

Reitman  (CANADA) LIMITED

ANNUAL REPORT FOR THE YEAR ENDED JANUARY 31, 1983

HIGHLIGHTS

For the year ending January 31	1983	1982 (Restated)	Change
Sales	\$265,998,376	\$255,600,524	+ 4.1%
Earnings Before Taxes	\$ 21,886,406	\$ 21,079,999	+ 3.8%
% of Sales	8.2	8.2	—
Earnings After Taxes	\$ 12,691,684	\$ 11,815,475	+ 7.4%
% of Sales	4.8	4.6	+ 4.3%
Per Share	\$2.74	\$2.55	+ 7.4%
Shareholders' Equity	\$ 85,331,806	\$ 76,906,844	+ 11.0%
Per Share	\$18.40	\$16.58	+ 11.0%
Number of Stores	652	649	+ 0.5%

Transfer Agent
& Registrar

MONTREAL TRUST COMPANY
Halifax, Montreal, Toronto,
Calgary, Vancouver

Une version française de ce rapport
est disponible en écrivant au
secrétaire, Reitmans (Canada) Limitée,
250, rue Sauvé ouest, Montréal
(Québec) H3L 1Z2.

Reitman

(CANADA) LIMITED

Directors

Jack Reitman
Gerald Smith
Jack Hymes
Cyril Reitman
Philip F. Vineberg, O.C., Q.C.
Philip Sacks
Isaac Salem
Jeremy H. Reitman
Philippe de Gaspé Beaubien, O.C.

Officers

Jack Reitman
President

Gerald Smith
Executive Vice-President

Isaac Salem
Vice-President & Treasurer

Jeremy H. Reitman
Vice-President & Secretary

Perry Boyd
Vice-President — Distribution

Peter S. Cohen
Vice-President — Real Estate

Bruno Eller
Vice-President — Store Planning

Gilles Ferland
Vice-President — Personnel

Gary Hayes
*Vice-President — Merchandising
Smart Set / Sweet Sixteen*

Jack Hymes
Vice-President

Cyril Reitman
Vice-President

Stephen F. Reitman
Vice-President — Merchandising

Jacques Rousseau, C.A.
Vice-President — Comptroller

Philip Sacks
*Vice-President
General Merchandise Manager*

Allan Salomon
Vice-President — Legal Counsel

Brian Smith
Vice-President — Store Operations

Louis Waxman
Vice-President — Ontario Operations

Jay Weiss
Vice-President — Information Systems



Sam Reitman
(1903 — 1982)



The President's Report

to the Shareholders of
Reitmans (Canada) Limited



Jack Reitman

I have pleasure in presenting, on behalf of the Board of Directors, the Annual Report of Reitmans (Canada) Limited for the fiscal year ended January 31, 1983.

Sales for the year amounted to \$265,998,376 as compared with sales of \$255,600,524 an increase of 4.1%. Sales in Canada increased 1.6% to \$222,737,108 while sales in Worths, our U.S. operation, increased 19% to \$43,261,268. Net earnings increased 7.4% to \$12,691,684 or \$2.74 per share as compared with \$11,815,475 or \$2.55 per share last year.

The results of the fourth quarter are particularly gratifying as net earnings increased 33.8% with a sales increase of 6.1%. The increase was wholly attributable to the Canadian operations where close control of inventory levels and expenses allowed some expansion of both gross and operating margins. The increase in sales in the United States, as in previous years, was derived exclusively from new stores. Increased expenses in connection with a most rapid expansion in the face of a severe recession have impacted the profitability of the U.S. division.

The Company's financial position continues to be strong. Cash and investments in marketable securities (principally preferred shares in Canadian public companies) totalled \$49,003,448 as compared with \$49,356,942 last year and provide an important source of revenue. During the year, capital investment of \$5,488,384 was required for new store expansion and renovation programs, of which \$2,867,910 was used in Canada and \$2,620,474 in the United States. The Company paid cash dividends totalling \$4,266,722 the current dividend rate being 92¢ per Class A and Common share.

Four (4) Chablis stores were opened during the first quarter. This new division caters to the career woman or the more fashion-conscious woman, aged 25 to 45, who prefers contemporary styling, better quality and higher-priced merchandise than what we traditionally offer in our more junior Smart Set and Sweet Sixteen operations. These stores average approximately 2,000 square feet and are somewhat more lavish yet subdued in their decor. Initial results have been encouraging, and at least five Chablis stores will be opened in the current year.

Presently, we operate two different junior-wear chains, Smart Set and Sweet Sixteen, with substantially the same merchandising and operational programs. Sweet Sixteen, acquired in 1975, operates stores in British Columbia, Alberta and Saskatchewan, while Smart Set, developed internally, operates in all ten provinces. In order to maximize our marketing program and to minimize duplication of expenses in connection with the operation of two separate divisions, we have decided to convert the Sweet Sixteen stores to Smart Set stores, wherever practical, over the next three years. Furthermore, in those shopping centres in which we operate both Sweet Sixteen and Smart Set stores, and where the market demographics are suitable, we would consider conversion of one of those units to a Chablis store.

At January 31, 1983, Reitmans (Canada) Limited operated a total of 652 stores consisting of 556 stores in Canada and 96 Worths Stores in the United States. Last year, we opened 23 stores (8 Reitmans, 11 Smart Set and 4 Chablis). We closed 32 stores (10 Reitmans, 12 Smart Set and 10 Sweet Sixteen). In fact, 4 of the Smart Set closures were converted to Chablis, and three of the Sweet Sixteen stores were converted to Smart Set. At year end, the Canadian operations consisted of 355 Reitmans stores (including 6 leased departments), 141 Smart Set stores, 56 Sweet Sixteen stores and 4 Chablis stores.

The year 1982 was the first year in our history in which we closed more stores than we opened in Canada. Our plans for 1983 are similar, as the number of new shopping centres being developed in Canada is at a minimal level. However, this may be a positive factor as it will allow stores which are currently in existence, particularly those 151 stores opened in the last five years, to mature and reach a higher level of profitability as comparable store sales increase.

To date this year, we have leased 5 new stores (3 Reitmans, 1 Smart Set and 1 Chablis); other locations are under review. We plan to close 13 stores (5 Reitmans, 2 Smart Set and 6 Sweet Sixteen). Four (4) Smart Set stores will be converted to Chablis, 17 Sweet Sixteen stores will be converted to Smart Set and 3 Sweet Sixteen stores will be converted to Reitmans.

In the United States, 14 Worths stores were opened this year and 2 older stores were closed. At year-end, we were operating 96 stores as compared to 42 stores as at the date of acquisition in 1979. While we had hoped to open approximately 15 stores this year, our expansion will no doubt be limited to 5 or 6 stores as there is a slowdown in new shopping centre development at this time. We continue to regard the United States as a most attractive market for the continued growth of the Company and expect the U.S. division to profit as the economy recovers. We continue to seek further acquisition opportunities, particularly in the geographic areas where we are presently located, namely the Mid-West and Mid-South.

We record with deep regret the passing on November 14th of Sam Reitman, Chairman of the Board. A founder of the Company, in his more than 60 years of service, his talents as a merchant were invaluable. His deep sense of community earned him the appreciation and respect of associates and friends alike.

On behalf of the Board of Directors, I wish to express our sincere appreciation to our employees for their dedication and loyalty, the shareholders for their faith in and support of management, to our suppliers for their co-operation, and to our customers for their patronage. These are the people who have made possible our many years of progress and on whom we rely for our future success.

On behalf of the Board of Directors



Jack Reitman, President

Montreal, April 7, 1983.

STATISTICS
(unaudited)

Year ending January 31

*** SALES PER QUARTER**

	1983	1982 (Restated)	1981
1st Quarter	\$ 51,632	\$ 49,729	\$ 42,465
2nd Quarter	69,434	65,306	59,089
3rd Quarter	62,931	63,289	58,543
4th Quarter	82,001	77,277	74,505
Total	\$265,998	\$255,601	\$234,602

*** NET EARNINGS PER QUARTER (1)**

1st Quarter	\$ 876	\$ 1,524	\$ 1,019
2nd Quarter	4,174	3,933	3,651
3rd Quarter	2,055	2,183	4,329
4th Quarter	5,587	4,175	4,917
Total	\$ 12,692	\$ 11,815	\$ 13,916

PER SHARE PER QUARTER (1)

1st Quarter	\$ 0.19	\$ 0.33	\$ 0.22
2nd Quarter	0.90	0.85	0.79
3rd Quarter	0.44	0.47	0.93
4th Quarter	1.21	0.90	1.06
Total	\$ 2.74	\$ 2.55	\$ 3.00

*** SHAREHOLDERS' EQUITY
PER SHARE**

\$ 85,331	\$ 76,906	\$ 70,086
\$ 18.40	\$ 16.58	\$ 15.11

*** CASH DIVIDENDS
PER SHARE**

\$ 4,267	\$ 4,267	\$ 3,849
\$ 0.92	\$ 0.92	\$ 0.83

RETURN ON SALES (%)

4.77	4.62	5.93
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RETURN ON EQUITY (%)

15.65	16.08	21.39
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NUMBER OF STORES

REITMANS (2)	355	357	345
SMART SET	141	142	122
SWEET SIXTEEN	56	66	73
CHABLIS	4	—	—
WORTHS	96	84	66
TOTAL	652	649	606

RECORD OF STOCK PRICES (3)

Common High	\$28.00	\$28.50	\$22.00
Common Low	\$18.00	\$20.00	\$13.50
Class A High	\$27.75	\$27.00	\$22.50
Class A Low	\$18.00	\$20.00	\$15.00

* (000's omitted)

(1) Excluding extraordinary gain

(2) Including leased departments

(3) On the Toronto Stock Exchange for the immediately preceding calendar year

1980	1979	1978	1977	1976	1975	1974
\$ 40,723	\$ 32,417	\$ 30,648	\$ 26,986	\$ 24,822	\$ 15,332	\$ 13,899
52,511	43,837	39,531	36,362	36,010	22,716	19,972
52,157	42,768	39,340	37,411	35,254	21,196	17,410
68,476	55,006	50,249	46,078	42,874	30,891	24,973
<u>\$213,867</u>	<u>\$174,028</u>	<u>\$159,768</u>	<u>\$146,837</u>	<u>\$138,960</u>	<u>\$ 90,135</u>	<u>\$ 76,254</u>
\$ 1,005	\$ 1,291	\$ 1,446	\$ 701	\$ 1,043	\$ 419	\$ 262
1,766	2,571	2,117	895	2,397	1,252	1,016
2,990	3,028	2,735	2,704	2,562	1,323	911
4,818	4,125	3,357	3,527	2,809	2,115	1,623
<u>\$ 10,579</u>	<u>\$ 11,015</u>	<u>\$ 9,655</u>	<u>\$ 7,827</u>	<u>\$ 8,811</u>	<u>\$ 5,109</u>	<u>\$ 3,812</u>
\$ 0.22	\$ 0.28	\$ 0.32	\$ 0.15	\$ 0.22	\$ 0.09	\$ 0.06
0.38	0.55	0.46	0.20	0.53	0.28	0.22
0.64	0.66	0.59	0.59	0.56	0.28	0.20
1.04	0.89	0.74	0.77	0.62	0.47	0.36
<u>\$ 2.28</u>	<u>\$ 2.38</u>	<u>\$ 2.11</u>	<u>\$ 1.71</u>	<u>\$ 1.93</u>	<u>\$ 1.12</u>	<u>\$ 0.84</u>
\$ 60,019	\$ 53,057	\$ 44,274	\$ 36,178	\$ 29,817	\$ 22,681	\$ 18,996
\$ 12.94	\$ 11.44	\$ 9.61	\$ 7.91	\$ 6.53	\$ 4.98	\$ 4.17
\$ 3,617	\$ 2,501	\$ 1,928	\$ 1,485	\$ 1,541	\$ 1,368	\$ 1,140
\$ 0.78	\$ 0.54	\$ 0.42	\$ 0.32½	\$ 0.33¾	\$ 0.30	\$ 0.25
4.95	6.33	6.04	5.33	6.34	5.67	5.00
18.71	22.63	24.00	23.72	33.57	24.52	21.73
346	346	336	324	316	308	288
114	102	92	65	47	23	18
78	82	84	87	85	—	—
—	—	—	—	—	—	—
51	—	—	—	—	—	—
<u>589</u>	<u>530</u>	<u>512</u>	<u>476</u>	<u>448</u>	<u>331</u>	<u>306</u>
\$21.00	\$18.50	\$14.13	\$14.75	\$14.75	\$10.25	\$16.75
\$13.75	\$13.50	\$ 9.00	\$ 8.25	\$ 7.50	\$ 6.75	\$ 7.50
\$21.88	\$18.75	\$14.00	\$14.25	\$14.38	\$ 9.75	\$16.00
\$14.50	\$13.63	\$ 9.50	\$ 7.75	\$ 7.00	\$ 5.50	\$ 7.00

Reitman (CANADA) LIMITED

and subsidiary companies

CONSOLIDATED FINANCIAL STATEMENTS

BALANCE SHEET AS

ASSETS	1983	1982
		(Restated)
CURRENT ASSETS		
Cash and short-term deposits	\$ 14,965,784	\$ 12,583,315
Accounts receivable	2,240,873	2,266,910
Merchandise inventories	20,555,607	20,152,993
Prepaid items and deposits	2,402,729	2,115,605
Income taxes recoverable	485,463	—
Total Current Assets	<u>40,650,456</u>	<u>37,118,823</u>
 INVESTMENTS IN MARKETABLE SECURITIES ✓		
(Market Value \$31,944,763; 1982 - \$27,693,379) ..	<u>34,037,664</u>	<u>36,773,627</u>
 FIXED ASSETS ✓		
Land and buildings	206,800	206,800
Fixtures and equipment	16,231,452	14,957,087
Leasehold improvements	21,288,579	18,902,894
	<u>37,726,831</u>	<u>34,066,781</u>
Less: Accumulated depreciation	15,185,431	13,086,348
	<u>22,541,400</u>	<u>20,980,433</u>
 OTHER ASSETS		
Leasehold interests	4,701,844	5,347,258
Goodwill	6,478,523	6,668,552
	<u>11,180,367</u>	<u>12,015,810</u>
	<u>\$108,409,887</u>	<u>\$106,888,693</u>

Approved on behalf of the Board

JACK REITMAN }
ISAAC SALEM } *Directors*

AT JANUARY 31, 1983

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT LIABILITIES

Accounts payable and accrued items	\$ 21,273,383	\$ 19,708,576
Sales and withholding taxes	1,061,384	1,104,609
Income taxes payable	—	8,066,016
Total Current Liabilities	<u>22,334,767</u>	<u>28,879,201</u>

LONG TERM DEBT

	<u>442,000</u>	<u>592,000</u>
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DEFERRED INCOME TAXES

	<u>301,314</u>	<u>510,648</u>
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SHAREHOLDERS' EQUITY

Capital Stock

Class A shares issued 2,957,741	982,721	982,721
Common shares issued 1,680,000	<u>482,171</u>	<u>482,171</u>
	1,464,892	1,464,892
Retained Earnings	<u>83,866,914</u>	<u>75,441,952</u>
Total Shareholders' Equity	<u>85,331,806</u>	<u>76,906,844</u>

\$108,409,887

\$106,888,693

The notes to the Consolidated Financial Statements are an integral part of these financial statements.

EARNINGS

for the year ended January 31, 1983

	1983	1982 <small>(Restated)</small>
Sales	\$265,998,376	\$255,600,524
Cost of goods sold and selling, general and administrative expenses exclusive of items shown hereunder	<u>242,585,982</u>	<u>233,566,000</u>
Operating earnings before items shown hereunder ..	23,412,394	22,034,524
Income from marketable securities and short-term deposits	<u>4,422,539</u>	<u>4,455,604</u>
	<u>27,834,933</u>	<u>26,490,128</u>
Deduct:		
Depreciation	3,921,211	3,456,948
Interest	1,191,873	1,082,971
Amortization of goodwill and leasehold interests ...	<u>835,443</u>	<u>870,210</u>
	<u>5,948,527</u>	<u>5,410,129</u>
Earnings before income taxes	21,886,406	21,079,999
Income taxes	<u>9,194,722</u>	<u>9,264,524</u>
Net Earnings	<u>\$ 12,691,684</u>	<u>\$ 11,815,475</u>
Earnings per share	<u>\$2.74</u>	<u>\$2.55</u>

RETAINED EARNINGS

for the year ended January 31, 1983

	1983	1982 <small>(Restated)</small>
BALANCE AT BEGINNING OF YEAR	\$ 76,294,978	\$ 68,620,780
Less: Adjustment for accrued vacation pay	<u>853,026</u>	<u>727,581</u>
As restated	75,441,952	67,893,199
Net earnings	<u>12,691,684</u>	<u>11,815,475</u>
	<u>88,133,636</u>	<u>79,708,674</u>
Deduct:		
Dividends paid on:		
Class A shares	2,721,122	2,721,122
Common shares	<u>1,545,600</u>	<u>1,545,600</u>
	<u>4,266,722</u>	<u>4,266,722</u>
BALANCE AT END OF YEAR	<u>\$ 83,866,914</u>	<u>\$ 75,441,952</u>

CHANGES IN FINANCIAL POSITION

for the year ended January 31, 1983

	1983	1982 (Restated)
SOURCES OF WORKING CAPITAL		
Earnings for the year	\$12,691,684	\$11,815,475
Items not involving working capital:		
Depreciation	3,921,211	3,456,948
Amortization of goodwill and leasehold interests	835,443	870,210
Deferred income taxes	(209,334)	(8,559)
Net loss (gain) on sale of marketable securities .	31,816	(59,202)
Provided by operations	17,270,820	16,074,872
Proceeds of sale of marketable securities	12,043,877	2,630,288
Proceeds of disposal of fixed assets	6,206	15,843
	<u>\$29,320,903</u>	<u>\$18,721,003</u>
 USES OF WORKING CAPITAL		
Additions to fixed assets	\$ 5,488,384	\$ 7,370,475
Cash dividends	4,266,722	4,266,722
Purchase of marketable securities	9,339,730	7,232,585
Reduction in long term debt	150,000	397,951
	<u>\$19,244,836</u>	<u>\$19,267,733</u>
 INCREASE (DECREASE) IN WORKING CAPITAL ..		
	\$10,076,067	\$ (546,730)
WORKING CAPITAL AT BEGINNING OF YEAR	<u>8,239,622</u>	<u>8,786,352</u>
WORKING CAPITAL AT END OF YEAR	<u>\$18,315,689</u>	<u>\$ 8,239,622</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

as at January 31, 1983

The Company is incorporated under the Canada Business Corporations Act. Its subsidiary companies sell women's wear at retail in Canada and the United States.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) The accompanying financial statements are prepared on the historical cost basis in accordance with accounting principles generally accepted in Canada and conform in all material respects to International Accounting Standards.

b) These consolidated financial statements include the accounts of all subsidiary companies, all of which are wholly-owned.

The difference between the cost of the investment in shares of the subsidiary companies and the underlying equity at the date of acquisition is accounted for as goodwill and is being amortized over a period of forty years.

c) Merchandise inventories are valued at the lower of cost and net realizable value.

d) Investments in marketable securities are carried at cost. Income therefrom is included in earnings for the year as dividends are declared.

e) Fixed assets are carried at cost less accumulated depreciation and are depreciated at the following annual rates applied to their cost, commencing with the year of acquisition:

Buildings	—	5%
Fixtures and equipment	—	10% to 33 $\frac{1}{3}$ %
Leasehold improvements	—	7 $\frac{1}{2}$ %

When fixed assets are fully depreciated, it is the practice to write off the costs against accumulated depreciation so that only costs not fully depreciated are carried on the balance sheet. Depreciation expense includes gains and losses on disposal of fixed assets.

f) Leasehold interests are amortized over the remaining terms of the leases.

g) The companies carry on their operations in leased premises under leases having varying terms of up to thirty years plus options to renew for additional periods. The leases relating to stores and other premises fall into the category of operating leases.

h) Expenditures associated with the opening of new stores, other than fixtures, equipment and leasehold improvements, are expensed as incurred.

i) The Company maintains a contributory retirement pension plan for its Canadian full time employees. The costs of this plan are expensed in the year required fundings are payable.

j) Financial statements of the U.S. companies included in these financial statements are translated into Canadian dollars at the following rates of exchange:

Current assets and liabilities — at current rates.

Non-current assets and liabilities — at historical rates.

Items in the statement of earnings — at average rates during the year except for the amortization of non-current assets which are at historical rates.

The resultant gains or losses on translation are included in earnings for the year.

2. RESTATEMENT — VACATION PAY

During the year the Company changed its method of accounting for vacation pay and now accrues vacation pay as it is earned. The change has been given retroactive effect and the prior year's financial information has accordingly been restated. Net earnings for the year ended January 31, 1983, have been reduced by \$101,340 and those for the prior year by \$125,445.

3. LONG TERM DEBT

The 6% Sinking Fund Debentures mature July 15, 1985. The debentures are repayable at the option of the Company in advance of the scheduled repayment dates. Remaining obligatory repayments are as follows:

Year ending January 31	
1985	\$192,000
1986	<u>\$250,000</u>
	<u>\$442,000</u>

Interest on long term debt in 1983 amounted to \$31,315 (1982 — \$54,397).

4. CAPITAL STOCK

- a) The holders of Class A shares are entitled to receive a fixed, cumulative preferential dividend at the rate of five cents per share, payable as and when declared. After the Common shares have received an equal dividend, the Class A and Common shares rank equally and pari passu with respect to all further dividends. Both classes of shares rank equally and pari passu upon any distribution of the assets of the Company. The holders of Class A shares are not entitled to vote except in certain circumstances.
- b) At January 31, 1983, 21,035 Class A shares are reserved for issuance to key employees under a stock option plan. No options are outstanding at this date under this plan.

5. LEASES

Minimum lease payments under operating leases exclusive of additional amounts based on percentage of sales, taxes and other occupancy costs, payable during the next five years and subsequent periods amount to:

Year ending January 31	
1984	\$15,303,506
1985	14,065,248
1986	12,704,846
1987	11,268,109
1988	9,213,861
Subsequent periods.....	<u>32,666,606</u>
	<u>\$95,222,176</u>

6. PENSION PLAN

At January 1, 1982, the latest date for which actuarial calculations are available, the unfunded pension liability amounted to approximately \$836,000 which is being funded by annual payments to 1996.

7. INCOME TAXES

No recognition has been given in these accounts to the potential income tax savings resulting from carrying forward, for income tax purposes, losses of the U.S. subsidiaries amounting to approximately \$880,000.

8. INFORMATION ABOUT OPERATIONS BY GEOGRAPHIC AREAS

	Canada		United States		Total	
	1983	1982 (Restated)	1983	1982	1983	1982 (Restated)
Sales.....	\$222,737,108	\$219,256,420	\$ 43,261,268	\$ 36,344,104	\$265,998,376	\$255,600,524
Operating earnings before items hereunder:.....	\$ 24,297,510	\$ 22,526,526	\$ 426,262	\$ 737,890	\$ 24,723,772	\$ 23,264,416
Less:						
Depreciation.....	\$ 2,854,603	\$ 2,584,985	\$ 1,066,608	\$ 871,963	\$ 3,921,211	\$ 3,456,948
Amortization of goodwill.....	—	—	190,030	190,030	190,030	190,030
Amortization of leasehold interests.....	—	—	645,413	680,180	645,413	680,180
	\$ 2,854,603	\$ 2,584,985	\$ 1,902,051	\$ 1,742,173	\$ 4,756,654	\$ 4,327,158
Net operating earnings.....	\$ 21,442,907	\$ 19,941,541	\$ (1,475,789)	\$ (1,004,283)	\$ 19,967,118	\$ 18,937,258
Income from marketable securities and short-term deposits.....					\$ 4,422,539	\$ 4,455,604
General corporate expenses.....					\$ 24,389,657	\$ 23,392,862
Interest expense.....					1,311,378	1,229,892
Income taxes.....					1,191,873	1,082,971
Net earnings.....					9,194,722	9,264,524
					\$ 12,691,684	\$ 11,815,475
Identifiable assets.....	\$ 27,812,640	\$ 39,543,302	\$ 30,489,709	\$ 30,556,089	\$ 58,302,349	\$ 70,099,391
Corporate assets.....					50,107,538	36,789,302
Total assets.....					\$108,409,887	\$106,888,693

AUDITORS' REPORT

To the Shareholders of Reitmans (Canada) Limited

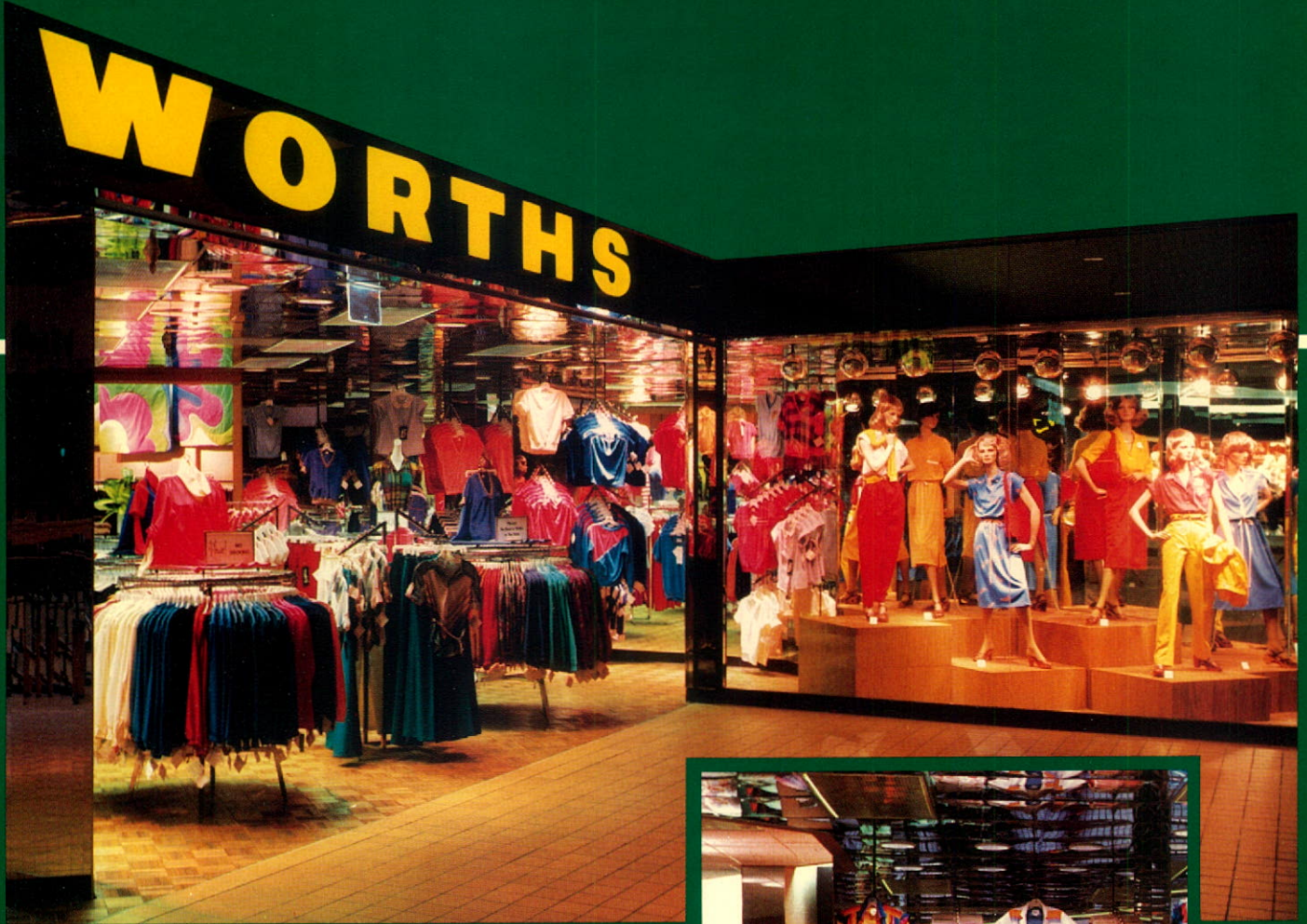
We have examined the Consolidated Balance Sheet of Reitmans (Canada) Limited and Subsidiary Companies as at January 31, 1983 and the Consolidated Statements of Earnings, Retained Earnings and Changes in Financial Position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the Companies as at January 31, 1983, and the results of their operations and the changes in their financial position for the year then ended, in accordance with generally accepted accounting principles applied, after giving retroactive effect to the change in the method of accounting for vacation pay as explained in note 2 to the financial statements, on a basis consistent with that of the preceding year.

Peat, Marwick, Mitchell & Co.
Chartered Accountants

Montreal, Canada
March 30, 1983

96 STORES IN THE UNITED STATES



556 STORES FROM COAST

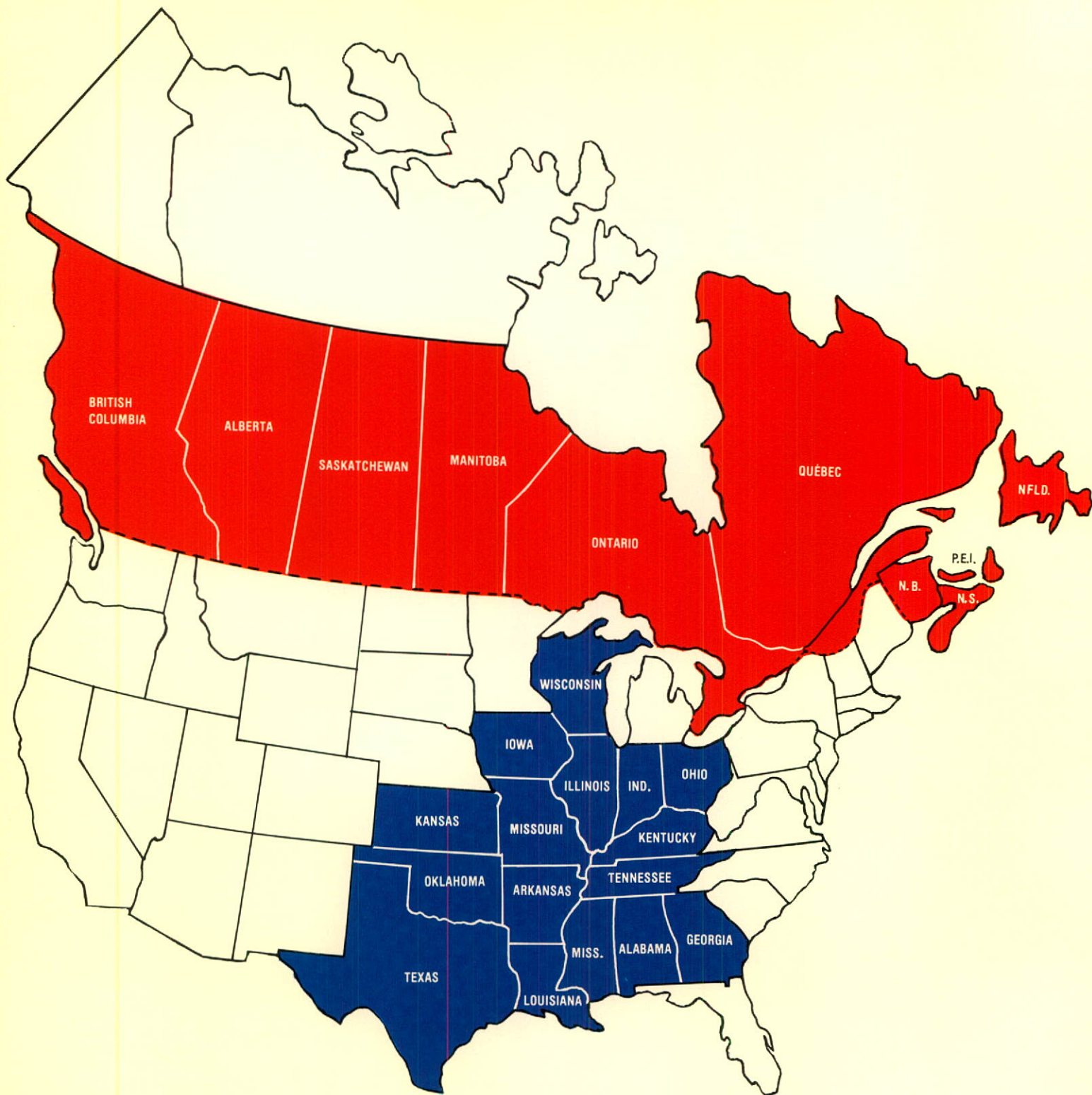


TO COAST IN CANADA



t set





CANADA:
 UNITED STATES:
 TOTAL

556 stores
 96 stores
652 stores

STORES BY DIVISION AND PROVINCE

January 31, 1983

	Total	Reitmans	Smart Set	Sweet Sixteen	Chablis
British Columbia	77	29	14	33	1
Alberta	55	23	13	18	1
Saskatchewan	22	14	3	5	—
Manitoba	13	9	4	—	—
Ontario (* Including leased depts.)	195*	130*	64	—	1
Quebec	112	94	17	—	1
New Brunswick	30	18	12	—	—
Nova Scotia	28	19	9	—	—
Prince Edward Island	4	3	1	—	—
Newfoundland	20	16	4	—	—
CANADA	556	355	141	56	4

96 WORTHS STORES IN THE UNITED STATES

January 31, 1983

ALABAMA (3) Birmingham Florence Tuscaloosa	INDIANA (6) Bloomington Clarksville Evansville Fort Wayne Greenwood Merrillville	MISSOURI (26) Cape Girardeau (2) Chesterfield Columbia Crestwood Des Peres Florissant Grandview Hazelwood Independence Jennings (2) Kansas City (4) Le May Poplar Bluff Springfield (2) St. Ann St. Charles St. Louis (4)	TENNESSEE (2) Memphis (2)
ARKANSAS (2) Hot Springs Rogers	IOWA (2) Cedar Rapids Davenport	KANSAS (5) Emporia Kansas City Overland Park Wichita (2)	TEXAS (21) Amarillo Arlington Baytown Brownsville College Station Dallas Early Fort Worth (2) Greenville Houston (2) Hurst Irving Killeen Mesquite Pasadena Plano Port Arthur Texarkana Waco
GEORGIA (2) Athens Atlanta	KENTUCKY (1) Florence	KENTUCKY (1) Florence	WISCONSIN (2) Milwaukee Racine
ILLINOIS (15) Alton Aurora Bloomington Carbondale Champaign Chicago Danville East St. Louis Fairview Heights Forsyth Matteson Normal Peoria Skokie Vernon Hills	LOUISIANA (2) Bossier City New Orleans	OHIO (1) Cincinnati	
	MISSISSIPPI (2) Laurel Natchez	OKLAHOMA (4) Lawton Muskogee Oklahoma City Tulsa	

