UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 20-F

¨ **REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

x **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended March 29, 2014

OR

¨ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

¨ **SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Date of event requiring this shell company report __________

For the transition period from __________ to __________

Commission file number: 001-32635

BIRKS GROUP INC.

(formerly Birks & Mayors Inc.)

(Exact name of Registrant as specified in its charter)

Not Applicable

(Translation of Registrant s name into English)

Canada

(Jurisdiction of incorporation or organization)

1240 Phillips Square

Montreal Québec

Canada

H3B 3H4

(Address of principal executive offices)

Michael Rabinovitch, 954-590-9462 (telephone), 954-590-9062 (facsimile)

5870 North Hiatus Road

Tamarac, Florida 33321

(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Class A Voting Shares, without nominal or par value	NYSE MKT LLC

Securities registered or to be registered pursuant to Section 12(g) of the Act:

None.

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

None.

The number of outstanding shares of each of the issuer s classes of capital or common stock as of the close of the period covered by the Annual Report was:

10,131,539	Class A Voting Shares, without nominal or par value
7,717,970	Class B Multiple Voting Shares, without nominal or par value
0	Series A Preferred Shares, without nominal or par value, issuable in series

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. ¨ Yes x No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. ¨ Yes x No

Note: Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those Sections.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. x Yes ¨ No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). x Yes ¨ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ¨ Accelerated filer ¨ Non-accelerated filer x

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP x International Financial Reporting Standards as issued by the International Accounting Standards Board ¨ Other ¨

If Other has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow: Item 17 ¨ Item 18 ¨

If this is an Annual Report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ¨ Yes x No

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INTRODUCTION

References

Unless the context otherwise requires, the terms Birks Group, the Company, we, us, and our are used in this Ann Report to refer to Birks Group Inc. (formerly Birks & Mayors Inc.), a Canadian corporation, and its subsidiaries on a consolidated basis. In addition, the term Mayors refers to Mayor s Jewelers, Inc., a Delaware corporation, and its wholly-owned subsidiary, Mayor s Jewelers of Florida, Inc., a Florida corporation, and the merger refers to the merger of Mayors with a wholly-owned subsidiary of the Company, as approved by the stockholders on November 14, 2005. The term Birks refers to Henry Birks & Sons Inc., the legal name of Birks Group prior to the merger.

Presentation of Financial and Other Information

The consolidated financial statements of Birks Group contained in this Annual Report are reported in United States (U.S.) dollars and have been prepared in accordance with accounting principles generally accepted in the United States, or U.S. GAAP. Unless otherwise indicated, all monetary references herein are denominated in U.S. dollars; references to dollars or $ are to U.S. dollars and references to Cdn$ or Canadian dollars are to Canadian dollars.

Throughout this Annual Report, we refer to our fiscal year ending March 28, 2015 as fiscal 2015 and our fiscal years ended March 29, 2014, March 30, 2013, and March 31, 2012, as fiscal 2014, fiscal 2013 and fiscal 2012, respectively. Our fiscal year ends on the last Saturday in March of each year. The fiscal years ended March 29, 2014 and March 30, 2013 consisted of 52 weeks with four thirteen-week periods. The fiscal year ended March 31, 2012 consisted of 53 weeks with one fourteen-week period and three thirteen-week periods.

Forward-Looking Information

This Annual Report and other written reports and releases and oral statements made from time to time by the Company contain forward-looking statements which can be identified by their use of words like plans, expects, believes, will, anticipates, intends, projects, estimates, could, would, may, planned, goal, and c meaning. All statements that address expectations, possibilities or projections about the future, including, without limitation, statements about our strategies for growth, expansion plans, sources or adequacy of capital, expenditures and financial results are forward-looking statements.

One must carefully consider such statements and understand that many factors could cause actual results to differ from the forward-looking statements, such as inaccurate assumptions and other risks and uncertainties, some known and some unknown. No forward-looking statement is guaranteed and actual results may vary materially. Such statements are made as of the date provided, and we assume no obligation to update any forward-looking statements to reflect future developments or circumstances.

One should carefully evaluate such statements by referring to the factors described in our filings with the Securities and Exchange Commission (SEC), especially on Forms 20-F and 6-K. Particular review is to be made of Items 3, 4 and 5 of this Form 20-F where we discuss in more detail various important risks and uncertainties that could cause actual results to differ from expected or historical results. All written or oral forward-looking statements attributable to us are expressly qualified in their entirety by these cautionary statements. Since it is not possible to predict or identify all such factors, the identified items are not a complete statement of all risks or uncertainties.

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PART I

Item 1. Identity of Directors, Senior Management and Advisers

Not applicable.

Item 2. Offer Statistics and Expected Timetable

Not applicable.

Item 3. Key Information

Selected Financial Data

The following financial data as of March 29, 2014 and March 30, 2013 and for the years ended March 29, 2014, March 30, 2013 and March 31, 2012 have been derived from our audited consolidated financial statements, which are included elsewhere in this Annual Report. The following financial data as of March 31, 2012, March 26, 2011 and March 27, 2010 and for the years ended March 26, 2011 and March 27, 2010 have been derived from our audited consolidated financial statements not included in this Annual Report. The fiscal year ended March 31, 2012 consisted of 53 weeks, while all other fiscal years in the table below consisted of 52 weeks. The historical results included below and elsewhere in this Annual Report are not necessarily indicative of our future performance.

The data presented below is only a summary and should be read in conjunction with our audited consolidated financial statements, including the notes thereto, included elsewhere in this Annual Report. You should also read the following summary data in conjunction with Item 5, Operating and Financial Review and Prospects included elsewhere in this Annual Report.

Income Statement Data:

	Fiscal Year Ended				
	March 29, 2014	March 30, 2013	March 31, 2012 (1)	March 26, 2011	March 27, 2010
	(In thousands, except per share data)				
Net sales	$ 281,165	$ 292,759	$ 302,317	$ 270,948	$ 255,057
Cost of sales	166,498	166,585	169,087	154,640	150,405
Gross profit	114,667	126,174	133,230	116,308	104,652
Selling, general and administrative expenses	105,512	110,806	118,075	107,444	106,453
	5,426	4,563	4,713	5,267	5,192

Depreciation and amortization										
Impairment of goodwill and long-lived assets (2)										1,353
Total operating expenses		110,938		115,369		122,788		112,711		112,998
Operating income (loss)		3,729		10,805		10,442		3,597		(8,346)
Interest and other financial costs		9,512		9,272		10,200		11,319		11,127
(Loss) income before income taxes		(5,783)		1,533		242		(7,722)		(19,473)
Income tax expense (benefit)		18		20		23		24		(2)
Net (loss) income attributable to common shareholders	$	(5,801)	$	1,513	$	219	$	(7,746)	$	(19,471)
Net (loss) income per common share	$	(0.35)	$	0.11	$	0.02	$	(0.68)	$	(1.71)
Net (loss) income per common share diluted	$	(0.35)	$	0.11	$	0.02	$	(0.68)	$	(1.71)
Weighted average common shares outstanding		16,617		13,538		11,392		11,390		11,390
Weighted average common shares outstanding diluted		16,617		13,544		11,438		11,390		11,390
Dividends per share										

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Balance Sheet Data:

	As of March 29, 2014		As of March 30, 2013		As of March 31, 2012 (In thousands)		As of March 26, 2011		As of March 27, 2010	
Working capital (3)	$	33,304	$	27,563	$	31,351	$	32,093	$	39,230
Total assets	$	190,494	$	179,952	$	185,167	$	184,323	$	191,734
Bank indebtedness	$	73,941	$	67,307	$	61,557	$	61,928	$	64,520
Long-term debt (including current portion)	$	54,750	$	41,895	$	50,965	$	50,315	$	53,724
Stockholders equity	$	13,622	$	16,351	$	11,628	$	11,340	$	18,387
Common Stock:										
Value	$	69,475	$	64,489	$	60,896	$	60,895	$	60,895
Shares		17,850		14,834		11,392		11,391		11,390

(1) The fiscal year ended March 31, 2012 consisted of 53 weeks.
(2) Impairment of goodwill and other assets for fiscal 2010 includes the recognition of a $1.4 million non-cash impairment charge resulting from the impairment of long-lived assets at certain of our retail locations and assets held for sale related to our Rhode Island manufacturing facility.
(3) Working capital represents current assets less current liabilities.

Dividends and Dividend Policy

We have not paid dividends since 1998 and do not currently intend to pay dividends on our Class A voting shares or Class B multiple voting shares in the foreseeable future. Our ability to pay dividends on our Class A voting shares and Class B multiple voting shares are restricted by our credit agreements. See Item 5, Operating and Financial Review and Prospects Liquidity and Capital Resources. If dividends were declared by our Board of Directors, shareholders would receive a dividend equal to the per share dividend we would pay to holders of our Class A voting shares or holders of Class B multiple voting shares. Dividends we would pay to U.S. holders would generally be subject to withholding tax. See Item 10, Additional Information Taxation.

RISK FACTORS

Risks Related to the Company

We will require additional financing or capital, which may not be available on commercially reasonable terms, or at all. Capital raised through the sale or issuance of equity securities may result in dilution to our current shareholders. Failure to obtain such additional financing or capital could have an adverse impact on our liquidity and financial condition.

Under the terms of the amendments to our senior secured credit facilities which we agreed to in June 2014 and July 2014 (refer to Note 16 of our annual financial statements included in this Annual Report), we are required to finalize and complete a recapitalization transaction by February 2015 which includes the closing of permanent financing, equity infusion and/or restructuring acceptable to our lenders (the Recapitalization Plan) to provide greater financial resources for our operations and capital investment needs on both a short and long-term basis. If we do not complete a recapitalization transaction that is acceptable to our lenders, then an additional reserve of up to $2.5 million may be established by the lenders reducing availability under our senior secured credit facilities. There has been no monetary thresholds established by the lenders for the Recapitalization Plan and although we are actively engaged in developing the Recapitalization Plan, currently, we do not have any commitments for financing under the Recapitalization Plan. Any Recapitalization Plan will need to be reviewed and approved by our Board of Directors and our lenders. In addition, the successful completion of the Recapitalization Plan is not within our control.

As part of the amendments, we have also agreed that deviations of greater than 10% from the cash flow projections we present to our lenders will be considered an event of default, which could result in the outstanding balances under our senior secured revolving line of credit and senior secured term loan becoming due immediately. In such an event, we would be unable to repay our debt which would have an impact on our ability to continue as a going concern.

As part of the amendments, we also agreed to obtain additional financial support of $5.0 million by August 30, 2014 in a form that is acceptable to our lenders of which a principal moratorium aggregate amount of Cdn$2.5 million obtained from Investissement Québec in June 2014 was agreed by the lenders to count towards the financial support to be obtained. Failure to obtain this financial support will result in a reduction of availability under our senior secured revolving credit facility by $125,000 per month for each month until the financial support is obtained, which will effectively reduce our borrowing capacity under this facility and if continued for a prolonged period of time, could have a significant impact on our ability to fund our operations and meet our cash flow requirements. Although we have received commitments to fund the additional Cdn$3.0 million of financial support, we cannot be certain that these commitments will provide these funds by August 30, 2014.

Furthermore, there is a possibility that our existing cash, cash generated from operations and funds available under our credit agreements may be insufficient to fund our future operations, including capital expenditures, or to repay debt when it becomes due.

We will need to raise additional funds through public or private equity or debt financing, including funding from governmental sources, which may not be possible as the success of raising additional funds is beyond our control. Our majority shareholder is not bound to provide this financing. The sale of additional equity securities could result in significant dilution to our current shareholders, and the securities issued in future financings may have rights, preferences and privileges that are senior to those of our common stock. The incurrence of additional indebtedness would result in increased debt service obligations and could result in operating and financing covenants that may restrict our operations. Financing may be unavailable in amounts or on terms acceptable to us, or at all, which could have a material adverse impact on our business, including our ability to continue as a going concern.

Our business could be adversely affected if we are unable to successfully negotiate favorable lease terms.

As of May 31, 2014, we had 51 leased retail stores, which include the capital lease of our Canadian headquarters and Montreal flagship store. The leases are generally for a term of ten years, with rent being a fixed minimum base plus, for a majority of the stores, a percentage of the store s sales volume (subject to some adjustments) over a specified threshold. A significant number of our Canadian leases (18 of 31 store leases) are up for renewal within the next two years and there is increasing demand and competition for key retail locations especially in Canada. Many of the leases up for renewal will require us to incur capital expenditures to remodel or relocate the stores. These capital expenditures are estimated to be approximately $14 million over the next two years. Historically, we have generally been successful in negotiating leases for lease renewals as our current leases near expiration. However, if we are unsuccessful at negotiating favorable renewal terms, locations or if more capital is required to meet landlord requirements for remodeling or relocating retail stores and we are unable to secure the necessary funds to complete these projects, our business, financial condition, and operating results could be adversely affected. In addition, we may not be able to locate suitable alternative sites in a timely manner. Our sales, earnings and cash flows will decline if we fail to maintain existing store locations, renew leases or relocate to alternative sites, in each case on attractive terms.

We have significant indebtedness, which could adversely affect our operations, liquidity and financial condition.

We currently have a significant amount of indebtedness and significant debt service obligations in proportion to our assets and stockholders equity. Our debt levels fluctuate from time to time based on seasonal working capital needs. The following table sets forth our total indebtedness (includes bank indebtedness and current and long-term portion of debt), total stockholders equity, total capitalization and ratio of total indebtedness to total capitalization as of:

	March 29, 2014	March 30, 2013
Total indebtedness	$ 128,691,000	$ 109,202,000
Total stockholders equity	13,622,000	16,351,000
Total capitalization	$ 142,313,000	$ 125,553,000
Ratio of total indebtedness to total capitalization	90.4%	87.0%

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This high degree of leverage could adversely affect our results of operations, liquidity and financial condition. For example, it could:

- make it more difficult for us to satisfy our obligations with respect to our indebtedness;
- increase our vulnerability to adverse economic and industry conditions;
- require us to dedicate a substantial portion of cash from operations to the payment of debt service, thereby reducing the availability of cash to fund working capital, capital expenditures and other general corporate purposes;
- limit our ability to obtain additional financing for working capital, capital expenditures, general corporate purposes or acquisitions;
- create additional risk to us and our shareholders if we are unable to renew our credit facilities under similar terms and conditions;
- place us at a disadvantage compared to our competitors that have a lower degree of leverage; and
- negatively affect the price of our stock.

Significant restrictions on our excess borrowing capacity could result in our inability to fund our cash flow requirements or maintain minimum excess availability requirements under the terms of our secured credit facilities needed to support our day-to-day operations.

Our ability to fund our operations and meet our cash flow requirements in order to fund our operations is dependent upon our ability to maintain positive excess availability under our senior credit facilities. Our senior secured revolving credit facility administrative agent may impose, at any time, discretionary reserves, which would lower the level of borrowing availability under our senior secured revolving credit facility (customary for asset-based loans), at their reasonable discretion, to: i) ensure that we maintain adequate liquidity for the operation of our business, ii) cover any deterioration in the amount or value of the collateral, and iii) reflect impediments to the lenders to realize upon the collateral. There is no limit to the amount of discretionary reserves that our senior secured revolving credit facility administrative agent may impose at its reasonable discretion. A discretionary reserve of $7.0 million was imposed by the senior secured term loan administrator in April 2014 reducing our borrowing availability under our senior secured revolving credit. Our senior secured term loan administrative agent, as part of amendments to our senior secured term loan facilities executed in June 2014 and July 2014, agreed to lift the existing discretionary reserve of $7 million imposed subsequent to our fiscal year end and agreed not to impose any discretionary reserves in the calculation of our borrowing availability under the senior secured revolving credit agreement through February 10, 2015 so long as no event of default exists prior to that date. However, after February 10, 2015, our senior secured term loan administrative agent may impose discretionary reserves at its reasonable discretion up to 5% of the term loan borrowing capacity.

In addition to the discretionary reserves, the senior secured term loan administrative agent may impose a supplemental availability reserve not to exceed $2.5 million if at any time that the Company s consolidated earnings before interest, taxes, depreciation and amortization (EBITDA) is less than $9 million, calculated monthly on a trailing twelve month basis. No supplemental availability reserve was imposed as of March 29, 2014. In addition to the availability reserves that can be established by our lenders, amendments to our senior secured revolving credit facility and senior secured term loan executed in June 2014 and July 2014 impose additional requirements that we are required to meet which could impact our borrowing availability under our senior secured revolving credit facility. These restrictions include meeting the following actions and milestones:

Providing weekly updated 13-week cash flow projections acceptable to the senior secured revolving credit facility and senior secured term loan lenders as well as weekly variance reports against the cash flow projections until a Recapitalization Plan has been consummated,

Delivering an operational restructuring plan to improve our operations acceptable to the senior secured revolving credit facility and senior secured term loan facility administrative agents by June 27, 2014. (The operational restructuring plan was provided to and has been accepted by the administrative agents),

Continuing to retain the services of a financial and restructuring consultant satisfactory to the senior secured revolving credit facility and senior secured term loan administrative agents to assist with our weekly cash flow projections and in the development of the operational restructuring plan to improve our operations, and

Finalizing and closing the Recapitalization Plan acceptable to the senior secured revolving credit and term loan administrative agents by February 10, 2015.

As part of the amendments executed in June 2014 and July 2014, if our actual cash flows deviate by greater than 10% from the 13-week cash flow projections provided to the senior secured revolving credit and secured term loan lenders, it is considered to be an event of default, which could result in the outstanding balances under our senior secured revolving credit facility and senior secured term loan becoming due immediately. In addition, if we do not accomplish the actions outlined above, an additional reserve of up to $2.5 million may be established by the lenders reducing availability under our senior secured credit facilities until such failure is cured by us.

In addition, as part of the amendments, we also agreed to obtain additional financial support of $5.0 million by August 30, 2014 in a form that is acceptable to our lenders of which a principal moratorium aggregate amount of Cdn$2.5 million obtained from Investissement Québec in June 2014 was agreed by the lenders to count towards the financial support to be obtained. Failure to obtain this financial support will result in a reduction of availability under our senior secured revolving credit facility by $125,000 per month for each month until the financial support is obtained, which will effectively reduce our borrowing capacity under this facility. Upon the receipt of an additional Cdn$3.0 million of third party financial support, the permitted deviations on our 13-week cash flow projections is increased to 12.5%. Although we have received commitments to fund the additional Cdn$3.0 million of financial support, we cannot be certain that these commitments will provide these funds by August 30, 2014.

In addition to these possible restrictions to our availability to borrow under our senior secured revolving credit facility, we agreed as part of the amendments executed in June 2014 and July 2014 to maintain excess availability under our senior secured credit facility agreement of $10 million at all times, otherwise, it is an event of default, which may accelerate the repayment of balances borrowed under these facilities. Furthermore, a $12.5 million, and a $5.0 million seasonal availability block are automatically imposed by the senior secured revolving credit facility administrative agent and the senior secured term loan administrative agent each year from December 20th to January 20th and from January 21st to February 10th, respectively, and both the senior secured revolving credit facility and the senior secured term loan are subject to cross default provisions with all other loans by which if the Company is in default with any other loans, the default will immediately apply to both the senior secured revolving credit facility and the senior secured term loan. Such default could result in the acceleration of the repayment of balances borrowed under these facilities. Any significant discretionary reserves or other restrictions imposed by our lenders as outlined above could have a significant impact on our ability to fund our operations and meet our cash flow requirements.

As of July 25, 2014, we have retained the services of a financial restructuring consultant satisfactory to the administrative agents, delivered an operational restructuring plan to improve our operations which the lenders have accepted, and provided the 13-week cash flow projections and weekly updates to these projections acceptable to the senior secured revolving credit facility and senior secured term loan administrative agents in accordance with the milestones set out in the amendments to the secured credit facility agreements.

Our business depends, in part, on factors affecting consumer spending that are out of our control.

Our business depends on consumer demand for our products and, consequently, is sensitive to a number of factors that influence consumer spending, including general economic conditions, consumer confidence in future economic conditions and political conditions, recession and fears of recession, consumer debt, disposable consumer income, conditions in the housing market, consumer perceptions of personal well-being and security, fuel prices, inclement weather, interest rates, foreign exchange rates, sales tax rate increases, inflation, and war and fears of war. In particular, we have seen that the economic downturn and the uncertain economic environment in the past years has contributed to declining revenues and losses for our business. Jewelry purchases are discretionary for consumers and may be particularly and disproportionately affected by adverse trends in the general economy and the equity markets. Adverse changes in factors affecting discretionary consumer spending could reduce consumer demand for our products, resulting in a reduction in our sales and harming our business and operating results. A substantial portion of our customers use credit, either from our private label and proprietary credit cards or another consumer credit source, to purchase jewelry. When there is a downturn in the general economy, fewer people may use or be approved for credit, which could result in a reduction in net sales and/or an increase in bad debt, which in turn, could lead to an unfavorable impact on our overall profitability. Our belief that we currently have sufficient liquidity to fund our operations is based on certain assumptions about the future state of the economy, the future availability of borrowings to fund our operations and our future operating performance. To the extent that the economy and other conditions affecting our business are significantly worse than we anticipate, we may not achieve our projected level of financial performance and we may determine that we do not have sufficient capital to fund our operations.

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Our business could be adversely affected if our relationships with any primary vendors are terminated or if the delivery of their products is delayed or interrupted.

We compete with other jewelry retailers for access to vendors that will provide us with the quality and quantity of merchandise necessary to operate our business, and our merchandising strategy depends upon our ability to maintain good relations with significant vendors. Certain brand name watch manufacturers, including Rolex, have distribution agreements with our Company that, among other things, provide for specific sales locations, yearly renewal terms and early termination provisions at the manufacturer s discretion. In fiscal 2014, merchandise supplied by Rolex and sold through our stores accounted for approximately 32% of our total net sales. Our relationships with primary suppliers, like Rolex, are generally not pursuant to long-term agreements.

We obtain materials and manufactured items from third-party suppliers. Any delay or interruption in our suppliers abilities to provide us with necessary materials and components may affect our manufacturing capabilities or may require us to seek alternative supply sources. Any delay or interruption in receiving supplies could impair our ability to supply products to our stores and, accordingly, could have a material adverse effect on our business, results of operations and financial condition. The abrupt loss of any of our third-party suppliers, especially Rolex, or a decline in the quality or quantity of materials supplied by any third-party suppliers could cause significant disruption in our business.

Our strategy to explore developing the Birks product brand through international expansion, including our current review of opportunities to expand into China, may add complexity to our operations and require additional capital and may strain our resources and adversely impact our financial results and liquidity.

One of our strategies is to continue to explore the development of the Birks product brand through expansion of all sales channels including international channels of distribution. The expansion into markets outside of Canada and the United States, including exploring opportunities of possible expansion into China, would add complexity to our operations and require additional capital and may strain our resources and adversely impact our financial results and our liquidity. International expansion would place increased demands on our operational, managerial and administrative resources at all levels of the Company. These increased demands may cause us to operate our business less efficiently, which in turn could cause deterioration in our performance or could adversely affect our inventory levels. Furthermore, our ability to conduct business in international markets may be adversely affected by legal, regulatory, political and economic risks. Any international expansion strategy could also be adversely impacted by the global economy or the economy of the region of the world in which we choose to expand. If we expand internationally, we may incur significant costs related to starting up and maintaining foreign operations. Costs may include, but are not limited to obtaining prime locations for stores, setting up foreign offices and distribution centers, as well as hiring experienced management. We may be unable to open and operate new stores successfully, or we may face operational issues that could delay our intended pace of international store openings. These additional costs will require us to raise additional cash through the issuance of additional equity or debt financing which if we are not able to obtain at a sufficient level to fund the operation could negatively impact the availability of funding to operate our business.

We may not successfully manage our inventory, which could have an adverse effect on our net sales, profitability, cash flow and liquidity.

As a retail business, our results of operations are dependent on our ability to manage our inventory. To properly manage our inventory, we must be able to accurately estimate customer demand and supply requirements and purchase new inventory accordingly. If we fail to sell the inventory we purchase or manufacture, we may be required to write-down our inventory or pay our vendors without new purchases, creating additional vendor financing, which would have an adverse impact on our earnings and cash flows. Additionally, a significant portion of the merchandise we sell is carried on a consignment basis prior to sale or is otherwise financed by vendors, which reduces our required capital investment in inventory. Any significant change in these consignment or vendor financing relationships could have a material adverse effect on our net sales, cash flows and liquidity.

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Fluctuations in the availability and prices of our raw materials and finished goods may adversely affect our results of operations.

We offer a large selection of distinctive high quality merchandise, including diamond, gemstone and precious metal jewelry, rings, wedding bands, earrings, bracelets, necklaces, charms, timepieces and gifts. Accordingly, significant changes in the availability or prices of diamonds, gemstones, and precious metals we require for our products could adversely affect our earnings. Further, both the supply and price of diamonds are significantly influenced by a single entity, the Diamond Trading Corporation. We do not maintain long-term inventories or otherwise hedge a material portion of the price of raw materials. A significant increase in the price of these materials could adversely affect our net sales and gross margins.

Our credit business may be adversely affected by changes in applicable laws and regulations.

The operation of our credit business subjects us to substantial regulation relating to disclosure and other requirements upon origination, servicing, debt collection and particularly upon the amount of finance charges we can impose. Any adverse change in the regulation of consumer credit could adversely affect our earnings. For example, new laws or regulations could limit the amount of interest or fees we, or our banks, can charge on consumer loan accounts, or restrict our ability to collect on account balances, which could have a material adverse effect on our earnings. Compliance with existing and future laws or regulations could require material expenditures or otherwise adversely affect our business or financial results. Failure to comply with these laws or regulations, even if inadvertent, could result in negative publicity, and fines, either of which could have a material adverse effect on our results of operations.

We are exposed to currency exchange risks that could have a material adverse effect on our results of operations and financial condition.

While we report financial results in U.S. dollars, a substantial portion of our sales are recorded in Canadian dollars. For our operations located in Canada, non-Canadian currency transactions and assets and liabilities subject us to foreign currency risk. Conversely, for the operations located in the U.S., non-U.S. currency transactions and assets and liabilities subject us to foreign currency risk. In addition, material fluctuations in foreign currency exchange rates, resulting in a weakening of the Canadian dollar relative to the U.S. dollar, could significantly reduce our borrowing availability under our secured revolving credit facility, which is denominated in U.S. dollars, and limit our ability to finance our operations. For purposes of financial reporting, our financial statements are reported in U.S. dollars by translating, where necessary, net sales and expenses from Canadian dollars at the average exchange rates prevailing during the period, while assets and liabilities are translated at year-end exchange rates, with the effect of such translation recorded in accumulated other comprehensive income. As a result, for purposes of financial reporting, foreign exchange gains or losses recorded in earnings relate to non-Canadian dollar transactions of the operations located in Canada and non-U.S. dollar transactions of the operations located in the U.S. We expect to continue to report our financial results in U.S. dollars. Consequently, our reported earnings could fluctuate materially as a result of foreign exchange translation gains or losses.

We operate in a highly competitive and fragmented industry.

The retail jewelry business is highly competitive and fragmented, and we compete with nationally recognized jewelry chains as well as a large number of independent regional and local jewelry retailers and other types of retailers who sell jewelry and gift items, such as department stores and mass merchandisers. We also compete with internet sellers of jewelry. Because of the breadth and depth of this competition, we are constantly under competitive pressure that both constrains pricing and requires extensive merchandising and marketing efforts in order for us to remain competitive.

We are controlled by a single shareholder whose interests may be different from yours.

As of May 31, 2014, Grande Rousse Trust (formerly Goldfish Trust) beneficially owns or controls 76.1% of all classes of our outstanding voting shares, which are directly owned by Montrovest B.V. (Montrovest). The trustee of Grande Rousse Trust is Rohan Private Trust Company Limited (the Trustee). Dr. Lorenzo Rossi di Montelera, who is the Company s Chairman of the Board, is a beneficiary of Grande Rousse Trust. Under our restated articles, Montrovest, as holder of the Class B multiple voting shares, has the ability to control most actions requiring shareholder approval, including electing the members of our Board of Directors and the issuance of new equity.

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The Trustee and Montrovest may have different interests than you have and may make decisions that do not correspond to your interests. In addition, the fact that we are controlled by one shareholder may have the effect of delaying or preventing a change in our management or voting control.

Hurricanes and other severe weather conditions could cause a disruption in our operations, which could have an adverse impact on our results of operations.

Our U.S. operations are located in Georgia and Florida, regions that are susceptible to hurricanes. In the past, hurricanes have forced the closure of some of our stores, resulting in a reduction in net sales during such periods. Future hurricanes could significantly disrupt our U.S. operations and could have a material adverse effect on our overall results of operations. In addition, severe weather such as ice storms, snow storms and blizzards in Canada can cause conditions whereby peak holiday shopping could be materially affected.

Terrorist acts or other catastrophic events could have a material adverse effect on Birks Group.

Terrorist acts, acts of war or hostility, natural disasters or other catastrophic events could have an immediate disproportionate impact on discretionary spending on luxury goods upon which our operations are dependent. For example, in the aftermath of the terrorist attacks carried out on September 11, 2001, tourism and business travel was significantly reduced in all of our markets, which had an adverse impact on our net sales. Similarly, the SARS epidemic in Toronto, Ontario in the spring of 2003 had an adverse impact on net sales in our stores in that region. Similar future events could have a material adverse impact on our business and results of operations.

We may not be able to adequately protect our intellectual property and may be required to engage in costly litigation as a protective measure.

To establish and protect our intellectual property rights, we rely upon a combination of trademark and trade secret laws, together with licenses, exclusivity agreements and other contractual covenants. In particular, the Birks and Mayors trademarks are of significant value to our retail operations. The measures we take to protect our intellectual property rights may prove inadequate to prevent misappropriation of our intellectual property. Monitoring the unauthorized use of our intellectual property is difficult. Litigation may be necessary to enforce our intellectual property rights or to determine the validity and scope of the proprietary rights of others. Litigation of this type could result in substantial costs and diversion of resources, may result in counterclaims or other claims against us and could significantly harm our results of operations.

A significant privacy breach of our information systems could disrupt or negatively affect our business.

The protection of customer, employee and company data is important to us, and our customers expect that their personal information will be adequately protected. Although we have developed and implemented systems and processes that are designed to protect our information and prevent data loss and other security breaches, such measures cannot provide absolute security. We rely upon information technology networks and systems, some of which are managed by third parties, to process, transmit and store electronic information, and to manage or support a variety of business processes and activities, including eCommerce sales, supply chain, merchandise distribution, customer invoicing and collection of payments. We use information technology systems to record, process and summarize financial information and results of operations for internal reporting purposes and to comply with regulatory financial reporting, legal and tax requirements. The secure operation of these information technology networks, and the processing and maintenance of this information is critical to our business operations and strategy. A significant breach of customer, employee or company data could damage our reputation, our relationship with customers and the Birks brand and could result in lost sales, sizable fines, significant breach-notification costs and lawsuits as well as adversely affect results of operations. In addition, it could harm our ability to execute our business and adversely impact sales, costs and earnings. Because the techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems change frequently and often are not recognized until launched against a target, we may be unable to anticipate these techniques or to implement adequate cost-effective preventative measures. We may need to expend significant resources to protect against security breaches or to address problems caused by breaches.

Failure to successfully implement or make changes to information systems could disrupt or negatively impact the Company s business.

In the ordinary course of business, we regularly evaluate and make changes and upgrades to our information systems. While we follow a disciplined methodology when evaluating and making such changes, there can be no assurances that we will successfully implement such changes, that such changes will occur without disruptions to our operations or that the new or upgraded systems will achieve the desired business objectives. Any such disruptions, or the failure to successfully implement new or upgraded systems such as those referenced above, could have a material adverse effect on our results of operations and could also affect our reputation, its relationship with customers and our brand.

Execution of our operational restructuring plan could result in a material adverse impact to our operations.

We intend to implement an operational restructuring plan developed to reduce corporate overhead costs, improve profitability and drive efficiency within the organization. While we have developed an execution plan related to the operational restructuring plan, there can be no assurances that changes in personnel or operations will not have a material adverse impact on our operations or relationships with our customers or our vendors.

Risks Related to Class A Voting Shares

Our share price could be adversely affected if a large number of Class A voting shares are offered for sale or sold.

Future issuances or sales of a substantial number of our Class A voting shares by us, Montrovest, or another significant shareholder in the public market could adversely affect the price of our Class A voting shares, which may impair our ability to raise capital through future issuances of equity securities. As of May 31, 2014, we had 10,204,578 Class A voting shares issued and outstanding. Sales of restricted securities in the public market, or the availability of these Class A voting shares for sale, could adversely affect the market price of Class A voting shares.

As a retail jeweler with a limited public float, the price of our Class A voting shares may fluctuate substantially, which could negatively affect the value of our Class A voting shares and could result in securities class action claims against us.

The price of our Class A voting shares may fluctuate substantially due to, among other things, the following factors: (1) fluctuations in the price of the shares of a small number of public companies in the retail jewelry business; (2) additions or departures of key personnel; (3) announcements of legal proceedings or regulatory matters; and (4) general volatility in the stock market. The market price of our Class A voting shares could also fluctuate substantially if we fail to meet or exceed expectations for our financial results or if there is a change in financial estimates or securities analysts recommendations.

Significant price and value fluctuations have occurred in the past with respect to the securities of retail jewelry and related companies. In addition, because the public float of our Class A voting shares is relatively small, the market price of our Class A voting shares is likely to be volatile. There is limited trading volume in our Class A voting shares, rendering them subject to significant price volatility. In addition, the stock market has experienced volatility that has affected the market prices of equity securities of many companies, and that has often been unrelated to the operating performance of such companies. A number of other factors, many of which are beyond our control, could also cause the market price of our Class A voting shares to fluctuate substantially. In the past, following periods of downward volatility in the market price of a company s securities, class action litigation has often been pursued. If our Class A voting shares were similarly volatile and litigation was pursued against us, it could result in substantial costs and a diversion of our management s attention and resources.

We are governed by the laws of Canada, and, as a result, it may not be possible for shareholders to enforce civil liability provisions of the securities laws of the U.S.

We are governed by the laws of Canada. A substantial portion of our assets are located outside the U.S. and some of our directors and officers are residents outside of the U.S. As a result, it may be difficult for investors to effect service within the U.S. upon us or our directors and officers, or to realize in the U.S. upon judgments of courts of the U.S. predicated upon civil liability of Birks Group and such directors or officers under U.S. federal securities laws. There is doubt as to the enforceability in Canada by a court in original actions, or in actions to enforce judgments of U.S. courts, of the civil liabilities predicated upon U.S. federal securities laws.

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We expect to maintain our status as a foreign private issuer under the rules and regulations of the SEC and, thus, are exempt from a number of rules under the Exchange Act of 1934 and are permitted to file less information with the SEC than a company incorporated in the U.S.

As a foreign private issuer, we are exempt from rules under the Exchange Act of 1934, as amended (the Exchange Act) that impose certain disclosure and procedural requirements for proxy solicitations under Section 14 of the Exchange Act. In addition, our officers, directors and principal shareholders are exempt from the reporting and short-swing profit recovery provisions of Section 16 of the Exchange Act and the rules under the Exchange Act with respect to their purchases and sales of our Class A voting shares. Moreover, we are not required to file periodic reports and financial statements with the SEC as frequently or as promptly as U.S. companies whose securities are registered under the Exchange Act, nor are we required to comply with Regulation FD, which restricts the selective disclosure of material information. Accordingly, there may be less publicly available information concerning us than there is for U.S. public companies.

If we were treated as a passive foreign investment company (PFIC) some holders of our Class A voting shares would be subject to additional taxation, which could cause the price of our Class A voting shares to decline.

We believe that our Class A voting shares should not be treated as stock of a PFIC for U.S. federal income tax purposes, and we expect to continue operations in such a manner that we will not be a PFIC. If, however, we are or become a PFIC, some holders of our Class A voting shares could be subject to additional U.S. federal income taxes on gains recognized with respect to our Class A voting shares and on certain distributions, plus an interest charge on certain taxes treated as having been deferred under the PFIC rules.

Our assessment of our internal control over financial reporting may identify material weaknesses in the future and may result in an attestation with an adverse or qualified opinion from our independent auditors, which could reduce confidence in our financial statements and negatively affect the price of our securities.

We are subject to reporting obligations under U.S. securities laws. Beginning with our Annual Report on Form 20-F for fiscal 2008, Section 404 of the Sarbanes-Oxley Act requires us to prepare a management report on the effectiveness of our internal control over financial reporting. Our management may conclude that our internal control over our financial reporting is not effective. If at any time in the future, we are unable to assert that our internal control over financial reporting is effective, market perception of our financial condition and the trading price of our stock may be adversely affected and customer perception of our business may suffer, all of which could have a material adverse effect on our operations. Further, our auditors do not audit our internal controls over financial reporting due to our market capitalization, and therefore, there has been no independent attestation of our internal controls over financial reporting. Had such attestation been performed, it may have revealed material weaknesses in our internal controls.

If the costs and burden of being a public company outweigh its benefits, we may in the future decide to discontinue our status as a publicly traded company.

As a public company, we currently incur significant legal, accounting and other expenses. In addition, the Sarbanes-Oxley Act, as well as rules subsequently implemented by the SEC and the NYSE MKT LLC (NYSE MKT), have imposed various requirements on public companies, including requiring establishment and maintenance of effective disclosure and financial controls as well as mandating certain corporate governance practices. Our management and other personnel devote a substantial amount of time and financial resources to these compliance initiatives. As such, if it is determined in the future that the costs and efforts of being a public company outweigh the benefits of being a public company, we may decide to discontinue our status as a publicly traded or registered company.

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Item 4. Information on the Company

THE COMPANY

Corporate History and Overview

Birks Group is a leading North American luxury jewelry brand which designs, develops, makes and retails fine jewelry, timepieces, sterling silver and gifts. As of May 31, 2014, Birks Group operated 51 luxury jewelry stores, 30 stores under the Birks brand, located in all major cities across Canada, 2 retail locations in Calgary and Vancouver under the Brinkhaus brand, 18 stores under the Mayors brand, located in Florida and Georgia, and 1 store under the Rolex brand name. As a luxury jeweler, most of our jewelry products are made of 18 karat gold, platinum or sterling silver, with or without precious gemstones, with significant emphasis on quality craftsmanship and distinctive design. For fiscal 2014, we had net sales of $281.2 million.

Birks predecessor company was founded in Montreal in 1879 and developed over the years into Canada s premier designer, manufacturer and retailer of fine jewelry, timepieces, sterling and plated silverware and gifts. In addition to being a nationwide retailer with a strong brand identity, we are also highly regarded in Canada as a designer and maker of jewelry and a provider of recognition programs, service awards and business gifts. We believe that operating our stores under the Birks brand distinguishes us from many competitors because of our longstanding reputation and heritage of being trustworthy, offering only the highest standard of quality and craftsmanship and products, our ability to offer distinctively designed, exclusive products, and a large selection of distinctive high quality merchandise at many different price points, and by placing a strong emphasis on providing a superior shopping experience to our clients.

From 1950 through 1990, Birks aggressively expanded its retail business and by the early 1990s it had approximately 220 stores in Canada and the U.S. After a period of rapid expansion in the 1980s, followed in the early 1990s by a period of declining margins and significant erosion in consumer spending coupled with significantly higher indebtedness resulting from a family buy-out, Birks experienced significant financial losses. These financial difficulties ultimately led to the purchase of Birks by Borgosesia Acquisitions Corporation in 1993, a predecessor company of Regaluxe Investment S.á.r.l., which is referred to in this Annual Report as Regaluxe . Effective March 28, 2006, Regaluxe was acquired through a merger with Iniziativa S.A. (Iniziativa). As of May 31, 2007 and June 4, 2007, respectively, following a reorganization, Iniziativa and Montrolux S.A. transferred all of the shares they respectively held in the Company to their parent company, Montrovest. Following the 1993 acquisition of Birks, Birks operations were evaluated and a program of returning Birks to its historic core strength as the leading Canadian luxury jeweler was initiated.

In August 2002, Birks invested $15.05 million to acquire approximately 72% of the voting control in Mayors, which was experiencing an unsuccessful expansion beyond its core markets and was incurring significant losses.

Between August 2002 and November 2005, it became apparent to both Mayors and Birks management that it was in the best interests of the shareholders to combine its operations. Management believed that such combination would create a stronger capital base, improve operating efficiencies, reduce the impact of regional issues, simplify the corporate ownership of Mayors, eliminate management and board of directors inefficiencies with managing intercompany issues, and possibly increase shareholder liquidity. Upon the consummation of the merger on November 14, 2005, each outstanding share of Mayors common stock not then owned by Birks was converted into 0.08695 Class A voting shares of Birks. As a result of the merger, Mayors common stock ceased trading on the American Stock Exchange (AMEX) and Birks Group began trading on the AMEX, which is now known as the NYSE MKT, under the trading symbol BGI. Following the merger, Birks Group worked very diligently to fully integrate the Birks business with Mayors. As a result of the merger, we believe Birks Group has improved operational efficiencies and diversity and depth of its products and distribution capabilities.

In the last three fiscal years, we invested a total of approximately $22.0 million in capital expenditures primarily associated with remodeling existing stores and the opening of new stores. We expect to invest an additional $5.7 million of capital expenditures in fiscal 2015 primarily related to store remodels and store relocations associated with lease renewals. Approximately 20% of the capital expenditure investments will be in the U.S. and 80% will be in Canada. We expect to finance these capital expenditures in the U.S. and Canada from the issuance of new equity or other additional sources of financing.

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During fiscal 2014, we closed one Mayors store located in Miami, Florida and three Birks stores located in Saint Bruno, Québec, Mount Royal, Québec and Oakville, Ontario and opened two stores in Brossard, Québec and Burlington, Ontario. In addition, in March 2014, we closed two Birks stores located in Ottawa, Ontario and Mississauga, Ontario, both of which will be relocated to new locations in the fall of fiscal 2015. During fiscal 2013, we closed four Mayors stores located in Plantation, Florida, Wellington, Florida, Estero, Florida and Buford, Georgia and two Birks stores located in Richmond, British Columbia and Hamilton, Ontario. In addition, during May 2012, we closed our Birks store at the Toronto Eaton Centre and we entered into a new lease for a smaller location in the same center beginning in August 2012 and expiring in January 2018. During fiscal 2012, we closed five Mayors stores located in Fort Myers, Florida, Sanford, Florida, Jensen Beach, Florida, Tampa, Florida and Altamonte Springs, Florida.

Our sales are divided into two principal product categories: jewelry and timepieces. Jewelry also includes sales of other product offerings we sell such as giftware, as well as repair and custom design services.

The following table compares our sales of each product category for the last three fiscal years (dollars in thousands):

	Fiscal Year-Ended					
	March 29, 2014		March 30, 2013		March 31, 2012 (1)	
Jewelry and other	$ 148,511	52.8%	$ 164,492	56.2%	$ 172,487	57.1%
Timepieces	132,654	47.2%	128,267	43.8%	129,830	42.9%
Total	$ 281,165	100.0%	$ 292,759	100.0%	$ 302,317	100.0%

The following table sets forth our operations in geographic markets in which we operate (dollars in thousands):

	Fiscal Year Ended		
	March 29, 2014	March 30, 2013	March 31, 2012 (1)
Net sales			
Canada	$ 146,277	$ 158,834	$ 163,027
U.S.	134,888	133,925	139,290
Total revenues	$ 281,165	$ 292,759	$ 302,317
Long-lived assets			
Canada	$ 19,484	$ 18,966	$ 20,330
U.S.	13,281	9,963	7,805
Total long-lived assets	$ 32,765	$ 28,929	$ 28,135

(1) The fiscal year ended March 31, 2012 consisted of 53 weeks.

Birks Group is a Canadian corporation. Our corporate headquarters are located at 1240 Phillips Square, Montreal, Québec, Canada H3B 3H4. Our telephone number is (514) 397-2501. Our website is www.birksgroup.com.

Products

We offer distinctively designed, exclusive products and a large selection of distinctive high quality merchandise at many different price points. This merchandise includes designer jewelry, diamond, gemstone, and precious metal jewelry, timepieces and giftware. Part of our strategy is to increase our exclusive offering of internally designed and/or produced goods sold to our customers, consisting primarily of bridal, diamond and other fine jewelry, as well as gold and sterling silver jewelry and timepieces, all of which leverage the Birks and Mayors brands loyalty in their respective markets and in order to differentiate our products with unique and exclusive designs.

Our Canadian stores, operating under the Birks and Brinkhaus brands, carry a large selection of prestigious brand name timepieces, including our own proprietary watch line as well as timepieces made by Baume & Mercier, Breitling, Bvlgari, Cartier, Corum, Dior, Frederique Constant, Gucci, Montblanc, Panerai, Rolex, Tag Heuer and Zenith. We also carry an exclusive collection of high quality jewelry and timepieces that we manufacture. We emphasize our own jewelry offerings but also include designer jewelry made by Aaron Basha, Andrea Candela, Damiani, DiModolo, Gucci, Kwiat, Marco Bicego, Roberto Coin, and Van Cleef & Arpels, most of which are exclusive to our stores in Canada. Our two Brinkhaus retail locations also offer Cartier, IWC, Panerai, Patek Philippe and Rolex timepieces. We also offer a variety of high quality giftware, including writing instruments made by Montblanc.

Our U.S. stores, operating under the Mayors brand, carry a large selection of prestigious brand name timepieces, including Baume & Mercier, Breitling, Bvlgari, Cartier, Chanel, Corum, Dior, Frederique Constant, Jaeger Le Coultre, IWC, Montblanc, Patek Philippe, Panerai, Rolex, Tag Heuer, Tudor and Zenith. Designer jewelry offerings in our stores operating under the Mayors brand include jewelry made by Aaron Basha, Damiani, DiModolo, Kwiat, Mikimoto, Roberto Coin, and a variety of high quality giftware, including writing instruments made by Montblanc. In addition, stores operating under the Mayors brand carry Birks brand jewelry products on an exclusive basis in their markets. Our Rolex store offers exclusively Rolex brand timepieces.

We have one primary channel of distribution: the retail division, which accounts for approximately 96% of net sales, as well as three other channels of distribution, including our corporate sales, gold exchange and internet, which combined account for approximately 4% of net sales.

Product Design, Development, Sourcing and Manufacturing

We established a product development process that supports our strategy to further develop and enhance our product offering in support of the Birks brand development. The centerpiece of this process is our Product Review Committee, which ultimately approves all new product designs and introductions. During fiscal 2014, fiscal 2013, and fiscal 2012, approximately 17%, 19%, and 22%, respectively, of our jewelry products acquired for sale were internally designed, sourced or manufactured. Products that are not designed and internally manufactured are sourced from suppliers worldwide, enabling us to sell an assortment of fine quality merchandise often not available from other jewelers in our markets. Our staff of buyers procures distinctive high quality merchandise directly from manufacturers, diamond cutters, and other suppliers worldwide. Our gemstone acquisition team, product sourcing team and category managers specialize in sourcing merchandise in categories such as diamonds, precious gemstones, pearls, timepieces, gold jewelry, and giftware. Retail and merchandising personnel frequently visit our stores and those of competitors to compare value, selection, and service, as well as to observe client reaction to merchandise selection and determine future needs and trends.

We have manufacturing facilities in Montreal and Florida that enable us to offer unique, exclusive and high-quality products through an efficient supply chain. The manufacturing facilities in Montreal and Florida occupy space within our corporate buildings, which we lease subject to lease agreements (see Properties below for more information). The products produced at these two facilities are primarily diamond jewelry with a focus on bridal jewelry. The current production capabilities at these two facilities are not limited to our current production levels and we believe we have the capacity to meet future anticipated growth. Our manufacturing capabilities provide quality control; image enhancement by enabling us to promote our craftsmanship and exclusive design and manufacturing capabilities; improved economics by retaining the margin that would otherwise be paid to a third party provider; and capability to provide customized and/or special design jewelry for customers.

The Montreal facility is the largest in volume of our manufacturing facilities and is involved in all aspects of manufacturing fine jewelry with the exception of the cutting of rough diamonds and other precious stones. The facility focuses on manufacturing stone set jewelry and repairs. The Florida facility focuses on hand-made one of a kind jewelry pieces and repairs.

Availability of Products

Although purchases of several critical raw materials, notably platinum, gold, silver, diamonds, pearls and gemstones, are made from a relatively limited number of sources, we believe that there are numerous alternative sources for all raw materials used in the manufacture of our finished jewelry, and that the failure of any principal supplier would not have a material adverse effect on our operations. Any material changes in foreign or domestic laws and policies affecting international trade may have a material adverse effect on the availability of the diamonds, other gemstones, precious metals and non-jewelry products we purchase. Significant changes in the availability or prices of diamonds, gemstones and precious metals we require for our products could adversely affect our earnings. Furthermore, both the supply and price of diamonds are significantly influenced by a single entity, the Diamond Trading Corporation. We do not maintain long-term inventories or otherwise hedge a material portion of the price of raw materials. A significant increase in the price of these materials could adversely affect our net sales, gross margin and earnings. However, in the event of price increases, we will generally attempt to pass along any price increases to our customers.

In fiscal 2014, we purchased jewelry, timepieces and giftware for sale in our stores from over 200 suppliers. Many of these suppliers have long-standing relationships with us. We compete with other jewelry retailers for access to vendors that will provide us with the quality and quantity of merchandise necessary to operate our business. Our relationships with primary suppliers, like Rolex, are generally not pursuant to long-term agreements. Although we believe that alternative sources of supply are available, the abrupt loss of any of our key vendors, especially Rolex, or a decline in the quality or quantity of merchandise supplied by our vendors could cause significant disruption in our business. In fiscal 2014, merchandise supplied by Rolex and sold through our stores operating under the Mayors, Rolex, Birks and Brinkhaus brands accounted for approximately 32% of our total net sales. If Rolex terminated its distribution agreements with us, such termination would have a material adverse effect on our business, financial condition and operating results. We believe that current relationships with our key vendors are good.

Seasonality

Our sales are highly seasonal, with the third fiscal quarter (which includes the holiday shopping season) historically contributing significantly higher sales than any other quarter during the year. Sales in the first, second, third and fourth quarters in fiscal 2014 were 25%, 20%, 34% and 21% and in fiscal 2013 were 24%, 19%, 34% and 23%.

Retail Operations, Merchandising and Marketing

General

We believe we are differentiated from most of our competitors because we offer distinctively designed, exclusive products and a selection of distinctive high quality merchandise at a wide range of price points. We keep the majority of our inventory on display in our stores rather than at our distribution facility. Although each store stocks a representative selection of jewelry, timepieces, giftware and other accessories, certain inventory is tailored to meet local tastes and historical merchandise sales patterns of specific stores.

We believe that our stores elegant surroundings and distinctive merchandise displays play an important role in providing an atmosphere that encourages sales. We pay careful attention to detail in the design and layout of each store, particularly lighting, colors, choice of materials and placement of display cases. We also use window displays as a means of attracting walk-in traffic and reinforcing our distinctive image. Our Visual Display department designs and creates window and store merchandise case displays for all of our stores. Window displays are frequently changed to provide variety and to reflect seasonal events such as Christmas, Valentine s Day, Mother s Day and Father s Day.

Personnel and Training

We place substantial emphasis on the professionalism of our sales force to maintain our position as a leading luxury jeweler. We strive to hire only highly motivated, professional and customer-oriented individuals. All new sales professionals attend an intensive training program where they are trained in technical areas of the jewelry business, specific sales and service techniques and our commitment to client service. Management believes that attentive personal service and knowledgeable sales professionals are key components to our success.

As part of our commitment to continuous, on-the-job training, we have established Birks University and Mayors University, a formalized system of in-house training with a primary focus on client service, selling skills and product knowledge that involves extensive classroom training, the use of detailed operational manuals, in-store mentorship programs and a leading edge product knowledge program which includes on-line testing. In addition, we conduct in-house training seminars on a periodic basis and administer training modules with audits to (i) enhance the quality and professionalism of all sales professionals, (ii) measure the level of knowledge of each sales professional, and (iii) identify needs for additional training. We also provide all management team members with more extensive training that emphasizes leadership skills, general management skills, on-the-job coaching and training instruction techniques.

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Advertising and Promotion

One of our key marketing goals is to build on our reputation in our core markets as a leading luxury jewelry brand offering high quality merchandise in an elegant, sophisticated environment. For example, we frequently run advertisements that associate the Birks and Mayors brands with internationally recognized brand names such as Cartier, Patek Philippe, Rolex, and Van Cleef and Arpels, among others. Advertising and promotions for all stores are developed by our personnel in conjunction with outside creative professionals.

Our advertising reinforces our role as a world class luxury brand that aims to deliver a total shopping experience that is as memorable as our merchandise. Our marketing efforts consist of advertising campaigns on television, billboards, print, catalog mailings, special events, media and public relations, distinctive store design, elegant displays, partnerships with key suppliers and associations with prestige institutions. The key goals of our marketing initiatives are to enhance customer awareness and appreciation of our two retail brands, Birks and Mayors, as well as the Birks product brand, and to increase customer traffic, client acquisition and retention and net sales.

Credit Operations

We have two private label credit cards, one for each of our Birks and Mayors retail brands which are administered by third-party banks that own the credit card receivable balances. In addition, stores operating under the Mayors brand also have a Mayors proprietary credit card which we administer.

Our credit programs are intended to complement our overall merchandising and sales strategy by encouraging larger and more frequent sales to a loyal customer base. Sales under the Birks and Mayors private label credit cards accounted for approximately 19% of our net sales during fiscal 2014. Sales under the Birks and Mayors private label credit cards are generally made without credit recourse to us. However, we are permitted to ask the bank to approve credit purchases under these private label credit cards, for which the bank holds credit recourses if the customer does not pay. These recourse credit lines are limited to 25% and 20% of the nonrecourse credit lines issued by the banks for the private label Birks credit card and Mayors credit card, respectively. Receivables generated on sales under the Mayors proprietary credit card are recorded on our balance sheet since we maintain the full credit risk.

Distribution

Our retail locations receive the majority of their merchandise directly from our distribution warehouses located in Tamarac, Florida and Montreal, Québec. Merchandise is shipped from the distribution warehouse utilizing various air and ground carriers. We also transfer merchandise between retail locations to balance inventory levels and to fulfill client requests, and a very small portion of merchandise is delivered directly to the retail locations from suppliers.

Competition

Our research indicates that the North American retail jewelry industry is approximately a $74 billion industry and is highly competitive and fragmented, with a few very large national and international competitors and many medium and small regional and local competitors. The market is also fragmented by price and quality. Although Birks and Mayors are luxury jewelry brands, we compete with companies within and outside of this segment. Our competitors include national and international jewelry chains as well as independent regional and local jewelry retailers. We also compete with other types of retailers such as department stores and specialty stores and, to a lesser extent, catalog showrooms, discounters, direct mail suppliers, televised home shopping networks, and Internet sites. Many of these competitors have greater financial resources than we do. We believe that competition in our markets is based primarily on the total brand experience including trust, quality craftsmanship, product design and exclusivity, product selection, service excellence, including after sales service, and, to a certain extent, price. With the current consolidation of the retail industry, we believe that competition with other general and specialty retailers and discounters will continue to increase. Our success will depend on various factors, including general economic and business conditions affecting consumer spending, the performance of national and international retail operations, the acceptance by consumers of our merchandising and marketing programs, store locations and our ability to properly staff and manage our stores.

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Regulation

Our operations are affected by numerous federal, provincial and state laws that impose disclosure and other requirements upon the origination, servicing and enforcement of credit accounts and limitations on the maximum amount of finance charges that may be charged by a credit provider. In addition to our proprietary and private label credit cards, credit to our clients is primarily available through third-party credit cards such as American Express®, Visa®, MasterCard® and Discover®, without recourse to us in the case of a client s failure to pay. Any change in the regulation of credit that would materially limit the availability of credit to our traditional customer base could adversely affect our results of operations and financial condition.

We generally utilize the services of independent customs agents to comply with U.S. and Canadian customs laws in connection with our purchases of gold, diamond and other jewelry merchandise from foreign sources.

Diamonds extracted from certain regions in Africa, including Zimbabwe, and believed to be used to fund terrorist activities, are considered conflict diamonds. We support the Kimberley Process, an international initiative intended to ensure diamonds are not illegally traded to fund conflict. As part of this initiative, we require our diamond suppliers to acknowledge compliance with the Kimberley Process and invoices received for diamonds purchased by us must include a certification from the vendor that the diamonds and diamond-containing jewelry are conflict free. Through this process and other efforts, we believe that the suppliers from whom we purchase diamonds exclude conflict diamonds from their inventories.

In August 2012, the SEC issued rules that require companies that manufacture products using certain conflict minerals , including gold, to determine whether those minerals originated in the Democratic Republic of Congo or adjoining countries (DRC). If the minerals originate in the DRC, or if companies are not able to establish where they originated, extensive disclosure regarding the sources of those minerals, and in some instances an independent audit of the supply chain, is required. We did not incur material costs to comply with the rules. We filed our first disclosure report on May 31, 2014 for the calendar year ended December 31, 2013. We determined that for all but three small suppliers, who provided less than one percent of the products manufactured or contracted to be manufactured by us during calendar year 2013, we had no reason to believe that any conflict minerals necessary to the functionality or production of our products may have originated in DRC. However, for the three small suppliers mentioned above, we do not have sufficient information to determine with complete certainty the country of origin of the conflict minerals used in the products or to identify the facilities used to process those conflict minerals. As a result, for the products provided by these three small suppliers, we cannot in good faith exclude the possibility that some of these conflict minerals may have originated in the DRC and/or that they are not from recycled or scrap sources.

Trademarks and Copyrights

The designations Birks and Mayors, and the Birks and Mayors logos, are our principal trademarks and are essential to our ability to maintain our competitive position in the luxury jewelry segment. We maintain a program to protect our trademarks and will institute legal action where necessary to prevent others from either registering or using marks that are considered to create a likelihood of confusion with our trademarks. We are also the owner of the original jewelry designs created by our in-house designers and have entered into agreements with several outside designers pursuant to which these designers have assigned to us the rights to use copyrights of designs and products created for us.

Organizational Structure

The following chart sets forth our ownership interest in each of our significant subsidiaries as of March 29, 2014:

Name	Jurisdiction of Incorporation	Ownership and Voting Interest
Mayor s Jewelers, Inc.	Delaware	100%
Mayor s Jewelers of Florida, Inc.	Florida	100%

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Properties

In December 2000, we entered into a capital lease agreement for our Montreal head office and store pursuant to which we lease the building, including the Montreal flagship store, for a term of 20 years ending December 11, 2020. The net annual rental rate was Cdn$2,013,138 (approximately $1.8 million U.S. dollars) for the period that ended on December 11, 2013, and increases on a compounded basis by 10% on each third annual anniversary date thereafter (except for the last two years when no increase will take place). The current net annual rental rate is Cdn$2,013,138 (approximately $1.8 million U.S. dollars). The lease is an absolute triple net lease to the landlord, and we are responsible for any and all additional expenses, including, without limitation, taxes and structural expenses. Subject to specific terms and conditions, we have four options to renew and extend the term of the lease for four further terms of five years each, except for the last option which is five years less eleven days, terminating on November 30, 2040. Subject to specific terms and conditions, we also have two options to purchase the premises, which may be exercised no later than six months prior to the end of the fifteenth year of the term of the lease and the end of the twentieth year of the term of the lease, respectively.

Our U.S. operations are managed through a local headquarters located in Tamarac, Florida. On September 13, 2004, we entered into a lease agreement for this location for a term of 15 years terminating on November 30, 2020. The current net annual rental rate is $725,136 for the period ending November 30, 2014. We have two options to renew for five years each.

We lease all of our other store locations. We believe that all of our facilities are well maintained and in good condition and are adequate for our current needs. We are actively reviewing all leases that expire in the next 12 months to determine whether to renew the leases.

Following is a listing of all our properties as of March 29, 2014:

	Size (Square Feet)	Expiration of Lease	Location
Operating Stores			
Canada:			
Bayshore Centre	2,544	September 2016	Ottawa, ON
Bloor (1)	15,620	September 2014	Toronto, ON
Brinkhaus	1,946	March 2017	Calgary, AB
Brinkhaus	750	May 2017	Vancouver, BC
Carrefour Laval	3,391	August 2017	Laval, QC
Chinook Shopping Centre (2)	2,342	March 2015	Calgary, AB
Cornwall Centre	2,349	April 2015	Regina, SK
Dix-30 Mall	1,691	March 2023	Brossard, QC
Fairview Pointe-Claire	4,210	March 2016	Pointe-Claire, QC
First Canadian Place	2,243	May 2016	Toronto, ON
Halifax	3,316	December 2014	Halifax, NS
Edmonton Manulife Centre	4,196	May 2016	Edmonton, AB
Mapleview Centre	1,384	June 2023	Burlington, ON
Montreal Flagship Store	19,785	December 2020	Montreal, QC
Oakridge Shopping Centre (3)	2,244	December 2014	Vancouver, BC
Park Royal (4)	3,537	June 2014	West Vancouver, BC

Place Ste-Foy	2,366	June 2017	Ste-Foy, QC
Rideau Centre (5)	7,251	April 2014	Ottawa, ON
Saskatoon	3,486	October 2015	Saskatoon, SK
Sherway Gardens	4,611	February 2017	Etobicoke, ON
Southcentre Shopping Centre	3,029	August 2014	Calgary, AB
Southgate Shopping Centre	2,915	September 2015	Edmonton, AB
Square One (6)	3,360	April 2014	Mississauga, ON
St-John	2,038	August 2015	St-John, NB
Toronto Dominion Square	5,568	January 2022	Calgary, AB
Toronto Eaton Centre	1,042	January 2018	Toronto, ON
Vancouver (7)	20,221	January 2015	Vancouver, BC
Victoria	1,561	December 2016	Victoria, BC
Willowdale Fairview Mall (8)	2,353	February 2015	North York, ON
Winnipeg	3,187	February 2023	Winnipeg, MB
Yorkdale	2,530	April 2015	Toronto, ON

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Operating Stores	Size (Square Feet)	Expiration of Lease	Location
United States:			
Aventura Mall	3,447	January 2017	N. Miami Beach, FL
Town Center at Boca Raton	5,878	January 2017	Boca Raton, FL
Westfield Brandon	4,110	June 2015	Brandon, FL
Dadeland Mall	5,700	January 2017	Miami, FL
Florida Mall	5,070	March 2020	Orlando, FL
The Galleria at Ft. Lauderdale (9)	5,954	July 2016	Ft. Lauderdale, FL
The Gardens Mall	5,099	January 2020	Palm Beach Gardens, FL
International Plaza	5,583	January 2022	Tampa, FL
Lenox Square Mall	2,991	September 2018	Atlanta, GA
Lincoln Road	4,250	May 2019	Miami Beach, FL
Mall at Millenia	2,088	February 2023	Orlando, FL
Miami International Mall	3,246	January 2016	Miami, FL
North Point Mall	1,145	March 2022	Alpharetta, GA
PGA Commons (10)	5,197	April 2014	Palm Beach Gardens, FL
Rolex Store in Mall at Millenia	1,171	January 2020	Orlando, FL
Phipps Plaza	2,182	January 2018	Atlanta, GA
Westfield Southgate	4,605	January 2015	Sarasota, FL
Village of Merrick Park	4,894	January 2023	Coral Gables, FL
Weston Commons	4,000	July 2017	Weston, FL
St-John s Town Center	3,458	October 2017	Jacksonville, FL
Other Properties			
Tamarac Corporate office	47,851	November 2020	Tamarac, FL
Montreal Corporate office	58,444	December 2020	Montreal, QC

(1) We have executed a five year lease extension option extending the Bloor store lease in Toronto to September 2019.
(2) We have signed a new lease for the relocation of the Chinook Shopping Centre store in Calgary, Alberta within the same mall. The new location will be 3,661 square feet in size with a lease expiration of June 2024.
(3) We have agreed with the landlord to extend the lease of the Oakridge Shopping Centre store in Vancouver, British Columbia until December 2015.
(4) We are negotiating with the landlord to extend the lease of the Park Royal store in West Vancouver, British Columbia and in the meantime continue to operate the store on a month by month rental basis.
(5) We have an executed lease for the relocation of the Rideau Centre store in Ottawa, Ontario within the same mall. The new location will be 2,704 square feet in size with a lease expiration in May 2024.
(6) We have an executed lease for the relocation of the Square One store in Mississauga, Ontario within the same mall. The new location will be 1,780 square feet in size with a lease expiration in May 2024.
(7) We have signed a lease extension for the Vancouver store in Vancouver, British Columbia extending the lease until January 2016.
(8) We have signed a lease extension for the Willowdale Fairview Mall store extending the lease until February 2016.

(9) We have signed a lease amendment for the relocation of the Galleria at Ft. Lauderdale in Ft. Lauderdale, Florida with the same mall. The new location will be 2,467 square feet with the lease expiring ten years after delivery of the new location by the landlord.

(10) Location closed in April 2014.

Total annual base rent for the above locations for fiscal 2014 was approximately $15 million. In April 2014, we opened a store at Hudson s Bay Company in Toronto, Ontario which is 229 square feet with a lease expiration date of May 2019.

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Item 4A. Unresolved Staff Comments
Not applicable.

Item 5. Operating and Financial Review and Prospects
The following discussion should be read in conjunction with our consolidated financial statements and the notes thereto included elsewhere in this Annual Report. The following discussion includes certain forward-looking statements. For a discussion of important factors, including the continuing development of our business, actions of regulatory authorities and competitors and other factors which could cause actual results to differ materially from the results referred to in the forward-looking statements, see Item 3., Key Information under the heading Risk Factors and the discussion under the heading Forward-Looking Information at the beginning of this Annual Report.

Throughout this Annual Report we refer to our fiscal years ended March 29, 2014, March 30, 2013 and March 31, 2012, as fiscal 2014, fiscal 2013 and fiscal 2012, respectively. Our fiscal year ends on the last Saturday in March of each year. The financial reporting periods referred to as fiscal 2014 and fiscal 2013 consisted of 52 weeks while the financial reporting period referred to as fiscal 2012 consisted of 53 weeks.

Overview

Birks Group is a leading designer, maker and purveyor of luxury jewelry, timepieces and giftware in the U.S. and Canada. As of March 29, 2014, our retail operation s total square footage was approximately 217,123. The average square footage of our three Birks flagship stores in Canada was approximately 18,500, while the average square footage for all other Birks retail stores in Canada was approximately 2,900. The average square footage of our two Brinkhaus locations was 1,300, while the average square footage of our Mayors retail stores was approximately 4,000.

We operate our business in two geographic areas, Canada and the Southeastern U.S. We have two reportable segments, Retail and Other. Retail is comprised of all our retail operations in the U.S. and Canada on a combined basis. In Canada, we operate stores under the Birks brand and two stores under the Brinkhaus brand. In the Southeastern U.S., we operate stores under the Mayors brand and one store under the Rolex brand. Other consists primarily of our corporate sales division, which services business customers by providing them unique items for recognition programs, service awards and business gifts. Also included in Other is manufacturing, which manufactures unique products primarily for the retail segment of our business, internet and gold exchange, which buys gold and other precious metals from customers and sells the gold to refiners.

Our net sales are comprised of revenues, net of discounts, in each case, excluding sales tax. Sales are recognized at the point of sale when merchandise is taken or shipped. Sales of consignment merchandise are recognized on a full retail basis at such time that the merchandise is sold. Revenues for gift certificates and store credits are recognized upon redemption. Customers use cash, checks, debit cards, third-party credit cards, private label and proprietary credit cards and house accounts (primarily for corporate sales customers) to make purchases. The level of our sales is impacted by the number of transactions we generate and the size of our average retail sale. For fiscal 2014, fiscal 2013, and fiscal 2012, our total average unit retail sale in the U.S. was $4,919, $4,073 and $3,909, respectively, which excludes service and repair transactions. For fiscal 2014, fiscal 2013, and fiscal 2012, our total average unit retail sale in Canada was $1,319, $1,120 and $1,022, respectively, which excludes service and repair transactions.

Our operating costs and expenses are primarily comprised of cost of sales and selling, general and administrative expenses. Cost of sales includes cost of merchandise, direct inbound freight and duties, direct labor related to repair services, the costs of our design and creative departments, manufacturing costs, inventory shrink, damage and obsolescence, jewelry, watch and giftware boxes, as well as depreciation and amortization of production facilities and production tools, dies and molds and, in addition, product development costs. Selling, general and administrative expenses (SG&A) include, but are not limited to, all non-production payroll and benefits (including non-cash compensation expense), store and head office occupancy costs, overhead, credit card fees, information systems, professional services, consulting fees, repairs and maintenance, travel and entertainment, insurance, legal, human resources and training expenses. Occupancy, overhead and depreciation are generally less variable relative to net sales than other components of SG&A such as credit card fees and certain elements of payroll, such as commissions. Another significant item in SG&A is marketing expenses, which include marketing, public relations and advertising costs (net of amounts received from vendors for cooperative advertising) incurred to increase

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customer awareness of both our retail brands and the Birks product brand. Marketing has historically represented a significant portion of our SG&A. As a percentage of sales, marketing expenses represented 3.9%, 3.7% and 3.3% of sales for fiscal 2014, 2013 and 2012, respectively. Additionally, SG&A includes indirect costs such as freight, including inter-store transfers, receiving costs, distribution costs, and warehousing costs. The amount of these indirect costs in SG&A was approximately $3.4 million, $3.8 million and $3.8 million for fiscal 2014, 2013 and 2012, respectively. Depreciation and amortization includes depreciation and amortization of our stores and head office, including buildings, leasehold improvements, furniture and fixtures, computer hardware and software and automobiles and amortization of intangibles.

Over the short-term, we may focus our efforts on those strategies and key drivers of our performance that are necessary in the current business climate, which include our ability to:

- grow sales, gross margin rate and gross profits;
- manage expenses and assets efficiently in order to optimize profitability and cash flow; and
- maintain flexible and cost effective sources of borrowings to finance our operations and strategies.

Over the long-term, we believe that the key drivers of our performance will be our ability to:

- execute our merchandising strategy to increase net sales and maintain and expand gross margin by lowering discounts, developing and marketing higher margin exclusive and unique products, and further developing our internal capability to design, develop, manufacture or source products;
- execute our marketing strategy to enhance customer awareness and appreciation of our two retail brands, Maison Birks and Mayors, as well as the Birks product brand, and to maintain and eventually increase customer traffic, client acquisition and retention and net sales through regional and national advertising campaigns on television, billboards, print, catalog mailings, in-store events, community relations, media and public relations, partnerships with key suppliers, such as Mayors relationship with Rolex, and associations with prestige institutions;
- continue to develop the Birks product brand through expansion of all sales channels including international channels of distribution;
- provide a superior client experience through consistent outstanding customer service that will ensure customer satisfaction and promote frequent customer visits, customer loyalty, and strong customer relationships; and
- increase our retail stores average retail transaction, conversion rate, productivity of our store professionals and inventory and four-wall profitability.

Foreign Currency

Because we have operations in the U.S. and Canada, our results are affected by foreign exchange rate changes. Revenue and expenses incurred in Canadian dollars are translated into U.S. dollars for reporting purposes. Changes in the value of the Canadian dollar compared to the U.S. dollar between periods may materially impact our results and may materially affect period over period comparisons. Over the past several years, the value of the Canadian dollar has varied significantly compared to the U.S. dollar which has impacted the level of our borrowing capacity and, for reporting purposes, in some instances, has resulted in material fluctuations in our net sales, expenses and our profits from our Canadian operations, when expressed in U.S. dollars. As of March 29, 2014, we had not hedged these foreign exchange rate risks.

Comparable Store Sales

We use comparable store sales as a key performance measure for our business. We do not include our non-retail store sales in comparable store calculations. Stores enter the comparable store calculation in their thirteenth full month of operation under our ownership. Stores that have been resized and stores that are relocated are evaluated on a case-by-case basis to determine if they are functionally the same store or a new store and then are included or excluded from comparable store sales, accordingly. Comparable store sales is calculated in local currency terms and measures the percentage change in net sales for comparable stores in a period compared to the corresponding period in the previous year. If a comparable store is not open for the entirety of both periods, comparable store sales measures the change in net sales for the portion of time that such store was open in both periods. We believe that

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this measure provides meaningful information on our performance and operating results. However, readers should know that this financial metric has no standardized meaning and may not be comparable to similar measures presented by other companies.

The percentage increase in comparable store sales for the periods presented below is as follows:

	Fiscal Year Ended		
	March 29, 2014	March 30, 2013	March 31, 2012
Canada	2%	7%	4%
U.S.	6%	2%	6%
Total	4%	4%	5%

The increase in comparable store sales during fiscal 2014, fiscal 2013 and fiscal 2012 was primarily related to an increase in our average sale transaction in both the U.S. and Canada. The increase in comparable store sales in the U.S. during fiscal 2014 reflected the success of our timepiece strategy while the increase in comparable store sales in Canada was primarily driven by our fine jewelry business and higher timepiece sales. The U.S. comparable store sales growth in fiscal 2013 were impacted by Mayors no longer carrying Cartier in certain stores, which had a 5% negative impact on comparable store sales growth in the U.S. and a 3% negative impact on our total comparable store sales growth.

Results of Operations

The following is a discussion of factors affecting our results of operations for fiscal 2014 and fiscal 2013. This discussion should be read in conjunction with our consolidated financial statements and notes thereto included elsewhere in this Annual Report.

Fiscal 2014 Compared to Fiscal 2013

The following table sets forth, for fiscal 2014 and fiscal 2013, the amounts in our consolidated statements of operations:

	Fiscal Year Ended	
	March 29, 2014	March 30, 2013
	(In thousands)	
Net sales	$ 281,165	$ 292,759
Cost of sales	166,498	166,585
Gross profit	114,667	126,174
Selling, general and administrative expenses	105,512	110,806
Depreciation and amortization	5,426	4,563

Total operating expenses	110,938	115,369
Operating income	3,729	10,805
Interest and other financing costs	9,512	9,272
(Loss) Income before income taxes	(5,783)	1,533
Income tax expense	18	20
Net (loss) income	$ (5,801)	$ 1,513

Net Sales

	Fiscal Year Ended March 29, 2014	March 30, 2013
	(In thousands)	
Net sales Retail	$ 270,630	$ 274,725
Net sales Other	10,535	18,034
Total Net Sales	$ 281,165	$ 292,759

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Net Sales. Net sales for fiscal 2014 were $281.2 million, a decrease of $11.6 million, or 4.0% as compared to fiscal 2013. The decrease in net retail sales was primarily driven by $10.6 million of lower sales associated with the closure of ten underperforming retail store locations in fiscal 2014 and 2013 and $7.6 million of lower sales related to translating the sales of our Canadian operations into U.S. dollars with a relatively weaker Canadian dollar partially offset by comparable store sales growth of 4% and sales at our two new mono-brand stores in Canada opened during fiscal 2014. The decrease in Net Sales Other was primarily the result of a $5.6 million decrease in revenues related to our refining operations, $1.2 million of lower Corporate Sales and $0.2 million of lower internet sales.

Gross Profit

	Fiscal Year Ended	
	March 29, 2014	**March 30, 2013**
	(In thousands)	
Gross Profit Retail	$ 114,210	$ 120,554
Gross Profit Other	457	5,620
Total Gross Profit	$ 114,667	$ 126,174

Gross Profit. Gross profit was $114.7 million or 40.8% of net sales for fiscal 2014 compared to $126.2 million or 43.1% of net sales for fiscal 2013. Included in the $11.5 million decrease in gross profit was $3.3 million of lower gross profit resulting from the impact of translating the gross profit of the Canadian operations to U.S. dollars with a relatively weaker Canadian dollar. The 230 basis point decrease in gross margin was primarily attributable to a 170 basis point decrease in retail gross margin associated with product sales mix and more aggressive selling of discontinued watch brands and other product lines. The decrease in Gross Profit Other was primarily a result of lower revenues and margins from our refining operations due primarily to the drop in gold prices that occurred during the fiscal year and lower sales revenues from our Corporate Sales businesses.

Selling, General and Administrative Expenses. Selling, general and administrative expenses were $105.5 million, or 37.5% of net sales, for fiscal 2014 compared to $110.8 million, or 37.8% of net sales, for fiscal 2013. The $5.3 million decrease in SG&A during fiscal 2014, as compared to fiscal 2013, was primarily driven by $4.0 million of lower expenses related to the closure of ten store locations in fiscal 2014 and 2013 and $3.1 million of lower expenses related to foreign currency translation, partially offset by $0.9 million of higher expenses related to the two new mono-brand stores and $0.7 million of higher marketing expenses.

Depreciation and Amortization. Depreciation and amortization expense during fiscal 2014 was $5.4 million compared to $4.6 million during fiscal 2013. The increase was primarily due to store remodels during the past year and the opening of the two new mono-brand stores during fiscal 2014.

Interest and Other Financing Costs. Interest and other financing costs were $9.5 million for fiscal 2014 compared to $9.3 million for fiscal 2013. The $0.2 million increase was primarily associated with a higher level of total average debt.

Income Tax Expense. Income tax expense was $18,000 for fiscal 2014, as compared to an income tax expense of $20,000 for fiscal 2013. The relatively low amount of tax expense in fiscal 2014 is due to losses incurred, and in fiscal 2013 it is due to the utilization of unrecognized losses carryforward. In addition, we are recording a 100% valuation allowances on the full value of the deferred tax assets generated by our U.S. and Canadian operations as the criteria for the recognition of these assets was not met at March 29, 2014.

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Fiscal 2013 Compared to Fiscal 2012

The following table sets forth, for fiscal 2013 and fiscal 2012, the amounts in our consolidated statements of operations:

	Fiscal Year Ended	
	March 30, 2013	**March 31, 2012**
	(In thousands)	
Net sales	$ 292,759	$ 302,317
Cost of sales	166,585	169,087
Gross profit	126,174	133,230
Selling, general and administrative expenses	110,806	118,075
Depreciation and amortization	4,563	4,713
Total operating expenses	115,369	122,788
Operating income	10,805	10,442
Interest and other financing costs	9,272	10,200
Income before income taxes	1,533	242
Income tax expense	20	23
Net income	$ 1,513	$ 219

Net Sales

	Fiscal Year Ended	
	March 30, 2013	**March 31, 2012**
	(In thousands)	
Net sales Retail	$ 274,725	$ 279,345
Net sales Other	18,034	22,972
Total Net Sales	$ 292,759	$ 302,317

Net Sales. Net sales for fiscal 2013 were $292.8 million, a decrease of $9.6 million, or 3.2% as compared to fiscal 2012. The decrease in net retail sales was primarily driven by $7.3 million of lower sales associated with the closure of eleven retail store locations in fiscal 2013 and 2012 and $4.4 million of lower sales related to the extra week in fiscal 2012 partially offset by comparable store sales growth of 4%. The decrease in Net Sales Other was primarily the result of a $2.6 million decrease in revenues related to our refining operations, $1.3 million of lower Corporate Sales and $0.5 million of lower internet sales.

Gross Profit

	Fiscal Year Ended March 30, 2013	March 31, 2012
	(In thousands)	
Gross Profit Retail	$ 120,554	$ 125,749
Gross Profit Other	5,620	7,481
Total Gross Profit	$ 126,174	$ 133,230

Gross Profit. Gross profit was $126.2 million or 43.1% of net sales for fiscal 2013 compared to $133.2 million or 44.1% of net sales for fiscal 2012. The decrease in gross profit was primarily related to the decrease in sales as well as the 100 basis point decrease in gross margin rate. Included in the $7.1 million decrease in gross profit was $1.9 million of lower gross profit related to the extra week in fiscal 2012. The 100 basis point decrease in gross margin was primarily attributable to product sales mix with sales of higher priced products which have a lower margin rate representing a larger percentage of the overall sales as well as a strategic decision to more aggressively reduce inventory of discontinued products and brands. The decrease in Gross Profit Other was primarily a result of lower revenues from our refining operations and Corporate Sales businesses.

Selling, General and Administrative Expenses. Selling, general and administrative expenses were $110.8 million, or 37.8% of net sales, for fiscal 2013 compared to $118.1 million, or 39.1% of net sales, for fiscal 2012. The

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$7.3 million decrease in SG&A during fiscal 2013, as compared to fiscal 2012, was primarily driven by $2.4 million of lower expenses related to the closure of eleven retail store locations in fiscal 2013 and 2012, $1.9 million of lower incentive compensation, $2.1 million of lower post-employment benefit expense related to the departure of our former Chief Executive Officer incurred in fiscal 2012, $0.5 million of lower expenses related to foreign currency translation, and approximately $1.0 million of lower expenses related to the extra week in fiscal 2012, partially offset by $0.9 million of higher marketing expenses.

Depreciation and Amortization. Depreciation and amortization expense during fiscal 2013 was $4.6 million compared to $4.7 million during fiscal 2012 primarily due to the lower number of stores in fiscal 2013 compared to fiscal 2012.

Interest and Other Financing Costs. Interest and other financing costs were $9.3 million for fiscal 2013 compared to $10.2 million for fiscal 2012. The $0.9 million decrease was primarily associated with lower rates on our senior secured term loan and the $3.5 million partial pay down of the cash advances from our controlling shareholder, Montrovest.

Income Tax Expense. Income tax expense was $20,000 for fiscal 2013, as compared to an income tax expense of $23,000 for fiscal 2012. The relatively low amount of tax expense in fiscal 2013 and 2012 is due to the utilization of unrecognized losses carryforward. In addition, we are recording a 100% valuation allowances on the full value of the deferred tax assets generated by our U.S. and Canadian operations as the criteria for the recognition of these assets was not met at March 30, 2013.

Liquidity and Capital Resources

Our ability to fund our operations and meet our cash flow requirements in order to fund our operations is dependent upon our ability to maintain positive excess availability under our senior secured revolving credit facility. As of March 29, 2014, we had approximately $73.9 million outstanding on our $115 million senior secured revolving credit facility. In August 2013, we executed an amendment to our senior secured revolving credit facility, extending the term, which was set to expire in June 2015, to August 22, 2017 and reducing the interest rate charged on the facility by 25 basis points per annum. The amended senior secured revolving credit facility bears interest at a floating rate of LIBOR plus 2.0% to LIBOR plus 2.75% (based on excess availability thresholds and interest coverage thresholds). In August 2013, we also amended our $18 million senior secured term loan, which was also set to expire in June 2015. The amendment increased the amount of the loan to $28 million and extended the maturity date to August 22, 2018. The interest rate on the amended senior secured term loan was reduced from 9.5% per annum (or one-month LIBOR plus 6.5%, whichever is greater) to a fixed rate of 8.77%. The $28 million senior secured term loan is subordinated in lien priority to our senior secured revolving credit facility. These two credit facilities are used to finance working capital, finance capital expenditures, provide liquidity to fund our day-to-day operations and for other general corporate purposes. The terms of the amended senior secured credit facilities require that we maintain positive excess availability at all times. We have complied with the requirement to maintain positive excess availability at all times and no other financial covenants were required to be met as of March 29, 2014. Our excess borrowing capacity was $17.2 million as of March 29, 2014 and $16.4 million as of March 30, 2013.

Under the terms of the facilities, both our senior secured revolving credit facility administrative agent and our senior secured term loan administrative agent may impose, at any time, discretionary reserves, which would lower the level of borrowing availability under our senior secured revolving credit facility (customary for asset based loans), at their reasonable discretion, to: i) ensure that we maintain adequate liquidity for the operation of our business, ii) cover any deterioration in the amount or value of the collateral and iii) reflect impediments to the lenders to realize upon the collateral. There is no limit to the amount of discretionary reserves that our senior secured revolving credit facility administrative agent may impose at its reasonable discretion, however, our senior secured term loan administrative agent s ability to impose discretionary reserves at its reasonable discretion is limited to 5% of the term loan borrowing capacity. In addition, the amendment of the secured term loan agreement provides that the term loan administrative agent may impose a supplemental availability reserve not to exceed $2.5 million if at any time our consolidated EBITDA, calculated at the end of each fiscal quarter on a trailing twelve month basis is less than $9 million. As our consolidated EBITDA at the end of fiscal 2014 was above $9.0 million, no supplemental availability reserve was imposed as of March 29, 2014. Furthermore, a $12.5 million, and a $5.0 million seasonal availability block are imposed by the senior secured revolving credit facility administrative agent and the senior secured term loan administrative agent each year from December 20th to January 20th and from January 21st to February 10th, respectively, and both our senior secured revolving credit facility and our senior secured term loan are subject to cross default provisions with all other loans by which if we are in default with any other loans, the default will immediately apply to both the senior secured revolving credit facility and the senior secured term loan.

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Our senior secured revolving credit facility and secured term loan contain limitations on our ability to pay dividends, more specifically, among other limitations, we can pay dividends only at certain excess borrowing capacity thresholds and the aggregate dividend payment for the twelve-month period ended as of any fiscal quarter cannot exceed 33% of the consolidated net income for such twelve-month period. Additionally, we are required to maintain a fixed charge coverage ratio of at least 1.30 to 1.00 and a minimum excess availability of $30 million in order to qualify for payment of dividends.

As a result of our operating performance in the second half of fiscal 2014 and considering our cash requirements for capital expenditures relating to renewing of our store leases in Canada during the next two fiscal years, we entered into negotiations to amend our existing senior secured revolving credit facility and our senior secured term loan agreements. In June 2014 and July 2014, subsequent to our fiscal year end and in conjunction with Montrovest executing a $5.0 million irrevocable standby letter of credit (LC) to our senior secured revolving credit lenders to provide the Company with additional operating liquidity, we executed amendments to our senior secured revolving credit agreement and senior secured term loan agreements. The LC and amendments to the senior secured credit facilities are part of a financial recapitalization plan which we are developing to provide greater financial resources for our operations and capital investment needs on both a short and long-term basis. The LC and amendments to the senior secured credit agreements are meant to provide us with the funding and time required to finalize and to complete the Recapitalization Plan by February 2015. There has been no monetary thresholds established by the lenders for the Recapitalization Plan and although we are actively engaged in developing the Recapitalization Plan, currently, we do not have any commitments for financing under the Recapitalization Plan. Any Recapitalization Plan will need to be reviewed and approved by our Board of Directors. In addition, the successful completion of the Recapitalization Plan is not within our control.

In addition to allowing the LC to be included as collateral, as part of the amendments, the senior secured term loan administrator lifted the existing $7.0 million discretionary reserve that had been imposed by the senior secured term loan administrator starting in April 2014, and agreed not to impose any discretionary reserves in the calculation of our borrowing availability under the senior secured revolving credit agreement through February 10, 2015 so long as no event of default exists prior to that date. We agreed to maintain excess availability under our senior secured revolving credit facility of at least $10 million at all times, otherwise it is an event of default, which could result in the outstanding balances under our senior secured revolving credit facility and senior secured term loan becoming due immediately. As part of the amendments, the rate of interest on the senior secured term loan was increased from 8.77% to 12.5% until such time as the Recapitalization Plan is executed at which time the interest rate will change to 11.0%. In addition, the amendments require us to meet the following milestones:

Provide weekly updated 13-week cash flow projections acceptable to the senior secured revolving credit facility and senior secured term loan administrative agents as well as weekly variance reports against the cash flow projections until a Recapitalization Plan has been consummated,

Deliver an operational restructuring plan to improve our operations acceptable to the senior secured revolving credit facility and senior secured term loan administrative agents by June 27, 2014 (The operational restructuring plan was provided to and has been accepted by the administrative agents),

Continue to retain a financial and restructuring consultant satisfactory to the senior secured revolving credit facility and senior secured term loan administrative agents to assist with our weekly cash flow projections and in the development of the operational restructuring plan to improve our operations, and

Finalize and close the Recapitalization Plan acceptable to the senior secured revolving credit facility and senior secured term loan administrative agents by February 10, 2015.

As part of the amendment to the senior secured credit facilities, we agreed that deviations of greater than 10% from the 13-week cash flow projection will be considered an event of default, which could result in the outstanding balances under our senior secured revolving credit facility and senior secured term loan becoming due immediately. In addition, if we do not accomplish the actions outlined above, additional reserves of up to $2.5 million may be established by the lenders reducing availability under the senior secured revolving credit facility until such failure is cured by us.

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In addition, as part of the amendments, we also agreed to obtain additional financial support of $5.0 million by August 30, 2014 in a form that is acceptable to our lenders of which a principal moratorium aggregate amount of Cdn$2.5 million obtained from Investissement Québec in June 2014 was agreed by the lenders to count towards the financial support to be obtained. Failure to obtain this financial support will result in a reduction of availability under our senior secured revolving credit facility by $125,000 per month for each month until the financial support is obtained, which will effectively reduce our borrowing capacity under this facility. Upon the receipt of an additional Cdn$3.0 million of third party financial support, the permitted deviations on the 13-week cash flow projections is increased to 12.5%.

As of July 25, we had retained the services of a financial and restructuring consultant satisfactory to the senior secured revolving credit facility and senior secured term loan administrative agents, delivered an operational restructuring plan which the lenders have accepted and provided the 13-week cash flow projections and weekly updates to these projections acceptable to the senior secured revolving credit facility and senior secured term loan administrative agents in accordance with the milestones set out in the amendments to the secured credit facility agreements. The operational restructuring plan submitted to and approved by our lenders is estimated to require restructuring charges of between $2 million and $4 million during the next twelve months primarily consisting of employee severance costs, professional fees and costs associated with certain lease terminations. We expect the savings resulting from the restructuring plan will exceed the costs within the first twelve months after completion.

Borrowings under our senior secured revolving credit facility for the periods indicated in the table below were as follows:

	Fiscal Year Ended March 29, 2014	Fiscal Year Ended March 30, 2013
	(In thousands)	
Senior secured revolving credit facility availability	$ 91,175	$ 83,719
Amount borrowed at year end	73,941	67,307
Excess borrowing capacity at year end	$ 17,234	$ 16,412
Average outstanding balance during the year	$ 78,164	$ 78,371
Average excess borrowing capacity during the year	$ 17,061	$ 14,698
Maximum borrowing outstanding during the year	$ 93,184	$ 100,548
Minimum excess borrowing capacity during the year	$ 9,017	$ 8,002
Weighted average interest rate for year	3.4%	3.6%

In July 2013, we entered into a lease agreement that provided funding for $3.0 million of remodeling costs for three of the Mayors stores in Florida. The lease financing is secured by the equipment and leaseholds added to the specific stores with the financing repaid over 30 months.

In September 2013, we also entered into a Cdn$5.0 million (US$4.5 million) secured term loan agreement with Investissement Québec. The loan bears interest at a rate of Canadian prime plus 7.0% per annum and is payable in 60 equal monthly installments beginning in September 2014. The loan is secured by the assets of the Company. The loan requires us to maintain a working capital ratio of 1.15 and an adjusted long-term debt to adjusted net assets ratio below 2.5. As of March 29, 2014, our working capital ratio was 1.27 and our adjusted long-term debt to adjusted net asset ratio was 2.2.

In July 2014, we entered into a binding letter of intent for a Cdn$2.0 million secured term loan with Investissement Québec. The loan bears interest at a rate of Canadian Prime plus 10% per annum and is repayable in 48 monthly installments beginning in August 2015.

In July 2014, we also entered into a lease agreement with Bristol Real Estate SA. The lease agreement provides funding for $1 million of furniture, fixtures, leasehold improvements and related equipment located with in our U.S. operations.

In August 2013, we executed $5.0 million in convertible debenture agreements of which $4.8 million was with our controlling shareholder, Montrovest, convertible into Class A voting shares (the Debentures). The

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Debentures were sold in a private placement and had an annual interest rate of 6%, payable in the form of additional Class A voting shares at the time of conversion of the Debentures at the same conversion price of the Debentures. The Debentures provided the holder with the option to convert the Debentures before December 31, 2015 if a third party investor invested in the Company, on the same terms as the investment by a third party. In addition, the holders of the Debentures had the option, at any time prior to December 31, 2015, to convert the Debenture at a conversion price equal to the greater of:

(i) $1.30;

(ii) The market closing price on the last trading day prior to conversion; and

(iii) The Company s book value per share

If the Debentures were not converted prior to December 31, 2015, then the Debentures would automatically be converted on December 31, 2015 into Class A voting shares as a conversion price equal to the greater of:

(i) $1.30;

(ii) The market closing price on the last trading day prior to the conversion; and

(iii) The Company s book value per share.

The $5.0 million of Debentures were converted into 2,941,085 Class A voting shares at the end of August 2013 at an average price of $1.70 per share of which Montrovest received 2,828,634 shares of Class A voting shares of the Company.

In addition to the previously mentioned financing arrangements, we had a Cdn$10.0 million ($9.0 million in U.S. dollars) secured term loan from Investissement Québec of which Cdn$5.2 million ($4.7 million in U.S. dollars) remained outstanding as of March 29, 2014, bearing interest at a rate of prime plus 5.5% per annum, which equated to 8.5% at March 29, 2014 and is repayable in 36 equal monthly payments of Cdn$208,333 ($188,298 in U.S. dollars) beginning in April 2013. In June 2014, we were granted a one year moratorium on the monthly capital repayment amount of Cdn$208,333 ($188,298 in U.S. dollars). Subsequent to the twelve month moratorium, the month capital repayment amount of Cdn$208,333 ($188,298 in U.S. dollars) will commence resulting in the repayment term being extended by twelve months.

As of March 29, 2014, we also had a balance of $1.5 million remaining from an original $5.0 million cash advance from our controlling shareholder, Montrovest. This advance is payable upon demand by Montrovest once conditions stipulated in our senior credit facilities permit such a payment. Commensurate with the amendment of our senior credit facilities, in June 2011, we amended the terms of the $5.0 million cash advance, reducing the annual interest rate from 16%, net of any withholding taxes, representing an effective interest of 17.8% to 11%, net of any withholding taxes, representing an effective interest rate of approximately 12.2%. In addition, the amended terms (i) eliminated the 7% fee required to be paid to Montrovest upon conversion of the advance into a convertible debenture or Class A voting shares, (ii) eliminated the convertibility of the cash advance into a convertible debenture or Class A voting share in the event of a private placement and (iii) required a one-time payment of a closing fee of $75,000. In August 2012, a partial repayment of $3.5 million was made on these cash advances as a result of the proceeds from the stock rights offering. As a result of entering into the amendment of our senior secured credit facilities in June 2014, we are not permitted to make interest or principal payments related to the cash advance agreement until the Recapitalization Plan has been executed.

The following table summarizes cash flows from operating, investing and financing activities:

(in thousands)	**Fiscal 2014**	**Fiscal 2013**	**Fiscal 2012**
Net cash (used in) provided by:			
Operating activities	$ (19,117)	$ 6,176	$ 4,583
Investing activities	(6,848)	(6,278)	(4,572)
Financing activities	24,629	838	(194)
Effect of changes in exchange rate on cash and cash equivalents	(162)	(37)	(32)
Net (decrease) increase in cash and cash equivalents	$ (1,498)	$ 699	$ (215)

Net cash used in operating activities was $19.1 million during fiscal 2014 as compared to $6.2 million provided during fiscal 2013. The $25.3 million decrease in cash flows related to operating activities was primarily the result of the $5.8 million net loss in fiscal 2014 as compared to net income in fiscal 2013 and an increase in the

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level of inventory during fiscal 2014 compared to a decrease in the level of inventory during fiscal 2013. Inventory totaled $114.6 million at March, 29, 2014, as compared to $137.0 million at March 30, 2013, an increase of $7.6 million or 5.6%. Excluding the impact of $6.6 million of lower inventory due to translating the inventory of our Canadian operations to U.S. dollars with a relatively weaker Canadian dollar, inventory increased by $14.2 million compared to the prior year end. The increase in inventory was primarily due to an increase in comparable store inventory and the opening of two new mono-brand locations partially offset by the closure of four stores in fiscal 2014. The increase in comparable store inventory reflects the initial stocking of new brands and the expansion of existing third-party brands and the new Birks collections.

Net cash provided by operating activities was $6.2 million during fiscal 2013 as compared to $4.6 million during fiscal 2012. The increase in cash flows generated from operations during fiscal 2013 was primarily the result of an increase in income from operations and a decrease in the level of inventories during fiscal 2013 compared to an increase in the level of inventory during fiscal 2012 partially offset by a decrease in the level of accrued liabilities in fiscal 2013 compared to an increase in the level of accrued liabilities during fiscal 2012. The decrease in inventory was primarily due to the closure of six stores in 2013. The decrease in the level of accrued liabilities was primarily associated with $2.1 million of post-employment benefits related to the departure of our former Chief Executive Officer that was paid in fiscal 2013 and higher accrued incentive compensation associated with our improved operating performance in fiscal 2012.

During fiscal 2014, net cash used in investing activities was $6.8 million compared to $6.3 million used during fiscal 2013. The $0.6 million increase in net cash used in investing activities primarily reflects more cash outlays for the two new mono-brand stores. During fiscal 2013, net cash used in investing activities was $6.3 million compared to $4.6 million used during fiscal 2012. The $1.7 million increase in net cash used in investing activities primarily reflects more cash outlays for store remodeling.

Net cash provided by financing activities was $24.6 million in fiscal 2014, as compared to $838,000 during fiscal 2013. The $23.8 million variance in cash flows related to financing activities was primarily due to the $10.0 million increase in our senior secured term loan, the Cdn$5.0 million (U.S. $4.5 million) secured term loan entered into with Investissement Québec and $4.8 million of net proceeds from the issuance of our Debentures, all of which along with an increased use of our senior secured revolving credit facility were used to fund cash flow requirements for operations and capital expenditures. The $1.0 million variance in cash flows related to financing activities between fiscal 2013 and fiscal 2012 was primarily due to an increase use of our senior secured revolving credit facility and proceeds from our stock rights offering net of higher repayments of long-term debt. Included in financing activities during fiscal 2013, was $3.6 million of net proceeds associated with a stock rights offering in August 2012 of which $3.5 million of the proceeds was used to pay down interest-bearing debt under our Amended and Restated Cash Advance Agreements with our controlling shareholder, Montrovest. Montrovest exercised its rights under our stock rights offering and purchased 3,100,088 Class A voting shares for a total subscription price of $3.5 million.

The following table details capital expenditures in fiscal 2014, 2013 and 2012:

	Fiscal Year Ended		
	March 29, 2014	**March 30, 2013**	**March 31, 2012**
	(In thousands)		
New stores and renovations	$ 6,991	$ 4,787	$ 3,434
	2,540	1,220	1,073

Electronic equipment, computer hardware and software			
Furniture and fixtures	877	547	134
Manufacturing equipment	220	12	63
Other	32	22	105
Total capital expenditures (1)	$ 10,660	$ 6,588	$ 4,809

(1) Includes capital expenditures financed by capital leases of $4.1 million in fiscal 2014, $160,000 in fiscal 2013, and $81,000 in fiscal 2012 as well as capital expenditures included in accounts payable as of the end of the fiscal year.

Capital expenditures for fiscal 2015 are projected to be approximately $5.7 million and are expected to be used primarily for store remodeling and new stores as well as some I.T. projects. The decrease of approximately $4.9 million in expected capital expenditures as compared to fiscal 2014 is due to the lower level of expenditures

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planned for store renovations and remodels and information systems upgrades. The expected source of funds for the projected fiscal 2015 capital expenditures is operating cash flows and from the issuance of new equity or other additional sources of financing.

Due to the impact of our financial performance in fiscal 2014 and the level of capital expenditures requirements related to renewing our store leases in Canada over the next two fiscal years, there is a possibility that our existing cash, cash generated from operations and funds available under our credit agreements could be insufficient to fund our future operations, including capital expenditures, or repay debt when it becomes due, and as a result, we may need to raise additional funds through public or private equity or debt financings, including funding from governmental sources which may not be possible. The sale of additional equity securities could result in significant dilution to our shareholders, and the securities issued in future financings may have rights, preferences and privileges that are senior to those of our common stock. The incurrence of additional indebtedness would result in increased debt service obligations and could result in operating and financing covenants that may restrict our operations. Financing may be unavailable in amounts or on terms acceptable to us or at all, which may have a material adverse impact on our business, including our ability to continue as a going concern.

Maintenance of sufficient availability of funding through an adequate amount of committed financing is necessary for us to fund our day-to-day operations. Our ability to make scheduled payments of principal, or to pay the interest or additional interest, if any, or to fund planned capital expenditures and store operations will depend on our ability to maintain adequate levels of available borrowing and our future performance, which to a certain extent, is subject to general economic, financial, competitive, legislative and regulatory factors, as well as other events that are beyond our control. We believe that we currently have sufficient working capital to fund our operations. This belief is based on certain assumptions about the state of the economy, the availability of borrowings to fund our operations and estimates of projected operating performance. To the extent that the economy and other conditions affecting our business are significantly worse than we anticipate, we may not achieve our projected level of financial performance and we may determine that we do not have sufficient capital to fund our operations.

Research and development, patents and licenses, etc.

None.

Trend Information

During fiscal 2014, we benefitted from improved domestic and international tourism in the U.S. and a stable economy in Canada. However, in the U.S., the continued high unemployment in Florida negatively impacted spending by U.S. customers in the more moderate price points, although mitigated by increased spending by tourists, especially in the Florida region. In Canada, unseasonably bad weather during the days leading up to Christmas exacerbated store traffic declines during the critical holiday selling period. Increased competition for space in Canada continued to put pressure on occupancy costs and space retention for key locations. Third party brands continue to follow through on opening their own stores and closing distribution in select retail centers and lowering the margins that are earned by retailers impacting our gross margin levels.

We continue to pursue our strategy to develop the Birks product brand and in fiscal 2014, we launched several new collections under the Birks brand. In addition, we continued to pursue our strategies to enhance our customers in-store experience which included the opening of two new Birks mono-brand stores in Canada, one in Québec and one in Ontario and the remodeling of three Mayors stores to provide our clients with an engaging buying experience. The extent of our continuing investment in transforming our stores as well as future expansion of all sales channels including international channels of distribution will be dependent upon our ability to raise additional capital to fund such a roll out and expansion. In addition, while we continue to review opportunities to open our first Maison Birks mono-brand store in either Beijing or Shanghai, we do not anticipate that we will be opening a store during fiscal 2015 and our ability to expand into China beyond fiscal 2015 will be dependent upon our ability to identify attractive opportunities and to raise additional capital to fund this expansion.

To further pursue our sustainability objectives and further differentiate our Birks product brand, we are continuing our move towards focusing on the exclusive use of Canadian diamonds for our Birks product brand offering. The Birks Canadian diamond products will be delivered with a certificate of authenticity and a guarantee of origin of the Canadian diamond.

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Off-balance sheet arrangements

From time to time, we guarantee a portion of our private label credit card sales to our credit card vendor. As of March 29, 2014 and March 30, 2013, the amount guaranteed under such arrangements was approximately $4.8 million and $6.0 million, respectively. The bad debt experienced under these guarantees has not been material. See Note 12(b) to the consolidated financial statements included in this Annual Report on Form 20-F for additional discussion. We had no other off-balance sheet arrangements as of March 29, 2014 other than our operating lease commitments as detailed below and in Note 11 to our consolidated financial statements.

Commitments and Contractual Obligations

The following table discloses aggregate information about our contractual cash obligations as of March 29, 2014 and the periods in which payments are due:

	Payments due by Period				
	Total	Less Than 1 Year	1-3 Years	3-5 Years	More than 5 Years
	(In thousands)				
Contractual Obligations					
Debt maturities[4]	$ 112,668	$ 2,636	$ 4,256	$ 103,749	$ 2,027
Capital lease obligations	16,023	1,901	3,762	2,297	8,063
Interest on debt[2]	21,307	5,040	8,642	6,102	1,523
Operating lease obligations[1]	63,248	14,184	21,938	12,530	14,596
Total[3]	$ 213,246	$ 23,761	$ 38,598	$ 124,678	$ 26,209

(1) The operating lease obligations do not include insurance, taxes and common area maintenance (CAM) charges to which we are obligated. CAM charges were $4,124,000 in fiscal 2014, $4,294,000 in fiscal 2013, and $4,316,000 in fiscal 2012.
(2) Excludes interest payments on amounts outstanding under our senior secured revolving credit facility as the outstanding amounts fluctuate based on our working capital needs. Interest expense on variable rate debts was calculated assuming the rates in effect at March 29, 2014.
(3) In addition to the above and as of March 29, 2014, we had $1.9 million of outstanding letters of credit.
(4) Includes bank indebtedness in the 3-5 year category to reflect the current expiration date of the line of credit.

Leases

We lease all of our retail locations under operating leases with the exception of our Montreal store, which is under a capital lease. Additionally, we have operating leases for certain equipment.

Operating leases for store locations are expensed over the term of the initial lease period. While lease renewal periods are available on most leases, renewal periods are not included in the accounting lease term because we believe there are no punitive terms or circumstances associated with non-renewal that would reasonably assure renewal. The accounting lease term typically includes a fixturing period and the rental payments are expensed on a straight-line basis over the lease term. All reasonably assured rent escalations, rent holidays, and rent concessions are included when considering the straight-line rent to be expensed. Lease incentives are recorded as deferred rent and amortized as reductions to lease expense over the lease term. Contingent rent payments vary by lease, are based on a percentage of revenue above a predetermined sales level and are expensed when it becomes probable the sales levels will be achieved. This level is different for each location and includes and excludes various types of sales.

Leasehold improvements are capitalized and typically include fixturing and store renovations. Amortization of leasehold improvements begins on the date the asset was placed in service and extends to the lesser of the economic life of the leasehold improvement and the initial lease term. Our lease of our Montreal headquarters land and building is accounted for as a capital lease. The lease is for a 20-year period from the date of inception, December 12, 2000. The lease allows for several additional term extensions of the lease; however, management has only committed for the initial 20-year period. The implicit interest rate of the long-term debt associated with the capital lease is 10.74%. The outstanding principal balance at March 29, 2014 on this capital lease was $12.2 million.

Critical Accounting Policies and Estimates

The preparation of financial statements in conformity with U.S. GAAP requires us to make estimates and assumptions about future events and their impact on amounts reported in the financial statements and related notes. Since future events and their impact cannot be determined with certainty, the actual results may differ from those estimates. These estimates and assumptions are evaluated on an on-going basis and are based on historical experience and on various factors that are believed to be reasonable. We have identified certain critical accounting policies as noted below.

Going concern assumption

Our financial statements have been prepared on a going concern basis which assumes that we will continue our operations for the foreseeable future and be able to realize our assets and discharge our liabilities and commitments in the normal course of business. In evaluating our ability to continue as a going concern, we are required to determine whether we have the ability to fund our operations and meet our cash flow requirements. This evaluation requires us to estimate and forecast our cash flows for at least the next twelve months to determine whether we have sufficient availability under our secured revolving credit facility. Significant estimates that have the greatest impact on our analysis include our estimate of sales, gross margins and expenses, estimates of collateral values performed by our lenders throughout the year which could increase or decrease our availability under our senior secured credit facility, timing of inventory acquisitions, vendor terms and payments, and interest rate and foreign exchange rate assumptions. Further, we have also made judgments on whether any reserves would be imposed by our senior secured credit facilities lenders and our ability to obtain the financing required under the June 2014 and July 2014 amendments to our senior secured credit facilities. Significant variances from our assumptions used in preparing our going concern analysis could significantly impact our ability to meet our projected cash flows and could result in our senior secured lenders imposing additional restrictions on our ability to borrow funds under these credit facilities or the lenders having the right to demand repayment of balances owed under these credit facilities thus impacting our ability to meet our operations and cash flow requirements required to continue as a going concern.

Revenue recognition

Sales are recognized at the point of sale when merchandise is picked up by the customer or shipped. Shipping and handling fees billed to customers are included in net sales. Revenues for gift certificate sales and store credits are recognized upon redemption. Prior to recognition as a sale, gift certificates are recorded as accrued liabilities on the balance sheet. Based on historical redemption rates, a portion of certificates outstanding and not subject to unclaimed property laws are recorded as income. Certificates outstanding and subject to unclaimed property laws are maintained as accrued liabilities until remitted in accordance with local ordinance. Sales of consignment merchandise are recognized at such time as the merchandise is sold and are recorded on a gross basis because we are the primary obligor of the transaction, have general latitude on setting the price, have discretion as to the suppliers, are involved in the selection of the product and have inventory loss risk. Sales are reported net of returns and sales taxes. We generally give our customers the right to return merchandise purchased by them within 10 to 90 days, depending on the products sold and record a provision at the time of sale for the effect of the estimated returns. Repair sales are recorded at the time the service is rendered.

Allowance for inventory shrink and slow moving inventory

The allowance for inventory shrink is estimated for the period from the last physical inventory date to the end of the reporting period on a store by store basis and at our factories and distribution centers. The shrink rate from the most recent physical inventory, in combination with historical experience, is the basis for providing a shrink allowance.

We write down inventory for estimated slow moving inventory equal to the difference between the cost of inventory and the estimated market value based on assumptions about future demand and market conditions. If actual market conditions are less favorable than those projected by management, additional inventory write-downs may be required.

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Allowance for doubtful accounts

We maintain allowances for doubtful accounts for estimated losses resulting from the inability of our customers to make required payments. If the financial condition of our customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

Impairment of long-lived assets

We periodically review the estimated useful lives of our depreciable assets and changes in useful lives are made on a prospective basis unless factors indicate the carrying amounts of the assets may not be recoverable and an impairment write-down is necessary. However, we review our long-lived assets for impairment once events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. An impairment loss would be recognized when the estimated undiscounted future cash flows expected to result from the use of an asset and its eventual disposition is less than its carrying value. Measurement of an impairment loss for such long-lived assets is based on the difference between the carrying value and the fair value of the asset, with fair value being determined based upon discounted cash flows or appraised values, depending on the nature of the asset. Long-lived assets to be disposed of are reported at the lower of the carrying amount or fair value less cost to sell. During fiscal 2014, 2013 and 2012, we did not recognize any long-lived asset impairment charges in our consolidated financial statements.

Income tax assets

Management judgment is required in determining the valuation allowance recorded against deferred tax assets and we record valuation allowances when we determine that it is more-likely-than-not that such deferred tax assets will not be realized in the future. We determined that the criteria for recognition of these assets was not met at the reporting date given our history of losses. We have recorded a $57.6 million valuation allowance against the full value of net deferred tax assets as of March 29, 2014 (see Note 9(a) to the consolidated financial statements). This valuation allowance could be reduced in the future based on sufficient evidence indicating that it is more likely than not that a portion of our deferred tax assets will be realized. Additionally, foreign and domestic tax authorities periodically audit our income tax returns. These audits often examine and test the factual and legal basis for positions we have taken in our tax filings with respect to our tax liabilities, including the timing and amount of deductions and the allocation of income among various tax jurisdictions (tax filing positions). We believe that our tax filing positions are reasonable and legally supportable. However, in specific cases, various tax authorities may take a contrary position. In evaluating the exposures associated with our various tax filing positions, we record reserves using a more-likely-than-not recognition threshold for income tax positions taken or expected to be taken. Earnings could be affected to the extent we prevail in matters for which reserves have been established or we are required to pay amounts in excess of established reserves.

Inflation

The impact of inflation on our operations has not been significant to date.

Recent Accounting Pronouncements

See Note 2 (r) and (s) to the consolidated financial statements included in this Form 20-F.

Safe Harbor

See section entitled Forward-Looking Information at the beginning of this Annual Report on Form 20-F.

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Item 6. Directors, Senior Management and Employees

EXECUTIVE OFFICERS AND DIRECTORS

The following table sets forth information about our executive officers and directors, and their respective ages and positions as of May 31, 2014:

Name	Age	Position
Dr. Lorenzo Rossi di Montelera	73	Chairman of the Board & Director
Jean-Christophe Bédos	49	President, Chief Executive Officer & Director
Emily Berlin	67	Director
Davide Barberis Canonico	47	Director
Shirley A. Dawe	68	Director
Elizabeth Eveillard	67	Director
Louis L. Roquet	71	Director
Niccolò Rossi di Montelera	41	Director
Guthrie J. Stewart	58	Director
Michael Rabinovitch	44	Executive Vice President & Chief Financial Officer
Albert J. Rahm, II	60	Executive Vice President, Retail Store Operations
Ian Dorais	36	Vice President, Merchandising & Merchandise Planning
Eva Hartling	33	Vice President, Marketing & Communications
Miranda Melfi	50	Vice President, Legal Affairs & Corporate Secretary
Hélène Messier	54	Vice President & Chief Talent Officer
Marco Pasteris	53	Vice President, Business Development
Milton Thacker, III	53	Vice President & Chief Information Officer/ Process Innovation

Directors

Dr. Lorenzo Rossi di Montelera, age 73, has served as Chairman of our Board of Directors since 1993, and prior to the merger, Dr. Rossi di Montelera served on the board of directors of Mayors. Dr. Rossi di Montelera s term as a director of Birks Group expires in 2014. He is also on the Board of Directors of Azimut S.p.A. and the Advisory Board of the Global Leadership Institute of New York. Dr. Rossi di Montelera is also a director of Gestofi S.A. and a beneficiary of the Grande Rousse Trust that beneficially owns or controls all of the shares of the Company held by Montrovest. Dr. Rossi di Montelera is the father-in-law of Mr. Carlo Coda-Nunziante who is our Vice President, Strategy. Dr. Rossi di Montelera is also the father of Mr. Niccolò Rossi di Montelera, a fellow director and who, as an employee of Gestofi S.A., provides consulting services to the Company.

Jean-Christophe Bédos, age 49, was our Chief Operating Officer since January 2012 and became our President and Chief Executive Officer on April 1, 2012. He became a director of Birks Group on April 19, 2012, and his term as a director expires in 2014. He has over 25 years of experience in merchandising, marketing, branding and product development in the global retail luxury sector. Mr. Bédos was President and Chief Executive Officer of French jeweler Boucheron from May 2004 to September 2011. Prior to that, he was the Managing Director of Cartier France from 2002 to 2004, and International Executive Manager alongside the President and Chief Executive Officer of Richemont International from 2000 to 2002. Mr. Bédos started his career in the jewelry industry at Cartier in 1988.

Emily Berlin, age 67, has been a member of our Board of Directors since November 2005. Ms. Berlin s term as a director of Birks Group expires in 2014. She was a member of the board of directors of Mayors from October 2002 until November 14, 2005. She was a Senior Managing Director of Helm Holdings International from 2001 until December 2012, which is a member of a diversified privately owned group of companies operating principally in Central and South America where she focused principally on the banking and energy sectors. Since January 2013, Ms. Berlin has been serving as a strategic consultant to SoEnergy International Inc., an affiliate of Helm Holdings International, operating in the energy sector and to Deer Isle Capital LLC, an advisory firm that focuses on growth and catalyst capital. She also serves on the board of the International Women s Forum Florida. From 1974 to 2000, she was a member of the law firm Shearman & Sterling, becoming a partner in 1981.

Davide Barberis Canonico, age 47, was elected to our Board of Directors in September 2013. Mr. Canonico s term as a director of Birks Group expires in 2014. He was a member of the board of directors of Mayors since November 2005. Mr. Canonico has been President and Chief Executive Officer of Manifattura di Ponzone S.p.A., an Italian family-owned company in the textile industry, since 1998. He is also a member of the board of Sinterama S.p.A., a company in the textile industry with manufacturing facilities worldwide, since 2001. He is a member of the Supervisory Board of Montrovest B.V.

Shirley A. Dawe, age 68, has been a member of our Board of Directors since 1999. Ms. Dawe s term as a director of Birks Group expires in 2014. She is also a Corporate Director and has been President of Shirley Dawe Associates Inc., a Toronto-based management consulting company specializing in the retail sector since 1986. From 1969 to 1985, she held progressively senior executive positions with Hudson s Bay Company. Her expertise in the retail sector led to her appointment on industry-specific public task forces and to academic and not-for-profit boards of directors. Her wide management and consumer marketing experience brought Ms. Dawe to the board of directors of numerous public and private companies in Canada and the U.S.

Elizabeth M. Eveillard, age 67, has been a member of our Board of Directors since November 2005. Ms. Eveillard s term as a director of Birks Group expires in 2014. Ms. Eveillard will not stand for re-election as a director of the Company. She was a member of the board of directors of Mayors from August 2002 until November 14, 2005 and is an independent consultant with over 30 years of experience in the investment banking industry. From 2000 to 2003, she was a consultant and Senior Managing Director, Retailing and Apparel Group, Bear, Stearns & Co., Inc. From 1988 to 2000, she served as Managing Director and Head of the Retailing Group, PaineWebber Incorporated. From 1972 to 1988 she held various positions at Lehman Brothers, including Managing Director in the Merchandising Group. She serves as a director of numerous non-profit organizations.

Louis L. Roquet, age 71, has been a director of Birks Group since August 8, 2007. Mr. Roquet s term as a director of Birks Group expires in 2014. Mr. Roquet has informed the Company that he will not stand for re-election subsequent to his appointment as Chairman of Investisement Québec. Mr. Roquet served as Managing Director of Cevital Spa, a large Algerian manufacturer of food products since January 2012 to April 2014. He has served as General Manager of the City of Montréal from January 2010 to January 2012. From April 2004 to October 2009, Mr. Roquet served as President and Chief Operating Officer of Desjardins Venture Capital and was responsible for managing Desjardins venture capital funds together with those of *Capital Regional and Cooperatif Desjardins,* a publicly-traded company established in 2001 with an authorized capitalization of $1.0 billion. From 2002 to 2004, Mr. Roquet served as President and General Manager of *Societe des alcools du Québec* (SAQ), Québec s Liquor Board. Prior to 2002, he held the title of President and Chief Executive Officer of Investissement Québec, Secretary General of the City of Montréal and General Manager of Montréal Urban Community. He also serves as a director of numerous non-profit organizations.

Niccolò Rossi di Montelera, age 41, has been a director of Birks Group since September 2010. Mr. Rossi di Montelera s term as a Director of Birks Group expires in 2014. Mr. Rossi di Montelera has been a consultant for Gestofi S.A. since August 2009 and provides consulting services to the Company in the areas of e-commerce, new product and brand development and wholesale in addition to being involved with the Company s business development activities and strategic initiatives. From 2007 to 2009, he served as the Company s Group Divisional Vice President responsible for product development, wholesale and e-commerce. From 2005 to 2006, he served as the Company s Group Director responsible for product development. From 2002 to 2003, he worked at Regaluxe Investments SA and was responsible for the North American business development for Royale de Champagne and from 1999 to 2002, he was a Project Leader for Ferrero Group. He was a member of the Supervisory Board of the Directors of Montrovest until June 30, 2012. Mr. Rossi di Montelera is the son of Dr. Rossi di Montelera, the Company s Chairman of the Board and is the brother-in-law of Mr. Carlo Coda-Nunziante who is the Company s Vice President, Strategy.

Guthrie J. Stewart, age 58, has been a director of Birks Group since October 2010. Mr. Stewart s term as a Director of Birks Group expires in 2014. From 2001 to 2007, Mr. Stewart was a partner of EdgeStone Capital Partners, a Canadian private equity firm. From 1992 to 2000 he served principally as Group EVP Global Development and President and Chief Executive Officer of the Canadian operations of Teleglobe Inc. From 1987 to 1992, he was the Vice President, Legal and Corporate Development of BCE Mobile Inc. (currently Bell Mobility) and from 1979 to 1986, Mr. Stewart was a corporate, commercial and securities lawyer at Osler, Hoskin & Harcourt. Mr. Stewart also has been and currently is a member of a number of other corporate boards and advisory boards.

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Other Executive Officers

Michael Rabinovitch, age 44, is our Executive Vice President & Chief Financial Officer and has been with Birks Group since August 2005. Prior to joining Birks Group, Mr. Rabinovitch had been Vice President of Finance of Claire s Stores, Inc. since 1999. Before joining Claire s Stores, Inc., Mr. Rabinovitch was Vice President of Accounting & Corporate Controller at an equipment leasing company. Mr. Rabinovitch spent five years with Price Waterhouse LLP. Mr. Rabinovitch is a licensed CPA and a member of the American Institute of Certified Public Accountants.

Albert J. Rahm, II, age 60, is our Executive Vice President, Retail Store Operations and has been with Birks Group since April 2007. Prior to joining us, Mr. Rahm was the President of C.D. Peacock, a jewelry retail in Chicago from March 2006 until April 2007 and prior to that was Vice President, Retail Store Operations for Mayors since 1991 and for Birks since 2005 until March 2006. Prior to joining Mayors in 1991, Mr. Rahm owned and operated three retail jewelry stores for a fourteen-year period in Shreveport, Louisiana.

Ian Dorais, age 36, is our Vice President, Merchandising & Merchandise Planning and has been with Birks Group since December 2011. Prior to joining us, he was with Liz Claiborne Canada from November 2007 to December 2011 as Director, Planning and Allocation and then Vice President, Planning and Allocation.

Eva Hartling, age 33, is our Vice President, Marketing & Communications and has been with Birks Group since August 2010. From August 2010 to November 2013, she was Director, Public Relations. Prior to joining Birks Group, Ms. Hartling, from 2009 to 2010, was with Telefilm Canada and held the position of Senior Advisor, External Communications. From 2007 to 2009, Ms. Hartling was Director, External Communications at Rona Inc., a publicly-traded retailer and distributor of hardware, building materials and home renovation products. From 2002 to 2007, she held various positions in public relations.

Miranda Melfi, age 50, is our Vice President, Legal Affairs and Corporate Secretary and has been with Birks Group since April 2006. Prior to joining us, Ms. Melfi was with Cascades Inc., a publicly-traded pulp and paper company for eight years and held the position of Vice President, Legal Affairs, Boxboard Group. From 1994 to 1998, Ms. Melfi was Vice President, Legal Affairs and Corporate Secretary at Stella-Jones Inc., a publicly-traded wood products company, and from 1991 to 1994, practiced corporate, commercial and securities law with Fasken Martineau DuMoulin LLP.

Hélène Messier, age 54, is our Vice President & Chief Talent Officer and has been with Birks since November 2000. Prior to joining Birks, she was Assistant General Manager of the *Federation des Producteurs de Lait du Québec* from November 1997 to November 2000. From 1982 to 1997, she held various management positions both in operations and human resources with Bell Canada.

Marco Pasteris, age 53, is our Vice President, Business Development and has been with Birks since September 1993 in several capacities including Vice President, Finance and Treasurer. Prior to joining Birks Group, Mr. Pasteris was the representative of the Fata S.p.A. of Pianezza, Italy in Sovitalprodmash, Volsk, Russia (a Fata S.p.A. Joint Venture) from 1991 to 1993. Before joining Sovitalprodmash, Mr. Pasteris was Controller of International Operations at the Gruppo Finanziaro Tessile S.p.A., Torino, Italy, where he spent six years.

Milton Thacker, III, age 53, is our Vice President & Chief Information Officer and has been with Birks Group since 1994. From 1994 to 2004, Mr. Thacker held various information technology positions leading to his role as Vice President & Chief Information Officer starting in 2004. Prior to joining Birks Group, Mr. Thacker led the IT divisions at Tate Andale and Marlenn Corporation, manufacturers, and held various IT positions at The Kronheim Company, a wholesale distributor, and at New England Development, a shopping center developer.

COMPENSATION OF DIRECTORS AND OFFICERS

Director Compensation

During fiscal 2014, each director who was not an employee of the Company received an annual fee of $25,000 for serving on our Board of Directors and $1,500 for each Board meeting attended in person. The chairperson of each of the audit committee, compensation committee and corporate governance committee received an additional annual fee of $10,000, $8,000 and $5,000, respectively. Since October 2012, the members of each of the audit committee, compensation committee and corporate governance committee received an additional annual fee of $5,000, $4,000 and $2,500, respectively and the independent member of the executive committee received an additional annual fee of $4,000. The chairperson of any special independent committee of directors that may be established from time to time is entitled to receive $10,000 for his or her service and the other members of the committee are each entitled to receive $5,000 for their service on such committee. Each director who is not an employee of the Company is entitled to receive a grant of 5,000 stock appreciation rights on April 1 of each year, an increase from 1,000 stock appreciation rights previously granted prior to September 2012. In April 2012, 1,000 stock appreciation rights were granted to each non-employee director. In September 2012, April 2013 and April 2014, 4,000, 5,000 and 5,000 respectively, of stock appreciation rights were granted to each non-employee director. All directors were reimbursed for reasonable travel expenses incurred in connection with the performance of their duties as directors.

Executive Compensation

We are a foreign private issuer under U.S. securities laws and not a reporting issuer under Canadian securities laws and are therefore not required to publicly disclose detailed individual information about executive compensation in our home jurisdiction. However, the executive compensation of our Chief Executive Officer, Chief Financial Officer and three other most highly compensated executive officers are detailed in our Management Proxy Circular as such document is referred to below. Under the *Canada Business Corporations Act*, being the statute under which we were incorporated, we are only required to provide certain information on aggregate executive compensation. The aggregate compensation paid by us to our ten executive officers in fiscal 2014, one of which left the Company and two others became executive officers during the year, was approximately $2,702,000 (annual salary).

The summary compensation table regarding our Chief Executive Officer, Chief Financial Officer and three other most highly compensated executive officers and the option/SAR grants and exercise of options tables in our Management Proxy Circular will be filed on Form 6-K with the SEC in connection with our 2014 Annual and Special Meeting of Shareholders.

Birks Group Incentive Plans

Long-Term Incentive Plan

In 2006, Birks Group adopted a Long-Term Incentive Plan to attract and retain the best available personnel for positions of substantial responsibility, to provide additional incentive to employees and consultants and to promote the success of Birks Group business. As of May 31, 2014, there were 147,320 cash-based stock appreciation rights that were granted to members of the Company s Board of Directors and stock options to purchase 475,000 shares of the Company s Class A voting shares granted to ten members of the Company s senior management team under the Long-Term Incentive Plan. The stock appreciation rights outstanding as of May 31, 2014, under the Long-Term Incentive Plan have a weighted average exercise price of $1.76 and the stock options outstanding as of May 31, 2014, under the Long-Term Incentive Plan have a weighted average exercise price of $1.07.

In general, the Long-Term Incentive Plan is administered by Birks Group Board of Directors or a committee designated by the Board of Directors (the Administrator). Any employee or consultant selected by the Administrator is eligible for any type of award provided for under the Long-Term Incentive Plan, except that incentive stock options may not be granted to consultants. The selection of the grantees and the nature and size of grants and awards are wholly within the discretion of the Administrator. The Long-Term Incentive Plan provides for the grant of incentive stock options that qualify under Section 422 of the Code and non-statutory options, stock appreciation rights, restricted stock awards, restricted stock units and performance unit or share awards, as such terms are defined in the

Long-Term Incentive Plan.

The Long-Term Incentive Plan authorizes the issuance of 900,000 Class A voting shares, which consists of authorized but unissued Class A voting shares. In the event of a stock dividend, stock split, reverse stock split, combination or reclassification or similar transaction or other change in corporate structure affecting Class A voting shares, adjustments will be made to the Long-Term Incentive Plan.

We cannot issue Class A voting shares or awards under the Long-Term Incentive Plan if such issuance, when combined with the Class A voting shares issuable under any of our other equity incentive award plans and all other Class A voting shares issuable under the Long-Term Incentive Plan would exceed 1,304,025 Class A voting shares, unless the issuance of such shares or awards in excess of this limit is approved by the shareholders of the Company. However, this limit shall not restrict the Company to issue awards under the Long-Term Incentive Plan that are payable other than in shares, including cash-settled stock appreciation rights. As of March 29, 2014, the Company could issue 416,695 of additional Class A voting shares or awards under its Long-Term Incentive Plan without exceeding this limit.

In the event of a change in control of Birks Group, the Administrator, at its sole discretion, may determine that all outstanding awards shall become fully and immediately exercisable and vested. In the event of dissolution or liquidation of Birks Group, the Administrator may, at its sole discretion, declare that any stock option or stock appreciation right shall terminate as of a date fixed by the Administrator and give the grantee the right to exercise such option or stock option right.

In the event of a merger or asset sale or other change in control, as defined by the Long-Term Incentive Plan, the administrator may, in its sole discretion, take any of the following actions or any other action the administrator deems to be fair to the holders of the awards:

- Provide that all outstanding awards upon the consummation of such a merger or sale shall be assumed by, or an equivalent option or right shall be substituted by, the successor corporation or parent or subsidiary of such successor corporation;

- Prior to the occurrence of the change in control, provide that all outstanding awards to the extent they are exercisable and vested shall be terminated in exchange for a cash payment equal to the change in control price; or

- Prior to the occurrence of the change in control, provide for the grantee to have the right to exercise the award as to all or a portion of the covered stock, including, if so determined by the administrator, in its sole discretion, shares as to which it would not otherwise be exercisable.

Employee Stock Purchase Plan

In 2006, Birks Group adopted an Employee Stock Purchase Plan (ESPP), which was approved in February 2006. The ESPP permits eligible employees, which do not include executives of Birks Group Inc., to purchase our Class A voting shares from Birks Group at 85% of their fair market value through regular payroll deductions. A total of 100,000 shares of our Class A voting shares are reserved for issuance under the ESPP. As of May 31, 2011, 99,995 shares have been issued under the ESPP and no additional shares will be issued under this plan. No shares were issued under the ESPP in fiscal 2014, 2013 and 2012.

CEO and Senior Executives Long-Term Cash Incentive Plans

During the year ended March 30, 2013, the Board of Directors approved the long-term cash incentive plans (LTCIPs) for the Chief Executive Officer and Senior Executive members. The intention of the LTCIPs are to reward the Chief Executive Officer and other members of senior management based on our performance over three-year cycles, the first of which began with the fiscal 2013 through fiscal 2015 period. The approval of a new three-year cycle is at the discretion of the Board of Directors on recommendation of the compensation committee. The payouts under the LTCIPs will be based on our earnings before tax (EBT) performance with the payout level earned during the three-year period either increasing or decreasing based on our EBT performance levels versus thresholds established in each of the three years of the three-year cycle and afterwards, if the LTCIPs are continued. The payout will be 1/3 of the LTCIPs value earned at the end of the first three year cycle and 1/3 of the LTCIPs value for every year thereafter, subject to the Chief Executive Officer and participating executives continued employment and subject to the payment not causing any default on the Company s credit facilities. The LTCIPs payouts will continue to rise or fall based on the Company s performance each year. The total LTCIPs pool is only created to compensate if EBT is above a certain growth rate and the payout is capped so that the total three-year costs of the programs combined does not exceed 10% of our total earnings before taxes for the three-year period. As of March 29, 2014, no amounts were earned under the LTCIP.

Birks Employee Stock Option Plan

Effective May 1, 1997, Birks adopted an Employee Stock Option Plan (the Birks ESOP) designed to attract and retain the services of selected employees or non-employee directors of Birks or its affiliates who are in a position to make a material contribution to the successful operation of our business. The Birks ESOP was amended as of June 20, 2000. Effective as of November 15, 2005, no awards will be granted under the Birks ESOP. However, the Birks ESOP will remain in effect until the outstanding awards thereunder terminate or expire by their terms. As of May 31, 2014, there were 6,454 Class A voting shares underlying options granted under the Birks ESOP.

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Mayors Equity-Incentive Plans

1991 Stock Option Plan and Long-Term Incentive Plan

The Company has outstanding employee stock options and SARs issued to employees and members of the Board of Directors of Mayors under the 1991 Stock Option Plan (the 1991 Plan) and the Long-Term Incentive Plan (the Mayor s LTIP) approved by the former Board of Directors of Mayors. Under these plans, the option price was required to equal the market price of the stock on the date of the grant or in the case of an individual who owned 10% or more of the common stock of Mayors, the minimum price was to be set at 110% of the market price at the time of issuance. Options granted under these programs generally became exercisable from six months to three years after the date of grant, provided that the individual was continuously employed by Mayors, or in the case of directors, remained on the Board of Directors. All options generally expired no more than ten years after the date of grant. No further awards will be granted under these plans. However, these plans will remain effective until the outstanding awards issued under the plans terminate or expire by their terms. As of May 31, 2014, there were 4,347 and 3,836 Class A voting shares underlying awards granted under the Mayor s LTIP and the 1991 Plan, respectively, following the Offer to Amend (as described below). The awards outstanding under the Mayor s LTIP and the 1991 Plan have a weighted average exercise price of $1.00 and $5.19, respectively.

Stock Option Amendments

On March 18, 2010, the Company filed with the SEC a Tender Offer Statement on Schedule TO which included therein an Offer to Amend Certain Outstanding Options (the Offer to Amend), relating to an offer by the Company to its current employees and subsidiaries employees to amend certain of their outstanding options to purchase the Company s Class A voting shares. Only options granted under the Henry Birks & Sons Inc. Employee Stock Option Plan effective as of May 1, 1997 and amended as of June 20, 2000 and Mayor s Jewelers, Inc. 1991 Amended Stock Option Plan, with an exercise price per share greater than $4.00 (in the currency in which such option was granted) that remained outstanding as of the expiration of the offer on April 16, 2010, were eligible to be amended in the offer. Pursuant to the Offer to Amend, the Company received, as of April 16, 2010, tendered eligible stock options covering 85,786 shares of its Class A voting shares and provided amended options to purchase up to 12,077 shares of the Company s Class A voting shares, thereby reducing the number of shares issuable upon exercise of outstanding options by 73,709 shares. The amended stock options have exactly the same terms as the eligible stock options, but they are exercisable for a lesser number of Class A voting shares, they have a new exercise price of $1.05 per share, a new ten-year term, and different terms in the event of a change in control, going-private transaction, or a liquidation or dissolution of the Company, as described in the Offer to Amend.

BOARD PRACTICES

Our by-laws state that the Board of Directors will meet immediately following the election of directors at any annual or special meeting of the shareholders and as the directors may from time to time determine. See Item 10. Additional Information Articles of Incorporation and By-laws.

Under our Restated Articles of Incorporation, our directors serve one-year terms although they will continue in office until successors are appointed. None of the members of our Board has service agreements providing for benefits upon termination of employment, except for Mr. Bédos, our President and Chief Executive Officer. See Item 10. Additional Information Material Contracts Employment Agreements.

Our Board of Directors has determined that five of our nine directors (Emily Berlin, Shirley A. Dawe, Elizabeth Eveillard, Louis L. Roquet and Guthrie J. Stewart) qualify as independent directors within the meaning of

Section 803A of the NYSE MKT Company Guide.

All of the directors on our Compensation, Corporate Governance and Audit committees are independent. We are a controlled company (one in which more than 50% of the voting power is held by an individual, a group or another company) within the meaning of the rules of the NYSE MKT. Accordingly, we are not required under the NYSE MKT rules to have a majority of independent directors, a nominating and corporate governance committee and a compensation committee (each of which, under the NYSE MKT rules, would otherwise be required to be comprised entirely of independent directors). Since the merger, our Board of Directors has been comprised of a majority of

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independent directors, except for fiscal year 2013 following the appointment of Mr. Bédos, our President and Chief Executive Officer, as an additional director of the Company, during which our Board of Directors was comprised of 50% of independent directors.

Notwithstanding the fact that we qualify for the controlled company exemption, we maintain a Corporate Governance Committee and a Compensation Committee comprised solely of independent directors.

During fiscal 2014, our Board of Directors held a total of seven board of directors meetings and nineteen committee meetings. During such period, seven out of the nine directors attended 100% of the meetings of the Board of Directors, and two directors attended 71% of the Board meetings.

Our Board of Directors is supported by committees, which are working groups that analyze issues and provide recommendations to the Board of Directors regarding their respective areas of focus. The executive officers interact periodically with the committees to address management issues. During fiscal 2014, our Board of Directors was composed of the four main committees below. The Board of Directors may from time to time also create special committees of the Board as needed.

1. *Audit Committee*. We have a separately-designated standing audit committee established in accordance with Section 3(a)(58)(A) of the Exchange Act. The audit committee operates under a written charter adopted by the Board of Directors. The audit committee reviews the scope and results of the annual audit of our consolidated financial statements conducted by our independent auditors, the scope of other services provided by our independent auditors, proposed changes in our financial accounting standards and principles, and our policies and procedures with respect to its internal accounting, auditing and financial controls. The audit committee also examines and considers other matters relating to our financial affairs and accounting methods, including selection and retention of our independent auditors. During fiscal 2014, the audit committee held five meetings and all members of the audit committee attended these meetings during such period except for one member who attended 80% of the meetings. During fiscal 2014, the audit committee was comprised of Louis L. Roquet (Chair), Emily Berlin and Guthrie Stewart, each of whom was financially literate and an independent (as defined by the NYSE MKT listing standards and SEC rules), non-employee director of Birks Group. We have determined that Louis Roquet is financially sophisticated and have waived the requirement for the present time under the audit committee s charter that at least one member of the audit committee be designated as an audit committee financial expert as this term is defined under SEC rules. Neither the SEC nor the NYSE MKT requires us to designate an audit committee financial expert and we have not determined that any of our current directors would qualify as such.

2. *Compensation Committee*. We have a standing compensation committee. The compensation committee operates under a written charter adopted by the Board of Directors. The purpose of the compensation committee is to recommend to the Board of Directors executive compensation, including base salaries, bonuses and long-term incentive awards for the Chief Executive Officer and certain other executive officers of Birks Group. The compensation committee also establishes criteria for goals and objectives for variable compensation, evaluates the performance of the Chief Executive Officer on an annual basis and provides recommendations to the Board of Directors regarding Chief Executive Officer and senior management succession plans. Certain decisions regarding compensation of certain other executive officers are reviewed by the compensation committee. During fiscal 2012, the compensation committee led the board initiative for leadership transition of the Chief Executive Officer. During fiscal 2014, the compensation committee held four meetings and all of the members of the compensation committee attended these meetings during such period. During fiscal 2014, the compensation committee was comprised of Shirley A. Dawe (Chair), Guthrie J. Stewart, and Elizabeth Eveillard. Every member of the Compensation Committee was an independent (as defined by the NYSE MKT listing standards), non-employee director of Birks Group.

3. *Corporate Governance Committee*. We have a standing corporate governance committee which has also assumed the functions of a nominating committee in accordance with the SEC rules and NYSE MKT listing requirements on nominating committees. The corporate governance committee is responsible for overseeing all aspects of our corporate governance policies. The corporate governance committee is also responsible for the oversight and review of all related party transactions and for nominating potential nominees to the Board of Directors. Our policy with regard to the consideration of any director candidates recommended by a shareholder is that we will consider such candidates and evaluate such candidates by the same process as candidates identified by the corporate governance committee. During fiscal 2014, the corporate governance committee held four meetings and all members of the corporate governance committee attended these meetings during such period except for one member who attended 75% of the meetings. Our corporate governance committee is comprised of three directors and operates under a

written charter adopted by the Board of Directors. The current members are Emily Berlin (Chair), Louis L. Roquet, and Guthrie J. Stewart. Every member of the Corporate Governance Committee is an independent (as defined by the NYSE MKT listing standards), non-employee director of Birks Group.

4. *Executive Committee*. We have a standing executive committee. The executive committee operates under a written charter adopted by the Board of Directors. The purpose of the executive committee is to provide a simplified review and approval process in between meetings of the Board of Directors for certain corporate actions. The intent of the executive committee is to facilitate our efficient operation with guidance and direction from the Board of Directors. The goal is to provide a mechanism that can assist in our operations, including but not limited to, the monitoring of the implementation of policies, strategies and programs. In addition, the executive committee s mandate is to assist the Board with respect to the development, continuing assessment and execution of the Company s strategic plan. The executive committee is comprised of at least three members of the Board of Directors. Vacancies on the committee are filled by majority vote of the Board of Directors at the next meeting of the Board of Directors following the occurrence of the vacancy. The executive committee currently has four members consisting of: Niccolo Rossi di Montelera (Chair), Jean-Christophe Bédos, Elizabeth Eveillard, and Davide Barberis Canonico. During fiscal 2014, the executive committee held six meetings. All of the members of the executive committee attended these meetings during such period except for one member who attended 83% of the executive committee meetings.

EMPLOYEES

As of March 29, 2014, we employed approximately 732 persons. None of our employees are governed by a collective bargaining agreement with a labor union. We believe our relations with our employees are good and we intend to continue to place an emphasis on recruiting, training, retraining and developing the best people in our industry.

Retail employees include only those employees within our retail selling locations, while administration includes all other activities including corporate office, merchandising, supply chain operations and corporate sales. The table below sets forth headcount by category and geographic location for the periods indicated:

	Canada	U.S.	Total
As of March 29, 2014:			
Administration	183	91	274
Retail	282	175	457
Total	465	266	731
As of March 30, 2013:			
Administration	216	87	303
Retail	316	171	487
Total	532	258	790
As of March 31, 2012:			
Administration	224	112	336
Retail	305	197	502

Total	529	309	838

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SHARE OWNERSHIP

The following table sets forth information regarding the beneficial ownership of our Class A voting shares as of May 31, 2014, based on 10,204,578 Class A voting shares, by each executive officer and each director:

Name of Beneficial Owner	Number of Class A Voting Shares Beneficially Owned	Percentage of Beneficially Owned
Dr. Lorenzo Rossi di Montelera(1)	869	*
Jean-Christophe Bédos(2)	133,334	1.3%
Shirley A. Dawe(3)	1,545	*
Emily Berlin(4)	46,952	*
Elizabeth Eveillard(5)	182,010	1.8%
Louis L. Roquet		
Niccolò Rossi di Montelera		
Davide Barberis Canonico		
Guthrie J. Stewart		
Michael Rabinovitch(6)	37,681	*
Marco Pasteris(7)	176,154	1.7%
Albert J. Rahm, II(8)	5,000	*
Ian Dorais(9)	1,667	*

* Less than 1%.

(1) Includes an option to purchase 869 Class A voting shares which is currently exercisable at a price of $7.14 per share and expires on January 1, 2015. Dr. Rossi di Montelera is a beneficiary of Grande Rousse Trust. Grande Rousse Trust beneficially owns or controls 7,717,970 Class A voting shares to which Montrovest would be entitled upon conversion of the Class B multiple voting shares held by Montrovest in addition to 5,928,722 Class A voting shares. Holders of Class B multiple voting shares are entitled to ten votes for each Class B multiple voting share held, whereas holders of Class A voting shares are entitled to one vote per Class A voting share held. Dr. Rossi di Montelera expressly disclaims beneficial ownership over the shares held by Montrovest.

(2) Includes (a) an option to purchase 150,000 Class A voting shares, exercisable at a price of $1.04 per share and which expires on January 4, 2022, which vests over a period of three (3) years beginning on January 4, 2012 and currently 100, 000 are vested and exercisable or exercisable within 60 days of May 31, 2014 and included in the table above, and (b) an option to purchase 100,000 Class A voting shares exercisable at a price of $0.84 per share and which expires on April 18, 2023, which vests over a period of three (3) years beginning on April 18, 2013 and currently 33,334 are vested and exercisable or exercisable within 60 days of May 31, 2014 and included in the table above.

(3) Includes 1,545 Class A voting shares.

(4) Includes 46,952 Class A voting shares.

(5) Includes (a) an option to purchase 869 Class A voting shares, currently exercisable or exercisable within 60 days of May 31, 2014, at an exercise price of $7.14 which expires on January 1, 2015, (b) 13,477 Class A voting shares held directly, and (c) 167,664 Class A voting shares owned by her husband.

(6) Includes (a) stock appreciation rights to purchase 4,347 Class A voting shares, currently exercisable or exercisable within 60 days of May 31, 2014, which at an exercise price of $1.00 per share and expire on March 16, 2020, (b) an option to purchase 25,000 Class A voting shares, currently exercisable or exercisable

within 60 days of May 31, 2014, at a price of $1.25 and which expires on September 23, 2020 and (c) an option to purchase 25,000 Class A voting shares, of which 8,334 are vested and exercisable or exercisable within 60 days of May 31, 2014 and included in the table above, exercisable at a price of $0.89 and which expires on November 14, 2022. An option to purchase 25,000 Class A voting shares, of which none are vested, exercisable at a price of $1.66 and which expires on September 12, 2023, has not been included as the option is not vested.

(7) Includes (a) an option to purchase 2,170 Class A voting shares, currently exercisable or exercisable within 60 days of May 31, 2014, which is exercisable at a price of $1.05 per share and expires on April 16, 2020, (b) an option to purchase 15,000 Class A voting shares, currently exercisable or exercisable within 60 days of May 31, 2014, at a price of $1.25 and expire on September 23, 2020, (c) Warrants to purchase 48,110 Class A voting shares, currently exercisable or exercisable within 60 days of May 31, 2014, at prices of $3.34 to $6.21 per share and expire August 20, 2022, (d) an option to purchase 10,000 Class A voting shares, of which 3,334 are vested and included in the table above, exercisable at a price of $0.89 and expire on November 14, 2022, and (e) 107,540 Class A voting shares. An option to purchase 15,000 Class A voting shares, of which none are vested, exercisable at a price of $1.66 and which expires on September 12, 2023, has not been included as the option is not vested.

(8) Includes an option to purchase 15,000 Class A voting shares, of which 5,000 are vested and exercisable or exercisable within 60 days of May 31, 2014 and included in the table above, exercisable at a price of $0.89 per share and which expires on November 14, 2022.

(9) Includes an option to purchase 5,000 Class A voting shares, of which 1,667 are vested and exercisable or exercisable within 60 days of May 31, 2014 and included in the table above, exercisable at a price of $0.89 per share and which expires on November 14, 2022.

For arrangements involving the issuance or grant of options or shares of the Company to such named executive officers and other employees, see above under the heading Compensation of Directors and Officers and Item 10. Additional Information Material Agreements Employment Agreements.

Item 7. Major Shareholders and Related Party Transactions

MAJOR SHAREHOLDERS

The following table sets forth information regarding the beneficial ownership of our Class A voting shares as of May 31, 2014 by each person or entity who beneficially owns 5% or more of outstanding voting securities, including the Class A voting shares and Class B multiple voting shares. The major shareholders listed with Class B

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multiple voting shares are entitled to ten votes for each Class B multiple voting share held, whereas holders of Class A voting shares are entitled to one vote per Class A voting share held. Unless otherwise indicated in the table, each of the individuals named below has sole voting and investment power with respect to the voting shares beneficially owned by them. The calculation of the percentage of outstanding shares is based on 10,204,578 Class A voting shares and 7,717,970 Class B multiple voting shares outstanding on May 31, 2014, adjusted where appropriate, for shares of stock beneficially owned but not yet issued.

Beneficial ownership is determined under rules issued by the SEC. Under these rules, beneficial ownership includes any of the Class A voting shares or Class B multiple voting shares as to which the individual or entity has sole or shared voting power or investment power and includes any shares as to which the individual or entity has the right to acquire beneficial ownership within 60 days through the exercise of any warrant, stock option or other right. The inclusion in this Annual Report of such voting shares, however, does not constitute an admission that the named individual is a direct or indirect beneficial owner of such voting shares. The voting shares that a person has the right to acquire within 60 days of May 31, 2014 are deemed outstanding for the purpose of calculating the percentage ownership of such person, but are not deemed outstanding for the purpose of calculating the percentage owned by any other person listed. For information regarding entities or persons that directly or indirectly control us, see Item 3. Key Information Risk Factors Risks Related to the Company.

Name of Beneficial Owner (1)	Number of Class A Voting Shares Beneficially Owned	Percentage of Beneficially Owned
Grande Rousse Trust (2)	13,646,692	76.1%
Rohan Private Trust Company Limited (3)	13,646,692	76.1%
Montrovest BV(4)	13,646,692	76.1%
Prime Investments S.A. (5)	1,536,047	15.1%

(1) Unless otherwise noted, each person has sole voting and investment power over the shares listed opposite his or her name.

(2) Includes 13,646,692 Class A voting shares, of which 7,717,970 Class A voting shares to which Montrovest would be entitled upon conversion of the Class B multiple voting shares held by Montrovest. The Class B multiple voting shares entitle the holder to ten votes for each Class B multiple voting share held and each Class B multiple voting share is convertible into one Class A voting share. The shares held by Montrovest are beneficially owned by Grande Rousse Trust. Dr. Rossi di Montelera who is the Company s Chairman of the Board of Directors is a beneficiary of Grande Rousse Trust. The Class B multiple voting shares entitle the holder to ten votes for each Class B multiple voting share held and each Class B multiple voting share is convertible into one Class A voting share.

(3) Trustee of Grande Rousse Trust. Includes 13,646,692 Class A voting shares, of which 7,717,970 Class A voting shares to which Montrovest would be entitled upon conversion of the Class B multiple voting shares held by Montrovest. The shares held by Montrovest are beneficially owned by Grande Rousse Trust. Dr. Rossi di Montelera is a beneficiary of Grande Rousse Trust. The Class B multiple voting shares entitle the holder to ten votes for each Class B multiple voting share held and each Class B multiple voting share is convertible into one Class A voting share.

(4) Comprised of 13,646,692 Class A voting shares, of which 7,717,970 Class A voting shares to which Montrovest would be entitled upon conversion of the Class B multiple voting shares held by Montrovest.

The Class B multiple voting shares entitle the holder to ten votes for each Class B multiple voting share held and each Class B multiple voting share is convertible into one Class A voting share.

(5) The Company has been advised that Asiya Trust Co. PTE. Ltd., as trustee of the Beech Settlement trust, exercises voting and investment control over the securities held of record by Prime Investments S.A.

As of May 31, 2014, there were a total of 325 holders of record of our Class A voting shares, of which 248 were registered with addresses in the United States. Such United States record holders were, as of such date, the holders of record of approximately 42.5% of our outstanding Class A voting shares. The number of record holders in the United States is not representative of the number of beneficial holders nor is it representative of where such beneficial holders are resident since many of these ordinary shares were held of record by brokers or other nominees. None of our Class B multiple voting shares are held in the United States. Each Class B multiple voting share entitles the holder to ten (10) votes at all meetings of our shareholders (except meetings at which only holders of another specified class of shares are entitled to vote pursuant to the provisions of our restated articles or the Canada Business Corporations Act).

Following (a) the stock rights offering in August 2012, whereupon Montrovest purchased 3,100,088 Class A voting shares and (b) the private placement in 2013 whereupon Montrovest converted its Debenture into 2,828,634 Class A voting shares, Montrovest s beneficial ownership of the Company s shares increased from 67.8% to 76.1%.

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RELATED PARTY TRANSACTIONS

Diamond Supply Agreement

On August 15, 2002, Birks entered into a Diamond Inventory Supply Agreement with Prime Investments S.A. and a series of conditional sale agreements with companies affiliated with Prime Investments S.A. pursuant to which Prime Investments S.A., a related party, is entitled to supply Birks and its subsidiaries or affiliates with at least 45%, on an annualized cost basis, of such company s aggregate loose diamond requirements, conditional upon the prices remaining competitive relative to market and needs in terms of quality, cut standards and specifications being satisfied. During fiscal 2014, Birks did not purchase any diamonds or finished goods from Prime Investments S.A. and related parties. As of May 31, 2014, Prime Investments S.A. beneficially owned 15.1% of the outstanding Class A voting shares of Birks Group.

Management Consulting Services Agreement

In June 2011, we entered into a management consulting services agreement with Montrovest. Under the agreement, we pay Montrovest an annual retainer fee of 140,000 ($193,000 in U.S. dollars) in exchange for services related to the raising of capital for international expansion projects and such other services relating to merchandising and/or marketing of the Company s products as the Company may request. The agreement was in effect until June 2012 and will be extended automatically for successive terms of one year unless either party gives a 60 day notice of its intention not to renew. The yearly renewal of the agreement is subject to the review and approval of the Company s Corporate Governance Committee and the Board of Directors. Mr. Davide Barbaris Canonico, one of the Company s directors, is a member of the Supervisory Board of Directors of Montrovest and Mr. Carlo Coda-Nunziante, the Company s Vice President, Strategy was a managing director of Montrovest until June 30, 2012. In fiscal 2014, we paid 140,000 (approximately $188,000 in U.S. dollars) under this agreement to Montrovest. In April 2014, the agreement was renewed for an additional one year period ending June 8, 2015. Our Board of Directors approved our entering into the agreement and its renewal with Montrovest in accordance with our Code of Conduct relating to related party transactions. As a result of entering into amendments to our senior secured revolving loan agreement in June and July 2014 and term loan agreement, we are not permitted to make payments under this contract until we have executed the Recapitalization Plan.

Cash Advance Agreements

In February 2009 and May 2009, we received $2.0 million and $3.0 million, respectively, in the form of cash advances from our controlling shareholder, Montrovest, to finance our working capital needs and for general corporate purposes. These advances and any interest thereon are subordinated to the indebtedness of our existing senior credit facilities and secured term loans and were convertible into a convertible debenture or Class A voting shares in the event of a private placement or, are repayable upon demand by Montrovest subject to the conditions stipulated in our senior credit facilities. These cash advances bore interest at an annual rate of 16%, net of any withholding taxes, representing an effective interest rate of approximately 17.8%. If converted into convertible debentures or Class A voting shares, a fee of 7% of the outstanding principal amount of the cash advance would have been paid to Montrovest. In June 2011, the cash advance agreements were amended and restated reducing the annual interest rate to 11%, net of any withholding taxes, representing an effective interest rate of approximately 12.2%, removing the requirement to pay a 7% fee to Montrovest upon conversion into convertible debentures or Class A voting shares and eliminating the convertibility of the cash advance into a convertible debenture or Class A voting shares in the event of a private placement. In addition, the amended and restated cash advance agreements required a one-time payment of an amendment fee of $75,000 in fiscal 2012. In August 2012, we repaid $3.5 million of these cash advances from the proceeds of our stock rights offering. As a result of entering into amendments to our senior secured revolving loan agreement and term loan agreement in June and July 2014, we are not permitted to make interest or principal payments related to the cash advance agreement until we have executed the Recapitalization Plan.

Consulting Services Agreement

On June 30, 2009, our Company s Board of Directors approved our Company entering into a consulting services agreement with Gestofi S.A. (Gestofi) in accordance with our Company s Code of Conduct relating to related party transactions. Under the agreement, Gestofi undertook to assign Mr. Niccolò Rossi di Montelera as the employee of Gestofi responsible for providing the consulting services related to the development of our Company s e-commerce, new product development, wholesale business and such other services reasonably requested by our Chief Executive Officer or Chairman. The consulting services were provided to us for a fee of approximately Cdn$13,700 ($12,383 in U.S. dollars) per month less any applicable taxes plus out of pocket expenses. The initial one-year term of the agreement began on August 1, 2009 and the agreement may be renewed for additional one-year terms. The agreement has been renewed yearly and was renewed in June 2014 for additional one-year term with the monthly fee changed to 13,000 Swiss francs ($16,912 in U.S. dollars) per month. Mr. Niccolò Rossi di Montelera is a member of our Company s Board of Directors and the son of Dr. Lorenzo Rossi di Montelera, our Chairman and a director and chairman of the board of Gestofi.

Reimbursement Letter Agreement

In accordance with our Company s Code of Conduct related to related party transactions, in April 2011, our Corporate Governance Committee and Board of Directors approved, the reimbursement to Regaluxe S.r.l. of expenses, such as rent, communication, administrative support and analytical service costs, incurred in supporting the office of Dr. Lorenzo Rossi di Montelera, our Chairman, and of Mr. Niccolò Rossi di Montelera, the Chairman of our Executive Committee, for work performed on behalf of the Company, up to a yearly maximum of $260,000. This agreement has been renewed yearly and was renewed in April 2014 for an additional one year term. During fiscal 2014, the Company paid $237,000 to Regaluxe S.r.l. under this agreement.

Distribution Agreement

In April 2011, our Corporate Governance Committee and Board of Directors approved the Company s entering in a Wholesale and Distribution Agreement with Regaluxe S.r.l. Under the agreement, Regaluxe S.r.l. is to provide services to the Company to support the distribution of the Company s products in Italy through authorized dealers. The initial one-year term of the agreement began on June 1, 2011. Under this agreement, we pay Regaluxe S.r.l. a net price for our products equivalent to the price, net of taxes, for the products paid by retailers to Regaluxe S.r.l. less a discount factor of 3.5%. The agreement s initial term was until May 30, 2012 and may be renewed by mutual agreement for additional one-year terms. The agreement has been renewed yearly and in April 2014 the agreement was renewed for an additional one year period. During fiscal 2014, we paid approximately $1,000 to Regaluxe S.r.l. under this agreement.

Convertible Debenture

In August 2013, we executed $5.0 million convertible debenture agreements of which $4.8 million was with our controlling shareholder, Montrovest, convertible into Class A voting shares. The Debentures were sold in a private placement and had an annual interest rate of 6%, payable in the form of additional Class A voting shares at the time of conversion of the Debentures at the same conversion price of the Debentures. The Debentures provided the holder with the option to convert the Debentures before December 31, 2015 if a third party investor invested in the Company, on the same terms as the investment by a third party. In addition, the holders of the Debentures had the option, at any time prior to December 31, 2015, to convert the Debenture at a conversion price equal to the greater of:

(i) $1.30;

(ii) The market closing price on the last trading day prior to conversion; and

(iii) The Company s book value per share

If the Debentures were not converted prior to December 31, 2015, then the Debentures would automatically be converted on December 31, 2015 into Class A voting shares as a conversion price equal to the greater of:

(i) $1.30;

(ii) The market closing price on the last trading day prior to the conversion; and

(iii) The Company s book value per share.

The $5.0 million of Debentures were converted into 2,941,085 Class A voting shares at the end of August 2013 at an average price of $1.70 per share of which Montrovest received 2,828,634 shares of Class A voting shares of the Company.

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Item 8. Financial Information
Consolidated Financial Statements

See Item 18. Financial Statements.

Dividend Policy

For a discussion of our dividend policy, see Item 3. Key Information Dividends and Dividend Policy.

Legal Proceedings

We are from time to time involved in litigation incident to the conduct of our business. Although such litigation is normally routine and incidental, it is possible that future litigation can result in large monetary awards for compensatory or punitive damages. We believe that no litigation that is currently pending or threatened will have a material adverse effect on our financial condition.

Significant Changes

No significant changes have occurred since the date of the annual financial statements included in this Annual Report other than the receipt of the LC and amendments executed in June and July 2014 to our senior secured revolving credit and secured term loan agreements, the granting of a one year moratorium of the monthly capital repayment amount of Cdn$208,333 by Investissement Québec, the receipt of a binding letter of intent for a Cdn$2.0 million secured term loan with Investissement Québec and our entering into a $1.0 million lease agreement with Bristol Real Estate SA for furniture, fixtures, leasehold improvements and related equipment located within our U.S. operations.

Item 9. The Offer and Listing

TRADING MARKET

Effective November 15, 2005, our Class A voting shares were listed and began to trade on the NYSE MKT and are currently trading under the symbol BGI. The following table sets forth, for all recently completed full financial years since we began trading on the NYSE MKT, the reported high and low sale prices for the Class A voting shares:

Birks Group Inc. Highest/Lowest Stock Price for

the Five Most Recent Full Financial Years

Fiscal year	Highest	Lowest
2014	$ 2.50	$ 0.68
2013	$ 1.19	$ 0.72
2012	$	