



interim report

For the nine months
ended October 28, 2000

Reitmans (Canada) Limited

TO OUR SHAREHOLDERS

Sales for the third quarter ended October 28, 2000 increased 13% to \$126,847,000 as compared with \$112,744,000 last year. Net earnings for the period increased to \$5,938,000 or \$0.69 per share as compared with \$2,822,000 or \$0.31 per share. Comparable store sales growth of 6% in the quarter resulted in considerably stronger operating margins. In the first six weeks of the fourth quarter, sales have increased 1% and comparable store sales have decreased 4%.

Sales for the nine months ended October 28, 2000 increased 8% to \$364,098,000 as compared with \$337,120,000 last year. Net earnings for the period amounted to \$15,090,000 or \$1.75 per share as compared with \$48,890,000 or \$5.58 per share, which included a non-recurring gain on the sale of NetStar of \$45,666,000 (\$36,310,000 after tax or \$4.15 per share) and a loss from discontinued operations of the Antels and Cactus divisions of \$3,161,000 or \$0.36 per share. Operating earnings for the period amounted to \$14,133,000 as compared with \$20,251,000 last year. Earnings from continuing operations amounted to \$15,090,000 or \$1.75 per share as compared with \$15,741,000 (excluding gain on sale of NetStar) or \$1.79 per share.

During the third quarter, the Company opened 8 Reitmans, 1 Smart Set and 4 Penningtons stores; 9 stores were

closed. During the year to date, the Company opened 11 Reitmans, 2 Smart Set, 12 Penningtons stores and 10 RW & CO.; 22 stores were closed. Accordingly, at October 28, 2000, there were 601 stores in operation, consisting of 331 Reitmans, 144 Smart Set/Dalmys, 103 Penningtons and 23 RW & CO. An additional 7 stores have opened in the fourth quarter and 9 stores will be closed.

At the Board of Directors meeting held on December 14, 2000, a quarterly cash dividend of 20 cents per share on all outstanding Class A non-voting and Common Shares of the capital stock of the Company was declared payable January 26, 2001, to shareholders of record as of the close of business January 12, 2001.



JEREMY H. REITMAN
President

Montreal, December 14, 2000

Reitmans



DALMYS

Penningtons
SUPERSTORE

RW & CO.

STATEMENT OF EARNINGS (UNAUDITED)

(in thousands except per share amounts)	For the nine months ended		For the three months ended	
	October 28 2000	October 30 1999	October 28 2000	October 30 1999
Sales	\$ 364,098	\$ 337,120	\$ 126,847	\$ 112,744
Cost of goods sold and selling, general and administrative expenses	338,251	308,307	116,447	106,866
	25,847	28,813	10,400	5,878
Depreciation and amortization	11,714	8,562	4,320	3,174
Operating earnings	14,133	20,251	6,080	2,704
Investment income	6,907	3,842	2,008	1,273
Gain on sale of NetStar	-	45,666	-	-
Interest on long-term debt	-	608	-	5
Earnings from continuing operations before income taxes	21,040	69,151	8,088	3,972
Income taxes	5,950	17,100	2,150	1,150
Earnings from continuing operations	15,090	52,051	5,938	2,822
Loss from discontinued operations	-	(3,161)	-	-
Net earnings	\$ 15,090	\$ 48,890	\$ 5,938	\$ 2,822
Earnings per share from continuing operations:				
Basic	\$ 1.75	\$ 5.94	\$ 0.69	\$ 0.31
Fully diluted	\$ 1.70	\$ 5.73	\$ 0.67	\$ 0.31
Net earnings per share:				
Basic	\$ 1.75	\$ 5.58	\$ 0.69	\$ 0.31
Fully diluted	\$ 1.70	\$ 5.39	\$ 0.67	\$ 0.31

Effective January 30, 2000, the Company adopted the new recommendations of the Canadian Institute of Chartered Accountants, relating to income taxes and employee future benefits. The initial adoption of these recommendations resulted in no impact on the consolidated financial statements of the Company.

CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

(in thousands)	For the nine months ended	
	October 28 2000	October 30 1999
CASH FLOWS FROM OPERATING ACTIVITIES		
Earnings from continuing operations	\$ 15,090	\$ 52,051
Adjustments for:		
Depreciation and amortization	11,714	8,562
Deferred income taxes	1,700	3,843
Investment income	(6,907)	(49,508)
Changes in non-cash working capital	(42,376)	(4,536)
Cash (used for) from continuing operations	(20,779)	10,412
Discontinued operations	-	(773)
	(20,779)	9,639
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of marketable securities	(18,517)	(47,853)
Proceeds on sale of marketable securities	24,511	29,338
Investment income, excluding gain on sale of marketable securities of \$1,130 (1999 - \$43,615)	5,777	5,893
Net additions to capital assets	(23,517)	(36,423)
Net proceeds on sale of NetStar	-	90,396
Investment in NetStar	-	(169)
	(11,746)	41,182
CASH FLOWS FROM FINANCING ACTIVITIES		
Issue of share capital	30	1,262
Repayment of long-term debt	-	(29,000)
Purchase of Class A non-voting shares for cancellation	(2,415)	-
Dividends paid	(5,170)	(4,207)
	(7,555)	(31,945)
NET (DECREASE) INCREASE IN CASH POSITION DURING THE PERIOD	(40,080)	18,876
CASH POSITION AT BEGINNING OF THE PERIOD	53,226	19,416
CASH POSITION AT END OF THE PERIOD	\$ 13,146	\$ 38,292

Cash position consists of cash balances with banks and investments in short-term deposits.