

BIRKS & MAYORS INC.
Form F-1/A
May 24, 2012
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As filed with the Securities and Exchange Commission on May 24, 2012

Registration No. 333-181031

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

PRE-EFFECTIVE AMENDMENT NO. 1
TO
FORM F-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

Birks & Mayors Inc.

(Exact name of Registrant as specified in its charter)

Not Applicable

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(Translation of Registrant's name into English)

Canada (State or other jurisdiction of incorporation or organization)	5944 (Primary Standard Industrial Classification Number) 1240 Phillips Square Montreal, Canada H3B 3H4 (514)-397-2501	Not Applicable (I.R.S. Employer Identification No.)
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(Address, including Zip Code, and Telephone Number, including Area Code, of Registrant's Principal Executive Offices)

Michael Rabinovitch

Senior Vice President and Chief Financial Officer

Birks & Mayors Inc.

5870 North Hiatus Road

Tamarac, Florida 33321

954-590-9462

(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent for Service)

With a copy to:

Tammy Knight, Esq.

Holland & Knight LLP

515 East Las Olas Boulevard, Suite 1200

Fort Lauderdale, Florida 33301

954-525-1000

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Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of the registration statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box.

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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The information in this prospectus is not complete and may be changed. These securities may not be sold nor may offers to buy these securities be accepted prior to the time the registration statement filed with the Securities and Exchange Commission becomes effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED May 24, 2012

PROSPECTUS

For up to [] Class A Voting Shares at \$[] per share, issuable upon exercise of [] subscription rights.

We are distributing, at no charge, to holders of our Class A voting shares and Class B multiple voting shares non-transferable subscription rights to purchase up to [] Class A voting shares. We refer to this offering as the rights offering. In this rights offering, you will receive one subscription right for every Class A voting share and Class B multiple voting share owned at 5:00 p.m., Eastern Standard time, on [], 2012, the record date.

For every [] subscription rights you receive, you will be entitled to purchase one Class A voting share at a subscription price of \$[] per share, which we refer to as the basic subscription privilege. The per share subscription price was determined by our board of directors. We will not issue fractional Class A voting shares in the rights offering, and holders will only be entitled to purchase a whole number of Class A voting shares, rounded down to the nearest whole number a holder would otherwise be entitled to purchase. Subscribers who exercise their rights in full may over-subscribe for additional shares, subject to certain limitations, to the extent shares are available, which we refer to as the over-subscription privilege.

The subscription rights will expire and will be void and worthless if they are not exercised by 5:00 p.m., Eastern Standard time, on [], 2012, unless we extend the rights offering period. However, our board of directors reserves the right to cancel the rights offering at any time, for any reason. If the rights offering is cancelled, all subscription payments received by the subscription agent will be returned promptly.

The subscription rights may not be transferred or sold. Our Class A voting shares are traded on the NYSE MKT under the symbol BMJ. The last reported sales price of our Class A voting shares on the NYSE MKT on May 23, 2012 was \$0.93. We urge you to obtain a current market price for our Class A voting shares before making any determination with respect to the exercise of your rights.

Montrovest BV, or Montrovest, our majority shareholder, has advised us that it intends to purchase up to \$3.5 million Class A voting shares in the rights offering pursuant to its basic subscription privilege and, subject to the availability of shares, its over-subscription privilege. The purchase of any shares by Montrovest would be effected in a transaction exempt from the registration requirements of the Securities Act of 1933, as amended, and, accordingly, would not be registered pursuant to the Registration Statement on Form F-1.

You should carefully consider whether to exercise your subscription rights before the expiration of the rights offering. All exercises of subscription rights are irrevocable. Our board of directors is making no recommendation regarding your exercise of the subscription rights. As a result of the terms of this offering, shareholders who do not fully exercise their rights will own, upon completion of this offering, a smaller proportional interest in us than otherwise would be the case had they fully exercised their rights. See Risk Factors When the rights offering is completed, your ownership interest will be diluted if you do not exercise your subscription rights in this prospectus for more information.

Exercising the rights and investing in our Class A voting shares involves a high degree of risk. We urge you to carefully read the section entitled Risk Factors beginning on page 12 of this prospectus, the section entitled Risk Factors in our Annual Report on Form 20-F for the fiscal year ended March 26, 2011 and all other information included or incorporated herein by reference in this prospectus in its entirety before you decide whether to exercise your rights.

	Per Share	Aggregate
Subscription Price	\$	\$ 5,000,000 (1)

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Estimated Expenses	\$	\$
Net Proceeds to Us	\$	\$

(1) Assumes the rights offering is fully subscribed.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed on the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is [], 2012

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ABOUT THIS PROSPECTUS

Unless otherwise stated or the context otherwise requires, the terms we, us, our, Birks and the Company refer to Birks & Mayors Inc. and its consolidated subsidiaries.

You should rely only on the information contained or incorporated by reference in this prospectus. We have not authorized anyone to provide you with additional or different information. If anyone provides you with additional, different, or inconsistent information, you should not rely on it. We are not making an offer to sell securities in any jurisdiction in which the offer or sale is not permitted. You should assume that the

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information in this prospectus is accurate only as of the date on the front cover of this prospectus, and any information we have incorporated by reference is accurate only as of the date of the document incorporated by reference, in each case, regardless of the time of delivery of this prospectus or any exercise of the rights. Our business, financial condition, results of operations, and prospects may have changed since that date.

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QUESTIONS AND ANSWERS RELATING TO THE RIGHTS OFFERING

The following are examples of what we anticipate will be common questions about the rights offering. The answers are based on selected information from this prospectus and the documents incorporated by reference herein. The following questions and answers do not contain all of the information that may be important to you and may not address all of the questions that you may have about the rights offering. This prospectus and the documents incorporated by reference herein contain more detailed descriptions of the terms and conditions of the rights offering and provide additional information about us and our business, including potential risks related to the rights offering, our Class A voting shares, and our business.

Exercising the rights and investing in our Class A voting shares involves a high degree of risk. We urge you to carefully read the section entitled Risk Factors beginning on page 12 of this prospectus, and all other information included or incorporated herein by reference in this prospectus in its entirety before you decide whether to exercise your rights.

What is a rights offering?

A rights offering is a distribution of subscription rights on a *pro rata* basis to all shareholders of a company. We are distributing to holders of our Class A voting shares and Class B multiple voting shares as of 5:00 p.m., Eastern Standard time, on [], the record date, at no charge, subscription rights to purchase our Class A voting shares. You will receive one subscription right for every Class A voting share and Class B multiple voting share you owned as of 5:00 p.m., Eastern Standard time, on the record date. The subscription rights will be evidenced by rights certificates.

What is a right?

[] subscription rights give you the opportunity to purchase one Class A voting share for \$[] per share. The rights carry with them a basic subscription privilege and an over-subscription privilege, as described below.

How many shares may I purchase if I exercise my rights?

For every [] subscription rights you receive, you will be entitled to purchase one Class A voting share for \$[] per share. For example, if you owned 100 Class A voting shares on the record date, you would be granted 100 subscription rights and you would have the right to purchase [] Class A voting shares ([] rounded down to the nearest whole number) for \$[] per share (or a total payment of \$[]). You may exercise any number of your subscription rights, or you may choose not to exercise any subscription rights.

If you hold your shares in street name through a broker, bank, or other nominee who uses the services of the Depository Trust Company, or DTC, then DTC will issue one subscription right to your nominee for every Class A voting share and Class B multiple voting share you own at the record date. [] subscription rights can then be used to purchase one Class A voting share for \$[] per share. As in the example above, if you owned 100 Class A voting shares on the record date, you would receive 100 subscription rights and have the right to purchase [] Class A voting shares for \$[] per share. For more information, see What should I do if I want to participate in the rights offering, but my shares are held in the name of my broker, dealer, custodian bank or other nominees? in this section.

Will fractional subscription shares be issued?

No. We will not issue fractional Class A voting shares in the rights offering, and holders will only be entitled to purchase a whole number of Class A voting shares, rounded down to the nearest whole number a holder would otherwise be entitled to purchase.

What is the basic subscription privilege?

For every [] subscription rights you receive, you will be entitled to purchase one Class A voting share at the subscription price of \$[] per share.

What is the over-subscription privilege?

If you purchase all of the Class A voting shares available to you pursuant to your basic subscription privilege, you may also choose to purchase a portion of our Class A voting shares that are not purchased by our other shareholders through the exercise of their respective basic subscription privileges, not to exceed the number of Class A voting shares available for you to purchase under your basic subscription privilege, subject to

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proration as discussed below. You should indicate on your rights certificate how many additional Class A voting shares you would like to purchase pursuant to your over-subscription privilege.

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If sufficient Class A voting shares are available, we will seek to honor your over-subscription request in full. If, however, over-subscription requests exceed the number of Class A voting shares available for sale in the rights offering, we will allocate the available Class A voting shares pro rata among each shareholder exercising the over-subscription privilege in proportion to the number of Class A voting shares and Class B multiple voting shares owned by such shareholder on the record date, relative to the number of shares owned on the record date by all shareholders exercising the over-subscription privilege. If this pro rata allocation results in any shareholder receiving a greater number of Class A voting shares than the shareholder subscribed for pursuant to the exercise of the over-subscription privilege, then such shareholder will be allocated only that number of shares for which the shareholder oversubscribed, and the remaining Class A voting shares will be allocated among all other shareholders exercising the over-subscription privilege on the same pro rata basis described above. The proration process will be repeated until all Class A voting shares have been allocated or all over-subscription requests have been satisfied, whichever occurs earlier. The actual number of Class A voting shares available for purchase pursuant to your over-subscription privilege will depend upon whether you fully exercise your basic subscription privilege and the number of Class A voting shares purchased by our other shareholders pursuant to their basic subscription privileges, but in no event will that number exceed the number of Class A voting shares available for purchase under your basic subscription privilege.

To properly exercise your over-subscription privilege, you must deliver the subscription payment related to your over-subscription privilege prior to the expiration of the rights offering. Because we will not know the total number of unsubscribed Class A voting shares prior to the expiration of the rights offering, if you wish to maximize the number of shares you purchase pursuant to your over-subscription privilege, you will need to deliver payment in an amount equal to the aggregate subscription price for the maximum number of Class A voting shares that may be available to you (*i.e.*, for the maximum number of Class A voting shares available to you, assuming you exercise all of your basic subscription privilege and are allotted the full amount of your over-subscription as elected by you). For more information, see the section entitled **The Rights Offering Over-Subscription Privilege**.

Fractional Class A voting shares resulting from the exercise of the over-subscription privilege will be eliminated by rounding down to the nearest whole share, with the total subscription payment being adjusted accordingly.

Am I required to exercise all of the rights I receive in the rights offering?

No. You may exercise any number of your subscription rights, or you may choose not to exercise any subscription rights. However, if you choose not to exercise your basic subscription privilege in full, the relative percentage of our Class A voting shares that you own will decrease, and your voting and other rights will be diluted. In addition, if you do not exercise your basic subscription privilege in full, you will not be entitled to participate in the over-subscription privilege. For more information, see **How many Class A voting shares will be outstanding after the rights offering?** in this section.

Why are we conducting the rights offering?

We are conducting the rights offering to repay interest bearing debt under our Amended and Restated Cash Advance Agreements, dated June 8, 2011, between the Company and Montrovest. A rights offering provides the eligible shareholders the opportunity to participate in a capital raise on a pro rata basis and minimizes the dilution of their ownership interest. Assuming all the Class A voting shares offered are sold, we expect that the gross proceeds from the rights offering will be approximately \$5.0 million.

Will our officers, directors and significant shareholders be exercising their subscription rights?

Our officers, directors and greater than 5% beneficial shareholders may participate in this offering at the same subscription price per share as all other purchasers, but none of our officers, directors or greater than 5% beneficial shareholders are obligated to so participate. Montrovest has advised us that it intends to purchase up to \$3.5 million Class A voting shares in the rights offering pursuant to its basic subscription privilege and, subject to the availability of shares, its over-subscription privilege. As of the record date, Montrovest would be entitled to purchase [] Class A voting shares pursuant to its basic subscription privilege.

Has our board of directors made a recommendation to our shareholders regarding the exercise of rights under the rights offering?

No. Our board of directors is making no recommendation regarding your exercise of the subscription rights. Shareholders who exercise their subscription rights risk loss on their investment. We cannot assure you that the market price of our Class A voting shares will be above the subscription price or that anyone purchasing shares at the subscription price will be able to sell those shares in the future at the same price or a higher price. You are urged to make your decision based on your own assessment of our business and the rights offering. Please see the section entitled **Risk Factors** for a discussion of some of the risks involved in investing in our Class A voting shares.

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How was the subscription price of \$[] per share determined?

The subscription price was determined by our board of directors and will be equal to the average closing price of our Class A voting shares on the NYSE MKT over the seven trading days prior to the effective date of this Registration Statement. Factors considered by the board of directors included the strategic alternatives to us for raising capital, the price at which our shareholders might be willing to participate in the rights offering, historical and current trading prices of our Class A voting shares, our business prospects and the general condition of the securities market. We cannot assure you that the market price for our Class A voting shares during the rights offering will be equal to or above the subscription price or that a subscribing owner of rights will be able to sell the Class A voting shares purchased in the rights offering at a price equal to or greater than the subscription price.

How soon must I act to exercise my rights?

If you received a rights certificate and elect to exercise any or all of your subscription rights, the subscription agent must receive your completed and signed rights certificate and payment prior to the expiration of the rights offering, which is [], 2012, at 5:00 p.m., Eastern Standard time. If you hold your shares in the name of a custodian bank, broker, dealer or other nominee, your custodian bank, broker, dealer or other nominee may establish a deadline prior to 5:00 p.m., Eastern Standard time, on [], 2012 by which you must provide it with your instructions to exercise your subscription rights and pay for your shares.

Although we will make reasonable attempts to provide this prospectus to holders of subscription rights, the rights offering and all subscription rights will expire at 5:00 p.m., Eastern Standard time, on [], 2012 (unless extended), whether or not we have been able to locate each person entitled to subscription rights. Although we have the option of extending the expiration of the rights offering, we currently do not intend to do so.

May I transfer my rights?

No. Should you choose not to exercise your subscription rights, you may not sell, give away, or otherwise transfer your subscription rights. Subscription rights will, however, be transferable by operation of law (for example, upon the death of the recipient). Upon expiration of the rights offering, all unexercised rights will automatically expire.

Are we requiring a minimum subscription to complete the rights offering?

There is no minimum subscription requirement in the rights offering. However, our board of directors reserves the right to cancel the rights offering for any reason, including if our board of directors believes that there is insufficient participation by our shareholders.

How will the rights offering affect our majority shareholder's ownership of our Class A voting shares?

On the record date for the rights offering, Montrovest beneficially owned approximately []% of our outstanding Class A voting shares and Class B multiple voting shares. As a shareholder of the Company as of the record date, Montrovest will have the right to subscribe for and purchase shares of our Class A voting shares under the basic subscription privilege and the over-subscription privilege. The purchase of any shares by Montrovest upon exercise of rights, would be effected in a transaction exempt from the registration requirements of the Securities Act of 1933, as amended, and, accordingly, would not be registered pursuant to the Registration Statement of which this prospectus forms a part. If all of our shareholders, including Montrovest, exercise the basic subscription rights issued to them under this prospectus and the rights offering is therefore fully subscribed, Montrovest's beneficial ownership percentage will not change. If Montrovest is the only holder of rights who exercise its rights in the rights offering and subscribes for \$3.5 million of Class A voting shares we will issue an aggregate of [] shares of Class A voting shares to Montrovest. Under such circumstances, Montrovest's ownership percentage of our outstanding Class A voting shares would increase to approximately []%, after giving effect to this rights offering. If Montrovest decides not to participate in the rights offering, and all of our other shareholders exercise their basic subscription privileges and over-subscription privileges, we will issue an aggregate of [] shares of Class A voting shares. Under such circumstances, Montrovest's ownership percentage of our outstanding Class A voting shares would decrease to approximately []%, after giving effect to this rights offering.

Can the board of directors or a committee designated by our board of directors cancel, terminate, amend or extend the rights offering?

Yes. We have the option to extend the rights offering and the period for exercising your subscription rights, although we do not presently intend to do so. Our board of directors or a committee designated by our board of directors may cancel the rights offering at any time for any reason. If the rights offering is cancelled, all subscription payments received by the subscription agent will be returned promptly, without interest or penalty. Our board of directors or a committee designated by our board of directors reserves the right to amend or modify the terms of the rights

offering at any time, for any reason.

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When will I receive my subscription rights certificate?

Promptly after the date of this prospectus, the subscription agent will send a subscription rights certificate to each registered holder of our Class A voting shares and Class B multiple voting shares as of the close of business on the record date, based on our shareholder registry maintained at the transfer agent for our Class A voting shares and Class B multiple voting shares. If you hold your Class A voting shares through a brokerage account, bank, or other nominee, you will not receive an actual subscription rights certificate. Instead, as described in this prospectus, you must instruct your broker, bank or nominee whether or not to exercise rights on your behalf. If you wish to obtain a separate subscription rights certificate, you should promptly contact your broker, bank or other nominee and request a separate subscription rights certificate. It is not necessary to have a physical subscription rights certificate, if you hold your Class A voting shares through a brokerage account, bank, or other nominee, to elect to exercise your rights.

What will happen if I choose not to exercise my subscription rights?

If you do not exercise any subscription rights, the number of our Class A voting shares you own will not change. Due to the fact that shares may be purchased by other shareholders, your percentage ownership will be diluted after the completion of the rights offering, unless you exercise your basic subscription privilege. For more information, see *How many Class A voting shares will be outstanding after the rights offering?* in this section.

How do I exercise my subscription rights?

If you wish to participate in the rights offering, you must take the following steps:

deliver payment to the subscription agent; and

deliver your properly completed and signed rights certificate, and any other subscription documents, to the subscription agent. Please follow the payment and delivery instructions accompanying the rights certificate. Do not deliver documents to us. You are solely responsible for completing delivery to the subscription agent of your subscription documents, rights certificate and payment. We urge you to allow sufficient time for delivery of your subscription materials to the subscription agent so that they are received by the subscription agent by 5:00 p.m., Eastern Standard time, on [], 2012. We are not responsible for subscription materials sent directly to our offices.

If you send a payment that is insufficient to purchase the number of Class A voting shares you requested, or if the number of Class A voting shares you requested is not specified in the forms, the payment received will be applied to exercise your subscription rights to the fullest extent possible based on the amount of the payment received, subject to the availability of Class A voting shares under the over-subscription privilege and the elimination of fractional shares. Any excess subscription payments received by the subscription agent will be returned promptly, without interest or penalty, following the expiration of the rights offering.

What should I do if I want to participate in the rights offering, but my shares are held in the name of my broker, dealer, custodian bank or other nominee?

If you hold your Class A voting shares in the name of a broker, dealer, custodian bank or other nominee, then your broker, dealer, custodian bank or other nominee is the record holder of the shares you own. You will not receive a rights certificate. The record holder must exercise the subscription rights on your behalf for the Class A voting shares you wish to purchase.

If you wish to purchase Class A voting shares through the rights offering, please promptly contact your broker, dealer, custodian bank or other nominee as record holder of your shares. We will ask your record holder to notify you of the rights offering. However, if you are not contacted by your broker, dealer, custodian bank or other nominee, you should promptly initiate contact with that intermediary. Your broker, dealer, custodian bank or other nominee may establish a deadline prior to the 5:00 p.m., Eastern Standard time, on [], 2012, which we established as the expiration date of the rights offering.

When will I receive my new shares?

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If you purchase Class A voting shares in the rights offering by submitting a rights certificate and payment, we will mail you a share certificate as soon as practicable after the completion of the rights offering. One share certificate will be generated for each rights certificate processed. Until your share certificate is received, you may not be able to sell the Class A voting shares acquired in the rights offering. If your shares as of the record date were held by a custodian bank, broker, dealer or other nominee, and you participate in the rights offering, you will not receive share certificates for your new shares. Your custodian bank, broker, dealer or other nominee will be credited with the Class A voting shares you purchase in the rights offering as soon as practicable after the completion of the rights offering.

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After I send in my payment and rights certificate, may I change or cancel my exercise of rights?

No. All exercises of subscription rights are irrevocable, even if you later learn information that you consider to be unfavorable to the exercise of your subscription rights. You should not exercise your subscription rights unless you are certain that you wish to purchase additional Class A voting shares at a subscription price of \$[] per share.

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How many Class A voting shares will be outstanding after the rights offering?

As of March 31, 2012, 3,673,615 Class A voting shares were issued and outstanding. Assuming no other transactions by us involving our Class A voting shares, no options for Class A voting shares are exercised, and that Montrovest does not exercise its right to convert its 7,717,970 Class B multiple voting shares into 7,717,970 Class A voting shares prior to the expiration of the rights offering, if the rights offering is fully subscribed through the exercise of the subscription rights, then an additional [] Class A voting shares will be issued and outstanding after the closing of the rights offering, for a total of [] Class A voting shares outstanding. As a result of the rights offering, the ownership interests and voting interests of the existing shareholders that do not fully exercise their basic subscription privileges will be diluted.

Are there risks in exercising my subscription rights?

Yes. The exercise of your subscription rights involves risks. Exercising your subscription rights involves the purchase of additional Class A voting shares and should be considered as carefully as you would consider any other equity investment. Among other things, you should carefully consider the risks described in the section entitled "Risk Factors" in this prospectus and the documents incorporated by reference in this prospectus.

If the rights offering is not completed, will my subscription payment be refunded to me?

Yes. The subscription agent will hold all funds it receives in a segregated bank account until completion of the rights offering. If the rights offering is not completed, all subscription payments received by the subscription agent will be returned promptly, without interest or penalty. If you own shares in street name, it may take longer for you to receive payment because the subscription agent will return payments through the record holder of your shares.

Will the rights be listed on a stock exchange or national market?

No, the subscription rights will not be listed on a stock exchange or national market.

How do I exercise my rights if I live outside the United States and Canada?

The subscription agent will hold rights certificates for shareholders having addresses outside the United States and Canada. To exercise subscription rights, our foreign shareholders must notify the subscription agent and timely follow other procedures described in the section entitled "The Rights Offering - Foreign Shareholders."

What fees or charges apply if I purchase Class A voting shares?

We are not charging any fee or sales commission to issue subscription rights to you or to issue shares to you if you exercise your subscription rights. If you exercise your subscription rights through your broker, dealer, custodian bank or other nominee, you are responsible for paying any fees your nominee may charge you.

What are the material U.S. federal income tax consequences of exercising my subscription rights?

For U.S. federal income tax purposes, you should not recognize income or loss upon receipt or exercise of subscription rights. You should consult your tax advisor as to your particular tax consequences resulting from the rights offering. For a more detailed discussion, see the section entitled "Material U.S. Federal Income Tax Consequences."

Who is the subscription agent for the rights offering and to whom should I send my forms and payment?

The subscription agent is Computershare Trust Company, N.A. If your shares are held in the name of a broker, dealer or other nominee, then you should send your subscription documents, rights certificate and subscription payment to that record holder. If you are the record holder, then you should send your subscription documents, rights certificate and subscription payment by first class mail, hand delivery, or courier service to:

If Delivering by Mail:

If Delivering by Hand or Courier:

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Computershare Trust Company, N.A.

Computershare Trust Company, N.A.

Attn: Corporate Actions Voluntary Offer

Attn: Corporate Actions Voluntary Offer

P.O. Box 43011

250 Royall Street, Suite V

Providence, RI 02940-3011

Canton, MA 02021

Your payment of the subscription price must be made in United States dollars for the full number of Class A voting shares for which you are subscribing by cashier's or certified check drawn upon a United States bank payable to the subscription agent at the address set forth above or by wire transfer of immediately available funds to the account maintained by the subscription agent for the purpose of accepting subscriptions under this rights offering. If you desire to make payment by wire transfer you must contact our information agent, Georgeson Inc., to receive a Wire Authorization Form. In the United States and Canada, you should call 1 (800) 279-6913. If you are outside the United States and Canada, you should call (212) 440-9800.

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You are solely responsible for completing delivery to the subscription agent of your subscription materials. The subscription materials are to be received by the subscription agent on or prior to 5:00 p.m., Eastern Standard time, on [], 2012. We urge you to allow sufficient time for delivery of your subscription materials to the subscription agent.

Whom should I contact if I have other questions?

If you have any questions about the rights offering or wish to request another copy of a document, please contact our information agent, Georgeson Inc., at:

Georgeson Inc.

199 Water Street, 26th Floor

New York, NY 10038

Banks and Brokers Call:
(212) 440-9800

All Others:
United States and Canada: 1 (800) 279-6913

Outside United States and Canada: (212) 440-9800

For a more complete description of the rights offering, see The Rights Offering beginning on page 24.

How will results of the rights offering be made public?

After the completion of the rights offering, we will issue a press release providing information regarding the rights offering.

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SUMMARY

The following summary is qualified in its entirety by reference to the more detailed information and consolidated financial statements appearing elsewhere or incorporated by reference in this prospectus.

This prospectus relates to the non-transferable subscription rights to purchase up to [] Class A voting shares that we are distributing, at no charge, to holders of our Class A voting shares and Class B multiple voting shares. We refer to this offering as the rights offering.

The Company

Birks & Mayors Inc. is a leading North American luxury jewelry brand which designs, develops, manufactures and retails fine jewelry, time pieces, sterling silver and gifts.

Further details concerning our business, including information with respect to our assets, operations and development history, are provided in our Annual Report on Form 20-F, and the other documents incorporated by reference into this prospectus. You are encouraged to thoroughly review the documents incorporated by reference into this prospectus as they contain important information concerning our business and our prospects.

Our principal executive offices are located at 1240 Phillips Square, Montreal, Québec, Canada H3B 3H4. Our telephone number is (514)-397-2501.

The Rights Offering

The following summary describes the principal terms of the rights offering, but is not intended to be complete. See the information in the section entitled The Rights Offering in this prospectus for a more detailed description of the terms and conditions of the rights offering.

Total number of Class A voting shares available for subscription

[]

Securities offered

We are distributing to you, at no charge, one non-transferable subscription right for every Class A voting share and Class B multiple voting share that you own as of 5:00 p.m., Eastern Standard time, on the record date, either as a holder of record or, in the case of shares held of record by brokers, dealers, custodian banks or other nominees on your behalf, as a beneficial owner of such shares.

Basic subscription privilege

For every [] subscription rights you receive, you will be entitled to purchase one Class A voting share at a subscription price of \$[] per share. We will not issue fractional Class A voting shares in the rights offering, and holders will only be entitled to purchase a whole number of Class A voting shares, rounded down to the nearest whole number a holder would otherwise be entitled to purchase.

Subscription price

\$[] per share. To be effective, any payment related to the exercise of a subscription right must clear prior to the expiration of the rights offering.

Over-subscription privilege

If you purchase all of the Class A voting shares available to you pursuant to your basic subscription privilege, you may also choose to subscribe for Class A voting shares that are not purchased by other holders through the exercise of their basic subscription privileges. You may subscribe for Class A voting shares pursuant to your over-subscription privilege, subject to certain limitations and proration of available shares.

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Record date	5:00 p.m., Eastern Standard time, on [], 2012.
Expiration date	5:00 p.m., Eastern Standard time, on [], 2012, unless we extend the rights offering period.
Use of proceeds	<p>Although the actual amount will depend on participation in the rights offering, if the rights offering is fully subscribed for we expect the gross proceeds from the rights offering to be approximately \$5.0 million.</p> <p>We intend to use the net proceeds of the rights offering to repay interest bearing debt under our Amended and Restated Cash Advance Agreements, dated June 8, 2011, between the Company and Montrovest.</p>
Transferability of rights	All expenses associated with this rights offering will be borne by us.
No Board Recommendation	The subscription rights are non-transferable during the course of the subscription period.
No minimum subscription	Our board of directors makes no recommendation to you about whether you should exercise any rights. You are urged to make an independent investment decision about whether to exercise your rights based on your own assessment of our business and the rights offering. Please see the section of this prospectus entitled Risk Factors for a discussion of some of the risks involved in investing in our Class A voting shares.
Maximum offering size	There is no minimum subscription requirement as a condition to accepting subscriptions.
No revocation	Unless our board of directors waives or changes the offering amount, we will raise no more than \$5.0 million of subscription proceeds in this rights offering.
Material U.S. federal income tax considerations	<p>Any exercise of subscription rights is irrevocable, even if you later learn information that you consider to be unfavorable to the exercise of your rights. You should not exercise your subscription rights unless you are certain that you wish to purchase additional Class A voting shares at a subscription price of \$[] per share.</p> <p>For U.S. federal income tax purposes, you should not recognize income or loss upon receipt or exercise of subscription rights. You should consult your own tax advisor as to your particular tax consequences resulting from the rights offering. For a detailed discussion, see Material U.S. Federal Income Tax Considerations.</p>
Purchase Intention	Montrovest, our majority shareholder, has advised us that it intends to purchase up to \$3.5 million Class A voting shares in the rights offering pursuant to its basic subscription privilege and, subject to the availability of shares, its over-subscription privilege. However, Montrovest is not obligated to do so. As of the record date, Montrovest would be entitled to purchase [] Class A voting shares pursuant to its basic subscription privilege.

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Extension, Cancellation, and Amendment	We have the option to extend the rights offering and the period for exercising your subscription rights, although we do not presently intend to do so. Our board of directors or a committee designated by our board of directors may cancel the rights offering at any time for any reason. If the rights offering is cancelled, all subscription payments received by the subscription agent will be returned promptly, without interest or penalty. We also reserve the right to amend or modify the terms of the rights offering.
Procedure for exercising rights	To exercise your subscription rights, you must take the following steps: If you are a registered holder of our Class A voting shares or Class B multiple voting shares, you may deliver payment and a properly completed rights certificate to the subscription agent before 5:00 p.m., Eastern Standard time, on [], 2012. You may deliver the documents and payments by mail or commercial carrier. If regular mail is used for this purpose, we recommend using registered mail, properly insured, with return receipt requested. If you are a beneficial owner of shares that are registered in the name of a broker, dealer, custodian bank or other nominee, or if you would rather an institution conduct the transaction on your behalf, you should instruct your broker, dealer, custodian bank or other nominee to exercise your subscription rights on your behalf and deliver all documents and payments before 5:00 p.m., Eastern Standard time, on [], 2012.
Subscription agent	Computershare Trust Company, N.A.
Information agent	Georgeson Inc.
Questions	Questions regarding the rights offering should be directed to the information agent, Georgeson Inc., toll-free in the United States and Canada at 1 (800) 279-6913, or outside the United States and Canada or if you are a bank or broker, (212) 440-9800.
Shares outstanding before the rights offering	3,673,615 Class A voting shares as of March 31, 2012.
Shares outstanding after completion of the rights offering	Assuming no outstanding options for our Class A voting shares are exercised prior to the expiration of the rights offering and the full \$5.0 million is subscribed for, we expect [] Class A voting shares will be outstanding immediately after completion of the rights offering.
Risk factors	Shareholders considering exercising their subscription rights should carefully consider the risk factors described in the section of this prospectus entitled "Risk Factors," beginning on page 12.
Fees and expenses	We will pay the fees and expenses relating to the rights offering.
Our Class A voting shares are traded on the NYSE MKT under the symbol BMJ. The last reported sales price of our Class A voting shares on NYSE MKT on [], 2012, the record date, was \$[].	

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RISK FACTORS

Investing in our securities involves a high degree of risk. You should carefully consider the specific risks described below before making an investment decision. See the section of this prospectus entitled "Where You Can Find More Information." Any of the risks we describe below could cause our business, financial condition, results of operations or future prospects to be materially adversely affected. The market price of our Class A voting shares could decline if one or more of these risks and uncertainties develop into actual events and you could lose all or part of your investment. Some of the statements in this section of the prospectus are forward-looking statements. For more information about forward-looking statements, please see the section of this prospectus entitled "Special Note Regarding Forward-Looking Statements."

Risks Related to the Rights Offering

When the rights offering is completed, your ownership interest will be diluted if you do not exercise your subscription rights.

To the extent that you do not exercise your rights and shares are purchased by other shareholders in the rights offering, your proportionate voting interest will be reduced, and the percentage that your original shares represent of our expanded equity after the rights offering will be diluted. If Montrovest purchases \$3.5 million Class A voting shares in the rights offering pursuant to its basic subscription privilege and, subject to the availability of shares, its over-subscription privilege, and assuming no other shareholder exercises its rights in the rights offering, Montrovest will own and control []% of all classes of our outstanding voting shares. However, there is no assurance that Montrovest will purchase \$3.5 million Class A voting shares in the rights offering.

The subscription price determined for the rights offering is not necessarily an indication of the fair value of our Class A voting shares.

The subscription price is \$[] per share. The subscription price was determined by our board of directors and will be equal to the average closing price of our Class A voting shares on the NYSE MKT over the seven trading days prior to the effective date of this Registration Statement. Factors considered by the board of directors included the strategic alternatives to us for raising capital, the price at which our shareholders might be willing to participate in the rights offering, historical and current trading prices of our Class A voting shares, and our business prospects and the general condition of the securities market. We cannot assure you that the market price for our Class A voting shares during the rights offering will be equal to or above the subscription price or that a subscribing owner of rights will be able to sell the Class A voting shares purchased in the rights offering at a price equal to or greater than the subscription price.

You may not revoke your subscription exercise and you could be committed to buying shares above the prevailing market price.

Once you exercise your subscription rights, you may not revoke the exercise of such rights. The public trading market price of our Class A voting shares may decline before the subscription rights expire. If you exercise your subscription rights and, afterwards, the public trading market price of our Class A voting shares decreases below the subscription price, you will have committed to buying Class A voting shares at a price above the prevailing market price, in which case you will have an immediate, unrealized loss. We cannot assure that, following the exercise of your rights, you will be able to sell your Class A voting shares at a price equal to or greater than the subscription price, and you may lose all or part of your investment in our Class A voting shares. Until the shares are delivered to you, you will not be able to sell the Class A voting shares that you purchase in the rights offering. Certificates representing Class A voting shares purchased pursuant to the basic subscription privilege will be delivered promptly after expiration of the rights offering; certificates representing Class A voting shares purchased pursuant to the over-subscription privilege will be delivered promptly after expiration of the rights offering and after all pro rata allocations and adjustments have been completed. We will not pay you interest on funds delivered to the subscription agent pursuant to the exercise of rights.

Our Class A voting shares are traded on the NYSE MKT under the symbol BMJ, and the last reported sales price of our Class A voting shares on the NYSE MKT on the record date of [], 2012, was \$[] per share. Moreover, you may be unable to sell your Class A voting shares at a price equal to or greater than the subscription price you paid for such shares.

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If you do not act promptly and follow the subscription instructions, your exercise of subscription rights may be rejected.

Subscription rights holders who desire to purchase shares in the rights offering must act promptly to ensure that all required forms and payments are actually received by the subscription agent before [], 2012, the expiration date of the rights offering, unless extended. If you are a beneficial owner of shares, but not a record holder, you must act promptly to ensure that your broker, bank, or other nominee acts for you and that all required forms and payments are actually received by the subscription agent before the expiration date of the rights offering. We will not be responsible if your broker, custodian, or nominee fails to ensure that all required forms and payments are actually received by the subscription agent before the expiration date of the rights offering. If you fail to complete and sign the required subscription forms, send an incorrect payment amount or otherwise fail to follow the subscription procedures that apply to your exercise in the rights offering, the subscription agent may, depending on the circumstances, reject your subscription or accept it only to the extent of the payment received. Neither we nor our subscription agent undertakes to contact you concerning an incomplete or incorrect subscription form or payment, nor are we under any obligation to correct such forms or payment. We have the sole discretion to determine whether a subscription exercise properly follows the subscription procedures.

Significant sales of our Class A voting shares, or the perception that significant sales may occur in the future, could adversely affect the market price for our Class A voting shares.

The sale of substantial amounts of our Class A voting shares could adversely affect the price of our Class A voting shares. Sales of substantial amounts of our Class A voting shares in the public market, and the availability of shares for future sale, including up to [] Class A voting shares to be issued in the rights offering, and [] Class A voting shares issuable as of [], 2012, upon exercise of outstanding options to acquire Class A voting shares under our stock incentive plans and outstanding warrants, could adversely affect the prevailing market price of our Class A voting shares and could cause the market price of our Class A voting shares to remain low for a substantial amount of time. We cannot foresee the impact of such potential sales on the market, but it is possible that if a significant percentage of such available shares were attempted to be sold within a short period of time, the market for our shares would be adversely affected. It is also unclear whether or not the market for our Class A voting shares could absorb a large number of attempted sales in a short period of time, regardless of the price at which they might be offered. Even if a substantial number of sales do not occur within a short period of time, the mere existence of this market overhang could have a negative impact on the market for our Class A voting shares and our ability to raise additional capital. 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, and because our Class A voting shares have limited trading volume, the trading price is likely to be highly volatile and could be subject to extreme fluctuations.

We may use the proceeds of this rights offering in ways with which you may disagree.

We intend to use the net proceeds of this offering for the repayment of interest bearing debt under our Amended and Restated Cash Advance Agreements, dated June 8, 2011, between the Company and Montrovest. Nevertheless, we will have significant discretion in the use of the net proceeds of this offering, and it is possible that we may allocate the proceeds differently than investors in this offering desire, or that we will fail to maximize our return on these proceeds. You will be relying on the judgment of our management with regard to the use of the proceeds from the rights offering, and you will not have the opportunity, as part of your investment decision, to assess whether the proceeds are being used appropriately. For more information, see the section entitled Use of Proceeds.

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We may cancel the rights offering at any time, and neither we nor the subscription agent will have any obligation to you except to return your subscription payments.

We may, in our sole discretion, decide not to continue with the rights offering or cancel the rights offering. If the rights offering is cancelled, all subscription payments received by the subscription agent will be returned promptly, without interest or penalty.

The rights offering does not have a minimum amount of proceeds, which means that if you exercise your rights, you may acquire additional shares of our Class A voting shares when we may require additional capital.

There is no minimum amount of proceeds required to complete the rights offering. In addition, an exercise of your subscription rights is irrevocable. Therefore, if you exercise the basic subscription privilege or the over-subscription privilege, but we do not raise the desired amount of capital in this rights offering and the rights offering is not fully subscribed, you may be investing in a company that may require additional capital.

The subscription rights are not transferable, and there is no market for the subscription rights.

You may not sell, give away, or otherwise transfer your subscriptions rights. The subscription rights are only transferable by operation of law. Because the subscription rights are non-transferable, there is no market or other means for you to directly realize any value associated with the subscription rights.

Risks Related to the Company

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, the economic downturn over the past three years has led to decreased discretionary spending, which adversely impacted the luxury retail business and led 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. Continued adverse changes in factors affecting discretionary consumer spending could further reduce consumer demand for our products, resulting in a continued reduction in our sales and further 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.

We may 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 shareholders. Failure to obtain such additional financing or capital could have an adverse impact on our liquidity and financial condition.

Within the last three years, the general economic and capital market conditions in the United States and other parts of the world have deteriorated significantly and have adversely affected access to and the cost of capital. 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, and as a result, we may need to raise additional funds through public or private equity or debt financing, 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

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have rights, preferences and privileges that are senior to those of our Class A voting shares. 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.

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. 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:

	September 24, 2011	March 26, 2011
Total indebtedness	\$ 125,273,000	\$ 112,243,000
Total stockholders' equity	5,178,000	11,340,000
Total capitalization	\$ 130,451,000	\$ 123,583,000
Ratio of total indebtedness to total capitalization	96.0%	90.8%

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 were 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 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. Both our senior secured revolving credit facility lenders and our senior secured term loan lenders 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

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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 lenders may impose at their reasonable discretion, however, our senior secured term loan lenders' ability to impose discretionary reserves at their reasonable discretion is limited to 5% of the senior secured credit facility availability. From February 11, 2009 to February 23, 2009, the senior secured term loan lender imposed a discretionary reserve of \$4 million. While our senior secured revolving credit facility lender has not historically imposed such a restriction, it is uncertain whether conditions could change and cause such a reserve to be imposed in the future. In addition, the value of our inventory is periodically assessed by our lenders and, based upon these reviews, our borrowing capacity could be significantly increased or decreased. Another factor impacting our excess availability includes, among others, changes in the U.S. and Canadian dollar exchange rate, which could increase or decrease our borrowing availability. Furthermore, under the terms of our senior credit facilities, amended in June 2011, a \$12.5 million and a \$5.0 million seasonal availability block is imposed by the senior secured revolving credit facility lenders and the senior secured term loan

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lenders 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 loan, the default will immediately apply to both the senior secured revolving credit facility and the senior secured term loan.

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 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 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.

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.

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 2012, merchandise supplied by Rolex and sold through our stores accounted for approximately 26% of our total net sales. Our relationships with primary suppliers, like Rolex, are generally not pursuant to long-term agreements.

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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.

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.

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 efforts in order for us to remain competitive.

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

As of March 31, 2012, the Goldfish Trust beneficially owns or controls 67.8% of all classes of our outstanding voting shares, which are directly owned by Montrovest. The trustee of the Goldfish Trust is Rohan Private Trust Company Limited, or the Trustee. Dr. Lorenzo Rossi di Montelera, who is the Company's Chairman of the Board, is a beneficiary of the Goldfish 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. Dr. Rossi, in certain circumstances, may be delegated the authority from the Trustee to vote on shares held by Montrovest.

On the record date for the rights offering, Montrovest beneficially owned approximately []% of our outstanding Class A voting shares and Class B multiple voting shares. As a shareholder of the Company as of the record date, Montrovest will have the right to subscribe for and purchase shares of our Class A voting shares under the basic subscription privilege and the over-subscription privilege. The purchase of any shares by Montrovest upon exercise of rights, would be effected in a transaction exempt from the registration requirements of the Securities Act of 1933, as amended, and, accordingly, would not be registered pursuant to the Registration Statement of which this prospectus forms a part. If all of our shareholders, including Montrovest, exercise the basic subscription rights issued to them under this prospectus and the rights offering is therefore fully subscribed, Montrovest's beneficial ownership percentage will not change. If Montrovest is the only holder of rights who exercise its rights in the rights offering, including its over-subscription privilege, we will issue an aggregate of [] shares of Class A voting shares to Montrovest. Under such circumstances, Montrovest's ownership percentage of our outstanding Class A voting shares would increase to approximately []%, after giving effect to this rights offering. If Montrovest decides not to participate in the rights offering, and all of our other shareholders exercise their basic subscription privileges and over-subscription privileges, we will issue an aggregate of [] shares of Class A voting shares. Under such circumstances, Montrovest's ownership percentage of our outstanding Class A voting shares would decrease to approximately []%, after giving effect to this rights offering.

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.

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

As of March 31, 2012, we had 59 leased retail stores, which includes the capital lease of our Canadian headquarters and Montreal flagship store. The leases are generally for a term of five to ten years, with rent being a fixed minimum base plus, for a majority of the stores, a percentage of the store's sale volume (subject to some adjustments) over a specified threshold. We have generally been successful in negotiating leases for new stores and lease renewals as our current leases near expiration. However, our business, financial condition, and operating results could be adversely affected if we are unable to continue to negotiate favorable lease and renewal terms.

Our strategy to develop the Birks product brand through international expansion may add complexity to our operations and may require additional capital or strain our resources and adversely impact our financial results and liquidity.

One of our strategies is to continue to develop 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 would add complexity to our operations and may require additional capital or 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 the Company chooses 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 may require the Company to raise additional cash through the issuance of additional equity or debt financing which if the Company is not able to obtain at a sufficient level to fund the operation could negatively impact the availability of funding to operate the operations of the Company.

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 & Mayors.

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.

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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 March 31, 2012, we had 3,673,615 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 & Mayors 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.

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, or 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.

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If we were treated as a passive foreign investment company, or a 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. Section 404 of the Sarbanes-Oxley Act requires us to prepare a management report on the effectiveness of our internal control over financial reporting. As a non-accelerated filer, our report on the effectiveness of our internal controls over financial reporting is not subject to attestation by our independent auditors. 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.

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 Securities and Exchange Commission and the NYSE MKT LLC, 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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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus and the documents that are incorporated by reference into this prospectus contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the Securities Act) and Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act). These statements concern expectations, beliefs, projections, future plans and strategies, anticipated events or trends and similar expressions concerning matters that are not historical facts. Specifically, this prospectus and the documents incorporated by reference into this prospectus contain forward-looking statements regarding:

our belief that operating our stores under the Birks and Mayors brands distinguishes us from many competitors;

our expectation to invest an additional \$7 million of capital expenditures in fiscal 2013, of which approximately 60% will be in the U.S. and 40% will be in Canada and our expectation to finance these expenditures mainly from our senior secured revolving credit facility;

our belief that we have the capacity to meet future anticipated growth;

our belief 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;

our belief that a significant increase in the price of raw material used in the manufacture of our finished jewelry could adversely affect our net sales, gross margin and earnings;

our belief that 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 a significant disruption in our business;

our belief that current relationships with our key vendors are good;

our belief that competition with other general specialty retailers and discounters will increase;

our belief that 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 in price points;

our belief that our stores' elegant surroundings and distinctive merchandise displays play an important role in providing an atmosphere that encourages sales;

our belief 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;

our belief that 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;

our belief that any change in the regulation of credit that would materially limit the availability of credit to our traditional customer based could adversely affect our results of operations and financial condition;

our belief that all of our facilities are well maintained and in good condition and are adequate for our current needs;

our belief that 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;

our belief that we currently have sufficient working capital to fund our operations;

our belief that to the extent the economy or 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 belief that our tax filing positions are reasonable and legally supportable;

our belief that 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;

our belief that we are eligible for the benefits of the current income tax treaty between Canada and the U.S.;

our belief that our Class A voting shares should not be treated as stock of a passive foreign investment company (PFIC) for U.S. federal income tax purposes and that we expect to continue our operations in such a manner that will not be a PFIC;

our expectation to be classified as a PFIC for any taxable year; and

our expectation to continue to report our financial results in U.S. dollars in accordance with U.S. GAAP.

These forward-looking statements are based upon information currently available to us and are subject to a number of risks, uncertainties, and other factors that could cause our actual results, performance, prospects, or opportunities to differ materially from those expressed in, or implied by, these forward-looking statements. We wish to caution readers that certain important factors may have affected and could in the future affect our actual results and could cause actual results to differ significantly from those expressed in any forward-looking statement. Important factors that could cause our actual results to differ materially from the results referred to in the forward-looking statements include the following as well as the factors under Risk Factors :

our ability to assure you that the market price for our Class A voting shares during the rights offering will be equal to or above the subscription price or that a subscribing owner of rights will be able to sell Class A voting shares purchased in the rights offering at a price equal to or greater than the subscription price;

our ability to raise additional financing or capital;

our ability to fund our operations and meet our cash flow requirements needed to support our day-to-day operations;

our ability to successfully manage our inventory;

our ability to retain key personnel or replace them if they leave;

our ability to successfully negotiate favorable lease terms;

our ability to conduct business in international markets;

our ability to adequately protect our intellectual property;

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our ability to maintain our status as a foreign private issuer under the rules and regulations of the SEC;

the general economic and business conditions which affect consumer spending;

the availability and prices of our raw materials and finished goods; and

our ability to maintain positive excess availability under our senior credit facilities.

Except as required by applicable law, we undertake no obligation to publicly revise any forward-looking statements, whether as a result of new information, future events or for any other reason. However, you should carefully review the risk factors set forth in other reports or documents we file from time to time with the SEC.

USE OF PROCEEDS

Although the actual amount will depend on the level of shareholder participation in the rights offering, we expect that the maximum gross proceeds from the rights offering will be approximately \$5.0 million or approximately \$4.8 million, net of transaction costs. We intend to use the net proceeds of the rights offering to repay interest bearing debt under our Amended and Restated Cash Advance Agreements, dated June 8, 2011, between the Company and Montrovest. The indebtedness to be repaid was incurred in connection with \$5.0 million

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of cash advances from our controlling shareholder, Montrovest, to finance our working capital needs and for general corporate purposes. These cash advance agreements are payable on demand by Montrovest once conditions stipulated in our senior credit facilities permit such payment and have an annual interest rate of 11%, net of any withholding taxes, representing an effective interest rate of approximately 12.2%. Accordingly, in order to allow the repayment of the cash advances, we will need to amend the senior credit facilities to permit such repayment.

CAPITALIZATION AND INDEBTEDNESS

The following table should be read in conjunction with our consolidated financial statements and related notes and other financial information contained in this prospectus. This table describes capitalization and indebtedness as of September 24, 2011, on an actual basis and as adjusted to give effect to the assumed maximum exercise of [] rights for net proceeds from the rights offering of approximately \$4.8 million. As adjusted balances are subject to change based upon final participation in the rights offering.

	Actual As at September 24, 2011 (U.S. dollars, in thousands)	As Adjusted
Cash and cash equivalents	\$ 4,337	\$ 4,337
Bank indebtedness	73,847	73,847
Unsecured debt	5,000	241
Secured debt	46,426	46,426
Stockholders' equity		
Class A voting shares no par value, unlimited shares authorized, 3,673,615 shares issued and outstanding, actual; unlimited shares authorized, [] shares issued and outstanding, as adjusted	22,283	27,042
Class B multiple voting shares no par value, unlimited shares authorized, 7,717,970 shares issued and outstanding, actual and as adjusted	38,613	38,613
Preferred stock no par value, unlimited shares authorized, none issued, actual and as adjusted		
Additional paid-in capital	15,790	15,790
Accumulated deficit	(77,187)	(77,187)
Accumulated other comprehensive income	5,679	5,679
Total stockholders' equity	5,178	9,937
Total capitalization	\$ 130,451	\$ 130,451

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THE RIGHTS OFFERING

The Subscription Rights

We are distributing, at no charge, to the record holders of our Class A voting shares and Class B multiple voting shares as of [], 2012, the record date, non-transferable subscription rights to purchase Class A voting shares at a subscription price of \$[] per share. The subscription rights will entitle the holders of our Class A voting shares and Class B multiple voting shares to purchase approximately [] Class A voting shares.

Each eligible holder of record of our Class A voting shares and Class B multiple voting shares will receive one subscription right for every Class A voting share or Class B multiple voting share owned by such holder as of 5:00 p.m., Eastern Standard time, on the record date. Each subscription right will entitle the holder to a basic subscription privilege and an over-subscription privilege.

We intend to keep the rights offering open until [], 2012, unless our board of directors, in its sole discretion, extends such time or terminates the offering.

Basic Subscription Privilege

For every [] subscription rights you receive, you will be entitled to purchase one Class A voting share, upon delivery of the required documents and payment of the subscription price of \$[] per share, prior to the expiration of the rights offering. You will receive one subscription right for every Class A voting share and Class B multiple voting share you owned as of 5:00 p.m., Eastern Standard time, on the record date. You may exercise all or a portion of your basic subscription privilege; however, if you exercise less than your full basic subscription privilege, you will not be entitled to purchase shares under your over-subscription privilege.

We will not issue fractional Class A voting shares in the rights offering, and holders will only be entitled to purchase a whole number of Class A voting shares, rounded down to the nearest whole number a holder would otherwise be entitled to purchase, with the total subscription payment being adjusted accordingly. Any excess subscription payments received by the subscription agent will be returned promptly, without interest or penalty.

Over-Subscription Privilege

If you purchase all of the Class A voting shares available to you pursuant to your basic subscription privilege, you may also choose to purchase a portion of the Class A voting shares that are not purchased by other shareholders through the exercise of their respective basic subscription privileges, not to exceed the number of Class A voting shares available for you to purchase under your basic subscription privilege, subject to proration as discussed below. If, however, over-subscription requests exceed the number of Class A voting shares available for sale in the rights offering, we will allocate the available Class A voting shares pro rata among each shareholder exercising the over-subscription privilege in proportion to the number of Class A voting shares and Class B multiple voting shares owned by such shareholder on the record date, relative to the number of shares owned on the record date by all shareholders exercising the over-subscription privilege. If this pro rata allocation results in any shareholder receiving a greater number of Class A voting shares than the shareholder subscribed for pursuant to the exercise of the over-subscription privilege, then such shareholder will be allocated only that number of shares for which the shareholder oversubscribed, and the remaining Class A voting shares will be allocated among all other shareholders exercising the over-subscription privilege on the same pro rata basis described above. The proration process will be repeated until all Class A voting shares have been allocated or all over-subscription requests have been satisfied, whichever occurs earlier. The actual number of Class A voting shares available for purchase pursuant to your over-subscription privilege will depend upon whether you fully exercise your basic subscription privilege and the number of Class A voting shares purchased by our other shareholders pursuant to their basic subscription privileges, but in no event will that number exceed the number of Class A voting shares available for purchase under your basic subscription privilege.

In order to properly exercise your over-subscription privilege, you must deliver the subscription payment related to your over-subscription privilege prior to the expiration of the rights offering. Because we will not know the total number of unsubscribed shares prior to the expiration of the rights offering, if you wish to maximize the

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number of shares you purchase pursuant to your over-subscription privilege, you will need to deliver payment in an amount equal to the aggregate subscription price for the maximum number of Class A voting shares that may be available to you (*i.e.*, for the maximum number of Class A voting shares available to you, assuming you exercise all of your basic subscription privilege and are allotted the full amount of your over-subscription as elected by you).

We can provide no assurance that you will actually be entitled to purchase the number of shares issuable upon the exercise of your over-subscription privilege in full at the expiration of the rights offering. We will not be able to satisfy your exercise of the over-subscription privilege if all of our shareholders exercise their basic subscription privileges in full, and we will only honor an over-subscription privilege to the extent a sufficient amount of Class A voting shares are available following the exercise of subscription rights under the basic subscription privileges.

To the extent the aggregate subscription price of the maximum number of unsubscribed shares available to you pursuant to the over-subscription privilege is less than the amount you actually paid in connection with the exercise of the over-subscription privilege, you will be allocated only the number of unsubscribed shares available to you, and any excess subscription payments received by the subscription agent will be returned promptly, without interest or penalty. To the extent the amount you actually paid in connection with the exercise of the over-subscription privilege is less than the aggregate subscription price of the maximum number of unsubscribed shares available to you pursuant to the over-subscription privilege, you will be allocated the number of unsubscribed shares for which you actually paid in connection with the over-subscription privilege.

Delivery of Class A Voting Shares Acquired in the Rights Offering

If you purchase shares in the rights offering by submitting a rights certificate and payment, we will mail you a stock certificate evidencing the new shares purchased as soon as practicable after the completion of the rights offering. One stock certificate will be generated for each rights certificate processed. Until your stock certificate is received, you may not be able to sell the Class A voting shares acquired in the rights offering. If, as of the record date, your shares were held by a custodian bank, broker, dealer or other nominee, and you participate in the rights offering, you will not receive stock certificates for your new shares. Your custodian bank, broker, dealer or other nominee will be credited with the Class A voting shares you purchase in the rights offering as soon as practicable after the completion of the rights offering.

Reasons for the Rights Offering

Prior to approving the rights offering, our board of directors carefully considered our current and expected liquidity requirements, our expected results of operations, current market conditions, and business and capital-raising opportunities, as well as the dilution of the ownership percentage of the current holders of our Class A voting shares that may be caused by the rights offering if they do not exercise their rights in full.

After weighing the factors discussed above and the effect of the \$5.0 million in additional capital, before expenses, that may be generated by the sale of shares pursuant to the rights offering, our board of directors determined that the rights offering is in our and our shareholders best interests. Although we believe that the rights offering will strengthen our financial condition, the board of directors is not making any recommendation as to whether you should exercise your subscription rights.

Effect of Rights Offering on Existing Shareholders

The ownership interests and voting interests of the existing shareholders that do not fully exercise their basic subscription privileges will be diluted.

Method of Exercising Subscription Rights

The exercise of subscription rights is irrevocable and may not be cancelled or modified. You may exercise your subscription rights as follows:

Subscription by Registered Holders

If you hold certificates of our Class A voting shares or Class B multiple voting shares, the number of rights you may exercise pursuant to the basic subscription privilege will be indicated on the rights certificate delivered to you. You may exercise your subscription rights by properly completing and executing the rights certificate and forwarding it, together with your full subscription payment, to the subscription agent at the address set forth below in this section under the heading Subscription Agent and Information Agent, prior to the expiration of the rights offering.

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Subscription by DTC Participants

We expect that the exercise of your subscription rights may be made through the facilities of DTC. If your subscription rights are held of record through DTC, you may exercise your subscription rights by instructing DTC, or having your broker instruct DTC, to transfer your subscription rights from your account to the account of the subscription agent, together with certification as to the aggregate number of subscription rights you are exercising and the number of Class A voting shares you are subscribing for under your basic subscription privilege and your over-subscription privilege, if any, and your full subscription payment.

Subscription by Beneficial Owners

If you are a beneficial owner of our Class A voting shares that are registered in the name of a broker, dealer, custodian bank or other nominee, you will not receive a rights certificate. Instead, one subscription right will be issued to the nominee record holder for every Class A voting share and Class B multiple voting share that you own at the record date. If you are not contacted by your broker, dealer, custodian bank or other nominee, you should promptly contact your broker, dealer, custodian bank or other nominee in order to subscribe for Class A voting shares in the rights offering.

If you hold your Class A voting shares in the name of a broker, dealer, custodian bank or other nominee, your nominee will exercise the subscription rights on your behalf in accordance with your instructions. Your nominee may establish a deadline that may be before the 5:00 p.m., Eastern Standard time, [], 2012 expiration date we have established for the rights offering.

Payment Method for Registered Holders

As described in the instructions accompanying the rights certificate, payments must be made in full in United States dollars for the full number of Class A voting shares for which you are subscribing by cashier's or certified check drawn upon a United States bank payable to the subscription agent at the address set forth below in this section under the heading Subscription Agent and Information Agent. If you desire to make payment by wire transfer you must contact our information agent, Georgeson Inc., to receive a Wire Authorization Form. In the United States and Canada, you should call 1 (800) 279-6913. If you are outside the United States and Canada, you should call (212) 440-9800.

Personal checks are not accepted. Payment received after the expiration of the rights offering may not be honored, and the subscription agent will return your payment to you promptly, without interest or penalty.

You should read and follow the delivery and payment instructions accompanying the rights certificate. **DO NOT SEND RIGHTS CERTIFICATES OR PAYMENTS DIRECTLY TO BIRKS.** We will not consider your subscription received until the subscription agent has received delivery of a properly completed and duly executed rights certificate and other subscription documents and payment of the full subscription amount. The risk of delivery of all documents and payments is borne by you or your nominee, not by the subscription agent or us.

The method of delivery of rights certificates and payment of the subscription amount to the subscription agent will be at the risk of the holders of subscription rights. If sent by mail, we recommend that you send subscription materials and payments by overnight courier or by registered mail, properly insured, with return receipt requested, and that a sufficient number of days be allowed to ensure delivery to the subscription agent and clearance of payment prior to the expiration of the rights offering.

Unless a rights certificate provides that the Class A voting shares are to be delivered to the record holder of such rights or such certificate is submitted for the account of a bank or a broker, signatures on such rights certificate must be guaranteed by an eligible guarantor institution (as such term is defined in Rule 17Ad-15 of the Securities Exchange Act of 1934, as amended) that is a participant in the Securities Transfer Agents Medallion Program, the New York Stock Exchange Program Medallion Signature Program or the Stock Exchange Medallion Program, subject to any standards and procedures adopted by the subscription agent.

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Missing or Incomplete Subscription Information

If you do not indicate the number of subscription rights being exercised, or the subscription agent does not receive the full subscription payment for the number of subscription rights that you indicate are being exercised, then you will be deemed to have exercised the maximum number of subscription rights that may be exercised with the aggregate subscription payment you delivered to the subscription agent. If the subscription agent does not apply your full subscription payment to your purchase of our Class A voting shares, any excess subscription payment received by the subscription agent will be returned promptly, without interest or penalty.

Expiration Date and Amendments

The subscription period, during which you may exercise your subscription rights, expires at 5:00 p.m., Eastern Standard time, on [], 2012, which is the expiration of the rights offering. If you do not exercise your subscription rights prior to that time, your subscription rights will expire and will no longer be exercisable. We will not be required to issue Class A voting shares to you if the subscription agent receives your rights certificate and subscription payment after that time, regardless of when the rights certificate and subscription payment were sent by you. We have the option to extend the rights offering and the period for exercising your subscription rights, although we do not presently intend to do so. We may extend the expiration of the rights offering by giving oral or written notice to the subscription agent and information agent prior to the expiration of the rights offering. If we elect to extend the expiration of the rights offering, we will issue a press release announcing such extension no later than 9:00 a.m., Eastern Standard time, on the next business day after the most recently announced expiration of the rights offering. We reserve the right to amend or modify the terms of the rights offering.

Subscription Price

The subscription price was determined by our board of directors and will be equal to the average closing price of our Class A voting shares on the NYSE MKT over the seven trading days prior to the effective date of this Registration Statement. Factors considered by our board of directors included the strategic alternatives to us for raising capital, the price at which our shareholders might be willing to participate in the rights offering, historical and current trading prices of our Class A voting shares, our business prospects and the general condition of the securities market. We cannot assure you that the market price for our Class A voting shares during the rights offering will be equal to or above the subscription price or that a subscribing owner of rights will be able to sell the Class A voting shares purchased in the rights offering at a price equal to or greater than the subscription price.

We urge you to obtain a current quote for our Class A voting shares before exercising your subscription rights.

Conditions, Withdrawal and Termination

We reserve the right to withdraw the rights offering prior to the expiration of the rights offering for any reason. We may terminate the rights offering, in whole or in part, if at any time before completion of the rights offering there is any judgment, order, decree, injunction, statute, law or regulation entered, enacted, amended or held to be applicable to the rights offering that in the sole judgment of our board of directors would or might make the rights offering or its completion, whether in whole or in part, illegal or otherwise restrict or prohibit completion of the rights offering. We may waive any of these conditions and choose to proceed with the rights offering even if one or more of these events occur. If we terminate the rights offering, in whole or in part, all affected subscription rights will expire without value, and all excess subscription payments received by the subscription agent will be returned promptly, without interest or penalty. If we cancel the rights offering, we will issue a press release notifying shareholders of the cancellation, and all subscription payments received by the subscription agent will be returned promptly, without interest or penalty.

Subscription Agent and Information Agent

The subscription agent for this offering is Computershare Trust Company, N.A. and the information agent is Georgeson Inc. The address to which subscription documents, rights certificates and subscription payments should be mailed or delivered is:

If Delivering by Mail:

Computershare Trust Company, N.A.

Attn: Corporate Actions Voluntary Offer

If Delivering by Hand or Courier:

Computershare Trust Company, N.A.

Attn: Corporate Actions Voluntary Offer

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P.O. Box 43011

250 Royall Street, Suite V

Providence, RI 02940-3011

Canton, MA 02021

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You should direct any questions or requests for assistance concerning the method of subscribing for Class A voting shares or for additional copies of this prospectus to our information agent, Georgeson Inc., at:

Georgeson Inc.
199 Water Street, 26th Floor
New York, NY 10038

Banks and Brokers Call:
(212) 440-9800

All Others:
United States and Canada: 1 (800) 279-6913

Outside United States and Canada: (212) 440-9800

You are solely responsible for completing delivery to the subscription agent of your subscription materials. The subscription materials are to be received by the subscription agent on or prior to 5:00 p.m., Eastern Standard time, on [], 2012. We urge you to allow sufficient time for delivery of your subscription materials to the subscription agent. If you deliver subscription materials in a manner different from those described in this prospectus, we may not honor the exercise of your subscription rights.

Fees and Expenses

We will pay all fees charged by the subscription agent and information agent. You are responsible for paying any other commissions, fees, taxes or other expenses incurred in connection with the exercise of the subscription rights.

Fractional Shares

We will not issue fractional shares. Fractional Class A voting shares resulting from the exercise of the basic subscription privilege will be eliminated by rounding down to the nearest whole share.

Medallion Guarantee May Be Required

Your signature on each subscription rights certificate must be guaranteed by an eligible institution, such as a member firm of a registered national securities exchange or a member of the Financial Industry Regulatory Authority, Inc., or a commercial bank or trust company having an office or correspondent in the United States, subject to standards and procedures adopted by the subscription agent, unless:

your subscription rights certificate provides that shares are to be delivered to you as record holder of those subscription rights; or

you are an eligible institution.

You can obtain a signature guarantee from a financial institution such as a commercial bank, savings, bank, credit union or broker dealer that participates in one of the Medallion signature guarantee programs. The three Medallion signature guarantee programs are the following:

Securities Transfer Agents Medallion Program (STAMP) whose participants include more than 7,000 U.S. and Canadian financial institutions.

Stock Exchanges Medallion Program (SEMP) whose participants include the regional stock exchange member firms and clearing and trust companies.

New York Stock Exchange Medallion Signature Program (MSP) whose participants include NYSE member firms. If a financial institution is not a member of a recognized Medallion signature guarantee program, it would not be able to provide signature guarantees. Also, if you are not a customer of a participating financial institution, it is likely the financial institution will not guarantee your signature. Therefore, the best source of a Medallion Guarantee would be a bank, savings and loan association, brokerage firm, or credit union with whom you do

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business. The participating financial institution will use a Medallion imprint or stamp to guarantee the signature, indicating that the financial institution is a member of a Medallion signature guarantee program and is an acceptable signature guarantor.

Notice to Nominees

If you are a broker, dealer, custodian bank or other nominee holder that holds our Class A voting shares for the account of others on the record date, you should notify the beneficial owners of the shares for whom you are the nominee of the rights offering as soon as possible to learn their intentions with respect to exercising their subscription rights. You should obtain instructions from the beneficial owner, as set forth in the instructions we have provided to you for your distribution to beneficial owners. If the beneficial owner so instructs, you should submit information and payment for shares. We expect that the exercise of subscription rights on behalf of beneficial owners may be made through the facilities of DTC. You may exercise individual or aggregate beneficial owner subscription rights by instructing DTC to transfer subscription rights from your account to the account of the subscription agent, together with certification as to the aggregate number of subscription rights exercised and the number of Class A voting shares subscribed for under the basic subscription privilege and the over-subscription privilege, if any, and your full subscription payment.

Beneficial Owners

If you do not hold certificates for our Class A voting shares, you are a beneficial owner of our shares. Instead of receiving a rights certificate, you will receive your subscription rights through a broker, dealer, custodian bank or other nominee. We will ask your broker, dealer, custodian bank or other nominee to notify you of the rights offering.

You should contact your broker, dealer, custodian bank or other nominee if you do not receive information regarding the rights offering, but believe you are entitled to subscription rights. We are not responsible if you do not receive notice by your broker, dealer, custodian bank or other nominee or if you do not receive notice in time to respond to your nominee by the deadline established by the nominee, which may be prior to 5:00 p.m., Eastern Standard time, on [], 2012.

If you wish to exercise your subscription rights, you will need to have your broker, dealer, custodian bank or other nominee act for you. If you hold certificates for our Class A voting shares and received a rights certificate, but would prefer to have your broker, dealer, custodian bank or other nominee act for you, you should contact your nominee and request it to effect the transaction for you.

Transferability of Subscription Rights

The rights are not transferable. Should you choose not to exercise your subscription rights, you may not sell, give away, or otherwise transfer your subscription rights. Subscription rights will, however, be transferable by operation of law (for example, upon the death of the recipient). Upon expiration of the rights offering, all unexercised rights will automatically expire.

Validity of Subscriptions

We will resolve all questions regarding the validity and form of the exercise of your subscription rights, including time of receipt and eligibility to participate in the rights offering. Our determination will be final and binding. Once made, subscriptions and directions are irrevocable, and we will not accept any alternative, conditional or contingent subscriptions or directions. We reserve the absolute right to reject any subscriptions or directions not properly submitted or the acceptance of which would be unlawful. You must resolve any irregularities in connection with your subscriptions before the subscription period expires, unless waived by us in our sole discretion. Neither we, the subscription agent, nor the information agent shall be under any duty to notify you or your representative of defects in your subscriptions. A subscription will be considered accepted, subject to our right to withdraw or terminate the rights offering, only when a properly completed and duly executed rights certificate and any other required documents and the full subscription payment have been received by the subscription agent. Our interpretations of the terms and conditions of the rights offering will be final and binding.

Escrow Arrangements; Return of Funds

The subscription agent will hold funds received in payment for our Class A voting shares in a segregated account pending completion of the rights offering. The subscription agent will hold this money in escrow until the rights offering is completed or is withdrawn and canceled. If the rights offering is canceled for any reason, all subscription payments received by the subscription agent will be returned promptly, without interest or penalty.

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Shareholder Rights

You will have no rights as a holder of our Class A voting shares you purchase in the rights offering, if any, until certificates representing the shares are issued to you or until your account at your record holder is credited with the Class A voting shares purchased in the rights offering. You will have no right to revoke your subscriptions once made in accordance with the procedures set forth in this prospectus.

Foreign Shareholders

We will not mail this prospectus or rights certificates to shareholders with addresses that are outside the United States and Canada or that have an army post office or foreign post office address. The subscription agent will hold these rights certificates for their account. To exercise subscription rights, our foreign shareholders must notify the subscription agent prior to 11:00 a.m., Eastern Standard time, at least three business days prior to the expiration of the rights offering of their exercise of such rights, and, with respect to holders whose addresses are outside the United States and Canada, provide evidence satisfactory to us, such as a legal opinion from local counsel, that the exercise of such subscription rights does not violate the laws of the jurisdiction of such shareholder. In addition to this prospectus, Canadian-resident shareholders will receive a Canadian Offering Memorandum which contains additional information pertinent to Canadian-resident shareholders' investment decision. We urge Canadian-resident shareholders to carefully review the information contained in the Canadian Offering Memorandum before making any determination with respect to the exercise of their rights.

No Revocation or Change

Once you submit the form of rights certificate to exercise any subscription rights, you are not allowed to revoke or change the exercise or request a refund of monies paid. All exercises of subscription rights are irrevocable, even if you learn information about us that you consider to be unfavorable. You should not exercise your subscription rights unless you are certain that you wish to purchase additional Class A voting shares at the subscription price.

Material U.S. Federal Income Tax Consequences

For U.S. federal income tax purposes, you should not recognize income or loss upon receipt or exercise of subscription rights. For a more detailed discussion, see Material U.S. Federal Income Tax Consequences.

Listing

The subscription rights are non-transferable and will not be listed on a stock exchange or national market. Our Class A voting shares are traded on the NYSE MKT under the symbol BMJ. If we fail to meet any of the listing standards of the NYSE MKT, our Class A voting shares could be delisted by the NYSE MKT.

The last reported sales price of our Class A voting shares on the NYSE MKT on May 23, 2012, the last practicable date before the filing of this prospectus, was \$0.93. We urge you to obtain a current market price for our Class A voting shares before making any determination with respect to the exercise of your rights.

Outstanding Class A Voting Shares after the Rights Offering

As of March 31, 2012, 3,673,615 Class A voting shares were issued and outstanding. Assuming no other transactions by us involving our Class A voting shares, and no options for Class A voting shares are exercised prior to the expiration of the rights offering, if the rights offering is fully subscribed through the exercise of the subscription rights, then an additional [] of our Class A voting shares will be issued and outstanding after the closing of the rights offering, for a total of [] Class A voting shares outstanding. As a result of the rights offering, the ownership interests and voting interests of the existing shareholders that do not fully exercise their basic subscription privileges will be diluted.

Table of Contents**Expenses of Rights Offering**

The following table sets forth an estimate of the fees and expenses relating to the rights offering, all of which will be borne by us. All of the following fees and expenses, except for the SEC registration fee, are estimated:

SEC registration fee	\$ 573
Legal fees and expenses	\$ 125,000
Printing fees and expenses	\$ 35,000
Accounting fees and expenses	\$ 50,000
Subscription and information agent fees and expenses	\$ 25,000
Miscellaneous fees and expenses	\$ 5,000
Total	\$ 240,573

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MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES OF RIGHTS OFFERING

The following summary describes the material U.S. federal income tax consequences of the receipt and exercise (or expiration) of the subscription rights or, if applicable, the over-subscription privilege, acquired through the rights offering. Please see the section entitled **Material U.S. Federal Income Tax Consequences of Owning and Disposing of Birks Class A Voting Shares** for a discussion of the tax consequences of owning and disposing of Class A voting shares received upon exercise of the subscription rights. This summary is based upon the Internal Revenue Code of 1986, as amended (the **Code**), Treasury regulations promulgated thereunder and administrative and judicial interpretations thereof, all as currently in effect and all of which are subject to differing interpretations or to change, possibly with retroactive effect. No assurance can be given that the IRS would not assert, or that a court would not sustain, a position contrary to any of the tax consequences described below.

The legal conclusions identified in this discussion are the opinion of our counsel, Holland & Knight LLP, and are based on the accuracy of the representations of factual matters made by us.

This summary is for general information only and does not purport to discuss all aspects of U.S. federal income taxation that may be important to a particular holder in light of its particular circumstances or to holders that may be subject to special tax rules, including, but not limited to, partnerships or other pass-through entities, banks and other financial institutions, tax-exempt entities, employee stock ownership plans, certain former citizens or residents of the United States, insurance companies, regulated investment companies, real estate investment trusts, dealers in securities or currencies, brokers, traders in securities that have elected to use the mark-to-market method of accounting, persons holding subscription rights or shares of Class A voting shares as part of an integrated transaction, including a straddle, hedge, constructive sale or conversion transaction, persons whose functional currency for tax purposes is not the U.S. dollar, and persons subject to the alternative minimum tax provisions of the Code.

This summary applies to you only if you are a U.S. holder (as defined below) and receive your subscription rights in the rights offering, and you hold your subscription rights or shares Class A voting shares issued to you upon exercise of the subscription rights or, if applicable, the over-subscription privilege, as capital assets for tax purposes. This summary does not apply to you if you are not a U.S. holder.

We have not sought, and will not seek, a ruling from the IRS regarding the federal income tax consequences of the rights offering or the related share issuances. The following summary does not address the tax consequences of the rights offering or the related share issuance under foreign, state, or local tax laws.

You are a U.S. holder if you are a beneficial owner of subscription rights or Class A voting shares and you are:

An individual who is a citizen or resident of the United States for U.S. federal income tax purposes;

A corporation (or other business entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia;

An estate the income of which is subject to U.S. federal income tax regardless of its source; or

A trust (a) if a court within the United States can exercise primary supervision over its administration and one or more U.S. persons are authorized to control all substantial decisions of the trust or (b) that has a valid election in effect under applicable Treasury Regulations to be treated as a U.S. person.

If a partnership (including any entity treated as a partnership for U.S. federal income tax purposes) receives the subscription rights or holds the Class A voting shares received upon exercise of the subscription rights or, if applicable, the over-subscription privilege, the tax treatment of a partner in such partnership generally will depend upon the status of the partner and the activities of the partnership. Such a partner or partnership is urged to consult its own tax advisor as to the U.S. federal income tax consequences of receiving and exercising the subscription rights and acquiring, holding or disposing of our Class A voting shares.

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ACCORDINGLY, EACH RECIPIENT OF RIGHTS IN THE RIGHTS OFFERING SHOULD CONSULT THE RECIPIENT'S OWN TAX ADVISOR WITH RESPECT TO THE TAX CONSEQUENCES OF THE RIGHTS OFFERING AND THE RELATED SHARE ISSUANCES THAT MAY RESULT FROM SUCH RECIPIENT'S PARTICULAR CIRCUMSTANCES.

Taxation of Subscription Rights

Receipt of Subscription Rights

It is the opinion of our counsel, Holland & Knight LLP, that your receipt of subscription rights pursuant to the rights offering will not be treated as a taxable distribution with respect to your existing Class A voting shares for U.S. federal income tax purposes. Under Section 305 of the Code, a shareholder who receives a right to acquire shares will, in certain circumstances, be treated as having received a taxable dividend in an amount equal to the value of such right. A common shareholder who receives a right to acquire Class A voting shares generally will be treated as having received a taxable dividend if such shareholder's proportionate interest in the earnings and profits or assets of the corporation is increased and any other shareholder receives a distribution of cash or other property. For purposes of the above, shareholder includes holders of warrants, options and convertible securities. The application of this rule is very complex and subject to uncertainty. However, it is the opinion of our counsel, Holland & Knight LLP, that pursuant to Section 305 of the Code and the Treasury Regulations issued thereunder, the receipt of subscription rights generally will not be taxable to a shareholder.

Tax Basis in the Subscription Rights

If the fair market value of the subscription rights you receive is less than 15% of the fair market value of your existing Class A voting shares on the date you receive the subscription rights, the subscription rights will be allocated a zero basis for U.S. federal income tax purposes, unless you elect to allocate your basis in your existing Class A voting shares between your existing Class A voting shares and the subscription rights in proportion to the relative fair market values of the existing Class A voting shares and the subscription rights determined on the date of receipt of the subscription rights. If you choose to allocate basis between your existing Class A voting shares and the subscription rights, you must make this election on a statement included with your tax return for the taxable year in which you receive the subscription rights. Such an election is irrevocable.

However, if the fair market value of the subscription rights you receive is 15% or more of the fair market value of your existing Class A voting shares on the date you receive the subscription rights, then you must allocate your basis in your existing Class A voting shares between your existing Class A voting shares and the subscription rights you receive in proportion to their fair market values determined on the date you receive the subscription rights. The fair market value of the subscription rights on the date the subscription rights will be distributed is uncertain. In determining the fair market value of the subscription rights, you should consider all relevant facts and circumstances, including the trading price thereof.

Exercise of Subscription Rights

Generally, you will not recognize gain or loss on the exercise of a subscription right. Your tax basis in a new Class A voting share acquired when you exercise a subscription right will be equal to your adjusted tax basis in the subscription right, if any, plus the subscription price. The holding period of a Class A voting share acquired when you exercise your subscription rights will begin on the date of exercise.

Expiration of Subscription Rights

If you allow subscription rights received in the rights offering to expire, it is the opinion of our counsel, Holland & Knight LLP, that you will not recognize any gain or loss for U.S. federal income tax purposes, and you should re-allocate any portion of the tax basis in your existing Class A voting shares previously allocated to the subscription rights that have expired to the existing Class A voting shares. If you allow the subscription rights to expire after you have disposed of all or a portion of your original shares, you should consult your tax advisor regarding whether you may recognize a loss on the expiration of the subscription rights.

Table of Contents**MARKET PRICE OF COMMON STOCK AND DIVIDEND POLICY****Trading Prices**

Effective November 15, 2005, our Class A voting shares were listed and began to trade on the NYSE MKT under the symbol BMJ. 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 & Mayors Inc. Highest/Lowest Stock Price
for the Five Most Recent Full Financial Years**

Fiscal year	Highest	Lowest
2012	\$ 1.71	\$ 0.90
2011	\$ 6.20	\$ 0.70
2010	\$ 1.80	\$ 0.26
2009	\$ 4.33	\$ 0.20
2008	\$ 8.46	\$ 3.97

The following table sets forth, for each of the most recent six months, the reported high and low sale prices for the Class A voting shares:

Birks & Mayors Inc. Highest/Lowest Stock Price for the Most Recent Six Months

Month	Highest	Lowest
December 2011	\$ 1.25	\$ 0.94
January 2012	\$ 1.39	\$ 1.02
February 2012	\$ 1.31	\$ 1.00
March 2012	\$ 1.19	\$ 1.00
April 2012	\$ 1.15	\$ 1.00
May 2012	\$ 1.04	\$ 0.93

The following table sets forth, for each quarter in fiscal 2012 and 2011 and any subsequent period, the reported high and low sale prices for the Class A voting shares:

**Birks & Mayors Inc. Highest/Lowest Stock Price
for Each Quarter in fiscal 2012 and fiscal 2011 and Any Subsequent Period**

	Highest	Lowest
Fiscal 2012		
Quarter ended March 2012	\$ 1.39	\$ 1.00
Quarter ended December 2011	\$ 1.36	\$ 0.92
Quarter ended September 2011	\$ 1.71	\$ 0.90
Quarter ended June 2011	\$ 1.69	\$ 1.10
Fiscal 2011		
Quarter ended March 2011	\$ 1.72	\$ 1.25
Quarter ended December 2010	\$ 1.60	\$ 1.04
Quarter ended September 2010	\$ 1.70	\$ 1.00
Quarter ended June 2010	\$ 6.20	\$ 0.70

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On May 23, 2012, the last practicable date before the date of this prospectus, the reported sales price of our Class A voting shares on the NYSE MKT was \$0.93 per share. As of March 31, 2012, there were approximately 310 holders of record. This number does not include the number of persons whose stock is held in nominee or street name accounts through brokers.

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DESCRIPTION OF CAPITAL STOCK

The following is a summary of the material terms of our capital stock. You are strongly encouraged, however, to read our restated articles, amended bylaws and other agreements, all of which have been filed with the SEC.

We are authorized to issue:

An unlimited number of Class A voting shares without nominal or par value;

An unlimited number of Class B multiple voting shares without nominal or par value; and

An unlimited number of preferred shares without nominal or par value, issuable in series.

As of March 31, 2012 and March 26, 2011, there were 3,673,615 and 3,672,535 Class A voting shares outstanding, respectively, 7,717,970 Class B multiple voting shares outstanding (which are convertible into 7,717,970 Class A voting shares) and no shares of preferred stock outstanding. Due to the exercise of stock options, 1,080 additional Class A voting shares were issued, thereby increasing the total number of Class A voting shares by 1,080 since the beginning of fiscal year 2012.

As of March 31, 2012, we had outstanding warrants to purchase up to 382,693 Class A voting shares at exercise prices of \$3.34 and \$6.21. As of March 31, 2012, we had total outstanding options (with exercise prices ranging from \$1.00 to \$155.27 and at CDN\$7.73) to purchase 713,864 Class A voting shares. As of March 31, 2012, we had total outstanding stock appreciation rights to purchase 21,737 Class A voting shares at an exercise price of \$1.00. The number of Class A voting shares or other securities at the time issuable upon exercise of such warrants and options will be appropriately adjusted to reflect any stock dividend, stock split, combination of shares, reclassification, recapitalization, restricted stock vest or other similar event affecting the number of outstanding shares of stock or securities.

The following description summarizes the material terms and provisions of our Class A voting shares, Class B multiple voting shares and preferred shares that we may offer from time to time. The following summary description is based on the provisions of our restated articles and amended bylaws, which are incorporated by reference, and the applicable provisions of the Canada Business Corporations Act, or CBCA. The information below is only a summary and is subject to and qualified in its entirety by reference to our restated articles and amended bylaws and the applicable provisions of CBCA.

Class A Voting Shares

The Class A voting shares have attached the following rights, privileges, restrictions and conditions:

Voting. Each Class A voting share will entitle the holder thereof to one vote 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, or CBCA).

Ranking on Liquidation. In the event of the liquidation, dissolution or winding-up, whether voluntary or involuntary, or other distribution of our assets among shareholders for the purpose of winding-up our affairs, subject to the rights, privileges, restrictions and conditions attaching to any other class of shares ranking prior to the Class A voting shares or the Class B multiple voting shares, the holders of the Class A voting shares and the holders of the Class B multiple voting shares will be entitled to receive our remaining property. The holders of the Class A voting shares and the holders of the Class B multiple voting shares will rank equally with respect to the distribution of assets in the event of the liquidation, dissolution or winding-up, whether voluntary or involuntary, or any other distribution of our assets among shareholders for the purpose of winding-up our affairs.

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Dividends and Distributions. In addition to any dividend or distribution declared by our directors in respect of Class A voting shares, holders of Class A voting shares will be entitled to receive a dividend or distribution, whether cash, non-cash or some combination thereof, equal (on a per share basis) to any dividend or

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distribution declared by our directors in respect of the Class B multiple voting shares. Dividends and distributions on Class A voting shares will be payable on the date fixed for payment of the dividend or distribution in respect of Class A voting shares or, if applicable, on the date fixed for payment of any dividend or distribution in respect of Class B multiple voting shares.

Right of Participation in a Sale Transaction.

No holder of Class B multiple voting shares or group of holders of Class B multiple voting shares that are affiliates may sell, transfer or otherwise dispose of Class B multiple voting shares if, immediately following such sale, transfer or disposition of Class B multiple voting shares, such holders will control less than a majority of the total voting rights attached to the common shares issued and outstanding on the date of such sale, transfer or disposition, unless all other holders of common shares will have the right (A) to receive the same consideration (on a per share basis), whether cash, non-cash or some combination thereof, as that to be received by such holders pursuant to the transaction and (B) to participate in such transaction on the same terms as such holders in all other material respects, including in respect of the conditions to such transaction. Written notice of any transaction, which notice will specify the terms of such transaction and the right of all holders of common shares to participate in such transaction, will be provided to the holders of common shares by first class mail, at least twenty (20) business days prior to the consummation of such transaction.

Any transaction not in compliance with the paragraph above will be null and void and will not be registered in our books.

Notwithstanding the foregoing, none of the following will constitute a prohibited transaction: (A) any pledge, mortgage, hypothecation, lien or similar encumbrance, whether by possession or registration, of Class B multiple voting shares which creates a security interest in favor of another person or entity, and (B) any sale, transfer or other disposition of Class B multiple voting shares to Affiliates, Associates or shareholders of the transferor of such Class B multiple voting shares. For purposes of this section, an Affiliate means a person that directly or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, such specified person. For purposes of this section, an Associate, when used to indicate a relationship with any person, means (x) any trust or other estate in which such person has a substantial beneficial interest or as to which such person serves as trustee or in a similar fiduciary capacity and (y) a spouse or child of such person.

Right of Participation in a Business Combination.

We will not consummate a Business Combination unless the holders of Class A voting shares have the right (A) to receive the same consideration (on a per share basis), whether cash, non-cash or some combination thereof, as that to be received by the holders of Class B multiple voting shares in connection with such Business Combination and (B) to participate in such Business Combination on the same terms as the holders of Class B multiple voting shares in all other material respects, including in respect of the conditions to such Business Combination.

Business Combination for purposes of this section means, whether in one or a series of related transactions: (A) any merger, amalgamation, recapitalization or consolidation involving us, other than a merger, amalgamation, recapitalization, consolidation or similar transaction with our wholly-owned subsidiary or which is solely for the purpose of our continuance as a corporation in another jurisdiction; (B) any sale, lease, exchange, transfer or other disposition involving 50% or more of our assets and our subsidiaries, on a consolidated basis; or (C) any agreement, contract or other arrangement having the same purpose or effect as the transactions described in (A) and (B) above.

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Transactions or Actions Requiring Special Approval.

In addition to any other approvals required under the CBCA, prior to consummating a Related Party Transaction, we will obtain (A) the consent of the majority of a committee of our independent directors and (B) with respect to clauses (x) and (y) of the definition of related party transaction below, the affirmative vote in favor of the approval of the Related Party Transaction by the majority of the holders of Class A voting shares (exclusive of Class A voting shares held by the Related Person (and its Affiliates and Associates) which is or would be a party to such Related Party Transaction) that cast a vote, in person or by proxy (but not including any vote that is not counted as either an affirmative or negative vote), at the annual or special shareholders meeting at which such Related Party Transaction is considered.

For purposes of this section, (A) **Related Party Transaction** will mean (x) consummation of a Business Combination with a Related Person; (y) amending, repealing or altering in anyway any provision of our restated articles or the amended by-laws, except for matters not having an adverse effect on the holders of Class A voting shares; or (z) the issuance, sale, exchange, transfer or other disposition (in one transaction or a series of related transactions) by us or any wholly-owned subsidiary of ours of any securities of ours or of such subsidiary to a Related Person (other than pursuant to: an employee or director stock incentive plan or other compensation arrangements approved by our compensation committee; an offering made to all holders of Class A voting shares; or a public offering); and (B) **Related Person** will mean any individual, corporation, partnership, group, association or other person or entity that, together with its Affiliates and Associates, beneficially owns Class A voting shares and/or Class B multiple voting shares which, in the aggregate, represent twenty percent (20%) or more of the total voting rights attached to the common shares issued and outstanding at the time the definitive agreement with respect to a Related Party Transaction is executed.

Subdivision, Consolidation, Reclassification or Other Change. No subdivision, consolidation or reclassification of, or other change to, the Class A voting shares will be carried out, either directly or indirectly unless, at the same time, the Class B multiple voting shares are subdivided, consolidated, reclassified or changed in the same manner and on the same basis.

Equal Status. Except as otherwise expressly provided in our restated articles, Class A voting shares and Class B multiple voting shares will have the same rights and privileges and will rank equally, share ratably and be equal in all respects as to all matters.

Approval of Issuance. For so long as the outstanding Class B multiple voting shares represent a majority of the total voting rights attached to the common shares, we will not issue any Class A voting shares, or any security convertible into or exercisable or exchangeable for Class A voting shares, unless such issuance, or the plan or agreement under which such security is to be issued, has been approved by (i) a majority of the votes cast at a meeting of the holders of Class B multiple voting shares or (ii) unanimous written consent of the holders of Class B multiple voting shares; *provided, however*, such approval shall not be required for the issuance of the following:

Class A voting shares, options or warrants under any plan or agreement approved by us prior to June 1, 2005; or

Class A voting shares upon the exercise of an option or warrant issued or to be issued under any plan or agreement approved by us prior to June 1, 2005; or

Class A voting shares upon the conversion of Class B multiple voting shares; or

Class A voting shares upon the conversion, exercise or exchange of any security, obligation or other instrument for Class A voting shares if the issuance of such security, obligation or other instrument was previously approved pursuant to this paragraph.

Class B Multiple Voting Shares

The Class B multiple voting shares have the following rights, privileges, restrictions and conditions:

Voting. 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 CBCA).

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Ranking on Liquidation. In the event of the liquidation, dissolution or winding-up, whether voluntary or involuntary, or other distribution of our assets among shareholders for the purpose of winding-up our affairs, subject to the rights, privileges, restrictions and conditions attaching to any other class of shares ranking prior to the Class B multiple voting shares or the Class A voting shares, the holders of the Class B multiple voting shares and the holders of the Class A voting shares will be entitled to receive our remaining property. The holders of the Class B multiple voting shares and the holders of the Class A voting shares will rank equally with respect to the distribution of assets in the event of the liquidation, dissolution or winding-up, whether voluntary or involuntary, or any other distribution of our assets among shareholders for the purpose of winding-up our affairs.

Dividends and Distributions. In addition to any dividend or distribution declared by the directors in respect of Class B multiple voting shares, holders of Class B multiple voting shares will be entitled to receive a dividend or distribution, whether cash, non-cash or some combination thereof, equal (on a per share basis) to any dividend or distribution declared by our directors in respect of Class A voting shares. Dividends and distributions on Class B multiple voting shares will be payable on the date fixed for payment of the dividend or distribution in respect of Class B multiple voting shares or, if applicable, on the date fixed for payment of a dividend or distribution in respect of Class A voting shares.

Conversion by Holder into Class A voting shares. Each Class B multiple voting share may at any time and from time to time, at the option of the holder, be converted into one fully paid and non-assessable Class A voting share.

Subdivision, Consolidation, Reclassification or Other Change. No subdivision, consolidation or reclassification of, or other change to, the Class B multiple voting shares will be carried out unless, at the same time, the Class A voting shares are subdivided, consolidated, reclassified or changed in the same manner and on the same basis.

Equal Status. Except as otherwise expressly provided in our restated articles, Class B multiple voting shares and Class A voting shares will have the same rights and privileges and will rank equally, share ratably and be equal in all respects as to all matters.

Approval of Issuance. For so long as the outstanding Class B multiple voting shares represent a majority of the total voting rights attached to the common shares, we may not issue any Class B multiple voting shares, or any security convertible into or exercisable or exchangeable for Class B multiple voting shares, unless such issuance has been approved by a majority of the votes cast at a meeting of the holders of Class B multiple voting shares; *provided, however*, such approval is not required for the issuance of Class B multiple voting shares upon the conversion, exercise or exchange of any security of ours for Class B multiple voting shares if the issuance of such security was previously approved pursuant to this paragraph.

Preferred Shares

The preferred shares have, as a class, the following rights, privileges, restrictions and conditions:

Issuance of Preferred Shares, in Series. Our directors may, at any time and from time to time, issue preferred shares in one or more series, each series to consist of such number of preferred shares as may, before issuance thereof, be determined by the directors.

Determination of Rights, Privileges, Restrictions, Conditions and Limitations Attaching to Series of Preferred Shares. Our directors may, from time to time fix, before issuance, the designation, rights, privileges, restrictions, conditions and limitations to attach to the preferred shares of each series.

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Cumulative Dividends or Return of Capital Not Paid in Full. Pursuant to section 27(2) of the CBCA, when any cumulative dividends or amounts payable on a return of capital in respect of a series of preferred shares are not paid in full, the preferred shares of all series will participate ratably in respect of such dividends including accumulations, if any, in accordance with the sums which would be payable on the preferred shares if all such dividends were declared and paid in full, and on any return of capital in accordance with the sums which would be payable on such return of capital if all sums so payable were paid in full.

Payment of Dividends and Other Preferences. The preferred shares will be entitled to preference over the Class A voting shares, the Class B multiple voting shares and any other shares ranking junior to the preferred shares with respect to the payment of dividends, and may also be given such other preferences over the Class A voting shares, the Class B multiple voting shares and any other shares ranking junior to the preferred shares, as may be fixed by our directors, as to the respective series authorized to be issued.

Procedure for Payment of Dividends. No dividends will at any time be declared or paid or set apart for payment on any shares ranking junior to the preferred shares, unless all dividends up to and including the dividends payable for the last completed period for which such dividends will be payable on each series of preferred shares then issued and outstanding will have been declared and paid or set apart for payment at the date of such declaration or payment or setting apart for payment on such shares ranking junior to the preferred shares, nor will we call for redemption or redeem or purchase for cancellation or reduce or otherwise pay off any of the preferred shares (less than the total amount then outstanding) or any shares ranking junior to the preferred shares, unless all dividends up to and including the dividend payable for the last completed period for which such dividends will be payable on each series of the preferred shares then issued and outstanding will have been declared and paid or set apart for payment at the date of such call for redemption, purchase, reduction or other payment.

Ranking for Payment of Dividends and Liquidation, Dissolution or Winding-up. The preferred shares of each series will rank on a parity with the preferred shares of every other series with respect to priority in payment of dividends and in the distribution of assets in the event of liquidation, dissolution or winding-up, whether voluntary or involuntary.

Liquidation, Dissolution or Winding-up. In the event of the liquidation, dissolution or winding-up or other distribution of our assets among shareholders for the purpose of winding-up our affairs, the holders of the preferred shares will, before any amount will be paid to or any of our property or assets distributed among the holders of the Class A voting shares, the Class B multiple voting shares or any other shares of ours ranking junior to the preferred shares, be entitled to receive:

an amount equal to the consideration received by us upon the issuance of such shares together with, in the case of cumulative preferred shares, all unpaid cumulative dividends (which for such purpose will be calculated as if such cumulative dividends were accruing from day to day for the period from the expiration of the last period for which cumulative dividends have been paid-up to and including the date of distribution) and, in the case of non-cumulative preferred shares, all declared and unpaid non-cumulative dividends; and

if such liquidation, dissolution, winding-up or distribution will be voluntary, an additional amount equal to the premium, if any, which would have been payable on the redemption of the said preferred shares respectively if they had been called for redemption by us on the date of distribution and, if said preferred shares could not be redeemed on such date, then an additional amount equal to the greatest premium, if any, which would have been payable on the redemption of said preferred shares respectively.

Purchase by Birks. The preferred shares of any series may be purchased for cancellation or made subject to redemption by us at such times and at such prices and upon such other terms and conditions as may be specified in the rights, privileges, restrictions and conditions attaching to the preferred shares of such series as set forth in the articles of amendment relating to such series.

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Amendments. The provisions of this section relating to preferred shares may be deleted or varied in whole or in part by a certificate of amendment, but only with the prior approval of the holders of the preferred shares in addition to any other approval required by the CBCA (or any other statutory provision of the like or similar effect, from time to time in force).

PLAN OF DISTRIBUTION

On or about [], 2012, we will distribute the rights, rights certificates, and copies of this prospectus to individuals who owned Class A voting shares on [], 2012. If you wish to exercise your rights and purchase Class A voting shares, you should complete the rights certificate and return it with payment for the shares, to the subscription agent, at the following address:

If Delivering by Mail:

Computershare Trust Company, N.A.

Attn: Corporate Actions Voluntary Offer

P.O. Box 43011

Providence, RI 02940-3011

If Delivering by Hand or Courier:

Computershare Trust Company, N.A.

Attn: Corporate Actions Voluntary Offer

250 Royall Street, Suite V

Canton, MA 02021

If you desire to make payment by wire transfer you must contact our information agent, Georgeson Inc., to receive a Wire Authorization Form. In the United States and Canada, you should call 1 (800) 279-6913. If you are outside the United States and Canada, you should call (212) 440-9800.

For more information, see the section of this prospectus entitled The Rights Offering. If you have any questions, you should contact the information agent, Georgeson Inc., toll-free in the United States and Canada at 1 (800) 279-6913, or outside the United States and Canada or if you are a bank or broker, (212) 440-9800.

We do not know of any existing agreements between any shareholder, broker, dealer, underwriter, or agent relating to the sale or distribution of the Class A voting shares underlying the rights.

OUR BUSINESS

Information on the Company

Corporate History and Overview

Birks & Mayors is a leading North American luxury jewelry brand which designs, develops, makes and retails fine jewelry, time pieces, sterling silver and gifts. As of March 31, 2012, Birks & Mayors operated 59 luxury jewelry stores, 32 stores under the Birks brand, located in all major cities across Canada, two retail locations in Calgary and Vancouver under the Brinkhaus brand, 24 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 2011, we had net sales of \$270.9 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 and Mayors brands 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, 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.

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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 prospectus as Regaluxe. Effective March 28, 2006, Regaluxe was acquired through a merger with Iniziativa. As of May 31, 2007 and June 4, 2007, respectively, following a reorganization, Iniziativa and Montrolux 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 the two companies. 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 & Mayors began trading on the AMEX, which is now known as the NYSE MKT LLC (NYSE MKT), under the trading symbol BMJ. Following the merger, Birks & Mayors worked very diligently to fully integrate the Birks business with Mayors. As a result of the merger, we believe the combined company has improved operational efficiencies and diversity and depth of its products and distribution capabilities.

Since the beginning of fiscal 2009, we invested approximately \$13.4 million of capital expenditures primarily associated with leasehold improvements, fixturing, and the opening of new stores. We expect to invest an additional \$7 million of capital expenditures in fiscal 2013 of which approximately 60% will be in the U.S. and 40% will be in Canada. We expect to finance these expenditures mainly from our senior secured revolving credit facility.

During fiscal 2012, we closed five of Mayors stores, located in Sanford, Florida, Jensen Beach, Florida, Tampa, Florida, North Miami Beach, Florida and Fort Myers, Florida. During fiscal 2011, we closed one of our Birks stores located in Scarborough, Ontario and opened a new store located in Orlando, Florida operating under the Rolex brand name. During fiscal 2010, we closed two of our Mayors stores located in Palm Beach, Florida and Miami, Florida and four of our Birks stores located in Victoria, British Columbia, St. Catherines, Ontario, Edmonton, Alberta and Surrey, British Columbia. During fiscal 2010, we also opened a new Mayors store located in Palm Beach Gardens, Florida operating under the name Mayors by Birks. In May 2009, we also discontinued production at our Rhode Island manufacturing facility in order to reduce operating expenses and operate more efficiently by consolidating more of our production activities into our Montreal facility and by purchasing finished goods from third parties. The Rhode Island facility was sold during fiscal 2011. Subsequent to year end, during April and May 2011, we closed three Mayors stores located in Fort Myers, Florida, Sanford, Florida and Jensen Beach, 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):

	March 26, 2011		Fiscal Year-Ended March 27, 2010		March 28, 2009	
	\$	%	\$	%	\$	%
Jewelry and other	\$ 159,306	58.8%	\$ 151,438	59.4%	\$ 158,109	58.4%
Timepieces	111,642	41.2%	103,619	40.6%	112,787	41.6%
Total	\$ 270,948	100.0%	\$ 255,057	100.0%	\$ 270,896	100.0%

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

	March 26, 2011	Fiscal Year Ended March 27, 2010	March 28, 2009			
Net sales						
Canada	\$ 144,903	\$ 135,402	\$ 131,948			
U.S.	126,045	119,655	138,948			
	(1.46)	(0.77)	(0.56)	(0.59)	(0.35)	
Total dividends and distributions to common shareholders		(0.23)	(1.80)	(3.19)	(3.81)	(2.70)
Net increase (decrease) in net asset value per common share		(1.11)	(10.28)	(9.95)	4.23	(1.12)
Net asset value, per common share, end of period	\$ 4.27	\$ 5.38	\$ 15.66	\$ 25.61	\$ 21.38	\$ 22.50
Market value, per common share, end of period	\$ 4.04	\$ 3.80	\$ 14.52	\$ 24.74	\$ 19.24	\$ 20.62
Net asset value total return ^b	14.21%	58.62%	27.49%	39.55%	8.27%	32.15%
Market value return ^b	14.70% ^c	68.42%	30.40%	49.81%	6.32%	25.05%

See accompanying notes to financial statements.

COHEN & STEERS QUALITY INCOME REALTY FUND, INC.

FINANCIAL HIGHLIGHTS (Unaudited) (Continued)

Ratios/Supplemental Data:	For the Six	For the Year Ended December 31,					
	Months Ended	2009	2008	2007	2006	2005	2004
Net assets applicable to common shares, end of period (in millions)	June 30, 2009	\$ 167.7	\$ 210.9	\$ 609.1	\$ 995.3	\$ 830.9	\$ 874.2
Ratio of expenses to average daily net assets applicable to common shares (before expense reduction) ^e		4.48% ^f	2.11%	1.52%	1.47%	1.54%	1.51%
Ratio of expenses to average daily net assets applicable to common shares (net of expense reduction) ^e		4.22% ^f	1.76%	1.14%	1.00%	1.06%	1.04%
Ratio of expenses to average daily net assets applicable to common shares (net of expense reduction and excluding interest expense) ^e		3.96% ^f	1.72%				
Ratio of net investment income to average daily net assets applicable to common shares (before expense reduction) ^e		4.91% ^f	6.36%	3.73%	4.06%	3.71%	4.74%
Ratio of net investment income to average daily net assets applicable to common shares (net of expense reduction) ^e		5.16% ^f	6.71%	4.12%	4.53%	4.19%	5.20%
Ratio of expenses to average daily managed assets (before expense reduction) ^{e,g}		2.47% ^f	1.20%	1.02%	1.01%	1.02%	1.03%
Ratio of expenses to average daily managed assets (net of expense reduction) ^{e,g}		2.33% ^f	1.00%	0.76%	0.69%	0.70%	0.71%
Portfolio turnover rate		48% ^c	23%	26%	18%	11%	3%
Preferred Shares/Revolving Credit Agreement:							
Liquidation value, end of period (in 000's)		\$ 71,825	\$ 120,825	\$ 434,000	\$ 434,000	\$ 434,000	\$ 434,000
Total shares outstanding (in 000's)		3	5	17	17	17	17
		517%	3,786%				

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Asset coverage ratio for revolving credit agreement						
Asset coverage per \$1,000 for revolving credit agreement	\$ 5,166	\$ 37,859				
Asset coverage ratio for auction market preferred shares ^h	230%	262%	240%	329%	291%	301%
Asset coverage per share for auction market preferred shares ^h	\$ 57,500	\$ 65,500	\$ 60,088	\$ 82,333	\$ 72,863	\$ 75,359
Liquidation preference per share	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Average market value per share ⁱ	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000

^a Amount is less than \$0.005.

^b Total market value return is computed based upon the New York Stock Exchange market price of the Fund's shares and excludes the effects of brokerage commissions. Total net asset value return measures the changes in value over the period indicated, taking into account dividends as reinvested. Dividends and distributions, if any, are assumed for purposes of these calculations, to be reinvested at prices obtained under the Fund's dividend reinvestment plan.

^c Not annualized.

^d Reflects adjustments in accordance with accounting principles generally accepted in the United States of America and as such, the net asset value for financial reporting purposes and the returns based upon those net asset values differ from the net asset value and returns reported on December 31, 2008.

^e Ratios do not reflect dividend payments to preferred shareholders.

^f Annualized.

^g Average daily managed assets represent net assets applicable to common shares plus liquidation preference of preferred shares and the outstanding balance of the revolving credit agreement.

^h Includes the effect of the outstanding borrowings from the revolving credit agreement.

ⁱ Based on weekly prices.

See accompanying notes to financial statements.

COHEN & STEERS QUALITY INCOME REALTY FUND, INC.

NOTES TO FINANCIAL STATEMENTS (Unaudited)

Note 1. Significant Accounting Policies

Cohen & Steers Quality Income Realty Fund, Inc. (the Fund) was incorporated under the laws of the State of Maryland on August 22, 2001 and is registered under the Investment Company Act of 1940, as amended, as a nondiversified, closed-end management investment company. The Fund's investment objective is high current income.

The following is a summary of significant accounting policies consistently followed by the Fund in the preparation of its financial statements. The policies are in conformity with accounting principles generally accepted in the United States of America (GAAP). The preparation of the financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

Portfolio Valuation: Investments in securities that are listed on the New York Stock Exchange are valued, except as indicated below, at the last sale price reflected at the close of the New York Stock Exchange on the business day as of which such value is being determined. If there has been no sale on such day, the securities are valued at the mean of the closing bid and asked prices for the day or, if no asked price is available, at the bid price. Exchange traded options are valued at their last sale price as of the close of options trading on applicable exchanges. In the absence of a last sale, options are valued at the average of the quoted bid and asked prices as of the close of business. Over-the-counter options quotations are provided by the respective counterparty.

Securities not listed on the New York Stock Exchange but listed on other domestic or foreign securities exchanges or admitted to trading on the National Association of Securities Dealers Automated Quotations, Inc. (Nasdaq) national market system are valued in a similar manner. Securities traded on more than one securities exchange are valued at the last sale price on the business day as of which such value is being determined as reflected on the tape at the close of the exchange representing the principal market for such securities.

Readily marketable securities traded in the over-the-counter market, including listed securities whose primary market is believed by Cohen & Steers Capital Management, Inc. (the investment manager) to be over-the-counter are valued at the official closing prices as reported by Nasdaq, the Pink Sheets, or such other comparable sources as the Board of Directors deem appropriate to reflect their fair market value. If there has been no sale on such day, the securities are valued at the mean of the closing bid and asked prices for the day, or if no asked price is available, at the bid price. However, certain fixed-income securities may be valued on the basis of prices provided by a pricing service when such prices are believed by the Board of Directors to reflect the fair market value of such securities. Where securities are traded on more than one exchange and also over-the-counter, the securities will generally be valued using the quotations the Board of Directors believes most closely reflect the value of such securities. Interest rate swaps are valued utilizing quotes received from an outside pricing service.

COHEN & STEERS QUALITY INCOME REALTY FUND, INC.

NOTES TO FINANCIAL STATEMENTS (Unaudited) (Continued)

Portfolio securities primarily traded on foreign markets are generally valued at the closing values of such securities on their respective exchanges or if after the close of the foreign markets, but prior to the close of business on the day the securities are being valued, market conditions change significantly, certain foreign securities may be fair valued pursuant to procedures established by the Board of Directors.

Securities for which market prices are unavailable, or securities for which the investment manager determines that bid and/or asked price does not reflect market value, will be valued at fair value pursuant to procedures approved by the Fund's Board of Directors. Circumstances in which market prices may be unavailable include, but are not limited to, when trading in a security is suspended, the exchange on which the security is traded is subject to an unscheduled close or disruption or material events occur after the close of the exchange on which the security is principally traded. In these circumstances, the Fund determines fair value in a manner that fairly reflects the market value of the security on the valuation date based on consideration of any information or factors it deems appropriate. These may include recent transactions in comparable securities, information relating to the specific security and developments in the markets.

The Fund's use of fair value pricing may cause the net asset value of Fund shares to differ from the net asset value that would be calculated using market quotations. Fair value pricing involves subjective judgments and it is possible that the fair value determined for a security may be materially different than the value that could be realized upon the sale of that security.

Short-term debt securities, which have a maturity date of 60 days or less, are valued at amortized cost, which approximates value.

The Fund adopted Financial Accounting Standards Board Statement of Financial Accounting Standards No. 157, "Fair Value Measurements" ("FAS 157"), effective January 1, 2008. In accordance with FAS 157, fair value is defined as the price that the Fund would receive to sell an investment or pay to transfer a liability in an orderly transaction with an independent buyer in the principal market, or in the absence of a principal market the most advantageous market for the investment or liability. FAS 157 establishes a single definition of fair value, creates a three-tier hierarchy as a framework for measuring fair value based on inputs used to value the Fund's investments, and requires additional disclosure about fair value. The hierarchy of inputs is summarized below.

Level 1 quoted prices in active markets for identical investments

Level 2 other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.)

Level 3 significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments)

The Fund adopted Financial Accounting Standards Board Statement of Financial Accounting Standards Staff Position No. 157-4 "Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly" ("FSP 157-4"), effective June 15, 2009.

COHEN & STEERS QUALITY INCOME REALTY FUND, INC.

NOTES TO FINANCIAL STATEMENTS (Unaudited) (Continued)

FSP 157-4 provides additional guidance for estimating fair value in accordance with FAS 157, when the volume and level of activity for the asset or liability have significantly decreased as well as guidance on identifying circumstances that indicate a transaction is not orderly.

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The following is a summary of the inputs used as of June 30, 2009 in valuing the Fund's investments carried at value:

	Total	Fair Value Measurements at June 30, 2009 Using		
		Quoted Prices In Active Market for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Common Stock	\$ 205,817,047	\$ 205,817,047	\$	
Preferred Securities \$25 Par Value				
Shopping Center Community Center	15,697,654	13,609,534	2,088,120	
Preferred Securities \$25 Par Value				
Other Industries	62,208,499	62,208,499		
Preferred Securities Capital Securities	3,715,168		3,715,168	
Corporate Bonds	3,042,621		3,042,621	
Money Market Funds	8,004,341		8,004,341	
	\$ 298,485,330	\$ 281,635,080	\$ 16,850,250	
Other Financial Instruments*	\$ (3,270,861)		\$ (3,270,861)	

* Other financial instruments are interest rate swap contracts.

Included in the table above are \$1,851,762 of corporate bonds which were fair valued pursuant to the Fund's fair value procedures. The fair value price considered current day transaction prices, transaction volume and comparability of transaction. The volume and level of activity had not decreased significantly and therefore, the transactions were deemed to be orderly.

Security Transactions and Investment Income: Security transactions are recorded on trade date. Realized gains and losses on investments sold are recorded on the basis of identified cost. Interest income is recorded on the accrual basis. Discounts are accreted and premiums are amortized over the life of the respective securities. Dividend income is recorded on the ex-dividend date except for certain dividends on foreign securities, which are recorded as soon as the Fund is informed after the ex-dividend date. The Fund records distributions received in excess of income from underlying investments as a reduction of cost of investments and/or realized gain. Such

COHEN & STEERS QUALITY INCOME REALTY FUND, INC.

NOTES TO FINANCIAL STATEMENTS (Unaudited) (Continued)

amounts are based on estimates if actual amounts are not available, and actual amounts of income, realized gain and return of capital may differ from the estimated amounts. The Fund adjusts the estimated amounts of the components of distributions (and consequently its net investment income) as an increase to unrealized appreciation/(depreciation) and realized gain/(loss) on investments as necessary once the issuers provide information about the actual composition of the distributions.

Options: The Fund may write covered call options on an index or a security. When a Fund writes (sells) an option, an amount equal to the premium received by the Fund is recorded in the Statement of Assets and Liabilities as a liability. The amount of the liability is subsequently marked-to-market to reflect the current market value of the option written. When an option expires, the Fund realizes a gain or loss on the option to the extent of the premiums received. Premiums received from writing options which are exercised or are closed, are added to or offset against the proceeds or amount paid on the transaction to determine the realized gain or loss. The Fund, as writer of an option, bears the market risk of an unfavorable change in the price of the underlying index or security. Other risks include the possibility of an illiquid options market or the inability of the counterparties to fulfill their obligations under the contract.

Foreign Currency Translations: The books and records of the Fund are maintained in U.S. dollars as follows: (1) the foreign currency market value of investment securities, other assets and liabilities and foreign currency contracts are translated at the exchange rates prevailing at the end of the period; and (2) purchases, sales, income and expenses are translated at the exchange rates prevailing on the respective dates of such transactions. The resultant exchange gains and losses are recorded as realized and unrealized gain/loss on foreign exchange transactions. Pursuant to U.S. federal income tax regulations, certain foreign exchange gains/losses included in realized and unrealized gain/loss are included in or are a reduction of ordinary income for federal income tax purposes. The Fund does not isolate that portion of the results of operations arising as a result of changes in the foreign exchange rates from the changes in the market prices of the securities.

Foreign Securities: The Fund may directly purchase securities of foreign issuers. Investing in securities of foreign issuers involves special risks not typically associated with investing in securities of U.S. issuers. The risks include possible revaluation of currencies, the ability to repatriate funds, less complete financial information about companies and possible future adverse political and economic developments. Moreover, securities of many foreign issuers and their markets may be less liquid and their prices more volatile than those of securities of comparable U.S. issuers.

Interest Rate Swaps: The Fund uses interest rate swaps in connection with the sale of preferred shares and borrowing under its credit agreement. The interest rate swaps are intended to reduce the risk that an increase in short-term interest rates could have on the performance of the Fund's common shares as a result of the floating rate structure of the preferred shares and the credit agreement. In these interest rate swaps, the Fund agrees to pay the other party to the interest rate swap (which is known as the counterparty) a fixed rate payment in exchange

COHEN & STEERS QUALITY INCOME REALTY FUND, INC.

NOTES TO FINANCIAL STATEMENTS (Unaudited) (Continued)

for the counterparty agreeing to pay the Fund a variable rate payment that is intended to approximate the Fund's variable rate payment obligation on the preferred shares and the credit agreement. The payment obligation is based on the notional amount of the swap. Depending on the state of interest rates in general, the use of interest rate swaps could enhance or harm the overall performance of the common shares. The market value of interest rate swaps is based on pricing models that consider the time value of money, volatility, the current market and contractual prices of the underlying financial instrument. Unrealized appreciation is reported as an asset and unrealized depreciation is reported as a liability on the Statement of Assets and Liabilities. The change in value of swaps, including the accrual of periodic amounts of interest to be paid or received on swaps, is reported as unrealized appreciation or depreciation in the Statement of Operations. A realized gain or loss is recorded upon payment or receipt of a periodic payment or termination of swap agreements. Swap agreements involve, to varying degrees, elements of market and counterparty risk, and exposure to loss in excess of the related amounts reflected in the Statement of Assets and Liabilities. The Fund's maximum risk of loss from counterparty credit risk is the discounted net value of the cash flows to be received from or paid to the counterparty over the contract's remaining life, to the extent that such amount is positive.

For each swap counterparty, the Fund entered into an International Swap Dealers Association Inc. Master Agreement and related annexes thereto ("ISDAs") which sets forth the general terms and conditions of the Fund's swap transactions. During 2008, the Fund notified Merrill Lynch Derivatives Product AG ("MLDP") and UBS AG ("UBS") that it breached certain terms and conditions of its ISDAs. On November 21, 2008, UBS granted a conditional waiver to the Fund stating that UBS did not intend to presently exercise its rights under the ISDA.

At June 30, 2009, the Fund continues to operate under the existing terms of all of its various ISDAs, including those with MLDP and UBS. However, MLDP and UBS reserve any and all rights to take any future action with respect to such events, including termination of outstanding swap transactions; termination or renegotiation of the ISDAs; posting of collateral in the form of cash or U.S. Treasury securities representing the unrealized depreciation on outstanding interest rate swap transactions or continuation under the current terms of the ISDAs. Any action resulting in the early termination of an interest rate swap transaction would cause the Fund to realize any market depreciation that existed on such transaction. In addition to realizing such losses, the early termination of a swap transaction may generate additional expenses for the Fund.

Dividends and Distributions to Shareholders: Dividends from net investment income and capital gain distributions are determined in accordance with U.S. federal income tax regulations, which may differ from GAAP. Dividends from net investment income are declared and paid quarterly. Net realized capital gains, unless offset by any available capital loss carryforward, are typically distributed to shareholders at least annually. Dividends and distributions to shareholders are recorded on the ex-dividend date and are automatically reinvested in full and fractional shares of the Fund unless the shareholder has elected to have them paid in cash.

COHEN & STEERS QUALITY INCOME REALTY FUND, INC.

NOTES TO FINANCIAL STATEMENTS (Unaudited) (Continued)

Distributions paid by the Fund are subject to recharacterization for tax purposes. Based upon the results of operations for the six months ended June 30, 2009, the investment manager considers it likely that a portion of the dividends to common shareholders will be reclassified to return of capital upon the final determination of the Fund's taxable income for the year.

Series M7, Series T, Series TH and Series F preferred shares pay dividends based on a variable interest rate set at auctions, normally held every seven days. The dividends are declared and recorded for the subsequent seven day period on the auction date. In most instances, dividends are payable every seven days, on the first business day following the end of the dividend period.

Series M28 and Series W preferred shares pay dividends based on a variable interest rate set at auctions, normally held every 28 days. The dividends are declared and recorded for the subsequent 28 day period on the auction date. In most instances, dividends are payable every 28 days, on the first business day following the end of the dividend period.

Income Taxes: It is the policy of the Fund to continue to qualify as a regulated investment company, if such qualification is in the best interest of the shareholders, by complying with the requirements of Subchapter M of the Internal Revenue Code applicable to regulated investment companies, and by distributing substantially all of its taxable earnings to its shareholders. Accordingly, no provision for federal income or excise tax is necessary. The Fund has adopted the provisions of FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes (FIN 48). FIN 48 clarifies the accounting for income taxes by prescribing the minimum recognition threshold a tax position must meet before being recognized in the financial statements. An assessment of the Fund's tax positions has been made and it has been determined that there is no impact to the Fund's financial statements. Each of the Fund's federal tax returns for the prior three fiscal years remains subject to examination by the Internal Revenue Service.

Note 2. Investment Management Fees, Administration Fees and Other Transactions with Affiliates

Investment Management Fees: The investment manager serves as the Fund's investment manager pursuant to an investment management agreement (the investment management agreement). Under the terms of the investment management agreement, the investment manager provides the Fund with day-to-day investment decisions and generally manages the Fund's investments in accordance with the stated policies of the Fund, subject to the supervision of the Board of Directors.

For the services under the investment management agreement, the Fund pays the investment manager an investment management fee, accrued daily and paid monthly, at an annual rate of 0.85% of the Fund's average daily managed asset value. Managed asset value is the net asset value of the common shares plus the liquidation preference of the preferred shares and/or the amount of any loan outstanding.

COHEN & STEERS QUALITY INCOME REALTY FUND, INC.

NOTES TO FINANCIAL STATEMENTS (Unaudited) (Continued)

The investment manager has contractually agreed to waive its investment management fee in the amount of 0.14% of average daily managed asset value in 2009, 0.08% of average daily managed asset value in 2010 and 0.02% of average daily managed asset value in 2011.

Administration Fees: The Fund has entered into an administration agreement with the investment manager under which the investment manager performs certain administrative functions for the Fund and receives a fee, accrued daily and paid monthly, at the annual rate of 0.02% of the Fund's average daily managed asset value. For the six months ended June 30, 2009, the Fund incurred \$26,995 in administration fees. Additionally, the Fund pays State Street Bank and Trust Company as sub-administrator under a fund accounting and administration agreement.

Directors' and Officers' Fees: Certain directors and officers of the Fund are also directors, officers, and/or employees of the investment manager. The Fund does not pay compensation to any affiliated directors and officers except for the Chief Compliance Officer, who received \$2,067 from the Fund for the six months ended June 30, 2009.

Note 3. Purchases and Sales of Securities

Purchases and sales of securities, excluding short-term investments, for the six months ended June 30, 2009, totaled \$133,432,391 and \$127,077,538, respectively.

Transactions in options written during the six months ended June 30, 2009 were as follows:

	Number of Contracts	Premium
Options outstanding at December 31, 2008		\$
Options written	444,679	596,102
Options expired	(442,605)	(381,166)
Options terminated in closing transactions	(1,360)	(168,640)
Options exercised	(714)	(46,296)
Options outstanding at June 30, 2009		\$

Note 4. Income Tax Information

As of June 30, 2009, the federal tax cost and net unrealized depreciation on securities were as follows:

Gross unrealized appreciation	\$ 11,257,253
Gross unrealized depreciation	(79,889,150)
Net unrealized depreciation	\$ (68,631,897)
Cost for federal income tax purposes	\$ 367,117,227

COHEN & STEERS QUALITY INCOME REALTY FUND, INC.

NOTES TO FINANCIAL STATEMENTS (Unaudited) (Continued)

As of December 31, 2008, the Fund had a net capital loss carryforward of \$91,551,930, which will expire on December 31, 2016. This carryforward may be used to offset future capital gains to the extent provided by regulations.

Note 5. Capital Stock

The Fund is authorized to issue 100 million shares of common stock at a par value of \$0.001 per share.

During the six months ended June 30, 2009 and the year ended December 31, 2008, the Fund issued 0 and 352,497 shares of common stock, respectively, for the reinvestment of dividends.

On June 12, 2008, the Board of Directors approved the delegation of its authority to management to effect repurchases, pursuant to management's discretion and subject to market conditions and investment considerations, of up to 10% of the Fund's outstanding common shares ("Share Repurchase Program") through the fiscal year ended December 31, 2008. On December 17, 2008, the Board of Directors authorized the continuation of the Share Repurchase Program through fiscal year ending December 31, 2009. During the six months ended June 30, 2009 and the year ended December 31, 2008, the Fund did not effect any repurchases.

The Fund's articles of incorporation authorize the issuance of Fund preferred shares, par value \$0.001 per share, in one or more classes or series, with rights as determined by the Board of Directors, by action of the Board of Directors without the approval of the common shareholders.

Preferred shares are senior to the Fund's common shares and will rank on a parity with shares of any other series of preferred shares, and with shares of any other series of preferred stock of the Fund, as to the payment of dividends and the distribution of assets upon liquidation. If the Fund does not timely cure a failure to (1) maintain a discounted value of its portfolio equal to the preferred shares basic maintenance amount, (2) maintain the 1940 Act preferred shares asset coverage, or (3) file a required certificate related to asset coverage on time, the preferred shares will be subject to a mandatory redemption at the redemption price of \$25,000 per share plus an amount equal to accumulated but unpaid dividends thereon to the date fixed for redemption. To the extent permitted under the 1940 Act and Maryland Law, the Fund at its option may without consent of the holders of preferred shares, redeem preferred shares having a dividend period of one year or less, in whole, or in part, on the business day after the last day of such dividend period upon not less than 15 calendar days and not more than 40 calendar days prior to notice. The optional redemption price is \$25,000 per share plus an amount equal to accumulated but unpaid dividends thereon to the date fixed for redemption.

The Fund's common shares and preferred shares have equal voting rights of one vote per share and vote together as a single class, except in certain circumstances regarding the election of directors. In addition, the affirmative vote of the holders of a majority, as defined in the 1940 Act, of the outstanding preferred shares shall be required to (1) approve any plan of reorganization that would adversely affect the preferred shares and (2) approve any matter that materially and adversely affects the rights, preferences, or powers of that series.

COHEN & STEERS QUALITY INCOME REALTY FUND, INC.

NOTES TO FINANCIAL STATEMENTS (Unaudited) (Continued)

The following table reflects the preferred shares issued and outstanding in the amount of \$71,825,000 as of June 30, 2009, along with the range of dividend rates paid during the six months ended June 30, 2009:

	Value	Range
Auction market preferred shares, Series M7, (\$25,000 liquidation value, \$0.001 par value, 621 shares issued and outstanding)	\$ 15,525,000	0.14%-1.73%
Auction market preferred shares, Series M28, (\$25,000 liquidation value, \$0.001 par value, 396 shares issued and outstanding)	\$ 9,900,000	0.38%-0.77%
Auction market preferred shares, Series T, (\$25,000 liquidation value, \$0.001 par value, 464 shares issued and outstanding)	\$ 11,600,000	0.12%-1.73%
Auction market preferred shares, Series W, (\$25,000 liquidation value, \$0.001 par value, 464 shares issued and outstanding)	\$ 11,600,000	0.44%-0.68%
Auction market preferred shares, Series TH, (\$25,000 liquidation value, \$0.001 par value, 464 shares issued and outstanding)	\$ 11,600,000	0.11%-0.53%
Auction market preferred shares, Series F, (\$25,000 liquidation value, \$0.001 par value, 464 shares issued and outstanding)	\$ 11,600,000	0.17%-1.73%

The Articles Supplementary (the "Articles") creating each series of Auction Market Preferred Shares ("AMPS") provide for dividends to be paid at either the rate set in the current auction, or at the maximum rate as defined in the Articles if sufficient clearing bids for the AMPS are not received in the current auction. Beginning on February 13, 2008, sufficient clearing bids were not received for the auctions for the AMPS series of the Fund, and therefore, the maximum rates were declared on the respective AMPS series. Based upon the current ratings of the AMPS, the maximum rate for shares of a series will be 150% of the applicable commercial paper rate.

An existing owner of AMPS may sell, transfer or dispose of AMPS only in an auction, pursuant to a bid or sell order in accordance with the auction procedures, or outside an auction, to or through a broker-dealer. Existing holders will be able to sell all of the AMPS that are the subject of their submitted sell orders only if there are bidders willing to purchase those AMPS in the auction. An auction fails when there is an insufficient number of bidders. A failed auction is not a default. Dividends continue to be paid on the AMPS at the maximum rate rather than an auction rate. Broker-dealers, which have been appointed by the Fund to serve as dealers for the auctions, may submit a bid in an auction to avoid an auction failure, but are not obligated to do so. Due to liquidity concerns in the market, most broker-dealers have decided not to submit bids to purchase AMPS.

COHEN & STEERS QUALITY INCOME REALTY FUND, INC.

NOTES TO FINANCIAL STATEMENTS (Unaudited) (Continued)

The AMPS continue to be rated Aaa by Moody's Investor Services and AAA by Standard & Poor's. In addition, the Fund continues to meet certain specified asset coverage tests required by the rating agencies as well as the 200% asset coverage test with respect to AMPS set forth in the Investment Company Act of 1940, as amended.

During the six months ended June 30, 2009 and the year ended December 31, 2008, the Fund redeemed \$49,000,000 and \$313,175,000, respectively, of its outstanding preferred shares at a redemption price of \$25,000 per share plus accrued but unpaid dividends. The partial redemption of the preferred shares was made on a pro rata basis across all preferred series. Redemptions were allocated among participating broker/dealers by the Depository Trust Company using a predetermined methodology and each broker/dealer allocated the redeemed shares to the underlying beneficiaries according to its own procedures.

The redemption amount and details for the six months ended June 30, 2009 are:

Series	Shares Outstanding 12/31/08	Number of Shares Redeemed	Shares Outstanding 06/30/09	Total Value 12/31/08	Amount Redeemed	Total Value 06/30/09
M7	1,045	424	621	\$ 26,125,000	\$ 10,600,000	\$ 15,525,000
M28	668	272	396	16,700,000	6,800,000	9,900,000
T	780	316	464	19,500,000	7,900,000	11,600,000
W	780	316	464	19,500,000	7,900,000	11,600,000
TH	780	316	464	19,500,000	7,900,000	11,600,000
F	780	316	464	19,500,000	7,900,000	11,600,000
				\$ 120,825,000	\$ 49,000,000	\$ 71,825,000

The redemption amount and details for the year ended December 31, 2008 are:

Series	Shares Outstanding 12/31/07	Number of Shares Redeemed	Shares Outstanding 12/31/08	Total Value 12/31/07	Amount Redeemed	Total Value 12/31/08
M7	3,760	2,715	1,045	\$ 94,000,000	\$ 67,875,000	\$ 26,125,000
M28	2,400	1,732	668	60,000,000	43,300,000	16,700,000
T	2,800	2,020	780	70,000,000	50,500,000	19,500,000
W	2,800	2,020	780	70,000,000	50,500,000	19,500,000
TH	2,800	2,020	780	70,000,000	50,500,000	19,500,000
F	2,800	2,020	780	70,000,000	50,500,000	19,500,000
				\$ 434,000,000	\$ 313,175,000	\$ 120,825,000

On June 30, 2009 the Fund announced the redemption of the balance of its outstanding preferred shares.

COHEN & STEERS QUALITY INCOME REALTY FUND, INC.

NOTES TO FINANCIAL STATEMENTS (Unaudited) (Continued)

The redemption amount and details are:

Series	Number of Shares Redeemed	Amount Redeemed	Redemption Date
T	464	\$ 11,600,000	July 22, 2009
TH	464	\$ 11,600,000	July 24, 2009
F	464	\$ 11,600,000	July 20, 2009
W	464	\$ 11,600,000	July 24, 2009
M28	396	\$ 9,900,000	July 24, 2009
M7	621	\$ 15,525,000	July 21, 2009

Note 6. Borrowings

On September 23, 2008 the Fund entered into a \$250,000,000 revolving credit agreement (the credit agreement) with BNP Paribas Prime Brokerage Inc. (BNPP). On July 15, 2009 the credit agreement was amended to reduce the maximum commitment to \$150,000,000. The Fund pays a facility fee of 0.95% per annum on the unused portion of the credit agreement. The credit agreement has a 270-day rolling term that resets daily; however, if the Fund exceeds certain net asset value triggers, the credit agreement may convert to a 60-day rolling term that resets daily. The Fund is required to segregate portfolio securities as collateral in an amount up to two times the loan balance outstanding and has granted a security interest in the securities segregated to, and in favor of, BNPP as security for the loan balance outstanding. If the Fund fails to meet certain requirements, or maintain other financial covenants required under the credit agreement, the Fund may be required to repay immediately, in part or in full, the loan balance outstanding under the credit agreement necessitating the sale of portfolio securities at potentially inopportune times. The credit agreement also permits, subject to certain conditions, BNPP to re-hypothecate portfolio securities segregated by the Fund up to the amount of the loan balance outstanding. The Fund will receive a portion of the fees earned by BNPP in connection with the re-hypothecation of portfolio securities.

As of June 30, 2009 the Fund has outstanding borrowings of \$57,500,000. During the six months ended June 30, 2009, the Fund borrowed an average daily balance of \$33,571,141 at a weighted average borrowing cost of 1.44%.

Note 7. Derivative Investments

The Fund has adopted the provisions of Statement of Financial Accounting Standards No. 161, *Disclosures about Derivative Instruments and Hedging Activities* (FAS 161). This new standard requires funds to disclose information intended to enable financial statement users to understand how and why the Fund uses derivative instruments, how derivative instruments are accounted for under FAS 133 and how derivative instruments affect the

COHEN & STEERS QUALITY INCOME REALTY FUND, INC.

NOTES TO FINANCIAL STATEMENTS (Unaudited) (Continued)

company's financial position, results of operations, and cash flows. All changes to disclosure have been made in accordance with FAS 161 and incorporated for the current period as part of the Notes to Financial Statements.

Fair Values of Derivative Instruments as of June 30, 2009:

Statement of Assets and Liabilities

Derivatives	Assets		Liabilities	
	Location	Fair Value	Location	Fair Value
Interest Rate Swaps	Unrealized appreciation		Unrealized depreciation	\$ 3,270,861

Statement of Operations

Derivatives	Location	Realized Gain/(Loss)	Change in Unrealized Appreciation/ (Depreciation)
Interest Rate Swaps	Net Realized and Unrealized Gain (Loss)	\$ (2,290,341)	\$ 3,454,205
Written Options	Net Realized and Unrealized Gain (Loss)	455,797	
		\$ (1,834,544)	\$ 3,454,205

Note 8. Other

In the normal course of business, the Fund enters into contracts that provide general indemnifications. The Fund's maximum exposure under these arrangements is dependent on claims that may be made against the Fund in the future and, therefore, cannot be estimated; however, based on experience, the risk of material loss from such claims is considered remote.

Note 9. Merger

On June 10, 2009, the Boards of Directors of the Fund and each of Cohen & Steers Premium Income Realty Fund, Inc. ("RPF"), Cohen & Steers Advantage Income Realty Fund, Inc. ("RLF") and Cohen & Steers Worldwide Realty Income Fund, Inc. ("RWF" and collectively with RLF and RPF, the "Acquired Funds") approved a merger, subject to approval by the Fund's shareholders, in which RPF, RLF and RWF would merge with and into the Fund in accordance with Maryland General Corporation Law. If each fund's shareholders approve the mergers, shareholders of RPF, RLF and RWF would become shareholders of the Fund. In connection with the mergers, all of RPF's, RLF's and RWF's assets and liabilities will be combined with the Fund, and each shareholder of RPF, RLF and RWF will receive a number of shares of the Fund in exchange for their shares of RPF, RLF and RWF having an aggregate net asset value equal to the aggregate net asset value of RPF's, RLF's and RWF's shares held as of the close of business of the New York Stock Exchange on the closing date of the mergers. Each merger is subject to approval

COHEN & STEERS QUALITY INCOME REALTY FUND, INC.

NOTES TO FINANCIAL STATEMENTS (Unaudited) (Continued)

of the shareholders of each of RPF, RLF, RWF and the Fund and shareholders of RPF, RLF and RWF will vote separately on the merger involving their respective fund. Shareholders of the Fund must also approve an amendment to the Fund's charter to increase the number of authorized common shares. Additionally, the merger of RWF with and into the Fund is conditioned on the approval of the merger of RPF with and into the Fund or on the approval of the merger of RLF with and into the Fund. If shareholders approve the mergers and if the shareholders of the Fund approve an increase in the number of authorized common shares, the closing date of the mergers is expected to be on or about December 18, 2009.

If the Fund's shareholders do not approve the amendment to the Fund's charter to increase the number of authorized shares, but the proposals approving the mergers are approved, the Fund will not have sufficient authorized but unissued common shares to issue to all of RPF's, RLF's and RWF's shareholders, and will not be able to consummate all of the mergers. Should this occur, the Funds' Boards of Directors reserve the right to consummate the mergers of only one or two of the Acquired Funds with and into the Fund and will publicly announce prior to the closing date which mergers will be consummated.

Merger related expenses, which will be borne by the Fund, are estimated to be approximately \$311,000.

Note 10. Subsequent Events

In May 2009, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 165, Subsequent Events (FAS 165), effective for interim or annual periods ending after June 15, 2009. The FASB has established general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued.

Note 5 discloses the subsequent AMPS redemptions which were announced on June 30 and Note 6 discloses the subsequent reduction of the Fund's line of credit. With regard to the Fund's financial statements, subsequent to June 30, 2009 and through August 18, 2009, there have been no recognized subsequent events (subsequent events that provide additional evidence about conditions that existed at the date of the balance sheet) nor have there been any nonrecognized subsequent events (subsequent events that provide evidence about conditions that did not exist at the date of the balance sheet but arose after the balance sheet but before the financial statements are issued or are available to be issued), except for those noted above.

COHEN & STEERS QUALITY INCOME REALTY FUND, INC.

PROXY RESULTS (Unaudited)

Cohen & Steers Quality Income Realty Fund shareholders voted on the following proposals at the annual meeting held on April 30, 2009. The description of each proposal and number of shares voted are as follows:

Common Shares

	Shares Voted For	Authority Withheld
To elect Directors		
George Grossman	34,627,005	1,667,251
Robert H. Steers	34,637,492	1,656,763
C. Edward Ward, Jr.	34,705,253	1,589,002

COHEN & STEERS QUALITY INCOME REALTY FUND, INC.

AVERAGE ANNUAL TOTAL RETURNS

(periods ended June 30, 2009) (Unaudited)

Based on Net Asset Value			Based on Market Value		
One Year	Five Years	Since Inception (02/28/02)	One Year	Five Years	Since Inception (02/28/02)
62.23%	13.19%	3.62%	67.51%	12.38%	4.75%

The performance data quoted represent past performance. Past performance is no guarantee of future results. The investment return will vary and the principal value of an investment will fluctuate and shares, if sold, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. Performance results reflect the effect of leverage resulting from the issuance of preferred shares and borrowings under a credit agreement.

REINVESTMENT PLAN

We urge shareholders who want to take advantage of this plan and whose shares are held in 'Street Name' to consult your broker as soon as possible to determine if you must change registration into your own name to participate.

OTHER INFORMATION

A description of the policies and procedures that the Fund uses to determine how to vote proxies relating to portfolio securities is available (i) without charge, upon request, by calling 800-330-7348, (ii) on our Web site at cohenandsteers.com or (iii) on the Securities and Exchange Commission's Web site at <http://www.sec.gov>. In addition, the Fund's proxy voting record for the most recent 12-month period ended June 30 is available (i) without charge, upon request, by calling 800-330-7348 or (ii) on the SEC's Web site at <http://www.sec.gov>.

The Fund files its complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q. The Fund's Forms N-Q are available (i) without charge, upon request by calling 800-330-7348, or (ii) on the SEC's Web site at <http://www.sec.gov>. In addition, the Forms N-Q may be reviewed and copied at the SEC's Public Reference Room in Washington, DC. Information on the operation of the Public Reference Room may be obtained by calling 800-SEC-0330.

Please note that the distributions paid by the Fund to shareholders are subject to recharacterization for tax purposes. The Fund may also pay distributions in excess of the Fund's net investment company taxable income and this excess would be a tax-free return of capital distributed from the Fund's assets. To the extent this occurs, the Fund's shareholders of record will be notified of the estimated amount of capital returned to shareholders for each such distribution and this information will also be available at cohenandsteers.com. The final tax treatment of all distributions is reported to shareholders on their 1099-DIV forms, which are mailed after the close of each calendar year. Distributions of capital decrease the Fund's total assets and, therefore, could have the effect of increasing the Fund's expense ratio. In addition, in order to make these distributions, the Fund may have to sell portfolio securities at a less than opportune time.

COHEN & STEERS QUALITY INCOME REALTY FUND, INC.

The Board of Directors, at its June 9-10, 2009 meeting, approved that the Fund may, but is not required to, use, without limit, various strategic transactions described below to seek to generate return, facilitate portfolio management and mitigate risks. Although the investment manager may seek to use these kinds of transactions to further the Fund's investment objectives, no assurance can be given that they will achieve this result. The Fund may enter into exchange-listed and over-the-counter put and call options on securities (including securities of investment companies and baskets of securities), indicies, and other financial instruments; purchase and sell financial futures contracts and options thereon; enter into various interest rate transactions, such as swaps, caps, floors or collars or credit transactions; equity index, total return and credit default swaps; forward contracts; and structured investments. In addition, the Fund may enter into various currency transactions, such as forward currency contracts, currency futures contracts, currency swaps or options on currency or currency futures. The Fund also may purchase and sell derivative instruments that combine features of these instruments. The Fund may invest in other types of derivatives, structured and similar instruments which are not currently available but which may be developed in the future. Collectively, all of the above are referred to as "Derivatives Transactions."

Derivatives Transactions can be highly volatile and involve various types and degrees of risk, depending upon the characteristics of the particular derivative, including the imperfect correlation between the value of such instruments and the underlying assets, the possible default of the other party to the transaction and illiquidity of the derivative instruments. Derivatives Transactions may entail investment exposures that are greater than their cost would suggest, meaning that a small investment in derivatives could have a large potential impact on the Fund's performance, effecting a form of investment leverage on the Fund's portfolio. In certain types of Derivatives Transactions the Fund could lose the entire amount of its investment; in other types of Derivatives Transactions the potential loss is theoretically unlimited.

The market for many derivatives is, or suddenly can become, illiquid. Changes in liquidity may result in significant, rapid and unpredictable changes in the prices for Derivatives Transactions. The Fund could experience losses if it were unable to liquidate its position because of an illiquid secondary market. Successful use of Derivatives Transactions also is subject to the ability of the investment manager to predict correctly movements in the direction of the relevant market and, to the extent the transaction is entered into for hedging purposes, to ascertain the appropriate correlation between the transaction being hedged and the price movements of the derivatives. Derivatives Transactions entered into to seek to manage the risks of the Fund's portfolio of securities may have the effect of limiting gains from otherwise favorable market movements. The use of Derivatives Transactions may result in losses greater than if they had not been used (and a loss on a Derivatives Transaction position may be larger than the gain in a portfolio position being hedged), may require the Fund to sell or purchase portfolio securities at inopportune times or for prices other than current market values, may limit the amount of appreciation the Fund can realize on an investment, or may cause the Fund to hold a security that it might otherwise sell. Amounts paid by the Fund as premiums and cash or other assets held as collateral with respect to Derivatives Transactions may not otherwise be available to the Fund for investment purposes.

COHEN & STEERS QUALITY INCOME REALTY FUND, INC.

The use of currency transactions can result in the Fund incurring losses as a result of the imposition of exchange controls, political developments, government intervention or failure to intervene, suspension of settlements or the inability of the Fund to deliver or receive a specified currency.

Structured notes and other related instruments carry risks similar to those of more traditional derivatives such as futures, forward and option contracts. However, structured instruments may entail a greater degree of market risk and volatility than other types of debt obligations.

The Fund will be subject to credit risk with respect to the counterparties to certain Derivatives Transactions entered into by the Fund. Derivatives may be purchased on established exchanges or through privately negotiated transactions referred to as over-the-counter ("OTC") derivatives. Exchange-traded derivatives generally are guaranteed by the clearing agency which is the issuer or counterparty to such derivatives. However, many futures exchanges and boards of trade limit the amount of fluctuation permitted in futures contract prices during a single trading day and once the daily limit has been reached in a particular contract no trades may be made that day at a price beyond that limit or trading may be suspended. There also is no assurance that sufficient trading interest to create a liquid secondary market on an exchange will exist at any particular time and no such secondary market may exist or may cease to exist. Each party to an OTC derivative bears the risk that the counterparty will default. OTC derivatives are less liquid than exchange-traded derivatives because the other party to the transaction may be the only investor with sufficient understanding of the derivative to be interested in bidding for it. If a counterparty becomes bankrupt or otherwise fails to perform its obligations under a derivative contract due to financial difficulties, the Fund may experience significant delays in obtaining any recovery under the derivative contract in bankruptcy or other reorganization proceeding. The Fund may obtain only a limited recovery or may obtain no recovery in such circumstances.

The Fund will not be a commodity pool (*i.e.*, a pooled investment vehicle which trades in commodity futures contracts and options thereon and the operator of which is registered with the Commodity Futures Trading Commission). In addition, the Fund has claimed an exclusion from the definition of commodity pool operator and, therefore, is not subject to registration or regulation as a pool operator under the Commodity Exchange Act.

The Board of Directors, at its June 29, 2009 meeting, approved amendments to certain non-fundamental investment policies of the Fund. The Directors voted to eliminate the requirement to invest at least 90% of its total assets in common stocks (including REIT shares), preferred stocks, and other equity securities issued by real estate companies, such as "real estate investment trusts" ("REITs"). Although the Fund, under normal market conditions, will invest at least 80% of its total assets in income producing equity securities issued by high quality REITs, the Directors approved revisions to the definition of high quality, noting that high quality REITs are companies that, in the opinion of the Investment Manager, offer prospects for above average revenue and earnings growth and to determine whether a company is of high quality, the Investment Manager generally looks to the company's record of earnings growth, as well as to a company's current ratio of debt to capital and the quality of its management. In addition, the Directors voted to (i) increase the fund's 20% limit on investments in foreign securities to 25% of

COHEN & STEERS QUALITY INCOME REALTY FUND, INC.

the Fund's total assets, of which 15% may be invested in emerging markets; (ii) expand the types of permitted investments for temporary defensive measures to include short-term debt instruments, government securities, cash or cash equivalents (currently only investment grade debt securities); (iii) remove the 10% limitation on investments in mortgage and hybrid REITs; and (iv) remove the restriction that REIT investments will have a market cap greater than \$100 million.

APPROVAL OF INVESTMENT MANAGEMENT AGREEMENT

The Board of Directors of the Fund, including a majority of the directors who are not parties to the Fund's investment management agreement (the "Investment Management Agreement"), or interested persons of any such party ("Independent Directors"), has the responsibility under the 1940 Act to approve the Fund's Investment Management Agreement for its initial two year term and its continuation annually thereafter at a meeting of the Board of Directors called for the purpose of voting on the approval or continuation. At a meeting held in person on March 17-18, 2009, the Investment Management Agreement was discussed and was unanimously continued for a one-year term by the Fund's Board of Directors, including the Independent Directors. The Independent Directors were represented by independent counsel who assisted them in their deliberations during the meeting and executive session.

In considering whether to continue the Investment Management Agreement, the Board of Directors reviewed materials provided by the Fund's investment manager (the "Investment Manager") and Fund counsel which included, among other things, fee, expense and performance information compared to peer funds ("Peer Funds") prepared by an independent data provider; supplemental performance and summary information prepared by the Investment Manager; and memoranda outlining the legal duties of the Board of Directors. The Board of Directors also spoke directly with representatives of the independent data provider and met with investment management personnel. In addition, the Board of Directors considered information provided from time to time by the Investment Manager throughout the year at meetings of the Board of Directors, including presentations by portfolio managers relating to the investment performance of the Fund and the investment strategies used in pursuing the Fund's objective. In particular, the Board of Directors considered the following:

(i) The nature, extent and quality of services to be provided by the Investment Manager: The Board of Directors reviewed the services that the Investment Manager provides to the Fund, including, but not limited to, making the day-to-day investment decisions for the Fund, and generally managing the Fund's investments in accordance with the stated policies of the Fund. The Board of Directors also discussed with officers and portfolio managers of the Fund the amount of time the Investment Manager dedicates to the Fund and the types of transactions that were being done on behalf of the Fund. Additionally, the Board of Directors took into account the services provided by the Investment Manager to its other funds, including those that invest substantially in real estate securities and have investment objectives and strategies similar to the Fund.

The Board of Directors next considered the education, background and experience of the Investment Manager's personnel, noting particularly that the favorable history and reputation of the portfolio managers for

COHEN & STEERS QUALITY INCOME REALTY FUND, INC.

the Fund, has had, and would likely continue to have, a favorable impact on the Fund. The Board of Directors further noted the Investment Manager's ability to attract quality and experienced personnel. The Board of Directors then considered the administrative services provided by the Investment Manager, including compliance and accounting services. After consideration of the above factors, among others, the Board of Directors concluded that the nature, quality and extent of services provided by the Investment Manager are adequate and appropriate.

(ii) Investment performance of the Fund and the Investment Manager: The Board of Directors considered the investment performance of the Fund compared to Peer Funds and compared to a relevant benchmark. The Board of Directors noted that the Fund outperformed the medians of the Peer Funds for the one-, three- and five-year periods ended December 31, 2008. The Board of Directors also noted that the Fund underperformed its benchmark for the same periods. The Board of Directors engaged in discussions with the Investment Manager regarding the Fund's most recent absolute and relative performance, which was hampered by extreme market volatility during 2008 as a result of the recession and credit crisis, and by leverage. The Board of Directors also considered supplemental performance data provided by the Investment Manager, including a narrative summary of various factors affecting performance, and the Investment Manager's performance in managing other real estate funds. The Board of Directors then determined that Fund performance, in light of all considerations noted above, was satisfactory.

(iii) Cost of the services to be provided and profits to be realized by the Investment Manager from the relationship with the Fund: Next, the Board of Directors considered the management fees and administrative fees payable by the Fund, as well as total expense ratios. As part of their analysis, the Board of Directors gave substantial consideration to the fee and expense analyses provided by the independent data provider. The Board of Directors considered the Fund's actual and contractual management fees, and the Fund's net expense ratios at managed and common asset levels compared to the medians of the Peer Funds, ranking the Fund in the first or third quintiles across most categories. The Board of Directors also noted that the Investment Manager continues to waive a portion of its management fee for the next three years. The Board of Directors noted that the Fund pays an affiliated administration fee of 0.02% of the average daily managed assets to the Investment Manager. The Board of Directors concluded that the Fund's current expense structure is competitive in the peer group.

The Board of Directors also reviewed information regarding the profitability to the Investment Manager of its relationship with the Fund. The Board of Directors considered the level of the Investment Manager's profits and whether the profits were reasonable for the Investment Manager. The Board of Directors took into consideration other benefits to be derived by the Investment Manager in connection with the Investment Management Agreement, noting particularly the research and related services, within the meaning of Section 28(e) of the Securities Exchange Act of 1934, as amended, that the Investment Manager receives by allocating the Fund's brokerage transactions. The Board of Directors also considered the fees received by the Investment Manager from its administrative relationship with the Fund, but noted the significant services received, such as operational services and furnishing office space and facilities for the Fund, and providing persons satisfactory to the Board of Directors to serve as officers of the Fund, and that these services were beneficial to the Fund. The Board of Directors concluded

COHEN & STEERS QUALITY INCOME REALTY FUND, INC.

that the profits realized by the Investment Manager from its administrative relationship with the Fund were reasonable and consistent with fiduciary duties.

(iv) The extent to which economies of scale would be realized as the Fund grows and whether fee levels would reflect such economies of scale: The Board of Directors noted that as a closed-end fund, the Fund would not be expected to have inflows of capital that might produce increasing economies of scale. The Board of Directors determined that, given the Fund's closed-end structure, shareholders appropriately benefited from economies of scale.

(v) Comparison of services rendered and fees paid to those under other investment management contracts, such as contracts of the same and other investment managers or other clients: As discussed above in (i) and (iii), the Board of Directors compared both the services rendered and the fees paid under the Investment Management Agreement to those under other investment management contracts of other investment managers managing Peer Funds. The Board of Directors also compared the services rendered and fees paid under the Management Agreement to the Investment Manager's other fund management agreements, as well as the profitability under the Management Agreement to the Investment Manager's other management contracts with institutional and other clients with similar investment mandates. The Board of Directors determined that on a comparative basis the fees under the Investment Management Agreement were reasonable in relation to the services provided.

No single factor was cited as determinative to the decision of the Board of Directors. Rather, after weighing all of the considerations and conclusions discussed above, the Board of Directors, including the Independent Directors, unanimously approved the continuation of the Investment Management Agreement.

COHEN & STEERS QUALITY INCOME REALTY FUND, INC.

Meet the Cohen & Steers family of open-end funds:

**COHEN & STEERS
GLOBAL REALTY SHARES**

Designed for investors seeking total return, investing primarily in global real estate equity securities

Symbols: CSFAX, CSFBX, CSFCX, CSSPX

**COHEN & STEERS
INSTITUTIONAL GLOBAL REALTY SHARES**

Designed for institutional investors seeking total return, investing primarily in global real estate securities

Symbol: GRSIX

**COHEN & STEERS
REALTY SHARES**

Designed for investors seeking total return, investing primarily in REITs

Symbol: CSRSX

**COHEN & STEERS
INSTITUTIONAL REALTY SHARES**

Designed for institutional investors seeking total return, investing primarily in REITs

Symbol: CSRIX

**COHEN & STEERS
REALTY INCOME FUND**

Designed for investors seeking maximum total return, investing primarily in real estate securities with an emphasis on both income and capital appreciation

Symbols: CSEIX, CSBIX, CSCIX, CSDIX

**COHEN & STEERS
INTERNATIONAL REALTY FUND**

Designed for investors seeking total return, investing primarily in international real estate securities

Symbols: IRFAX, IRFCX, IRFIX

**COHEN & STEERS
ASIA PACIFIC REALTY SHARES**

Designed for investors seeking total return, investing primarily in real estate securities located in the Asia Pacific region

Symbols: APFAX, APFCX, APFIX

**COHEN & STEERS
GLOBAL INFRASTRUCTURE FUND**

Designed for investors seeking total return, investing primarily in global infrastructure securities

Symbols: CSUAX, CSUBX, CSUCX, CSUIX

**COHEN & STEERS
DIVIDEND VALUE FUND**

Designed for investors seeking high current income and long-term growth of income and capital appreciation, investing primarily in dividend paying common stocks and preferred stocks

Symbols: DVFAX, DVFCX, DVFIX

Please consider the investment objectives, risks, charges and expenses of the fund carefully before investing. A prospectus containing this and other information can be obtained by calling 800-330-7348 or by visiting cohenandsteers.com. Please read the prospectus carefully before investing.

Cohen & Steers Securities, LLC, Distributor

COHEN & STEERS QUALITY INCOME REALTY FUND, INC.

OFFICERS AND DIRECTORS

Robert H. Steers
Director and co-chairman

Martin Cohen
Director and co-chairman

Bonnie Cohen
Director

George Grossman
Director

Richard E. Kroon
Director

Richard J. Norman
Director

Frank K. Ross
Director

Willard H. Smith Jr.
Director

C. Edward Ward, Jr.
Director

Adam M. Derechin
President and chief executive officer

Joseph M. Harvey
Vice president

William F. Scapell
Vice president

Thomas N. Bohjalian
Vice president

Yigal D. Jhirad
Vice president

Francis C. Poli
Secretary

James Giallanza
Treasurer and chief financial officer

Lisa D. Phelan
Chief compliance officer

KEY INFORMATION

Investment Manager

Cohen & Steers Capital Management, Inc.
280 Park Avenue
New York, NY 10017
(212) 832-3232

Fund Subadministrator and Custodian

State Street Bank and Trust Company
One Lincoln Street
Boston, MA 02111

Transfer Agent - Common Shares

The Bank of New York Mellon
480 Washington Boulevard
Jersey City, NJ 07310
(866) 227-0757

Legal Counsel

Stroock & Stroock & Lavan, LLP
180 Maiden Lane
New York, NY 10038

New York Stock Exchange Symbol: RQI

Web site: cohenandsteers.com

This report is for shareholder information. This is not a prospectus intended for use in the purchase or sale of Fund shares. Past performance is of course no guarantee of future results and your investment may be worth more or less at the time you sell.

COHEN & STEERS

QUALITY INCOME REALTY FUND

280 PARK AVENUE

NEW YORK, NY 10017

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JUNE 30, 2009

RQISAR

Item 2. Code of Ethics.

Not applicable.

Item 3. Audit Committee Financial Expert.

Not applicable.

Item 4. Principal Accountant Fees and Services.

Not applicable.

Item 5. Audit Committee of Listed Registrants.

Not applicable.

Item 6. Schedule of Investments.

Included in Item 1 above.

Item 7. Disclosure of Proxy Voting Policies and Procedures for Closed-End Management Investment Companies.

Not applicable.

Item 8. Portfolio Managers of Closed-End Management Investment Companies.

Not applicable.

Item 9. Purchases of Equity Securities by Closed-End Management Investment Company and Affiliated Purchasers.

None.

Item 10. Submission of Matters to a Vote of Security Holders.

None.

Item 11. Controls and Procedures.

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(a) The registrant's principal executive officer and principal financial officer have concluded, based upon their evaluation of the registrant's disclosure controls and procedures as conducted within 90 days of the filing date of this report, that these disclosure controls and procedures provide reasonable assurance that material information required to be disclosed by the registrant in the report it files or submits on Form N-CSR is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms

and that such material information is accumulated and communicated to the registrant's management, including its principal executive officer and principal financial officer, as appropriate, in order to allow timely decisions regarding required disclosure.

(b) There were no changes in the registrant's internal control over financial reporting that occurred during the second fiscal quarter of the period covered by this report that have materially affected, or are reasonably likely to materially affect, the registrant's internal control over financial reporting.

Item 12. Exhibits.

(a)(1) **Not applicable.**

(a) (2) Certifications of principal executive officer and principal financial officer as required by Rule 30a-2(a) under the Investment Company Act of 1940.

(a)(3) Not applicable.

(b) Certifications of principal executive officer and principal financial officer as required by Rule 30a-2(b) under the Investment Company Act of 1940.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

COHEN & STEERS QUALITY INCOME REALTY FUND, INC.

By: /s/ Adam M. Derechin
Name: Adam M. Derechin
Title: President and Chief Executive Officer

Date: August 28, 2009

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By: /s/ Adam M. Derechin
Name: Adam M. Derechin
Title: President and Chief Executive Officer
(principal executive officer)

By: /s/ James Giallanza
Name: James Giallanza
Title: Treasurer
(principal financial officer)

Date: August 28, 2009
