

PRELIMINARY REPORT

For the year ended
February 2, 2002



Reitmans

Reitmans

S M A R T S E T | DALMYS

Penningtons
SUPERSTORE 14+

RW & CO.

TO OUR SHAREHOLDERS

Sales for the year ended February 2, 2002 (52 weeks) increased 9% to \$566,020,000 as compared with \$518,384,000 last year (53 weeks). Sales increased 10% on a comparable week basis while comparable store sales increased 5%. Operating earnings increased 42% to \$33,423,000 as compared with \$23,584,000 last year. Net earnings increased 33% to \$26,934,000 or \$3.20 per share as compared with \$20,202,000 or \$2.35 per share.

Sales for the fourth quarter ended February 2, 2002 (13 weeks) increased 6% to \$163,435,000 compared with \$154,286,000 in the fourth quarter last year (14 weeks). Sales increased 13% on a comparable week basis while comparable store sales increased 5%. Operating earnings increased 20% to \$11,362,000 as compared with \$9,451,000 last year. Net earnings for the period increased 41% to \$7,232,000 or 85 cents per share as compared with \$5,112,000 or 60 cents per share last year.

Strong sales growth in the fourth quarter and full year resulted in significantly increased gross and operating margins.

During the year, the Company opened 53 new stores (22 Reitmans, 9 Smart Set/Dalmys, 17 Penningtons and 5 RW & CO.) and closed 31 stores (27 Reitmans and 4 Smart Set/Dalmys). At year-end, the Company operated 623 stores, consisting of 328 Reitmans, 148 Smart Set/Dalmys, 119 Penningtons and 28 RW & CO. as compared with a total of 601 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 30, 2002 to shareholders of record April 16, 2002.

On April 9, 2002, we announced that Shirmax Fashions Limited has entered into agreements by which Reitmans will offer to purchase all of the outstanding shares of Shirmax by way of a take-over bid in a cash transaction at \$7.00 per Shirmax share, or a total of approximately \$85 million. The transaction is subject to certain conditions in favour of Reitmans as well as subject to the receipt of normal regulatory approvals, including with respect to the Competition Act (Canada). We expect the transaction to close at the end of May 2002.

At year-end, Shirmax operated 174 stores consisting of 69 mall stores operating under the "Addition-Elle", "A/E Sport & Co." and "Lingerie by Addition-Elle" banners, 39 Addition-Elle Fashion Outlet and 66 Thyme Maternity stores. For the year ended January 26, 2002, Shirmax reported sales of \$195,985,552 and net earnings of \$6,468,909 or 56 cents per share.

Subsequent to closing, Reitmans will operate 7 Divisions - Reitmans, Smart Set/Dalmys, Penningtons Superstore, RW & CO., Addition-Elle, Addition-Elle Outlet and Thyme Maternity - in approximately 800 retail locations across Canada with estimated sales on an annual basis of approximately \$800 million.

The Annual Report for the year ended February 2, 2002 will follow shortly.

Submitted on behalf of the Board,

(signed)

Jeremy H. Reitman
President

Montreal, April 10, 2002

CONSOLIDATED STATEMENTS OF EARNINGS AND RETAINED EARNINGS

(in thousands except per share amounts)

Sales
Cost of goods sold and selling, general and administrative expenses
Depreciation and amortization
Operating earnings
Investment income
Earnings before income taxes
Income taxes
Net earnings
Retained earnings at beginning of the period
Deduct:
Dividends
Premium on purchase of Class A shares
Change in accounting policies
Retained earnings at end of the period
Net earnings per share:
Basic
Diluted

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)

CASH FLOWS FROM OPERATING ACTIVITIES
Net earnings
Adjustments for:
Depreciation and amortization
Future income taxes
Accrued pension asset
Investment income
Changes in non-cash working capital
Cash from (used for) continuing operations
Discontinued operations
CASH FLOWS FROM INVESTING ACTIVITIES
Purchases of marketable securities
Proceeds on sale of marketable securities
Net additions to capital assets
Investment income, excluding gain on sale of marketable securities of \$3,127 (2001 - \$754)
Acquisition
CASH FLOWS FROM FINANCING ACTIVITIES
Dividends paid
Purchase of Class A non-voting shares for cancellation
Issue of share capital
NET INCREASE (DECREASE) IN CASH POSITION DURING THE PERIOD
CASH POSITION AT BEGINNING OF THE PERIOD
CASH POSITION AT END OF THE PERIOD

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

For the twelve months ended		For the three months ended	
February 2, 2002	February 3, 2001	February 2, 2002	February 3, 2001
\$ 566,020	\$ 518,384	\$ 163,435	\$ 154,286
514,812	478,806	147,146	140,555
51,208	39,578	16,289	13,731
17,785	15,994	4,927	4,280
33,423	23,584	11,362	9,451
9,869	8,995	1,628	2,088
43,292	32,579	12,990	11,539
16,358	12,377	5,758	6,427
26,934	20,202	7,232	5,112
193,960	185,256	207,819	192,926
6,749	6,853	1,717	1,683
811	4,639	-	2,389
-	6	-	6
\$ 213,334	\$ 193,960	\$ 213,334	\$ 193,960
\$ 3.20	\$ 2.35	\$ 0.85	\$ 0.60
3.19	2.34	0.85	0.60

For the twelve months ended		For the three months ended	
February 2, 2002	February 3, 2001	February 2, 2002	February 3, 2001
\$ 26,934	\$ 20,202	\$ 7,232	\$ 5,112
17,785	15,994	4,927	4,280
975	3,254	525	1,554
(1,218)	(1,071)	(1,218)	(1,071)
(9,869)	(8,995)	(1,628)	(2,088)
8,135	(30,074)	31,828	12,302
42,742	(690)	41,666	20,089
-	(369)	-	(369)
42,742	(1,059)	41,666	19,720
(63,163)	(24,494)	(18,197)	(5,977)
72,405	27,697	12,713	3,186
(41,010)	(31,669)	(16,077)	(8,152)
6,742	8,241	1,326	2,464
-	(125)	-	(125)
(25,026)	(20,350)	(20,235)	(8,604)
(6,749)	(6,853)	(1,717)	(1,683)
(876)	(4,986)	-	(2,571)
3,763	30	2,625	-
(3,862)	(11,809)	908	(4,254)
13,854	(33,218)	22,339	6,862
20,008	53,226	11,523	13,146
\$ 33,862	\$ 20,008	\$ 33,862	\$ 20,008

CONSOLIDATED BALANCE SHEETS

(in thousands)

February 2, 2002 February 3, 2001

ASSETS

CURRENT ASSETS

Cash and short-term deposits	\$ 33,862	\$ 20,008
Accounts receivable	1,912	2,556
Merchandise inventories	39,197	38,481
Prepaid expenses	10,440	8,816
Total Current Assets	85,411	69,861

INVESTMENTS

75,284 81,399

CAPITAL ASSETS

109,377 86,036

ACCRUED PENSION ASSET

8,121 6,903

\$ 278,193 \$ 244,199

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT LIABILITIES

Accounts payable and accrued items	\$ 40,785	\$ 35,187
Income taxes payable	9,473	5,124
Total Current Liabilities	50,258	40,311

FUTURE INCOME TAXES

2,356 1,381

SHAREHOLDERS' EQUITY

Share capital	12,245	8,547
Retained earnings	213,334	193,960
Total Shareholders' Equity	225,579	202,507

\$ 278,193 \$ 244,199

STORES

	Reitmans	Smart Set/ Dalmys	Penningtons	RW & CO.	Total
Newfoundland	14	3	3	-	20
Prince Edward Island	3	3	1	-	7
Nova Scotia	19	7	3	-	29
New Brunswick	17	5	3	1	26
Québec	83	24	23	8	138
Ontario	103	61	43	10	217
Manitoba	11	5	5	-	21
Saskatchewan	7	4	4	-	15
Alberta	36	17	16	3	72
British Columbia	33	19	18	6	76
Northwest Territories	1	-	-	-	1
Yukon	1	-	-	-	1
	328	148	119	28	623



