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# GENDIS INC.

NEWS RELEASE

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**For immediate release**

**July 9, 2004**

Winnipeg, Manitoba - July 9, 2004 - Gendis Inc. (TSX:GDS) today announced that it has signed an exclusive Letter of Intent to sell its wholly-owned subsidiary, SAAN Stores Ltd., to an investor group led by Avalon Group, Ltd. of New York City. SAAN Stores Ltd. currently serves Canadians through its SAAN family apparel stores and Red Apple Clearance Centres in more than 240 locations across Canada. Avalon's Canadian and United States investor group intends to continue SAAN's history of operating the SAAN and Red Apple Clearance Centres as an independent retail chain headquartered in Winnipeg. The investor group has engaged Karabus Management, based in Toronto, a leading retail-consulting firm, to work with the investor group and SAAN's management team to develop and implement a plan to return the chain to profitability.

The transaction is conditional upon concluding Definitive Agreements. The investor group contemplates acquiring ownership of SAAN Stores Ltd. on or before September 30, 2004.

Albert D. Cohen, Gendis' Chairman, President and Chief Executive Officer, said "Over the past 10 years, Gendis has moved more towards its investments in energy and real estate. We are pleased to be working with a group with retail expertise to continue SAAN's proud 57 year tradition of offering value and service to our Canadian customers. We are working closely with Avalon to make this a successful transition."

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