

For immediate release

GENDIS INC. ANNOUNCES SECOND QUARTER RESULTS

Winnipeg, Manitoba (September 7, 2012) - Gendis Inc. (TSX:GDS) today announced its financial results for the 2<sup>nd</sup> quarter ended July 31, 2012.

Revenue for the 2<sup>nd</sup> quarter was \$1,527,000 compared to \$1,460,000 for last year's 2<sup>nd</sup> quarter. Net loss for the 2<sup>nd</sup> quarter was \$7,736,000 (\$0.56 per share) compared to a loss of \$3,425,000 (\$0.24 per share) for last year's 2<sup>nd</sup> quarter.

Revenue year-to-date was \$3,040,000 compared to \$3,098,000 last year. Net loss year-to-date was \$7,509,000 (\$0.54 per share) compared to a loss of \$3,686,000 (\$0.26 per share) for last year.

Lease rental revenue increased marginally while investment income was essentially even quarter over quarter and year-to-date. The decrease in earnings is primarily due to the change in fair value for equity investments quarter over quarter and year-to-date.

Condensed summarized information is as follows:

in millions of Canadian dollars except per share	quarter ended		year-to-date	
	Jul 31 2012	Jul 31 2011	Jul 31 2012	Jul 31 2011
Lease rental revenue	1.0	1.0	2.0	2.1
Investment income	0.5	0.5	1.0	1.0
Expenses	(1.1)	(0.9)	(2.0)	(2.0)
Fair value change:				
Veresen	(4.5)	0.8	(4.5)	1.9
OSUM	(7.2)	(7.9)	(7.2)	(9.0)
Other investments	(1.0)	(0.2)	(1.0)	-
Real estate	1.2	1.2	0.7	0.2
Settlement of legal claims	1.5	-	1.5	-
Deferred tax recovery	1.9	2.1	2.0	2.1
Net loss	(7.7)	(3.4)	(7.5)	(3.7)
Loss per share	\$(0.56)	\$(0.24)	\$(0.54)	\$(0.26)
Fair value of investments:				
Veresen			25.6	27.9
OSUM			18.4	18.9
Other investments			1.7	0.2
Real estate			28.3	25.3
Other assets			0.9	1.2
Debt & payables			5.4	13.3
Deferred tax payable			2.6	1.6
Shareholders equity			66.9	58.6

in millions of Canadian dollars except per share	quarter ended		year-to-date	
	Jul 31	Jul 31	Jul 31	Jul 31
	2012	2011	2012	2011
<hr/>				
Cash flow from:				
Operations	2.1	(1.3)	3.1	(0.7)
Investing	-	-	(2.6)	-
Financing	(2.1)	1.5	(0.5)	1.0

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## GENDIS INC.

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

(unaudited - thousands of Canadian dollars)	note	Jul 31 2012	Jul 31 2011	Jan 31 2012
<b>ASSETS</b>				
<b>Current assets</b>				
Cash		58	290	142
Receivables		812	832	1,464
<b>Total current assets</b>		<b>870</b>	<b>1,122</b>	<b>1,606</b>
<b>Non current assets</b>				
Equity investments	2	45,737	47,047	55,813
Investment property		28,280	25,270	27,560
Furnishings and equipment		44	48	52
<b>Total non current assets</b>		<b>74,061</b>	<b>72,365</b>	<b>83,425</b>
<b>Total assets</b>		<b>74,931</b>	<b>73,487</b>	<b>85,031</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Credit facilities	3	3,794	11,982	3,600
Payables		511	475	582
Current income tax payable		104	-	-
<b>Total current liabilities</b>		<b>4,409</b>	<b>12,457</b>	<b>4,182</b>
<b>Non current liabilities</b>				
Post employment benefit obligation		956	870	961
Deferred income tax payable		2,626	1,588	4,723
<b>Total non current liabilities</b>		<b>3,582</b>	<b>2,458</b>	<b>5,684</b>
<b>Total liabilities</b>		<b>7,991</b>	<b>14,915</b>	<b>9,866</b>
<b>SHAREHOLDERS' EQUITY</b>		<b>66,940</b>	<b>58,572</b>	<b>75,165</b>
<b>Total liabilities and shareholders' equity</b>		<b>74,931</b>	<b>73,487</b>	<b>85,031</b>

## GENDIS INC.

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

(unaudited - thousands of Canadian dollars except for share data)	note	quarter		year-to-date	
		2012	2011	2012	2011
<b>Revenue</b>					
Lease rentals		1,025	950	2,028	2,078
Dividends and interest income		502	510	1,012	1,020
<b>Total revenue</b>		<b>1,527</b>	<b>1,460</b>	<b>3,040</b>	<b>3,098</b>
<b>Expense</b>					
Property		572	439	1,043	1,061
Administration		534	388	905	792
Finance		54	93	104	185
<b>Total expense</b>		<b>1,160</b>	<b>920</b>	<b>2,052</b>	<b>2,038</b>
<b>Fair value change</b>					
Investment property		1,230	1,160	720	225
Equity investments		(12,735)	(7,251)	(12,696)	(7,102)
<b>Total fair value change</b>		<b>(11,505)</b>	<b>(6,091)</b>	<b>(11,976)</b>	<b>(6,877)</b>
Settlement of legal claims	4	1,475	-	1,483	-
Loss before income tax		(9,663)	(5,551)	(9,505)	(5,817)
Income tax recovery		1,927	2,126	1,996	2,131
<b>Net loss from operations and comprehensive loss</b>		<b>(7,736)</b>	<b>(3,425)</b>	<b>(7,509)</b>	<b>(3,686)</b>
<b>Net loss from operations per share</b>		<b>\$(0.56)</b>	<b>\$(0.24)</b>	<b>\$(0.54)</b>	<b>\$(0.26)</b>

## GENDIS INC.

## CONDENSED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(unaudited - thousands - shares & Canadian dollars as applicable)	Share Capital #	Retained Earnings \$	Total \$	
Balance - January 31, 2011	13,937	14,650	47,608	62,258
Net loss from operations and comprehensive loss for the quarter ended April 30, 2011			(261)	(261)
Balance - April 30, 2011	13,937	14,650	47,347	61,997
Net loss from operations and comprehensive loss for the quarter ended July 31, 2011			(3,425)	(3,425)
Balance - July 31, 2011	13,937	14,650	43,922	58,572
Net earnings from operations and comprehensive income for the remainder of the year			20,774	20,774
Dividends paid			(4,181)	(4,181)
Balance - January 31, 2012	13,937	14,650	60,515	75,165
Net earnings from operations and comprehensive income for the quarter ended April 30, 2012			227	227
Dividend paid			(348)	(348)
Balance - April 30, 2012	13,937	14,650	60,394	75,044
Net loss from operations and comprehensive income for the quarter ended July 31, 2012			(7,736)	(7,736)
Redemption of share capital	(6)	(6)	(13)	(19)
Dividend paid			(349)	(349)
Balance - July 31, 2012	13,931	14,644	52,296	66,940

GENDIS INC.  
CONDENSED INTERIM STATEMENT OF CASH FLOWS  
FOR THE PERIODS ENDED JULY 31

(unaudited - thousands of Canadian dollars)	quarter		year-to-date	
	2012	2011	2012	2011
<b>Changes in cash position</b>				
By operations				
Cash receipts	1,322	1,037	3,085	2,826
Cash disbursements	(1,371)	(955)	(2,108)	(2,024)
Receipt (payment) on settlement of legal claims	1,475	(1,250)	1,483	(1,250)
Income taxes recovered (paid)	706	—	706	(74)
Finance expense paid	(55)	(93)	(107)	(188)
<b>Total by operations</b>	<b>2,077</b>	<b>(1,261)</b>	<b>3,059</b>	<b>(710)</b>
By investing activities				
Proceeds from sale of equity investments	—	—	118	—
Acquisition of equity investments	—	—	(2,739)	—
Expenditures on investment property	—	—	—	(26)
<b>Total by investing activities</b>	<b>—</b>	<b>—</b>	<b>(2,621)</b>	<b>(26)</b>
By financing activities				
Net advance (repayment) of credit facilities	(1,702)	1,487	194	987
Redemption of share capital	(19)	—	(19)	—
Dividends paid	(349)	—	(697)	—
<b>Total by financing activities</b>	<b>(2,070)</b>	<b>1,487</b>	<b>(522)</b>	<b>987</b>
Increase (decrease) in cash	7	226	(84)	251
Cash - beginning of period	51	64	142	39
<b>Cash - end of period</b>	<b>58</b>	<b>290</b>	<b>58</b>	<b>290</b>

Gendis Inc.

Notes to the unaudited Condensed Consolidated Interim Financial Statements  
July 31, 2012

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

1. General information

General information on Gendis Inc. is the same as disclosed in Note 1 to the complete audited annual financial report for the year ended January 31, 2012.

The principal accounting policies applied in the preparation of these condensed interim financial statements are the same as set out in Note 2 to the complete audited annual financial report for the year ended January 31, 2012. These policies have been consistently applied to all periods presented.

2. Investments

	Jul 31 2012	Jan 31 2012
Veresen	25,620	30,120
OSUM	18,429	25,595
Oak Point Energy	1,000	—
Other equity investments	688	98
	<u>45,737</u>	<u>54,150</u>

3. Credit facilities

	Borrowing Balance		Remaining borrowing availability		Carrying value of collateral	
	Jul 31 2012	Jan 31 2012	Jul 31 2012	Jan 31 2012	Jul 31 2012	Jan 31 2012
Banker's acceptances	3,494	3,000				
Bank demand loan	300	600				
	<u>3,794</u>	<u>3,600</u>	<u>6,200</u>	<u>8,400</u>	<u>23,722</u>	<u>27,890</u>
Broker's margin account	—	—	1,013	1,115	2,586	2,328
	<u>3,794</u>	<u>3,600</u>	<u>7,213</u>	<u>9,515</u>	<u>26,308</u>	<u>30,218</u>

4. Settlement of legal claims

The Company reached a settlement with its insurer concerning the settlement of legal claims against the Company and some of its Directors by two suppliers and a buying agent and importer to a former subsidiary of the Company.

5. Subsequent Event

On September 7, 2012, the Company declared a regular dividend of 2.5¢ per share to shareholders of record September 21, 2012, payable October 5, 2012.

## 6. Operating segments

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

	Quarter ended	Realty	Corporate	Intersegment	Total
	Jul 31				
External revenue	2012	1,025	502	—	1,527
	2011	950	510	—	1,460
Intersegment revenue	2012	18	216	(234)	—
	2011	15	145	(160)	—
Property & administration expenses	2012	626	552	(72)	1,106
	2011	469	403	(45)	827
Finance expense	2012	162	54	(162)	54
	2011	115	93	(115)	93
Fair values changes	2012	1,230	(12,735)	—	(11,505)
	2011	1,160	(7,251)	—	(6,091)
Settlement of legal claims	2012	—	1,475	—	1,475
	2011	—	—	—	—
Income tax (expense) recovery	2012	(401)	2,328	—	1,927
	2011	(416)	2,542	—	2,126
Net earnings (loss) from operations & Comprehensive income (loss)	2012	1,084	(8,820)	—	(7,736)
	2011	1,125	(4,550)	—	(3,425)
	Year-to-date ended	Realty	Corporate	Intersegment	Total
	Jul 31				
External revenue	2012	2,028	1,012	—	3,040
	2011	2,078	1,020	—	3,098
Intersegment revenue	2012	35	432	(467)	—
	2011	31	286	(317)	—
Property & administration expenses	2012	1,151	940	(143)	1,948
	2011	1,120	824	(91)	1,853
Finance expense	2012	324	104	(324)	104
	2011	226	185	(226)	185
Fair values changes	2012	720	(12,696)	—	(11,976)
	2011	225	(7,102)	—	(6,877)
Settlement of legal claims	2012	—	1,483	—	1,483
	2011	—	—	—	—
Income tax (expense) recovery	2012	(353)	2,349	—	1,996
	2011	(267)	2,398	—	2,131
Net earnings (loss) from operations & Comprehensive income (loss)	2012	955	(8,464)	—	(7,509)
	2011	721	(4,407)	—	(3,686)
Total assets	2012	28,932	64,629	(18,630)	74,931
	2011	25,938	60,858	(13,309)	73,487
Total liabilities	2012	22,441	4,180	(18,630)	7,991
	2011	16,448	11,776	(13,309)	14,915