

For immediate release

GENDIS INC. ANNOUNCES SECOND QUARTER RESULTS FOR FISCAL 2006

Winnipeg, Manitoba (September 9, 2005) - Gendis Inc. (TSX:GDS) today announced its financial results for the 2nd quarter ended July 30, 2005 of the fiscal year ending January 28, 2006.

The net earnings from continuing operations for the 2nd quarter was \$4.3-million (\$0.28 per share) compared to a loss of \$69,000 (nil per share) last year. The increase in earnings is primarily attributable to two items. Firstly, on May 31, 2005, Mr. Albert D. Cohen obtained control of the Company. A change to control requires a re-valuation of the tax basis of the Company's carryforward tax losses and capital property. Accordingly, the Company recognized an overall net increase in tax basis resulting in an increase to its Future Tax Asset and a corresponding reduction in Future Tax Expense of \$3.0-million. Secondly, Fort Chicago Energy Partners L.P.'s ('Fort Chicago') had significant capital transactions in the quarter at an average unit value substantially in excess of the unit carrying value of the Company's investment in Fort Chicago. As the Company did not participate in these capital transactions, the variance in unit values provides a dilution gain of \$1.4-million as additional investment income to the Company.

In the comparable 2nd quarter last year, the net loss on operations of the discontinued retail segment was \$2.4-million (\$0.16 per share).

For the six months ended July 30, 2005, revenue from continuing operations was \$3.1-million, compared to \$1.0-million last year. The net earnings for the period from continuing operations were \$4.6-million (\$0.30 per share) compared to a net loss of \$0.3-million (\$0.01 per share) last year. Last year the net loss on operations of the discontinued retail segment was \$12.5-million (\$0.82 per share).

The Company's investments continue to appreciate in value. At July 30, 2005, the Company's publicly traded investments had a fair market value of approximately \$38.8-million, which is \$15.0-million in excess of carrying value. This represents an unrealized appreciation of approximately \$0.98 per share, before income taxes. The unrealized appreciation of these investments has increased \$6.2-million in the 2nd quarter, primarily from an increase in the market value of Fort Chicago which contributed \$5.4-million of the increase.

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Gendis Inc.
Consolidated Balance Sheet

	Jul. 30,	Jan. 29,
(unaudited - in thousands of dollars)	2005	2005
Assets		
Cash and equivalents	298	3,235
Receivables	300	530
Advance held in escrow	—	2,000
Prepaid expenses	405	109
	<u>1,003</u>	<u>5,874</u>
Investments	25,835	18,844
Deposit on income tax reassessment	28,361	28,361
Property and equipment	11,318	11,431
Future tax asset	4,200	1,200
	<u>70,717</u>	<u>65,710</u>
 Liabilities and Shareholders' Equity		
Payables and accrued liabilities	1,480	1,113
Income and capital taxes payable	113	106
	<u>1,593</u>	<u>1,219</u>
Shareholders' equity		
Capital stock	16,100	16,100
Retained earnings	53,024	48,391
	<u>69,124</u>	<u>64,491</u>
	<u>70,717</u>	<u>65,710</u>

Gendis Inc.

Consolidated Statement of Earnings

(unaudited - in thousands of dollars)	13 weeks ended		26 weeks ended	
	Jul. 30, 2005	Jul. 31, 2004	Jul. 30, 2005	Jul. 31, 2004
Revenue				
Investment	1,971	490	2,550	967
Real estate	227	37	612	70
	<u>2,198</u>	<u>527</u>	<u>3,162</u>	<u>1,037</u>
Expenses				
Property and administrative expenses	865	425	1,378	997
Amortization of property and equipment	81	88	163	178
Interest and finance expense	-	78	-	91
	<u>946</u>	<u>591</u>	<u>1,541</u>	<u>1,266</u>
Earnings (loss)				
before the undernoted	1,252	(64)	1,621	(229)
Gain on sale of investments	51	-	91	-
Earnings (loss) before taxes	<u>1,303</u>	<u>(64)</u>	<u>2,712</u>	<u>(229)</u>
Recovery of (provision for) income taxes				
Current	(44)	(5)	(79)	(23)
Future	3,000	-	3,000	-
	<u>2,956</u>	<u>(5)</u>	<u>1,921</u>	<u>(23)</u>
Earnings (loss) from:				
Continuing operations	4,259	(69)	4,633	(252)
Discontinued operations:				
Real estate held for sale	-	17	-	62
Retail segment	-	(2,336)	-	(12,490)
Net earnings (loss)	<u>4,259</u>	<u>(2,388)</u>	<u>4,633</u>	<u>(12,680)</u>
Earnings (loss) per share - basic and diluted				
Continuing operations	0.28	-	0.30	(0.01)
Discontinued operations:				
Real estate	-	-	-	-
Retail segment	-	(0.16)	-	(0.82)
	<u>0.28</u>	<u>(0.16)</u>	<u>0.30</u>	<u>(0.83)</u>

Consolidated Statement of Retained Earnings

(unaudited - in thousands of dollars)	13 weeks ended		26 weeks ended	
	Jul. 30, 2005	Jul. 31, 2004	Jul. 30, 2005	Jul. 31, 2004
Retained earning -				
beginning of period	48,765	83,726	48,391	93,878
Effect of change in accounting for consideration received				
from vendors	-	(735)	-	(595)
Retained earnings - restated	<u>48,765</u>	<u>82,991</u>	<u>48,391</u>	<u>93,283</u>
Earnings (loss) for the period	<u>4,259</u>	<u>(2,388)</u>	<u>4,633</u>	<u>(12,680)</u>
Retained earnings -				
end of period	<u>53,024</u>	<u>80,603</u>	<u>53,024</u>	<u>80,603</u>

Gendis Inc.
Consolidated Statement of Cash Flows

(unaudited - in thousands of dollars)	13 weeks ended		26 weeks ended	
	Jul. 30, 2005	Jul. 31, 2004	Jul. 30, 2005	Jul. 31, 2004
By operations:				
Earnings (loss) from				
continuing operations	4,259	(69)	4,633	(252)
add (deduct) items not				
affecting cash:				
Amortization of property and				
equipment	81	88	163	178
Gain on sale of investments	(51)	-	(91)	-
Future tax	(3,000)	-	(3,000)	-
Cash flow from earnings	1,289	19	1,705	(74)
Changes in non-cash				
working capital	2,231	431	2,308	904
Operating activities from:				
Continuing operations	3,520	450	4,013	830
Discontinued operations:				
Real estate	-	37	-	101
Retail	-	(1,694)	-	(9,919)
	3,520	(1,207)	4,013	(8,988)
By investing activities:				
Purchase of property				
and equipment	(24)	-	(50)	-
Proceeds on sale of investments	309	-	444	-
Difference between distributions				
and investment income	(1,362)	-	(1,372)	-
Investments acquired	(4,334)	(198)	(5,972)	(2,798)
Investing activities from:				
Continuing operations	(5,411)	(198)	(6,950)	(2,798)
Discontinued operations - retail	-	(5)	-	(2,319)
	(5,411)	(203)	(6,950)	(5,117)
By financing activities:				
Advance from credit facility	-	6,500	-	8,500
Financing activities from:				
Continuing operations	-	6,500	-	8,500
Discontinued operations - retail	-	(3,666)	-	1,505
	-	2,834	-	10,005
Increase (decrease) in cash	(1,891)	1,424	(2,937)	(4,100)
Cash - beginning of period	2,189	(553)	3,235	4,971
Cash - end of period	298	871	298	871
Cash is represented by:				
Continuing operations			298	937
Discontinued operations - retail			-	(66)
			298	871

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.