BAUER Performance Sports

2013 ANNUAL REPORT

WORLD CLASS PERFORMANCE SPORTS PLATFORM

CORPORATE PROFILE

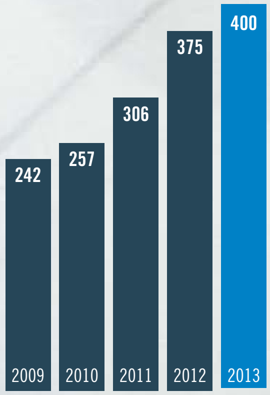
Bauer Performance Sports Ltd. (TSX: BAU) is a leading developer and manufacturer of ice hockey, roller hockey, lacrosse, baseball and softball sports equipment as well as related apparel. The Company has the most recognized and strongest brand in the ice hockey equipment industry, and holds the top market share position in both ice and roller hockey. Its products are marketed under the BAUER, MISSION, MAVERIK, CASCADE, INARIA and COMBAT brand names and are distributed by sales representatives and independent distributors throughout the world. The Company is focused on building its leadership position and growing market share in all product categories through continued innovation at every level.

SELECTED FINANCIAL INFORMATION

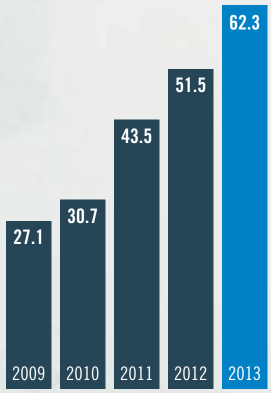
(US$ MILLIONS, EXCEPT PER SHARE AMOUNTS)	2013	2012	2011
Revenues	**$ 399.6**	$ 374.8	$ 306.1
Gross Profit	**147.2**	142.6	119.1
Adjusted Gross Profit	**153.0**	145.1	122.9
Adjusted EBITDA	**62.3**	51.5	43.5
Per Share ($) Diluted			
Diluted EPS	**$ 0.70**	$ 0.95	$ 0.01
Adjusted EPS	**$ 0.98**	$ 0.81	$ 0.55

KEY METRICS

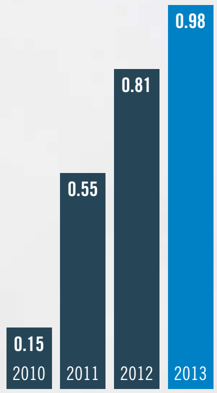
REVENUES
(US$ MILLIONS)



ADJUSTED EBITDA
(US$ MILLIONS)



ADJUSTED EPS
($ PER SHARE)



ON THE COVER
Bauer Performance Sports continues to grow its market share in hockey and strengthen its high performance sports platform with strategic acquisitions and game-changing innovations across multiple sports.

FORWARD-LOOKING STATEMENTS Certain statements in this annual report constitute forward-looking statements within the meaning of applicable securities laws. Actual results could differ materially from those expressed in this report. To learn more about these risk factors, please refer to the Forward-Looking Statements section in the Management's Discussion and Analysis and in the Annual Information Form filed on SEDAR. Certain measures cited in this Annual Report, EBITDA, Adjusted EBITDA, Adjusted Gross Profit and Adjusted EPS are non-IFRS measures. For the relevant definition and reconciliations to reported results, please see our management discussion and analysis (MD&A) for fiscal 2013, which is included in this Annual Report.

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Expanding Our Platform for Continued Growth

Fellow Shareholders,

Highlighted by exceptional financial achievements and key strategic acquisitions, during fiscal year 2013 (FY2013) we continued our tradition of excellence and expanded our world-class platform for growth. Our broader foundation is delivering game-changing product innovations across multiple sports while also producing strong financial results across our multiple seasons.

As our FY2013 financial results reached record levels, we maintained our commitment to grow our bottom line faster than our top line and to grow our top line faster than the markets we serve. This was demonstrated by a 7 percent increase in revenue and a 21 percent rise in adjusted EBITDA as compared to our prior fiscal year. Our strong revenue growth was driven by successes across our entire platform, including exceptional performance in several ice hockey equipment categories, lacrosse equipment and all sport-related apparel.

As a key indication of our position of strength and ability to generate cash flow, we further deleveraged our balance sheet during FY2013 while incurring approximately US$45 million in new debt to fund acquisitions.

KEY ACQUISITIONS STRENGTHEN WORLD-CLASS PLATFORM

During FY2013, we successfully completed and integrated several acquisitions into our platform, realizing our strategic objectives to grow our existing capabilities, expand services and enter new sports. Even as we grow, we continue to operate categories in a way that leverages shared services and expertise to create efficiencies.

In June 2012 we acquired Cascade, the leading manufacturer of lacrosse helmets, and as a result expanded our foothold in this sport. The addition of these premier helmets to the MAVERIK family of sticks, heads, shafts and protective gear propelled our position in lacrosse to an estimated 25 percent market share in one of North America's fastest-growing team sports. This acquisition keeps us well on pace to achieve our goal of becoming a market leader in the lacrosse sector.

Lacrosse in the United States has experienced an annual growth rate of approximately 10 percent over the last decade, and we have no shortage of exciting products to advance the game. With the MAVERIK product line fully integrated into our R&D process and CASCADE products fitting in seamlessly, our new equipment offering is better than ever.

During FY2013 our lacrosse team developed a new full line of MAVERIK gear designed for women and other important new products, such as the new MAVERIK A1 shaft with proprietary technologies and the highly-anticipated CASCADE R helmet. This helmet features the most advanced impact management system our lacrosse team has ever created. It utilizes cutting-edge protection materials and shared technologies developed through the Bauer Performance Sports R&D process.

In October 2012, we acquired Inaria International, a global provider of team sports and active apparel headquartered in Toronto. This strategic acquisition provides us with new capabilities for full team apparel, including the design, development and manufacturing of uniforms for ice hockey, roller hockey, lacrosse, soccer and other team sports. Our retail partners can now rely on us for their complete equipment and team apparel needs across our platform of sports.

Our new team apparel business has already found success. Starting with the 2013-14 season, Bauer Hockey is the official provider of uniforms, apparel and equipment for one of Canada's most prestigious Junior 'A' leagues, the British Columbia Hockey League (BCHL). Since 2000, the BCHL has seen more than 68 players drafted directly to the National Hockey League, and the league is widely known as the No. 1 feeder into U.S. college hockey.

This partnership is a significant first step for us to showcase our new capabilities, and it demonstrates the opportunities for our new but growing team apparel program. We estimate the 2012 global ice hockey apparel market alone to be approximately US$375 million annually (excluding the impact of the NHL lockout).

ENTERED BASEBALL, SOFTBALL WITH COMBAT ACQUISITION

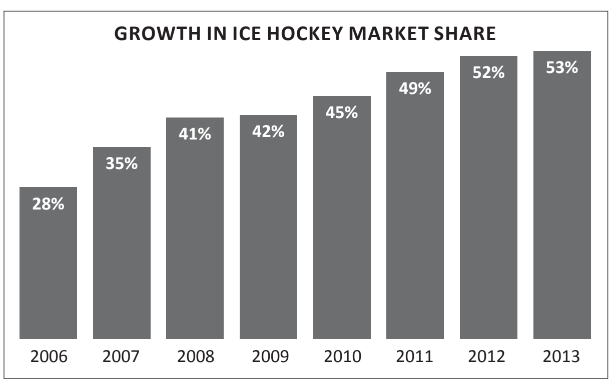
In May 2013, we acquired Combat Sports, a leading designer of composite baseball and softball bats, hockey sticks and lacrosse shafts sold under the COMBAT brand. In addition to adding a strong brand and new sports to the Bauer Performance Sports platform, this strategic acquisition provides us with valuable intellectual property and advanced composite technologies that can be applied across our portfolio of high performance equipment.

We have already begun to explore combining relevant technologies across hockey and lacrosse into our BAUER and MAVERIK brands, and we are refocusing Combat's resources in its areas of success – baseball, softball and advanced composite technologies.

Not only is baseball the most popular sport in the United States, but it is also experiencing participation growth globally, according to industry reports. Fast-pitch softball, a sport that is a significant focus for Combat, experienced more than 9 percent participation growth in the U.S. from the 2011 to 2012 season.

GREW MARKET SHARE IN ICE HOCKEY

Bauer Hockey maintained its commitment to elevate player performance and safety at all levels, and as a result increased its market share to 53 percent, largely driven by growing demand for the revolutionary RE-AKT helmet, the highly-anticipated BAUER VAPOR APX2 skate and our unique "Fit for Every Player" campaign.



As the industry stared down an uncertain landscape with excess competitor inventory, an NHL lockout, retail consolidation and reductions in Canadian import tariffs, the power of the BAUER brand once again took center stage. Consumers continued to demand BAUER products despite significant competitor price reductions because they know we deliver innovation year after year. This is a return on the investments we make every day in developing our elite products and in grassroots campaigns, such as the Bauer Experience, which provides consumers with a chance to try the latest gear and connect with our product experts.

The BAUER VAPOR APX2 skate hit retail stores in April 2013 and features a one-piece lacing system to maximize energy transfer and increase acceleration. With our new TUUK LIGHTSPEED EDGE holder, which is available on the APX2 and five other new VAPOR skates, players can replace their steel in seconds with an innovative and proprietary 'trigger' system. Players no longer need to worry about fighting through a lost edge or missing a game because of broken steel. Accessory sales increased 44 percent in FY2013, driven in part by the after-market purchase of this technology and replacement steel to carry as a backup.

Our "Fit for Every Player" campaign continues to deliver success at retail. With last year's launch of our third product line, NEXUS, we now offer head-to-toe equipment for every style of play. With VAPOR designed for dynamic speed, SUPREME built for explosive power and NEXUS delivering an authentic look and feel, our "Fit for Every Player" is helping consumers find equipment customized to their style. This initiative not only promotes the technologies and innovations of our full product lines but it also educates players on the different options available and drives them to our offerings.

BAUER HOCKEY CONTINUES TO LEAD

BAUER continues to be the brand of choice by the world's best hockey players. Just like our equipment, we believe our elite roster of athletes is unrivaled. It includes Alex Ovechkin, who picked up his third MVP trophy this year and led the NHL in scoring, and young stars, such as Patrick Kane, the MVP of the Stanley Cup playoffs. In the five major player equipment categories of skates, sticks, helmets, gloves and pants, BAUER was once again the overwhelming No. 1 brand demanded and worn in the NHL and in the global market.

As much as we love hockey, we understand the realities our game faces with slowing participation growth rates in some regions, particularly in Canada. As the industry leader, we have a responsibility to help overcome this challenge because we know our game teaches more than skating and shooting.

During FY2013, we launched a global multi-faceted "Grow the Game" initiative aimed at adding 1 million new players worldwide by 2022. Along with Hall of Famer Mark Messier, who joined forces with Bauer Hockey following the company's acquisition of Cascade, this important effort is in partnership with Hockey Canada, USA Hockey and other governing bodies around the world. Pilot programs and educational campaigns will be created and launched in key markets that focus on attracting new families to our game.

WHAT WE LEARNED IN FY2013

As you have read, we amassed quite a list of accomplishments in the face of uncertainties and industry challenges that were beyond our control – deep competitor discounts to clear excess inventory, an NHL lockout, retail consolidation and new tariff regulations. We also recognize the areas that were within our control that challenged our business.

During FY2013, we continued to invest in our supply chain and manufacturing, including new infrastructure and additional resources. Our service levels for the second half of the fiscal year increased by approximately 20 percent as compared to the first half of the fiscal year and returned to historical trends. We know these areas are critical to our growing business because every part of our company must exceed expectations and grow with the demand for our products.

We have become more than a designer and manufacturer of innovative sports equipment. To our worldwide partners, we have emerged as a solution provider for merchandising challenges at retail, an organization providing optimized supply chain management and a company dedicated to growing not only our top and bottom lines, but the very sports in which we participate.

As a result, we are entering FY2014 with momentum as the short- and mid-term industry challenges are improving and our business continues to deliver strong financial returns. With the integration of the past three acquisitions largely behind us and our balance sheet in good condition, we will intensify our search for new acquisitions to expand our current markets and move the Company into sports where our platform can improve player performance and deliver higher returns for our shareholders.

OUR BUSINESS IS EVOLVING WITH OUR GROWING PLATFORM

Last year, we were added to the S&P/TSX SmallCap Index, we saw our shareholder base diversify, and we welcomed Bernard McDonell as our new Chairman of the Board of Directors.

Our largest shareholder, the Kohlberg Funds, continues to be an engaged and active stakeholder, even as it begins to monetize a portion of its investment in Bauer Performance Sports. The markets readily accepted the added liquidity in our shares as both the Kohlberg offerings were successful.

I want to thank Chairman McDonell for his leadership and our Board of Directors for their expertise. We have an incredible team at Bauer Performance Sports which drives the engine that helps us elevate player performance and grow as a company. Our innovation and game-changing technologies are on display at ice rinks, arenas and fields across the world, thanks to the dedicated employees who make up our Bauer Performance Sports team. The unrivaled passion and level of expertise they deliver is what makes our brands so strong and our equipment demanded by players at all levels.

In closing, I want to thank you for the confidence and trust you have put in me to lead this talented organization. As we look ahead to the growth potential we have created and ways to expand our platform, the privilege of this opportunity is something I recognize every day.

All the best,

Kevin Davis
President and Chief Executive Officer

Management's Discussion and Analysis of
Financial Condition and Results of Operations
For the three and twelve month periods ended May 31, 2013

Dated August 7, 2013

INTRODUCTION

Bauer Performance Sports Ltd. ("BAUER" or the "Company") is a leading developer and manufacturer of ice hockey, roller hockey, lacrosse, baseball and softball equipment as well as related apparel, including soccer apparel, and accessories. The Company has the most recognized and strongest brand in the ice hockey equipment industry, and holds the top market share position in both ice and roller hockey. Its products are marketed under the BAUER, MISSION, MAVERIK, CASCADE, COMBAT, and INARIA brand names and are distributed by sales representatives and independent distributors throughout the world. BAUER is focused on building its leadership position and growing market share in all product categories through continued innovation at every level.

The following management's discussion and analysis ("MD&A") dated August 7, 2013 is intended to assist the readers in understanding BAUER, its business environment, strategies, performance, and risk factors. It should be read in conjunction with our audited consolidated financial statements, including the related notes, for the fiscal year ended May 31, 2013. Financial data has been prepared in conformity with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). The audited consolidated financial statements and related MD&A are available on the Company's website at www.bauerperformancesports.com and on SEDAR at www.sedar.com.

All references to "Fiscal 2014", "Fiscal 2013", "Fiscal 2012" and "Fiscal 2011" are to the Company's fiscal year ended May 31, 2014, fiscal year ended May 31, 2013, fiscal year ended May 31, 2012, and fiscal year ended May 31, 2011, respectively. Unless otherwise indicated, all references to "$" and "dollars" in this MD&A mean U.S. dollars. Any references to market share data and market size are based on wholesale revenues unless otherwise indicated.

Certain measures used in this MD&A do not have any standardized meaning under IFRS. When used, these measures are defined in such terms as to allow the reconciliation to the closest IFRS measure. It is unlikely that these measures could be compared to similar measures presented by other companies. See "Financial Performance" and "Non-IFRS Financial Measures."

Forward-looking statements are included in this MD&A. See "Caution Regarding Forward-Looking Statements" for a discussion of risks, uncertainties, and assumptions relating to these statements. For a description of the assumptions relating to market and industry data statements included in this MD&A, see the "Market and Industry Data" section. For a description of the risks relating to the Company, refer to the "Risk Factors" section of this MD&A and the "Risk Factors" section of BAUER's Annual Information Form dated August 29, 2012, available on www.sedar.com.

Please refer to the "Glossary of Terms" section for a list of defined terms used herein but not otherwise defined.

FINANCIAL HIGHLIGHTS

($ in millions, except per share and ratio information)	Fiscal 2013	Change 2013 vs. 2012	Fiscal 2012	Change 2012 vs. 2011	Fiscal 2011
RESULTS FOR THE YEAR					
Revenues	$399.6	6.6%	$374.8	22.4%	$306.1
Gross Profit	147.2	3.2%	142.6	19.7%	119.1
Adjusted Gross Profit (1)	153.0	5.4%	145.1	18.1%	122.9
Adjusted Gross Profit % (1)	38.3%	(0.4%)	38.7%	(1.5%)	40.2%
Adjusted EBITDA (1)	62.3	21.0%	51.5	18.4%	43.5
Net Income (Loss)	25.3	(16.2%)	30.2	74.5%	0.4
Adjusted Net Income (Loss) (1)	35.7	40.0%	25.5	48.3%	17.2
PER SHARE ($) - DILUTED					
Diluted EPS	$0.70	(26.3%)	$0.95	9400.0%	$0.01
Adjusted EPS (1)	$0.98	21.0%	$0.81	47.3%	$0.55
FINANCIAL RATIOS					
Leverage ratio	2.70	(0.7%)	2.72	(12.8%)	3.12

(1) Represents a non-IFRS measure. For the relevant definitions and reconciliations to reported results, see "Non-IFRS Financial Measures".

COMPANY OVERVIEW

We design, develop, manufacture and sell performance sports equipment and accessories for ice hockey, roller hockey, lacrosse, baseball and softball, as well as related apparel, including soccer apparel. We have the most recognized and strongest brand in the ice hockey equipment industry, and hold the number one market share position in both the ice and roller hockey equipment industries. With an estimated 53% share of ice hockey equipment sales in Fiscal 2013, we have the leading and fastest growing share of the overall ice hockey equipment market, which we believe is in excess of all other brands combined. In roller hockey, we had an estimated 59% share of equipment sales in Fiscal 2013.

We have achieved this leadership position and growth profile in ice hockey by leveraging our world-class performance sports products platform and processes, and are using this platform to expand into new performance equipment and apparel categories and sports markets, which we have done successfully in the roller hockey and more recently in the lacrosse equipment markets. With the Cascade Acquisition in June 2012, BAUER strengthened its position in lacrosse, a sport which for the past five years has averaged approximately 9% participation growth in the United States, maintaining its long-held position as the country's fastest growing team sport. With the Inaria Acquisition in October 2012, BAUER strengthened its position in team apparel, establishing the Company as a "one-stop shop" in this growing segment of the market. With the Combat Acquisition in May 2013, BAUER strengthened its research and development portfolio and expanded the Company's high-performance platform into the sports of baseball and softball.

As of May 31, 2013, the Company directly or indirectly owns all of the equity interest in each of Bauer Hockey, Inc., Bauer Hockey Corp., Bauer Performance Lacrosse Inc., Bauer Performance Uniforms Corp., Bauer Performance Sports Uniforms Inc., BPS Diamond Sports Corp., and BPS Diamond Sports Inc. The Company, together with its consolidated subsidiaries, is referred to as "BAUER", the "Company", "we", "us", or "our".

INDUSTRY OVERVIEW

The following provides an overview of the sports equipment and apparel markets we serve.

Ice Hockey

Ice Hockey Participation Rates and Demographics

Ice hockey is a team sport played in over 80 countries by more than an estimated six million people. While ice hockey is played around the world, the largest and most significant markets for ice hockey are Canada, the United States and a number of European countries, including the Nordic countries (principally Sweden and Finland), Central European countries (principally the Czech Republic, Germany, Switzerland, Austria and Slovakia) and Eastern European countries (particularly Russia).

Global registered hockey participation has grown, on average, 1% annually over the last 8 years, and according to a recent 2013 report by the Sports and Fitness Industry Association ("SFIA"), ice hockey participation in the U.S. experienced a 5.2% increase over the last five years, including a 10.9% increase from 2011 to 2012. We believe that the global industry is currently growing at an annual rate in the low-to-mid single digits as growth rates in Eastern Europe (particularly Russia) and women's hockey have exceeded that of the registered segment as a whole.

Ice Hockey Equipment and Related Apparel Industry

The global ice hockey equipment and related apparel industry has significant barriers to entry and is stable in certain regions and growing in others, such as the U.S., Eastern Europe and Russia. Ice hockey equipment and related apparel sales are driven primarily by global ice hockey participation rates (registered and unregistered). Other drivers of equipment sales include demand creation efforts, the introduction of innovative products, a shorter product replacement cycle, general macroeconomic conditions and the level of consumer discretionary spending. Management estimates that the global ice hockey equipment market (which excludes related apparel, such as performance apparel, team jerseys and socks) totaled approximately $650 million in calendar 2012 and is expected to be flat during calendar 2013. Skates and sticks are the largest contributors to equipment sales, accounting for an estimated 62% of industry sales in calendar 2012.

Management estimates that over 85% of the ice hockey equipment market is attributable to three major competitors: BAUER, Reebok (which owns both the Reebok and CCM brands) and Easton, each of whom offers consumers a full range of products (skates, sticks and full protective equipment). The remaining equipment market is highly fragmented among many smaller equipment manufacturers offering specific products, catering to niche segments within the broader market. Management estimates that BAUER has the largest share of the market, which we believe is in excess of all other brands combined.

The following table shows our estimated ranking of the three major competitors referenced above, in total and by major product category:

Company	Total Market	Skates	Sticks	Helmets	Protective	Goalie
BAUER	**#1**	**#1**	**#1**	**#1**	**#1**	**#1**
Reebok/CCM	#2	#2	#3	#2	#2	#2
Easton	#3	#3	#2	#3	#3	n/a

Management estimates that the global ice hockey related apparel market for calendar 2012 (which includes such items as performance apparel, team jerseys and socks) was approximately $375 million in size (excluding the impact of the NHL Lockout) and is growing at an annual rate which we believe exceeds that of the ice hockey equipment market. The related apparel market is more fragmented than the equipment market and includes a variety of larger and smaller participants. We expect consolidation in this market to occur in the coming years, in a manner similar to what has occurred in the ice hockey equipment industry.

Roller Hockey

Roller Hockey Participation Rates and Demographics

Roller hockey is a team sport played principally in the United States, particularly in warmer regions such as California. According to SFIA there were approximately 493,000 "frequent" roller hockey participants in the United States in 2012 who played at least 13 times during the year, a 22.1% increase over the prior year. In 2012, total participation was reported to be 1.4 million participants, a 10.5% increase in participation from the previous year.

Roller Hockey Equipment and Related Apparel Industry

The roller hockey equipment and related apparel industry shares similar characteristics to the ice hockey equipment and related apparel industry given the similarity of the sports. Management estimates that the roller hockey equipment market generated approximately $20 million in sales in calendar 2012.

Through our MISSION and BAUER brands, we believe we hold the number one and two market share positions in the roller hockey equipment market, and have a substantial lead over our primary competitors, including Reebok, Tour and a few small niche players who compete in sub-categories such as wheels and accessories.

Lacrosse

Lacrosse Participation Rates and Demographics

Lacrosse is a team sport played principally in the United States and Canada. According to US Lacrosse, Inc., lacrosse has been one of the fastest growing team sports in the United States, with participation growing at an annual compound growth rate of 10.0% from 2001 to 2012, with over 720,000 registered players in the United States in 2012. In Canada, we estimate that there are currently 150,000 participants. The drivers of this growth include: (i) the establishment and popularity of the National Lacrosse League and Major League Lacrosse, (ii) the rapid expansion of high school and youth programs, (iii) emerging growth outside of key lacrosse markets in the Mid-Atlantic and Northeastern United States, (iv) enhanced funding and popularity of U.S. college lacrosse programs, and (v) increased visibility of the sport in media and advertising.

Approximately 93% of lacrosse participants in the United States are under the age of 18, with 54% of participants in the youth (15 and under) category and 39% of participants in the high school category. Similar to ice hockey, the high representation of youth in the sport provides the industry with a more frequent product replacement cycle as players grow out of their equipment.

Lacrosse Equipment and Related Apparel Industry

The North American lacrosse equipment and related apparel market is a high growth, emerging sports equipment market underpinned by strong growth in participation rates.

In calendar 2012, the U.S. lacrosse equipment market was estimated to be approximately $100 million in size while the Canadian market was estimated at approximately $10 million in size. Management estimates that the lacrosse market will continue to grow in the range of high single digits to low double digits for the next several years. The lacrosse equipment market is made up of four primary equipment categories: sticks (shafts and heads), gloves, helmets and protective equipment. Representing approximately 45% of 2012 industry-wide U.S. sales, sticks currently make up the largest segment of the lacrosse equipment market.

The lacrosse equipment market is currently led by five major brands: Warrior, Brine, STX, Maverik and Cascade. The Company's three major competitors all offer full lines of lacrosse equipment products, while Cascade's product offering is primarily focused on helmets. Through our Maverik and Cascade brands, we estimate our lacrosse market share to be 25%.

Soccer

The most popular and widely-played sport in the world, global soccer participation is estimated to be approximately 265 million, according to the Fédération Internationale de Football Association ("FIFA"). In 2011, similar reports estimated that there were nearly 1 million registered soccer players in Canada and more than 4.5 million registered players in the U.S. Management estimates the Canadian and U.S. soccer uniform market to be in excess of $300 million, including both registered players and recreational players.

Baseball / Softball

Baseball is experiencing growth in participation globally and remains one of the most popular sports in the United States, second only to basketball, according to SFIA. Fast-pitch softball participation grew by 9.4% from the 2011 to 2012 season, a sport that is a significant focus for the Combat business of high-performing elite bats. According to a report from SFIA, the total market size for baseball and softball equipment and related apparel in the U.S. was approximately $825 million in 2012.

RECENT EVENTS

Combat Acquisition

On May 3, 2013, the Company acquired substantially all of the assets and assumed certain liabilities of Combat Sports ("Combat"), a manufacturer and distributor of composite baseball and softball bats, hockey sticks and lacrosse shafts. The acquisition provides the Company with intellectual property that will strengthen its research and development portfolio and expands the Company's product offering into baseball and softball. The purchase price paid by the Company at closing was Cdn$3.4 million in cash, net of Cdn$0.6 million received from the collection of trade receivables, plus acquisition costs. The acquisition was funded through cash on hand. During the period of ownership in Fiscal 2013 the Company was focused on re-starting the operations of Combat. As a result, revenues during this period were immaterial but a full month of operating expenses resulted in a loss for Fiscal 2013. The Combat business is now fully operational.

Tariffs on Hockey Equipment

On March 21, 2013, the Canadian government announced that it will reduce import tariffs on certain hockey equipment effective as of April 1, 2013 ("Canadian Tariff Reduction"). Prior to April 1, 2013, the Company's tariffs on hockey equipment imported into Canada were up to 18.0% and were included in the Company's cost of goods sold. Retroactive to April 1, 2013, Bauer reduced wholesale prices to its Canadian retail partners to reflect the lower duties on certain categories of hockey equipment. Management currently expects that the reduced wholesale prices on affected products will have a limited impact on future profitability, as the reduction in the costs of goods sold is passed on to retailers. We also reduced wholesale prices on products affected by the Canadian Tariff Reduction that were imported prior to April 1, 2013. The total amount of import tariffs paid on products imported prior to April 1, 2013 was $1.6 million. The higher cost of goods sold for these products will primarily be recognized within the fourth quarter of Fiscal 2013 and the first half of Fiscal 2014 as this inventory is sold. See "Caution Regarding Forward-Looking Statements".

FOURTH QUARTER AND FISCAL 2013 HIGHLIGHTS

All comparisons are to the same quarter in the prior fiscal year unless otherwise stated.

The 6.6% increase in overall revenues in Fiscal 2013 (8.5% excluding the impact of foreign exchange) was led by strong performance in several ice hockey equipment categories, apparel, and lacrosse. Apparel revenues increased by 42.4% driven by strong growth in Bauer's team uniforms and off-ice apparel, the addition of soccer uniform revenue from the Inaria and continued success in performance apparel and bags. Lacrosse sales increased significantly due to the addition of Cascade, propelling the Company to an estimated 25% market share in this rapidly growing market.

Ice hockey equipment revenues were flat year over year overcoming numerous headwinds in the overall market including high inventories at retail and especially the increase in competitor close-out products. Excluding the impact of the Canadian Tariff Reduction, Bauer's ice hockey equipment sales grew by 1.1%. Bauer's focus on innovation produced strong performance in several equipment categories including helmets (12.1% growth driven in part by demand for the RE-AKT helmet), accessories (44.1% growth driven in part by the TUUK LIGHTSPEED EDGE holders with replaceable steel blades), and protective (3.7% growth driven in part by the new NEXUS line). Offsetting these improvements were declines in skates (down 3.8%, or down 1.6% excluding the impact of foreign exchange and the Canadian Tariff Reduction) and sticks (down 3.0%), both primarily due to lower performance and recreational sales as a result of high levels of competitor closeout activity. The continued strong performance in hockey equipment has increased Bauer's global ice hockey equipment market share to an estimated 53% from 52% a year ago.

Overall revenues from the North American market grew by 6.9% in Fiscal 2013, while sales outside North America grew by 5.7%.

Bauer's Fiscal 2013 fourth quarter revenues grew by 8% (9% excluding the impact of foreign exchange) due, in part to, the ongoing growth in lacrosse and apparel as noted above, as well as a 1.7% increase in ice hockey equipment sales. Overall revenues in North America for the three month period ended May 31, 2013 grew by 7.7% and increased by 7.6% outside North America.

Adjusted Gross Profit for Fiscal 2013 increased by $7.9 million, or 5.4% to $153.0 million. Adjusted Gross Profit as a percentage of revenues remained relatively constant at 38.3% in Fiscal 2013, compared to 38.7% in the comparative period of 2012. During the fourth quarter of Fiscal 2013, Adjusted Gross Profit increased by $0.7 million, or 2.0%, to $35.9 million, and Adjusted Gross Profit as a percentage of revenues decreased to 41.4% from 43.7%. The decline in Adjusted Gross Profit as a percentage of revenues during the quarter was primarily due to higher product and distribution costs.

Bauer continued to demonstrate operating leverage in SG&A. Excluding the impact of one-time items and share-base compensation expense, spending as a percentage of revenues has declined 120 and 220 basis points for Fiscal 2013 and in the fourth quarter ended May 31, 2013, respectively. The Company's strong operating results drove Adjusted Net Income growth of 40.0% and 106.4% in Fiscal 2013 and the fourth quarter, respectively. Adjusted EPS grew by 21.0% to $0.98 in Fiscal 2013 and by 73.3% to $0.26 in the fourth quarter of Fiscal 2013. Fourth quarter earnings were favourably impacted by approximately 5 cents per share as a result of favourable tax adjustments. Diluted earnings per share declined by 26.3% and 19.0% in Fiscal 2013 and the fourth quarter, respectively, as a result of significantly lower unrealized gains on derivatives which more than offset the strong operating results described above.

The Company continued to manage its balance sheet and generate strong cash flow as its leverage ratio, defined as net indebtedness divided by EBITDA, reduced to 2.70 compared to 2.72 as of May 31, 2012. The continued de-leveraging was achieved in a year where Bauer completed over $75 million in acquisitions funded by over $40 million of debt. As of May 31, 2013 Bauer had working capital of $200.9 million compared to working capital of $163.5 million as of May 31, 2012, an increase of 22.9%. This increase was driven by the acquisitions of Cascade, Inaria and Combat, the impact of foreign exchange, and our organic revenue growth.

Selected Fiscal 2013 Highlights

- Completed three strategic acquisitions - Bauer completed the acquisitions of Cascade, Inaria, and Combat securing a much larger share of the rapidly growing lacrosse market, as well as enhancing its team apparel platform. The recent addition of Combat not only adds industry leading intellectual property to the Company's significant portfolio of patents, but also introduces Bauer in the North American baseball and softball market.
- Launched the Grow the Game program with a goal to grow hockey participation globally by 1 million new players by 2022 through a unique multi-year program. Partnering with Hockey Canada and USA Hockey, and led by a cross-functional team, including Mark Messier, who joined the Bauer team as a result of the Company's acquisition of Cascade, the initiative will take a leadership role in both growing participation and increasing player safety.
- Bauer was added to S&P/TSX Small Cap Index - the S&P/TSX SmallCap Index provides an investable index for the Canadian small cap market. The index is float adjusted and market cap weighted and was developed with industry input as the ideal benchmark for those with small cap exposure to the Canadian equity market.

For further detail on our financial measures please refer to the "Financial Measures and Key Performance Indicators" section below.

FINANCIAL PERFORMANCE

Key Performance Indicators

Key performance indicators which we use to manage our business and evaluate our financial results and operating performance include revenues, gross profit, SG&A expenses, research and development ("R&D") expenses, net income, earnings per share, Adjusted Gross Profit, EBITDA, Adjusted EBITDA, Adjusted Net Income/Loss, and Adjusted EPS. We evaluate our performance on these metrics by comparing our actual results to management budgets, forecasts, and prior period results on a reported and constant dollar basis. Adjusted Net Income/Loss, Adjusted EPS, EBITDA, Adjusted EBITDA and Adjusted Gross Profit are non-IFRS measures that we use to assess the operating performance of the business. See the "Non-IFRS Financial Measures" section for the definition and reconciliation of Adjusted Net Income/Loss, Adjusted EPS, Adjusted EBITDA, Adjusted Gross Profit, and EBITDA used and presented by the Company to the most directly comparable IFRS measures.

Factors Affecting our Performance

Seasonality

Our business demonstrates substantial seasonality. We currently launch new hockey products over two seasons each fiscal year - the April to September period which we classify as the “Back-To-Hockey” season and the October to March period which we classify as the “Holiday” season. Generally, our highest sales volumes occur during the peak of the “Back-to-Hockey” season during the first quarter of our fiscal year, from June to August. The majority of our sales volumes for our “Holiday” season occur during the second quarter of our fiscal year.

- We typically launch core hockey products (excluding composite ice hockey sticks) in the “Back-to-Hockey” season, during April through September.
- Composite ice hockey stick products (among other products such as seasonal apparel and roller hockey equipment) have typically been launched during the “Holiday” season, in October through March, although the Company is transitioning to a schedule which will result in sticks being launched both in the “Back-to-Hockey” and “Holiday” seasons.
- In ice hockey, we have three families of products—Vapor, Supreme and NEXUS. In certain seasons, we will launch new products under more than one family (for example, in our 2012 “Back-to-Hockey” season, we launched new products under the Supreme and NEXUS brands while in our 2013 “Back-to-Hockey” season we launched new products under the Vapor brand only). The launch timing of our products may change in future periods.
- Roller hockey products are typically launched at retail during the “Holiday” season, from October through March.
- The launch of Maverik and Cascade lacrosse products overlaps substantially with the “Holiday” season, from November through April.
- The launch of Inaria team apparel products overlaps substantially with the “Back-to-Hockey” season, from April to September.
- The launch of Combat products overlaps substantially with the “Holiday” season, from November through April.

Revenues

We generate revenues from the sale of performance sports equipment and related apparel and accessories. We offer various cooperative marketing incentive programs in North America to assist our sales channels with the marketing and selling of our products. These costs are recorded as a reduction of revenues.

Our current sales channels include (i) retailers in North America and the Nordic countries, and (ii) distributors throughout the rest of the world (principally Western Europe, Eastern Europe, and Russia). Based on the regional mix, our revenues are generated in multiple currencies. For revenues, we are exposed to fluctuations of the U.S. dollar against the Canadian dollar, the euro, the Swedish krona, Norwegian krona and Danish krona.

The following table highlights revenues for the periods indicated:

(millions of U.S. dollars, except for percentages)	Three Months Ended May 31, 2013	Three Months Ended May 31, 2012	Period Over Period Growth Rate [(1)]	Twelve Months Ended May 31, 2013	Twelve Months Ended May 31, 2012	Period Over Period Growth Rate [(2)]
Revenues						
North America	$62.7	$58.2	7.7%	$295.5	$276.3	6.9%
Rest of world	24.0	22.3	7.6%	104.1	98.5	5.7%
Total Revenues	$86.7	$80.5	7.7%	$399.6	$374.8	6.6%

(1) Three month period ended May 31, 2013 vs. the three month period ended May 31, 2012.

(2) Twelve month period ended May 31, 2013 vs. the twelve month period ended May 31, 2012.

Cost of Goods Sold

Our cost of goods sold is comprised primarily of the cost of finished goods, materials and components purchased from our suppliers, manufacturing labour and overhead costs in our Liverpool, New York, Toronto, Ontario and St. Jerome, Québec facilities, inventory provisions and write-offs, and warranty costs and supply chain related costs, such as freight and tariff costs and warehousing. See "Recent Events – Tariffs on Hockey Equipment". Our warranty costs result from a general warranty policy providing coverage against manufacturing defects. Warranties range from thirty days to one year from the date sold to the consumer, depending on the type of product. Our warranty costs are primarily driven by sales of composite ice hockey sticks. Amortization associated with technology patents is also included in cost of goods sold.

We source the majority of our products in China and Thailand. As a result, our cost of goods sold is impacted by increases in labour and material costs in those countries, as well as by the fluctuation of foreign currencies against the U.S. dollar. In particular, we purchase a majority of our imported merchandise from suppliers in China and Thailand using U.S. dollars. Therefore, our cost of goods sold is impacted by the fluctuations of the Chinese renminbi and the Thai baht against the U.S. dollar and the fluctuation of the U.S. dollar against other Asian currencies, such as the Taiwan dollar. We enter into forward contracts to hedge part of our exposure to fluctuations in the value of the U.S. dollar against the Canadian dollar. We do not currently hedge our exposure to fluctuations in the value of the Chinese renminbi and the Thai baht and other Asian currencies to the U.S. dollar. Instead, we enter into supplier agreements ranging from six to twelve months with respect to the U.S. dollar cost of our Asian-sourced finished goods. See also "Outlook" section.

Selling, General and Administrative Expenses

Our SG&A expenses consist primarily of costs relating to our sales and marketing activities, including salaries, commissions and related personnel costs, customer order management and support activities, advertising, trade shows, and other promotional activities. Our marketing expenses include promotional costs for launching new products, advertising, and athlete endorsement costs. Our administrative expenses consist of costs relating to information systems, legal and finance functions, professional fees, insurance, and other corporate expenses. We also include share-based payment expenses in sales, general and administrative expenses. We expect our SG&A expenses to increase as we continue to grow our business.

Research and Development Expenses

R&D expenses consist primarily of salaries and related consulting expenses for technical personnel, contracts with leading research facilities, as well as materials and consumables used in product development. To date, no development costs have been capitalized. We incur most of our R&D expenses in Canada and are eligible to receive Scientific Research and Experimental Development investment tax credits for certain eligible expenditures. R&D expenses are net of investment tax credits. We currently expect our R&D expenses to grow modestly as we focus on enhancing and expanding our product lines.

Finance Costs/Income

Finance costs consist of interest expense, fair value losses on financial assets, impairment losses recognized on financial assets (other than trade receivables), losses on derivative instruments, and losses related to foreign exchange revaluation on recorded assets and liabilities.

Finance income consists of interest income on bank balances and past due customer accounts, fair value gains on financial assets, gains on derivative instruments, and gains related to foreign exchange revaluation on recorded assets and liabilities.

Interest expense is derived from the financing activities of the Company. On June 29, 2012, in connection with the Cascade Acquisition, we entered into the Amended Credit Facility. The Amended Credit Facility replaced all of the credit facilities under the former Credit Facility with a $130.0 million Amended Term Loan, denominated in both Canadian dollars and U.S. dollars and a $145.0 million Amended Revolving Loan, denominated in both Canadian dollars and U.S. dollars, the availability of which is subject to meeting certain borrowing base requirements. Please see the "Indebtedness" section for a more detailed discussion of the Amended Credit Facility.

Interest income primarily reflects interest charged to our customers on past due receivable balances.

The Company is exposed to global market risks, including the effect of changes in foreign currency exchange rates and interest rates, and uses derivatives to attempt to manage financial exposures that occur during the normal course of business. The Company's hedging strategy can employ foreign exchange swaps, interest rate contracts, and foreign currency forwards as economic hedges, which are recorded on the consolidated statements of financial position at fair value. The Company has not elected hedge accounting and therefore the changes in the fair value of these derivatives are recognized as unrealized gains and losses through profit or loss each reporting period.

The Company's reporting currency is the U.S. dollar. Adjustments resulting from translating foreign functional currency financial statements into U.S. dollars are included in the foreign currency translation adjustment, a component of accumulated other comprehensive income (loss) in equity.

Transaction gains and losses generated by the effect of foreign exchange on recorded assets and liabilities denominated in a currency different from the functional currency of the applicable entity are recorded in finance costs/income in the period in which they occur. Balances on the statements of financial position are converted at the month end foreign exchange rates or at historical exchange rates, and all profit and loss transactions are recognized at monthly average rates.

The majority of our transactions are processed in euros, Swedish kronas, Canadian dollars and U.S. dollars.

Impact of Foreign Exchange

In the MD&A, we provide the impact of foreign exchange on our various financial measures. These amounts reflect only the impact of translating the current period results restated at the monthly foreign exchange rates of the prior period. This translation impact does not include the impact of foreign exchange on our direct material costs or our gains/losses on derivatives described above.

Income Taxes

We are subject to federal, state, and provincial income taxes. The Company is subject to cash taxes in the United States, Canada and Europe. In Canada, the Company utilizes its tax loss carry forwards and tax credits to offset its taxable income.

Results of Operations

The selected consolidated financial information set out below for the twelve month periods ended May 31, 2013 and May 31, 2012 has been derived from our audited consolidated financial statements and related notes. The financial information for the three month periods ended May 31, 2013 and May 31, 2012 is unaudited.

	Three Months Ended		Twelve Months Ended		
(millions of U.S. dollars, except for percentages and per share amounts)	May 31, 2013	May 31, 2012	May 31, 2013	May 31, 2012	May 31, 2011
Revenues	$86.7	$80.5	$399.6	$374.8	$306.1
Cost of goods sold	52.9	45.9	252.4	232.2	187.0
Gross profit	$33.8	$34.6	$147.2	$142.6	$119.1
Operating expenses:					
Selling, general & administrative	23.4	23.4	90.4	83.3	79.4
Research & development	4.6	3.8	16.1	13.9	11.5
Operating income (loss)	$5.8	$7.4	$40.7	$45.4	$28.2
Finance costs (income)	0.6	(3.3)	6.6	1.9	27.3
Other expense (income)	(1.2)	0.1	(1.0)	0.2	0.1
Income tax expense (benefit)	0.3	3.7	9.8	13.1	0.4
Net income (loss)	$6.1	$6.8	$25.3	$30.2	$0.4
Adjusted Gross Profit	$35.9	$35.2	$153.0	$145.1	$122.9
Adjusted EBITDA	$14.0	$11.0	$62.3	$51.5	$43.5
Adjusted Net Income (Loss)	$9.7	$4.7	$35.7	$25.5	$17.2
Adjusted EPS	$0.26	$0.15	$0.98	$0.81	$0.55
Basic earnings (loss) per share	$0.18	$0.23	$0.74	$1.00	$0.01
Diluted earnings (loss) per share	$0.17	$0.21	$0.70	$0.95	$0.01
Total assets	$407.4	$309.0	$407.4	$309.0	$309.0
Total long-term liabilities	$168.6	$132.7	$168.6	$132.7	$132.2
As a percentage of revenues:					
Revenues	100.0%	100.0%	100.0%	100.0%	100.0%
Cost of goods sold	61.0%	57.0%	63.2%	62.0%	61.1%
Gross profit	39.0%	43.0%	36.8%	38.0%	38.9%
Operating expenses:					
Selling, general & administrative	27.0%	29.1%	22.6%	22.2%	25.9%
Research & development	5.3%	4.7%	4.0%	3.7%	3.8%
Operating income (loss)	6.7%	9.2%	10.2%	12.1%	9.2%
Finance costs (income)	0.7%	-4.1%	1.7%	0.5%	8.9%
Other expense (income)	-1.4%	0.1%	-0.3%	0.0%	0.0%
Income tax expense (benefit)	0.3%	4.6%	2.5%	3.5%	0.1%
Net income (loss)	7.0%	8.5%	6.3%	8.1%	0.1%
Adjusted Gross Profit	41.4%	43.7%	38.3%	38.7%	40.2%
Adjusted EBITDA	16.1%	13.7%	15.6%	13.7%	14.2%
Adjusted Net Income (Loss)	11.2%	5.8%	8.9%	6.8%	5.6%

Three months ended May 31, 2013 compared to three months ended May 31, 2012

Revenues

Revenues in the three month period ended May 31, 2013 increased by $6.2 million, or 7.7% to $86.7 million due to significant growth in lacrosse and apparel driven by the Cascade and Inaria acquisitions, respectively, and 1.7% growth in ice hockey equipment, partially offset by an unfavorable impact from foreign exchange and the impact of lower wholesale prices as a result of the Canadian Tariff Reduction. Ice Hockey equipment revenue growth was driven by goalie, protective and accessories based on the success of new “Back-to-Hockey” product launches, including the REACTOR goalie line, Supreme and Nexus pants and the TUUK LIGHTSPEED EDGE holder and replaceable steel blades. The growth in these categories was partially offset by lower composite stick sales driven by high retail inventories and aggressive competitor closeouts in the marketplace. The translation impact of foreign exchange in the three month period ended May 31, 2013 decreased our reported revenues by $1.0 million compared to the prior year. Excluding the impact of foreign exchange, revenues increased 8.9%, and excluding the impact of foreign exchange, the Cascade Acquisition and the Inaria Acquisition, revenues decreased 1.6%. Overall revenues in North America grew by 7.7% (or declined 6.8% excluding the Cascade and Inaria Acquisitions) and increased by 7.6% in the rest of the world.

Gross Profit

Gross profit in the three month period ended May 31, 2013 decreased by $0.8 million, or 2.4% to $33.8 million. Gross profit was favourably impacted by higher revenues, partially offset by the corresponding increase in cost of goods sold, freight, and distribution costs. Gross profit was negatively impacted by the purchase accounting related amortization and non-cash charges to cost of goods sold resulting from the fair value adjustment of inventories related to the Inaria Acquisition as well as the reduction in wholesale prices as a result of the Canadian Tariff Reduction and certain higher product costs.

As a percentage of revenues, gross profit decreased to 39.0% for the three month period ended May 31, 2013 from 43.0% in the three month period ended May 31, 2012 driven by the above items. The translation impact of foreign exchange in the three month period ended May 31, 2013 decreased gross profit by $0.5 million compared to the prior year. See the “Factors Affecting our Performance – Cost of Goods Sold” and the “Outlook” section for more detail on our product costs.

Adjusted Gross Profit

Adjusted Gross Profit in the three month period ended May 31, 2013 increased by $0.7 million, or 2.0% to $35.9 million. Adjusted Gross Profit as a percentage of revenues decreased to 41.4% for the three month period ended May 31, 2013 from 43.7% for the three month period ended May 31, 2012 driven by the factors described under “Gross Profit” above except for the purchase accounting impacts and the cost of duty paid on products imported prior to the April 1 Canadian Tariff Reduction which are not included in the calculation of Adjusted Gross Profit. Please see the Adjusted Gross Profit table for the reconciliation of gross profit to Adjusted Gross Profit in the “Non-IFRS Measures” section.

Selling, General and Administrative Expenses

SG&A expenses in the three month period ended May 31, 2013 and May 31, 2012 remained consistent at $23.4 million as lower spending was offset by termination benefits and share-based payment expenses. Excluding the impact of acquisition related charges, termination benefits and share-based payment expenses, our SG&A expenses decreased by $1.0 million, or 4.7% to $18.9 million driven by lower marketing expenses due to lower endorsement costs as a result of the shortened NHL season and timing of marketing investments (Fiscal 2012 included the initial launch of the NEXUS family of products) which offset the addition of SG&A expenses related to the Cascade, Inaria, and Combat operations.

As a percentage of revenues, our SG&A expenses (including acquisition related charges, termination benefits and share-based payment expenses) decreased to 27.0% for the three month period ended May 31, 2013 from 29.1% of revenues for the three month period ended May 31, 2012. Excluding acquisition related charges, termination benefits and share-based payment expenses, SG&A expenses as a percentage of revenue decreased to 21.8% for the three month period ended May 31, 2013 from 24.7% of revenues for the three month period ended May 31, 2012. The translation impact of foreign exchange for the three month period ended May 31, 2013 decreased our reported SG&A expenses by $0.1 million compared to the prior year.

Research and Development Expenses

R&D expenses in the three month period ended May 31, 2013 increased by $0.8 million, or 18.5%, to $4.6 million, due to our continued focus on product development efforts and the addition of Cascade's R&D. As a percentage of revenues, our R&D expenses increased to 5.3% for the three month period ended May 31, 2013 from 4.7% of revenues for the three month period ended May 31, 2012. The translation impact of foreign exchange for the three month period ended May 31, 2013 did not have a significant impact on reported R&D expenses.

Adjusted EBITDA

Adjusted EBITDA in the three month period ended May 31, 2013 increased to $14.0 million from $11.0 million for the three month period May 31, 2012 due to the gross profit and expenses described above and a favourable impact in realized gains/losses on derivatives which are included in finance costs/income. As a percentage of revenues, Adjusted EBITDA improved to 16.1% for the three month period ended May 31, 2013 from 13.7% for the three month period ended May 31, 2012 due to lower SG&A expenses (excluding acquisition related charges and costs related to share offerings) as a percentage of revenues. Please see the Adjusted EBITDA table for the reconciliation of net income to Adjusted EBITDA in the "Non-IFRS Financial Measures" section.

Finance Costs/Income

Finance costs/income changed from finance income of $3.3 million in the three month period ended May 31, 2012 to finance costs of $0.6 million in the three month period ended May 31, 2013. The change was primarily driven by a $7.3 million lower unrealized gain on derivatives offset by a $1.7 million decrease in the realized loss on derivatives and a favourable change in foreign exchange gains and losses of $1.4 million (primarily the result of fluctuations in the value of the Canadian dollar against the U.S. dollar).

Income Taxes

Income tax expense in the three month period ended May 31, 2013 decreased by $3.4 million to $0.3 million. Current tax expense for the period was $0.8 million and the deferred income tax benefit was $0.5 million. The Company's effective tax rate was 5.2% compared to 35.4% for the same period in the prior year. The change in the effective tax rate was driven by a favorable impact from the non-taxable gain on bargain purchase related to the Combat Acquisition, favorable adjustments related to prior period items and changes in estimated tax rates for the year. These items combined with a relatively small pre-tax income amount resulted in a lower than normal effective tax rate.

Net Income

Net income in the three month period ended May 31, 2013 decreased by $0.7 million to $6.1 million from net income of $6.8 million in the three month period ended May 31, 2012. This was driven by an unfavourable year over year change in the unrealized gain on derivatives and slightly lower gross margin described above partially offset by favorable impact in the realized gain / loss on derivatives, and lower taxes. The translation impact of foreign exchange for the three month period ended May 31, 2013 decreased our net income by $0.3 million compared to the prior year.

Adjusted Net Income

Adjusted Net Income in the three month period ended May 31, 2013 increased by $5.0 million, or 106.4% to $9.7 million driven by the operating results described above, as reflected in the Adjusted EBITDA growth, and the impact of lower taxes. Adjusted Net Income/Loss removes unrealized gains/losses on foreign exchange, acquisition-related charges, share-based payment expenses, costs related to share offerings, and other one-time or non-cash expenses. Please see the Adjusted Net Income/Loss table for the reconciliation of net income to Adjusted Net Income/Loss and Adjusted EPS in the “Non-IFRS Financial Measures” section.

Twelve months ended May 31, 2013 compared to twelve months ended May 31, 2012

Revenues

Revenues in the twelve month period ended May 31, 2013 increased by $24.8 million, or 6.6% to $399.6 million due to strong growth in several ice hockey equipment categories, apparel, and the addition of Cascade and Inaria revenues, partially offset by the unfavorable effect of foreign exchange on our reported revenues. Apparel revenues grew by 42.4% driven by the addition of soccer and hockey uniform revenue from Inaria, continued success in performance apparel and bags (increase of 18.6%) and strong growth in team apparel (increase of 32.4% excluding Inaria). Lacrosse sales increased significantly as a result of the Cascade Acquisition. Ice hockey equipment revenues were flat compared to prior year, or grew by 1.1% excluding the impact of foreign exchange and the impact of lower wholesale prices as a result of the Canadian Tariff Reduction. Ice hockey equipment growth was driven by 12.1% growth in helmets reflecting strong demand for the new BAUER RE-AKT helmet, 44.1% growth in accessories due to the launch of the TUUK LIGHTSPEED EDGE holder and replaceable steel blades, and 3.7% growth in protective equipment driven by the success of the NEXUS protective line and the three family product strategy, partially offset by a 3.8% decline in skates (1.6% decline excluding the impact of foreign exchange and the Canadian Tariff Reduction) and a 3.0% decline in sticks (1.6% decline excluding the impact of foreign exchange) both primarily due to lower performance and recreational sales as a result of high levels of competitor closeout activity. The translation impact of foreign exchange in the twelve month period ended May 31, 2013 decreased our reported revenues by $6.9 million compared to the prior year. Excluding the impact of foreign exchange, revenues increased by 8.5%, and excluding the impact of foreign exchange, the Cascade Acquisition and the Inaria Acquisition, revenues increased by 1.9%. Overall revenues in North America grew by 6.9% (or declined 2.0% excluding the Cascade and Inaria Acquisitions) and by 5.7% in the rest of the world.

Gross Profit

Gross profit in the twelve month period ended May 31, 2013 increased by $4.6 million, or 3.2% to $147.2 million. Gross profit was favourably impacted by higher revenues, partially offset by the corresponding increase in cost of goods sold, freight, and distribution costs. Gross profit was negatively impacted by the purchase accounting related amortization and non-cash charges to cost of goods sold resulting from the fair value adjustment of inventories related to the Inaria Acquisition as well as the reduction in wholesale prices as a result of the Canadian Tariff Reduction.

As a percentage of revenues, gross profit decreased to 36.8% for the twelve month period ended May 31, 2013 versus 38.0% in the twelve month period ended May 31, 2012 largely driven by the purchase accounting and Canadian Tariff Reduction related impacts. The translation impact of foreign exchange in the twelve month period ended May 31, 2013 decreased gross profit by $5.1 million compared to the prior year.

Adjusted Gross Profit

Adjusted Gross Profit in the twelve month period ended May 31, 2013 increased by $7.9 million, or 5.4% to $153.0 million. Adjusted Gross Profit was favourably impacted by higher revenues, partially offset by increased cost of goods sold, freight, and distribution costs all as a result of the higher revenues. Adjusted Gross Profit as a percentage of revenues decreased to 38.3% for the twelve month period ended May 31, 2013 from 38.7% for the twelve month period ended May 31, 2012 driven by higher product and distribution costs, partially offset by the impact of the Cascade Acquisition. Please see the Adjusted Gross Profit table for the reconciliation of gross profit to Adjusted Gross Profit in the “Non-IFRS Measures” section.

Selling, General and Administrative Expenses

SG&A expenses in the twelve month period ended May 31, 2013 increased by $7.1 million, or 8.6% to $90.4 million due largely to expenses associated with the Cascade Acquisition, the Inaria Acquisition, the Kohlberg Offerings, share-based payment expenses, and termination benefits. Excluding the impact of acquisition related charges, termination benefits and share-based payment expenses, SG&A expenses increased by $1.0 million, or 1.4% driven by the addition of SG&A expenses related to the Cascade and Inaria operations partially offset by lower endorsement costs as a result of the shortened NHL season.

As a percentage of revenues, our SG&A expenses (including acquisition related charges, costs related to share offerings, termination benefits and share-based payment expenses) increased to 22.6% for the twelve month period ended May 31, 2013 from 22.2% of revenues for the twelve month period ended May 31, 2012. Excluding the impact of acquisition related charges, termination benefits and share-based payment expenses, SG&A expenses as a percentage of revenue decreased to 19.8% for the twelve month period ended May 31, 2013 from 20.8% of revenues for the twelve month period ended May 31, 2012. The translation impact of foreign exchange for the twelve month period ended May 31, 2013 decreased our reported SG&A expenses by $0.5 million compared to the prior year.

Research and Development Expenses

R&D expenses in the twelve month period ended May 31, 2013 increased by $2.2 million, or 15.4% to $16.1 million, due to our continued focus on product development efforts and the addition of Cascade’s R&D. As a percentage of revenues, our R&D expenses increased to 4.0% for the twelve month period ended May 31, 2013 from 3.7% of revenues for the twelve month period ended May 31, 2012. The translation impact of foreign exchange for the twelve month period ended May 31, 2013 did not have a significant impact on our reported R&D expenses compared to the prior year.

Adjusted EBITDA

Adjusted EBITDA in the twelve month period ended May 31, 2013 increased by $10.8 million, or 20.9% to $62.3 million due to the gross profit and expenses described above and a favourable year-over-year impact in realized gains/losses on derivatives which are included in finance costs/income. As a percentage of revenues, Adjusted EBITDA increased to 15.6% for the twelve month period ended May 31, 2013 from 13.7% for the twelve month period ended May 31, 2012 due to the lower SG&A expenses (excluding acquisition related charges and costs related to share offerings) as a percentage of revenues and the favourable year-over-year impact from realized gains/losses on derivatives. Please see the Adjusted EBITDA table for the reconciliation of net income to Adjusted EBITDA in the "Non-IFRS Measures" section.

Finance Costs/Income

Finance costs in the twelve month period ended May 31, 2013 increased by $4.7 million to $6.6 million from $1.9 million in the twelve month period ended May 31, 2012. The change was driven by a $13.4 million lower unrealized gain on derivatives, partially offset by a $5.0 million decrease in the realized loss on derivatives, a $3.2 million favourable change in foreign exchange gains and losses (primarily the result of fluctuations in the value of the Canadian dollar against the U.S. dollar), and a $0.8 million decrease in interest expense. Finance costs for the twelve month period ended May 31, 2013 also included a non-recurring and non-cash charge of $0.3 million for the loss on the amendment of the Revolving Loan incurred as a result of the debt refinancing completed at the time of the Cascade Acquisition.

Income Taxes

Income tax expense in the twelve month period ended May 31, 2013 decreased by $3.3 million to $9.8 million. Current tax expense for the period was $5.8 million and the deferred income tax expense was $4.0 million. The Company's effective tax rate was 28.0% compared to 30.3% for the same period in the prior year. The change in the effective tax rate was driven by a favorable impact from the non-taxable gain on bargain purchase related to the Combat Acquisition and favorable adjustments related to prior period items, partially offset by an increase in the Company's estimated U.S. state tax rates.

Net Income

Net income in the twelve month period ended May 31, 2013 decreased by $4.9 million to $25.3 million from net income of $30.2 million in the twelve month period ended May 31, 2012. The decrease was primarily driven by higher acquisition related charges, costs related to share offerings, termination benefits and the lower unrealized gain on derivatives which more than offset the increase in gross profit. The translation impact of foreign exchange for the twelve month period ended May 31, 2013 decreased our net income by $3.9 million compared to the prior year.

Adjusted Net Income

Adjusted Net Income in the twelve month period ended May 31, 2013 increased by $10.2 million, or 40.0% to $35.7 million. This was the result of the strong operating results, as reflected in the Adjusted EBITDA growth, lower interest expense, and lower taxes, partially offset by higher depreciation and amortization. Adjusted Net Income/Loss removes unrealized gains/losses on foreign exchange, acquisition-related charges, share-based payment expenses, costs related to share offerings, and other one-time or non-cash expenses. Please see the Adjusted Net Income/Loss table for the reconciliation of net income to Adjusted Net Income/Loss and Adjusted EPS in the "Non-IFRS Financial Measures" section.

Summary of Consolidated Quarterly Results

The following table summarizes quarterly financial results and major operating statistics for the Company for the last eight quarters:

(millions of U.S. dollars, except for percentages and per share amounts)

	May 31, 2013	February 28, 2013	November 30, 2012	August 31, 2012	May 31, 2012	February 29, 2012	November 30, 2011	August 31, 2011
Revenues	$86.7	$54.9	$109.6	$148.3	$80.5	$51.5	$100.3	$142.4
Cost of goods sold	52.9	40.2	71.2	88.0	45.9	36.6	66.7	82.9
Gross profit	$33.8	$14.7	$38.4	$60.3	$34.6	$14.9	$33.6	$59.5
Operating expenses:								
Selling, general & administrative	23.4	19.4	24.6	23.1	23.4	17.3	21.5	21.1
Research & development	4.6	4.0	4.0	3.5	3.8	3.4	3.3	3.4
Operating income (loss)	$5.8	($8.7)	$9.8	$33.7	$7.4	($5.8)	$8.8	$35.0
Finance costs (income)	0.6	(3.8)	0.5	9.3	(3.3)	6.1	(2.2)	1.3
Other expense (income)	(1.2)	0.1	-	-	0.1	-	0.1	-
Income tax expense (benefit)	0.3	(2.1)	3.2	8.4	3.7	(4.4)	2.7	11.1
Net income (loss)	$6.1	($2.9)	$6.1	$16.0	$6.8	($7.5)	$8.2	$22.6
Adjusted Gross Profit	$35.9	$16.4	$39.7	$61.0	$35.2	$15.5	$34.2	$60.2
Adjusted EBITDA	$14.0	($3.8)	$14.2	$37.9	$11.0	($3.8)	$9.3	$34.9
Adjusted Net Income (Loss)	$9.7	($4.2)	$7.3	$22.9	$4.7	($4.4)	$4.4	$20.9
Adjusted EPS	$0.26	($0.11)	$0.20	$0.65	$0.15	($0.14)	$0.14	$0.66
Basic earnings (loss) per share	$0.18	($0.08)	$0.18	$0.48	$0.23	($0.25)	$0.27	$0.75
Diluted earnings (loss) per share	$0.17	($0.08)	$0.16	$0.45	$0.21	($0.25)	$0.26	$0.72
As a percentage of revenues:								
Revenues	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Cost of goods sold	61.0%	73.2%	65.0%	59.4%	57.0%	71.1%	66.5%	58.2%
Gross profit	39.0%	26.8%	35.0%	40.6%	43.0%	28.9%	33.5%	41.8%
Operating expenses:								
Selling, general & administrative	27.0%	35.3%	22.4%	15.6%	29.1%	33.6%	21.4%	14.8%
Research & development	5.3%	7.3%	3.6%	2.4%	4.7%	6.6%	3.3%	2.4%
Operating income (loss)	6.7%	-15.8%	8.9%	22.7%	9.2%	-11.3%	8.8%	24.6%
Finance costs (income)	0.7%	-6.9%	0.5%	6.3%	-4.1%	11.8%	-2.2%	0.9%
Other expense (income)	-1.4%	0.2%	0.0%	0.0%	0.1%	0.0%	0.1%	0.0%
Income tax expense (benefit)	0.3%	-3.8%	2.9%	5.6%	4.6%	-8.5%	2.7%	7.8%
Net income (loss)	7.0%	-5.3%	5.6%	10.8%	8.5%	-14.6%	8.2%	15.9%
Adjusted Gross Profit	41.4%	29.9%	36.2%	41.1%	43.7%	30.1%	34.1%	42.3%
Adjusted EBITDA	16.1%	-6.9%	13.0%	25.5%	12.7%	-7.4%	9.3%	24.5%
Adjusted Net Income (Loss)	11.2%	-7.7%	6.7%	15.4%	5.8%	-8.5%	4.4%	14.7%

OUTLOOK

Forward-looking statements are included in this MD&A, including this “Outlook” section. See "Caution Regarding Forward-Looking Statements" for a discussion of risks, uncertainties, and assumptions relating to these statements. For a description of the risks relating to the Company, refer to the “Risk Factors” section of this MD&A and the "Risk Factors" section of BAUER’s Annual Information Form dated August 29, 2012 available on www.sedar.com.

Our revenues are generated from (i) booking orders, which are typically received several months in advance of the actual delivery date or range of delivery dates (see paragraph below for further discussion), (ii) repeat orders, which are for at-once delivery, and (iii) other orders. The seasonality of our business and the manner in which we solicit orders could create quarterly variations in the percentage of our revenues that are comprised of booking orders. Historically, booking orders constitute most of our orders in our first and fourth fiscal quarters, but constitute approximately one-half of our orders in our second fiscal quarter and approximately one-third of our orders in our third fiscal quarter. Although our booking orders give us some visibility into our future financial performance, there may not be a direct relationship between our booking orders and our future financial performance given several factors, among which are: (i) the timing of order placement compared to historical patterns, (ii) our ability to service demand for our product, (iii) the willingness of our customers to commit to purchasing our product, and (iv) the actual sell-through of our products at retail driving changes in repeat orders. As a result, there can be no assurances that our booking orders will translate into realized sales. Investors should not place undue reliance on the year-over-year change in our booking orders as an indication of our total revenues in any fiscal period. Disclosure regarding our booking orders is intended to provide visibility into the demand for our products by our customers.

We note that reported booking orders include firm orders for which we are given specific delivery dates and planning orders for which we are given a range of delivery dates. Planning orders represent a growing part of our total booking orders. In recent years, the conversion rate of planning orders, or the percentage of planning orders which are ultimately shipped, is not materially different than the conversion rate of firm orders. There can be no assurances that this trend will continue for upcoming seasons.

We receive a substantial amount of our “Back-to-Hockey” season booking orders by the end of March (for sales from April through September) and we receive a substantial amount of our “Holiday” season booking orders by the end of September (for sales from October through March). As a result of our product performance and marketing efforts, we have seen continued growth in our order file for the current “Back-to-Hockey” season despite significant headwinds in the North American hockey equipment marketplace. As of April 5, 2013, our booking orders for the current “Back-to-Hockey” season increased by 2% over the prior season to $188.7 million. We are currently receiving orders for the upcoming “Holiday” season which will begin shipping in the second quarter of our Fiscal 2014. We currently intend to publicly disclose our booking orders for the upcoming “Holiday” season around the time we release our financial results for our first fiscal quarter of Fiscal 2014.

While this increase in booking orders is encouraging, suggesting that the Company continues to take market share despite difficult market conditions, it is not possible at this time to extrapolate this increase into an equivalent increase in total revenues for the “Back-to-Hockey” season. We currently have limited visibility to our repeat orders, the other major component of our total revenues, but we believe that our customers are going to place more of their total orders in the form of repeat orders than the prior year. As such, we currently expect a year-over-year increase in repeat orders of the same or greater magnitude as our increase in booking orders for the upcoming season. Furthermore we believe that bookings will become less meaningful as a proxy for our overall growth as dealers continue to shift their purchase behavior to alternative demand streams such as repeat ordering and vendor managed inventory replenishment mechanisms, and as our team business expands.

Management believes that retail inventory levels are higher than normal due primarily to high levels of competitor closeout product that is in the marketplace. Other factors, such as the NHL Lockout and retailer consolidation, have also contributed to the higher retail inventory levels. Assuming competitor closeout activity returns to historical levels, management believes that retail inventories should return to normal levels within the next two fiscal quarters.

As a result of the Canadian Tariff Reduction, effective April 1, 2013, Bauer reduced wholesale prices to its Canadian retail partners to reflect the lower duties on certain categories of hockey equipment. While these reduced wholesale prices will slightly reduce reported revenues, management currently expects that impact of these reduced wholesale prices on affected products will have a limited impact on future profitability, as the reduction in the costs of goods sold is passed on to retailers. We also reduced wholesale prices on products affected by the Canadian Tariff Reduction that were imported prior to April 1, 2013. The total amount of import tariffs paid on products imported prior to April 1, 2013 was $1.6 million of which $0.5 million was recognized in cost of goods sold in the fourth fiscal quarter of Fiscal 2013. The remaining higher cost of goods sold for these products will primarily be recognized within the first half of Fiscal 2014 as this inventory is sold.

The Cascade Acquisition brings additional revenue to the Company that has a different seasonal trend than our core ice hockey business. Much like our Maverik lacrosse brand, the Cascade lacrosse helmet sales will be highest in our second and third fiscal quarters. In addition, Cascade's lacrosse helmet sales are primarily custom orders with a 48-hour turnaround time, so the visibility to customer orders in advance is limited.

The Inaria Acquisition provides the Company with full team apparel capabilities, including the design, development and manufacturing of uniforms for ice hockey, roller hockey, lacrosse, soccer and other team sports. We expect these team apparel revenues to align with our current hockey and lacrosse selling seasons. In addition, these custom team orders are typically fulfilled within a 30 to 60 day turnaround time, so the visibility to customer orders in advance is limited.

The Combat Acquisition provides the Company with intellectual property that will strengthen its research and development portfolio and expands the Company's product offering into baseball and softball. We expect these revenues to substantially align with our "Holiday" season. As we bought Combat out of bankruptcy, we are in the process of restoring relationships with customers and suppliers. Therefore, the visibility to customer orders in advance is limited at this time. We expect to move towards booking orders representing two-thirds of total customer orders with an estimated visibility of four to five months.

Our gross profit margins are susceptible to change due to higher or lower product costs, the mix of sales between product categories or different price points, as well as other factors. Our recent gross profit margins have been unfavourably impacted by higher product costs. We currently expect continued increases in our cost of goods sold due to, among other factors, the uncertainty of Asian currencies' fluctuations against the U.S. dollar, increases in labour rates, and increases in raw material and freight costs. To help mitigate this cost inflation we intend to continue our cost reduction and supply chain initiatives of the past several years as well as evaluate alternative strategies as needed. Current initiatives include working with our manufacturing partners to develop lower cost materials and to assemble products more efficiently. We also currently intend to continue our investment in R&D, and review our internal and external distribution structure to lower costs and improve services.

LIQUIDITY AND CAPITAL RESOURCES

Cash Flows

We believe that ongoing operations and associated cash flow, in addition to our cash resources and Amended Revolving Loan, provide sufficient liquidity to support our business operations for at least the next twelve months. Furthermore, as of May 31, 2013, the Company held cash and cash equivalents of $4.5 million and had Amended Revolving Loan availability of $65.0 million, which provides further flexibility to meet any unanticipated cash requirements due to changes in working capital commitments or liquidity risks associated with financial instruments. Such changes may arise from, among other things, the seasonality of our business (see the "Factors Affecting our Performance – Seasonality" and "Outlook" sections), the failure of one or more customers to pay their obligations (see the "Quantitative and Qualitative Disclosures About Market and Other Financial Risks – Credit Risk" section) or from losses incurred on derivative instruments, such as foreign exchange swaps, interest rate contracts, and foreign currency forwards (see the "Factors Affecting our Performance – Finance Costs/Income" section).

The following table summarizes our net cash flows provided by and used in operating, investing and financing activities:

	Twelve Months Ended	
(millions of U.S. dollars)	May 31, 2013	May 31, 2012
Net cash flows from (used in) operating activities	$16.9	$17.1
Net cash flows from (used in) investing activities	(81.4)	(4.5)
Net cash flows from (used in) financing activities	63.9	(9.0)
Effect of exchange rate changes on cash	-	(0.5)
(Decrease) / increase in cash	(0.6)	3.1
Beginning cash	5.1	2.0
Ending cash	$4.5	$5.1

Net Cash From (Used In) Operating Activities

Net cash from operating activities for the twelve month period ended May 31, 2013 was $16.9 million, a decrease of $0.2 million compared to net cash from operating activities of $17.1 million for the twelve month period ended May 31, 2012, driven by lower income tax refunds received, partially offset by lower interest paid.

Net Cash From (Used In) Investing Activities

Net cash used in investing activities for the twelve month period ended May 31, 2013 was $81.4 million, an increase of $76.9 million compared to net cash used of $4.5 million for the twelve month period ended May 31, 2012, due primarily to the Cascade Acquisition, the Inaria Acquisition, the Combat Acquisition and higher capital expenditures in the twelve month period ended May 31, 2013. The higher capital expenditures were driven by R&D investments, information systems to assist in streamlining our growing organization, investments in retail marketing assets, and renovations to our facilities.

Net Cash From (Used In) Financing Activities

Net cash flows from financing activities for the twelve month period ended May 31, 2013 was $63.9 million, an increase of $72.9 million compared to net cash used in financing activities of $9.0 million for the twelve month period ended May 31, 2012, due primarily to the financing of the Cascade Acquisition through the issuance of Common Shares and the amendments to the Credit Facility during the twelve month period ended May 31, 2013.

INDEBTEDNESS

Credit Facility

To partially finance the Cascade Acquisition, the Company amended its Credit Facility on June 29, 2012. The Amended Credit Facility replaced all of the credit facilities under the former Credit Facility with a (i) $130.0 million term Amended Term Loan, denominated in both Canadian dollars and U.S. dollars, of which $108.0 million is currently available and drawn, and (ii) $145.0 million Amended Revolving Loan, denominated in both Canadian dollars and U.S. dollars, the availability of which is subject to meeting certain borrowing base requirements. The Amended Revolving Loan includes a $20.0 million letter of credit subfacility and a $10.0 million swing line loan facility.

The interest rates per annum applicable to the loans under the Amended Credit Facility is equal to an applicable margin percentage, plus, at the Borrowers' option depending on the currency of borrowing, (1) the U.S. base rate/Canadian base rate, or (2) LIBOR/Bankers Acceptance rate. The applicable margin percentages are subject to adjustment based upon the Company's Leverage Ratio (as defined under the Amended Credit Facility) as follows:

Leverage Ratio	Base Rate / Canadian Base Rate Margin	LIBOR / BA Rate Margin	Unused Commitment Fees
Equal to or greater than 3.00:1.00	1.25%	2.50%	0.50%
Equal to or greater than 2.50:1.00 but less than 3.00:1:00	1.00%	2.25%	0.45%
Equal to or greater than 2.00:1.00 but less than 2.50:1.00	0.75%	2.00%	0.40%
Less than 2.00:1.00	0.50%	1.75%	0.35%

The Amended Credit Facility defines Leverage Ratio as Net Indebtedness divided by EBITDA. Net Indebtedness includes such items as the Company's term loan, capital lease obligations, subordinated indebtedness, and average revolving loans for the last twelve months as of the reporting date, less the average amount of cash for the last twelve months as of the reporting date. EBITDA is as defined in the Amended Credit Facility. The following table depicts the Company's Leverage Ratio as calculated under the Amended Credit Facility:

	As of May 31, 2013	As of February 28, 2013	As of November 30, 2012	As of August 31, 2012	As of May 31, 2012
Leverage Ratio	2.70	2.76	2.69	2.76	2.72

Additionally, on the last day of each calendar quarter, the Borrowers pay a commitment fee in an amount equal to 0.5% per annum of the average unused daily balance (less any outstanding letters of credit).

The interest rate on the Amended Credit Facility for the three and twelve months period ended May 31, 2013 ranged from 2.52% to 4.25% and from 2.52% to 5.50%, respectively. The Company's available credit line was $65.0 million as of May 31, 2013. As of May 31, 2013, there are three letters of credit totaling $1.5 million outstanding under the Amended Revolving Loan.

CAPITAL EXPENDITURES

In the three month period ended May 31, 2013 and the three month period ended May 31, 2012, we incurred capital expenditures of $3.5 million and $1.7 million, respectively. In the twelve month period ended May 31, 2013 and the twelve month period ended May 31, 2012, we incurred capital expenditures of $7.4 million and $4.5 million, respectively. As a percentage of revenues, our capital expenditures for the twelve months ended May 31, 2013 were 1.8% of revenues compared to 1.2% of revenues for the twelve months ended May 31, 2012. The capital investments were incurred for R&D, information systems to assist in streamlining our growing organization, investments in retail marketing assets, and renovations to our facilities. The year-over-year increase is driven by increased or higher investments in information systems for BAUER and our other newly acquired businesses. Our ordinary course of operations requires minimal capital expenditures for equipment given that we manufacture most of our products through our manufacturing partners. Going forward, to support our growth and key business initiatives, we currently anticipate moderately higher levels of capital expenditures and investment.

CONTRACTUAL OBLIGATIONS

The following table summarizes our material contractual obligations as of May 31, 2013:

		Twelve Months Ended May 31,					
(millions of U.S. dollars)	Total	2014	2015	2016	2017	2018	Thereafter
Lease Obligations:							
Operating lease obligations	$16.4	$5.0	$4.0	$2.7	$1.0	$0.6	$3.1
Finance lease obligations	0.1	0.1	-	-	-	-	-
Endorsement contracts	7.4	4.0	2.2	0.6	0.5	0.1	-
Long-term borrowings:							
Revolving loan	67.7	2.7	-	65.0	-	-	-
Term loan due 2016	107.9	9.5	9.5	88.9	-	-	-
Inventory purchases	47.2	47.2	-	-	-	-	-
Non-inventory purchases	1.4	1.4	-	-	-	-	-
Total	$248.1	$69.9	$15.7	$157.2	$1.5	$0.7	$3.1

OFF BALANCE SHEET ARRANGEMENTS

We enter into agreements with our manufacturing partners on tooling requirements for our manufactured products. The following table summarizes our vendor tooling commitments as of May 31, 2013 and Fiscal 2013:

(millions of U.S. dollars)

Vendor	Tooling acquisition value	Cost paid	Owed amounts as of May 31, 2013	Open purchase orders amortization value	Outstanding liability Fiscal 2013
Supplier A	$4.6	$3.7	$0.9	$0.2	$0.7
Supplier B	4.0	2.4	1.6	0.2	1.4
Supplier C	1.7	1.1	0.6	-	0.6
Supplier D	0.4	0.3	0.1	-	0.1
Supplier E	0.3	0.3	-	-	-
Supplier F	0.1	0.1	-	-	-
Supplier G	0.1	-	0.1	-	0.1
Total	$11.2	$7.9	$3.3	$0.4	$2.9

RELATED PARTY TRANSACTIONS

The largest shareholder of the Company is the Kohlberg Funds. The Kohlberg Funds include Kohlberg TE Investors VI, LP, Kohlberg Investors VI, LP, Kohlberg Partners VI, LP, and KOCO Investors VI, LP, each of which is advised or managed by Kohlberg Management VI, L.L.C.

On June 29, 2012, in conjunction with the acquisition of Cascade, the Company issued 642,000 Common Shares as part of a concurrent private placement to the Kohlberg Funds resulting in gross and net proceeds of $4.9 million (Cdn$5.0 million).

On September 26, 2012, the Kohlberg Funds entered into an agreement for a public offering, on a bought deal basis, of 3,600,000 Common Shares of the Company at an offering price of Cdn$9.90 per Common Share. In addition, an over-allotment option was granted, exercisable for a period of 30 days from closing, to purchase up to an additional 540,000 Common Shares. On October 17, 2012, the Kohlberg Funds completed the sale of an aggregate of 4,140,000 Common Shares at a price of Cdn$9.90 per Common Share, including the exercise in full of the over-allotment option. The Company did not receive any proceeds from the offering. In connection with the Kohlberg Offering, the Company incurred $0.4 million in fees which was recognized in the three month period ended November 30, 2012.

On January 17, 2013, the Kohlberg Funds entered into an agreement for a public offering, on a bought deal basis, of 3,000,000 Common Shares of the Company at an offering price of Cdn$11.60 per Common Share. In addition, an over-allotment option was granted, exercisable for a period of 30 days from closing, to purchase up to an additional 450,000 Common Shares. On February 6, 2013, the Kohlberg Funds completed the sale of an aggregate of 3,450,000 Common Shares at a price of Cdn$11.60 per Common Share, including the exercise in full of the over-allotment option. The Company did not receive any proceeds from the offering. In connection with the Kohlberg Offering, the Company incurred $0.4 million in fees which was recognized in the three and twelve month periods ended May 31, 2013.

As of May 31, 2013 there were no outstanding balances with any of the Kohlberg Funds.

CONTINGENCIES

In connection with the Business Purchase from Nike, a subsidiary of KSGI agreed to pay an additional consideration to Nike in future periods, based upon the attainment of a qualifying exit event. As of May 31, 2013, the maximum potential future consideration pursuant to such arrangements, to be resolved on or before the eighth anniversary of April 16, 2008, is $10.0 million. As a condition to the acquisition in connection with the IPO, the Existing Holders entered into a reimbursement agreement with the Company pursuant to which each such Existing Holder has agreed to reimburse the Company, on a *pro rata* basis, in the event that the Company or any of its subsidiaries are obligated to make such a payment to Nike.

In addition to the matter above, during the ordinary course of its business, the Company is involved in various legal proceedings involving contractual and employment relationships, product liability claims, trademark rights and a variety of other matters. The Company does not believe there are any pending legal proceedings that will have a material impact on the Company's financial position or results of operations.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET AND OTHER FINANCIAL RISKS

Foreign Currency Risk

Foreign currency risk is the risk we incur due to fluctuating foreign exchange rates impacting our results of operations. We are exposed to foreign exchange rate risk driven by the fluctuations against the U.S. dollar of the currencies in which we collect our revenues: the Canadian dollar, euro, Swedish krona, Norwegian krona, and Danish krona. Our exposure also relates to debt held in Canadian dollars and purchases of goods and services in foreign currencies. While we purchase a majority of our products in U.S. dollars, we are exposed to cost variability due to fluctuations against the U.S. dollar of certain foreign currencies, primarily: the Canadian dollar, Chinese renminbi, Taiwan dollar and Thai baht. We continuously monitor foreign exchange risk and have entered into various arrangements to mitigate our foreign currency risk.

Interest Rate Risk

Interest rate risk is the risk that the value of a financial instrument will be affected by changes in market interest rates. Our financing includes long-term debt and an Amended Revolving Loan that bears interest based on floating market rates. Changes in these rates result in fluctuations in the required cash flow to service this debt. We have entered into an interest rate cap on a portion of our term debt to mitigate our interest rate risk.

Credit Risk

Credit risk is when the counterparty to a financial instrument or a customer fails to meet its contractual obligations, resulting in a financial loss to the Company. The counterparties to all derivative transactions are major financial institutions with investment grade credit ratings. However, this does not eliminate the Company's exposure to credit risk with these institutions. This credit risk is generally limited to the unrealized gains in such contracts should any of these counterparties fail to perform as contracted. To manage this risk, the Company has established strict counterparty credit guidelines that are continually monitored and reported to senior management according to specified guidelines.

We sell to a diverse customer base over a global geographic area. We evaluate collectability of specific customers' receivables based on a variety of factors including currency risk, geopolitical risk, payment history, customer stability, and other economic factors. Collectability of receivables is reviewed on an ongoing basis by management and the allowance for doubtful accounts is adjusted as required. Account balances are charged against the allowance for doubtful accounts when we determine that it is probable that the receivable will not be recovered. We believe that the geographic diversity of the customer base, combined with our established credit approval practices and ongoing monitoring of customer balances, mitigates the counterparty risk.

Liquidity Risk

Liquidity risk is the risk that we will not be able to meet our financial obligations. We continually monitor our actual and projected cash flows. We believe our cash flows generated from operations combined with our Amended Revolving Loan provide sufficient funding to meet our obligations.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates, and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income, and expenses. The judgments and estimates are reviewed on an ongoing basis and estimates are revised and updated accordingly. Actual results may differ from these estimates. Significant areas requiring the use of judgment in application of accounting policies, assumptions, and estimates include fair value determination of assets and liabilities in connection with business combinations, fair valuation of financial instruments, impairment of non-financial assets, valuation allowances for receivables and inventory, amortization periods, provisions, employee benefits, share-based payment transactions, and income taxes.

We believe our critical accounting estimates are those related to acquisitions, valuation of derivatives, share-based payments, warranties, retirement benefit obligations, depreciation and amortization income tax and impairment of non-financial assets. We consider these accounting estimates critical because they are both important to the portrayal of our financial condition and operating results, and they require us to make judgments and estimates about inherently uncertain matters.

Acquisitions

The fair value of assets acquired and liabilities assumed in a business combination is estimated based on information available at the date of the acquisition. The estimate of fair value of the acquired intangible assets (including goodwill), property, plant and equipment and other assets and the liabilities assumed at the date of acquisition as well as the useful lives of the acquired intangible assets and property, plant and equipment is based on assumptions. The measurement is largely based on projected cash flows, discount rates and market conditions at the date of acquisition.

Valuation of derivatives

In the valuation of the Company's outstanding derivatives, foreign currency forward contracts and foreign exchange swaps, the fair value is based on current foreign exchange rates at each reporting date. Since the Company recognizes the fair value of these financial instruments on the consolidated statements of financial position and records changes in fair value in the current period earnings, these estimates will have a direct impact on the Company's net income for the period.

Share-based Payments

Accounting for the grant date fair value of stock option awards and the number of awards that are expected to vest is based on a number of assumptions and estimates, including the risk-free interest rate, expected share volatility, expected dividend yield, estimated forfeiture rates, and expected term. The calculation of the grant date fair value requires the input of highly subjective assumptions and changes in subjective input assumptions can materially affect the fair value estimate.

Warranties

Estimated future warranty costs are accrued and charged to cost of goods sold in the period in which revenues are recognized from the sale of goods. The recognized amount of future warranty costs is based on management's best information and judgment and is based in part upon the Company's historical experience. An increase in the provision for warranty costs, with a corresponding charge to earnings, is recorded in the period in which management estimates that additional warranty obligations are likely.

Retirement benefit obligations

Accounting for the costs of the defined benefit obligations is based on actuarial valuations. The present value of the defined benefit obligation recognized in the consolidated statements of financial position and the net financing charge recognized in the consolidated statements of comprehensive income is dependent on current market interest rates of high quality, fixed rate debt securities. Other key assumptions within this calculation are based on market conditions or estimates of future events, including mortality rates. Since the determination of the costs and obligations associated with employee future benefits requires the use of various assumptions, there is measurement uncertainty inherent in the actuarial valuation process.

Depreciation and amortization

Management is required to make certain estimates and assumptions when determining the depreciation and amortization methods and rates, and residual values of equipment and intangible assets. Useful lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology. Management reviews amortization methods, rates, and residual values annually and adjusts amortization accordingly on a prospective basis.

Income Taxes

The measurement of income taxes payable and deferred income tax assets and liabilities requires management to make judgments in the interpretation and application of the relevant tax laws. The actual amount of income taxes only becomes final upon filing and acceptance of the tax return by the relevant authorities, which occurs subsequent to the issuance of the financial statements. Judgments are also made by management to determine the likelihood of whether deferred income tax assets at the end of the reporting period will be realized from future taxable earnings.

Impairment of non-financial assets

Management exercises judgment in assessing whether there are indications that an asset may be impaired. In determining the recoverable amount of assets, in the absence of quoted market prices, impairment tests are based on estimates of discounted cash flow projections and other relevant assumptions. The assumptions used in the estimated discounted cash flow projections involve estimates and assumptions regarding discount rates, royalty rates, and long-term terminal growth rates. Differences in estimates could affect whether goodwill or intangible assets are in fact impaired and the dollar amount of that impairment.

FUTURE ACCOUNTINGS STANDARDS

Financial Statement Presentation

The IASB issued amendments to IAS 1, *Financial Statement Presentation,* which requires changes in the presentation of other comprehensive income, including grouping together certain items of other comprehensive income that may be reclassified to net income (loss). The new requirements are effective for annual periods beginning on or after July 1, 2012. The adoption of the amendments to this standard is not expected to have a material impact on the Company's financial statements.

Employee Benefits

The IASB issued amendments to IAS 19, *Employee Benefits*. The revised standard requires immediate recognition of actuarial gains and losses in other comprehensive income, eliminating the previous options that were available, and enhances the guidance concerning the measurement of plan assets and defined benefit obligations, streamlining the presentation of changes in assets and liabilities arising from defined benefit plans and the introduction of enhanced disclosures for defined benefit plans. Retrospective application of this standard will be effective for annual periods beginning on or after January 1, 2013, with earlier adoption permitted. This amendment is not expected to have any significant impact as the Company already immediately records any actuarial gains and losses in other comprehensive income.

Financial Instruments: Presentation

The IASB issued amendments to IAS 32, *Financial Instruments: Presentation* ("IAS 32"). IAS 32 applies to the classification of financial instruments, from the perspective of the issuer, into financial assets, financial liabilities and equity instruments; and the right for offsetting financial assets and financial liabilities. A right to offset may be currently available or it may be contingent on a future event. An entity must have a legally enforceable right of set-off. The new requirements are effective for annual periods beginning on or after January 1, 2014. The Company is in the process of assessing the potential impact of the IAS 32 amendments.

Financial Instruments

The IASB issued IFRS 9, *Financial Instruments* ("IFRS 9"), as the first step in a multi-phase project to ultimately replace IAS 39, *Financial Instruments: Recognition and Measurement*, with the objective of improving and simplifying the reporting of financial instruments. IFRS 9 introduces new requirements for classifying and measuring financial assets and liabilities. This standard becomes effective on January 1, 2015. The Company is currently assessing the impact of and when to adopt IFRS 9.

Consolidated Financial Statements

The IASB issued IFRS 10, *Consolidated Financial Statements* ("IFRS 10"), which establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. IFRS 10 supersedes IAS 27, *Consolidated and Separate Financial Statements* and SIC 12, *Consolidation – Special Purpose Entities* and is effective for annual periods beginning on or after January 1, 2013. Early adoption is permitted. The Company does not anticipate the application of IFRS 10 to have a significant impact on its consolidated financial statements.

Disclosure of Interests in Other Entities

The IASB issued IFRS 12, *Disclosure of Interests in Other Entities* (“IFRS 12”), which applies to entities that have an interest in a subsidiary, a joint arrangement, an associate or an unconsolidated structured entity. IFRS 12 is effective for annual periods beginning on or after January 1, 2013. Early adoption is permitted. The Company does not anticipate the application of IFRS 12 to have a significant impact on its consolidated financial statements.

Fair Value Measurements

The IASB issued IFRS 13, *Fair Value Measurements* (“IFRS 13”), which defines fair value, sets out a single IFRS framework for measuring fair value and requires disclosures about fair value measurements. IFRS 13 applies when another IFRS requires or permits fair value measurements or disclosures about fair value measurements (and measurements, such as fair value less costs to sell, based on fair value or disclosures about those measurements), except in specified circumstances. IFRS 13 is to be applied for annual periods beginning on or after January 1, 2013. Early adoption is permitted. The Company does not anticipate the application of IFRS 13 to have a significant impact on its consolidated financial statements.

NON-IFRS FINANCIAL MEASURES

This MD&A makes reference to certain non-IFRS measures. These non-IFRS measures are not recognized measures under IFRS and do not have a standardized meaning prescribed by IFRS, and are therefore unlikely to be comparable to similar measures presented by other companies. When used, these measures are defined in such terms as to allow the reconciliation to the closest IFRS measure. Rather, these measures are provided as additional information to complement those IFRS measures by providing further understanding of the Company’s results of operations from management’s perspective. Accordingly, they should not be considered in isolation nor as a substitute for analyses of the Company’s financial information reported under IFRS. We use non-IFRS measures such as Adjusted Net Income/Loss, Adjusted EPS, Adjusted EBITDA, Adjusted Gross Profit and EBITDA to provide investors with a supplemental measure of our operating performance and thus highlight trends in our core business that may not otherwise be apparent when relying solely on IFRS financial measures. We also believe that securities analysts, investors and other interested parties frequently use non-IFRS measures in the evaluation of issuers. We also use non-IFRS measures in order to facilitate operating performance comparisons from period to period, prepare annual operating budgets, and to assess our ability to meet our future debt service, capital expenditure, and working capital requirements.

The definition and reconciliation of Adjusted Gross Profit, EBITDA, Adjusted EBITDA, Adjusted Net Income/Loss, and Adjusted EPS used and presented by the Company to the most directly comparable IFRS measures follows below.

Adjusted Gross Profit

Adjusted Gross Profit is defined as gross profit plus the following expenses which are part of cost of goods sold: (i) amortization and depreciation of intangible assets, (ii) non-cash charges to cost of goods sold resulting from fair market value adjustments to inventory as a result of business acquisitions, (iii) reserves established to dispose of obsolete inventory acquired from acquisitions and (iv) other one-time or non-cash items. We use Adjusted Gross Profit as a key performance measure to assess our core gross profit and as a supplemental measure to evaluate the overall operating performance of our cost of goods sold.

The table below provides the reconciliation of gross profit to Adjusted Gross Profit:

	Three Months Ended		Twelve Months Ended		
(millions of U.S. dollars)	May 31, 2013	May 31, 2012	May 31, 2013	May 31, 2012	May 31, 2011
Gross profit	$33.8	$34.6	$147.2	$142.6	$119.1
Amortization & depreciation of intangible assets [1]	0.9	0.6	3.6	2.5	3.2
Inventory step-up / step-down & reserves [2]	0.7	-	1.7	-	0.6
Other [3]	0.5	-	0.5	-	-
Adjusted Gross Profit	$35.9	$35.2	$153.0	$145.1	$122.9

(1) Upon completion of the Business Purchase from Nike in 2008, the Maverik Lacrosse Acquisition in 2010, the Cascade Acquisition in June 2012, the Inaria Acquisition in October 2012, and the Combat Acquisition in May 2013, the Company capitalized acquired intangible assets at fair market value. These intangible assets, in addition to other intangible assets subsequently acquired, are amortized over their useful life and we recognize the amortization as a non-cash cost of goods sold.

(2) Upon completion of the Inaria Acquisition, the Company adjusted Inaria's inventories to fair market value. Included in the three and twelve month periods ended May 31, 2013 are non-cash charges to cost of goods sold resulting from the fair market value adjustment to inventory. Included in the twelve month period ended May 31, 2011 are non-cash charges to cost of goods sold resulting from the fair market value adjustment to inventory for the Maverik Lacrosse Acquisition and non-recurring inventory reserves established to dispose of Maverik branded inventory.

(3) Other represents the impact of the Canadian Tariff Reduction for the three and twelve month periods ended May 31, 2013.

EBITDA and Adjusted EBITDA

EBITDA is defined as net income adjusted for income tax expense, depreciation and amortization, losses related to amendments to the Credit Facility, gain or loss on disposal of fixed assets, net interest expense, deferred financing fees, unrealized gains/losses on derivative instruments, and realized and unrealized gains/losses related to foreign exchange revaluation. We use EBITDA to assess our operating performance. A reconciliation of net income to EBITDA is provided below.

Adjusted EBITDA is defined as EBITDA before restructuring and other one-time or non-cash charges associated with acquisitions, other one-time or non-cash items, pre-IPO sponsor fees, costs related to share offerings, as well as share-based payment expenses. We use Adjusted EBITDA as the key metric in assessing our business performance when we compare results to budgets, forecasts and prior years. Management believes Adjusted EBITDA is an important measure of operating performance and cash flow, and provides useful information to investors because it highlights trends in the business that may not otherwise be apparent when relying solely on IFRS measures, and eliminates items that have less bearing on operating performance and cash flow. It is an alternative to measure business performance to net income and operating income, and management believes Adjusted EBITDA is a better measure of cash flow generation than, for example, cash flow from operations, particularly because it removes cash flow fluctuations caused by extraordinary changes in working capital. Adjusted EBITDA is used by management in the assessment of business performance and used by our Board of Directors as well as our lenders in assessing management's performance. It is also the key metric in determining payments under incentive compensation plans.

The table below provides the reconciliation of net income (loss) to EBITDA and to Adjusted EBITDA:

	Three Months Ended		Twelve Months Ended		
(millions of U.S. dollars)	May 31, 2013	May 31, 2012	May 31, 2013	May 31, 2012	May 31, 2011
Net Income (loss)	$6.1	$6.8	$25.3	$30.2	$0.4
Income tax expense (benefit)	0.3	3.7	9.8	13.1	0.4
Depreciation & amortization	2.1	1.5	7.8	5.7	7.8
Loss on amendment of revolving loan	-	-	0.3	-	-
Gain on bargain purchase [1]	(1.2)	-	(1.2)	-	-
Realized loss on derivatives & loss on extinguishment of debt	-	-	-	-	3.6
Interest expense, net	1.3	1.8	6.6	7.6	10.4
Deferred financing fees	0.4	0.3	1.5	1.2	1.5
Unrealized (gain)/loss on derivative instruments, net [2]	(0.8)	(8.1)	(0.9)	(14.3)	12.4
Foreign exchange (gain)/loss [2]	0.1	1.5	(0.5)	2.7	(3.4)
EBITDA	$8.3	$7.5	$48.7	$46.2	$33.1
Acquisition Related Charges:					
Inventory step-up / step-down & reserves [3]	0.7	-	1.7	-	0.6
Rebranding / integration costs [4]	1.1	-	3.2	-	0.5
Acquisition costs [5]	0.5	1.2	2.6	1.7	0.2
Maverik growth investment [6]	-	2.1	-	2.3	0.3
Subtotal	$2.3	$3.3	$7.5	$4.0	$1.6
Other[7]	1.7	-	1.7	-	-
Costs related to share offerings and sponsor fees [8]	-	-	0.8	-	8.2
Share-based payment expense	1.7	0.2	3.6	1.3	0.6
Adjusted EBITDA	$14.0	$11.0	$62.3	$51.5	$43.5

(1) This amount represents the gain on bargain purchase as a result of the Combat Acquisition.

(2) The unrealized gain and loss on derivatives is the change in fair market value of the foreign exchange swaps, foreign currency forward contracts and interest rate contracts. The Company has not elected hedge accounting and therefore the changes in the fair value of these derivatives are recognized through profit or loss each reporting period. The foreign exchange gain and loss is the realized and unrealized gains and losses generated by the effect of foreign exchange on recorded assets and liabilities denominated in a currency different from the functional currency of the applicable entity are recorded in finance cost (income), net, as applicable, in the period in which they occur.

(3) Upon completion of the Inaria Acquisition, the Company adjusted Inaria's inventories to fair market value. Included in the three and twelve month periods ended May 31, 2013 are non-cash charges to cost of goods sold resulting from the fair market value adjustment to inventory. Included in the twelve month period ended May 31, 2011 are non-cash charges to cost of goods sold resulting from the fair market value adjustment to inventory for the Maverik Lacrosse Acquisition and non-recurring inventory reserves established to dispose of Maverik branded inventory.

(4) The rebranding / integration costs for the three and twelve month periods ended May 31, 2013 are associated with the integration of the Cascade Acquisition and the Inaria Acquisition. The rebranding / integration costs for the twelve month period ended May 31, 2011 are associated with the integration of the Maverik Acquisition.

(5) Acquisition-related transaction costs including legal, audit, and other consulting costs, incurred as part of the Cascade Acquisition, the Inaria Acquisition and the Combat Acquisition in the three and twelve month periods ended May 31, 2013, and the Maverik

Lacrosse Acquisition in the twelve month periods ended May 31, 2012 and May 31, 2011. Acquisition-related transaction costs also include costs related to reviewing corporate opportunities in the three and twelve month periods ended May 31, 2013 and May 31, 2012.

(6) The Maverik growth investment includes compensation costs related to new hires at Maverik which were designed to support the business of Maverik during its initial start-up phase of growth for Fiscal 2011 and Fiscal 2012.

(7) Other represents the impact of the Canadian Tariff Reduction and $1.2 million for termination benefits for the three and twelve month periods ended May 31, 2013.

(8) In the twelve months ended May 31, 2013 the costs related to share offerings include legal, audit and other consulting costs incurred as part of the Kohlberg Offerings. In the twelve months ended May 31, 2011 the Company incurred sponsor fees and costs related to the IPO of $5.2 million and $3.0 million, respectively.

Adjusted Net Income/Loss and Adjusted EPS

Adjusted Net Income/Loss is defined as net income adjusted for all unrealized gains/losses related to derivative instruments and unrealized gains/losses related to foreign exchange revaluation, non-cash or incremental charges associated with acquisitions, amortization of acquisition related intangible assets for acquisitions since the IPO, costs related to share offerings, share-based compensation expense and other non-cash or one-time items. Adjusted EPS is defined as Adjusted Net Income/Loss divided by the weighted average diluted shares outstanding. We use Adjusted Net Income/Loss and Adjusted EPS as key metrics for assessing our operational business performance and to assist with the planning and forecasting for the future operating results of the underlying business of the Company. We believe Adjusted Net Income/Loss and Adjusted EPS are useful information to investors because they highlight trends in the business that may not otherwise be apparent when relying solely on IFRS measures.

The table below provides the reconciliation of net income (loss) to Adjusted Net Income/Loss and to Adjusted EPS:

	Three Months Ended		Twelve Months Ended		
(millions of U.S. dollars, except share and per share amounts)	May 31, 2013	May 31, 2012	May 31, 2013	May 31, 2012	May 31, 2011
Net income (loss)	$6.1	$6.8	$25.3	$30.2	$0.4
Unrealized foreign exchange loss / (gain) [(1)]	(0.5)	(6.3)	(1.1)	(11.9)	10.5
Costs related to share offerings [(2)]	-	-	0.8	-	10.6
Acquisition related charges [(3)]	2.8	3.3	9.5	4.0	1.3
Share-based payment expense	1.7	0.2	3.6	1.3	1.4
Other [(4)]	0.5	-	0.8	-	-
Tax impact on above items	(0.9)	0.7	(3.2)	1.9	(6.9)
Adjusted Net Income (Loss)	$9.7	$4.7	$35.7	$25.5	$17.3
Average diluted shares outstanding	36,887,222	32,013,064	36,407,008	31,703,527	31,406,618
Adjusted EPS	$0.26	$0.15	$0.98	$0.81	$0.55

(1) The unrealized foreign exchange loss / gain represents the unrealized gain and loss on derivatives and the unrealized portion of the foreign exchange gain and loss from the Adjusted EBITDA table. The unrealized portion of the foreign exchange gain and loss in the three and twelve month periods ended May 31, 2013 was a loss of $0.2 million and a gain of $0.2 million, respectively, and

in the three and twelve month periods ended May 31, 2012 was a loss of $1.7 million and a loss of $2.4 million, respectively. In the twelve month period ended May 31, 2011, the unrealized portion of the foreign exchange gain and loss was a gain of $1.9 million.

(2) Costs related to share offerings in the twelve month period ended May 31, 2013 include legal, audit and other consulting costs incurred as part of the secondary offerings by the Kohlberg Funds. In the twelve month period ended May 31, 2011 costs related to share offerings represent costs related to the IPO.

(3) Acquisition related charges include rebranding / integration costs, and legal, audit, and other consulting costs associated with acquisition transactions. In the three and twelve month periods ended May 31, 2013 these charges relate to the Cascade Acquisition, the Inaria Acquisition, the Combat Acquisition and costs related to reviewing corporate opportunities. In the three and twelve month periods ended May 31, 2012 these charges relate to the Maverik Lacrosse Acquisition and costs related to reviewing corporate opportunities. In the twelve month period ended May 31, 2011 these charges primarily relate to the Maverik Lacrosse Acquisition. The charges also include amortization of intangible assets in the three and twelve month periods ended May 31, 2013 of $0.5 million and $2.0 million, respectively, and non-cash charges to cost of goods sold resulting from the fair market value adjustment to inventory in the three and twelve month periods ended May 31, 2013 of $0.7 million and $1.7 million, respectively.

(4) Other items for the three and twelve month periods ended May 31, 2013 include the $1.2 million gain on bargain purchase related to the Combat Acquisition, $1.2 million for termination benefits and $0.5 million related to the Canadian Tariff Reduction. Also included in the twelve months ended May 31, 2013 is the write-off of $0.3 million of deferred financing fees as a result of amending the Credit Facility.

CONTROLS AND PROCEDURES

Management's Report on Disclosure Controls and Procedures

National Instrument 52-109, "Certification of Disclosure in Issuers' Annual and Interim Filings", issued by the Canadian Securities Administrators requires that the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") certify that they are responsible for establishing and maintaining disclosure controls and procedures for the Company, that disclosure controls and procedures have been designed and are effective in providing reasonable assurance that material information relating to the Company is made known to them, that they have evaluated the effectiveness of the Company's disclosure controls and procedures, and that their conclusions about the effectiveness of those disclosure controls and procedures at the end of the period covered by the relevant annual filings have been disclosed by the Company.

Management, under the supervision of and with the participation of BAUER's CEO and CFO, evaluated the effectiveness of the Company's disclosure controls and procedures (as defined under National Instrument 52-109) and concluded, as of May 31, 2013, that such disclosure controls and processes were effective and were designed to provide reasonable assurance that:

- material information relating to the Company was made known to the CEO and CFO by others, particularly during the period in which the annual filings are being prepared; and
- information required to be disclosed by the Company in its annual filings, interim filings, and other reports filed or submitted by the Company under securities legislation was recorded, processed, summarized, and reported within the time periods specified in securities legislation.

Management's Report on Internal Controls Over Financial Reporting

National Instrument 52-109 also requires the CEO and CFO to certify that they are responsible for establishing and maintaining internal controls over financial reporting for the Company, that those internal controls have been designed and are effective in providing reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with International Financial Reporting Standards, and that the Company has disclosed any changes in its internal controls during its most recent interim period that has materially affected, or is reasonably likely to materially affect, its internal control over financial reporting.

All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

Management under the supervision of and with the participation of BAUER’s CEO and CFO, evaluated and concluded, as of May 31, 2013, that the Company’s internal controls over financial reporting (as defined under National Instrument 52-109) were effective. This evaluation included review of the documentation of controls, evaluation of the design and testing the operating effectiveness of controls, and a conclusion about this evaluation. Based on their evaluation, the CEO and the CFO have concluded that, as at May 31, 2013, the Company’s internal control over financial reporting is effective in providing reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. In making this evaluation, management used the Internal Control-Integrated Framework, which is recognized and suitable framework as developed in 1992 by the Committee of Sponsoring Organizations of the Treadway Commissions (COSO). This evaluation also took into consideration the Company’s Corporate Disclosure Policy and the functioning of its Disclosure Committee.

There were no changes to our internal control over financial reporting that occurred during the three month period ended May 31, 2013 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this MD&A, including in the “Outlook” section, about our current and future plans, expectations and intentions, results, levels of activity, performance, goals, or achievements, or any other future events or developments constitute forward-looking statements. The words “may”, “will”, “would”, “should”, “could”, “expects”, “plans”, “intends”, “trends”, “indications”, “anticipates”, “believes”, “estimates”, “predicts”, “likely” or “potential” or the negative or other variations of these words, or other comparable words or phrases, are intended to identify forward-looking statements. Forward-looking statements are based on estimates and assumptions made by us in light of our experience and perception of historical trends, current conditions, and expected future developments, as well as other factors that we believe are appropriate and reasonable under the circumstances, but there can be no assurance that such estimates and assumptions will prove to be correct. Certain assumptions with respect to the determination of the impairment of assets, claim liabilities, income taxes, employee future benefits, goodwill, and intangibles are material factors made in preparing forward-looking information and management’s expectations. Many factors could cause our actual results, level of activity, performance or achievements, or future events or developments to differ materially from those expressed or implied by the forward-looking statements, including, without limitation, the following factors: inability to introduce new and innovative products, intense competition in the equipment and apparel industries, inability to introduce technical innovation, inability to protect worldwide intellectual property rights, the inability to translate booking orders into realized sales, decrease in ice hockey, roller hockey and/or lacrosse participation rates, adverse publicity, reduced popularity of the NHL and other professional leagues for sports in which our products are used, inability to maintain and enhance brands, reliance on third-party suppliers and manufacturers, disruption of distribution chain or loss of significant customers or suppliers, cost of raw materials, shipping costs and other cost pressures, protection of trademarks and other proprietary rights, weather conditions or seasonal fluctuations in the demand for our products, a change in the mix or timing of orders placed by customers, a change in sales mix towards larger customers, the inability to forecast demand for products, sell-through of our products at retail, inventory shrinkage or excess inventory, the inability to expand into international market segments, product liability claims and product recalls, compliance with standards of testing and athletic governing bodies, departure of senior executives or other key personnel, litigation, employment or union related matters, disruption of information technology systems, restrictive covenants in our Amended Credit Facility, anticipated levels of indebtedness, the inability to generate sufficient cash to service all the Company's indebtedness, the inability to successfully negotiate new acquisitions, such as Cascade and Inaria, the inability to continue making strategic acquisitions, difficulties in or disruptions from integrating Cascade's business, undisclosed liabilities acquired pursuant to the Cascade Acquisition, fluctuations in the value of certain foreign currencies, including but not limited to the Canadian dollar, euro, Swedish krona, Chinese renminbi, Taiwan dollar and Thai baht in relation to the U.S. dollar, the inability to manage foreign exchange derivative instruments, general economic and market conditions, current adverse economic conditions, changes in consumer preferences and the difficulty in anticipating or forecasting those changes, changes in government regulations, the inability of counterparties and customers to meet their financial obligations, natural disasters, as well as the factors identified in the "Risk Factors" section of BAUER's Annual Information Form dated August 29, 2012. Such factors are not intended to represent a complete list of the factors that could affect us; however, these factors should be considered carefully. The purpose of the forward-looking statements is to provide the reader with a description of management's expectations regarding the Company's financial performance and may not be appropriate for other purposes. Readers should not place undue reliance on forward-looking statements made herein. Furthermore, unless otherwise stated, the forward-looking statements contained in this MD&A are made as of August 7, 2013, and we have no intention and undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. The forward-looking statements contained in this MD&A are expressly qualified by this cautionary statement.

MARKET AND INDUSTRY DATA

We have obtained the market and industry data presented in this MD&A from a combination of (i) internal company surveys and commissioned reports, (ii) third-party information, including from independent industry publications and reports, such as the SFIA, (iii) publicly available sport participation surveys from national sport organizations or governing bodies, including Hockey Canada, the IIHF, USA Hockey, US Lacrosse, and FIFA, and (iv) the estimates of BAUER's management team. As there are limited sources that report on ice hockey, roller hockey, lacrosse, baseball and softball equipment and related apparel markets, including soccer apparel, much of the industry and market data presented in this MD&A is based on internally generated management estimates by BAUER, including estimates based on extrapolations from third-party surveys of ice hockey, roller hockey, lacrosse baseball and softball equipment and related apparel markets, including soccer apparel, as well as publicly available sport participation surveys. While we believe our internal surveys, third-party information, publicly available sport participation surveys and estimates of our management are reliable, we have not verified them, nor have they been verified by any independent sources. While we are not aware of any misstatements regarding the market and industry data presented in this MD&A, such data involves risks and uncertainties and is subject to change based on various factors, including those factors discussed under "Caution Regarding Forward-Looking Statements" and "Risk Factors". References to market share data and market size in this MD&A are based on wholesale net revenues unless otherwise indicated.

To the extent market and industry data contained in this MD&A is referenced as a "management estimate" or qualified by phrases such as "we believe" or comparable words or phrases, we have internally generated such data by using a variety of methodologies. With respect to unregistered ice hockey player participation, we have relied on a combination of available external sources and assumed registered-to-unregistered player ratios in the major ice hockey markets. With respect to market size and market share data, we have relied on our internal sales figures and have estimated the sales figures of our competitors using the following data: (i) sales data supplied by major suppliers who participate in voluntary surveys, (ii) cross-references to participation rates and estimates of equipment replacement rates by consumers, (iii) available public reports from competitors (such as Easton and Reebok), largely to confirm industry trends, and (iv) retail surveys. Certain market and industry data estimated by us are based on, or take into account, assumptions made by us in light of our experience of historical trends, current conditions, as well as other factors. Although we believe such assumptions to be appropriate and reasonable in the circumstances, there can be no assurance that such estimates and assumptions are entirely accurate or correct. The purpose of using internal estimates is to provide the reader with important information concerning the industries in which we compete and our relative performance and may not be appropriate for other purposes. Readers should not place undue reliance on internal estimates made herein. The internal estimates contained in this MD&A are expressly qualified by this paragraph.

RISK FACTORS

For a detailed description of risk factors associated with the Company, refer to the "Risk Factors" section of BAUER's Annual Information Form dated August 29, 2012. The Company is not aware of any significant changes to BAUER's risk factors from those disclosed at that time.

ADDITIONAL INFORMATION

Additional information relating to the Company, including continuous disclosure documents, is available on SEDAR at www.sedar.com.

COMMON SHARE TRADING INFORMATION

The Company's Common Shares trade on the Toronto Stock Exchange under the symbol "BAU" and began trading on March 10, 2011. As of August 7, 2013, the Company had the equivalent of 34,905,542 Common Shares issued and outstanding (24,253,542 Common Shares and 10,652 Proportionate Voting Shares), assuming the conversion of the Proportionate Voting Shares issued to Common Shares on the basis of 1,000 Common Shares for one Proportionate Voting Share. Assuming exercise of all outstanding stock options there would be the equivalent of 42,146,395 Common Shares issued and outstanding (assuming conversion) on a fully diluted basis as of August 7, 2013.

GLOSSARY OF TERMS

"**Adjusted EBITDA**" has the meaning set out under "Non-IFRS Financial Measures".

"Adjusted EPS" has the meaning set out under "Non-IFRS Financial Measures".

"**Adjusted Gross Profit**" has the meaning set out under "Non-IFRS Financial Measures".

"Adjusted Net Income/Loss" has the meaning set out under "Non-IFRS Financial Measures".

"**Amended Credit Facility**" means the amended senior secured credit facility entered into by the Borrowers with a syndicate of financial institutions, dated June 29, 2012 and comprised of (i) the Amended Term Loan, and (ii) the Amended Revolving Loan.

"**Amended Revolving Loan**" means the $145.0 million revolving loan, denominated in both Canadian dollars and U.S. dollars, which together with the Amended Term Loan comprises the Amended Credit Facility.

"**Amended Term Loan**" means the $130.0 million term loan, denominated in both Canadian and U.S. dollars, which together with the Amended Revolving Loan comprises the Amended Credit Facility.

"BAUER" or **"Company"** means Bauer Performance Sports Ltd.

"**Bauer Business**" means the business as currently carried on by Bauer Hockey Corp., Bauer Hockey, Inc. and their respective subsidiaries, consisting of, among other things, the design, development, manufacturing, and marketing of performance sports products for ice hockey, roller hockey, lacrosse, baseball and softball, and related apparel, including soccer apparel.

"Board of Directors" means the board of directors of BAUER.

"Borrowers" means, collectively, Bauer Hockey Corp. and Bauer Hockey, Inc.

"**Business Purchase from Nike**" means the purchase of the Bauer Business by the Existing Holders from Nike on April 16, 2008.

"Canadian Tariff Reduction" means the reduction of import tariffs on certain hockey equipment effective as of April 1, 2013 as described under "Recent Events – Tariffs on Hockey Equipment".

"Cascade" means Cascade Helmets Holdings, Inc., which as a result of the Lacrosse Entities Reorganization completed on December 31, 2012, merged with the Company's other lacrosse subsidiaries and holding entities.

"Cascade Acquisition" means the acquisition of Cascade completed on June 29, 2012.

"Combat" means Combat Sports.

"Combat Acquisition" means the acquisition of Combat completed on May 3, 2013.

"Clean Down Provision" is the time period from January 15 to March 15 where the balance of the Amended Revolving Loan has to be paid down below a specified limit for a period of 30 consecutive days.

"**Common Shares**" means the common shares of the Company.

“Credit Facility” means the amended and restated senior secured credit facility entered into by the Borrowers with a syndicate of financial institutions, dated March 10, 2011, and comprised of (i) the Term Loan and (ii) the Revolving Loan, which have subsequently been replaced by the Amended Credit Facility.

“Easton” means Easton-Bell Sports, Inc.

“**EBITDA**” has the meaning set out under “Non-IFRS Financial Measures”.

“**Existing Holders**” means the former security holders of KSGI who sold KSGI and its subsidiaries to BAUER on March 10, 2011 pursuant to the acquisition agreement dated March 3, 2011.

“FIFA” means Fédération Internationale de Football Association (International Federation of Association Football).

“Fiscal 2011” means the Company’s fiscal year ended May 31, 2011.

“Fiscal 2012” means the Company’s fiscal year ended May 31, 2012.

“Fiscal 2013” means the Company’s fiscal year ended May 31, 2013.

“Fiscal 2014” means the Company’s fiscal year ended May 31, 2014.

“**Gross profit margin**” means gross profit divided by revenues.

“Hockey Canada” means the Canadian Hockey Association.

“IAS” means the International Accounting Standards.

“IAS 32” means IAS 32, *Financial Instruments: Presentation.*

“IASB” means the International Accounting Standards Board.

“IFRS” means the International Financial Reporting Standards.

“IFRS 9” means IFRS 9, *Financial Instrument*.

“IFRS 10” means IFRS 10, *Consolidated Financial Statements*.

“IFRS 12” means IFRS 12, *Disclosure of Interests in Other Entities*.

“IFRS 13” means IFRS 13, *Fair Value Measurements*.

“IIHF” means the International Ice Hockey Federation.

“Inaria” means Inaria International, Inc.

“Inaria Acquisition” means the acquisition of substantially all of the assets of Inaria completed on October 16, 2012.

“IPO” means the initial public offering of Common Shares of the Company completed on March 10, 2011.

“**Kohlberg Funds**” means, collectively, Kohlberg TE Investors VI, LP, Kohlberg Investors VI, LP, Kohlberg Partners VI, LP, and KOCO Investors VI, LP, each of which are Existing Holders and funds managed by Kohlberg Management VI, LLC.

“Kohlberg Offering” means, as the context requires, the secondary offering of Common Shares completed by the Kohlberg Funds on October 17, 2012 and/or February 6, 2013.

“KSGI” means Kohlberg Sports Group Inc.

‘‘Lacrosse Entities Reorganization’’ means the reorganization of the Company’s lacrosse operating entities and holding bodies, including Cascade Helmets Holdings, Inc. and Maverik Lacrosse LLC, which was completed on December 31, 2012.

“Management Lockup Agreement” has the meaning set out under the heading “Share-based Payments”.

“Maverik” means Maverik Lacrosse LLC, which as a result of the Lacrosse Entities Reorganization completed on December 31, 2012, merged with the Company’s other lacrosse subsidiaries and holding entities.

“**Maverik Lacrosse Acquisition**” means the acquisition of Maverik in June 2010.

“MD&A” means this management’s discussion and analysis of financial condition and results of operations of the Company for Fiscal 2013.

“**Nike**” means NIKE, Inc., including its affiliates, as applicable.

“**NHL**” means the National Hockey League.

“NHL Lockout” means the shortened NHL 2012-2013 season due to a labour dispute.

“**Predecessor Plan**” means KSGI’s equity incentive plan dated April 16, 2008 and terminated on March 10, 2011.

“**Proportionate Voting Shares**” means the proportionate voting shares of the Company.

“R&D” means research and development.

“**Reebok**” means Reebok International Ltd., a subsidiary of Adidas AG.

“Revolving Loan” means the $100.0 million revolving loan, denominated in both Canadian dollars and U.S. dollars, which together with the Term Loan comprised the former Credit Facility.

“Rollover Options” means options granted under the Rollover Plan.

“**Rollover Plan**” means the Predecessor Plan assumed by the Company on March 10, 2011 in connection with the exchange of predecessor options for fully vested and exercisable Rollover Options.

“SFIA” means Sports and Fitness Industry Association.

“SG&A” means selling, general and administrative.

“Term Loan” means the $100.0 million term loan, denominated in both Canadian and U.S. dollars, which together with the Revolving Loan comprised the former Credit Facility.

“USA Hockey” means USA Hockey, Inc.

“**US Lacrosse**” means US Lacrosse, Inc.

Bauer Performance Sports Ltd.

Consolidated Financial Statements
For the years ended May 31, 2013 and May 31, 2012
(Expressed in U.S. dollars)

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Bauer Performance Sports Ltd.:

We have audited the accompanying consolidated financial statements of Bauer Performance Sports Ltd. ("the Company"), which comprise the consolidated statements of financial position as at May 31, 2013 and 2012, the consolidated statements of comprehensive income, changes in equity and cash flows for the years ended May 31, 2013 and 2012, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Standards Board, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards and auditing standards generally accepted in the United States of America. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Bauer Performance Sports Ltd. as at May 31, 2013 and 2012, and of its consolidated financial performance and its consolidated cash flows for the years ended May 31, 2013 and 2012 in accordance with International Financial Reporting Standards as issued by the International Standards Board.

KPMG LLP

August 7, 2013
Boston, Massachusetts, USA

BAUER PERFORMANCE SPORTS LTD.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in thousands of U.S. dollars)

	As of May 31, 2013	As of May 31, 2012
ASSETS		
Current assets:		
Cash	$ 4,467	$ 5,147
Trade and other receivables (Note 12)	113,682	103,442
Inventories (Note 13)	109,747	84,180
Income taxes recoverable (Note 16)	1,966	3,305
Foreign currency forward contracts (Note 24)	4,513	3,105
Prepaid expenses and other assets	3,084	2,337
Total current assets	237,459	201,516
Property, plant and equipment (Note 14)	10,509	7,544
Goodwill and intangible assets (Note 15)	152,644	80,697
Foreign currency forward contracts (Note 24)	1,119	1,829
Other non-current assets	721	954
Deferred income taxes (Note 16)	4,985	16,423
TOTAL ASSETS	$ 407,437	$ 308,963
LIABILITIES		
Current liabilities:		
Debt (Note 17)	$ 10,774	$ 9,195
Trade and other payables	22,548	24,126
Accrued liabilities (Note 18)	25,672	27,387
Provisions (Note 19)	2,041	1,735
Foreign currency forward contracts (Note 24)	-	52
Income taxes payable (Note 16)	989	551
Retirement benefit obligations (Note 20)	358	364
Total current liabilities	62,382	63,410
Debt (Note 17)	160,913	126,927
Provisions (Note 19)	383	429
Retirement benefit obligations (Note 20)	5,522	5,348
Other non-current liabilities	879	16
Deferred income taxes (Note 16)	918	-
TOTAL LIABILITIES	230,997	196,130
EQUITY		
Share capital (Note 21)	141,397	107,858
Contributed surplus (Note 22)	9,562	4,489
Retained earnings	27,037	1,705
Accumulated other comprehensive loss	(1,556)	(1,219)
TOTAL EQUITY	176,440	112,833
TOTAL LIABILITIES & EQUITY	$ 407,437	$ 308,963

Commitments and Contingencies (Note 25)

The accompanying notes are an integral part of the consolidated financial statements.

On behalf of the Board

Bernard McDonell (signed), Director

Shant Mardirossian (signed), Director

BAUER PERFORMANCE SPORTS LTD.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of U.S. dollars, except per share amounts)

	Year ended May 31, 2013	Year ended May 31, 2012
Revenues	$ 399,593	$ 374,770
Cost of goods sold (Notes 14 and 15)	252,419	232,121
Gross profit	147,174	142,649
Selling, general and administrative expenses (Notes 10, 14 and 15)	90,435	83,297
Research and development expenses	16,056	13,915
Income before finance costs, finance income, gain on bargain purchase, other expenses and income tax expense	40,683	45,437
Finance costs (Note 11)	8,566	16,416
Finance income (Note 11)	(2,000)	(14,514)
Gain on bargain purchase (Note 5)	(1,190)	-
Other expenses	158	230
Income before income tax expense	35,149	43,305
Income tax expense (Note 16)	9,817	13,122
Net income	$ 25,332	$ 30,183
Other comprehensive loss:		
Foreign currency translation differences	(120)	(2,424)
Actuarial loss on defined benefit plans, net (Note 20)	(217)	(299)
Other comprehensive loss, net of taxes	(337)	(2,723)
Total comprehensive income	$ 24,995	$ 27,460
Basic earnings per common share (Note 23)	$ 0.74	$ 1.00
Diluted earnings per common share (Note 23)	$ 0.70	$ 0.95

The accompanying notes are an integral part of the consolidated financial statements.

BAUER PERFORMANCE SPORTS LTD.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in thousands of U.S. dollars)

	Share capital	Contributed surplus	Retained earnings (deficit)	Foreign currency translation differences	Actuarial loss on defined benefit plans, net of taxes	Total Equity
Balance as of June 1, 2011	$ 107,730	$ 1,590	$ (28,478)	$ 1,718	$ (214)	$ 82,346
Net income	-	-	30,183	-	-	30,183
Other comprehensive loss	-	-	-	(2,424)	(299)	(2,723)
Share-based payment transactions	128	2,899	-	-	-	3,027
Balance as of May 31, 2012	$ 107,858	$ 4,489	$ 1,705	$ (706)	$ (513)	$ 112,833
Balance as of May 31, 2012	$ 107,858	$ 4,489	$ 1,705	$ (706)	$ (513)	$ 112,833
Net income	-	-	25,332	-	-	25,332
Other comprehensive loss	-	-	-	(120)	(217)	(337)
Issuance of common shares	32,902	-	-	-	-	32,902
Common share issuance costs	-	(2,098)	-	-	-	(2,098)
Share-based payment transactions	637	4,248	-	-	-	4,885
Recognition of deferred tax on items recorded to equity	-	2,923	-	-	-	2,923
Balance as of May 31, 2013	$ 141,397	$ 9,562	$ 27,037	$ (826)	$ (730)	$ 176,440

The accompanying notes are an integral part of the consolidated financial statements.

BAUER PERFORMANCE SPORTS LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of U.S. dollars)

	For the twelve months ended May 31, 2013	May 31, 2012
OPERATING ACTIVITIES:		
Net income	$ 25,332	$ 30,183
Adjustments to net income:		
Share-based payment expense (Note 22)	3,611	1,318
Depreciation and amortization	7,757	5,470
Finance costs (Note 11)	8,566	16,416
Finance income (Note 11)	(2,000)	(14,514)
Income tax expense (Note 16)	9,817	13,122
Bad debt expense	117	698
Gain on bargain purchase (Note 5)	(1,190)	-
Loss on disposal of assets	45	57
Net changes in balances related to operations (excluding the effect of acquisitions):		
Trade and other receivables	(3,319)	(18,076)
Inventories	(17,674)	4,430
Prepaid expenses and other assets	1,135	(2,498)
Trade and other payables	(2,423)	(8,397)
Accrued and other liabilities	(3,992)	(3,749)
Cash from operating activities	25,782	24,460
Interest paid	(6,246)	(7,388)
Income taxes paid	(2,649)	(2,564)
Income tax refunds received	24	2,644
Net cash from operating activities	16,911	17,152
INVESTING ACTIVITIES:		
Acquisition of subsidiaries, net of cash acquired (Note 5)	(74,008)	-
Purchase of property, plant, equipment and intangible assets	(7,377)	(4,497)
Proceeds from disposition of property, plant and equipment	-	15
Net cash used in investing activities	(81,385)	(4,482)
FINANCING ACTIVITIES:		
Proceeds from debt (Note 17)	30,000	-
Repayment of debt	(9,569)	(8,908)
Net movement in revolving debt	14,595	-
Debt issuance costs (Note 17)	(1,265)	-
Net proceeds from issuance of common shares (Note 21)	30,804	-
Payment of taxes upon net stock option exercise	(694)	(94)
Net cash from (used in) financing activities	63,871	(9,002)
EFFECTS OF EXCHANGE RATE CHANGES ON CASH	(77)	(506)
(DECREASE) INCREASE IN CASH	(680)	3,162
BEGINNING CASH	5,147	1,985
ENDING CASH	$ 4,467	$ 5,147

The accompanying notes are an integral part of the consolidated financial statements.

1. GENERAL INFORMATION

Bauer Performance Sports Ltd. and its subsidiaries ("Bauer" or the "Company") is a public company incorporated pursuant to the laws of the Province of British Columbia. The Company is listed on the Toronto Stock Exchange (TSX: BAU).

Bauer is primarily engaged in the design, manufacture and distribution of performance sports equipment for ice hockey, roller hockey, and lacrosse, as well as related apparel and accessories. The ice hockey products include skates, skate blades, protective gear, sticks, team apparel and accessories. The roller hockey products include skates, protective gear and accessories. The lacrosse products include sticks (shafts and heads) and protective gear. The Company distributes its products primarily in the United States, Canada and Europe to specialty retail stores, sporting goods and national retail chains as well as directly to sports teams. The Company is headquartered at 100 Domain Drive in Exeter, New Hampshire and has leased sales offices in the United States, Canada, Sweden, Germany and Finland. The Company has leased distribution centers located in Toronto, Ontario and Seattle, Washington and third party distribution centers in Boras, Sweden and Aurora, Illinois. The Company's Liverpool, New York and Ottawa, Ontario leased facilities have manufacturing and distribution operations. The Company conducts research and development and limited manufacturing at a leased facility in St. Jerome, Quebec and has a leased sourcing office in Taiwan.

2. STATEMENT OF COMPLIANCE

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These consolidated financial statements were approved by the Board of Directors on August 7, 2013.

3. BASIS OF PRESENTATION

3.1 Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for derivative financial instruments which are measured at fair value through profit or loss and defined benefit obligations which are measured at present value.

3.2 Functional and presentation currency

The Company's consolidated financial statements are presented in U.S. dollars. All financial information presented in U.S. dollars has been rounded to the nearest thousand, except for share and per share amounts.

3.3 Use of estimates and judgments

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Critical accounting estimates

Information about critical accounting estimates that have the most significant effect on the amounts recognized in these financial statements are as follows:

Acquisitions

The fair value of assets acquired and liabilities assumed in a business combination is estimated based on information available at the date of the acquisition. The estimate of fair value of the acquired intangible assets (including goodwill), property, plant and equipment and other assets and the liabilities assumed at the date of acquisition as well as the useful lives of the acquired intangible assets and property, plant and equipment is based on assumptions. The measurement is largely based on projected cash flows, discount rates and market conditions at the date of acquisition.

Valuation of derivatives

In the valuation of the Company's outstanding derivatives, foreign currency forward contracts and foreign exchange swaps, the fair value is based on current foreign exchange rates at each reporting date. Since the Company recognizes the fair value of these financial instruments on the consolidated statements of financial position and records changes in fair value in the current period earnings, these estimates will have a direct impact on the Company's net income for the period.

Share-based payments

Accounting for the grant date fair value of stock option awards and the number of awards that are expected to vest is based on a number of assumptions and estimates, including the risk-free interest rate, expected share volatility, expected dividend yield, estimated forfeiture rates, and expected term. The calculation of the grant date fair value requires the input of highly subjective assumptions and changes in subjective input assumptions can materially affect the fair value estimate.

Provision for warranties

Estimated future warranty costs are accrued and charged to cost of goods sold in the period in which revenues are recognized from the sale of goods. The recognized amount of future warranty costs is based on management's best information and judgment and is based in part upon the Company's historical experience. An increase in the provision for warranty costs, with a corresponding charge to earnings, is recorded in the period in which management estimates that additional warranty obligations are likely.

Retirement benefit obligations

Accounting for the costs of the defined benefit obligations is based on actuarial valuations. The present value of the defined benefit obligation recognized in the consolidated statements of financial position and the net financing charge recognized in the consolidated statements of comprehensive income is dependent on current market interest rates of high quality, fixed rate debt securities. Other key assumptions within this calculation are based on market conditions or estimates of future events, including mortality rates. Since the determination of the costs and obligations associated with employee future benefits requires the use of various assumptions, there is measurement uncertainty inherent in the actuarial valuation process.

Depreciation and amortization

Management is required to make certain estimates and assumptions when determining the depreciation and amortization methods and rates, and residual values of equipment and intangible assets. Useful lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology. Management reviews amortization methods, rates, and residual values annually and adjusts amortization accordingly on a prospective basis.

Critical judgments in applying accounting policies

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in these financial statements are as follows:

Income tax

The measurement of income taxes payable and deferred income tax assets and liabilities requires management to make judgments in the interpretation and application of the relevant tax laws. The actual amount of income taxes only becomes final upon filing and acceptance of the tax return by the relevant authorities, which occurs subsequent to the issuance of the financial statements.

Judgments are also made by management to determine the likelihood of whether deferred income tax assets at the end of the reporting period will be realized from future taxable earnings.

Impairment of non-financial assets

Management exercises judgment in assessing whether there are indications that an asset may be impaired. In determining the recoverable amount of assets, in the absence of quoted market prices, impairment tests are based on estimates of discounted cash flow projections and other relevant assumptions. The assumptions used in the estimated discounted cash flow projections involve estimates and assumptions regarding discount rates, royalty rates, and long-term terminal growth rates. Differences in estimates could affect whether goodwill or intangible assets are in fact impaired and the dollar amount of that impairment.

3.4 Basis of consolidation

(a) Business combinations

Acquisitions of businesses are accounted for using the acquisition method under IFRS 3 *Business Combinations* (“IFRS 3”). The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Company, liabilities incurred and equity interests issued by the Company which includes the fair value of any asset or liability from a contingent consideration arrangement. Transaction costs, other than those associated with the issue of debt or equity securities, are expensed as incurred.

The identifiable assets acquired and the liabilities assumed are recognized at their fair value at the acquisition date, except: (i) non-current assets that are classified as held for sale, which are recognized at fair value less cost to sell; (ii) deferred income tax assets or liabilities are recognized and measured in accordance with IAS 12 *Income Taxes* and (iii) assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with IAS 19 *Employee Benefits* (“IAS 19”).

The Company uses various methods in determining fair value of assets acquired and liabilities assumed. The fair value of property, plant and equipment recognized is based on market values. The market value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm’s length transaction after proper marketing wherein the parties had each acted knowledgeably and willingly. The fair value of items of plant, equipment, and fixtures is based on the market approach and cost approaches using quoted market prices for similar items when available and replacement cost when appropriate. The fair value of inventories is determined based on the estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories. The fair value of trade names, trademarks and purchased technology is based on the relief from royalty method, an income approach. The fair value of customer relationships is determined using an excess earnings approach, whereby the subject asset is valued after deducting a fair return on all other assets that are part of creating the related cash flows. The fair value of non-compete agreements is determined using the probability adjusted lost cash flows method. The fair value of lease agreements is based on analyzing current market rent against lease agreements acquired. The fair value of other intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately through profit or loss as a bargain purchase gain.

Subsequent changes in the fair value of the contingent consideration that result from additional information about facts and circumstances that existed at the acquisition date obtained during the measurement period are measurement period adjustments against goodwill or gain on bargain purchase, as applicable. The measurement period cannot exceed one year from the acquisition date.

Subsequent changes in the fair value of contingent consideration that do not qualify as measurement period adjustments depend on how the contingent consideration is classified. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as a liability that is a financial instrument, and is within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* ("IAS 39"), is measured at fair value with any resulting gain or loss recognized either in profit or loss or in other comprehensive income in accordance with IAS 39. Contingent consideration classified as a liability that is not within the scope of IAS 39 is accounted for in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* ("IAS 37"), or another IFRS as appropriate.

(b) Subsidiaries

These consolidated financial statements include the accounts of Bauer Performance Sports Ltd. and its subsidiaries. Subsidiaries are entities controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date control commences to the date control ceases. The Company owns 100% of the outstanding equity in each of its subsidiaries. All intercompany transactions are eliminated in consolidation.

4. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

4.1 Foreign currency translation

The results and financial position of all of the Company's foreign operations are translated into the Company's functional and presentation currency, the U.S. dollar. The assets and liabilities of foreign operations are translated into U.S. dollars at exchange rates in effect at each accounting period end date. The income and expense items of foreign operations are translated to U.S. dollars at average exchange rates during the period. Gains or losses arising from translation of the financial statements of these foreign operations are recorded in foreign currency translation differences, a component of other comprehensive income in the consolidated statements of changes in equity.

Transaction gains and losses generated by the effect of foreign exchange on recorded assets and liabilities denominated in a currency different from the functional currency of the applicable entity are recorded in finance income and finance costs, respectively, in the consolidated statements of comprehensive income in the period in which they occur.

4.2 Inventories

Inventories are measured at the lower of cost and net realizable value. Cost is determined by the first-in, first-out method and includes all costs incurred in bringing each product to its present location and condition. Net realizable value is based on estimated selling price in the ordinary course of business less any further costs expected to be incurred to completion and disposal.

4.3 Property, plant and equipment

Property, plant and equipment are recorded at cost less accumulated depreciation and accumulated impairment losses. Such cost includes costs directly attributable to making the asset capable of operating as intended. Subsequent costs are included in the asset's carrying amount or recognized as a separate component as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the Company and its cost can be reliably measured. The carrying amount of any replaced asset is derecognized. All repairs and maintenance costs are charged to profit or loss in the period in which they are incurred. When significant parts of property, plant and equipment have different useful lives, they are accounted for as a separate component of the asset and depreciated over their useful lives as described below.

Depreciation is provided on all property, plant and equipment. The method of depreciation, residual values and useful lives are reviewed at least annually and adjusted if appropriate. Depreciation expense is recognized in earnings on a straight-line basis over the estimated useful life of the related asset. The estimated useful lives are as follows:

Machinery and equipment	2 - 8 years
Data processing equipment	3 - 5 years
Furniture and fixtures	2 - 8 years
Leasehold improvements	Shorter of lease term or remaining life of the assets
Assets under finance lease	Shorter of lease term or remaining life of the assets

The net carrying amounts of property, plant and equipment are reviewed for impairment when events and changes in circumstances indicate that the carrying amount may be impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value of the asset and is recognized through profit or loss.

4.4 Goodwill and intangible assets

(a) Goodwill

See Note 3.4 (a) for the policy on measurement of goodwill at initial recognition. After initial recognition, goodwill is stated at cost less accumulated impairment losses, with carrying value being reviewed for impairment at least annually or whenever events or changes in circumstances indicate that the carrying value may be impaired.

(b) Research and development

Research costs are charged to operations as incurred and product development costs are deferred if the product or process and its market or usefulness are defined, has reached technical feasibility, adequate resources exist or are expected to exist to complete the project and management intends to market or use the product or process. Technical feasibility is attained when the product or process has completed testing and has been determined to be viable for its intended use. To date, no development costs have been capitalized.

(c) Other intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is measured at fair value. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment.

Internally generated intangible assets, except capitalized development and capitalized software costs, are expensed to profit or loss as incurred.

The useful lives of intangibles assets are assessed to be finite or indefinite. Intangible assets with finite lives are amortized over the useful economic life. Amortization is based on the cost of an asset less its estimated residual value. The amortization methods, useful lives, and residual values for an intangible asset with a finite life are reviewed at least annually. Changes in the economic useful life or the expected pattern of consumption of future benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in an accounting estimate. For intangible assets with indefinite lives, the Company performs an impairment test annually or whenever events or changes in circumstances indicate that the carrying value may be impaired.

Gains or losses from the derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized through profit or loss when the asset is derecognized.

A summary of the policies applied to the Company's intangible assets are:

Asset	Useful life	Weighted-average amortization period	Method of amortization
Trade names and trademarks	Indefinite		
Purchased technology	Finite	13 years	Straight-line
Customer relationships	Finite	10 years	Cash flow
Leases	Finite	6 years	Straight-line
Non-compete agreements	Finite	5 years	Straight-line
Computer software	Finite	8 years	Straight-line

The trade names and trademarks are considered an indefinite life asset as the Company has no restriction on the period of use of its trade name and trademark assets. The Company has no formal plans to sell or discontinue the use of any of its trade names or trademark assets.

4.5 Impairment of non-financial assets

The net carrying amounts of the Company's non-financial assets are reviewed for impairment either individually or at the cash-generating unit level when events and changes in circumstances indicate that the carrying amount may be impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. For goodwill and intangible assets that have indefinite useful lives, the recoverable amount is estimated annually at the same time. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. To the extent that the net carrying amounts exceed their recoverable amounts, that excess is fully provided against in the financial year in which this is determined.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment loss is recognized through profit or loss in the period in which it occurred. An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior periods are assessed annually at each fiscal year end, or whenever indicators of reversal are detected, to determine whether the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

4.6 Provisions

Provisions for warranty costs, product recall, restructuring, onerous contracts and product liability are recognized when the Company has a legal or constructive obligation as a result of a past event, it is more likely than not that an outflow of economic benefits will be required to settle the obligation, and the amount can be reliably estimated.

Where the effect of the time value of money is material, the future cash flows expected to be required to settle the obligation are measured at the present value discounted using a current pre-tax rate that reflects the risks specific to the liability. The increase in the provision due to the passage of time is reflected as interest expense.

Warranty provisions, which are recognized when the underlying products are sold, represent the estimated cost of fulfilling the obligation of the Company's general warranty policy in which it warrants its products against manufacturing defects and workmanship. Warranties range from thirty days up to one year from the date sold to the consumer, depending on the type of product. In determining the amount of the provision, the Company considers historical levels of claims, warranty terms and the estimated sell-through to the end consumer.

Product recall provision is recognized when the Company has an obligation to recall a product. The provision represents the estimate of claims expected from consumers and customers and legal and administrative costs.

A provision for restructuring is recognized when the Company has approved a detailed and formal restructuring plan and the restructuring either has commenced or has been announced publicly.

Onerous contracts are contracts where the unavoidable cost of meeting the obligations under the contract exceeds the economic benefit expected to be received under it. A provision is recognized at the lower of the net present value of the cash flows required to fulfill the contract or the cost of settling the obligation.

A provision for product liability is recognized at the best estimate of the expenditure to be incurred.

4.7 Employee benefits

(a) Retirement benefit obligation

The Company has defined contribution plans and defined benefit plans consisting of pension and post-retirement life insurance plans.

Obligations to the defined contribution plans are recognized as an expense through profit or loss as incurred. The assets of the defined contribution plans are managed by insurance companies and are entirely separate from the Company's assets.

The defined benefit pension plans are not registered, do not accept new participants and are unfunded. Payout under these plans is dependent on the Company's ability to pay at the time the participants are entitled to receive their payments.

The liability recognized in the consolidated statements of financial position is the present value of the defined benefit obligation. The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related liability. All actuarial gains and losses are recognized in other comprehensive income in the period in which they arise.

The post-retirement life insurance plan is not funded and the Company pays all of the plan costs. The liability for the post-retirement life insurance plan is recognized similar to the defined benefit pension plan and calculated annually using an actuarial valuation.

(b) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date or when an employee accepts voluntary termination in exchange for these benefits. The Company recognizes termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without realistic possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

(c) Share-based payment transactions

The Company maintains share-based compensation plans providing senior management, board members, certain other employees and consultants with stock options. The options vest in tranches over a vesting period of up to six years.

The fair value of each tranche of the options granted to senior management, board members, and certain other employees is determined separately at the date granted using the Black-Scholes option pricing model. The grant date fair value, net of expected forfeitures, is expensed over the vesting period of each tranche. For stock options granted to non-employees, the options are recorded at the fair value of the goods or services received. When the value of the goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured using the Black-Scholes option pricing model. Compensation cost is recognized over the vesting period based on the number of options expected to vest using the graded vesting method.

Share-based payments expense is classified as selling, general and administrative expense in the consolidated statements of comprehensive income with a corresponding increase in equity. At each reporting date, a revised estimate is made of the number of options expected to vest. If the revised estimate differs from the original estimate, the charge to selling, general and administrative expenses is adjusted over the current and remaining vesting period of the options.

4.8 Financial instruments

(a) Classification of financial instruments

Financial assets and financial liabilities are initially recorded at fair value and are subsequently measured based on their classification as described below. The Company classifies its financial instruments into various categories based on the purpose for which the financial instruments were acquired and their characteristics.

Cash: Cash is comprised of cash on hand and cash balances with banks.

Financial instruments at fair value through profit or loss: Financial assets that are purchased and held with the intention of generating profits in the short-term are classified as financial instruments at fair value through profit or loss. These investments are accounted for at fair value with the change in fair value recognized through profit or loss in the period in which they arise. The Company has not elected hedge accounting and therefore the changes in the fair value of these derivatives are recognized through profit or loss each reporting period. These derivative instruments are viewed as risk management tools and are not used for trading or speculative purposes.

Receivables: The Company's trade and other receivables are classified as current assets and are recorded at amortized cost, which upon their initial measurement is equal to their fair value. Subsequent measurement of trade receivables is at amortized cost, which usually corresponds to the amount initially recorded less any allowance for doubtful accounts.

Financial Liabilities: Trade and other payables, accrued liabilities and debt are classified as other financial liabilities and are measured at amortized cost. Debt is initially recorded at the proceeds received, net of transaction costs incurred. Debt is subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized through profit or loss over the term of the debt using the effective interest rate method.

(b) Derivative financial instruments

In the normal course of business, the financial position and results of operations of the Company are impacted by currency rate movements in foreign currency denominated assets, liabilities and cash flows as the Company purchases and sells goods in local currencies. The Company is also impacted by interest rate movements on its variable interest rate debt. The Company has established policies and business practices that are intended to mitigate a portion of the effect of these exposures. The Company uses derivative financial instruments, specifically foreign exchange swaps, foreign currency forward contracts, and interest rate contracts to manage exposures. All financial derivatives are recorded at fair value on the consolidated statements of financial position. Derivative instruments are included in current assets, non-current assets, current liabilities and non-current liabilities depending on their term to maturity.

(c) Impairment of financial assets

At each reporting date if there is objective evidence that an impairment loss has been incurred on financial assets, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows. If in a subsequent period, the amount of the impairment loss decreases and the decrease can be objectively related to an event occurring after the write-down, the write-down of the financial asset is reversed. Any subsequent reversal of an impairment loss is recognized through profit or loss to the extent that the carrying value does not exceed its amortized cost at the reversal date.

4.9 Revenue recognition

Revenues are recognized when the risks and rewards of ownership have passed to the customer based on the terms of the sale. Risk and rewards of ownership pass to the customer upon shipment or upon receipt by the customer depending on the country of the sale and the agreement with the customer. Amounts billed to customers for shipping and handling costs are included in revenues. At the time revenue is recognized the Company records estimated reductions to revenue for customer programs and incentive offerings, including special pricing agreements, promotions, advertising allowances and other volume-based incentives. Provisions for customer incentives and provisions for sales and return allowances are made at the time of product shipment. These estimates are based on agreements with applicable customers, historical experience with the customers and/or product, historical sales returns, and other relevant factors.

4.10 Advertising and promotion

Advertising costs are expensed as incurred and are included as a component of selling, general and administrative expenses.

A significant amount of the Company's promotional expenses results from payments under endorsement contracts. Accounting for endorsement payments is based upon specific contract provisions. Generally, endorsement payments are expensed on a straight-line basis over the term of the contract after giving recognition to periodic performance compliance provisions of the contracts. Prepayments made under contracts are included in prepaid expenses and other assets.

Through cooperative advertising programs, the Company reimburses its retail customers for certain of their costs of advertising the Company's products. The Company records these costs as a reduction of revenues at the point in time when it is obligated to its customers for the costs, which is when the related revenues are recognized. This obligation may arise prior to the related advertisement being run.

4.11 Investment tax credits

Scientific Research and Experimental Development tax credits associated with research and development activities in Canada are recorded as a reduction of the expense to which the incentive applies. The benefit is recognized when the Company has complied with the terms of the applicable legislation and when it has reasonable assurance that the benefit will be realized.

4.12 Leases

Assets held under finance leases, which transfer to the Company substantially all of the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease, with a corresponding liability being recognized for the fair value of the leased asset if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the reduction of the lease liability and finance costs through profit or loss so as to achieve a constant rate of interest on the remaining liability. Assets held under finance leases are depreciated over the shorter of the useful life of the asset and the lease term.

Leases, where the lessee does not consider that it has substantially all of the risks and rewards of ownership of the asset, are classified as operating leases and rents payable are charged to profit or loss on a straight line basis over the lease term, including any rent-free periods.

Leases may include additional payments for real estate taxes, maintenance and insurance. These amounts are expensed in the period to which they relate.

4.13 Finance costs and finance income

Finance costs comprise interest expense, fair value losses on financial assets, impairment losses recognized on financial assets (other than trade receivables), foreign exchange loss, and losses on derivative instruments.

Finance income comprises interest income on bank balances, fair value gains on financial assets, foreign exchange gains, and gains on derivative instruments.

Foreign currency gains and losses are reported on a net basis as either finance cost or finance income depending on whether foreign currency movements are in a net loss or net gain position.

4.14 Income tax

Income tax expense comprises current and deferred income tax. Current tax and deferred income tax is recognized through profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income. Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred income tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred income tax is not recognized for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

In determining the amount of current and deferred tax the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Company to change its judgments regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period the determination is made.

Deferred income tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred income tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred income tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred income tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

4.15 Earnings per share

Basic earnings per common share are calculated by dividing net income by the weighted average number of common shares outstanding during the period. Diluted earnings per common share are calculated by adjusting the weighted average outstanding shares, assuming conversion of all potentially dilutive stock options.

4.16 Share capital

Common shares

Common shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognized as a deduction from equity, net of any tax effects.

4.17 Segment reporting

The Company follows IFRS 8, *Segment Reporting*, which establishes standards for the way public business enterprises report information about operating segments. The method for determining what information to report is based on the way management organizes the segments of the Company for the chief operating decision maker to allocate resources, make operating decisions and assesses financial performance. The Company has one operating segment.

4.18 New accounting standards

There are several new standards, amendments to current standards and interpretations which have been issued but are not yet effective for the fiscal year ending May 31, 2013. Accordingly, they have not been applied in preparing these financial statements.

Financial Statement Presentation

The IASB issued amendments to IAS 1, *Financial Statement Presentation,* which requires changes in the presentation of other comprehensive income, including grouping together certain items of other comprehensive income that may be reclassified to net income. The new requirements are effective for annual periods beginning on or after July 1, 2012. The adoption of the amendments to this standard is not expected to have a material impact on the Company's financial statements.

Employee Benefits

The IASB issued amendments to IAS 19. The revised standard requires immediate recognition of actuarial gains and losses in other comprehensive income, eliminating the previous options that were available, and enhances the guidance concerning the measurement of plan assets and defined benefit obligations, streamlining the presentation of changes in assets and liabilities arising from defined benefit plans and the introduction of enhanced disclosures for defined benefit plans. Retrospective application of this standard will be effective for annual periods beginning on or after January 1, 2013, with earlier adoption permitted. This amendment is not expected to have any significant impact as the Company already immediately records any actuarial gains and losses in other comprehensive income.

Financial Instruments: Presentation

The IASB issued amendments to IAS 32, *Financial Instruments: Presentation* ("IAS 32"). IAS 32 applies to the classification of financial instruments, from the perspective of the issuer, into financial assets, financial liabilities and equity instruments; and the right for offsetting financial assets and financial liabilities. A right to offset may be currently available or it may be contingent on a future event. An entity must have a legally enforceable right of set-off. The new requirements are effective for annual periods beginning on or after January 1, 2014. The Company is in the process of assessing the potential impact of the IAS 32 amendments.

Financial Instruments

The IASB issued IFRS 9 *Financial Instrument* ("IFRS 9") as the first step in a multi-phase project to ultimately replace IAS 39 with the objective of improving and simplifying the reporting of financial instruments. IFRS 9 introduces new requirements for classifying and measuring financial assets and liabilities. This standard becomes effective on January 1, 2015. The Company is currently assessing the impact of and when to adopt IFRS 9.

Consolidated Financial Statements

The IASB issued IFRS 10, *Consolidated Financial Statements* ("IFRS 10") which establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. IFRS 10 supersedes IAS 27, *Consolidated and Separate Financial Statements* and SIC 12, *Consolidation – Special Purpose Entities* and is effective for annual periods beginning on or after January 1, 2013. Early adoption is permitted. The Company does not anticipate the application of IFRS 10 to have a significant impact on its consolidated financial statements.

Disclosure of Interests in Other Entities

The IASB issued IFRS 12, *Disclosure of Interests in Other Entities* ("IFRS 12") which applies to entities that have an interest in a subsidiary, a joint arrangement, an associate or an unconsolidated structured entity. IFRS 12 is effective for annual periods beginning on or after January 1, 2013. Early adoption is permitted. The Company does not anticipate the application of IFRS 12 to have a significant impact on its consolidated financial statements.

Fair Value Measurements

The IASB issued IFRS 13, *Fair Value Measurements* ("IFRS 13") which replaces the fair value measurement guidance contained in individual IFRSs with a single source of fair value measurement guidance. This standard establishes a framework for measuring fair value and requires the fair value hierarchy, to be applied to all fair value measurements, including non-financial assets and liabilities that are measured or based on fair value in the statement of financial position as well as non-recurring fair value measurements such as assets held-for-sale. Furthermore, IFRS 13 expands disclosure requirements for fair value measurements to provide information that enables financial statement users to assess the methods and inputs used to develop fair value measurements and, for recurring fair value measurements that use significant unobservable inputs (Level 3), the effect of the measurements on profit or loss or other comprehensive income. IFRS 13 is to be applied for annual periods beginning on or after January 1, 2013. Early adoption is permitted. The Company does not anticipate the application of IFRS 13 to have a significant impact on its consolidated financial statements.

5. BUSINESS COMBINATIONS

Cascade Helmets Holdings, Inc.

On June 29, 2012, the Company purchased all of the issued and outstanding shares of the capital stock of Cascade Helmets Holdings, Inc. ("Cascade"), primarily a manufacturer and distributor of lacrosse equipment. The acquisition allows the Company to significantly expand its presence in the growing lacrosse market, whose helmet and headgear products are complementary to the Company's existing offering of lacrosse equipment products under the Maverik brand.

The total consideration paid to the seller at closing was $68,131 in cash, or $64,788 net of cash acquired of $3,343. The acquisition was funded by a public offering of 3,691,500 common shares at a price of $7.80 Canadian dollars per share for aggregate proceeds, net of underwriting fees of $1,401 ($1,440 Canadian dollars), of $26,613 ($27,354 Canadian dollars) and the issuance of 642,000 common shares resulting in proceeds of $4,888 ($5,008 Canadian dollars). The acquisition was also funded by a $30,000 senior secured term facility maturing on March 16, 2016 and the balance through additional borrowings on the revolving loan.

The Company has completed the valuation of assets acquired and liabilities assumed. The allocation of the purchase price to the individual assets acquired and liabilities assumed under the purchase method of accounting resulted in $38,051 of goodwill of which the entire amount is not expected to be deductible for tax purposes. The goodwill associated with the transaction was due to management's conclusion that the acquisition coincided with the Company's strategy of expanding its lacrosse product offerings to drive revenue growth, expected synergies from combining operations and the requirement to record a deferred tax liability for the difference between the assigned values and the tax bases of the assets acquired and liabilities assumed.

(In thousands of U.S. dollars except for share and per share amounts)

The following table presents the allocation of purchase price related to the business as of the date of the acquisition:

Net assets acquired:		
Cash	$	3,343
Trade receivables [1]		4,000
Inventories		1,672
Property, plant and equipment		1,680
Intangible assets		31,710
Other assets		282
Total assets acquired		42,687
Current liabilities		(740)
Deferred income tax liability		(11,867)
Total liabilities assumed		(12,607)
Net assets acquired	$	30,080
Consideration paid to seller	$	68,131
Goodwill	$	38,051

(1) Gross trade and other receivables acquired is $4,232, of which $232 was expected to be uncollectible at the acquisition date.

In the year ended May 31, 2013 the Company paid $173 in connection with the completion of the final working capital adjustment and recorded deferred tax adjustments on the net assets acquired.

The Company incurred acquisition-related costs of $1,577 relating to external legal fees, consulting fees and due diligence costs. The costs for the year ended May 31, 2012 were $1,126. The costs for the year ended May 31, 2013 were $451 and are included in selling, general and administrative expenses.

The Company entered into employment agreements with certain employees of Cascade. The Company agreed to pay $310 if the employees remain continuously employed through the fiscal year ended May 31, 2013. The Company agreed to pay an additional $310 if the employees remain continuously employed through the fiscal year ended May 31, 2014. These amounts will be accrued over the required service period and are included in selling, general and administrative expenses in the consolidated statements of comprehensive income. The costs in the year ended May 31, 2013 were $310. In addition, the Company incurred termination benefits expense of approximately $520 which was recognized in selling, general and administrative expense on the date of acquisition as continued service to the Company was not required to receive the benefit.

The amounts of Cascade's revenue and net income included in the Company's consolidated statements of comprehensive income for the year ended May 31, 2013 was $19,832 and $2,507, respectively.

Inaria International

On October 16, 2012 the Company acquired substantially all of the assets of Inaria International ("Inaria"), a manufacturer and distributor of team sports and active apparel. The acquisition provides the Company with full team apparel capabilities, including the design, development and manufacturing of uniforms for ice hockey, roller hockey, lacrosse, soccer and other team sports. The purchase price paid by the Company at closing was $7,048 Canadian dollars in cash. The acquisition was funded by additional borrowings on the revolving credit line.

The Company has completed the valuation of assets acquired and liabilities assumed. The allocation of the purchase price to the individual assets acquired and liabilities assumed under the purchase method of accounting resulted in $581 of goodwill of which the entire amount is expected to be deductible for tax purposes. The goodwill associated with the transaction was due to management's conclusion that the acquisition coincided with the Company's strategy of expanding its apparel product offerings to drive revenue growth, expected synergies from combining operations and the requirement to record a deferred income tax asset for the difference between the assigned values and the tax bases of the assets acquired and liabilities assumed. The following table presents the allocation of purchase price related to the business as of the date of the acquisition:

(In thousands of U.S. dollars except for share and per share amounts)

Net assets acquired:		
Trade receivables [1]	$	546
Inventories		4,707
Property, plant and equipment		234
Intangible assets		1,930
Deferred income tax asset		69
Other assets		35
Total assets acquired		7,521
Current liabilities		(957)
Total liabilities assumed		(957)
Net assets acquired	$	6,564
Consideration paid to seller	$	7,145
Goodwill	$	581

(1) Gross trade and other receivables acquired is $630, of which $84 was expected to be uncollectible at the acquisition date.

The Company incurred acquisition-related costs in the year ended May 31, 2013 of $969 relating to external legal fees, consulting fees and due diligence costs. The costs are included in selling, general and administrative expenses.

The Company entered into employment agreements with the former owners of Inaria. Included in the employment agreements are yearly performance bonuses should Inaria achieve gross profit targets in the period one to four years following the closing. These amounts will be accrued over the required service period. The potential undiscounted amount of the future payments that the Company could be required to make is between $0 and $3,500 Canadian dollars over the four year period. During the year ended May 31, 2013 the Company recorded $627 in selling, general and administrative expenses related to the performance bonuses.

The amounts of Inaria's revenue and net loss included in the Company's consolidated statements of comprehensive income for the year ended May 31, 2013 was $4,771 and $1,979, respectively.

Combat Sports

On May 3, 2013, the Company acquired substantially all of the assets and assumed certain liabilities of Combat Sports ("Combat"), a manufacturer and distributor of composite baseball and softball bats, hockey sticks and lacrosse shafts. The acquisition provides the Company with intellectual property that will strengthen its research and development portfolio and expands the Company's product offering into baseball and softball. The purchase price paid by the Company at closing was $3,370 Canadian dollars in cash, net of $630 cash received from the collection of trade receivables. The acquisition was funded through cash on hand.

The Company has completed the preliminary valuation of assets acquired and liabilities assumed. The allocation of the purchase price to the individual assets acquired and liabilities assumed under the purchase method of accounting resulted in a preliminary gain on bargain purchase as a result of the excess of the estimated fair value of the assets and liabilities acquired over the purchase price. The gain on bargain purchase of $1,190 was due to the fact that Combat was in bankruptcy and was being sold through a bidding process.

(In thousands of U.S. dollars except for share and per share amounts)

The following table presents the preliminary allocation of purchase price related to the business as of the date of the acquisition:

Net assets acquired:		
Trade receivables [1]	$	2,235
Inventories		1,702
Property, plant and equipment		738
Intangible assets		500
Other assets		271
Total assets acquired		5,446
Current liabilities		(383)
Deferred income tax liability		(531)
Total liabilities assumed		(914)
Net assets acquired	$	4,532
Consideration paid to seller	$	3,342
Gain on bargain purchase	$	1,190

(1) Gross trade and other receivables acquired is $2,582, of which $347 was expected to be uncollectible at the acquisition date.

The Company incurred acquisition-related costs in the year ended May 31, 2013 of $792 relating to external legal fees, consulting fees and due diligence costs. The costs are included in selling, general and administrative expenses.

The amount of revenue included in the Company's consolidated statements of comprehensive income for the year ended May 31, 2013 relating to the acquisition of Combat was not material. The amount of Combat's net loss included in the Company's consolidated statements of comprehensive income for the year ended May 31, 2013, excluding the gain on bargain purchase, was $722.

Pro forma information

If the Cascade and Inaria acquisitions had occurred on June 1, 2012, consolidated revenue would have been approximately $405,005 and consolidated net income would have been approximately $24,829 for the year ended May 31, 2013. In determining these amounts, management has assumed the fair value adjustments which arose on the date of acquisition would have been the same if the acquisitions had occurred on June 1, 2012. This pro forma information is for informational purposes only and is not necessarily indicative of the results of operations that actually would have been achieved had the acquisitions been consummated at that time, nor is it intended to be a projection of future results.

The pro forma information above does not include the Combat acquisition. The Company acquired substantially all the assets and assumed liabilities of Combat out of bankruptcy. Due to the bankruptcy it is impractical to provide pro forma financial information for the impact on revenue and consolidated net income as the information cannot be reasonably determined.

6. RISK

The Company has exposure to credit risk, liquidity risk and market risk (which consists of interest rate risk and foreign exchange risk) from its use of financial instruments. The Company's management reviews these risks regularly as a result of changes in the market conditions as well as the Company's activities.

Credit risk: Credit risk is the risk of financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company is subject to concentrations of credit risk through its trade and other receivables and is influenced primarily by the individual characteristics of the customer, which management periodically assesses through its policy for the allowance for doubtful accounts as described below. The demographics of the Company's trade receivables, including the industry and country in which customers operate, have less influence on credit risk. For the years ended May 31, 2013 and 2012, revenues to a single customer were 11% of total revenues. As of May 31, 2013 and 2012, one customer accounted for 8% and 11%, respectively, of the Company's total trade accounts receivable balance.

(In thousands of U.S. dollars except for share and per share amounts)

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. In determining the amount of this allowance, management evaluates the ability to collect accounts receivable based on a combination of factors. Allowances are maintained based on the length of time the receivables are past due and on the status of a customer's financial position. The Company considers historical levels of credit losses and makes judgments about the creditworthiness of customers based on ongoing credit evaluations. In determining the amount of the sales return reserve, the Company considers historical levels of returns and makes assumptions about future returns. In addition, the Company maintains a reserve for discounts related to accounts receivable. This includes accrued volume rebates and other customer allowances.

The detail of trade and other receivables is as follows:

	May 31, 2013	May 31, 2012
Current	$ 88,714	$ 84,293
Past due 0-60 days	11,463	10,114
Past due over 61 days	16,850	10,601
Trade receivables	117,027	105,008
Other receivables	2,212	2,480
Less: allowance for doubtful accounts	(3,972)	(2,590)
Less: allowance for returns and discounts	(1,585)	(1,456)
Total trade and other receivables	$ 113,682	$ 103,442

The movement in the allowance for doubtful accounts with respect to trade accounts receivable is as follows:

	May 31, 2013	May 31, 2012
Beginning balance	$ 2,590	$ 2,042
Bad debt expense	1,936	1,546
Uncollectible accounts written-off	(557)	(978)
Exchange difference	3	(20)
Ending balance	$ 3,972	$ 2,590

The Company may also have credit risk relating to cash and foreign currency forward contracts resulting in defaults by counterparties. The Company manages credit risk for cash by maintaining bank accounts with major international banks. The Company manages credit risk when entering into foreign currency forward contracts by purchasing contracts with highly rated banks.

Liquidity risk: Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages its liquidity risk through cash and debt management. Refer to Note 7 – Capital Disclosures for a more detailed discussion.

(In thousands of U.S. dollars except for share and per share amounts)

The table below summarizes the maturity profile of the financial liabilities based on the contractual undiscounted payments:

			Remaining Term to Maturity			
May 31, 2013	Carrying Amount	Contractual Cash Flows	Under 1 year	1-3 years	4-5 years	More than 5 years
Non-interest bearing:						
Trade and other payables	$ 22,548	$ 22,548	$ 22,548	$ -	$ -	$ -
Accrued liabilities	25,672	25,672	25,672	-	-	-
Other non-current liabilities	879	879	-	879	-	-
Floating interest rate instruments:						
Debt - Revolver and term loan	171,620	180,139	13,850	166,289	-	-
Fixed rate instruments:						
Debt - Finance lease obligations	69	69	54	15	-	-
Total	$ 220,788	$ 229,307	$ 62,124	$167,183	$ -	$ -

			Remaining Term to Maturity			
May 31, 2012	Carrying Amount	Contractual Cash Flows	Under 1 year	1-3 years	4-5 years	More than 5 years
Non-interest bearing:						
Trade and other payables	$ 24,126	$ 24,126	$ 24,126	$ -	$ -	$ -
Accrued liabilities	27,387	27,409	27,409	-	-	-
Financial liabilities	52	52	52	-	-	-
Other non-current liabilities	16	16	16	-	-	-
Floating interest rate instruments:						
Debt - Revolver and term loan	135,972	148,663	12,920	18,764	116,979	-
Fixed rate instruments:						
Debt - Finance lease obligations	150	156	92	64	-	-
Total	$ 187,703	$ 200,422	$ 64,615	$ 18,828	$ 116,979	$ -

The gross outflows presented above represent the contractual undiscounted cash flows.

Interest rate risk: The Company is exposed to interest rate risk on the revolving loan and the term loan, as the rate is based on an index rate. In June 2011, the Company entered into an interest rate cap agreement with the Royal Bank of Canada to reduce market risk associated with the term loan. The agreement caps at 4% the Canadian Banker's Acceptance interest rate applicable on the term loan amount of $47,694 Canadian dollars. The termination date of the agreement is May 31, 2014. Refer to Note 17 - Debt for details on the Company's outstanding debt.

At May 31, 2013 and 2012, if the interest rate had been 50 basis points higher with all other variables held constant, net income would have been $955 and $812 lower, respectively, mainly as a result of higher interest expense on the floating rate borrowings, which was partially offset by the increase in value in the interest rate cap agreement.

Foreign exchange risk: The Company is exposed to global market risks, including the effect of changes in foreign currency exchange rates and interest rates, and uses derivatives to manage financial exposures that occur in the normal course of business. The Company uses foreign currency forward contracts to hedge anticipated transactions. The foreign currency forward contracts are recorded in the consolidated statements of financial position at fair value. The Company has not elected hedge accounting and therefore the changes in the fair value of these derivatives are recognized through profit or loss each reporting period.

(In thousands of U.S. dollars except for share and per share amounts)

The Company's cash flow exposures include recognized and anticipated foreign currency transactions, such as foreign currency denominated sales, costs of goods sold, as well as collections and payments. The risk in these exposures is the potential for losses associated with the remeasurement of nonfunctional currency cash flows into the functional currency. The currencies in which the Company's transactions primarily are denominated are U.S. dollars, Canadian dollars, Euro, and Swedish krona.

The Company uses foreign currency forward contracts as an economic hedge to offset the effects of exchange rate fluctuations on certain of its forecasted foreign currency denominated sales and cost of sales transactions. During the years ended May 31, 2013 and May 31, 2012, the Company entered into various forward contracts with Fifth Third Bank and PNC Bank to hedge its Canadian dollar currency risk. As of May 31, 2013, the Company had forward contracts, maturing at various dates through January 2015, to buy the equivalent of $154,500 in foreign currencies at contracted rates. During the year ended May 31, 2013, the Company realized net gains (losses) of $300 (2012 – ($4,714)) from foreign currency forward contracts. During the year ended May 31, 2013 the Company recorded unrealized net gains of $942 (2012 – $14,297) from foreign currency forward contracts. The realized and unrealized losses and gains are included in finance costs and finance income, respectively, in the consolidated statements of comprehensive income.

The illustrative effect on net income for the year that would result from changes in exchange rates against the Canadian dollar can be summarized as follows:

	Year ended May 31, 2013	Year ended May 31, 2012
Percentage change	10%	10%
Impact on net income if the U.S. dollar strengthens	$ (2,116)	$ (2,654)
Impact on net income if the U.S. dollar weakens	$ 2,446	$ 2,920

7. CAPITAL DISCLOSURES

The Company's objectives when managing capital are to:

- Ensure sufficient liquidity to pursue its organic growth combined with strategic acquisitions;
- Provide an appropriate return on investment to its shareholders; and
- Maintain a flexible capital structure that optimizes the cost of capital at acceptable risk and preserves the ability to meet financial obligations.

The capital structure of the Company consists of short and long-term debt and stockholders' equity. In managing its capital structure, the Company monitors performance throughout the year to ensure working capital requirements and capital expenditures are funded from operations, available cash on deposit and, where applicable, bank borrowings. The Company may make adjustments to its capital structure in order to support the broader corporate strategy or in light of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust its capital structure, the Company may issue shares or new debt, issue new debt to replace existing debt (with different characteristics), or reduce the amount of existing debt.

The Company monitors debt using the leverage ratio, defined as net indebtedness divided by EBITDA. Net indebtedness includes such items as the Company's term loan, capital lease obligations, subordinated indebtedness, and average revolving loans for the last twelve months as of the reporting date, less the average amount of cash for the last twelve months as of the reporting date. EBITDA is defined in the Amended Credit Facility.

The Company monitors its capital structure using net income adjusted for income tax expense, depreciation and amortization, losses related to amendments to the Amended Credit Facility, gain or loss on disposal of fixed assets, net interest expense, deferred financing fees, unrealized gains and losses on derivative instruments, realized and unrealized gains and losses related to foreign exchange revaluation, restructuring and other one-time or non-cash charges associated with acquisitions, costs related to share offerings, and share-based payment expenses ("Adjusted EBITDA"). This measure is not recognized for financial statement presentation purposes under IFRS and does not have a standardized meaning. Therefore, it is not likely to be comparable to similar measures presented by other entities.

(In thousands of U.S. dollars except for share and per share amounts)

The Company has never declared or paid any cash dividends on its common shares. The Company currently intends to use its earnings to finance the expansion of its business and to reduce indebtedness. Any future determination to pay dividends on common shares will be at the discretion of the Board of Directors and will depend on, among other things, the Company's results of operations, current and anticipated cash requirements and surplus, financial condition, contractual restrictions and financing agreement covenants, solvency tests imposed by corporate law and other factors that the Board of Directors may deem relevant.

Total managed capital was as follows:

	May 31, 2013	May 31, 2012
Total equity	$ 176,440	$ 112,833
Long-term debt (including current portion)	171,687	136,122
Total equity	$ 348,127	$ 248,955

There were no changes in the Company's approach to capital management during the periods. The Company is subject to financial covenants pursuant to the credit facility agreements, which are measured on a quarterly basis. During the years ended May 31, 2013 and 2012, the Company was in compliance with all such covenants.

8. SEASONALITY

Our business demonstrates substantial seasonality. The Company launches new ice hockey products over two seasons each fiscal year, the April to September period which the Company classifies as the "Back-To-Hockey" season and the October to March period which we classify as the "Holiday" season. Generally, our highest revenues occur during the peak of the "Back-to-Hockey" season during the first quarter of our fiscal year, from June to August. The majority of our revenues for our "Holiday" season occur during the second quarter of our fiscal year, from September to November. The launch of new lacrosse products overlaps substantially with the "Holiday" season, from November through April. The launch of Inaria team apparel products overlaps substantially with the "Back-to-Hockey" season, from April to September. The launch of Combat products overlaps substantially with the "Holiday" season, from November through April.

9. GEOGRAPHICAL INFORMATION

In presenting information on the basis of geography, revenues are based on the geographical location of customers:

	Year ended May 31, 2013	Year ended May 31, 2012
North America	$ 295,464	$ 276,262
Rest of world	104,129	98,508
Total revenues	$ 399,593	$ 374,770

In presenting information on the basis of geography, non-current assets are based on the geographical location of the assets. Non-current assets presented consist of property, plant and equipment and goodwill and intangible assets:

	May 31, 2013	May 31, 2012
North America	$ 162,951	$ 88,092
Rest of world	202	149
Total non-current assets	$ 163,153	$ 88,241

(In thousands of U.S. dollars except for share and per share amounts)

10. EMPLOYEE BENEFITS EXPENSE

Employee benefits expense included in cost of goods sold, research and development, and selling, general and administrative expenses is as follows:

	Year ended May 31, 2013	Year ended May 31, 2012
Wages and salaries	$ 41,293	$ 37,901
Statutory benefits	9,359	8,239
Share-based payments expense	3,514	1,318
Retirement benefit obligations	290	273
Termination benefits	1,513	168
Other personnel costs and benefits	1,148	930
Total employee benefits expense	$ 57,117	$ 48,829

11. FINANCE COSTS AND FINANCE INCOME

	Year ended May 31, 2013	Year ended May 31, 2012
Finance costs		
Interest expense	$ 8,246	$ 9,029
Loss on amendment of revolving loan	320	-
Realized loss on derivative instruments	-	4,714
Foreign exchange losses	-	2,673
Total finance costs	$ 8,566	$ 16,416
Finance income		
Interest income	$ (216)	$ (217)
Realized gain on derivative instruments	(300)	-
Unrealized gain on derivative instruments	(942)	(14,297)
Foreign exchange gains	(542)	-
Total finance income	$ (2,000)	$ (14,514)

12. TRADE AND OTHER RECEIVABLES

	May 31, 2013	May 31, 2012
Trade receivables	117,027	105,008
Other receivables	2,212	2,480
Less: allowance for doubtful accounts	(3,972)	(2,590)
Less: allowance for returns and discounts	(1,585)	(1,456)
Total trade and other receivables	$ 113,682	$ 103,442

On March 16, 2010, the Company announced a voluntary product recall of certain junior and youth composite sticks manufactured by a supplier. The affected composite sticks were manufactured during the period May 24, 2006 to January 21, 2010. This recall has not had a material impact on the Company's results of operations, as the Company was indemnified by the supplier of the composite sticks. The receivable recorded in accordance with the terms of a settlement and release agreement between the Company and the supplier totaled $1,425 at May 31, 2012. As of May 31, 2013, the supplier has fulfilled the obligations under the terms of the settlement and release agreement.

(In thousands of U.S. dollars except for share and per share amounts)

The Company's exposure to credit and impairment losses related to trade and other receivables is disclosed in Note 6 – Risk.

13. INVENTORIES

Inventories include the following:

	May 31, 2013	May 31, 2012
Raw materials	$ 3,101	$ 1,077
Work in process	136	72
Finished goods	106,510	83,031
Inventories	$ 109,747	$ 84,180

The cost of inventories recognized as an expense and included in cost of goods sold for the year ended May 31, 2013 was $209,191 (2012 - $197,769). During the year ended May 31, 2013, the Company recorded in cost of goods sold $1,003 (2012 - $681) of write-downs of inventory as a result of net realizable value being lower than cost and no inventory write-downs recognized in previous years were reversed.

(In thousands of U.S. dollars except for share and per share amounts)

14. PROPERTY, PLANT AND EQUIPMENT

Cost	Machinery & Equipment	Data Processing Equipment	Furniture & Fixtures	Leasehold Improvements	Construction in Progress	Total
Balance June 1, 2011	$ 5,177	$ 1,332	$ 2,248	$ 3,822	$ 1,270	$ 13,849
Additions and transfers	771	1,508	1,415	232	(1,011)	2,915
Disposals	(578)	24	(10)	(1,223)	-	(1,787)
Exchange difference and other	53	81	(83)	15	(19)	47
Balance May 31, 2012	$ 5,423	$ 2,945	$ 3,570	$ 2,846	$ 240	$ 15,024
Additions and transfers	361	1,164	1,037	256	625	3,443
Acquisition of business	1,670	123	184	675	-	2,652
Disposals	(433)	(219)	(33)	-	-	(685)
Exchange difference and other	(8)	(19)	19	(6)	(5)	(19)
Balance May 31, 2013	$ 7,013	$ 3,994	$ 4,777	$ 3,771	$ 860	$ 20,415
Depreciation						
Balance June 1, 2011	$ (2,975)	$ (896)	$ (858)	$ (2,071)	$ -	$ (6,800)
Charge for the year	(681)	(490)	(634)	(359)	-	(2,164)
Disposals	530	(24)	9	1,200	-	1,715
Exchange difference and other	(146)	(79)	39	(45)	-	(231)
Balance May 31, 2012	$ (3,272)	$ (1,489)	$ (1,444)	$ (1,275)	$ -	$ (7,480)
Charge for the year	(1,039)	(701)	(956)	(376)	-	(3,072)
Disposals	413	219	33	-	-	665
Exchange difference and other	1	(20)	(3)	3	-	(19)
Balance May 31, 2013	$ (3,897)	$ (1,991)	$ (2,370)	$ (1,648)	$ -	$ (9,906)
Net book value						
At May 31, 2012	$ 2,151	$ 1,456	$ 2,126	$ 1,571	$ 240	$ 7,544
At May 31, 2013	$ 3,116	$ 2,003	$ 2,407	$ 2,123	$ 860	$ 10,509

The Company has contractual commitments at May 31, 2013 to purchase property, plant and equipment for $52.

Depreciation expense is included in the consolidated statement of income in the following captions:

	Year ended May 31, 2013	Year ended May 31, 2012
Cost of goods sold	$ 262	$ 348
Selling, general and administrative expenses	2,810	1,816
Total depreciation expense	$ 3,072	$ 2,164

(In thousands of U.S. dollars except for share and per share amounts)

15. GOODWILL AND INTANGIBLE ASSETS

Cost	Goodwill	Trade names & Trademarks	Purchased Technology	Customer Relationships	Non-compete Agreements	Computer Software	Leases	Total
Balance June 1, 2011	$ 8,900	$ 59,522	$ 9,321	$ 14,379	$ 505	$ 4,834	$ 2,722	$ 100,183
Additions	-	-	-	-	-	1,311	-	1,311
Disposals	-	-	-	-	-	(10)	(2,167)	(2,177)
Exchange difference	-	(2,352)	(387)	(625)	-	(329)	(98)	(3,791)
Balance May 31,2012	$ 8,900	$ 57,170	$ 8,934	$ 13,754	$ 505	$ 5,806	$ 457	$ 95,526
Acquisition of a business	38,632	15,683	3,830	14,012	540	75	-	72,772
Additions	-	-	-	-	-	3,986	-	3,986
Disposals	-	-	-	-	-	(82)	-	(82)
Exchange difference	(26)	(25)	3	(33)	-	26	-	(55)
Balance May 31,2013	$ 47,506	$ 72,828	$ 12,767	$ 27,733	$ 1,045	$ 9,811	$ 457	$ 172,147
Amortization								
Balance June 1, 2011	$ -	$ -	$ (1,836)	$ (8,634)	$ (101)	$ (1,680)	$ (2,295)	$ (14,546)
Charge for the year	-	-	(725)	(1,536)	(101)	(714)	(290)	(3,366)
Disposals	-	-	-	-	-	10	2,167	2,177
Exchange difference	-	-	98	433	-	252	123	906
Balance May 31, 2012	$ -	$ -	$ (2,463)	$ (9,737)	$ (202)	$ (2,132)	$ (295)	$ (14,829)
Charge for the year	-	-	(1,140)	(2,403)	(349)	(799)	(74)	(4,765)
Disposals	-	-	-	-	-	46	-	46
Exchange difference	-	-	14	22	-	6	3	45
Balance May 31, 2013	$ -	$ -	$ (3,589)	$ (12,118)	$ (551)	$ (2,879)	$ (366)	$ (19,503)
Net book value								
At May 31, 2012	$ 8,900	$ 57,170	$ 6,471	$ 4,017	$ 303	$ 3,674	$ 162	$ 80,697
At May 31, 2013	$ 47,506	$ 72,828	$ 9,178	$ 15,615	$ 494	$ 6,932	$ 91	$ 152,644

The Company has contractual commitments at May 31, 2013 to purchase computer software for $495.

Amortization expense is included in the consolidated statement of income in the following captions:

	Year ended May 31, 2013	Year ended May 31, 2012
Cost of goods sold	$ 3,640	$ 2,573
Selling, general and administrative expenses	1,125	793
Total amortization expense	$ 4,765	$ 3,366

The Company tested its intangible assets for impairment based on the methodologies outlined below. When a discounted cash flow was used to measure the recoverable amount, the calculations utilized revenue and cash flow projections based on anticipated growth over a five year period. Revenue growth was based on management's assessment of inflation, economic projections, and market factors on price changes in the geographic locations in which the Company operates. Discount rates used were pre-tax and reflect specific risk relating to the relevant intangible assets.

Indefinite life intangible assets

The recoverable amount of goodwill and trade names and trademarks are based on the fair value less cost to sell calculations. The Company has determined that it has one cash generating unit for goodwill. The fair value of the goodwill was evaluated using the market value of the Company based on the closing share price at March 1, 2013 and 2012, respectively. The trade names and trademarks were evaluated using the relief from royalty method. The Bauer trade name and trademark was evaluated based on a royalty rate of 5.0% (2012 – 5.0%), a discount rate of 10.8% (2012 – 10.2%) and a long-term terminal growth rate at the end of the five year period of 3.0% (2012 – 3.0%). The Maverik trade name and trademark was evaluated based on a royalty rate of 4.0% (2012 – 4.0%), a discount rate of 16.7% (2012 – 20.7%) and a long-term terminal growth rate at the end of the five year period of 5.0% (2012 – 5.0%). The Cascade trade name and trademark was evaluated based on a royalty rate of 8.0%, a discount rate of 12.0% and a long-term terminal growth rate at the end of the five year period of 4.0%. The Inaria trade name and trademark was evaluated based on a royalty rate of 2.0%, a discount rate of 25.4% and a long-term terminal growth rate at the end of the five year period of 2.0%. The Combat trade name and trademark was evaluated based on a royalty rate of 0.5%, a discount rate of 22.0% and a long-term terminal growth rate at the end of the five year period of 3.0%.

(In thousands of U.S. dollars except for share and per share amounts)

In both fiscal 2013 and 2012, the impairment test did not lead to an impairment charge for any of the indefinite lived intangible assets. The key sensitivities in the impairment test are the discount rate and terminal growth rate. Therefore, the Company carried out sensitivity analysis incorporating various scenarios and using reasonable possible changes in the key assumptions. No impairment losses were revealed.

Definite life intangible assets

Purchased technology, customer relationships, non-compete agreements, computer software and leases were reviewed for indications of impairment. There were no indicators of impairment.

16. INCOME TAXES

The expense for income taxes consists of the following:

	Year ended May 31, 2013	Year ended May 31, 2012
Tax recognized in profit or loss:		
Current tax expense (benefit):		
Current year	$ 6,679	$ 500
Adjustment for prior years	(918)	(914)
Total	5,761	(414)
Deferred tax expense (benefit):		
Origination and reversal of temporary differences	3,969	12,457
Change in unrecognized tax assets	(178)	2,971
Change in enacted rates	265	(1,892)
Total	4,056	13,536
Total tax recognized in profit or loss	$ 9,817	$ 13,122
Tax benefit recognized directly in equity:		
Change in unrecognized tax assets	2,859	-
Share-based compensation	1,968	1,803
Total	$ 4,827	$ 1,803
Tax benefit recognized in other comprehensive income:		
Defined benefit plans	$ 47	$ 117
Tax benefit (expense) recognized in goodwill and others:		
Intangibles and others	$ (13,171)	$ -

(In thousands of U.S. dollars except for share and per share amounts)

The reconciliation of the income tax expense expected based on the combined Canadian federal and provincial income tax rates to the expense for income taxes included in the consolidated statements of comprehensive income is as follows:

	Year ended May 31, 2013	Year ended May 31, 2012
Combined basic Canadian federal and provincial income tax rate	26.6%	27.5%
Provision for income taxes based on above rate	$ 9,360	$ 11,922
Foreign tax rate differences	1,198	537
Share-based compensation	332	696
Gain on bargain purchase	(361)	-
Change in unrecognized tax assets	(178)	2,971
Change in enacted rates	265	(1,892)
Return to provision and other prior year items	(918)	(887)
Other	119	(225)
Income tax expense in the consolidated statements of comprehensive income	$ 9,817	$ 13,122
Effective tax rate	28.0%	30.3%

The change in the effective tax rate was driven by a favorable impact from the non-taxable gain on bargain purchase on the acquisition of Combat and favorable adjustments related to prior period items, partially offset by an increase in the Company's estimated U.S. state tax rates.

Deferred income tax balances are detailed in the following table:

	May 31, 2013	May 31, 2012
Deferred income tax assets	$ 4,985	$ 16,423
Deferred income tax liabilities	(918)	-
Total	$ 4,067	$ 16,423

Deferred income tax assets are recognized only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences or tax losses can be utilized. The tax effect of temporary differences and carryforwards, which give rise to net deferred income tax balances, consists of the following:

	May 31, 2013	May 31, 2012
Allowance for doubtful accounts	$ 2,174	$ 1,379
Inventory	1,988	1,781
Accrued expenses	2,204	3,432
Net operating loss carryforwards	2,232	2,918
Share-based compensation and defined benefit plans	8,351	5,858
Property, plant and equipment	851	(1,972)
Intangible assets	(16,113)	467
Deferred research expenses	-	1,750
Investment tax credit carryforwards	1,284	1,322
Other	1,096	(512)
Total	$ 4,067	$ 16,423

(In thousands of U.S. dollars except for share and per share amounts)

The movement in deferred income tax balances is as follows:

	June 1, 2011	Recognized in profit or loss	Recognized in OCI	Recognized in equity	Other [1]	May 31, 2012
Allowance for doubtful accounts	$ 1,330	$ 62	$ -	$ -	$ (13)	$ 1,379
Inventory	1,654	127	-	-	-	1,781
Accrued expenses	2,807	642	-	-	(17)	3,432
Net operating loss carryforwards	15,981	(13,162)	-	-	99	2,918
Share-based compensation and defined benefit plans	4,595	(539)	117	1,803	(118)	5,858
Property, plant and equipment	(1,023)	(1,033)	-	-	84	(1,972)
Intangible assets	625	(261)	-	-	103	467
Deferred research expenses	1,103	770	-	-	(123)	1,750
Investment tax credit carryforwards	806	(207)	-	-	723	1,322
Other	(583)	65	-	-	6	(512)
Total	$ 27,295	$ (13,536)	$ 117	$ 1,803	$ 744	$ 16,423

	May 31, 2012	Recognized in profit or loss	Recognized in OCI	Recognized in equity	Other [1]	May 31, 2013
Allowance for doubtful accounts	$ 1,379	$ 483	$ -	$ -	$ 312	$ 2,174
Inventory	1,781	653	-	-	(446)	1,988
Accrued expenses	3,432	(1,383)	-	-	155	2,204
Net operating loss carryforwards	2,918	(3,821)	-	2,923	212	2,232
Share-based compensation and defined benefit plans	5,858	478	47	1,968	-	8,351
Property, plant and equipment	(1,972)	3,514	-	-	(691)	851
Intangible assets	467	(4,043)	-	-	(12,537)	(16,113)
Deferred research expenses	1,750	(1,750)	-	-	-	-
Investment tax credit carryforwards	1,322	269	-	-	(307)	1,284
Other	(512)	1,544	-	-	64	1,096
Total	$ 16,423	$ (4,056)	$ 47	$ 4,891	$ (13,238)	$ 4,067

[1] Other comprises research credits, goodwill and foreign exchange rates effects.

Deferred tax assets have not been recognized in respect of the following items:

	May 31, 2013	May 31, 2012
Tax losses	$ -	$ 20,340
Share issuance costs	-	1,908
Total unrecognized deferred tax assets	$ -	$ 22,248

As of May 31, 2013 and 2012 the Company has Canadian non-capital loss carryforwards of $4,670 and $15,630, respectively. Included in the non-capital loss carryforward as of May 31, 2012 is $2,789 related to amortization of share issuance costs which the Company did not expect to be realizable as it did not expect future earnings in the legal entity that incurred those costs to offset the net operating losses. During the year ended May 31, 2013, the Company undertook a tax planning strategy to generate earnings in that entity which allowed the Company to recognize the asset.

(In thousands of U.S. dollars except for share and per share amounts)

As of May 31, 2013 and 2012, the Company has intangible assets (net of amortization) exclusive of computer software and deferred financing costs in the U.S. of $30,306 and $29,774, respectively, which are amortizable for income tax purposes. These U.S. intangible assets are amortizable for income tax purposes on a straight line basis over 15 years. As of May 31, 2013 and 2012 the Company has intangible assets (net of amortization) exclusive of computer software and deferred financing costs in Canada of $34,158 and $42,586, respectively, which is amortizable for income tax purposes. Under Canadian tax law 75% of the Canadian tax intangible assets are amortizable for income tax purposes at a rate of 7% per year.

The Company is subject to examination in various jurisdictions for the tax years ended May 31, 2013 and 2012. However, as a condition of the stock purchase agreement with Nike, Inc. ("Nike") in April 2008, the Company is indemnified by Nike for any tax exposures related to the pre-acquisition period. The Company's acquired Mission entities are also subject to examination in periods prior to the acquisition; however, as a condition to the stock purchase agreement with the Mission stockholders, the Company is indemnified for any tax exposures related to the pre-acquisition period for Mission and its subsidiaries. The open tax years after consideration of the indemnifications are May 31, 2011, May 31, 2010, year beginning April 18, 2008 and ending May 31, 2008 and one day year ended April 17, 2008. The Company does not anticipate any changes as a result of any ongoing examinations by taxing authorities.

For the year ended May 31, 2012, the Company has taken on a tax position in the amount of $228 it believes to be less than fifty percent probable to be sustained in an examination. The Company's position on this has not changed for the year ended May 31, 2013. The Company has taken no new tax positions that are less than fifty percent probable of being sustained in an examination.

The Company has recognized a deferred income tax liability in the amount of $789 for the undistributed earnings of two of its subsidiaries in the current or prior years for the earnings it expects to repatriate. The Company has not recognized a deferred income tax liability for the undistributed earnings of its other subsidiaries because the Company currently does not expect to sell those investments, and for those undistributed earnings that would become taxable, there is no current intention to repatriate the earnings in total of $427 from its foreign subsidiaries which are owned directly by Bauer Hockey Corp., which is a Canadian corporation.

17. DEBT

The total debt outstanding is comprised of:

	May 31, 2013	May 31, 2012
Revolving loan	$ 67,683	$ 53,080
Term loan due 2016	107,854	87,309
Finance lease obligations	67	150
Financing costs	(3,917)	(4,417)
Total debt	$ 171,687	$ 136,122
Current	$ 10,774	$ 9,195
Non-current	160,913	126,927
Total debt	$ 171,687	$ 136,122

On June 29, 2012, the Company amended the previous credit facility (the "Amended Credit Facility") to increase its borrowing capacity. The Amended Credit Facility is comprised of a (i) $130,000 term loan facility, denominated in both Canadian dollars and U.S. dollars and (ii) $145,000 revolving loan, denominated in both Canadian dollars and U.S. dollars, the availability of which is subject to meeting certain borrowing base requirements, such as eligible accounts receivable and inventory. The revolving loan includes a $20,000 letter of credit subfacility and a $10,000 swing line loan facility. In addition, the Company may, under certain circumstances and subject to receipt of additional commitments from existing lenders and/or new lenders, increase the size of the Amended Credit Facility in an aggregate amount of up to $30,000. The term loan and the revolving loan each mature on March 10, 2016. In connection with the Amended Credit Facility, the

(In thousands of U.S. dollars except for share and per share amounts)

Company incurred $1,569 in fees, of which $304 was recognized in selling, general and administrative expenses in the year ended May 31, 2013 and $1,265 was capitalized.

The interest rates per annum applicable to the loans under the Amended Credit Facility equal an applicable margin percentage, plus, at the Company's option depending on the currency of borrowing, (i) the U.S. base rate/Canadian Base rate or (ii) LIBOR/Bankers Acceptance rate. The applicable margin percentages and the unused commitment fee will be subject to adjustment based upon the ratio of the total debt to Adjusted EBITDA as follows:

Total Debt to Adjusted EBITDA	Base Rate/ Canadian Base Rate	LIBOR/BA Rate	Unused Commitment Fee
Equal to or greater than 3.0x	1.25%	2.50%	0.50%
Equal to or greater than 2.5x but less than 3.0x	1.00%	2.25%	0.45%
Equal to or greater than 2.0x but less than 2.5x	0.75%	2.00%	0.40%
Less than 2.0x	0.50%	1.75%	0.35%

Beginning with a first installment on August 31, 2012, the Amended Credit Facility requires scheduled quarterly payments in the amount of 7.5% of the term loan per annum for each of years one to three. In year four, payments shall consist of three quarterly payments of 1.875% of the original principal amount and a fourth and final payment of the entire remaining unpaid balance then outstanding due on maturity. For a period of 30 consecutive days between January 15 and March 15 of each year, the Company cannot have advances under the revolving loan outstanding in a maximum aggregate principal amount exceeding $65,000. Maturities of debt in each of the fiscal years ending May 31 are as follows:

2014	$ 10,771
2015	8,083
2016	152,833
Total debt	$ 171,687

The Amended Credit Facility includes covenants that require the Company to maintain a minimum fixed charge ratio, a minimum leverage ratio and maximum capital expenditures. As of May 31, 2013, the Company was in compliance with the covenants required under the Amended Credit Facility.

The interest rate on the revolving loan for the year ended May 31, 2013 ranged from 2.52% to 5.50% (2012 – 3.69% to 5.50%). At May 31, 2013 there are three letters of credit in the amount of $1,532 outstanding under the revolving loan.

The interest rate on the term loan for the year ended May 31, 2013 ranged from 2.53% to 5.50% (2012 – 3.75% to 5.50%). Total repayments on the term loan for the year ended May 31, 2013 were $9,551.

(In thousands of U.S. dollars except for share and per share amounts)

18. ACCRUED LIABILITIES

Accrued liabilities include the following:

	May 31, 2013	May 31, 2012
Accrued payroll and related costs, excluding taxes	$ 11,286	$ 12,437
Accrued advertising and volume rebate	5,788	6,086
Accrued legal fees	601	1,068
Accrued endorsements and royalties	1,023	966
Customer credit balances	1,008	407
Acquisition contingent consideration	-	2,228
Other	5,966	4,195
Total	$ 25,672	$ 27,387

19. PROVISIONS

Provisions include the following:

	Warranty	Product recall	Onerous contracts	Product Liability	Total
Balance May 31, 2012	$ 1,501	$ 13	$ 650	$ -	$ 2,164
Acquisition of a business	382	-	-	-	382
Additions	4,769	-	210	265	5,244
Reversals	-	-	-	(112)	(112)
Utilizations	(4,945)	(13)	(383)	-	(5,341)
Exchange differences	82	-	5	-	87
Balance May 31, 2013	$ 1,789	$ -	$ 482	$ 153	$ 2,424
Current	$ 1,789	$ -	$ 99	$ 153	$ 2,041
Non-current	-	-	383	-	383
Balance May 31, 2013	$ 1,789	$ -	$ 482	$ 153	$ 2,424

Warranty: This provision represents the estimated cost of fulfilling warranty obligations.

Onerous contracts: The Company has recorded provisions for onerous leases resulting from the Mission Itech Hockey, Inc. acquisition on September 22, 2008.

Product Liability: This provision represents the estimated cost of a product liability claim.

20. RETIREMENT BENEFIT OBLIGATIONS

Defined benefit plans

The Company has two defined benefit pension plans. These plans are not registered, are not funded, and do not accept new participants. Additionally, current participants do not earn any additional benefits. The Canadian defined benefit pension plan was available to designated senior management and executives. The US defined benefit pension plan was available to designated employees. Payouts under these plans are dependent on the Company's ability to pay at the time the participants are entitled to receive their payments.

(In thousands of U.S. dollars except for share and per share amounts)

The Company also pays all of the costs of a post-retirement life insurance plan which is available to most Canadian employees. This plan is not funded.

The IAS 19 results are based on an actuarial valuation by a qualified actuary. The following table provides the defined benefit plan liabilities:

	Defined benefit pension plan		Post-retirement life insurance plan		Total retirement benefit obligations	
	May 31, 2013	May 31, 2012	May 31, 2013	May 31, 2012	May 31, 2013	May 31, 2012
Current	358	364	-	-	358	364
Non-current	4,913	4,943	609	405	5,522	5,348
Total	$ 5,271	$ 5,307	$ 609	$ 405	$ 5,880	$ 5,712

Changes in the present value of the defined benefit pension plan are as follows:

	Year ended May 31, 2013	Year ended May 31, 2012
Beginning balance	$ 5,307	$ 5,236
Interest cost	236	273
Benefits paid	(358)	(363)
Exchange rate gain	(15)	(256)
Actuarial losses	101	417
Ending balance	$ 5,271	$ 5,307

The following table provides the principal actuarial assumptions used in determining the defined benefit pension obligation:

Canadian Plan	May 31, 2013	May 31, 2012
Discount rate	4.10%	4.40%
Inflation rate	2.10%	2.10%
U.S. Plan		
Discount rate	3.50%	3.60%
Inflation rate	N/A	N/A

The discount rate was selected based on a review of current market interest rates of high quality, fixed rate debt securities adjusted to reflect the duration of expected future cash outflows for the defined pension benefit payments. The rate is determined by management with the aid of third-party actuaries. The mortality table used for the defined benefit plan obligation and benefit plan costs was UP-94 Generational.

(In thousands of U.S. dollars except for share and per share amounts)

The effect of a 1% change in the discount rate and inflation rate of the defined benefit pension obligation is reflected in the following table:

	Discount Rate For the year ended May 31, 2013		Inflation Rate For the year ended May 31, 2013	
	1% Increase	1% Decrease	1% Increase	1% Decrease
Effect on interest cost	26	(35)	(2)	1

	Discount Rate May 31, 2013		Inflation Rate May 31, 2013	
	1% Increase	1% Decrease	1% Increase	1% Decrease
Effect on defined benefit obligation	(468)	551	(35)	29

The amounts recognized in net income and other comprehensive income for the defined benefit pension plan and the post-retirement life insurance plan was:

	Year ended May 31, 2013	Year ended May 31, 2012
Recognized in profit or loss:		
Selling, general and administrative expenses	$ 290	$ 273
Recognized in other comprehensive income (loss):		
Actuarial losses, net of taxes	$ 217	$ 299

The cumulative actuarial losses recognized in other comprehensive income or the defined benefit pension plan and the post-retirement life insurance plan are $730. Benefits expected to be paid in the next fiscal year are $358.

Defined contribution plans

The Company has two defined contribution pension plans. A defined contribution Registered Retirement Savings Plan ("RRSP") which is available to most Canadian employees and a defined contribution 401(k) plan that covers all employees in the United States. The terms of the RRSP provides for annual contributions by the Company as determined by executive management. Contributions to the RRSP for the years ended May 31, 2013 and 2012 were $447 and $425, respectively. The RRSP contributions are included in cost of goods sold and selling, general and administrative expenses.

Employees are eligible to participate in the defined contribution 401(k) plan ("401(k)") immediately upon hire, there is no service requirement. The 401(k) plan provides for matching contributions in an amount equal to 100% of the first 4% contributed by the employee to the plan. Matching contributions to the 401(k) plan were $478 and $361 for the year ended May 31, 2013 and 2012, respectively. The 401(k) contributions are included in selling, general and administrative expenses.

21. SHARE CAPITAL

(a) Authorized Share Capital

The Company's authorized share capital consists of an unlimited number of Common Shares without par value and an unlimited number of Proportionate Voting Shares.

Common Shares may at any time, at the option of the holder, be converted into Proportionate Voting Shares on the basis of 1,000 common shares for one Proportionate Voting Share. Each outstanding Proportionate Voting Share may at any time, at the option of the holder, be converted into 1,000 Common Shares. Except in limited circumstances, no fractional equity share will be issued on any conversion of another equity share. For all matters coming before shareholders, the Common Shares carry one vote per share and the Proportionate Voting Shares carry 1,000 votes per share.

(In thousands of U.S. dollars except for share and per share amounts)

Immediately at the time that none of the initial holders of Proportionate Voting Shares and their affiliates beneficially owns, controls or directs, directly or indirectly, any Proportionate Voting Shares: all issued and outstanding Proportionate Voting Shares will automatically convert into Common Shares on a one to 1,000 basis; the right of holders of Common Shares to convert their Common Shares into shares of Proportionate Voting Shares will be terminated; and all authorized and unissued Proportionate Voting Shares shall automatically convert into authorized and unissued Common Shares on a one to 1,000 basis; and the Board of Directors shall not be entitled to thereafter issue any Proportionate Voting Shares.

The holders of common shares and proportionate voting shares are entitled to receive notice of any meeting of shareholders of the Company and to attend and vote at those meetings, except those meetings at which holders of a specific class of shares are entitled to vote separately as a class under the British Columbia Business Corporations Act.

(b) Issued and outstanding shares

The Company's issued and outstanding shares are detailed in the table below:

	Number of Units [(1)]	Amount
Balance as of May 31, 2011	30,046,115	$ 107,730
Common shares issued upon exercise of stock options	36,810	128
Balance as of May 31, 2012	30,082,925	$ 107,858
Issuance of common shares	642,000	4,888
Public offering	3,691,500	28,014
Common shares issued upon exercise of stock options	171,292	637
Balance as of May 31, 2013	34,587,717	$ 141,397

[(1)] Reflects a conversion of Proportionate Voting Shares to Common Shares at the conversion ratio of 1,000 Common Shares to 1 Proportionate Voting Share.

The acquisition of Cascade was funded by the issuance of 642,000 common shares resulting in proceeds of $4,888 ($5,008 Canadian dollars) and a public offering of 3,691,500 common shares at a price of $7.80 Canadian dollars per share for gross proceeds of $28,014 ($28,794 Canadian dollars). The Company incurred $2,098 in share offering costs in the year ended May 31, 2013. These costs are recorded as a reduction of share capital. Refer to Note 5 – Business Combinations for a description of the acquisition.

22. SHARE-BASED PAYMENTS

Each of the Company's stock option plans are described in detail below.

The Rollover Plan (equity-settled)

The Rollover Plan was adopted by the Board of Directors on March 10, 2011. The terms of the Rollover Plan are substantially similar to the terms of the 2011 Plan detailed below, except that all rollover options are fully vested and no further options may be granted under the Rollover Plan. An aggregate of 5,119,815 rollover options were issued under the Rollover Plan.

(In thousands of U.S. dollars except for share and per share amounts)

Information concerning stock option activity under the Rollover Plan for the year ended May 31, 2012 is summarized as follows:

	Number of Options	Weighted - Average Exercise Price (Canadian dollars)	Weighted - Average Remaining Contractual Term (years)
Beginning of the period	5,119,815	$ 4.20	7.01
Exercised (1)	(104,259)	3.49	6.72
Outstanding and exercisable at end of period	5,015,556	$ 4.21	6.00

(1) The weighted average share price at the date of exercise for the stock options exercised in the year ended May 31, 2012 was $6.80.

Information concerning stock option activity under the Rollover Plan for the year ended May 31, 2013 is summarized as follows:

	Number of Options	Weighted - Average Exercise Price (Canadian dollars)	Weighted - Average Remaining Contractual Term (years)
Beginning of the period	5,015,556	$ 4.21	6.00
Exercised (1)	(316,278)	3.49	4.93
Outstanding and exercisable at end of period	4,699,278	$ 4.26	5.00

(1) The weighted average share price at the date of exercise for the stock options exercised in the year ended May 31, 2013 was $11.18.

The range of exercise prices for options outstanding and exercisable at May 31, 2013 is $3.49 - $10.46 Canadian dollars. In the twelve months ended May 31, 2013, the Company recognized share-based payments expense for its Rollover Plan of $277. Share-based payments expense recognized in income is included in selling, general and administrative expense, and was credited to contributed surplus. As of May 31, 2013, there is no unrecognized cost for the Rollover Plan.

The 2011 Plan (equity-settled)

The 2011 Plan was adopted by the Board of Directors on March 10, 2011. The maximum aggregate number of common shares which may be subject to options under the 2011 Plan and any other proposed or established share compensation arrangement of the Company (other than the Rollover Plan) is 12% of the Company's common shares outstanding from time to time (assuming the conversion of all Proportionate Voting Shares to Common Shares on the basis of 1,000 common shares for one Proportionate Voting Share). On this basis, at May 31, 2013, the maximum number of common shares available under the 2011 Plan was 4,150,526.

The exercise price per share of each share option shall be fixed by the Board of Directors and shall not be less than the market value of the common shares at the time of the grant. The options expire ten years from the date of grant and are subject to accelerated vesting upon change of control. For options granted to employees, officers, and directors the options vest one-fourth each year at each anniversary of the date of the grant. For options granted to consultants, the options vest one-sixth each year at each anniversary of the date of the grant. Expected volatility is estimated by considering historic average share price volatility of comparable public companies.

(In thousands of U.S. dollars except for share and per share amounts)

The assumptions used for options granted and the fair value at the date of grant is noted in the following table:

	Year ended May 31, 2013	Year ended May 31, 2012
Weighted average expected term (in years)	6.25	6.34
Weighted average expected volatility	36.53%	36.27%
Weighted average risk-free interest rate	1.44%	1.45%
Expected dividend yield	0%	0%
Weighted average fair value per option granted	$3.81	$2.29

Information concerning stock option activity under the 2011 Plan for year ended May 31, 2012 is summarized as follows:

	Number of Options	Weighted - Average Exercise Price (Canadian dollars)	Weighted - Average Remaining Contractual Life (years)
Beginning of the period	907,000	$ 7.50	9.78
Granted	103,997	6.18	9.49
Forfeited	(12,500)	7.50	
Options outstanding at end of period	998,497	$ 7.36	8.85
Exercisable at end of period	223,625	$ 7.50	8.77

Information concerning stock option activity under the 2011 Plan for year ended May 31, 2013 is summarized as follows:

	Number of Options	Weighted - Average Exercise Price (Canadian dollars)	Weighted - Average Remaining Contractual Life (years)
Beginning of the period	998,497	$ 7.36	8.85
Granted	2,340,000	10.88	9.48
Exercised (1)	(50,000)	7.50	7.78
Cancelled	(17,000)	10.54	9.34
Forfeited	(205,500)	8.89	
Options outstanding at end of period	3,065,997	$ 9.92	9.03
Exercisable at end of period	418,750	$ 7.43	7.82

(1) The weighted average share price at the date of exercise for the stock options exercised in the year ended May 31, 2013 was $11.38.

The range of exercise prices for options outstanding at May 31, 2013 is $5.36 to $11.81 Canadian dollars. Estimated forfeiture rates are incorporated into the measurement of share-based payments expense for certain classes of employees. In the twelve months ended May 31, 2013, the Company recognized share-based payments expense for its 2011 Plan of $3,237 (2012 - $1,318). Share-based payments expense recognized in income is included in selling, general and administrative expense, and was credited to contributed surplus.

Deferred Share Unit Plan (equity-settled)

On September 18, 2012, the Board adopted a Deferred Share Unit Plan (the "Plan") for the directors of the Company. The purpose of the Plan is to promote a greater alignment of interests between certain eligible directors ("Eligible Directors") and the shareholders of the Company. Under the terms of the Plan, each Eligible Director may elect to receive director fees (i.e.

(In thousands of U.S. dollars except for share and per share amounts)

retainers, meeting fees) and other cash compensation payable for services as an independent contractor paid entirely in cash or up to 100% in deferred share units ("DSUs").

The number of DSUs issued to each Eligible Director who elects to receive DSUs is determined by dividing the amount of the director's quarterly remuneration to be provided in DSUs by the fair market value of the Company's Common Shares. For Canadian participants, the fair market value is equal to the volume weighted average trading price of the Common Shares for the five trading days ending on the trading day immediately preceding the first business day of the fiscal quarter in respect of which the DSUs are to be issued. For U.S. participants, the fair market value is equal to the closing market price of the Common Shares on the trading day immediately preceding the first business day of the fiscal quarter in respect of which the DSUs are to be issued. Each DSU represents the right of the Eligible Director to receive, on a deferred basis and at the option of the Company, an award of one Common Share issued from treasury, purchased on the open market, the equivalent cash value or a combination thereof. If an Eligible Director ceases, for any reason except as a result of death, to be a director of the Company, DSUs held by such Eligible Director may be redeemed at the election of such Eligible Director on or prior to December 15 in the first calendar year commencing after the date that the Eligible Director retires from or otherwise ceases to hold such positions. In the event of death of an Eligible Director, the Company will redeem all DSUs held by the Eligible Director within 90 days of the death. In the case of any Eligible Director who is considered to be a U.S. participant under the DSU Plan, all DSUs held by such Eligible Director will be redeemed on the earlier of (i) such Eligible Director's separation from service with the Company for any reason and (ii) a change in the ownership or effective control of the Company or in the ownership of a substantial portion of the assets of the Company.

The Company reserved 100,000 Common Shares for issuance under the Plan. Of the 100,000 DSU's authorized for issuance under the plan, 90,973 were available for issuance as of May 31, 2013. During the year ended May 31, 2013, 9,027 DSU's were issued and a total amount of $98 was credited to contributed surplus. As of May 31, 2013, 9,027 DSU's are outstanding with related contributed surplus amounting to $98.

23. EARNINGS PER SHARE

The computation of basic and diluted earnings per common share follows:

	Year ended May 31, 2013 [(1)]	Year ended May 31, 2012 [(1)]
Net income	$ 25,332	$ 30,183
Weighted average common shares outstanding	34,107,334	30,054,586
Assumed conversion of dilutive stock options and awards	2,299,674	1,646,453
Diluted weighted average common shares outstanding	36,407,008	31,701,039
Basic earnings per common share	$ 0.74	$ 1.00
Diluted earnings per common share	$ 0.70	$ 0.95

[(1)] Reflects a conversion of Proportionate Voting Shares to Common Shares at the conversion ratio of 1,000 Common Shares to 1 Proportionate Voting Share.

For the year ended May 31, 2013, options to purchase an additional 745,717 (2012 – 1,628,484) common shares were outstanding, but were not included in the computation of diluted earnings per share because the options were anti−dilutive.

(In thousands of U.S. dollars except for share and per share amounts)

24. FINANCIAL INSTRUMENTS

The classification of the Company's financial instruments, as well as their carrying amounts and fair values, are shown in the tables below.

	May 31, 2013		May 31, 2012	
Financial Assets	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash	$ 4,467	$ 4,467	$ 5,147	$ 5,147
Receivables:				
Trade receivables	117,027	117,027	105,008	105,008
Other receivables	2,212	2,212	2,480	2,480
Financial instruments at fair value through profit or loss:				
Foreign currency forward contracts	5,632	5,632	4,934	4,934
Financial Liabilities				
Trade and other payables	22,548	22,548	24,126	24,126
Accrued liabilities	25,672	25,672	27,387	27,387
Revolving credit line	67,683	67,683	53,080	53,080
Term loan due 2016, bearing interest at variable rates	107,854	107,854	87,309	87,309
Finance lease obligations	67	67	150	150
Financial instruments at fair value through profit or loss:				
Foreign currency forward contracts	-	-	52	52

The Company has determined that the fair value of its current financial assets and liabilities approximates their respective carrying amounts as of the reporting dates because of the short-term nature of those financial instruments. The fair value of the Company's long-term debt bearing interest at variable rates, the fair value is considered to approximate the carrying amount. The fair value of the finance lease obligations was calculated using market interest rates at the reporting date. The fair value of the foreign exchange swaps and foreign currency forward contracts were measured using Level 2 inputs in the fair value hierarchy.

The Company utilizes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

(In thousands of U.S. dollars except for share and per share amounts)

The fair values of derivative instruments held as of May 31, 2013 and 2012:

	Valuation Method	May 31, 2013	May 31, 2012
Asset derivatives not designated as hedging instruments:			
Foreign currency forward contracts included in current assets	Level 2	$ 4,513	$ 3,105
Foreign currency forward contracts included in non-current assets	Level 2	1,119	1,829
Total		$ 5,632	$ 4,934
Liability derivatives not designated as hedging instruments:			
Foreign currency forward contracts included in current liabilities	Level 2	$ -	$ 52
Total		$ -	$ 52

The changes in the fair value of the foreign currency forward contracts recorded in earnings are summarized below:

	Year ended May 31, 2013	Year ended May 31, 2012
Fair value of contracts outstanding at beginning of the period	$ 4,882	$ (9,497)
Net change in fair value - unrealized gain	942	14,379
Exchange rate loss	(192)	-
Fair value of contracts outstanding at end of the period	$ 5,632	$ 4,882

The losses and gains resulting from the net changes in fair value are included in finance costs and finance income in the consolidated statements of comprehensive income.

25. COMMITMENTS AND CONTINGENCIES

Commitments

The Company has entered into long-term operating lease agreements for buildings and equipment that expire at various dates through fiscal 2023. Amounts of minimum future annual rental commitments under non-cancelable operating leases are as follows:

	May 31, 2013	May 31, 2012
Less than one year	$ 4,980	$ 4,432
Between one and five years	8,256	10,782
More than five years	3,081	3,705
Total	$ 16,317	$ 18,919

Certain of the leases contain renewal clauses for the extension of the lease for one or more renewal periods. Rent expense included in selling, general and administrative expenses for the years ended May 31, 2013 and 2012 was $2,726 and $2,264, respectively.

Total contractual sublease rent to be received by the Company in future years amounted to $1,941 at May 31, 2013 and $2,264 at May 31, 2012. Sublease income (expense), consisting of sublease rent received and sublease related expenses, included in other expenses for the years ended May 31, 2013 and 2012 was $11 and ($58), respectively.

(In thousands of U.S. dollars except for share and per share amounts)

The Company enters into endorsement contracts[1] with athletes and sports teams. Amounts of commitments under endorsement contracts are as follows:

	May 31, 2013	May 31, 2012
Less than one year	$ 4,029	$ 3,809
Between one and five years	3,373	4,151
More than five years	-	67
Total	$ 7,402	$ 8,027

(1) The amounts listed for endorsement contracts represent approximate amounts of base compensation and minimum guaranteed royalty fees the Company is obligated to pay athlete and sport team endorsers of the Company's products. Actual payments under some contracts may be higher than the amounts listed as these contracts provide for bonuses to be paid to the endorsers based upon athletic achievements and/or royalties on product sales in future periods. Actual payments under some contracts may also be lower as these contracts include provisions for reduced payments if athletic performance declines in future periods. In addition to the cash payments, the Company is obligated to furnish the endorsers with products for their use. It is not possible to determine how much the Company will spend on this product on an annual basis as the contracts do not stipulate a specific amount of cash to be spent on the product. The amount of product provided to the endorsers will depend on many factors including general playing conditions, the number of sporting events in which they participate, and the Company's decisions regarding product and marketing initiatives. In addition, the costs to design, develop, source, and purchase the products furnished to the endorsers are incurred over a period of time and are not necessarily tracked separately from similar costs incurred for products sold to customers.

At May 31, 2013, the Company had commitments to purchase inventory of $50,315 and non-inventory of $1,435.

Contingencies

The Company acquired Kohlberg Sports Group Inc. ("KSGI") on March 10, 2011. In connection with the formation of KSGI in March 2008, a subsidiary of KSGI agreed to pay additional consideration to Nike in future periods, based upon the attainment of a qualifying exit event. At May 31, 2013, the maximum potential future consideration pursuant to such arrangements, to be resolved on or before the eighth anniversary of April 16, 2008, is $10,000. On April 16, 2008, all of the security holders of KSGI (collectively, the "Existing Holders") entered into a reimbursement agreement with the Company pursuant to which each such Existing Holder agreed to reimburse the Company, on a pro rata basis, in the event that the Company or any of its subsidiaries are obligated to make a payment to Nike.

In the ordinary course of its business, the Company is involved in various legal proceedings involving contractual and employment relationships, product liability claims, trademark rights, and a variety of other matters. The Company does not believe there are any pending legal proceedings that will have a material impact on the Company's financial position or results of operations.

(In thousands of U.S. dollars except for share and per share amounts)

26. SUBSIDIARIES

The Company has direct or indirect investments in the common share capital of the following subsidiaries which principally affect the net income and net assets of the Company.

	Country of incorporation and operations	Proportion of shares and voting rights held by the Company [1]
Bauer Hockey Corp.	Canada	100%
Bauer Hockey, Inc.	U.S.A	100%
Bauer Performance Lacrosse Inc. [2]	U.S.A	100%

[1] directly or indirectly

[2] Formerly Sport Helmets, Inc., the sole surviving entity following the reorganization of the Company's lacrosse operating entities and holding bodies, including Cascade Helmets Holdings, Inc. and Maverik Lacrosse LLC, which was completed on December 31, 2012.

To avoid a table of excessive length, smaller subsidiaries representing an aggregate of less than 10% of the consolidated revenues of the Company have been omitted. The Company, directly or indirectly, holds 100% of the shares and voting rights of these smaller subsidiaries.

27. RELATED PARTIES

The ultimate controlling party of the Company is the Kohlberg Funds. The Kohlberg Funds include Kohlberg TE Investors VI, LP, Kohlberg Investors VI, LP, Kohlberg Partners VI, LP, and KOCO Investors VI, LP, each of which is managed by Kohlberg & Co L.L.C. On June 29, 2012, in conjunction with the acquisition of Cascade and related share offering, the Company issued 642,000 Common Shares as part of a concurrent private placement to the Kohlberg Funds resulting in gross and net proceeds of $4,888 ($5,008 Canadian dollars). Refer to Note 5 – Business Combinations and Note 21 - Share Capital.

On September 26, 2012, the Kohlberg Funds entered into an agreement for a secondary offering, on a bought deal basis, of 3,600,000 Common Shares of the Company at an offering price of $9.90 Canadian dollars per Common Share. In addition, an over-allotment option was granted, exercisable for a period of 30 days from closing, to purchase up to an additional 540,000 Common Shares. On October 17, 2012, the Kohlberg Funds completed the sale of an aggregate of 4,140,000 Common Shares at a price of $9.90 Canadian dollars per Common Share, including the exercise in full of the over-allotment option. The Company did not receive any proceeds from the secondary offering. The Common Shares sold under the terms of the offering had previously been held by the Kohlberg Funds in the form of Proportionate Voting Shares which were converted to Common Shares on the basis of one Proportionate Voting Share for 1,000 Common Shares to facilitate the secondary offering. In connection with the secondary offering, the Company incurred $461 in fees in the year ended May 31, 2013, which was recognized in selling, general and administrative expenses.

On January 17, 2013, the Kohlberg Funds entered into an agreement for a secondary offering, on a bought deal basis, of 3,000,000 Common Shares of the Company at an offering price of $11.60 Canadian dollars per Common Share. In addition, an over-allotment option was granted, exercisable for a period of 30 days from closing, to purchase up to an additional 450,000 Common Shares. On February 6, 2013, the Kohlberg Funds completed the sale of an aggregate of 3,450,000 Common Shares at a price of $11.60 Canadian dollars per Common Share, including the exercise in full of the over-allotment option. The Company did not receive any proceeds from the secondary offering. The Common Shares sold under the terms of the offering had previously been held by the Kohlberg Funds in the form of Proportionate Voting Shares which were converted to Common Shares on the basis of one Proportionate Voting Share for 1,000 Common Shares to facilitate the secondary offering. In connection with the secondary offering, the Company incurred $365 in fees which was recognized in selling, general and administrative expenses in the year ended May 31, 2013.

(In thousands of U.S. dollars except for share and per share amounts)

As of May 31, 2013 there were no outstanding balances due to or due from the Kohlberg Funds.

The Company has related party relationships with its Board of Directors and key management personnel. The Company's key management personnel are comprised of the Chief Executive Officer, Chief Financial Officer and the top three senior executives. Employee benefits expense for the Company's Board of Directors and key management personnel included in selling, general and administrative expenses is as follows:

	Year ended May 31, 2013	Year ended May 31, 2012
Wages and salaries	$ 3,489	$ 3,246
Statutory benefits	262	230
Share-based payments expense	1,487	710
Termination benefits	534	-
Other personnel costs and benefits	7	11
Total employee benefits expense	$ 5,779	$ 4,197

Shareholder Information

MANAGEMENT TEAM

KEVIN DAVIS
President, Chief Executive Officer
and Director

AMIR ROSENTHAL
Executive Vice President, Finance &
Administration, Chief Financial Officer
and Treasurer

PAUL GIBSON
Executive Vice President, Product
Creation and Supply Chain

ANGELA BASS
Vice President,
Global Human Resources

PAUL DACHSTEINER
Vice President,
Information Services

TROY MOHNS
Vice President, Lacrosse
& New Businesses

MATT SMITH
Vice President, Global Marketing

MICHAEL J. WALL
Vice President, General Counsel
and Corporate Secretary

EXCHANGE AND SYMBOL
TSX: BAU

CORPORATE HEAD OFFICE
100 Domain Drive
Exeter, NH 03833

PLAN ELIGIBILITY
RRSP, RRIF, RESP, TFSA and DPSP

AUDITORS
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Boston, Massachusetts

LEGAL COUNSEL
Stikeman Elliott LLP
Toronto, Ontario

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ANNUAL GENERAL MEETING
The Rogers Centre
Summit Suite, Gate 13
One Blue Jays Way
Toronto, Ontario
October 16, 2013 at 10:00 am

BOARD OF DIRECTORS
Bernard McDonell, Chairman
Christopher W. Anderson
Richard W. Frank
Samuel P. Frieder
C. Michael Jacobi
Shant Mardirossian
Bob Nicholson
Gordon H. Woodward
Kevin Davis, President and
Chief Executive Officer


OWN THE MOMENT