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# GENDIS INC.

# NEWS RELEASE

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For immediate release

## GENDIS INC. ANNOUNCES FIRST QUARTER RESULTS FOR FISCAL 2006

Winnipeg, Manitoba (June 3, 2005) - Gendis Inc. (TSX:GDS) today announced its financial results for the 1<sup>st</sup> quarter of the fiscal year ending January 28, 2006.

The net earnings from continuing operations for the 1<sup>st</sup> quarter was \$374,000 (\$0.02 per share) compared to a loss of \$183,000 (\$0.01 per share) last year. Last year the net loss on operations of the discontinued retail segment was \$10.2-million (\$0.66 per share).

The Company's investments continue to appreciate in value. At April 30, 2005, the Company's investments had a fair market value of approximately \$30.6-million, which is \$10.2-million in excess of carrying value. This represents an unrealized appreciation of approximately \$0.66 per share, before income taxes.

For more information, please contact:

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Gendis Inc.  
Consolidated Balance Sheet

	April 30,	Jan. 29,
(unaudited - in thousands of dollars)	2005	2005
<b>Assets</b>		
Cash and equivalents	2,189	3,235
Receivables	288	530
Advance held in escrow	2,000	2,000
Prepaid expenses	201	109
	<u>4,678</u>	<u>5,874</u>
Investments	20,397	18,844
Deposit on income tax reassessment	28,361	28,361
Property and equipment	11,375	11,431
Future tax asset	1,200	1,200
	<u>66,011</u>	<u>65,710</u>
<b>Liabilities and Shareholders' Equity</b>		
Payables and accrued liabilities	1,038	1,113
Income & capital taxes payable	108	106
	<u>1,146</u>	<u>1,219</u>
<b>Shareholders' equity</b>		
Capital stock	16,100	16,100
Retained earnings	48,765	48,391
	<u>64,865</u>	<u>64,491</u>
	<u>66,011</u>	<u>65,710</u>

Gendis Inc.  
Consolidated Statement of Earnings (Loss)

(unaudited - in thousands of dollars)	quarter ended	
	April 30 2005	May 1, 2004
<b>Revenue</b>		
Investment	579	477
Real estate	385	33
	<u>964</u>	<u>510</u>
<b>Expenses</b>		
Property and administrative expenses	513	572
Amortization of property and equipment	82	90
Interest and finance expense	—	13
	<u>595</u>	<u>675</u>
Earnings (loss) before the undernoted	369	(165)
Gain on sale of investments	40	—
Earnings (loss) before taxes	409	(165)
Provision for income taxes	35	18
Earnings (loss) from continuing operations	374	(183)
Discontinued operations:		
Real estate held for sale	—	45
Retail segment	—	(10,154)
Net earnings (loss)	<u>374</u>	<u>(10,292)</u>
Earnings (loss) per share - basic and diluted		
Continuing operations	0.02	(0.01)
Discontinued operations:		
Real estate	—	—
Retail segment	—	(0.66)
	<u>0.02</u>	<u>(0.67)</u>

Gendis Inc.  
Consolidated Statement of Retained Earnings

(unaudited - in thousands of dollars)	quarter ended	
	April 30 2005	May 1, 2004
Retained earnings - beginning of period	48,391	93,878
Effect of change in accounting for consideration received from vendors	—	(595)
Retained earnings - beginning of year - restated	48,391	93,283
Earnings (loss) for the period	374	(10,292)
Retained earnings - end of period	<u>48,765</u>	<u>82,991</u>

Gendis Inc.  
Consolidated Statement of Cash Flows

(unaudited - in thousands of dollars)	quarter ended	
	April 30, 2005	May 1, 2004
<b>By operations:</b>		
Earnings (loss) from continuing operations	374	(183)
add (deduct) items not affecting cash:		
Gain on sale of investments	(40)	-
Amortization of property and equipment	82	90
Cash flow from earnings	416	(93)
Changes in non-cash working capital	77	473
<b>Operating activities from:</b>		
Continuing operations	493	380
Discontinued operations:		
Real estate	-	64
Retail	-	(8,226)
	493	(7,782)
<b>By investing activities:</b>		
Purchase of property and equipment	(26)	-
Proceeds from sale of investments	135	-
Difference between distributions and investment income	(10)	-
Investments acquired	(1,638)	(2,600)
<b>Investing activities from:</b>		
Continuing operations	(1,539)	(2,600)
Discontinued operations - retail	-	(2,314)
	(1,539)	(4,914)
<b>By financing activities:</b>		
Advance from credit facility	-	2,000
Continuing operations	-	2,000
Discontinued operations - retail	-	5,172
	-	7,172
Decrease in cash	(1,046)	(5,524)
Cash - beginning of period	3,235	4,971
Cash - end of period	2,189	(553)
<b>Cash is represented by:</b>		
Continuing operations	2,189	1,042
Discontinued operations	-	(1,595)
	2,189	(553)

Gendis Inc.

**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 29, 2005. 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 29, 2005

Certain comparative figures have been restated to conform to the presentation adopted for the current period.