UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended July 31, 2004

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from __________ to __________

Commission file number 0-20052

STEIN MART, INC.

(Exact name of registrant as specified in its charter)

Florida (State or other jurisdiction of incorporation or organization)	64-0466198 (I.R.S. Employer Identification Number)
1200 Riverplace Blvd., Jacksonville, Florida (Address of principal executive offices)	32207 (Zip Code)

Registrant's telephone number, including area code: (904) 346-1500

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes [X] No [ ]

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act).
Yes [X] No [ ]

At August 27, 2004, the latest practicable date, the Registrant had issued and outstanding an aggregate of 42,490,339 shares of its common stock.

STEIN MART, INC.
TABLE OF CONTENTS

Stein Mart, Inc.
Balance Sheets
(In thousands)

	July 31, 2004 (Unaudited)	January 31, 2004	August 2, 2003 (Unaudited)
ASSETS			
Current assets:			
Cash and cash equivalents	$ 39,097	$ 11,965	$ 14,516
Trade and other receivables	3,398	4,227	3,441
Inventories	265,001	283,379	299,759
Prepaid taxes	4,492	-	2,728
Prepaid expenses and other current assets	8,139	6,227	8,775
Total current assets	320,127	305,798	329,219
Property and equipment, net	78,228	76,934	84,601
Other assets	9,619	10,297	8,651
Total assets	$407,974	$393,029	$422,471
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
Accounts payable	$ 76,307	$ 59,046	$ 71,779
Accrued liabilities	63,080	60,715	51,633
Total current liabilities	139,387	119,761	123,412
Notes payable to banks	-	24,962	57,449
Other liabilities	19,648	20,628	19,314
Total liabilities	159,035	165,351	200,175
COMMITMENTS AND CONTINGENCIES			
Stockholders' equity:			
Preferred stock - $.01 par value; 1,000,000 shares authorized; no shares outstanding			
Common stock - $.01 par value; 100,000,000 shares authorized; 42,386,629, 41,993,529 and 41,729,713 shares issued and outstanding, respectively	424	420	417
Paid-in capital	7,461	3,196	1,353
Unearned compensation	(486)	(309)	(384)
Retained earnings	241,540	224,371	220,910
Total stockholders' equity	248,939	227,678	222,296
Total liabilities and stockholders' equity	$407,974	$393,029	$422,471

The accompanying notes are an integral part of these financial statements.

Stein Mart, Inc.
Statements of Operations

(Unaudited)
(In thousands, except per share amounts)

	13 Weeks Ended		26 Weeks Ended	
	July 31, 2004	August 2, 2003	July 31, 2004	August 2, 2003
Net sales	$320,624	$300,954	$684,232	$629,155
Cost of merchandise sold	236,397	230,208	500,960	475,189
Gross profit	84,227	70,746	183,272	153,966
Selling, general and administrative expenses	78,631	77,537	162,475	161,280
Other income, net	3,533	3,060	7,167	6,684
Income (loss) from operations	9,129	(3,731)	27,964	(630)
Interest expense	-	487	39	892
Income (loss) from continuing operations before income taxes	9,129	(4,218)	27,925	(1,522)
Income tax benefit (provision)	(3,469)	1,603	(10,611)	578
Income (loss) from continuing operations	5,660	(2,615)	17,314	(944)
Loss from discontinued operations, net of tax benefit	(6)	(158)	(145)	(316)
Net income (loss)	$ 5,654	$ (2,773)	$ 17,169	$ (1,260)
Basic income (loss) per share:				
Continuing operations	$0.13	$(0.06)	$0.41	$(0.02)
Discontinued operations	-	(0.01)	-	(0.01)
Total	$0.13	$(0.07)	$0.41	$(0.03)
Diluted income (loss) per share:				
Continuing operations	$0.13	$(0.06)	$0.41	$(0.02)
Discontinued operations	-	(0.01)	(0.01)	(0.01)
Total	$0.13	$(0.07)	$0.40	$(0.03)
Weighted-average shares outstanding – Basic	42,148	41,601	42,074	41,594
Weighted-average shares outstanding – Diluted	42,878	41,601	42,670	41,594

The accompanying notes are an integral part of these financial statements.

Stein Mart, Inc.
Statements of Cash Flows

(Unaudited)
(In thousands)

	26 Weeks Ended	
	July 31, 2004	August 2, 2003
Cash flows from operating activities:		
Net income (loss)	$17,169	$(1,260)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	8,817	9,660
Impairment (recovery) of property and other assets	(245)	765
Store closing charges	231	1,529
Deferred income taxes	34	700
Restricted stock compensation	49	13
Tax benefit from exercise of stock options	665	-
Changes in assets and liabilities:		
Trade and other receivables	829	1,478
Inventories	18,378	(2,529)
Prepaid taxes	(4,492)	(2,728)
Prepaid expenses and other current assets	(1,239)	(4,610)
Other assets	678	(1,250)
Accounts payable	17,261	1,307
Accrued liabilities	2,447	(2,697)
Income taxes payable	-	(5,353)
Other liabilities	(2,000)	1,876
Net cash provided by (used in) operating activities	58,582	(3,099)
Cash flows used in investing activities:		
Capital expenditures	(9,866)	(8,579)
Cash flows from financing activities:		
Net (payments) borrowings under notes payable to banks	(24,962)	16,099
Proceeds from exercise of stock options	2,972	-
Proceeds from employee stock purchase plan	406	448
Purchase of common stock	-	(212)
Net cash (used in) provided by financing activities	(21,584)	16,335
Net increase in cash and cash equivalents	27,132	4,657
Cash and cash equivalents at beginning of year	11,965	9,859
Cash and cash equivalents at end of period	$39,097	$14,516
Supplemental disclosures of cash flow information:		
Interest paid	$ 65	$ 920
Income taxes paid	15,146	6,596

The accompanying notes are an integral part of these financial statements.

STEIN MART, INC.
NOTES TO FINANCIAL STATEMENTS
July 31, 2004
(Unaudited)
(Dollars in tables in thousands, except per share amounts)

1. Basis of Presentation

The accompanying unaudited financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the 26-week periods are not necessarily indicative of the results that may be expected for the entire year. For further information, refer to the financial statements and footnotes thereto included in the Stein Mart, Inc. annual report on Form 10-K for the year ended January 31, 2004.

Certain reclassifications have been made to the 2003 financial statements to conform to the 2004 presentation.

2. Stock-Based Compensation

The Company has adopted the disclosure-only provisions of Statement of Financial Accounting Standards ("SFAS") No. 123, as amended by SFAS No. 148, "Accounting for Stock-Based Compensation". Accordingly, no compensation cost has been recognized for the Company's stock option plans. Restricted stock awards issued by the Company are accounted for in accordance with APB 25. The employee compensation cost is included in net income, as reported, throughout the vesting period. Had compensation cost of the Company's stock-based plans been determined consistent with the provisions of SFAS No. 123, the Company's net income and earnings per share would have been changed to the following pro forma amounts:

	13 Weeks Ended		26 Weeks Ended	
	July 31, 2004	August 2, 2003	July 31, 2004	August 2, 2003
Net income (loss) – as reported	$5,654	$(2,773)	$17,169	$(1,260)
Add: Restricted stock-based employee compensation expense included in reported net income (loss), net of related tax effects	24	9	30	9
Deduct: Total stock-based employee compensation expense determined under the fair value based method for all awards, net of related tax effects	(293)	(373)	(569)	(742)
Net income (loss) – pro forma	$5,385	$(3,137)	$16,630	$(1,993)
Basic earnings (loss) per share – as reported	$0.13	$(0.07)	$0.41	$(0.03)
Diluted earnings (loss) per share – as reported	$0.13	$(0.07)	$0.40	$(0.03)
Basic earnings (loss) per share – pro forma	$0.13	$(0.08)	$0.40	$(0.05)
Diluted earnings (loss) per share – pro forma	$0.13	$(0.08)	$0.39	$(0.05)

3. Discontinued Operations

Two of the stores closed during 2003 and one store closed during 2004 (see Note 4) are reported as discontinued operations. SFAS No. 144 requires closed stores to be classified as discontinued operations when the operations and cash flows of the stores have been eliminated from ongoing operations. To determine if cash flows have been eliminated from ongoing operations, management evaluated a number of factors, including: proximity to a remaining store, physical location within a metropolitan or non-metropolitan area and transferability of sales between open and closed locations. Based on these criteria, management determined that these three closed stores should be accounted for as discontinued operations. The prior year's operating activities for these stores have also been reclassified to "Loss from discontinued operations, net of tax benefit" in the accompanying Statements of Operations.

Discontinued operations generated no sales during the second quarter of 2004, sales of $2.6 million during the second quarter of 2003 and sales of $0.9 million and $5.0 million during the first half of 2004 and 2003, respectively. Loss from discontinued operations, net of tax benefit includes the following components:

	13 Weeks Ended		26 Weeks Ended	
	July 31, 2004	Aug. 2, 2003	July 31, 2004	Aug. 2, 2003
Loss from operations	$(10)	$(255)	$(234)	$(510)
Income tax benefit	4	97	89	194
Loss from discontinued operations, net of tax benefit	$(6)	$(158)	$(145)	$(316)

See Note 4 for a description of store closing costs and asset impairment charges included in loss from discontinued operations for the first half of 2004 and 2003.

4. Store Closing Charges and Impairment of Long-Lived Assets

The Company closed six under-performing stores during the first half of 2004, incurring minimal lease termination and severance costs. One more store is planned to close during the third quarter and one other is planned for relocation within the same metropolitan area during the third quarter. During the second quarter of 2004, the Company recovered $0.2 million of asset impairment charges recorded during 2003, as the actual loss incurred to dispose of certain assets was lower than previously estimated. The Company will incur minimal lease termination and severance charges during the remainder of 2004 to complete the store closing and relocation.

The Company closed 16 under-performing stores during 2003, four of which were closed during the first half of 2003. During the first half of 2003, the Company incurred a pre-tax asset impairment charge of $0.8 million to reduce the carrying value of property and equipment of these stores to their respective estimated fair value. All store closing and asset impairment charges are included in selling, general and administrative expenses in the Statements of Operations, except for $154,000 in 2004 and $177,000 in 2003 which are included in loss from discontinued operations, net of tax benefit for the 26-week periods.

The following tables show the activity in the store closing reserve for the first half of 2004 and 2003:

	Jan. 31, 2004	Charges	Payments	July 31, 2004
Continuing operations:				
Lease termination costs	$8,780	$101	$1,437	$7,444
Severance	131	473	553	51
Other	105	-	105	-
	9,016	574	2,095	7,495
Discontinued operations:				
Lease termination costs	159	77	236	-
Severance	19	77	96	-
	178	154	332	-
Total store closing reserve	$9,194	$728	$2,427	$7,495

	Feb. 1, 2003	Charges	Payments	Aug. 2, 2003
Continuing operations:				
Lease termination costs	$4,982	$1,000	$714	$5,268
Severance	-	394	-	394
	4,982	1,394	714	5,662
Discontinued operations:				
Severance	-	135	-	135
Total store closing reserve	$4,982	$1,529	$714	$5,797

The store closing reserve at July 31, 2004, January 31, 2004 and August 2, 2003 includes a current portion (in accrued liabilities) of $3.5 million, $2.8 million and $1.9 million, respectively, and a long-term portion (in other liabilities) of $4.0 million, $6.4 million and $3.9 million, respectively.

The tables below set forth the components of loss from operations for all stores closed during 2004 and 2003. The 2004 tables present the losses from the six stores that closed during the first half of 2004. The 2003 tables present the sum of the losses from the six stores that closed during the first half of 2004 and the 16 stores closed during fiscal year 2003.

	Operating Results Of Closed Stores Included In:		
13 weeks ended July 31, 2004:	Continuing Operations	Discontinued Operations	Total Closed Stores
Sales	$ 657	$ -	$ 657
Cost of sales	720	4	724
Gross profit	(63)	(4)	(67)
Selling, general and administrative expenses	338	6	344
Other income, net	11	-	11
Loss from operations	$ (390)	$ (10)	$ (400)
# of stores closed in 2004	5	1	6

13 weeks ended August 2, 2003:	Continuing Operations	Discontinued Operations	Total Closed Stores
Sales	$15,807	$2,594	$18,401
Cost of sales	17,136	2,050	19,186
Gross profit	(1,329)	544	(785)
Selling, general and administrative expenses	5,589	818	6,407
Other income, net	105	19	124
Loss from operations	$(6,813)	$ (255)	$(7,068)
# of stores closed in 2004 and 2003	19	3	22

	Operating Results Of Closed Stores Included In:		
26 weeks ended July 31, 2004:	Continuing Operations	Discontinued Operations	Total Closed Stores
Sales	$ 4,827	$ 942	$ 5,769
Cost of sales	4,802	752	5,554
Gross profit	25	190	215
Selling, general and administrative expenses	1,821	424	2,245
Other income, net	32	-	32
Loss from operations	$ (1,764)	$ (234)	$ (1,998)
# of stores closed in 2004	5	1	6

26 weeks ended August 2, 2003:	Continuing Operations	Discontinued Operations	Total Closed Stores
Sales	$ 30,005	$4,950	$ 34,955
Cost of sales	30,261	3,930	34,191
Gross profit	(256)	1,020	764
Selling, general and administrative expenses	10,735	1,578	12,313
Other income, net	295	48	343
Loss from operations	$(10,696)	$ (510)	$(11,206)
# of stores closed in 2004 and 2003	19	3	22

5. Notes Payable to Banks

The Company has a three-year $150 million senior revolving credit agreement (the "Agreement") with a group of lenders, with an initial term ending July 2006. Under the terms of the Agreement, the Company has the option to increase the facility by an additional $25 million and to extend the terms for an additional year. The Company had outstanding commercial and stand-by letters of credit of $0.9 million and $5.3 million, respectively, at July 31, 2004. There were no direct borrowings under the Agreement at July 31, 2004.

6. Stockholders' Equity and Earnings Per Share

During the first half of 2003, the Company repurchased 50,000 shares of its common stock at a cost of $212,000. No shares have been repurchased in 2004.

Basic earnings per share is computed by dividing net income by the weighted-average number of common shares outstanding for the period. Diluted earnings per share is computed by dividing net income by the weighted-average number of common shares outstanding plus common stock equivalents related to stock options and restricted stock for each period. Common stock equivalents are not included in the diluted loss per share calculations for the 13 weeks and the 26 weeks ended August 2, 2003 because they are anti-dilutive.

A reconciliation of weighted-average number of common shares to weighted-average number of common shares plus common stock equivalents is as follows (000's):

	13 Weeks Ended		26 Weeks Ended	
	July 31, 2004	August 2, 2003	July 31, 2004	August 2, 2003
Weighted-average number of common shares	42,148	41,601	42,074	41,594
Common stock equivalents	730	-	596	-
Weighted-average number of common shares plus common stock equivalents	42,878	41,601	42,670	41,594

Stein Mart, Inc.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This document includes a number of forward-looking statements which reflect the Company's current views with respect to future events and financial performance. Wherever used, the words "plan", "expect", "anticipate", "believe", "estimate" and similar expressions identify forward looking statements.

Any such forward-looking statements contained in this document are subject to risks and uncertainties that could cause the Company's actual results of operations to differ materially from historical results or current expectations. These risks include, without limitation, ongoing competition from other retailers many of whom are larger and have greater financial and marketing resources, the availability of suitable new store sites at acceptable lease terms, ability to successfully implement strategies to exit or improve under-performing stores, changing preferences in apparel, changes in consumer spending due to current events and/or general economic conditions, the effectiveness of new advertising, marketing and promotional strategies, adequate sources of merchandise at acceptable prices, and the Company's ability to attract and retain qualified employees to support planned growth.

The Company does not undertake to publicly update or revise its forward-looking statements even if experience or future changes make clear that any projected results expressed or implied therein will not be realized.

Overview

Stein Mart's 257 stores offer the fashion merchandise, service and presentation of a better department or specialty store, at prices competitive with off-price retail chains. Currently with locations from California to New York, Stein Mart's focused assortment of merchandise features moderate to designer brand-name apparel for women, men and young children, as well as accessories, gifts, linens and shoes. Management believes that Stein Mart differentiates itself from typical off-price retailers by offering: (i) current-season merchandise carried by better department and specialty stores at value prices, (ii) a stronger merchandising "statement," with more depth of color and size, and (iii) merchandise presentation more comparable to other upscale retailers.

The Company faces competition for customers and for access to quality merchandise from better department stores, fine specialty stores and, to a lesser degree, from off-price retail chains. Many of these competitors are units of large national or regional chains that have substantially greater resources than the Company. The retail apparel industry is highly fragmented and competitive, and the off-price retail business may become even more competitive in the future.

During the current quarter, the Company continued to experience strong customer response to the full-priced spring fashion assortment, as well as greater clearance efficiency, as markdowns were taken on seasonal inventory. Second quarter 2004 earnings improvement was attributable to:

- A 10.3% increase in comparable store sales, leveraging of selling, general and administrative expenses as a result of higher sales volume, and reduced store closing and impairment charges
- An improvement in gross profit due to higher initial mark-up, a reduced markdown rate and better occupancy leverage
- The closure of 16 under-performing stores during 2003 and six stores during the first half of 2004. Those stores had operating losses of $0.4 million and $7.1 million in the second quarter of 2004 and 2003, respectively. For the first six months, those stores had operating losses of $2.0 million this year compared to $11.2 million last year.

Outlook

The Company will continue its seasonal clearance activity into early September, as well as the corresponding marketing program. New fall fashion is being supported with fashion advertising circulars, direct mail and, in mid-September, a new series of national TV commercials. Management's plan is to continue spending advertising dollars to support branding and seasonal fashion/lifestyle statements, rather than promotional activity.

Stein Mart, Inc.

Management expects comparable store sales for the third quarter to increase 6-8 percent. Because of the emphasis on clearance activity in August and early September, comparable store trends are expected to be more modest at the beginning of the quarter and improve as fall fashion selling becomes more prevalent in the latter weeks of the period. This trend traditionally results in a third quarter loss.

Stores

The number of stores open as of July 31, 2004 and August 2, 2003 were 257 and 270, respectively.

	13 Weeks Ended		26 Weeks Ended	
	July 31, 2004	August 2, 2003	July 31, 2004	August 2, 2003
Stores at beginning of period	258	270	261	265
Stores opened during the period	1	2	2	9
Stores closed during the period	(2)	(2)	(6)	(4)
Stores at the end of period	257	270	257	270

For the remainder of the year, the Company expects to open seven new stores, including one relocation, and close one store.

Results of Operations

The following table sets forth, for the periods indicated, the percentage of the Company's net sales represented by each line item presented (numbers may not add due to rounding):

	13 Weeks Ended		26 Weeks Ended	
	July 31, 2004	August 2, 2003	July 31, 2004	August 2, 2003
Net sales	100.0%	100.0%	100.0%	100.0%
Cost of merchandise sold	73.7	76.5	73.2	75.5
Gross profit	26.3	23.5	26.8	24.5
Selling, general and administrative expenses	24.5	25.8	23.7	25.6
Other income, net	1.1	1.0	1.0	1.1
Income (loss) from operations	2.8	(1.2)	4.1	(0.1)
Interest expense	-	0.2	-	0.1
Income (loss) from continuing operations before income taxes	2.8	(1.4)	4.1	(0.2)
Income tax benefit (provision)	(1.1)	0.5	(1.6)	0.1
Income (loss) from continuing operations	1.8	(0.9)	2.5	(0.2)
Loss from discontinued operations, net of tax benefit	-	(0.1)	-	(0.1)
Net income (loss)	1.8%	(0.9)%	2.5%	(0.2)%

Store Closings

The Company closed six stores during 2004 and plans to close one store and relocate one store during the remainder of 2004. Sixteen under-performing stores were closed during 2003, four of which were closed during the first half of 2003. The 2004 store closings will be at natural lease term expirations, so there will be no significant lease termination costs in 2004.

Two of the 16 stores closed during 2003 and one of the six stores closed during the first half of 2004 are classified as discontinued operations in accordance with SFAS No. 144, as cash flows of these stores have been eliminated from ongoing operations. Sales and operating losses for the six stores closed in 2004 and the 16 stores closed during fiscal year 2003 are shown below for the 13 weeks and 26 weeks ended July 31, 2004 and August 2, 2003. Included in the 2003 column are operating results of the 16 stores closed in 2003, in addition to six stores closed in 2004.

	13 Weeks Ended		26 Weeks Ended	
	July 31, 2004	August 2, 2003	July 31, 2004	August 2, 2003
Sales from closed stores:				
Included in continuing operations	$ 657	$15,807	$ 4,827	$ 30,005
Included in discontinued operations	-	2,594	942	4,950
	$ 657	$18,401	$ 5,769	$ 34,955
Operating losses from closed stores:				
Included in continuing operations	$(390)	$ (6,813)	$(1,764)	$(10,696)
Included in discontinued operations	(10)	(255)	(234)	(510)
	$(400)	$ (7,068)	$(1,998)	$(11,206)

Operating losses from closed stores include the following store closing and asset impairment expenses:

	13 Weeks Ended		26 Weeks Ended	
Continuing operations:	July 31, 2004	August 2, 2003	July 31, 2004	August 2, 2003
Lease termination costs	$ 101	$ 1,000	$ 101	$ 1,000
Asset impairment (recovery) charges	(245)	18	(245)	741
Severance	130	394	473	394
Other	82	539	141	539
	68	1,951	470	2,674
Discontinued operations:				
Lease termination costs		-	77	-
Asset impairment charges	-	-	-	42
Severance	-	135	77	135
	-	135	154	177
Total	$ 68	$ 2,086	$ 624	$ 2,851

Continuing Operations
For the 13 weeks ended July 31, 2004 compared to the 13 weeks ended August 2, 2003
The 6.5% total sales increase for the 13 weeks ended July 31, 2004 from the same 2003 period reflects a 10.3% increase in sales from comparable stores and a net decrease in the total number of stores from 270 at the end of the second quarter 2003 to 257 at the end of the second quarter 2004.

Gross profit for the 13 weeks ended July 31, 2004 was $84.2 million or 26.3 percent of net sales, a 2.8 percentage point increase over gross profit of $70.7 million or 23.5 percent of net sales for the second quarter of 2003. Mark-up improved 1.0 percentage point, markdowns decreased by 1.1 percentage points and occupancy decreased 0.6 percentage point as a result of higher per store sales productivity in the second quarter this year compared to last year.

Selling, general and administrative expenses ("SG&A") were $78.6 million or 24.5 percent of net sales for the 13 weeks ended July 31, 2004, as compared to $77.5 million or 25.8 percent of net sales for the same 2003 quarter. The 1.3 percentage point decrease in SG&A expenses as a percent of sales is due to the leveraging of expenses as a result of the 10.3 percent increase in comparable store sales and lower store closing costs this quarter. Included in SG&A expenses for the second quarter of 2004 and 2003 are store closing and asset impairment charges of $0.1 million and $2.0 million, respectively.

Income from operations for the 13 weeks ended July 31, 2004 was $9.1 million, as compared to a loss from operations of $(3.7) million for the same 2003 quarter. Approximately one-half of this earnings improvement is the result of eliminating the effect of operating losses of under-performing stores that were closed during 2003 and the first quarter of 2004.

Interest expense was $487,000 for the second quarter of 2003. As a result of increased sales, decreased inventories and ongoing expense control, there were no borrowings, and therefore no interest expense, during the second quarter of 2004.

For the 26 weeks ended July 31, 2004 compared to the 26 weeks ended August 2, 2003

The 8.8% total sales increase for the 26 weeks ended July 31, 2004 from the same 2003 period reflects an 11.1% increase in sales from comparable stores and a net decrease in the total number of stores from 270 at August 2, 2003 to 257 at July 31, 2004.

Gross profit for the 26 weeks ended July 31, 2004 was $183.3 million or 26.8 percent of net sales a 2.3 percentage point increase over gross profit of $154.0 million or 24.5 percent of net sales for the first half of 2003. The increase was due to a 1.6 percentage point increase in mark-up and a 0.7 percentage point decrease in occupancy as a result of higher per store sales productivity in the first half this year compared to last year.

Selling, general and administrative expenses ("SG&A") were $162.5 million or 23.7 percent of net sales for the 26 weeks ended July 31, 2004, as compared to $161.3 million or 25.6 percent of net sales for the same 2003 period. The 1.9 percentage point decrease in SG&A expenses as a percent of sales is primarily due to the leveraging of expenses as a result of the 11.1 percent increase in comparable store sales. Included in SG&A expenses for the first half of 2004 and 2003 are store closing and asset impairment charges of $0.5 million and $2.7 million, respectively.

Income from operations for the first half of 2004 was $28.0 million compared to a loss from operations of $(0.6) million for the first half of 2003. Approximately one-third of this earnings improvement is the result of eliminating the effect of operating losses of under-performing stores that were closed during 2003 and 2004.

Interest expense was $39,000 and $892,000 for the first half of 2004 and 2003, respectively. The decrease resulted from lower average borrowings, as well as slightly lower interest rates during this year compared to last year. There were no borrowings at July 31, 2004.

Liquidity and Capital Resources

The Company's primary source of liquidity is the sale of its merchandise inventories. Capital requirements and working capital needs are funded through a combination of internally generated funds, a revolving credit facility and credit terms from vendors. As of July 31, 2004, the Company had $39.1 million in cash and cash equivalents. Working capital is needed to support store inventories and capital investments for new store openings and to maintain existing stores. Historically, the Company's working capital needs are lowest in the first quarter and highest in either the third or fourth quarter in anticipation of the fourth quarter peak selling season.

Net cash provided by operating activities was $58.6 million for the first half of 2004 compared to net cash used in operating activities of $3.1 million for the first half of 2003. The increase in cash for 2004 is primarily attributable to an increase in net income including non-cash items, a decrease in inventories and an increase in accounts payable from the end of the year, offset by an increase in income taxes paid. On an average store basis, inventories were reduced 7.1% from the prior year due to increased sales resulting from the Company's continued focus on marketing, sales promotion and clearance strategies.

Capital expenditures were higher for the first half of 2004 compared to the first half of 2003 primarily due to enhancements of the point of sale and merchandising systems. New store capital expenditures are lower this year compared to last year due to fewer store openings. For the remainder of 2004, the Company expects to open seven new stores, including one relocation. Total capital expenditures for 2004 are anticipated to be approximately $15 million.

Cash used in financing activities was $21.6 million during first half of 2004 compared to $16.3 million of cash provided by financing activities during the first half of 2003. Cash provided by operating activities of $58.6 million enabled the Company to eliminate borrowings under the revolving credit agreement at the end of the first quarter.

The Company has a $150 million senior revolving credit agreement with a group of lenders, with an initial term ending July 2006. Borrowings are based on and secured by eligible inventory and certain other assets. Due to the seasonal nature of the Company's business, the Company's bank borrowings fluctuate during the year, typically reaching their highest levels during the third or fourth quarter, as the Company builds its inventory for the Christmas selling season. At July 31, 2004 there were no outstanding borrowings under the credit facility and no Event of Default existed under the terms of the Agreement.

The Company believes that expected net cash provided by operating activities and bank borrowings will be sufficient to fund anticipated current and long-term capital expenditures and working capital requirements. Should current operating conditions deteriorate, management can adjust operating plans, including new store rollout. In addition, there is unused borrowing capacity under the revolving credit agreement.

Seasonality

The Company's business is seasonal in nature with a higher percentage of the Company's merchandise sales and earnings generated in the fall and holiday selling seasons. Accordingly, selling, general and administrative expenses are typically higher as a percent of net sales during the first three quarters of each year.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

The Company is exposed to interest rate risk primarily through borrowings under its revolving credit facility. At July 31, 2004, the Company had no outstanding borrowings. The facility permits debt commitments up to $150.0 million and bears interest at spreads over the prime rate and LIBOR. Management believes that its exposure to market risk associated with its borrowings is not material.

Item 4. Controls and Procedures

The Company's management, including the Chief Executive Officer and Chief Financial Officer, have evaluated the effectiveness of the Company's disclosure controls and procedures, as defined in Exchange Act Rules 13a-14 and 15d-14 of the Securities Exchange Act of 1934, as amended, (the "Exchange Act"). Based upon this evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that the Company's disclosure controls and procedures are effective in alerting them to material information relating to the Company required to be included in the Company's Exchange Act filings in a timely manner. There have been no significant changes in the Company's internal controls or in other factors that could significantly affect these internal controls subsequent to the date of evaluation.

PART II - OTHER INFORMATION

Item 4. Submission of Matters to a Vote of Security Holders

The Annual Meeting of Stockholders of Stein Mart, Inc. was held on June 8, 2004. At the meeting all of the Company's directors were elected to serve for one-year terms. The vote for each nominee for director was as follows:

Name of Director	Votes For	Votes Withheld
Alvin R. Carpenter	38,765,732	1,442,661
Linda McFarland Farthing	31,915,297	8,293,096
Michael D. Fisher	38,105,925	2,102,468
Mitchell W. Legler	37,862,563	2,345,830
Michael D. Rose	37,923,163	2,285,230
Richard L. Sisisky	37,949,391	2,259,002
Jay Stein	38,071,654	2,136,739
Martin E. Stein, Jr.	38,037,981	2,170,412
J. Wayne Weaver	38,779,986	1,428,407
John H. Williams, Jr.	38,071,767	2,136,626
James H. Winston	31,856,646	8,351,747

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits:

31.1 Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2 Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1 Certification of the Chief Executive Officer Pursuant to 18 U.S.C. Section 1350
32.2 Certification of the Chief Financial Officer Pursuant to 18 U.S.C. Section 1350

(b) Reports on Form 8-K:

A press release dated August 5, 2004 was filed in a Form 8-K on August 11, 2004 that included earnings guidance for the quarterly period ended July 31, 2004.

A press release dated August 19, 2004 was filed in a Form 8-K on August 20, 2004 to report second quarter and first half of 2004 financial results.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Stein Mart, Inc.

Date: September 8, 2004

By: /s/ Michael D. Fisher
Michael D. Fisher
President and Chief Executive Officer

/s/ James G. Delfs
James G. Delfs
Senior Vice President and Chief Financial Officer

Exhibit 31.1

Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Michael D. Fisher, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Stein Mart, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of Stein Mart, Inc. as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    c. Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting.

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

    a. All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: September 8, 2004

/s/ Michael D. Fisher
Michael D. Fisher
President and Chief Executive Officer

Exhibit 31.2

Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, James G. Delfs, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Stein Mart, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of Stein Mart, Inc. as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    c. Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting.

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

    a. All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: September 8, 2004

/s/ James G. Delfs
James G. Delfs
Chief Financial Officer

Exhibit 32.1

Written Statement of the Chief Executive Officer Pursuant to 18 U.S.C. Section 1350

Solely for the purposes of complying with 18 U.S.C. Section 1350, I, the undersigned President and Chief Executive Officer of Stein Mart, Inc. (the "Company"), hereby certify that:

1. the Quarterly Report on Form 10-Q of the Company for the quarter ended July 31, 2004 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: September 8, 2004

/s/ Michael D. Fisher
Michael D. Fisher
President and Chief Executive Officer

Exhibit 32.2

Written Statement of the Chief Financial Officer Pursuant to 18 U.S.C. Section 1350

Solely for the purposes of complying with 18 U.S.C. Section 1350, I, the undersigned Chief Financial Officer of Stein Mart, Inc. (the "Company"), hereby certify that:

1. the Quarterly Report on Form 10-Q of the Company for the quarter ended July 31, 2004 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: September 8, 2004

/s/ James G. Delfs
James G. Delfs
Chief Financial Officer