
GENDIS INC.

NEWS RELEASE

For immediate release

July 28, 2004

WINNIPEG, Manitoba - Gendis Inc. announces that the Court of Queen's Bench of Manitoba decided that the Minister of National Revenue of Canada has authority to assess and collect tax as a result of the application of the Manitoba Income Tax Act.

The tax is in respect of the sale of shares early in 1995 of Sony of Canada Ltd. formerly owned within the Gendis Inc. group.

Upon the taxation authority advising Gendis Inc. in late 2001 that it was liable for taxes and interest, Gendis put on deposit with Canada Revenue Agency \$28.4 million from the Company's cash resources in order to stop further interest from accruing. Gendis Inc. will be proceeding to appeal the decision to the Manitoba Court of Appeal. It is likely that these proceedings will extend beyond the conclusion of the current fiscal year.

This Judgment does not alter the view that all taxes relating to this sale have been paid and that Gendis Inc. will ultimately be successful in challenging the re-assessment.

The Company continues to account for the \$28.4 million payment of tax and interest as a recoverable asset.

The Judgment said that Gendis Inc. "acted in all respects in accordance with the law and merely governed their affairs in what they considered to be the most favorable manner available to them, which they were legally entitled to do."

For further information, please contact Mr. James E. Cohen, Executive Vice-President of Gendis Inc. at (204) 474-5200.

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