

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>	<u>83,659</u>	<u>85,289</u>	<u>145,252</u>	<u>144,603</u>
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	<u>94,980</u>	<u>97,250</u>	<u>103,220</u>	<u>103,743</u>
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