

TSX Symbol: COA

NASDAQ OMX Symbol: COA



## **Coastal Contacts Reports Record First Fiscal Quarter Sales of \$36 Million**

Vancouver, British Columbia – March 17, 2010 - Coastal Contacts Inc. ("Coastal") (TSX: COA; NASDAQ OMX: COA) today announced its financial results for the three months ended January 31, 2010.

Coastal noted the following financial highlights for the first fiscal quarter 2010:

- Total order volume exceeded 347,000 orders.
- Sales increased 15% to \$36 million as compared to \$31 million in the first fiscal quarter of 2009. Sales increased 19% excluding the impact of foreign currency exchange rate fluctuations.
- Sales of eyeglasses grew more than 180% to \$3.8 million.
- Advertising expense declined to 11% of sales from 13% of sales as compared to the first quarter of the previous year.
- Cash balances increased 19% to \$13.7 million from \$11.5 million during the quarter.
- Cash generated from operations was \$2.6 million during the quarter.
- Sales in each of Canada and the United States grew by approximately 50% when compared to the first quarter of 2009 and excluding the impact of foreign currency exchange rate fluctuations.

Sales increased 15% to a first fiscal quarter record of \$36 million compared with \$31 million in the same period in 2009. Excluding the impact of foreign currency exchange rate fluctuations, sales grew 19% during the first fiscal quarter as compared with the same period in 2009. Adjusted EBITDA for the first fiscal quarter of 2010 was \$1.7 million compared with \$1.8 million for the same period in 2009. Net income for the first fiscal quarter of 2010 was \$0.8 million or \$0.01 per share.

Coastal also announced that eyeglasses sales exceeded \$3.8 million for the first fiscal quarter of 2010, a 180% increase over the same period in 2009. The majority of the eyeglasses sales were derived from the North American market.

Mr. Roger Hardy, Coastal's President and CEO, commented, "We are encouraged by the record results Coastal has achieved in the first quarter. Our vision care business continues to experience significant growth. Key markets such as Canada and the United States experienced sales increases of approximately 50% when measured in their domestic currencies.

We are particularly pleased with the progress of our eyeglasses category which is gaining traction in multiple markets. We are expanding our manufacturing capacity in order to meet current and anticipated consumer demand for eyeglasses. The customer feedback we receive is overwhelmingly positive and supports our plans to invest in this rapidly growing category."

Coastal will host a conference call to review the financial and operating results on Wednesday, March 17, 2010 at 9:00am PDT. Participating in the call will be Roger Hardy, Chairman and CEO and Glen Kayll, CFO.

To attend the call, participants may dial:

North American Toll Free	1-888-892-3255
Stockholm	46 8 52 503 436

A replay of the call will be available for 7 days. To access the replay listeners may dial:

North American Toll Free	1-800-937-6305
Passcode	304721

The following selected financial information is qualified in its entirety by, and should be read in conjunction with our unaudited consolidated financial statements for the first fiscal quarter ended January 31, 2010 and accompanying notes and Management's Discussion and Analysis which may be viewed on SEDAR at [www.sedar.com](http://www.sedar.com).

Coastal's risks and uncertainties are discussed in detail in Coastal's Annual Information Form dated January 29, 2010, which is also available on SEDAR.

Adjusted EBITDA as referenced in this news release is a Non-GAAP measure and is defined as earnings before interest, taxes, depreciation and amortization, foreign exchange gains or losses, share based compensation and restructuring charges. See "Supplemental Non-GAAP Measures" herein.

**COASTAL CONTACTS INC.**  
**CONSOLIDATED BALANCE SHEETS**  
(\$000's)

	January 31, 2010	October 31, 2009
	(Unaudited)	
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	\$ 13,727	\$ 11,532
Accounts receivable	8,686	7,965
Inventory	14,454	15,701
Prepaid expenses	1,426	1,532
Future income tax	102	109
Due from related parties	378	374
	38,773	37,213
Property, equipment and leasehold improvements	2,530	2,813
Intangible assets	8,728	9,517
Goodwill	7,353	7,757
	\$ 57,384	\$ 57,300
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 18,714	\$ 17,890
Income tax payable	301	615
	19,015	18,505
Long-term lease inducement	4	18
Future income tax	3,347	3,614
	22,366	22,137
<b>SHAREHOLDERS' EQUITY</b>		
Share capital		
Authorized:		
Unlimited common shares without par value		
Unlimited Class A preferred shares without par value		
Issued and outstanding:		
56,901,719 common shares [2009 – 56,901,719]	40,248	40,248
Contributed surplus	2,514	2,294
Accumulated other comprehensive loss	(4,597)	(3,482)
Deficit	(3,147)	(3,897)
	35,018	35,163
	\$ 57,384	\$ 57,300

**COASTAL CONTACTS INC.**  
**CONSOLIDATED STATEMENTS OF EARNINGS**  
(Unaudited)(\$000's, except share and per share amounts)

Three months ended January 31	2010	2009
<b>Sales</b>	<b>\$ 35,908</b>	<b>\$ 31,342</b>
Cost of sales	25,597	21,324
<b>Gross profit</b>	<b>10,311</b>	<b>10,018</b>
Advertising	3,991	4,126
Selling, general and administration	4,642	4,069
Share-based compensation	220	148
Amortization on property, equipment and leasehold improvements	282	215
Amortization of intangible assets	399	399
Foreign exchange gains	(18)	(202)
Interest (income) expense, net	14	(42)
Earnings before income taxes	781	1,305
Income tax	31	337
<b>Net earnings</b>	<b>750</b>	<b>968</b>
Basic earnings per share	\$ 0.01	\$ 0.02
Diluted earnings per share	\$ 0.01	\$ 0.02

Weighted average number of common shares outstanding

Basic	56,901,719	58,318,284
Diluted	58,502,318	58,318,284

## Supplemental Non-GAAP Measures

Coastal Contacts reports its results in accordance with Canadian GAAP, however, it presents Adjusted EBITDA because Coastal believes its investors use these figures to make investment decisions about Coastal.

Adjusted EBITDA is a non-GAAP measure that does not have any standardized meaning prescribed by Canadian GAAP and is therefore unlikely to be comparable to similar measures presented by other companies. Adjusted EBITDA should be considered in addition to, and not as a substitute for, net earnings, cash flows and other measures of financial performance and liquidity reported in accordance with Canadian GAAP.

Adjusted EBITDA is a measure Coastal believes is useful in assessing performance and highlighting trends on an overall basis. Adjusted EBITDA differs from the most comparable GAAP measure, net earnings, primarily because it does not include interest, income taxes, amortization, restructuring cost and share-based compensation expense.

(\$000's)	For the three months ended January 31,	
	2010	2009
<b>Net earnings (loss)</b>	<b>\$750</b>	<b>\$968</b>
Depreciation and amortization	681	614
Interest income, net	14	(42)
Income tax expense	31	337
Share-based compensation	220	148
Foreign exchange (gain) loss	(18)	(202)
<b>Adjusted EBITDA</b>	<b>\$1,678</b>	<b>\$1,823</b>

About Coastal Contacts:

Coastal Contacts Inc. is the world's leading online vision products company which designs, produces and distributes a diversified offering of contact lenses and eyeglasses. Coastal's unique combination of branded and private label products represent quality, value and above all, service. Coastal sells into more than 150 countries through proprietary web properties which reflect the culture and consumer preference of the target market. As new markets for eyeglasses and contact lenses evolve, Coastal is positioned to become the vision product consumer's retailer of choice owing to its compelling value proposition combining value and service. A leader in many of its markets, Coastal is rapidly advancing toward its goal of becoming the "World's Optical Store".

For Further Information:

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***Forward Looking Statements***

All statements made in this news release, other than statements of historical fact, are forward-looking statements. The words "may", "would", "could", "will", "intend", "plan", "anticipate", "believe", "estimate", "expect", "goal", "target", "should," "likely," "potential," "continue", "project," "forecast," "prospects," and similar expressions typically are used to identify forward-looking statements.

Forward looking statements are based on the then-current expectations, beliefs, assumptions, estimates and forecasts about our business and the industry and markets in which we operate. Forward-looking statements are not guarantees of future performance and involve risks, uncertainties and assumptions which are difficult to predict.

Persons reading this news release are cautioned that forward-looking statements or information are only predictions, and that our actual future results or performance could vary significantly due to a number of factors. These factors include, but are not limited to: changes in the market; Coastal's ability to implement its business strategies; competition; limited suppliers; disruption in its distribution facilities; mergers and acquisitions; foreign currency exchange rate fluctuations; regulatory requirements; demand for contact lenses and related vision care products; dependence on the internet and other risks detailed in the section entitled "Risk Factors" contained in Coastal's most recently filed Annual Information Form dated January 29, 2010 as filed on Sedar. Readers should not place undue reliance on forward-looking statements and information, which are qualified in their entirety by this cautionary statement. These forward-looking statements are made as of the date of this news release and Coastal expressly disclaims any intent or obligation to update these forward-looking statements.