

COASTAL CONTACTS INC.
CONSOLIDATED BALANCE SHEETS

(CAD\$000's, except share amounts)

	July 31, 2010	October 31, 2009
	(Unaudited)	
ASSETS		
Current		
Cash and cash equivalents	\$20,812	\$11,532
Accounts receivable	8,190	7,965
Inventory	15,219	15,701
Prepaid expenses	2,229	1,532
Future income tax	93	109
Related party promissory notes	201	374
	46,744	37,213
Property, equipment and leasehold improvements	4,866	2,813
Intangible assets	8,210	9,517
Goodwill	7,292	7,757
	\$67,112	\$57,300
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$25,904	\$17,908
Income tax payable	--	615
Deferred gain on sale of equipment	63	--
Capital lease obligation	330	--
	26,297	18,523
Deferred gain on sale of equipment	251	--
Capital lease obligation	1,487	--
Future income tax	3,209	3,614
	31,244	22,137

Shareholders' equity

Share capital

Authorized:

Unlimited common shares without par value

Unlimited Class A preferred shares without par value

Issued and outstanding:

56,913,546 common shares [2009 – 56,901,719]	40,386	40,248
Shares held in treasury		
31,773 common shares [2009 – nil]	(40)	--
Contributed surplus	2,644	2,294
Accumulated other comprehensive loss	(4,834)	(3,482)
Deficit	(2,288)	(3,897)
	35,868	35,163
	\$67,112	\$57,300

COASTAL CONTACTS INC.**CONSOLIDATED STATEMENTS OF EARNINGS AND COMPREHENSIVE EARNINGS**

(Unaudited) (CAD\$000's, except share and per share amounts)

	Three months ended July 31		Nine months ended July 31	
	2010	2009	2010	2009
Sales	\$39,455	\$37,511	\$112,681	\$102,154
Cost of sales	28,078	26,332	80,737	71,079
Gross profit	11,377	11,179	31,944	31,075
Advertising	4,890	5,042	12,801	13,420
Selling, general and administration	5,087	4,170	14,565	12,478
Amortization on property, equipment and leasehold improvements	364	264	932	719
Amortization on intangible assets	308	352	1,098	1,115
Share-based compensation	109	189	459	485
Interest expense (income)	15	(12)	30	(68)
Foreign exchange (gain) loss	(5)	252	270	11
Earnings before income taxes	609	922	1,789	2,915
Income tax	80	319	128	816
Net earnings	529	603	1,661	2,099
Basic net earnings per share	\$0.01	\$0.01	\$0.03	\$0.04
Diluted net earnings per share	\$0.01	\$0.01	\$0.03	\$0.04
Weighted average number of common shares outstanding				
Basic	56,981,557	57,057,145	56,948,115	57,781,343

Diluted

57,963,709 57,374,702 58,036,184 57,909,739

COASTAL CONTACTS INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited) (CAD\$000's)

	Three months ended July 31		Nine months ended July 31	
	2010	2009	2010	2009
OPERATING ACTIVITIES				
Net earnings	\$529	\$603	\$1,661	\$2,099
Non-cash items affecting earnings:				
Amortization	672	616	2,030	1,834
Amortization of deferred lease inducement	(2)	(20)	(31)	(60)
Share-based compensation	109	189	459	485
Future income taxes	(46)	96	(181)	58
Changes in non-cash working capital:				
Accounts receivable	303	67	(549)	(437)
Inventory	511	2,090	(201)	(3,433)
Prepaid expenses	4	159	(478)	462
Accounts payable and accrued liabilities	8,060	(3,763)	8,561	352
Income tax payable	65	117	(697)	281
Deferred gain on disposition of property and equipment	313	--	313	--
Cash provided by operating activities	10,518	154	10,887	1,641
INVESTING ACTIVITIES				
Repayments from (advances to) related parties	(3)	(4)	172	(12)
Acquisition of property, equipment and leasehold improvements	(1,422)	(231)	(2,987)	(637)
Acquisition of intangible assets	(106)	(32)	(294)	(53)
Disposition of property and equipment	1,817	--	1,817	60
Cash provided by (used in) investing activities	286	(267)	(1,292)	(642)

FINANCING ACTIVITIES

Issuance of common shares on exercise of options	39	--	131	--
Purchase of common shares for cancellation	(158)	(199)	(158)	(1,169)
Cash used in financing activities	(119)	(199)	(27)	(1,169)
Effect of exchange rate changes on cash and cash equivalents	249	(315)	(288)	(1,036)
Increase (decrease) in cash and cash equivalents	10,934	(627)	9,280	(1,206)
Cash and cash equivalents, beginning of period	9,878	14,627	11,532	15,206
Cash and cash equivalents, end of period	\$20,812	\$14,000	\$20,812	\$14,000

Supplemental disclosure of cash flow information:

Non-cash financing and investing activities:

Assets acquired under capital lease	\$1,817	--	\$1,817	--
Income tax paid in cash	\$103	\$237	\$602	\$834

CAD\$000's	For the three months ended July 31,		For the nine months ended July 31,	
	2010	2009	2010	2009
Net earnings	529	603	1,740	2,099
Amortization	672	616	2,030	1,834
Share-based compensation	109	189	459	485
Interest expense (income), net	15	(12)	30	(68)
Foreign exchange (gain) loss	(5)	252	270	11
Income tax expense	80	319	128	816
Adjusted EBITDA	1,400	1,967	4,657	5,177