

For immediate release

**GENDIS INC. ANNOUNCES SECOND QUARTER RESULTS
FOR FISCAL 2004**

Winnipeg, Manitoba (August 25, 2003) - Gendis Inc. (TSX:GDS) today announced its financial results for the 2nd quarter ended July 26, 2003 of the fiscal year ending January 31, 2004.

Consolidated net loss for the 2nd quarter was \$1.9-million (\$0.13 per share) compared to net earnings of \$2.4-million (\$0.14 per share) last year. In the quarter, the Company recorded a non-recurring finance cost of \$2.9-million. Accordingly, on a normalized basis, the net earnings for the quarter would be \$1.0-million (\$0.06 per share) compared to \$2.4-million (\$0.14 per share) last year. Saan Stores earnings for the quarter were \$0.5-million (\$0.03 per share) compared to \$1.9-million (\$0.12 per share) last year.

Revenue for the 2nd quarter was \$83.7-million compared to \$85.3-million last year. According to plan, Saan Stores commenced the quarter operating 12 fewer stores compared to the second quarter last year. Sales on a same store basis were flat for the quarter compared to last year. Regionally, same store sales were mixed, increasing 3% in the Maritimes, 3% in Quebec, 5% in Ontario but declining 2% in Western Canada

In the quarter, the Corporate & Realty segment incurred a financing cost of \$2.9-million on the settlement of an option held by a previous lender to the Company.

For the six months ended July 26, 2003, revenue was \$145.3-million, compared to \$144.6-million last year. The net loss for the period was \$10.0-million (\$0.65 per share) compared to a net loss of \$3.8-million (\$0.24 per share) last year.

Operating results follow.

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Gendis is active in the retail merchandising industry through Saan Stores Ltd., a wholly owned subsidiary that operates junior department and family clothing stores across Canada. These retail outlets have a broad geographic base and operate under the names SAAN and Red Apple Clearance Centre.

Gendis Inc.

Consolidated Statement of Earnings and Retained Earnings

(unaudited - in thousands of dollars)	13 weeks ended		26 weeks ended	
	July 26, 2003	July 27, 2002	July 26, 2003	July 27, 2002
<u>Revenue</u>	83,659	85,289	145,252	144,603
Cost of goods sold, selling, General and administrative Expenses	80,596	80,949	148,145	144,513
Amortization of capital assets	1,936	1,845	3,832	3,505
Interest and finance costs	3,427	508	3,952	915
	<u>85,959</u>	<u>83,302</u>	<u>155,929</u>	<u>148,933</u>
Earnings (loss) before the undernoted	(2,300)	1,987	(10,677)	(4,330)
Investment income	419	425	839	605
Provision for income taxes	(19)	(36)	(120)	(73)
Earnings (loss) for the period	<u>(1,900)</u>	<u>2,376</u>	<u>(9,958)</u>	<u>(3,798)</u>
Premium on shares purchased for cancellation	—	—	(182)	(319)
Retained earnings - beginning of period	94,980	97,250	103,220	103,743
Retained earnings - end of period	<u>93,080</u>	<u>99,626</u>	<u>93,080</u>	<u>99,626</u>
Earnings (loss) per share - basic and diluted	<u>(0.13)</u>	<u>0.14</u>	<u>(0.65)</u>	<u>(0.24)</u>

Gendis Inc.

Consolidated Balance Sheet

(unaudited - in

thousands of dollars)

July 26, Jan. 25, July 27,
2003 2003 2002**Assets**

Cash and equivalents	8,237	12,246	16,336
Receivables & other current assets	8,845	6,879	7,044
Inventory	67,150	61,930	75,819
Investment in Fort Chicago	14,493	14,189	12,077
Deposit on income tax re-assessment	28,361	28,361	28,361
Capital assets	42,376	40,181	40,550
Accrued pension asset	4,350	4,350	4,350
	<u>173,812</u>	<u>168,136</u>	<u>184,537</u>

Liabilities & Shareholders' Equity

Outstanding cheques	4,184	3,371	6,148
Payables & other current liabilities	30,673	20,398	30,190
Long-term portion of capital lease obligations	1,941	2,361	3,617
Credit facility with Congress	27,825	22,507	27,721
Future income taxes	—	—	278
Shareholders' equity			
Capital stock	16,109	16,279	16,957
Retained earnings	93,080	103,220	99,626
	<u>173,812</u>	<u>168,136</u>	<u>184,537</u>

Number of shares outstanding ('000's)	15,325	15,486	16,132
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Gendis Inc.
Consolidated Statement of Cash Flows

(unaudited- in) thousands of dollars)	13 weeks ended		26 weeks ended	
	July 26, 2003	July 27, 2002	July 26, 2003	July 27, 2002
By operations:				
Earnings (loss) for the period	(1,900)	2,376	(9,958)	(3,798)
add (deduct) items not affecting cash:				
Amortization of capital assets	1,936	1,845	3,832	3,505
Loss (gain) on the sale capital assets	(78)	19	(400)	(116)
Cash flow from earnings	(42)	4,240	(6,526)	(409)
Changes in non-cash working capital	7,685	9,571	2,990	(8,605)
	<u>7,643</u>	<u>13,811</u>	<u>(3,536)</u>	<u>(9,014)</u>
By investing activities:				
Proceeds from the sale of capital assets	616	153	1,193	474
Purchase of capital assets	(2,342)	(2,003)	(6,575)	(3,693)
Investment acquired	—	(3,314)	(304)	(3,314)
	<u>(1,726)</u>	<u>(5,164)</u>	<u>(5,686)</u>	<u>(6,533)</u>
By financing activities:				
Net increase (decrease) in credit facility debt	(8,427)	(14,025)	5,318	11,660
Payments on capital lease obligations	(280)	(263)	(566)	(359)
Purchase of shares for cancellation	—	—	(352)	(644)
	<u>(8,707)</u>	<u>(14,288)</u>	<u>4,400</u>	<u>10,657</u>
Decrease in cash	(2,790)	(5,641)	(4,822)	(4,890)
Reclassification of cash equivalents to investments	—	(2,856)	—	(2,856)
Cash - beginning of period	6,843	18,685	8,875	17,934
Cash - end of period	<u>4,053</u>	<u>10,188</u>	<u>4,053</u>	<u>10,188</u>
Cash is comprised of:				
Cash and equivalents			8,237	16,336
Outstanding cheques			(4,184)	(6,148)
			<u>4,053</u>	<u>10,188</u>
Supplemental information:				
Interest & finance costs paid	3,438	508	3,885	829
Income taxes paid (recovered)	2	(78)	88	(42)

Gendis Inc.
Segment Information
13 weeks ended July 26, 2003

(unaudited - in thousands of dollars)		Retail	Corporate & Realty	Inter Segment	Total
External revenue	TY	83,494	165	—	83,659
	LY	85,241	48	—	85,289
Intersegment revenue	TY	—	489	(489)	—
	LY	—	557	(557)	—
Operating profit (loss)	TY	1,159	473	(86)	1,546
	LY	2,477	501	(58)	2,920
Interest & finance costs	TY	600	2,913	(86)	3,427
	LY	566	—	(58)	508
Income tax expense (recovery)	TY	38	(19)	—	19
	LY	35	1	—	36
Earnings (loss)	TY	521	(2,421)	—	(1,900)
	LY	1,876	500	—	2,376

Significant non cash items:

Amortization of capital assets	TY	1,816	120	—	1,936
	LY	1,742	103	—	1,845
Gain (loss) on disposal of capital assets	TY	3	75	—	78
	LY	(19)	—	—	(19)
Capital expenditures	TY	2,225	117	—	2,342
	LY	2,003	—	—	2,003

Gendis Inc.
Segment Information
26 weeks ended July 26, 2003

(unaudited - in thousands of dollars)		Retail	Corporate & Realty	Inter Segment	Total
External revenue	TY	144,949	303	—	145,252
	LY	144,507	96	—	144,603
Intersegment revenue	TY	—	955	(955)	—
	LY	—	1,120	(1,120)	—
Operating profit (loss)	TY	(7,025)	1,272	(133)	(5,886)
	LY	(3,492)	789	(107)	(2,810)
Interest & finance costs	TY	1,172	2,913	(133)	3,952
	LY	1,022	—	(107)	915
Income tax expense	TY	76	44	—	120
	LY	70	3	—	73
Earnings (loss)	TY	(8,273)	(1,685)	—	(9,958)
	LY	(4,584)	786	—	(3,798)

Significant non cash items:

Amortization of capital assets	TY	3,595	237	—	3,832
	LY	3,330	205	—	3,505
Gain (loss) on disposal of capital assets	TY	3	397	—	400
	LY	(19)	135	—	116
Capital expenditures	TY	3,093	3,482	—	6,575
	LY	3,693	—	—	3,693
Segment assets	TY	101,866	76,946	(5,000)	173,812
	LY	110,935	78,602	(5,000)	184,537