



Preliminary Report

For the year ended
February 1, 2003



Reitmans

To Our Shareholders

Consolidated financial statements for the year ended February 1, 2003 reflect the combined operations of Reitmans (Canada) Limited ("Reitmans") and Shirmax Fashions Ltd. ("Shirmax"), a wholly-owned subsidiary of Reitmans, which was acquired effective June 5, 2002. The results include those of Shirmax for thirty-five weeks from June 5, 2002.

Sales for the year ended February 1, 2003 increased 32.9% to \$752,494,000 as compared with \$566,020,000 last year. Excluding Shirmax, sales increased 7.7% with comparable store sales increasing 2.2%. Operating earnings decreased 6.7% to \$31,176,000 as compared with \$33,423,000 last year. Excluding Shirmax, operating earnings decreased 7.7%. Net earnings decreased 8.9% to \$24,535,000 or \$1.43 per share as compared with \$26,934,000 or \$1.60 per share.

Sales for the fourth quarter ended February 1, 2003 increased 33.0% to \$217,413,000 as compared with \$163,435,000 for the fourth quarter ended February 2, 2002. Excluding Shirmax, sales increased 1.7% with comparable store sales decreasing 1.6%. Operating loss for the period amounted to \$6,554,000 as compared with operating earnings of \$11,362,000 last year. Excluding Shirmax, the operating loss for the quarter amounted to \$2,175,000. Net loss after tax amounted to \$2,395,000 or \$0.14 per share as compared with net earnings of \$7,232,000 or \$0.43 per share for the period last year.

Weak sales performance in the fourth quarter resulted in significantly depressed operating earnings. Decreased consumer traffic as a result of poor weather, weakening consumer confidence and economic uncertainty made earlier and deeper discounting necessary, resulting in significantly reduced gross and operating margins for the quarter. Our Smart Set and Addition-Elle banners were more severely impacted by these factors than were our other banners.

During the year, the Company acquired 69 Addition-Elle, 40 Addition-Elle Outlet and 66 Thyme Maternity stores. In addition, the Company opened 53 new stores comprised of 20 Reitmans, 12 Smart Set, 10 Penningtons, 2 Addition-Elle, 3 Addition-Elle Outlet and 6 Thyme Maternity stores and closed 31 stores. Accordingly, at year-end, there were 820 stores in operation, consisting of 334 Reitmans, 154 Smart Set / Dalmys, 124 Penningtons, 28 RW & CO., 70 Addition-Elle, 42 Addition-Elle Outlet and 68 Thyme Maternity stores as compared with a total of 623 stores last year.

The integration of Shirmax is progressing on schedule with almost all technology systems converted and installed. Phase II of the installation of the automated merchandise handling equipment in our new Montreal Distribution Centre is complete with the Reitmans, Smart Set and RW & CO. divisions in operation. We expect that this facility will be fully operational by August 2003.

At the Board of Directors meeting held on April 2, 2003, a quarterly cash dividend of 10 cents per share on all outstanding class A non-voting and Common shares of the capital stock of the Company was declared payable April 30, 2003, to shareholders of record as of the close of business April 16, 2003.

The Annual Report for the year ended February 1, 2003 will follow shortly.

Submitted on behalf of the Board,

(signed)

Jeremy H. Reitman
President
Montreal, April 2, 2003

Consolidated Balance Sheets

(in thousands)	February 1, 2003	February 2, 2002
Assets		
CURRENT ASSETS		
Cash and cash equivalents	\$ 30,885	\$ 33,862
Accounts receivable	5,089	1,912
Merchandise inventories	68,501	39,197
Prepaid expenses	16,219	10,440
Pension asset	5,580	-
Income taxes recoverable	7,911	-
Total Current Assets	134,185	85,411
INVESTMENTS (Market value \$82,513; 2002 - \$78,674)	79,697	75,284
CAPITAL ASSETS	159,044	109,377
GOODWILL	42,426	-
FUTURE INCOME TAXES	2,298	1,143
OTHER ASSETS	1,920	8,121
	\$ 419,570	\$ 279,336
Liabilities and Shareholders' Equity		
CURRENT LIABILITIES		
Accounts payable and accrued items	\$ 67,688	\$ 40,785
Income taxes payable	-	9,473
Current portion of long-term debt	9,991	-
Future income taxes	2,236	-
Total Current Liabilities	79,915	50,258
LONG-TERM DEBT	94,880	-
DEFERRED LICENSING REVENUE	567	-
FUTURE INCOME TAXES	687	3,499
SHAREHOLDERS' EQUITY		
Share capital	12,528	12,245
Retained earnings	230,993	213,334
Total Shareholders' Equity	243,521	225,579
	\$ 419,570	\$ 279,336

Consolidated Statements of Earnings and Retained Earnings

(in thousands except per share amounts)

	For the twelve months ended		For the three months ended	
	February 1, 2003	February 2, 2002	February 1, 2003	February 2, 2002
Sales	\$ 752,494	\$ 566,020	\$ 217,413	\$ 163,435
Cost of goods sold and selling, general and administrative expenses	695,958	514,812	216,463	147,146
	56,536	51,208	950	16,289
Depreciation and amortization	25,360	17,785	7,504	4,927
Operating earnings (loss) before the undernoted	31,176	33,423	(6,554)	11,362
Investment income	8,563	9,869	1,029	1,628
Interest on long-term debt	2,656	-	1,121	-
Earnings (loss) before income taxes	37,083	43,292	(6,646)	12,990
Income taxes (recovery)	12,548	16,358	(4,251)	5,758
Net earnings (loss)	24,535	26,934	(2,395)	7,232
Retained earnings at beginning of the period	213,334	193,960	235,108	207,819
Deduct:				
Dividends	6,876	6,749	1,720	1,717
Premium on purchase of class A shares	-	811	-	-
Retained earnings at end of the period	\$ 230,993	\$ 213,334	\$ 230,993	\$ 213,334
Earnings per share:				
Basic	\$ 1.43	\$ 1.60	\$ (0.14)	\$ 0.43
Diluted	1.41	1.60	(0.14)	0.43

Consolidated Statements of Cash Flows

(in thousands)

	For the twelve months ended		For the three months ended	
	February 1, 2003	February 2, 2002	February 1, 2003	February 2, 2002
CASH FLOWS FROM OPERATING ACTIVITIES				
Net earnings (loss)	\$ 24,535	\$ 26,934	\$ (2,395)	\$ 7,232
Adjustments for:				
Depreciation and amortization	25,360	17,785	7,504	4,927
Future income taxes	(576)	975	(1,151)	525
Amortization of deferred licensing revenue	(134)	-	(35)	-
Pension asset	1,132	(1,218)	1,132	(1,218)
Amortization of deferred financing costs	146	-	55	-
Investment income	(8,563)	(9,869)	(1,029)	(1,628)
Changes in non-cash working capital	(9,665)	8,135	26,544	31,828
	32,235	42,742	30,625	41,666
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of marketable securities	(66,361)	(63,163)	(20,162)	(18,197)
Proceeds on sale of marketable securities	65,311	72,405	6,978	12,713
Net additions to capital assets	(43,441)	(41,010)	(8,149)	(16,077)
Investment income, excluding gain on sale of marketable securities for the year of \$3,363 (2002 - \$3,127)	5,200	6,742	1,519	1,326
Acquisition of Shirmax Fashions Ltd. including bank indebtedness	(89,808)	-	1,995	-
	(129,099)	(25,026)	(17,819)	(20,235)
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends paid	(6,876)	(6,749)	(1,720)	(1,718)
Proceeds of long-term debt	106,000	-	20,000	-
Deferred financing costs	(657)	-	(2,384)	-
Purchase of class A non-voting shares for cancellation	-	(876)	-	-
Repayment of long-term debt	(4,863)	-	-	-
Issue of share capital	283	3,763	35	2,626
	93,887	(3,862)	15,931	908
NET (DECREASE) INCREASE IN CASH DURING THE PERIOD	(2,977)	13,854	28,737	22,339
CASH AND CASH EQUIVALENTS, BEGINNING OF THE PERIOD	33,862	20,008	2,148	11,523
CASH AND CASH EQUIVALENTS, END OF THE PERIOD	\$ 30,885	\$ 33,862	\$ 30,885	\$ 33,862

Cash and cash equivalents consist of cash balances with banks and investments in short-term deposits.

	Reitmans	Smart Set / Dalmys	Penningtons	RW & CO.	Addition-Elle	Addition-Elle Outlet	Thyme Maternity	Total
Newfoundland	14	3	3	-	1	1	1	23
Prince Edward Island	3	3	1	-	-	-	-	7
Nova Scotia	19	6	5	-	2	1	1	34
New Brunswick	18	5	3	1	1	1	2	31
Québec	83	26	22	8	20	13	16	188
Ontario	106	65	45	10	26	17	28	297
Manitoba	12	5	5	-	2	2	2	28
Saskatchewan	6	4	5	-	2	1	2	20
Alberta	38	18	16	3	8	3	8	94
British Columbia	33	19	19	6	8	3	8	96
Northwest Territories	1	-	-	-	-	-	-	1
Yukon	1	-	-	-	-	-	-	1
	334	154	124	28	70	42	68	820

820 stores across Canada



REITMANS (CANADA) LIMITED