

For immediate release

**GENDIS INC. ANNOUNCES FIRST QUARTER RESULTS  
FOR FISCAL 2005**

Winnipeg, Manitoba (June 4, 2004) - Gendis Inc. (TSX:GDS) today announced its financial results for the first quarter ended May 1, 2004 of the fiscal year ending January 29, 2005.

Consolidated revenue for the first quarter was \$56.8-million compared to \$61.6-million last year, an 8% decrease. Sales on a same store basis decreased 13% overall. Regionally, same store sales decreased 11% in the Maritimes, 10% in Quebec, 15% in Ontario and 13% in Western Canada.

The consolidated net loss for the first quarter was \$10.2-million (\$0.66 per share) compared to a loss of \$8.1-million (\$0.52 per share) last year. The increase in the loss is due to reduced gross profit resulting from the sales decline, higher advertising costs and increased facility costs from new store openings. Support office expenses declined slightly from last year.

Eleven SAAN stores were opened midway into the quarter. Two stores were converted from the SAAN to the Red Apple format.

Operating results follow.

For more information, please contact:

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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)	Quarter ended	
	May 1, 2004	Apr. 26 2003
<u>Revenue</u>	<u>56,776</u>	<u>61,593</u>
Costs and expenses		
Cost of goods sold, selling, general and administrative expenses	65,112	67,872
Amortization of property & equipment	1,689	1,896
Interest and other finance expense	566	525
	<u>67,367</u>	<u>70,293</u>
Loss before the undernoted	(10,591)	(8,700)
Investment income	477	420
Gain on sale of real estate	—	323
Loss before income tax expense	(10,114)	(7,957)
Income tax expense	38	101
Loss for the period	(10,152)	(8,058)
Premium on shares purchased for cancellation	—	(182)
Retained earnings - beginning of period	93,878	103,220
Retained earnings - end of period	<u>83,726</u>	<u>94,980</u>
<u>Loss per share - basic and diluted</u>	<u>(0.66)</u>	<u>(0.52)</u>

Basis of Presentation of unaudited interim financial statements

These unaudited interim financial statements are prepared in accordance with accounting principles generally accepted in Canada and follow the same accounting policies and methods of application as the audited annual financial statements at January 31, 2004. These interim financial statements should be read in conjunction with the annual consolidated financial statements and notes thereto as presented in the Company's Annual Report for the fiscal year ended January 31, 2004.

## Gendis Inc.

## Consolidated Balance Sheet

(unaudited - in thousands of dollars)

May 1,	Jan. 31,	Apr. 26,
2004	2004	2003

**Assets**

Cash and equivalents	4,463	6,318	10,452
Receivables	3,163	3,548	3,106
Inventory	62,103	50,927	80,611
Prepaid expenses	5,518	3,050	2,866
	<u>75,247</u>	<u>63,843</u>	<u>97,035</u>
Investments	18,723	16,123	14,493
Deposit on income tax reassessment	28,361	28,361	28,361
Property & equipment	44,730	44,105	42,343
Accrued pension asset	4,350	4,350	4,350
	<u>171,411</u>	<u>156,782</u>	<u>186,582</u>

**Liabilities & Shareholders' Equity**

Outstanding cheques	5,016	1,347	3,609
Payables	28,728	17,810	31,884
Income and capital taxes payable	284	285	505
Current portion of capital lease obligations	1,445	1,509	1,121
Bank loan	2,000	—	—
Credit facility	32,203	—	—
	<u>69,676</u>	<u>20,951</u>	<u>37,119</u>
Long-term portion of capital lease obligations	1,909	2,201	2,122
Credit facility	—	23,652	36,252
	<u>1,909</u>	<u>25,853</u>	<u>38,374</u>
Shareholders' equity			
Capital stock	16,100	16,100	16,109
Retained earnings	83,726	93,878	94,980
	<u>99,826</u>	<u>109,978</u>	<u>111,089</u>
	<u>171,411</u>	<u>156,782</u>	<u>186,582</u>

Number of shares outstanding ('000's)	15,316	15,316	15,325
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Gendis Inc.	Quarter ended	
Consolidated Statement of Cash Flows	May 1, Apr. 26,	
(unaudited - in thousands of dollars)	2004	2003
<b>By operations:</b>		
Loss for the period	(10,152)	(8,058)
add (deduct) items not affecting cash:		
Amortization of property & equipment	1,689	1,896
Gain on the sale of property & equipment	—	(322)
Cash flow from earnings	(8,463)	(6,484)
Changes in non-cash working capital	(2,342)	(4,695)
	<u>(10,805)</u>	<u>(11,179)</u>
<b>By investing activities:</b>		
Investments acquired	(2,600)	(304)
Proceeds from the sale of property & equipment	—	577
Purchase of property & equipment	(2,291)	(4,233)
	<u>(4,891)</u>	<u>(3,960)</u>
<b>By financing activities:</b>		
Net increase in credit facility debt	8,551	13,745
Increase in bank loan	2,000	—
Payments on capital lease obligations	(379)	(286)
Purchase of shares for cancellation	—	(352)
	<u>10,172</u>	<u>13,107</u>
Decrease in cash	(5,524)	(2,032)
Cash - beginning of period	4,971	8,875
Cash - end of period	<u>(553)</u>	<u>6,843</u>
<b>Cash is comprised of:</b>		
Cash & equivalents	4,463	10,452
Outstanding cheques	(5,016)	(3,609)
	<u>(553)</u>	<u>6,843</u>
<b>Supplemental information:</b>		
Interest and finance costs paid	487	447
Income taxes paid	26	86

Gendis Inc.  
Segment Information  
First Quarter ended May 1, 2004

(unaudited - in thousands of dollars)		Retail	Corporate & Realty	Inter Segment	Total
External revenue	TY	56,626	150	—	56,776
	LY	61,455	138	—	61,593
Intersegment revenue	TY	—	391	(391)	—
	LY	—	466	(466)	—
Amortization of property & equipment	TY	1,580	109	—	1,689
	LY	1,779	117	—	1,896
Investment income	TY	—	477	—	477
	LY	—	420	—	420
Gain on sales of real estate	TY	—	—	—	—
	LY	—	323	—	323
Interest & finance costs	TY	510	13	(57)	466
	LY	572	—	(47)	525
Income tax expense	TY	20	18	—	38
	LY	38	63	—	101
Earnings (loss)	TY	(10,405)	253	—	(10,152)
	LY	(8,794)	736	—	(8,058)
<b>Other significant non-cash items:</b>					
Gain on the sale of property & equipment	TY	—	—	—	—
	LY	—	322	—	322
Acquisition of property & equipment	TY	2,314	—	—	2,314
	LY	948	3,365	—	4,313
Segment assets	TY	99,686	79,725	(8,000)	171,411
	LY	111,912	79,670	(5,000)	186,582