

GENDIS INC. ANNOUNCES SECOND QUARTER RESULTS

Winnipeg, Manitoba (September 1, 2016) - Gendis Inc. (TSX:GDS) today announced its financial results for the 2nd quarter ended July 31, 2016.

Revenue for the 2nd quarter was \$1,316,000 compared to \$1,379,000 for the 2nd quarter last year. Revenue less expense for the 2nd quarter was \$336,000 compared to \$153,000 for the 2nd quarter last year. Net income for the 2nd quarter was \$6,648,000 (\$0.51 per share) compared to a net loss \$5,783,000 (\$0.45 per share) for the 2nd quarter last year.

Revenue year-to-date was \$2,543,000 compared to \$2,875,000 year-to-date last year. Revenue less expense year-to-date was \$635,000 compared to \$545,000 year-to-date last year. Net income year-to-date was \$7,827,000 (\$0.61 per share) compared to a net loss of \$3,845,000 (\$0.30 per share) year-to-date last year.

The volatility in net income quarter over quarter and year over year is primarily due to the change in fair value of security investments, primarily Veresen and investment properties with the attendant effect on deferred income taxes.

Condensed summarized information is as follows:

in millions of Canadian dollars except per share	Quarter ended		YTD ended	
	Jul 31 2016	Jul 31 2015	Jul 31 2016	Jul 31 2015
Revenue				
Lease rental revenue	0.8	0.9	1.5	1.8
Dividends	0.5	0.5	1.0	1.1
Total revenue	1.3	1.4	2.5	2.9
Expense				
Property	0.6	0.8	1.1	1.5
Administration & finance	0.3	0.4	0.8	0.8
Total expense	0.9	1.2	1.9	2.3
Total revenue less total expense	0.4	0.2	0.6	0.5
Fair value change:				
Veresen	3.8	(6.6)	6.0	(2.5)
Osum	—	(0.6)	—	(0.6)
Other investments in securities	0.5	(0.6)	0.4	(0.6)
Investment properties	2.0	0.4	0.8	(1.4)
Total fair value change	6.3	(7.4)	7.2	(5.1)
Income tax (expense) recovery	—	1.4	—	0.7
Net income (loss)	6.7	(5.8)	7.8	(3.8)
Net income(loss) per share	\$0.52	\$(0.45)	\$0.61	\$(0.30)

in millions of Canadian dollars	Jul 31 2016	Jan 31 2016	Jul 31 2015
Fair value of investments:			
Veresen	21.9	16.0	29.6
Osum	4.7	4.8	5.6
Other investment in securities	3.3	2.7	3.7
Investment properties	30.9	30.1	29.4
Other assets	1.2	1.8	1.4
Debt & payables	6.6	7.2	7.3
Deferred tax payable	-	-	0.1
Shareholders' equity	55.4	48.2	62.3

in millions of Canadian dollars	Quarter ended		Year to date ended	
	Jul 31 2016	Jul 31 2015	Jul 31 2016	Jul 31 2015
Cash flow from:				
Operations				
Cash receipts	1.4	1.1	2.7	2.9
Cash disbursements & finance expense	(1.5)	(1.4)	(2.3)	(3.0)
Income taxes recovered (paid)	-	-	0.6	(0.2)
Investing				
Proceeds on sale of investment in securities	-	0.1	-	0.1
Acquisition of investments	-	-	-	-
Expenditures on investment properties	-	(0.2)	-	(0.3)
Financing				
Increase (decrease) in debt	0.5	1.2	(0.4)	1.6
Purchase of share capital for cancellation	-	(0.4)	-	(0.6)
Dividends paid	(0.3)	(0.3)	(0.6)	(0.6)

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GENDIS INC.
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

(unaudited - thousands of Canadian dollars)	Jul 31 2016	Jan 31 2016	Jul 31 2015
ASSETS			
Current assets			
Cash	64	110	82
Income tax recoverable	-	800	-
Receivables	884	638	989
Total current assets	948	1,548	1,071
Non-current assets			
Investment in securities (note 2)	29,869	23,461	38,912
Investment properties	30,940	30,130	29,437
Furnishings and equipment	164	170	190
Deferred income tax asset	32	136	-
Total non-current assets	61,035	53,897	68,539
Total assets	61,953	55,445	69,610
LIABILITIES			
Current liabilities			
Credit facilities (note 3)	4,698	5,098	5,196
Payables	874	1,151	1,100
Total current liabilities	5,572	6,249	6,296
Non-current liabilities			
Post employment benefit obligation	951	951	1,012
Deferred income tax payable	-	-	50
Total non-current liabilities	951	951	1,062
Total liabilities	6,523	7,200	7,358
SHAREHOLDERS' EQUITY	55,430	48,245	62,252
Total liabilities and shareholders' equity	61,953	55,445	69,610

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	
	2016	2015	2016	2015
Revenue				
Lease rentals	796	859	1,492	1,835
Dividends and other income	520	520	1,051	1,040
Total revenue	1,316	1,379	2,543	2,875
Expense				
Property	583	810	1,142	1,493
Administration	322	378	703	771
Finance	32	38	63	66
Total expense	937	1,226	1,908	2,330
Total revenue less total expense	379	153	635	545
Fair value change				
Investment properties	1,950	371	808	(1,438)
Investment in securities	4,305	(7,729)	6,387	(3,641)
Total fair value change	6,255	(7,358)	7,195	(5,079)
Income (loss) before income tax	6,634	(7,205)	7,730	(4,534)
Income tax (expense) recovery	57	1,422	(3)	689
Net income (loss) from operations and comprehensive income(loss)	6,691	(5,783)	7,827	(3,845)
Net income (loss) from operations per share	\$0.51	\$(0.45)	\$0.61	\$(0.30)

GENDIS INC.

INTERIM CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(unaudited - thousands - shares & Canadian dollars as applicable)	Share Capital		Retained	Total
	#	\$	earnings	\$
Balance - July 31, 2016	13,046	13,713	53,667	67,380
Comprehensive loss			(3,845)	(3,845)
Dividends			(649)	(649)
Purchase of share capital for cancellation	(175)	(183)	(451)	(634)
Balance - July 31, 2015	12,781	13,530	48,722	62,252
For the remainder of the year:				
Comprehensive loss			(13,132)	(13,132)
Dividends			(642)	(642)
Purchase of share capital for cancellation	(70)	(73)	(160)	(233)
Balance - January 31, 2016	12,801	13,457	34,788	48,245
Comprehensive income			7,827	7,827
Dividends			(640)	(640)
Purchase of share capital for cancellation	(1)	(1)	(2)	(2)
Balance - July 31, 2016	12,800	13,456	41,974	55,430

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	
	2016	2015	2016	2015
Changes in cash position				
By operations				
Cash receipts				
Lease rentals	655	512	1,465	1,863
Investment income and recoverable costs	597	596	1,192	1,050
Cash disbursements				
Property	(861)	(872)	(1,352)	(1,453)
Administration	(482)	(482)	(864)	(937)
Income taxes recovered (paid)	—	—	638	(224)
Finance expense paid	(32)	(37)	(63)	(65)
Total by operations	(123)	(283)	1,016	234
By investing activities				
Acquisition of investment in securities	—	—	—	(300)
Proceeds from sale of investment in securities	—	125	—	125
Expenditures on investment properties	—	(209)	(2)	(298)
Proceeds from sale furnishings and equipment	—	—	—	85
Expenditures on furnishings and equipment	(2)	(21)	(18)	(115)
Total by investing activities	(2)	(105)	(20)	(503)
By financing activities				
Net advance (repayment) of credit facilities	500	1,202	(400)	1,599
Purchase of share capital for cancellation	—	(447)	—	(635)
Dividends paid	(320)	(323)	(640)	(649)
Total by financing activities	180	432	(1,042)	315
Increase (decrease) in cash	55	44	(46)	46
Cash - beginning of period	9	38	110	36
Cash - end of period	64	82	64	82

Gendis Inc.

Notes to the unaudited Interim condensed Financial Statements

July 31, 2016

(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, 2016, 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, 2016. These policies have been consistently applied to all periods presented.

2. Investment in securities

	Jul 31 2016	Jan 31 2016
Veresen	21,920	15,960
Osum	4,739	4,739
Other security investments	3,210	2,742
	29,869	23,461

3. Credit facilities

	Borrowing Balance		Remaining borrowing availability		Carrying value of collateral	
	Jul 31 2016	Jan 31 2016	Jul 31 2016	Jan 31 2016	Jul 31 2016	Jan 31 2016
Bank borrowing	4,698	5,098	5,300	2,289	20,463	14,778
Broker's margin account	—	—	812	591	1,623	1,199
	4,698	5,098	6,112	2,880	22,086	15,977

4. Subsequent Event

On September 1, 2016, the Company declared a regular dividend of 2.5¢ per share to shareholders of record September 23, 2016, payable October 7, 2016.

5. Operating segments

	Quarter				Total
	Ended	Realty	Corporate	Inter-	
	Jul 31			segment	
Revenue	2016	813	727	(224)	1,316
	2015	877	7,30	(228)	1,379
Property & administration expense	2016	644	339	(77)	905
	2015	873	396	(81)	1,188
Finance expense	2016	146	32	(146)	32
	2015	147	38	(147)	38
Total revenue less total expense	2016	29	356	—	356
	2015	(143)	296	—	153
Fair value change	2016	1,950	4,305	—	6,255
	2015	371	(7,729)	—	(7,358)
Income tax recovery (expense)	2016	1	56	—	57
	2015	(12)	1,434	—	1,422
Comprehensive income (loss)	2016	1,974	4,717	—	6,691
	2015	216	(5,999)	—	(5,783)

	YTD				Total
	Ended	Realty	Corporate	Inter-	
	Jul 31			Segment	
Revenue	2016	1,527	1,464	(448)	2,543
	2015	1,870	1,457	(452)	2,875
Property & administration expense	2016	1,263	738	(156)	1,845
	2015	1,619	806	(161)	2,264
Finance expense	2016	292	63	(292)	63
	2015	291	66	(291)	66
Total revenue less total expense	2016	(28)	663	—	635
	2015	(40)	585	—	545
Fair value change	2016	808	6,387	—	7,195
	2015	(1,438)	(3,641)	—	(5,079)
Income tax recovery (expense)	2016	14	(17)	—	3
	2015	204	485	—	689
Comprehensive income (loss)	2016	794	7,330	—	7,827
	2015	(1,274)	(2,571)	—	(3,845)
Total assets	2016	32,028	52,939	(23,014)	61,953
	2015	30,257	60,917	(21,564)	69,610
Total liabilities	2016	23,306	6,231	(23,014)	6,523
	2015	22,498	6,424	(21,564)	7,358