



preliminary report

For the year ended
February 3, 2001

2001

Reitmans (Canada) Limited

TO OUR SHAREHOLDERS

Sales for the year ended February 3, 2001 (53 weeks) increased 9% to \$518,384,000 as compared with \$477,730,000 last year (52 weeks). Operating earnings amounted to \$23,584,000 as compared with \$26,900,000 last year. Net earnings amounted to \$20,202,000 or \$2.35 per share as compared with \$51,707,000 or \$5.90 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 \$3,507,000 or \$0.40 per share.

Sales for the fourth quarter ended February 3, 2001 (14 weeks) increased 10% to \$154,286,000 compared with \$140,610,000 in the fourth quarter last year (13 weeks). Operating earnings increased 42% to \$9,451,000 as compared with \$6,649,000 last year. Net earnings for the period increased 81% to \$5,112,000 or 60 cents per share as compared with \$2,817,000 or 32 cents per share last year. The substantial increase in profitability is attributable to the strong increases in comparable store sales of 12% in Smart Set/Dalmys and 9% in Penningtons, which resulted in higher gross and operating margins in each of these divisions.

During the year, the Company opened 42 new stores (15 Reitmans, 5 Smart Set/Dalmys, 12 Penningtons and 10 RW & CO.) and closed 29 stores (12 Reitmans, 10 Smart Set/Dalmys and 7 Penningtons). At year-end, the Company operated 601 stores, consisting of 333 Reitmans, 143 Smart Set/Dalmys, 102 Penningtons and 23 RW & CO. as compared with a total of 588 stores last year.

The Board of Directors declared the payment of a quarterly cash dividend of 20 cents per Class A non-voting and Common share payable April 27, 2001 to shareholders of record April 17, 2001.

On April 5, 2001, the Board of Directors authorized the Company, subject to the approval of the Toronto Stock Exchange, which approval was obtained on April 17, 2001, to purchase up to 332,000 of its Class A non-voting shares (representing approximately 5% of the issued and outstanding Class A non-voting shares as at April 5, 2001) as an appropriate and desirable investment. Reitmans may purchase the shares on the open market through the facilities of The Toronto Stock Exchange from time to time over the course of twelve months commencing April 21, 2001 and ending April 20, 2002. Shareholders may obtain a copy of the Notice of Intention at no charge from the Secretary of the Company. Under the Company's 2000 normal course issuer bid, which expires on April 20, 2001, the Company purchased 344,000 Class A non-voting shares.

The Annual Report for the year ended February 3, 2001 will follow shortly.

Submitted on behalf of the Board,



JEREMY H. REITMAN
President

Montreal, April 19, 2001

Reitmans



DALMYS

Penningtons
SUPERSTORE

RW & CO.

CONSOLIDATED STATEMENT OF EARNINGS

(in thousands except per share amounts)	For twelve months ended		For three months ended	
	February 3 2001	January 29 2000	February 3 2001	January 29 2000
Sales	\$ 518,384	\$ 477,730	\$ 154,286	\$ 140,610
Cost of goods sold and selling, general and administrative expenses	478,806	438,459	140,555	130,152
	39,578	39,271	13,731	10,458
Depreciation and amortization	15,994	12,371	4,280	3,809
Operating earnings	23,584	26,900	9,451	6,649
Investment income	8,995	3,415	2,088	(427)
Gain on sale of NetStar	-	45,666	-	-
Interest on long-term debt	-	608	-	-
Earnings from continuing operations before income taxes	32,579	75,373	11,539	6,222
Income taxes	12,377	20,159	6,427	3,059
Earnings from continuing operations	20,202	55,214	5,112	3,163
Loss from discontinued operations	-	(3,507)	-	(346)
Net earnings	\$ 20,202	\$ 51,707	\$ 5,112	\$ 2,817
Earnings per share from continuing operations:				
Basic	\$ 2.35	\$ 6.30	\$ 0.60	\$ 0.36
Fully diluted	2.28	6.11	0.58	0.36
Net earnings per share:				
Basic	2.35	5.90	0.60	0.32
Fully diluted	2.28	5.72	0.58	0.32

CONSOLIDATED STATEMENT OF CASH FLOWS

(in thousands)	For the year ended	
	February 3 2001	January 29 2000
CASH FLOWS FROM OPERATING ACTIVITIES		
Earnings from continuing operations	\$ 20,202	\$ 55,214
Adjustments for:		
Depreciation and amortization	15,994	12,371
Future income taxes	3,254	3,256
Accrued pension asset	(1,071)	-
Investment income	(8,995)	(49,081)
Changes in non-cash working capital	(30,074)	11,383
Cash (used for) from continuing operations	(690)	33,143
Discontinued operations	(369)	(595)
	(1,059)	32,548
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of marketable securities	(24,494)	(61,680)
Proceeds on sale of marketable securities	27,697	41,270
Net additions to capital assets	(31,669)	(39,283)
Investment income, excluding gain on sale of marketable securities of \$754 (2000 - loss of \$4,822)	8,241	8,236
Net proceeds on sale of NetStar	-	90,396
Investment in NetStar	-	(169)
Acquisition	(125)	(1,575)
	(20,350)	37,195
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(6,853)	(5,605)
Purchase of Class A non-voting shares for cancellation	(4,986)	(2,590)
Issue of share capital	30	1,262
Repayment of long-term debt	-	(29,000)
	(11,809)	(35,933)
NET (DECREASE) INCREASE IN CASH POSITION	(33,218)	33,810
CASH POSITION AT BEGINNING OF YEAR	53,226	19,416
CASH POSITION AT END OF YEAR	\$ 20,008	\$ 53,226

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