
GENDIS INC.

NEWS RELEASE

For immediate release

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

Winnipeg, Manitoba (December 14, 2004) - Gendis Inc. (TSX:GDS) today announced its financial results for the 3rd quarter ended October 30, 2004, of the fiscal year ending January 29, 2005.

Consolidated net loss for the 3rd quarter was \$33.1-million (\$2.16 per share) compared to earnings \$5,000 (nil per share) last year. On a year to date basis, the consolidated net loss was \$45.8-million (\$2.99 per share) compared to a loss of \$9.9-million (\$0.65 per share) last year. In the 3rd quarter, the Company designated its retail segment, Saan Stores, as a discontinued operation, and accordingly, recorded the operation at fair value with a resulting write-down of \$38.9-million. Also in the 3rd quarter, the Company completed the sale of a parcel of real estate properties, recording a gain of \$8.2-million.

Net loss from continuing operations for the 3rd quarter was \$82,000 (\$0.01 per share) compared to a loss of \$13,000 (\$0.01 per share) last year. On a year to date basis, the net loss from continuing operations was \$334,000 (\$0.02 per share) compared to a loss of \$2.7-million (\$0.21 per share) last year. In the 2nd quarter of last year, the Company recorded a non-recurring finance cost of \$2.9-million on the settlement of an option held by a previous lender to the Company.

The Company's investment in Fort Chicago continues to appreciate in value. In the 3rd quarter, the investment in Fort Chicago has appreciated by approximately \$2.8-million. At the 3rd quarter end, investment has a fair market value of approximately \$7.7-million in excess of the carrying value. This represents an unrealized appreciation of approximately \$0.50 per share.

For more information, please contact:

Albert D. Cohen
President, Chief Executive Officer
and Chairman of the Board of Directors

James E. Cohen
Executive Vice-President

Telephone: (204)474-5200
Fax: (204)474-5495

E-mail:
Web site:

finance@gendis.ca
www.gendis.ca

Gendis Inc.
Consolidated Balance Sheet

(unaudited - in thousands of dollars)	Oct. 30, 2004	Jan. 31, 2004
Assets		
Cash and equivalents	1,587	4,632
Receivables	15,277	954
Prepaid expenses	160	240
Discontinued operations - retail	41,716	57,422
	<u>58,740</u>	<u>63,248</u>
Investments	18,921	16,123
Deposit on income tax reassessment	28,361	28,361
Property and equipment	12,284	12,550
Discontinued operations - real estate	-	6,038
Discontinued operations - retail	27,570	29,867
	<u>145,876</u>	<u>156,187</u>
Liabilities and Shareholders' Equity		
Bank loan	8,500	-
Payables and accrued liabilities	1,984	1,031
Income & capital taxes payable	173	160
Discontinued operations - retail	70,072	19,760
	<u>80,729</u>	<u>20,951</u>
Discontinued operations - long-term - retail	1,514	25,853
	<u>82,243</u>	<u>46,804</u>
Shareholders' equity		
Capital stock	16,100	16,100
Retained earnings	47,533	93,283
	<u>63,633</u>	<u>109,383</u>
	<u>145,876</u>	<u>156,187</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 Statement of Loss

(unaudited - in thousands of dollars)	13 weeks ended		39 weeks ended	
	Oct. 30, 2004	Oct. 25, 2003	Oct. 30, 2004	Oct. 25, 2003
Investment income	492	428	1,459	1,267
Rent revenue	33	40	103	113
	<u>525</u>	<u>468</u>	<u>1,562</u>	<u>1,380</u>
Costs and expenses				
General and administrative expenses	405	436	1,402	1,344
Amortization of property and equipment	89	94	267	292
Interest	99	—	190	13
	<u>593</u>	<u>530</u>	<u>1,859</u>	<u>1,649</u>
Loss before the undernoted	(68)	(62)	(297)	(269)
Gain on sale of real estate	—	71	—	468
Finance cost - settlement of an option	—	—	—	(2,900)
Loss before taxes	(68)	9	(297)	(2,701)
Provision for income taxes	14	22	37	66
Loss from continuing operations	(82)	(13)	(334)	(2,767)
Discontinued operations:				
Real estate held for sale	82	66	144	180
Gain on sale of real estate	8,164	—	8,164	—
Retail segment	(3,185)	(48)	(15,675)	(7,305)
Provision for impairment of assets of the retail segment	(38,049)	—	(38,049)	—
Net earnings (loss)	(33,070)	5	(45,750)	(9,892)
Earnings (loss) per share - basic and diluted				
Continuing operations	(0.01)	—	(0.02)	(0.18)
Discontinued operations:				
Real estate	0.54	—	0.54	0.01
Retail segment	(2.69)	—	(3.51)	(0.48)
	<u>(2.16)</u>	<u>—</u>	<u>(2.99)</u>	<u>(0.65)</u>

Consolidated Statement of Retained Earnings

Retained earning				
- beginning of period	81,305	93,080	93,878	103,220
Effect of new accounting standard - consideration received from vendors	(702)	(661)	(595)	(722)
Retained earnings - restated	<u>80,603</u>	<u>92,419</u>	<u>93,283</u>	<u>102,498</u>
Net earnings (loss) for the period	(33,070)	5	(45,750)	(9,892)
Premium on shares purchased for cancellation	—	—	—	(182)
Retained earnings - end of period	<u>47,533</u>	<u>92,424</u>	<u>47,533</u>	<u>92,424</u>

Gendis Inc.
Consolidated Statement of Cash Flows

(unaudited - in thousands of dollars)	13 weeks ended		39 weeks ended	
	Oct. 30, 2004	Oct. 25, 2003	Oct. 30, 2004	Oct. 25, 2003
By operations:				
Earnings (loss) from continuing operations	(82)	(13)	(334)	(2,767)
add (deduct) items not affecting cash:				
Amortization of property & equipment	89	94	267	292
Gain on sale of property & equipment	-	(71)	-	(468)
Cash flow from earnings	7	10	(67)	(2,943)
Changes in non-cash working capital	676	139	1,321	(30)
Operating activities from:				
Continuing operations	683	149	1,254	(2,973)
Discontinued operations				
- retail	(8,637)	(6,345)	(18,274)	(7,175)
- real estate	(14,504)	86	(14,403)	238
	(22,458)	(6,110)	(31,423)	(9,910)
By investing activities:				
Proceeds on sale of property & equipment	-	-	-	1,454
Purchase of property and equipment	-	-	-	(1,067)
Investment acquired	-	(525)	(2,798)	(829)
Investing activities from:				
Continuing operations	-	(525)	(2,798)	(442)
Discontinued operations				
- retail	(271)	(3,103)	(2,613)	(6,438)
- real estate	14,150	-	14,150	(2,415)
	13,879	(3,628)	8,739	(9,295)
By financing activities:				
Increase in bank loan	-	-	8,500	-
Purchase of shares for cancellation	-	-	-	(352)
Financing activities from:				
Continuing operations	-	-	8,500	(352)
Discontinued operations				
- retail	11,205	10,562	12,710	15,559
	11,205	10,562	21,210	15,207
Increase (decrease) in cash	2,626	824	(1,474)	(3,998)
Cash - beginning of period	871	4,053	4,971	8,875
Cash - end of period	3,497	4,877	3,497	4,877
Cash is comprised of:				
Continuing operations			1,587	5,222
Discontinued operations			1,910	(345)
			3,497	4,877
Supplemental information for continuing operations:				
Income taxes paid	2	(8)	30	54
Interest and finance costs paid	83	-	139	2,913

