

GENDIS INC. ANNOUNCES SECOND QUARTER RESULTS

Winnipeg, Manitoba (September 6, 2013) - Gendis Inc. (TSX:GDS) today announced its financial results for the 2nd quarter ended July 31, 2013.

Revenue for the 2nd quarter was \$1,639,000 compared to \$1,527,000 for last year's 2nd quarter. Revenue less expense for the 2nd quarter was \$627,000 compared to \$367,000 for last year's 2nd quarter. Net loss for the 2nd quarter was \$3,740,000 (\$0.27 per share) compared to a loss of \$7,736,000 (\$0.56 per share) for last year's 2nd quarter.

Revenue year-to-date was \$3,059,000 compared to \$3,040,000 year-to-date last year. Revenue less expense year-to-date was \$1,282,000 compared to \$988,000 year-to-date last year. Net loss year-to-date was \$1,895,000 (\$0.14 per share) compared to a loss of \$7,509,000 (\$0.54 per share) year-to-date last year.

The volatility in net earnings quarter over quarter and year over year is primarily due to the change in fair value of equity investments and investment properties with the attendant effect on deferred income taxes. Also, the 2nd quarter last year included the settlement with our insurer on legal claims in a prior year.

Condensed summarized information is as follows:

in millions of Canadian dollars except per share	Quarter ended		YTD ended	
	Jul 31 2013	Jul 31 2012	Jul 31 2013	Jul 31 2012
Revenue				
Lease rental revenue	1.2	1.0	2.1	2.0
Dividends	0.5	0.5	1.0	1.0
Total revenue	1.7	1.5	3.1	3.0
Expense				
Property	0.7	0.6	1.0	1.0
Administration & finance	0.3	0.5	0.8	1.0
Total expense	1.0	1.1	1.8	2.0
Revenue less expense	0.7	0.4	1.3	1.0
Fair value change:				
Veresen	(2.8)	(4.5)	(1.7)	(4.5)
Osum	—	(7.2)	(0.4)	(7.2)
Other equity investments	0.7	(1.0)	0.4	(1.0)
Investment properties	(2.9)	1.2	(1.8)	0.7
Total fair value change	(5.0)	(11.5)	(3.5)	(12.0)
Settlement of legal claims	—	1.5	—	1.5
Income tax recovery	0.6	1.9	0.3	2.0
Net loss	(3.7)	(7.7)	(1.9)	(7.5)
Loss per share	\$(0.27)	\$(0.56)	\$(0.14)	\$(0.54)

in millions of Canadian dollars	Jul 31 2013	Jan 31 2013	Jul 31 2012
Fair value of investments:			
Veresen	24.0	25.7	25.6
Osum	13.1	14.5	18.4
Other equity investments	3.4	3.0	1.7
Investment properties	28.1	29.8	28.3
Other assets	0.9	2.0	0.9
Debt & payables	3.0	5.2	5.4
Deferred tax payable	0.2	0.6	2.6
Shareholders' equity	66.3	69.2	66.9
	Quarter ended	Year to date ended	
in millions of Canadian dollars	Jul 31 2013	Jul 31 2012	Jul 31 2013
Cash flow from:			
Operations			
Cash receipts	1.6	1.3	3.2
Cash disbursements & finance expense	(1.3)	(1.4)	(2.0)
Settlement of legal claims	-	1.5	-
Income taxes recovered (paid)	-	0.7	(0.2)
Investing			
Proceeds on sales of investments	0.1	-	2.1
Purchase of investments	-	-	(2.8)
Expenditures on investment properties	-	-	(0.1)
Financing			
Increase (decrease) in debt	0.2	(1.7)	(2.0)
Purchase of share capital for cancellation	(0.2)	-	(0.3)
Dividends	(0.3)	(0.4)	(0.7)

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GENDIS INC.
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

(unaudited - thousands of Canadian dollars)	Jul 31 2013	Jan 31 2013	Jul 31 2012
ASSETS			
Current assets			
Cash	108	77	58
Receivables	719	1,929	812
Total current assets	827	2,006	870
Non-current assets			
Equity investments (note 2)	40,506	43,167	45,737
Investment property	28,075	29,775	28,280
Furnishings and equipment	54	48	44
Total non-current assets	68,635	72,990	74,061
Total assets	69,462	74,996	74,931
LIABILITIES			
Current liabilities			
Credit facilities (note 3)	1,499	3,500	3,794
Payables	528	763	615
Total current liabilities	2,027	4,263	4,409
Non-current liabilities			
Post employment benefit obligation	972	972	956
Deferred income tax payable	186	578	2,626
Total non-current liabilities	1,158	1,550	3,582
Total liabilities	3,185	5,813	7,991
SHAREHOLDERS' EQUITY			
Total liabilities and shareholders' equity	69,462	74,996	74,931

GENDIS INC.

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

(unaudited - thousands of Canadian dollars except for share data)	Quarter ended		Year-to-date ended	
	2013	2012	2013	2012
Revenue				
Lease rentals	1,139	1,025	2,058	2,028
Dividends	500	502	1,001	1,012
Total revenue	1,639	1,527	3,059	3,040
Expense				
Property	658	572	1,036	1,043
Administration	337	534	705	905
Finance	17	54	36	104
Total expense	1,012	1,160	1,777	2,052
Revenue less expense	627	367	1,282	988
Fair value change				
Equity investments	(2,059)	(12,735)	(1,688)	(12,696)
Investment property	(2,924)	1,230	(1,780)	720
Total fair value change	(4,983)	(11,505)	(3,468)	(11,976)
Settlement of legal claims	-	1,475	-	1,483
Loss before income tax	(4,356)	(9,663)	(2,186)	(9,505)
Income tax recovery	616	1,927	291	1,996
Loss from operations and comprehensive (loss)	(3,740)	(7,736)	(1,895)	(7,509)
Net loss from operations per share	\$(0.27)	\$(0.56)	\$(0.14)	\$(0.54)

GENDIS INC.

INTERIM CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(unaudited - thousands - shares & Canadian dollars as applicable)	Share Capital		Retained earnings	Total
		\$	\$	\$
Balance - January 31, 2012	13,937	14,650	60,515	75,165
Comprehensive loss			(7,509)	(7,509)
Purchase of share capital for cancellation	(6)	(6)	(13)	(19)
Dividends paid			(697)	(697)
Balance - July 31, 2013	13,931	14,644	52,296	66,940
For the remainder of the year:				
Comprehensive income			3,291	3,291
Purchase of share capital for cancellation	(115)	(121)	(233)	(354)
Dividends paid			(694)	(694)
Balance - January 31, 2013	13,816	14,523	54,660	69,183
Comprehensive loss			(1,895)	(1,895)
Purchase of share capital for cancellation	(104)	(109)	(214)	(323)
Dividends paid			(688)	(688)
Balance - July 31, 2013	13,712	14,414	51,863	66,277

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

(unaudited - thousands of Canadian dollars)	Quarter ended		Year-to-date ended	
	2013	2012	2013	2012
Changes in cash position				
By operations				
Cash receipts	1,613	1,322	3,241	3,085
Cash disbursements	(1,285)	(1,371)	(2,011)	(2,108)
Settlement of legal claims	–	1,475	–	1,483
Income taxes (paid) recovered	–	706	(203)	706
Finance expense paid	(16)	(55)	(36)	(107)
Total by operations	311	2,077	991	3,059
By investing activities				
Proceeds from sale of equity investments	107	–	2,144	118
Acquisition of equity investments	–	–	–	(2,739)
Expenditures on investment property	(14)	–	(80)	–
Expenditures on furnishings and equipment	(9)	–	(15)	–
Total by investing activities	84	–	2,049	(2,621)
By financing activities				
Net advance (repayment) of credit facilities	198	(1,702)	(1,998)	194
Purchase of share capital for cancellation	(171)	(19)	(323)	(19)
Dividends paid	(343)	(349)	(688)	(697)
Total by financing activities	(316)	(2,070)	(3,009)	(522)
Increase (decrease) in cash	80	7	31	(84)
Cash - beginning of period	28	51	77	142
Cash - end of period	108	58	108	58

Gendis Inc.

Notes to the unaudited Interim condensed Financial Statements

January 31, 2013

(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 statements for the year ended January 31, 2013, which have been prepared in accordance with International Financial Reporting Standards. These interim condensed financial statements are presented in Canadian dollars, which is the Company's functional and presentation currency. The principal accounting policies applied in the preparation of these interim condensed financial statements are the same as set out in Note 2 to the complete audited annual financial statements for the year ended January 31, 2013. These policies have been consistently applied to all periods presented.

2. Investments

	Jul 31 2013	Jan 31 2013
Veresen	24,000	25,660
Osum	13,088	14,487
Other equity investments	3,418	3,020
	40,506	43,167

3. Credit facilities

	Borrowing Balance		Remaining borrowing availability		Carrying value of collateral	
	Jul 31 2013	Jan 31 2013	Jul 31 2013	Jan 31 2013	Jul 31 2013	Jan 31 2013
Banker's acceptances	1,499	3,000				
Bank demand loan	–	500				
	1,499	3,500	8,500	6,500	22,315	23,760
Broker's margin account	–	–	889	1,205	2,365	2,920
	1,499	3,500	9,389	7,705	24,680	26,680

4. Subsequent Event

On September 6, 2013, the Company declared a regular dividend of 2.5¢ per share to shareholders of record September 20, 2013, payable October 4, 2013.

5. Operating segments

	Quarter	Realty	Corporate	Inter- segment	Total
	Ended Jul 31				
Revenue	2013	1,157	710	(228)	1,639
	2012	1,043	718	(234)	1,527
Property & administration Expense	2013	713	353	(71)	995
	2012	626	552	(72)	1,106
Finance expense	2013	157	17	(157)	17
	2012	162	54	(162)	54
Fair value change	2013	(2,924)	(2,059)	—	(4,983)
	2012	1,230	(12,735)	—	(11,505)
Settlement of legal claims	2013	—	—	—	—
	2012	—	1,475	—	1,475
Income tax recovery (expense)	2013	712	(96)	—	616
	2012	(401)	2,328	—	1,927
Net earnings from operations & Comprehensive income	2013	(1,925)	(1,815)	—	(3,740)
	2012	1,084	(8,820)	—	(7,736)

	YTD	Realty	Corporate	Inter- segment	Total
	Ended Jul 31				
Revenue	2013	2,093	1,421	(455)	3,059
	2012	2,063	1,444	(467)	3,040
Property & administration Expense	2013	1,145	738	(142)	1,741
	2012	1,151	940	(143)	1,948
Finance expense	2013	313	36	(313)	36
	2012	324	104	(324)	104
Fair value change	2013	(1,780)	(1,688)	—	(3,468)
	2012	720	(12,696)	—	(11,976)
Settlement of legal claims	2013	—	—	—	—
	2012	—	1,483	—	1,483
Income tax recovery (expense)	2013	309	(18)	—	291
	2012	(353)	2,349	—	1,996
Net earnings from operations & Comprehensive income	2013	(836)	(1,059)	—	(1,895)
	2012	955	(8,464)	—	(7,509)
Total assets	2013	28,610	62,260	(21,408)	69,462
	2012	28,932	64,629	(18,630)	74,931
Total liabilities	2013	21,355	3,238	(21,408)	3,185
	2012	22,441	4,180	(18,630)	7,991