

Interim Consolidated Financial Statements

**Coastal Contacts Inc.**

Unaudited

For the three and six months ended April 30, 2007

**Coastal Contacts Inc.****CONSOLIDATED BALANCE SHEETS**

(\$000's)

	<b>April 30, 2007</b>	<b>October 31, 2006</b>
	(unaudited)	(Restated – see note 2)
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents <i>[note 4]</i>	16,688	24,273
Short-term investments <i>[note 4]</i>	3,892	—
Accounts receivable <i>[note 5]</i>	6,566	7,127
Inventory	12,066	12,262
Prepaid expenses	1,363	702
Due from related parties <i>[note 13]</i>	624	610
	<hr/> 41,199	<hr/> 44,974
Property, equipment and leasehold improvements <i>[note 6]</i>	2,958	2,773
Intangible assets <i>[note 7]</i>	12,631	13,632
Goodwill <i>[note 8]</i>	8,323	6,697
	<hr/> 65,111	<hr/> 68,076
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current</b>		
Accounts payable and accrued liabilities <i>[note 5]</i>	9,541	11,793
Income taxes payable	726	212
Deferred revenue	241	205
Current portion of lease inducement	54	53
	<hr/> 10,562	<hr/> 12,263
Long-term lease inducement	107	133
Future income tax liability	3,920	4,227
	<hr/> 14,589	<hr/> 16,623
<b>Shareholders' equity</b>		
Share capital <i>[note 9]</i>		
Authorized:		
Unlimited common shares without par value		
Unlimited Class A preferred shares without par value		
Issued and outstanding:		
73,180,412 common shares [2006 – 74,681,712]	52,439	53,515
Shares held in Treasury		
674,500 common shares [2006 – 42,700]	(605)	(41)
Contributed surplus <i>[note 10]</i>	713	530
Accumulated other comprehensive income <i>[note 11]</i>	(2,083)	(2,135)
Retained earnings (deficit)	58	(416)
	<hr/> 50,522	<hr/> 51,453
	<hr/> 65,111	<hr/> 68,076

*See accompanying notes to the unaudited interim consolidated financial statements*

**Coastal Contacts Inc.**

**CONSOLIDATED STATEMENTS OF NET INCOME AND  
COMPREHENSIVE INCOME (LOSS)**

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

	<b>Three months ended</b>		<b>Six months ended</b>	
	<b>April 30</b>		<b>April 30</b>	
	2007	2006	2007	2006
Sales	24,602	17,603	48,207	36,012
Cost of sales	17,977	13,315	35,282	27,105
<b>Gross profit</b>	<b>6,625</b>	<b>4,288</b>	<b>12,925</b>	<b>8,907</b>
Selling, general and administration expenses	5,767	4,277	11,582	8,606
Share-based compensation	77	19	183	46
Amortization on property, equipment and leasehold improvements	214	172	374	343
Amortization on intangible assets	243	118	587	208
Foreign exchange gains	(149)	(464)	(834)	(737)
Interest income, net	(198)	(271)	(450)	(342)
Income before income taxes	671	437	1,483	783
Income tax expense - current	385	154	545	243
Income tax expense (recovery) - future	(27)	183	(56)	203
<b>Net income</b>	<b>313</b>	<b>100</b>	<b>994</b>	<b>337</b>
<b>Other comprehensive income (loss), net of tax</b>				
Unrealized foreign exchange gains (losses) on translation of financial statements of self-sustaining foreign operations	(995)	(577)	52	(419)
<b>Comprehensive income (loss)</b>	<b>(682)</b>	<b>(477)</b>	<b>1,046</b>	<b>(82)</b>
Basic earnings per share	0.00	0.00	0.01	0.01
Diluted earnings per share	0.00	0.00	0.01	0.01
Weighted average number of common shares outstanding – basic <i>[note 12]</i>	72,974,277	63,681,865	73,674,214	60,817,055
Weighted average number of common shares outstanding – diluted <i>[note 12]</i>	73,456,678	65,204,309	74,210,388	62,339,499

*See accompanying notes to the unaudited interim consolidated financial statements*

**Coastal Contacts Inc.**

**CONSOLIDATED STATEMENTS OF RETAINED EARNINGS  
(DEFICIT)**

(Unaudited) (\$000's)

For the six months ended April 30	<b>2007</b>	<b>2006</b>
Retained earnings (deficit), beginning of period	(416)	921
Net income	994	337
Premium on purchase of common shares for cancellation	(520)	—
Retained earnings, end of period	58	1,258

*See accompanying notes to the unaudited interim consolidated financial statements*

**Coastal Contacts Inc**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

(Unaudited) (\$000's)

	Three months ended		Six months ended	
	April 30		April 30	
	2007	2006	2007	2006
<b>OPERATING ACTIVITIES</b>				
Net income	313	100	994	337
Non-cash items:				
Amortization	457	290	961	551
Amortization of deferred lease inducement	(13)	(6)	(26)	(13)
Accrued interest	(13)	59	(24)	(27)
Share-based compensation	77	19	183	46
Future income taxes expense (recovery)	(27)	183	(56)	203
Unrealized foreign exchange gains	(189)	(341)	(858)	(709)
Changes in non-cash working capital:				
Accounts receivable	949	(632)	1,365	(1,310)
Inventory	1,202	400	552	(415)
Prepaid expenses	(143)	(520)	(545)	(609)
Accounts payable and accrued liabilities	(4,321)	1,540	(3,229)	(1,502)
Income taxes payable	284	(6)	474	(137)
Deferred revenue	(106)	145	(14)	197
Due from related parties	—	(141)	—	(117)
<b>Cash provided by (used in) operating activities</b>	<b>(1,530)</b>	<b>1,090</b>	<b>(223)</b>	<b>(3,505)</b>
<b>INVESTING ACTIVITIES</b>				
Purchase of short-term investments	(3,886)	(23,880)	(3,886)	(50,512)
Sale of short-term investments	—	24,190	—	32,123
Advances to related parties	(24)	(19)	(32)	(42)
Repayment of promissory notes	13	—	36	—
Business acquisition, net of cash acquired	—	—	(14)	—
Acquisition of property, equipment and leasehold improvements	(275)	(543)	(444)	(852)
Acquisition of intangible assets	(246)	(134)	(729)	(450)
<b>Cash used in investing activities</b>	<b>(4,418)</b>	<b>(386)</b>	<b>(5,069)</b>	<b>(19,733)</b>
<b>FINANCING ACTIVITIES</b>				
Issuance of share capital	—	653	—	1,336
Proceeds received for shares to be issued	—	421	—	421
Issuance of special warrants	—	—	—	22,500
Purchase of common shares for cancellation	(605)	—	(2,160)	—
Share issue costs	—	(165)	—	(1,581)
Bank indebtedness	—	184	—	461
Repayment of long-term debt	—	(213)	—	(344)
<b>Cash provided by (used in) financing activities</b>	<b>(605)</b>	<b>880</b>	<b>(2,160)</b>	<b>22,793</b>
Effect of exchange rate changes on cash and cash equivalents	(117)	(404)	(133)	(153)
<b>Increase (Decrease) in cash and cash equivalents</b>	<b>(6,670)</b>	<b>1,180</b>	<b>(7,585)</b>	<b>(598)</b>
Cash and cash equivalents, beginning of period	23,358	1,208	24,273	2,986
<b>Cash and cash equivalents, end of period</b>	<b>16,688</b>	<b>2,388</b>	<b>16,688</b>	<b>2,388</b>
Income taxes paid in cash	47	122	74	521
Interest paid in cash	—	14	—	30

*See accompanying notes to the unaudited interim consolidated financial statements*

**Coastal Contacts Inc.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

April 30, 2007

Unaudited

**1. BASIS OF PRESENTATION**

Coastal Contacts Inc. (“the Company”) is a global vision care supplier with operations in North America, Asia and Europe.

These unaudited interim consolidated financial statements have been prepared by the Company in accordance with Canadian generally accepted accounting principles (“GAAP”) for interim financial statements, and accordingly, do not include all disclosures required for annual financial statements. These unaudited interim consolidated financial statements reflect the same accounting principles and methods of application as those disclosed in the notes to the Company’s audited consolidated financial statements for the year ended October 31, 2006, with the exception of the application of the accounting policies described in Note 2. These unaudited interim consolidated financial statements and notes thereon should be read in conjunction with the audited consolidated financial statements and notes thereto for the year ended October 31, 2006.

The preparation of these unaudited interim consolidated financial statements and the accompanying notes requires management to make estimates and assumptions that affect the amounts reported. In the opinion of management, these unaudited interim consolidated financial statements reflect all adjustments necessary to state fairly the results for the periods presented. Actual results could vary from these estimates and the operating results for the interim periods presented are not necessarily indicative of the results expected for the full year.

**2. CHANGE IN ACCOUNTING POLICIES**

Effective November 1, 2006, the Company has adopted the recommendations of the Canadian Institute of Chartered Accountants’ (“CICA”) Handbook Sections 1530, *Comprehensive Income*, 3855, *Financial Instruments – Recognition and Measurement*, 3861, *Financial Instruments – Disclosure and Presentation*, and 3865, *Hedges*. Any changes in measurement resulting from applying the new standards on November 1, 2006, were recorded against opening retained earnings or opening other comprehensive income with no impact on net income.

**Financial instruments**

All financial assets and liabilities are recorded on the balance sheet. Initial recognition of financial assets and liabilities is at fair value. Subsequent measurement of the financial assets and liabilities is determined as follows:

Cash is measured at fair value, with changes in fair value recorded in net income. The carrying amount approximates fair value.

Cash equivalents and short-term investments are comprised of guaranteed investment certificates, bankers acceptances and commercial paper. They are classified as held to maturity and reported at amortized cost.

**Coastal Contacts Inc.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

April 30, 2007

Unaudited

**2. CHANGE IN ACCOUNTING POLICIES (continued)**

Accounts receivable, classified as loans and receivables, and accounts payable, classified as other financial liabilities, are measured at fair value at inception, which, due to their short-term nature, approximates their amortized cost.

Promissory notes receivable, classified as loans and receivables, are measured at amortized cost, which approximates face value, with interest earned recorded in net income.

Advances to officers classified as loans and receivables, are measured at amortized cost, which approximates face value, with interest earned recorded in net income.

**Comprehensive income**

Comprehensive income includes net earnings and other comprehensive income. Other comprehensive income refers to changes in the net assets from certain transactions and events, other than transactions with shareholders. These changes are recorded directly as a separate component of shareholders' equity and excluded from net earnings. The Company's other comprehensive income includes the foreign currency translation adjustment for its foreign subsidiaries that do not use the Canadian dollar as their measurement currency. Cumulative foreign currency translation adjustment balances of prior years have been reclassified as accumulated other comprehensive income.

**Coastal Contacts Inc.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

April 30, 2007

Unaudited

**3. BUSINESS ACQUISITIONS**

**(i) Acquisition of Mylenses**

On August 11, 2006, through the Company's wholly owned subsidiary, Lenslogistics AB (formerly Lensway AB), the Company completed the acquisition of all of the private companies' shares of Eye-1 B.V., Eye-2 B.V. and Condis B.V. ("Mylenses"), a European retailer of contact lenses. The consideration paid consisted of cash of \$3,358,582 (2,350,000 Euros) and 1,650,000 common shares of the Company. The shares issued are subject to a voluntary pooling restriction. Under the terms of the agreement, 40% of the shares will be released on August 11, 2007, with the remaining 60% released in four equal increments, each six months over the next two years, commencing August 11, 2007.

The acquisition was accounted for using the purchase method whereby assets acquired and liabilities assumed were recorded at their fair market values as of the date of the acquisition. For the purposes of computing the purchase price, the value of restricted common shares was determined by taking the average closing price of the Company's common stock as quoted on the TSX Exchange for the five days before, the day of and the five days following the date of acquisition. This average price was then reduced by a 15% discount due to the restriction provision associated with the common shares issued. This discount is consistent with the discount applied to previous transactions with the same restrictions.

The following sets forth the purchase price and its allocation to the tangible and intangible assets acquired at the currency exchange rates prevailing on the day of acquisition.

	\$000's
Cash	3,358
Restricted common shares	1,702
Direct acquisition costs	321
<b>Total consideration</b>	<b>5,381</b>
Cash	26
Other current assets	566
Property, equipment and leasehold improvements	244
Mylenses customer list	893
Mylenses trade name	3,837
Website development	187
Current liabilities	(491)
Future income tax liability	(1,455)
<b>Net assets acquired</b>	<b>3,807</b>
<b>Goodwill</b>	<b>1,574</b>

Following the acquisition, Mylenses purchased inventory in the amount of \$736,590 from its former parent.

Mylenses operates two websites and each has its own trademarks and tradenames. Goodwill has been allocated to the Dutch reporting unit and is not deductible for income tax purposes. The results of operations have been included in the accompanying consolidated financial statements since August 12, 2006.

## Coastal Contacts Inc.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

April 30, 2007

Unaudited

### (ii) Acquisition of Asianzakka

On October 13, 2006 the Company completed the acquisition of all of the private company shares of Asianzakka PTE. Ltd. (“Asianzakka”), an Asian retailer of contact lenses. The consideration paid consisted of cash of \$588,077 (817,000 Singapore Dollars) and 1,041,428 common shares of the Company. The shares issued are subject to a voluntary pooling restriction. Under the terms of the agreement, 40% of the shares will be released on October 13, 2007, with the remaining 60% released in four equal increments, each six months over the next two years, commencing October 13, 2007.

Under the terms of the agreement, the Company is required to make contingent payments of 778,000 Singapore Dollars on October 11, 2007 and 389,000 Singapore Dollars on April 11, 2008 if certain specified revenue and net income targets are met. Since the outcome of the contingency cannot be determined without a reasonable doubt, the contingent payments have not been accrued. Should the contingent payments be made at a later date, they will be accounted for as an adjustment of the purchase price of Asianzakka.

The acquisition was accounted for using the purchase method whereby assets acquired and liabilities assumed were recorded at their fair market values as of the date of the acquisition. For the purposes of computing the purchase price, the value of restricted common shares was determined by taking the average closing price of the Company’s common stock as quoted on the TSX Exchange for the five days before, the day of and the five days following the date of acquisition. This average price was then reduced by a 15% discount due to the restriction provision associated with the common shares issued. This discount is consistent with the discount applied to previous transactions with the same restrictions.

The following sets forth the purchase price and its allocation to the tangible and intangible assets acquired.

	\$000's
Cash	588
Restricted common shares	811
Direct acquisition costs	105
<b>Total consideration</b>	<b>1,504</b>
Cash	148
Other current assets	532
Property and equipment	6
Asianzakka customer lists	234
Asianzakka trademarks and tradenames	819
Current liabilities	(617)
Future income tax liability	(211)
<b>Net assets acquired</b>	<b>911</b>
<b>Goodwill</b>	<b>593</b>

Asianzakka operates under several websites and has several trademarks and tradenames. Goodwill has been allocated to the Singapore reporting unit and is not tax deductible for income tax purposes. The results of operations have been included in the accompanying consolidated financial statements since October 14, 2006.

**Coastal Contacts Inc.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

April 30, 2007

Unaudited

**4. CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS**

	2007 \$000's	2006 \$000's
Cash	7,560	3,976
Held to maturity guaranteed investment certificates, bankers acceptances and commercial paper	9,128	19,940
Other cash investments	—	357
Total cash and cash equivalents	16,688	24,273
Short-term investments, held to maturity, including bankers acceptances and commercial paper	3,892	—
	20,580	24,273

The investments mature 7-290 days from the date of investment with an average interest rate of 4.3% (2006 – 3.7%).

**5. ACCOUNTS RECEIVABLE, ACCOUNTS PAYABLE AND ACCRUED LIABILITIES****Accounts receivable**

	2007 \$000's	2006 \$000's
Accounts receivable	7,244	7,281
Allowance for doubtful accounts	(902)	(607)
Value added tax receivable	224	453
	6,566	7,127

**Accounts payable and accrued liabilities**

	2007 \$000's	2006 \$000's
Accounts payable - trade	5,085	9,864
Accrued liabilities	4,117	1,633
Value added tax payable	339	296
	9,541	11,793

**Coastal Contacts Inc.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

April 30, 2007

Unaudited

**6. PROPERTY, EQUIPMENT AND LEASEHOLD IMPROVEMENTS**

	<b>Cost</b>	<b>Accumulated</b>	<b>Net Book</b>
	<b>\$000's</b>	<b>Amortization</b>	<b>Value</b>
		<b>\$000's</b>	<b>\$000's</b>
<b>April 30, 2007</b>			
Computer hardware	887	364	523
Computer software	451	244	207
Customized ERP software	1,563	386	1,177
Furniture and fixtures	644	243	401
Leasehold improvements	936	286	650
	<b>4,481</b>	<b>1,523</b>	<b>2,958</b>
<b>October 31, 2006</b>			
Computer hardware	735	258	477
Computer software	311	144	167
Customized ERP software	1,184	249	935
Furniture and fixtures	688	209	479
Leasehold improvements	915	200	715
	<b>3,833</b>	<b>1,060</b>	<b>2,773</b>

**7. INTANGIBLE ASSETS**

	<b>Cost</b>	<b>Accumulated</b>	<b>Net Book</b>
	<b>\$000's</b>	<b>Amortization</b>	<b>Value</b>
		<b>\$000's</b>	<b>\$000's</b>
<b>April 30, 2007</b>			
Website creation	2,670	539	2,131
Brand names and trademarks acquired	8,145	—	8,145
Customer lists acquired	3,857	1,502	2,355
	<b>14,672</b>	<b>2,041</b>	<b>12,631</b>
<b>October 31, 2006</b>			
Website creation	1,930	295	1,635
Brand names and trademarks acquired	8,800	—	8,800
Customer lists acquired	4,236	1,039	3,197
	<b>14,966</b>	<b>1,334</b>	<b>13,632</b>

**Coastal Contacts Inc.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

April 30, 2007

Unaudited

**8. GOODWILL**

	October 31, 2006 \$000's	Additions and adjustments \$000's	Currency Impact \$000's	April 30, 2007 \$000's
Business acquisitions:				
Asianzakka	364	230	6	600
Lensway	5,583	—	305	5,888
MyLenses	590	986	89	1,665
Yourlenses	160	—	10	170
	6,697	1,216	410	8,323

**9. SHARE CAPITAL****Issued and outstanding common shares**

	2007		2006	
	Number of Common Shares #	\$000's	Number of Common Shares #	\$000's
Balance - beginning of period	74,681,712	53,515	51,632,951	26,264
Issued in private placement	—	—	9,000,000	21,070
Purchased and cancelled	(1,501,300)	(1,076)	—	—
Issued on exercise of warrants	—	—	3,163,715	3,480
Issued on exercise of options	—	—	8,193,618	188
Issued in purchase of Mylenses [note 3(i)]	—	—	1,650,000	1,702
Issued in purchase of Asianzakka [note 3(ii)]	—	—	1,041,428	811
Balance, end of period including shares held in treasury	73,180,412	52,439	74,681,712	53,515
Shares purchased not cancelled	(674,500)	(605)	(42,700)	(41)
<b>Balance - end of period</b>	<b>72,505,912</b>	<b>51,834</b>	<b>74,639,012</b>	<b>53,474</b>

On October 16, 2006, the Toronto Stock Exchange accepted the Company's notice of intention to make a Normal Course Issuer Bid for its common shares through the facilities of the exchange. Effective October 18, 2006, the Company was able to commence making purchases and cancellations of up to a maximum of 4,933,641 common shares, at the market price for the common shares at the time of acquisition. The bid will terminate on the earlier of the date determined by the Company and October 17, 2007. As at April 30, 2007, a total of 2,175,800 shares had been purchased of which 674,500 shares had not yet been cancelled. These shares were cancelled in June 2007. 1,501,300 shares were purchased at an average price per share of \$1.06 and were cancelled during the six months ended April 30, 2007. The excess of the purchase price over the average stated capital of the shares has been charged to retained earnings.

As at April 30, 2007, 4,682,723 shares were subject to voluntary pooling restrictions.

**Coastal Contacts Inc.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

April 30, 2007

Unaudited

**9. SHARE CAPITAL (cont'd.)**

**Share purchase options**

The shareholders of the Corporation have adopted a share option plan (the "Option Plan") for its directors, officers and employees. The Option Plan provides that options to purchase common shares may be granted to eligible persons on terms determined within the limitations set out in the Option Plan. The maximum number of common shares to be reserved for issuance anytime under the Option Plan and any other employee incentive plan is 10% of the issued and outstanding common shares. The exercise price for an option granted under the Option Plan may not be less than that permitted by applicable regulatory authorities. Options granted may be subject to vesting requirements. Non-assignable options will be granted for a period which may not exceed five years from the date of the grant and will generally expire within 90 days upon the participant ceasing to be a director, officer or an employee of the Company. The Option Plan is administered by the Company's Compensation and Corporate Governance Committee. The Option Plan is subject to the rules and policies of the Toronto Stock Exchange.

The following table contains information with respect to Company share options:

	#	\$
Share purchase options outstanding, October 31, 2006	1,140,300	0.125 - 1.37
Granted	516,000	0.87 - 1.11
Forfeited	(146,028)	1.00
Expired	(500)	0.275
Exercised	—	—
<b>Share purchase options outstanding, April 30, 2007</b>	<b>1,509,772</b>	<b>0.125 - 1.37</b>

**Coastal Contacts Inc.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

April 30, 2007

Unaudited

**9. SHARE CAPITAL (cont'd.)**

The following table summarizes information about Company share purchase options outstanding as at April 30, 2007:

Range of exercise price \$	Share purchase options Outstanding			Share purchase options Exercisable	
	Number of common shares issuable	Weighted average remaining contractual life (years)	Weighted average exercise price \$	Number of common shares issuable	Weighted average exercise price \$
\$0.125	550,000	0.67	0.125	550,000	0.125
\$0.87 - \$0.99	308,000	4.63	0.98	38,578	0.98
\$1.00	368,772	1.88	1.00	368,772	1.00
\$1.09 - \$1.37	283,000	4.62	1.17	57,744	1.28
	1,509,772	2.51	0.71	1,015,094	0.54

On November 22, 2006, an employee entered into a call option agreement with a principal shareholder for 300,000 options. These options are exercisable at \$0.99 per share and vest in equal monthly increments over 3 years. Using the Black-Scholes option-pricing model, the Company estimates the fair value of this option grant to be \$136,251.

The fair value of the share purchase option grants are estimated on the date of the grant using the Black-Scholes option-pricing model with the following weighted average assumptions:

	2007	2006
Dividend yield	0%	0%
Expected volatility	63%	59%
Risk free interest rate	4.0%	4.0%
Expected lives	3.0 years	2.7 years

**10. CONTRIBUTED SURPLUS**

	\$000's
Balance - October 31, 2006	530
Share-based compensation	183
Balance - April 30, 2007	713

**Coastal Contacts Inc.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

April 30, 2007

Unaudited

**11. ACCUMULATED OTHER COMPREHENSIVE INCOME**

	<b>\$000's</b>
Balance - October 31, 2006 (restated – see Note 2)	<b>(2,135)</b>
Unrealized foreign exchange gains on translation of financial statements of self-sustaining foreign operations	<b>52</b>
Balance - April 30, 2007	<b>(2,083)</b>

**12. EARNINGS PER SHARE**

	<b>Three months ended</b>		<b>Six months ended</b>	
	<b>April 30</b>		<b>April 30</b>	
	2007	2006	2007	2006
Weighted average number of common shares outstanding - basic	<b>72,974,277</b>	63,681,865	<b>73,674,214</b>	60,817,055
Stock options and warrants	<b>482,401</b>	1,522,444	<b>536,174</b>	1,522,444
Weighted average number of common shares outstanding - diluted	<b>73,456,678</b>	65,204,309	<b>74,210,388</b>	62,339,499

**13. DUE FROM RELATED PARTIES**

	<b>April 30, 2007 \$000's</b>	<b>October 31, 2006 \$000's</b>
Promissory notes receivable	<b>357</b>	376
Advances to officers	<b>267</b>	234
	<b>624</b>	610

The amounts due from related parties includes nine promissory notes from officers ranging in value from \$12,500 to \$102,000 and advances to officers. These notes and advances are payable on demand and bear interest at 5% per annum.

**Coastal Contacts Inc.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

April 30, 2007

Unaudited

**14. SEGMENTED INFORMATION**

The Company operates in one business segment, the sale of contact lenses. The Company's sales are in North America, Europe and Asia. Geographical information is based on the countries in which the Company sells contact lenses and accessories.

	United States \$000's	Sweden \$000's	Norway \$000's	Other \$000's	Total \$000's
<b>Revenue</b>					
<b>3 months ended April 30, 2007</b>	<b>4,149</b>	<b>6,201</b>	<b>3,578</b>	<b>10,674</b>	<b>24,602</b>
3 months ended April 30, 2006	6,450	4,421	2,792	3,940	17,603
<b>6 months ended April 30, 2007</b>	<b>9,202</b>	<b>12,258</b>	<b>7,054</b>	<b>19,693</b>	<b>48,207</b>
6 months ended April 30, 2006	13,124	9,106	5,281	8,501	36,012
<b>Property, equipment and leasehold improvements</b>					
<b>As at April 30, 2007</b>	<b>—</b>	<b>1,667</b>	<b>—</b>	<b>1,291</b>	<b>2,958</b>
As at October 31, 2006	—	1,439	—	1,334	2,773
<b>Intangible assets</b>					
<b>As at April 30, 2007</b>	<b>—</b>	<b>4,999</b>	<b>—</b>	<b>7,632</b>	<b>12,631</b>
As at October 31, 2006	—	4,978	—	8,654	13,632
<b>Goodwill</b>					
<b>As at April 30, 2007</b>	<b>—</b>	<b>6,058</b>	<b>—</b>	<b>2,265</b>	<b>8,323</b>
As at October 31, 2006	—	5,743	—	954	6,697

Included in "Other" are revenues to non-related customers in the Company's home domicile of \$1,817,400 and \$3,155,400 for the 3 months ended April 30, 2007 and the 6 months ended April 30, 2007 respectively (2006 - \$814,900 and \$1,417,900). Property, equipment and leasehold improvements located in the Company's home domicile were \$1,085,200 at April 30, 2007 (2006 - \$1,118,381), and intangible assets were \$1,553,757 at April 30, 2007 (2006 - \$1,073,649)

**15. COMPARATIVE FIGURES**

Certain comparative figures have been reclassified to conform to the current period's presentation.