



PRELIMINARY REPORT  
FOR THE YEAR ENDED JANUARY 31, 2004



Reitmans

The consolidated financial statements for the year and three month periods ending January 31, 2004 reflect the combined operations of Reitmans (Canada) Limited ("Reitmans") and Shirmax Fashions Ltd. ("Shirmax"), which was acquired effective June 5, 2002. Accordingly, for the year, the 2004 and 2003 results are not strictly comparable as the 2003 results do not include sales and operations from the Shirmax stores for the period February 2, 2002 to June 5, 2002. For the three month period, last year's results are comparable.

Sales for the year ended January 31, 2004, increased 13.2% to \$851,634,000 as compared with \$752,494,000 last year. Comparable store sales decreased 0.7%. Excluding Shirmax, sales increased 7.7% with comparable store sales increasing 2.7%. Operating earnings for the year increased 63.3% to \$50,898,000 as compared with \$31,176,000 last year. Net earnings increased 63.2% to \$40,035,000 or \$2.33 per share as compared with \$24,535,000 or \$1.43 per share.

Sales for the fourth quarter ended January 31, 2004, increased 3.5% to \$224,976,000 as compared with \$217,413,000 for the fourth quarter ended February 1, 2003. Comparable store sales decreased 1.5%. Operating earnings for the quarter amounted to \$4,720,000 as compared with an operating loss of \$6,554,000 last year. Net earnings amounted to \$5,980,000 or \$0.35 per share as compared with a net loss of \$2,395,000 or \$0.14 per share for the period last year.

Included in the results of both the fourth quarter and year, is a charge of \$2,300,000 relating to the closing of the leased Shirmax offices and distribution centre. The Shirmax office personnel moved to our Sauv e Street premises on November 21, 2003. The integration of Shirmax is now completed with all technology, human resources and accounting platforms converted and distribution handled in our new Montreal Distribution Centre.

During the year, the Company opened 55 new stores comprised of 21 Reitmans, 14 Smart Set, 5 Penningtons, 1 Addition Elle, 8 Addition Elle Outlet and 6 Thyme Maternity stores and closed 30 stores. Accordingly, at year-end, there were 845 stores in operation, consisting of 347 Reitmans, 162 Smart Set / Dalmys, 126 Penningtons, 28 RW & CO., 67 Addition Elle, 49 Addition Elle Outlet and 66 Thyme Maternity stores as compared with a total of 820 stores last year.

Subsequent to year-end, on March 1, 2004, the Company accelerated the paydown of its long-term Shirmax acquisition debt by \$40,000,000.

Sales for the nine (9) weeks ended April 3, 2004 increased 12.5% with comparable store sales increasing 7.7%.

At the Board of Directors meeting held on April 7, 2004, a quarterly cash dividend of \$0.18 per share was declared on all class A non-voting and Common shares outstanding, payable April 29, 2004 to shareholders of record on April 21, 2004 (before giving effect to the stock dividends payable on April 29, 2004 as described below). This is an increase of 29% over the previous rate of \$0.14 per share and will result in an annual dividend rate of \$0.36 per share after giving effect to the stock dividends.

In addition, the Board declared stock dividends, in the case of holders of Common shares, of one Common share for every one Common share held and in the case of class A non-voting shares, of one class A non-voting share for every one class A non-voting share held. The payment of the dividend by way of the issuance of these shares will take place on April 29, 2004 to shareholders of record on April 21, 2004.

The Annual Report for the year ended January 31, 2004 will follow shortly.

Submitted on behalf of the Board,



Jeremy H. Reitman  
President

Montreal, April 7, 2004

## CONSOLIDATED BALANCE SHEETS

(in thousands)

	January 31, 2004	February 1, 2003
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 101,837	\$ 30,885
Accounts receivable	3,962	5,089
Merchandise inventories	60,223	68,501
Prepaid expenses	7,604	16,219
Pension asset	-	5,580
Income taxes recoverable	-	7,911
Total Current Assets	173,626	134,185
INVESTMENTS (Market value \$82,237; 2003 - \$82,513)	73,880	79,697
CAPITAL ASSETS	161,110	159,044
GOODWILL	42,426	42,426
FUTURE INCOME TAXES	710	2,298
OTHER ASSETS	1,715	1,920
	\$ 453,467	\$ 419,570
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued items	\$ 74,986	\$ 67,688
Income taxes payable	6,217	-
Current portion of long-term debt	9,739	9,991
Future income taxes	-	2,236
Total Current Liabilities	90,942	79,915
LONG-TERM DEBT	85,082	94,880
DEFERRED LICENSING REVENUE	367	567
FUTURE INCOME TAXES	674	687
<b>SHAREHOLDERS' EQUITY</b>		
Share capital	12,798	12,528
Contributed surplus	149	-
Retained earnings	263,455	230,993
Total Shareholders' Equity	276,402	243,521
	\$ 453,467	\$ 419,570

## CONSOLIDATED STATEMENTS OF EARNINGS AND RETAINED EARNINGS

(in thousands except per share amounts)

	For the twelve months ended		For the three months ended	
	January 31, 2004	February 1, 2003	January 31, 2004	February 1, 2003
Sales	\$ 851,634	\$ 752,494	\$ 224,976	\$ 217,413
Cost of goods sold and selling, general and administrative expenses	768,377	695,958	209,897	216,463
	83,257	56,536	15,079	950
Depreciation and amortization	30,059	25,360	8,059	7,504
Lease cancellation and related costs	2,300	-	2,300	-
Operating earnings (loss) before the undernoted	50,898	31,176	4,720	(6,554)
Investment income	9,584	8,563	2,731	1,029
Interest on long-term debt	4,792	2,656	1,116	1,121
Earnings (loss) before income taxes	55,690	37,083	6,335	(6,646)
Income taxes (recovery)	15,655	12,548	355	(4,251)
Net earnings (loss)	40,035	24,535	5,980	(2,395)
Retained earnings at beginning of the period	230,993	213,334	259,886	235,108
Deduct:				
Dividends	7,573	6,876	2,411	1,720
Retained earnings at end of the period	\$ 263,455	\$ 230,993	\$ 263,455	\$ 230,993
Earnings per share:				
Basic	\$ 2.33	\$ 1.43	\$ 0.35	\$ (0.14)
Diluted	2.29	1.41	0.34	(0.14)

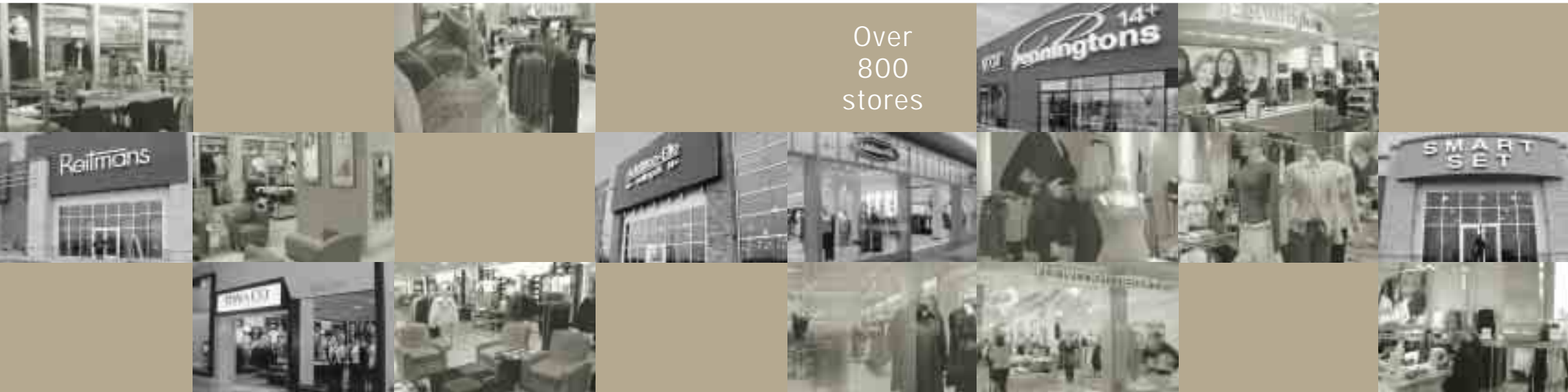
## CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)

	For the twelve months ended		For the three months ended	
	January 31, 2004	February 1, 2003	January 31, 2004	February 1, 2003
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Net earnings (loss)	\$ 40,035	\$ 24,535	\$ 5,980	\$ (2,395)
Adjustments for:				
Depreciation and amortization	30,059	25,360	8,059	7,504
Future income taxes	(661)	(576)	936	(1,151)
Stock based compensation	149	-	149	-
Amortization of deferred licensing revenue	(200)	(134)	(50)	(35)
Pension asset	(14)	1,132	(14)	1,132
Amortization of deferred financing costs	219	146	55	55
Investment income	(9,584)	(8,563)	(2,731)	(1,029)
Changes in non-cash working capital	42,519	(9,665)	27,881	26,544
	102,522	32,235	40,265	30,625
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchases of marketable securities	(50,904)	(66,361)	(17,277)	(20,162)
Proceeds on sale of marketable securities	59,326	65,311	18,550	6,978
Additions to capital assets	(40,064)	(43,441)	(5,656)	(8,149)
Proceeds on sale of capital assets	10,446	-	381	-
Investment income, excluding gain on sale of marketable securities of \$2,605 (2003 - \$3,363)	6,979	5,200	2,051	1,519
Acquisition of Shirmax Fashions Ltd. including bank indebtedness	-	(89,808)	-	1,995
	(14,217)	(129,099)	(1,951)	(17,819)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Dividends paid	(7,573)	(6,876)	(2,411)	(1,720)
Proceeds of long-term debt	-	106,000	-	20,000
Deferred financing costs	-	(657)	-	-
Repayment of long-term debt	(10,050)	(4,863)	(2,498)	(2,384)
Issue of share capital	270	283	119	35
	(17,353)	93,887	(4,790)	15,931
<b>NET INCREASE (DECREASE) IN CASH DURING THE PERIOD</b>	<b>70,952</b>	<b>(2,977)</b>	<b>33,524</b>	<b>28,737</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF THE PERIOD</b>	<b>30,885</b>	<b>33,862</b>	<b>68,313</b>	<b>2,148</b>
<b>CASH AND CASH EQUIVALENTS, END OF THE PERIOD</b>	<b>\$ 101,837</b>	<b>\$ 30,885</b>	<b>\$ 101,837</b>	<b>\$ 30,885</b>

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

# Canada's leading fashion retailer



Over  
800  
stores

	Reitmans	Smart Set / Dalmys	Penningtons	RW & CO.	Addition Elle	Addition Elle Outlet	Thyme Maternity	Total
Newfoundland	15	3	3	-	1	1	1	24
Prince Edward Island	3	3	1	-	-	-	-	7
Nova Scotia	20	6	5	-	1	1	1	34
New Brunswick	18	6	3	1	1	2	2	33
Québec	89	29	22	8	19	15	17	199
Ontario	110	67	46	10	26	18	26	303
Manitoba	11	6	5	-	2	3	2	29
Saskatchewan	6	4	5	-	2	1	2	20
Alberta	42	19	17	3	8	5	9	103
British Columbia	31	19	19	6	7	3	6	91
Northwest Territories	1	-	-	-	-	-	-	1
Yukon	1	-	-	-	-	-	-	1
	<b>347</b>	<b>162</b>	<b>126</b>	<b>28</b>	<b>67</b>	<b>49</b>	<b>66</b>	<b>845</b>



Over 800 stores

Reitmans — Smart Set / Dalmys — Penningtons — Addition Elle — Addition Elle Outlet — Thyme Maternity — RW & CO.