

For immediate release

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

Winnipeg, Manitoba (May 23, 2002) - Gendis Inc. (TSX:GDS) today announced its financial results for the first quarter of the fiscal year 2003, ended April 27, 2002.

The consolidated net loss for the first quarter was \$6.2-million (\$0.38 per share) compared to a loss of \$4.1-million (\$0.24 per share) last year. Reduced investment income and lower gains on real estate property sales accounted for \$0.8-million (\$0.05 per share) of the increase in the loss over the prior period. Saan Stores loss for the quarter was \$1.2-million (\$0.09 per share) higher than last year.

Consolidated revenue for the first quarter ended April 27, 2002 was \$59.3-million compared to \$66.6-million last year. According to plan, Saan Stores commenced the quarter operating 12 fewer stores compared to the first quarter last year. Sales on a same store basis declined 7%. Regionally, same store sales declined 7% in the Maritimes, 6% in Quebec and 10% in Western Canada. Same store sales were even in Ontario. The decrease in same store sales is partly attributed to unsettled and unseasonably cool weather across Canada.

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)	Quarter ended	
	Apr. 27, 2002	Apr. 28, 2001
Revenue	59,314	66,568
Costs and expenses	63,699	69,368
Amortization of capital assets	1,660	1,649
Interest and other finance costs	407	730
	65,766	71,747
Loss before the undernoted	(6,452)	(5,179)
Investment income	180	327
Gain on the sale of real estate properties	135	762
Income tax expense	(37)	(36)
Loss for the period	(6,174)	(4,126)
Premium on shares purchased for cancellation	(319)	—
Retained earnings - beginning of period	103,743	141,037
Retained earnings - end of period	97,250	136,911
Loss per share - basic and diluted	(0.38)	(0.24)

Gendis Inc.
Consolidated Balance Sheet
(unaudited - in thousands of dollars)

Assets

	Apr. 27, 2002	Jan. 26 2002	Apr. 28, 2002
Cash and equivalents	22,033	21,217	48,816
Receivables & other current assets	7,371	5,476	8,720
Inventory	84,891	59,996	83,956
Investments - Fort Chicago	6,000	6,000	45,668
Deposit on income tax reassessment	28,361	28,361	—
Capital assets	38,904	36,744	39,098
Accrued pension asset	4,350	4,350	4,350
	191,100	162,144	230,608

Liabilities & Shareholders' Equity

Outstanding cheques	3,348	3,283	4,219
Payables & other current liabilities	30,111	21,497	30,315
Capital lease obligation	1,410	—	—
Credit facility	41,746	16,061	40,482
Future income taxes	278	278	831
Shareholders' equity			
Capital stock	16,957	17,282	17,850
Retained earnings	97,250	103,743	136,911
	191,100	162,144	230,608

Gendis Inc.	Quarter ended	
Consolidated Statement of Cash Flows (unaudited - in thousands of dollars)	Apr. 27, 2002	Apr. 28, 2001
By operations:		
Loss for the period	(6,174)	(4,126)
add (deduct) items not affecting cash:		
Future income taxes	—	153
Amortization of capital assets	1,660	1,649
Gain on the sale of capital assets	(135)	(762)
Investment loss	—	214
Investment income distribution	—	1,215
Cash flow from earnings	(4,649)	(1,657)
Changes in non-cash working capital	(18,176)	(15,308)
	<u>(22,825)</u>	<u>(16,965)</u>
By investing activities:		
Proceeds from the sale of capital assets	321	1,494
Purchase of capital assets	(3,196)	(2,750)
	<u>(2,875)</u>	<u>(1,256)</u>
By financing activities:		
Net increase in debt under credit facilities	25,685	19,445
Capital leased obligation incurred	1,506	—
Payments on capital lease obligation	(96)	—
Purchase of shares for cancellation	(644)	—
	<u>26,451</u>	<u>19,445</u>
Increase in cash	751	1,224
Cash - beginning of period	17,934	43,373
Cash - end of period	<u>18,685</u>	<u>44,597</u>
Cash is comprised of:		
Cash & equivalents	22,033	48,816
Outstanding cheques	(3,348)	(4,219)
	<u>18,685</u>	<u>44,597</u>
Supplemental information:		
Interest paid	321	584
Income taxes paid	36	496

Gendis Inc.
Segment Information
First Quarter ended April 27, 2002

(unaudited - in thousands of dollars)		Retail	Corporate & Realty	Inter Segment	Total
External revenue	TY	59,266	48	—	59,314
	LY	66,491	77	—	66,568
Intersegment revenue	TY	—	563	(563)	—
	LY	—	742	(742)	—
Operating profit (loss)	TY	(5,969)	153	(49)	(5,865)
	LY	(4,385)	356	(93)	(4,122)
Interest & finance costs	TY	456	—	(49)	407
	LY	823	—	(93)	730
Gain on the sale of real estate	TY	—	135	—	135
	LY	—	762	—	762
Income tax expense	TY	35	2	—	37
	LY	36	—	—	36
Earnings (loss)	TY	(6,460)	286	—	(6,174)
	LY	(5,244)	1,118	—	(4,126)
Significant non-cash items:					
Amortization of capital assets	TY	1,558	102	—	1,660
	LY	1,529	120	—	1,649
Gain on the sale of capital assets	TY	—	135	—	135
	LY	—	762	—	762
Future income tax liability increase	TY	—	—	—	—
	LY	—	—	153	153
Investment loss	TY	—	—	—	—
	LY	—	(214)	—	(214)
Capital expenditures	TY	3,196	—	—	3,196
	LY	2,750	—	—	2,750
Segment assets	TY	117,970	78,130	(5,000)	191,100
	LY	116,448	119,160	(5,000)	230,608