

For immediate release

Winnipeg, Manitoba – December 16, 2004 - Gendis Inc. (TSX:GDS) announces the sale today, for nominal consideration, of all of the shares of its wholly-owned subsidiary SAAN Stores Ltd. to SAAN Acquisition Corp. of Toronto, Ontario. SAAN Acquisition Corp. represents an investor group experienced in retail operations and financing world-wide, which is associated with Avalon Group, Ltd. of New York City.

Earlier this week, Gendis announced that it designated SAAN as a discontinued operation due to the expectation of its sale in the fourth quarter, and recorded the fair value of SAAN at nil, with a resulting write-down of \$38.9 million after estimated selling costs. Gendis also, earlier this week, disclosed its potential exposure under lease guarantees, consequential upon a sale of SAAN. Gendis now expects the selling costs to increase by an additional \$700,000 as a result of concluding the sale of SAAN. Under the terms of the sale agreement, Gendis has agreed to advance a \$2 million interest-bearing loan to SAAN on a secured basis late in the first quarter of fiscal 2006.

The lawsuit commenced by a prospective purchaser has been discontinued without costs.

Gendis has now exited the retail industry and, other than as noted above, faces no additional exposure.

For more information, please contact:

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