for the years ended December 31, 2011, December 25, 2010 and as at January 1, 2010.

25. FINANCIAL INSTRUMENT RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

Management has established objectives and policies regarding the following risks.

Exchange risk

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

	Dec 31, 2011	Dec 25, 2010	Jan 1, 2010
	$	$	$
Cash in US dollars	57	40	607
Accounts payable in US dollars	831	475	245
Accounts payable in euros	104	13	30
Net assets (net liabilities) in currencies	(878)	(448)	332
Impact of 2% strengthening of the currencies on earnings before income taxes	(18)	(9)	7

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

The Company does not use hedge accounting. Accordingly, forward exchange contracts are recognized at their fair value on the balance sheet and changes in fair value are recognized in earnings. Forward exchange contracts outstanding as of December 31, 2011, December 25, 2010 and January 1, 2010 related to the purchases of US dollars. They are summarized as follow:

Maturity	US$	Average contract rate in CA$
As of December 31, 2011		
Less than 4 months	400	0.995
From 4 to 12 months	200	1.000
As of December 25, 2010		
Less than 4 months	420	1.049
From 4 to 12 months	679	1.044
As of January 1, 2010		
Less than 4 months	300	1.150
From 4 to 12 months	850	1.085

As of December 31 2011, the estimated fair value of the above exchange contracts represented an asset of $14,000 included with the receivables (a liability of $43,000 as of December 31, 2010 and a liability of $58,000 as of January 1, 2010 included with accounts payable, accrued liabilities and provisions).

Interest rate risk

As at December 31, 2011, 89% (91% as at December 25, 2010) of the long-term debt bore interest at a floating rate and therefore, the Company is exposed to cash flow risks resulting from fluctuations in interest rates. A 100 basis point increase in interest rates would result in an increase in annual interest payments of $85,000 ($90,000 in 2010).

Management's objective is to benefit from the current low variable interest rates while maintaining at all times the possibility of using interest rate swaps as deemed necessary in periods of rising interest rates.

Credit risk

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

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

Credit risk with respect to trade receivables is limited due to the general policy of requiring down payments on accepting orders and payment of the balance of sale price on delivery of goods. No amounts were past due at the end of 2011 and 2010 or at January 1, 2010.

Liquidity risk

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

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

	Long-term debt[(a)]	Other financial liabilities[(b)]	Total
2011	770	10,250	11,020
2012	1,548		1,548
2013	2,042		2,042
2014	1,863		1,863
2015	1,805		1,805
2016	735		735
	8,763	10,250	19,013

a) It is assumed that the debt of $7,000,000 under the Evergreen credit will be reimbursed in 48 equal monthly instalments beginning in June 2013. Interest at an estimated rate of 3.3% on this debt is included in the table above.

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

26. CAPITAL MANAGEMENT

The Company objectives when managing capital are:

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

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

The Company's capital structure is as follows:

	Dec 31, 2011 $	Dec 25, 2010 $	Jan 1, 2010 $
Equity	24,114	23,697	16,562
Long-term debt including short-term portion	7,903	11,029	8,483
Bank indebtedness			1,660
Distributions and dividends payable			496
Cash	(1,418)	(1,496)	(839)
Total capitalization	30,599	33,230	26,362

The Company's guidelines with respect to its capital structure were changed in 2011 to replace the interest-bearing debt / EBITDA ratio by a net debt / EBITDA ratio, the only difference being the inclusion of dividends and distributions payable in the calculation of net debt. The guidelines with respect to the capital structure and the resulting performance read as follows:

	Guidelines	Dec 31, 2011	Dec 25, 2010	Jan 1, 2010
Net debt / EBITDA[(a)]	Maximum of 2.0	0.5	0.9	0.9
Net debt / Total capitalization	Maximum of 0.50	0.21	0.29	0.37
Debt service and rent coverage[(b)]	Minimum of 1.1	1.8	1.5	1.3

a) EBITDA is net earnings before financial expenses net of interest revenues, depreciation and amortization, and income taxes for the last four quarters. It excludes any gain or loss on foreign currency (except if related to cost of materials consumed),equity-based compensation and the cost of conversion to a corporation.

b) The debt service and rent coverage ratio is equal to : EBITDAR for the last four quarters less dividends, distributions, redeemed shares or units and paid taxes in these quarters divided by the total of current portion of long-term debt, financial expenses and rent. EBITDAR is defined as EBITDA plus rent.

While the Company is not subject to externally imposed capital requirements, its credit facilities are subject to a number of covenants, including an interest bearing debt to EBITDA ratio, which was respected in the financial years ended December 31, 2011 and December 25, 2010 and as at January 1, 2010.

New Look has no commitments to issue shares except pursuant to the exercise of options.

27. TRANSITION TO IFRS

The Company has adopted IFRS effective December 26, 2010. Prior to the adoption of IFRS, the Company prepared its financial statements in accordance with former Canadian generally accepted accounting principles ("previous GAAP"). The Company's financial statements for the year ending December 31, 2011 are the first annual financial statements that comply with IFRS. The Company's transition date to IFRS is January 1, 2010, i.e. the first day of the comparative period presented, and the Company has prepared its opening IFRS balance sheet at that date.

27.1 MANDATORY EXCEPTIONS FROM FULL RETROSPECTIVE APPLICATION

Estimates

The Company has used estimates under IFRS that are consistent with those applied under previous GAAP.

Financial instruments

The Company early adopted the modified exception, published in October 2010, whereby the derecognition requirements in IAS 39, *Financial Instruments: Recognition and Measurement*, are applied prospectively for transactions occurring on or after the Company's transition date. No adjustments resulted from this application.

27.2 ELECTED EXEMPTIONS FROM FULL RETROSPECTIVE APPLICATION

In preparing these consolidated financial statements in accordance with IFRS 1, *First-time Adoption of International Financial Reporting Standards,* the Company has elected the following optional exemptions from full retrospective application of IFRS:

- The Company has elected not to apply IFRS 3, *Business combinations,* retrospectively to business combinations that occurred before the date of transition, i.e. January 1, 2010. Accordingly, such business combinations have not been restated.
- The Company has elected not to apply IFRS 2, *Share-based payments,* retrospectively to options vested before the transition date. Accordingly, options granted on or before November 7, 2002, for which no expense has been recognized, will not be revaluated. Options granted after this date and vested before the transition date would have been evaluated differently under IFRS without this exemption election.

27.3 RECONCILIATION OF EQUITY AT JANUARY 1, 2010

Management has determined that the balance sheet under IFRS at January 1, 2010 is the same as at December 31, 2009, taking into account the early adoption of certain standards equivalent to IFRS, the mandatory exceptions, and elected exemptions described above.

27.4 RECONCILIATION OF EQUITY AT DECEMBER 25, 2010

Equity reported under previous GAAP at December 25, 2010 can be reconciled to the amounts reported under IFRS as follows:

	Previous GAAP	Adjustments	IFRS
	$	$	$
Assets	**45,858**		**45,858**
Liabilities			
Current liabilities	8,996		8,996
Long-term debt	10,526		10,526
Deferred lease inducements and deferred rent	2,639		2,639
Deferred credit[a]	6,731	(6,731)	
Total liabilities	28,892	(6,731)	22,161
Equity			
Class A common shares	21,803		21,803
Contributed surplus	1,290		1,290
Retained earnings[a]	(6,162)	6,731	569
Equity of the shareholders of New Look[a]	16,931	6,731	23,662
Non-controlling interest	35		35
Total equity	16,966	6,731	23,697
Total liabilities and equity	45,858		45,858

a) The increase in equity is explained as follows:

Reversal of deferred credit to earnings	$8,285
Reversal of deferred credit amortization	$1,554
	$6,731

Under previous GAAP, the Company recorded a deferred credit in relation to a corporate conversion realized during the year ended December 25, 2010. Under IFRS, such deferred credit did not meet the definition of a liability and therefore was removed from the balance sheet and recognized into earnings as an adjustment related to corporate conversion.

27.5 RECONCILIATION OF EARNINGS AND COMPREHENSIVE INCOME AS REPORTED UNDER PREVIOUS GAAP TO IFRS - YEAR ENDED DECEMBER 25, 2010

Former wording under previous GAAP	Previous GAAP $	Reclassification [a]	Adjustments $		IFRS $	New wording under IFRS
Revenues	70,778				70,778	Revenues
Cost of materials, direct labour, operating, selling and administration expenses	60,519	(60,519)				
		16,984			16,984	Materials consumed, net of changes in inventory
		21,637			21,637	Employee remuneration expense
		21,980			21,980	Other operating expenses
	60,519	82			60,601	
Earnings before the following items	**10,259**				**10,177**	**Earnings before the following items**
Amortization	(3,950)				(3,950)	Depreciation, amortization, loss on disposal and write-off of property and equipment
Financial expenses, net of interest revenues	(405)				(405)	Financial expenses, net of revenues
Equity-based compensation	(88)	88				
Net gain (loss) on foreign currency translation	6	(6)				
Cost of conversion to a corporation	(853)				(853)	Cost of conversion to a corporation
Earnings before income taxes	**4,969**	**82**			**4,969**	**Earnings before income taxes**
Income taxes	207	(207)				Income taxes
		6			6	Current
		201	1,554	(b)	1,755	Deferred
			(8,285)	(c)	(8,285)	Adjustment related to corporate conversion
	207		(6,731)		(6,524)	
Net earnings and comprehensive income	**4,762**				**11,493**	**Net earnings and comprehensive income**
Net earnings and comprehensive income attributed to:						Net earnings and comprehensive income attributed to:
Non-controlling interest	5				5	Non-controlling interest
Shareholders of New Look or unitholders of the Fund	4,757				11,488	Shareholders of New Look or unitholders of the Fund
	4,762				**11,493**	
Net earnings per share or unit						Net earnings per share or unit
Basic	0.47				1.15	Basic
Diluted	0.47				1.14	Diluted

a) The reclassifications are a result of the Company choosing to disclose its statement of earnings and comprehensive income using the nature of expense method.

b) Reversal of deferred credit amortization which reduced income tax expenses under previous GAAP.

c) Reversal of deferred credit as a reduction of income tax expenses. See Note 27.4.

27.6 STATEMENT OF CASH FLOWS

Under previous GAAP, interest and financial expenses reduced the cash flows from operating activities. Under IFRS, the Company presents the payment of these expenses as a financing activity.

28. EVENTS AFTER THE REPORTING PERIOD

On March 13, 2012, the Board of Directors declared a dividend of $0.15 per Class A common shares to shareholders of record on March 22, 2012. The dividend is payable on March 31, 2012 and no liability in this respect is recognized in the financial statements for 2011.

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ANNUAL REPORT

For the year ended December 31

2011

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On March 2, 2010, Benvest New Look Income Fund (formerly TSX:BCI.UN) was converted into a corporation named New Look Eyewear Inc. (TSX:BCI) . As of February 29, 2012, New Look had 10,118,732 Class A common shares issued and outstanding. New Look is a leader in the eye care industry in Eastern Canada operating a network of corporate stores and a laboratory using state-of-the-art technologies.