

For immediate release

GENDIS INC. ANNOUNCES SECOND QUARTER RESULTS

Winnipeg, Manitoba (September 9, 2011) - Gendis Inc. (TSX:GDS) today announced its financial results for the 2<sup>nd</sup> quarter ended July 31, 2011.

Gendis Inc. has applied International Financial Reporting Standards for the quarters ended July 31, 2011 and 2010, has retrospectively applied those standards to all prior year periods, and will apply those standards for its fiscal year ending January 31, 2012.

Applying those standards has resulted in an increase in volatility to reported earnings for the quarters, primarily negative fair value changes to OSUM for the quarter ended July 31, 2011. The Company reported a loss of \$3.4-million (\$0.24 per share) in the current quarter compared to a loss of \$3.7-million (\$0.26 per share) in the prior year quarter. In the quarter last year, the Company recorded a provision for the settlement of legal claims of \$2.8-million.

Lease rental revenue & recoverable property expenses and investment income are even with the prior year quarter.

Condensed summarized information is as follows:

in millions of Canadian dollars except per share	quarter ended		year-to-date	
	Jul 31 2011	Jul 31 2010	Jul 31 2011	Jul 31 2010
Lease rental revenue	0.9	0.9	2.1	1.8
Investment income	0.5	0.5	1.0	1.0
Fair value change:				
Veresen	0.8	0.2	1.9	0.6
OSUM	(7.9)	(3.5)	(9.0)	1.1
Other investments	(0.1)	(0.2)	—	(0.1)
Real estate	1.2	1.5	0.2	0.1
Expenses	(0.9)	(0.8)	(2.0)	(1.6)
Settlement of legal claims	—	(2.8)	—	(2.8)
Deferred tax recovery (expense)	2.1	1.4	2.1	(0.1)
Net loss	(3.4)	(2.8)	(3.7)	—
Loss per share	\$ (0.24)	\$ (0.20)	\$ (0.26)	—
Fair value of investments:				
Veresen			27.9	20.5
OSUM			18.9	22.0
Other investments			0.2	0.5
Real estate			25.3	24.7
Other assets			1.2	0.6
Debt & payables			13.3	14.8
Deferred tax payable			1.6	2.0
Shareholders equity			58.6	51.5

in millions of Canadian dollars except per share	quarter ended		year-to-date	
	Jul 31	Jul 31	Jul 31	Jul 31
	2011	2010	2011	2010
Cash flow from:				
Operations	(1.3)	0.4	(0.7)	1.2
Investing	—	—	—	—
Financing - debt advance (reduction)	1.5	(0.5)	1.0	(1.4)

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## GENDIS INC.

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

(thousands of Canadian dollars)	Jul 31 2011	Jul 31 2010	Jan 31 2011	Feb 01 2010
<b>ASSETS</b>				
Cash	290	35	39	261
Receivables	832	549	454	305
Equity investments	47,047	42,921	54,150	41,366
Investment property	25,270	24,700	25,020	24,550
Furnishings and equipment	48	48	59	43
<b>Total assets</b>	<b>73,487</b>	<b>68,253</b>	<b>79,722</b>	<b>66,525</b>
<b>LIABILITIES</b>				
Credit facilities	11,982	9,997	10,995	11,398
Payables	475	3,908	1,791	790
Provisions	—	—	—	89
Current income tax payable	—	—	69	—
Post employment benefit obligation	870	862	890	872
Deferred income tax payable	1,588	1,950	3,719	1,811
	14,915	16,717	17,464	14,960
<b>SHAREHOLDERS' EQUITY</b>	<b>58,572</b>	<b>51,536</b>	<b>62,258</b>	<b>51,565</b>
<b>Total liabilities and shareholders' equity</b>	<b>73,487</b>	<b>68,253</b>	<b>79,722</b>	<b>66,525</b>

## GENDIS INC.

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF SHAREHOLDERS' EQUITY

(thousands - shares & Canadian dollars as applicable)	Share Capital #	Retained Earnings \$	Total \$
Balance - January 31, 2010	13,937	14,650	36,915
Comprehensive income for the period	—	—	2,776
Balance - April 30, 2010	13,937	14,650	39,691
Comprehensive loss for the period	—	—	(2,805)
Balance - July 31, 2010	3,937	14,650	36,886
Comprehensive income for the remainder of the year	—	—	10,796
Refundable dividend tax	—	—	(74)
Balance - January 31, 2011	13,937	14,650	47,608
Comprehensive loss for the period	—	—	(261)
Balance - April 30, 2011	13,937	14,650	47,347
Comprehensive loss for the period	—	—	(3,425)
<b>Balance - July 31, 2011</b>	<b>13,937</b>	<b>14,650</b>	<b>43,922</b>

## GENDIS INC.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME  
FOR THE PERIODS ENDED JULY 31

(thousands of Canadian dollars except for share data)	quarter		year-to-date	
	2011	2010	2011	2010
<b>Revenue</b>				
Investment property				
Lease rentals	950	920	2,078	1,834
Fair value change	1,160	1,449	225	95
	<u>2,110</u>	<u>2,369</u>	<u>2,303</u>	<u>1,929</u>
<b>Equity investments</b>				
Dividends & distributions	510	490	1,020	980
Fair value change	(7,251)	(3,455)	(7,102)	1,610
	<u>(6,741)</u>	<u>(2,965)</u>	<u>(6,082)</u>	<u>2,590</u>
<b>Total revenue</b>	<u>(4,631)</u>	<u>(596)</u>	<u>(3,779)</u>	<u>4,519</u>
<b>Expenses</b>				
Property	439	393	1,061	755
Administration	388	415	792	760
Settlement of legal claims	-	2,750	-	2,750
Finance expense	93	73	185	144
	<u>920</u>	<u>3,631</u>	<u>2,038</u>	<u>4,409</u>
Earnings (loss) before income tax	(5,551)	(4,227)	(5,817)	110
Deferred income tax (expense) recovery	2,126	1,422	2,131	(139)
<b>Net loss from operations and comprehensive loss</b>	<u>(3,425)</u>	<u>(2,805)</u>	<u>(3,686)</u>	<u>(29)</u>
<b>Net loss from operations per share</b>	\$(0.24)	\$(0.20)	\$(0.26)	-

## GENDIS INC.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS  
FOR THE PERIODS ENDED JULY 31

(thousands of Canadian dollars)	quarter		year-to-date	
	2011	2010	2011	2010
<b>Changes in cash position</b>				
By operations				
Cash receipts	1,037	1,323	2,826	2,659
Cash disbursements	(955)	(808)	(2,024)	(1,321)
Payment on settlement of legal claims	(1,250)	—	(1,250)	—
Income taxes paid	—	—	(74)	—
Finance expense paid	(93)	(74)	(188)	(145)
	(1,261)	441	(710)	1,193
By investing activities				
Proceeds from sale of investments	—	—	—	55
Expenditures on investment property	—	3	(26)	(18)
Expenditures on furnishings and equipment	—	(34)	—	(55)
	—	(31)	(26)	(18)
By financing activities				
Net advance (repayment) of credit facilities	1,487	(501)	987	(1,401)
Increase (decrease) in cash	226	(91)	251	(226)
Cash - beginning of year	64	126	39	261
Cash - end of year	290	35	290	35

Gendis Inc.

Notes to the unaudited Condensed Consolidated Interim Financial Statements  
July 31, 2011

(All tabular amounts in thousands of Canadian dollars unless otherwise stated)

1. Significant Accounting Policies and Basis of Presentation

These unaudited condensed interim financial statements are prepared in accordance with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board using the accounting standards expected to be effective at January 31, 2012. Accounting policies will only be finalized when the first annual financial statements are prepared under IFRS for the year ending January 31, 2012 and consequently, these condensed interim financial statements may be subject to change. These condensed interim financial statements do not contain all the disclosures that would be required under generally accepted accounting principles for a comprehensive set of financial statements.

These condensed interim financial statements are presented in Canadian dollars, which is the Company's functional and presentation currency.

The condensed consolidated interim financial statements for the quarter ended July 31, 2011 have been reviewed and approved by the Company's Audit Committee on September 9, 2011. The condensed consolidated interim financial statements for the quarter ended July 31, 2011 have not been audited or reviewed by the Company's independent Auditors.

2. Investments

	Jul 31 2011	Jan 31 2011
Veresen	27,920	25,980
OSUM	18,879	27,869
Other equity investments	248	301
	<u>47,047</u>	<u>54,150</u>

3. Credit facilities

	Borrowing Balance		Remaining borrowing availability		Carrying value of collateral	
	Jul 31 2011	Jan 31 2011	Jul 31 2011	Jan 31 2011	Jul 31 2011	Jan 31 2011
Banker's acceptances	10,995	10,995				
Bank demand loan	800	—				
	11,795	10,995	200	1,000	25,852	24,056
Broker's margin account	—	—	970	1,113	2,316	2,225
	<u>11,795</u>	<u>10,995</u>	<u>1,170</u>	<u>2,113</u>	<u>27,168</u>	<u>26,281</u>

#### 4.0 Operating segments

The segment information provided to the CEO for the reportable segments is as follows:

	Quarter ended			Inter- segment	Total
	Jul 31	Realty	Corporate		
External revenue	2011	950	510	—	1,460
	2010	920	490	—	1,410
Fair values changes	2011	1,160	(7,251)	—	(6,091)
	2010	1,449	(3,455)	—	(2,006)
Intersegment revenue	2011	15	145	(160)	—
	2010	15	135	(150)	—
Operating expenses	2011	469	403	(45)	827
	2010	424	429	(45)	808
Finance expense	2011	115	93	(115)	93
	2010	105	73	(105)	73
Provision for lawsuit settlement	2011	—	—	—	—
	2010	—	2,750	—	2,750
Income tax (expense) recovery	2011	(416)	2,542	—	2,126
	2010	(240)	1,662	—	1,422
Net earnings (loss) from operations & Comprehensive income (loss)	2011	1,125	(4,550)	—	(3,425)
	2010	1,615	(4,420)	—	(2,805)
	Year-to-date ended			Inter- segment	Total
	Jul 31	Realty	Corporate		
External revenue	2011	2,078	1,020	—	3,098
	2010	1,834	980	—	2,814
Fair values changes	2011	225	(7,102)	—	(6,877)
	2010	95	1,610	—	1,705
Intersegment revenue	2011	31	286	(317)	—
	2010	31	270	(301)	—
Operating expenses	2011	1,120	823	(91)	1,853
	2010	815	791	(91)	1,515
Finance expense	2011	226	185	(226)	185
	2010	210	144	(210)	144
Provision for lawsuit settlement	2011	—	—	—	—
	2010	—	2,750	—	2,750
Income tax (expense) recovery	2011	(267)	2,397	—	2,131
	2010	(180)	41	—	(139)
Net earnings (loss) from operations & Comprehensive income (loss)	2011	721	(4,407)	—	(3,686)
	2010	755	(784)	—	(29)
Assets	2011	25,938	60,858	(13,309)	73,487
	2010	25,058	57,799	(14,604)	68,253
Liabilities	2011	16,448	12,838	(14,371)	14,915
	2010	17,793	16,986	(18,062)	16,717