

For immediate release

**GENDIS INC. ANNOUNCES FIRST QUARTER RESULTS
FOR FISCAL 2004**

Winnipeg, Manitoba (May 23, 2003) - Gendis Inc. (TSX:GDS) today announced its financial results for the first quarter ended April 26, 2003 of the fiscal year ending January 31, 2004.

Consolidated revenue for the first quarter was \$61.6-million compared to \$59.3-million last year, a 4% increase. Sales on a same store basis increased 8% overall. Regionally, same store sales increased 7% in the Maritimes, 5% in Quebec, 6% in Ontario and 9% in Western Canada.

The consolidated net loss for the first quarter was \$8.1-million (\$0.52 per share) compared to a loss of \$6.2-million (\$0.38 per share) last year. Saan's gross margin as a percentage of sales declined significantly in the quarter, primarily due to markdowns and reduced initial markons. Except for an increase in advertising costs, store expenses declined in absolute terms and as a ratio of sales in the quarter. Support office expenses were essentially even with last year.

According to plan, Saan Stores commenced the quarter operating 13 fewer stores compared to the first quarter last year. No stores were opened or closed in the quarter. However, 8 stores were converted from the SAAN to the Red Apple format.

Two real estate properties were sold in the quarter for proceeds of \$0.6-million. Both were in support of retail operations. Two real estate properties were acquired for \$3.4-million in the quarter. One will be in support of retail operations. The other property was acquired as part of a property assembly for a bid in the development of the Manitoba Hydro signature building in downtown Winnipeg.

In the quarter, the Company completed its quota for the purchase of common shares for cancellation under a Normal Course Issuer Bid for \$0.4-million.

Condensed 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)	Quarter ended	
	Apr. 26, 2003	Apr. 27, 2002
Revenue	61,593	59,314
Cost of goods sold, selling, general and administrative expenses	67,129	63,384
Amortization of capital assets	1,896	1,660
Interest and other finance costs	525	407
	<u>69,550</u>	<u>65,451</u>
Loss before income taxes	(7,957)	(6,137)
Income tax expense	101	37
Loss for the period	(8,058)	(6,174)
Premium on shares purchased for cancellation	(182)	(319)
Retained earnings - beginning of period	103,220	103,743
Retained earnings - end of period	<u>94,980</u>	<u>97,250</u>
Loss per share - basic and diluted	(0.52)	(0.38)

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

	Apr. 26, 2003	Jan. 25, 2003	Apr. 27, 2002
Assets			
Cash and equivalents	10,452	12,246	22,033
Receivables & other current assets	5,972	6,879	7,371
Inventory	80,611	61,930	84,891
Investment in Fort Chicago	14,493	14,189	6,000
Deposit on income tax reassessment	28,361	28,361	28,361
Capital assets	42,343	40,181	38,094
Accrued pension asset	4,350	4,350	4,350
	<u>186,582</u>	<u>168,136</u>	<u>191,100</u>
Liabilities & Shareholders' Equity			
Outstanding cheques	3,609	3,371	3,348
Payables & other current liabilities	33,510	20,398	30,111
Long-term portion of capital lease obligations	2,122	2,361	1,410
Credit facility with Congress	36,252	22,507	41,746
Future income taxes	—	—	278
Shareholders' equity			
Capital stock	16,109	16,279	16,957
Retained earnings	94,980	103,220	97,250
	<u>111,089</u>	<u>119,499</u>	<u>114,207</u>
	<u>186,582</u>	<u>168,136</u>	<u>191,100</u>
Number of shares outstanding ('000's)	15,325	15,486	16,132

Gendis Inc. Consolidated Statement of Cash Flows (unaudited - in thousands of dollars)	Quarter ended Apr. 26, Apr. 27, 2003 2002	
By operations:		
Loss for the period	(8,058)	(6,174)
add (deduct) items not affecting cash:		
Amortization of capital assets	1,896	1,660
Gain on the sale of capital assets	(322)	(135)
Cash flow from earnings	(6,484)	(4,649)
Changes in non-cash working capital	(4,695)	(18,176)
	<u>(11,179)</u>	<u>(22,825)</u>
By investing activities:		
Investment acquired	(304)	—
Proceeds from the sale of capital assets	577	321
Purchase of capital assets	(4,233)	(1,690)
	<u>(3,960)</u>	<u>(1,369)</u>
By financing activities:		
Net increase in credit facility debt	13,745	25,685
Payments on capital lease obligations	(286)	(96)
Purchase of shares for cancellation	(352)	(644)
	<u>13,107</u>	<u>24,945</u>
Increase (decrease) in cash	(2,032)	751
Cash - beginning of period	8,875	17,934
Cash - end of period	<u>6,843</u>	<u>18,685</u>
Cash is comprised of:		
Cash & equivalents	10,452	22,033
Outstanding cheques	(3,609)	(3,348)
	<u>6,843</u>	<u>18,685</u>
Supplemental information:		
Interest paid	447	321
Income taxes paid	86	36

Gendis Inc.
Segment Information
First Quarter ended April 26, 2003

(unaudited - in thousands of dollars)		Retail	Corporate & Realty	Inter Segment	Total
External revenue	TY	61,455	138	—	61,593
	LY	59,266	48	—	59,314
Intersegment revenue	TY	—	466	(466)	—
	LY	—	563	(563)	—
Operating profit (loss)	TY	(8,184)	799	(47)	(7,432)
	LY	(5,969)	288	(49)	(5,730)
Interest & finance costs	TY	572	—	(47)	525
	LY	456	—	(49)	407
Income tax expense	TY	38	63	—	101
	LY	35	2	—	37
Earnings (loss)	TY	(8,794)	736	—	(8,058)
	LY	(6,460)	286	—	(6,174)
Significant non-cash items:					
Amortization of capital assets	TY	1,779	117	—	1,896
	LY	1,558	102	—	1,660
Gain on the sale of capital assets	TY	—	322	—	322
	LY	—	135	—	135
Capital expenditures	TY	868	3,365	—	4,233
	LY	3,196	—	—	3,196
Segment assets	TY	111,912	79,670	(5,000)	186,582
	LY	117,970	78,130	(5,000)	191,100