

For immediate release

GENDIS INC. ANNOUNCES THIRD QUARTER RESULTS

Winnipeg, Manitoba (December 10, 2012) - Gendis Inc. (TSX:GDS) today announced its financial results for the 3<sup>rd</sup> quarter ended October 31, 2012 of the fiscal year ending January 31, 2013.

Revenue for the 3<sup>rd</sup> quarter was \$1,431,000 compared to \$1,419,000 for last year's 3<sup>rd</sup> quarter. Net loss for the 3<sup>rd</sup> quarter was \$791,000 (\$0.06 per share) compared to a profit of \$3,015,000 (\$0.21 per share) for last year's 3<sup>rd</sup> quarter.

Revenue year-to-date was \$4,471,000 compared to \$4,517,000 last year. Net loss year-to-date was \$8,300,000 (\$0.60 per share) compared to a loss of \$671,000 (\$0.05 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 and investment properties quarter over quarter and year-to-date.

Condensed summarized information is as follows:

| in millions of Canadian dollars<br>except per share | quarter ended  |                | year-to-date   |                |
|---|----------------|----------------|----------------|----------------|
|   | Oct 31<br>2012 | Oct 31<br>2011 | Oct 31<br>2012 | Oct 31<br>2011 |
| Lease rental revenue                                | 0.9            | 0.9            | 3.0            | 3.0            |
| Investment income                                   | 0.5            | 0.5            | 1.5            | 1.5            |
| Fair value change:                                  |                |                |                |                |
| Veresen   | 0.1            | 0.9            | (4.4)          | 2.8            |
| OSUM  | (1.0)          | 0.5            | (8.2)          | (8.5)          |
| Other equity investments                            | 0.1            | (0.1)          | (0.9)          | (0.1)          |
| Investment properties                               | (0.8)          | 1.6            | (0.1)          | 1.8            |
| Expenses  | (0.7)          | (0.9)          | (2.8)          | (2.9)          |
| Settlement of legal claims                          | -              | -              | 1.5            | -              |
| Income tax recovery (expense)                       | 0.1            | (0.4)          | 2.1            | 1.7            |
| Net earnings (loss)                                 | (0.8)          | 3.0            | (8.3)          | (0.7)          |
| Earnings (loss) per share                           | \$(0.06)       | \$0.21         | \$(0.60)       | \$(0.05)       |
| Fair value of investments:                          |                |                |                |                |
| Veresen   |                |                | 25.8           | 28.8           |
| OSUM  |                |                | 17.4           | 19.4           |
| Other equity investments                            |                |                | 1.8            | 0.1            |
| Investment properties                               |                |                | 27.9           | 26.9           |
| Other assets  |                |                | 0.7            | 0.7            |
| Debt & payables                                     |                |                | 5.5            | 12.7           |
| Deferred tax payable                                |                |                | 2.4            | 2.0            |
| Shareholders' equity                                |                |                | 65.7           | 61.2           |

| in millions of Canadian dollars<br>except per share | quarter ended |        | year-to-date |        |
|---|---------------|--------|--------------|--------|
|   | Oct 31        | Oct 31 | Oct 31       | Oct 31 |
|   | 2012          | 2011   | 2012         | 2011   |
| <b>Cash flow from:</b>                              |               |        |              |        |
| <b>Operations</b>                                   |               |        |              |        |
| Cash receipts                                       | 1.6           | 1.9    | 4.7          | 4.7    |
| Cash disbursements                                  | (0.8)         | (1.1)  | (2.9)        | (3.0)  |
| Finance expense                                     | –             | (0.1)  | (0.1)        | (0.3)  |
| Settlement of legal claims                          | –             | –      | 1.5          | (1.3)  |
| Income taxes  | –             | –      | 0.7          | (0.1)  |
| <b>Investing</b>                                    |               |        |              |        |
| Proceeds on sales of investments                    | –             | –      | 0.1          | –      |
| Purchase of investments                             | –             | –      | (2.7)        | –      |
| Expenditures on investment properties               | (0.5)         | –      | (0.5)        | –      |
| <b>Financing</b>                                    |               |        |              |        |
| Debt advance (reduction)                            | 0.1           | (0.6)  | 0.3          | 0.4    |
| Purchase of share capital for cancellation          | (0.1)         | –      | (0.1)        | –      |
| Dividends   | (0.3)         | (0.3)  | (1.0)        | (0.3)  |

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## GENDIS INC.

## CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

| (unaudited - thousands of Canadian dollars)       | note | Oct 31<br>2012 | Oct 31<br>2011 | Jan 31<br>2012 |
|---|------|----------------|----------------|----------------|
| <b>ASSETS</b>                                     |      |                |                |                |
| <b>Current assets</b>                             |      |                |                |                |
| Cash  |      | 10             | 86             | 142            |
| Receivables                                       |      | 710            | 574            | 1,464          |
| <b>Total current assets</b>                       |      | <b>720</b>     | <b>660</b>     | <b>1,606</b>   |
| <b>Non current assets</b>                         |      |                |                |                |
| Equity investments                                | 2    | 44,930         | 48,280         | 55,813         |
| Investment property                               |      | 27,900         | 26,880         | 27,560         |
| Furnishings and equipment                         |      | 39             | 49             | 52             |
| <b>Total non current assets</b>                   |      | <b>72,869</b>  | <b>75,209</b>  | <b>83,425</b>  |
| <b>Total assets</b>                               |      | <b>73,589</b>  | <b>75,869</b>  | <b>85,031</b>  |
| <b>LIABILITIES</b>                                |      |                |                |                |
| <b>Current liabilities</b>                        |      |                |                |                |
| Credit facilities                                 | 3    | 3,897          | 11,395         | 3,600          |
| Payables  |      | 472            | 400            | 582            |
| Current income tax payable                        |      | 154            | -              | -              |
| <b>Total current liabilities</b>                  |      | <b>4,523</b>   | <b>11,795</b>  | <b>4,182</b>   |
| <b>Non current liabilities</b>                    |      |                |                |                |
| Post employment benefit obligation                |      | 951            | 855            | 961            |
| Deferred income tax payable                       |      | 2,438          | 1,980          | 4,723          |
| <b>Total non current liabilities</b>              |      | <b>3,389</b>   | <b>2,835</b>   | <b>5,684</b>   |
| <b>Total liabilities</b>                          |      | <b>7,912</b>   | <b>14,630</b>  | <b>9,866</b>   |
| <b>SHAREHOLDERS' EQUITY</b>                       |      | <b>65,677</b>  | <b>61,239</b>  | <b>75,165</b>  |
| <b>Total liabilities and shareholders' equity</b> |      | <b>73,589</b>  | <b>75,869</b>  | <b>85,031</b>  |

GENDIS INC.  
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME  
FOR THE PERIODS ENDED OCTOBER 31

| (unaudited - thousands of Canadian dollars<br>year-to-date<br>except for share data) | 2012            | 2011          | quarter         |                 |
|--|-----------------|---------------|-----------------|-----------------|
|  | 2012            | 2011          | 2012            | 2011            |
| Revenue  |                 |               |                 |                 |
| Lease rentals  | 931             | 912           | 2,959           | 2,990           |
| Dividends and other investment income  | 500             | 507           | 1,512           | 1,527           |
| <u>Total revenue</u>   | <u>1,431</u>    | <u>1,419</u>  | <u>4,471</u>    | <u>4,517</u>    |
| Expense  |                 |               |                 |                 |
| Property   | 370             | 396           | 1,413           | 1,456           |
| Administration   | 301             | 348           | 1,206           | 1,140           |
| Finance  | 30              | 104           | 134             | 289             |
| <u>Total expense</u>   | <u>701</u>      | <u>848</u>    | <u>2,753</u>    | <u>2,885</u>    |
| Fair value change  |                 |               |                 |                 |
| Investment property  | (851)           | 1,602         | (131)           | 1,827           |
| Equity investments   | (807)           | 1,233         | (13,503)        | (5,869)         |
| <u>Total fair value change</u>   | <u>(1,658)</u>  | <u>2,835</u>  | <u>(13,634)</u> | <u>(4,042)</u>  |
| Settlement of legal claims   | -               | -             | 1,483           | -               |
| Earnings (loss) before income tax  | (928)           | 3,406         | (10,433)        | (2,410)         |
| Income tax (expense) recovery  | 137             | (391)         | 2,133           | 1,739           |
| Net earnings (loss) from operations and<br>comprehensive income (loss)               | <u>(791)</u>    | <u>3,015</u>  | <u>(8,300)</u>  | <u>(671)</u>    |
| Net earnings (loss) from<br>operations per share                                     | <u>\$(0.06)</u> | <u>\$0.21</u> | <u>\$(0.60)</u> | <u>\$(0.05)</u> |

## GENDIS INC.

## CONDENSED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

| (unaudited - thousands - shares &<br>Canadian dollars as applicable) | Share<br>Capital<br># | Retained<br>Earnings<br>\$ | Total<br>\$   |               |
|--|-----------------------|----------------------------|---------------|---------------|
| Balance - January 31, 2011   | 13,937                | 14,650                     | 47,608        | 62,258        |
| Comprehensive loss to July 31, 2011                                  |                       |                            | (3,686)       | (3,686)       |
| Balance - July 31, 2011  | 13,937                | 14,650                     | 43,922        | 58,572        |
| Comprehensive income for the<br>quarter ended October 31, 2011       |                       |                            | 3,015         | 3,015         |
| Dividend paid  |                       |                            | (348)         | (348)         |
| Balance - October 31, 2011   | 13,937                | 14,650                     | 46,589        | 61,239        |
| Comprehensive income for the<br>remainder of the year                |                       |                            | 17,759        | 17,759        |
| Dividends paid   |                       |                            | (3,833)       | (3,833)       |
| Balance - January 31, 2012   | 13,937                | 14,650                     | 60,515        | 75,165        |
| Comprehensive loss to July 31, 2012                                  |                       |                            | (7,509)       | (7,509)       |
| Purchase of share capital for<br>cancellation                        | (6)                   | (6)                        | (13)          | (19)          |
| Dividends paid   |                       |                            | (697)         | (697)         |
| Balance - July 31, 2012  | 13,931                | 14,644                     | 52,296        | 66,940        |
| Comprehensive loss for the<br>quarter ended October 31, 2012         |                       |                            | (791)         | (791)         |
| Purchase of share capital for<br>cancellation                        | (40)                  | (42)                       | (82)          | (124)         |
| Dividend paid  |                       |                            | (348)         | (348)         |
| <u>Balance - October 31, 2012</u>                                    | <u>13,891</u>         | <u>14,602</u>              | <u>51,075</u> | <u>65,677</u> |

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

| (unaudited - thousands of Canadian dollars)        | quarter      |              | year-to-date   |             |
|--|--------------|--------------|----------------|-------------|
|  | 2012         | 2011         | 2012           | 2011        |
| <b>Changes in cash position</b>                    |              |              |                |             |
| By operations                                      |              |              |                |             |
| Cash receipts                                      | 1,580        | 1,889        | 4,665          | 4,715       |
| Cash disbursements                                 | (760)        | (1,042)      | (2,868)        | (3,067)     |
| Receipt (payment) on settlement<br>of legal claims | -            | -            | 1,483          | (1,250)     |
| Income taxes (paid) recovered                      | -            | -            | 706            | (74)        |
| Finance expense paid                               | (28)         | (102)        | (135)          | (290)       |
| <b>Total by operations</b>                         | <b>792</b>   | <b>745</b>   | <b>3,851</b>   | <b>34</b>   |
| By investing activities                            |              |              |                |             |
| Proceeds from sale of equity investments           | -            | -            | 118            | -           |
| Acquisition of equity investments                  | -            | -            | (2,739)        | -           |
| Expenditures on investment property                | (471)        | (8)          | (471)          | (33)        |
| Proceeds on sale of equipment                      | -            | 3            | -              | 3           |
| Expenditures on furnishings and equipment          | -            | (9)          | -              | (9)         |
| <b>Total by investing activities</b>               | <b>(471)</b> | <b>(14)</b>  | <b>(3,092)</b> | <b>(39)</b> |
| By financing activities                            |              |              |                |             |
| Net advance (repayment) of credit facilities       | 103          | (587)        | 297            | 400         |
| Purchase of share capital for cancellation         | (124)        | -            | (143)          | -           |
| Dividends paid                                     | (348)        | (348)        | (1,045)        | (348)       |
| <b>Total by financing activities</b>               | <b>(369)</b> | <b>(935)</b> | <b>(891)</b>   | <b>52</b>   |
| Increase (decrease) in cash                        | (48)         | (204)        | (132)          | 47          |
| Cash - beginning of period                         | 58           | 290          | 142            | 39          |
| <b>Cash - end of period</b>                        | <b>10</b>    | <b>86</b>    | <b>10</b>      | <b>86</b>   |

Gendis Inc.

Notes to the unaudited Condensed Interim Financial Statements

October 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

|                          | Oct 31<br>2012 | Jan 31<br>2012 |
|--------------------------|----------------|----------------|
| Veresen                  | 25,760         | 30,120         |
| OSUM                     | 17,405         | 25,595         |
| Other equity investments | 1,765          | 98             |
|                          | <u>44,930</u>  | <u>55,813</u>  |

3. Credit facilities

|                         | Borrowing<br>Balance |                | Remaining borrowing<br>availability |                | Carrying value<br>of collateral |                |
|-------------------------|----------------------|----------------|-------------------------------------|----------------|---------------------------------|----------------|
|                         | Oct 31<br>2012       | Jan 31<br>2012 | Oct 31<br>2012                      | Jan 31<br>2012 | Oct 31<br>2012                  | Jan 31<br>2012 |
| Banker's acceptances    | 3,497                | 3,000          |                                     |                |                                 |                |
| Bank demand loan        | 400                  | 600            |                                     |                |                                 |                |
|                         | 3,897                | 3,600          | 6,100                               | 8,400          | 23,852                          | 27,890         |
| Broker's margin account | -                    | -              | 1,177                               | 1,115          | 2,673                           | 2,328          |
|                         | <u>3,897</u>         | <u>3,600</u>   | <u>7,277</u>                        | <u>9,515</u>   | <u>26,525</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 December 10, 2012, the Company declared a regular dividend of 2.5¢ per share to shareholders of record December 21, 2012, payable January 4, 2013.

During the period November 1, 2012 to December 10, 2012, the Company sold 105,000 shares of OSUM for net proceeds of \$899,000.

During the period November 1, 2012 to December 10, 2012, the Company purchased 1-million shares of Input Capital Corp., a private company, for \$1-million.