

For immediate release

**GENDIS INC. ANNOUNCES SECOND QUARTER RESULTS
FOR FISCAL 2003**

Winnipeg, Manitoba (August 22, 2002) - Gendis Inc. (TSE:GDS) today announced its financial results for the 2nd quarter of the fiscal year 2003, ended July 27, 2002.

Saan Stores earnings for the quarter were \$1.9-million (\$0.12 per share) compared to \$2.7-million (\$0.16 per share) last year. Consolidated net earnings for the 2nd quarter were \$2.4-million (\$0.14 per share) compared to \$17.9-million (\$1.05 per share) last year. Last year results included a gain of \$14.5-million (\$0.85 per share) from the distribution of 5.9-million units of Fort Chicago to Gendis shareholders.

Revenue for the 2nd quarter was \$85.3-million compared to \$87.8-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 increased 1%. Regionally, same store sales were mixed, increasing 2% in Ontario and Western Canada but declining 5% in the Maritimes and 3% in Quebec.

Same store sales increases in the quarter were achieved, in part, through increased markdowns, resulting in a modest decline in gross margin. Store expenses and support office expenses were well controlled, declining in absolute terms and also as a ratio of sales.

For the six months ended July 27, 2002, revenue was \$144.6-million, compared to \$154.4-million last year. The net loss for the period was \$3.8-million (\$0.24 per share) compared to earnings of \$13.8-million (\$0.81 per share) last year.

Condensed operating results follow.

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.

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Gendis Inc.

Consolidated Statement of Earnings and Retained Earnings

(unaudited - in thousands of dollars)	13 weeks ended		26 weeks ended	
	July 27, 2002	July 28, 2001	July 27, 2002	July 28, 2001
Revenue	85,289	87,814	144,603	154,382
Costs and expenses	80,949	82,958	144,648	152,326
Amortization of capital assets	1,845	1,728	3,505	3,377
Interest and finance costs	508	703	915	1,433
	83,302	85,389	149,068	157,136
Earnings (loss) before the undernoted	1,987	2,425	(4,465)	(2,754)
Investment income	425	919	605	1,246
Gain on the sale of:				
Investments	—	14,496	—	14,496
Real estate properties	—	78	135	840
Provision for income taxes	(36)	(35)	(73)	(71)
Earnings (loss) for the period	2,376	17,883	(3,798)	13,757
Premium on shares purchased for cancellation	—	—	(319)	—
Dividend	—	(53,469)	—	(53,469)
Retained earnings				
- beginning of period	97,250	136,911	103,743	141,037
Retained earnings				
- end of period	99,626	101,325	99,626	101,325
Earnings (loss) per share				
- basic and diluted	0.14	1.05	(0.24)	0.81

Gendis Inc.

Consolidated Balance Sheet

(unaudited - in

thousands of dollars)

July 27, Jan. 26, July 28,
2002 2002 2001**Assets**

Cash & equivalents	16,336	21,217	50,102
Receivables & other current assets	7,044	5,476	8,589
Inventory	75,819	59,996	78,902
Investment - Fort Chicago	12,077	6,000	59,470
Deposit on income tax re-assessment	28,361	28,361	—
Capital assets	40,550	36,744	38,508
Accrued pension asset	4,350	4,350	4,350
	<u>184,537</u>	<u>162,144</u>	<u>239,921</u>

Liabilities & Shareholders' Equity

Outstanding cheques	6,148	3,283	4,043
Payables & other current liabilities	30,190	21,497	26,720
Dividend payable	—	—	53,469
Capital lease obligation	3,617	—	—
Credit facility	27,721	16,061	35,800
Future income taxes	278	278	714
Shareholders' equity			
Capital stock	16,957	17,282	17,850
Retained earnings	99,626	103,743	101,325
	<u>184,537</u>	<u>162,144</u>	<u>239,921</u>

Number of shares outstanding ('000's)	16,132	16,441	16,981
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Gendis Inc.
Consolidated Statement of Cash Flows

(unaudited- in) thousands of dollars)	13 weeks ended		26 weeks ended	
	July 27, 2002	July 28, 2001	July 27, 2002	July 28, 2001
By operations:				
Earnings (loss) for the period	2,376	17,883	(3,798)	13,757
add (deduct) items not affecting cash:				
Future income taxes	—	(117)	—	36
Amortization of capital assets	1,845	1,728	3,505	3,377
Loss (gain) on the sale of:				
Capital assets	19	49	(116)	(713)
Investments	—	(14,496)	—	(14,496)
Investment income	—	(417)	—	(203)
Investment income distribution	—	1,111	—	2,326
Cash flow from earnings	4,240	5,741	(409)	4,084
Changes in non-cash working capital	9,571	1,590	(8,605)	(13,718)
	13,811	7,331	(9,014)	(9,634)
By investing activities:				
Proceeds from the sale of capital assets	153	165	474	1,659
Purchase of capital assets	(4,473)	(1,352)	(7,669)	(4,102)
Investment acquired	(6,170)	—	(6,170)	—
	(10,490)	(1,187)	(13,365)	(2,443)
By financing activities:				
Net increase (decrease) in credit facility	(14,025)	(4,682)	11,660	14,763
Capital lease obligations incurred	2,470	—	3,976	—
Payments on capital lease obligations	(263)	—	(359)	—
Purchase of shares for cancellation	—	—	(644)	—
	(11,818)	(4,682)	14,633	14,763
Increase (decrease) in cash	(8,497)	1,462	(7,746)	2,686
Cash - beginning of period	18,685	44,597	17,934	43,373
Cash - end of period	10,188	46,059	10,188	46,059
Cash is comprised of:				
Cash & equivalents			16,336	50,102
Outstanding cheques			(6,148)	(4,043)
			10,188	46,059
Supplemental information:				
Interest paid	508	743	829	1,327
Income taxes paid (recovered)	(78)	38	(42)	534

Gendis Inc.
Segment Information
13 weeks ended July 27, 2002

(unaudited - in thousands of dollars)		Retail	Corporate & Realty	Inter Segment	Total
External	TY	85,241	48	—	85,289
revenue	LY	87,737	77	—	87,814
Intersegment	TY	—	557	(557)	—
revenue	LY	—	733	(733)	—
Operating	TY	2,477	501	(58)	2,920
profit (loss)	LY	3,511	620	(84)	4,047
Interest &	TY	566	—	(58)	508
finance costs	LY	787	—	(84)	703
Gain on disposal of investments & real estate	TY	—	—	—	—
	LY	—	14,574	—	14,574
Income tax	TY	35	1	—	36
expense	LY	35	—	—	35
Earnings	TY	1,876	500	—	2,376
	LY	2,689	15,194	—	17,883

Significant non cash items:

Amortization of capital assets	TY	1,742	103	—	1,845
	LY	1,610	118	—	1,728
Gain (loss) on disposal of capital assets & investments	TY	(19)	—	—	(19)
	LY	(127)	14,574	—	14,447

Gendis Inc.
Segment Information
26 weeks ended July 27, 2002

(unaudited - in thousands of dollars)		Retail	Corporate & Realty	Inter Segment	Total
External	TY	144,507	96	—	144,603
revenue	LY	154,228	154	—	154,382
Intersegment	TY	—	1,120	(1,120)	—
revenue	LY	—	1,475	(1,475)	—
Operating	TY	(3,492)	654	(107)	(2,945)
profit (loss)	LY	(874)	976	(177)	(75)
Interest &	TY	1,022	—	(107)	915
finance costs	LY	1,610	—	(177)	1,433
Gain on disposal of					
investments &	TY	—	135	—	135
real estate	LY	—	15,336	—	15,336
Income tax	TY	70	3	—	73
expense	LY	71	—	—	71
Earnings	TY	(4,584)	786	—	(3,798)
(loss)	LY	(2,555)	16,312	—	13,757

Significant non cash items:

Amortization					
of capital	TY	3,300	205	—	3,505
assets	LY	3,139	238	—	3,377
Gain (loss) on disposal of capital					
assets &	TY	(19)	135	—	116
investments	LY	(127)	15,336	—	15,209
Capital	TY	7,699	—	—	7,669
expenditures	LY	4,099	3	—	4,102
Segment	TY	110,935	78,602	(5,000)	184,537
assets	LY	110,526	134,395	(5,000)	239,921