

GENDIS INC. ANNOUNCES SECOND QUARTER RESULTS

Winnipeg, Manitoba (August 31, 2017) – Gendis Inc. (TSX:GDS) today announced its financial results for the 2nd quarter ended July 31, 2017.

Revenue for the 2nd quarter was \$1,524,000 compared to \$1,316,000 for the 2nd quarter last year. Revenue less expense for the 2nd quarter was a loss of \$1,820,000 compared to income of \$379,000 for the 2nd quarter last year. Net loss for the 2nd quarter was \$616,000 (\$0.05 per share) compared to net earnings of \$6,691,000 (\$0.52 per share) for the 2nd quarter last year.

Revenue year-to-date was \$3,218,000 compared to \$2,543,000 year-to-date last year. Revenue less expense year-to-date was a loss of \$1,331,000 compared to income of \$635,000 year-to-date last year. Net income year-to-date was \$3,319,000 (\$0.26 per share) compared to \$7,827,000 (\$0.61 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. Also, for the quarter and year-to-date this year, the Company incurred significant expenditure for repairs and renovations to its Sony Place facility in order to secure new tenants.

Condensed summarized information is as follows:

in millions of Canadian dollars except per share	Quarter ended		YTD ended	
	Jul 31 2017	Jul 31 2016	Jul 31 2017	Jul 31 2016
Revenue				
Lease rental revenue	1.0	0.8	2.2	1.5
Dividends	0.5	0.5	1.0	1.1
Total revenue	1.5	1.3	3.2	2.5
Expense				
Property	3.0	0.6	3.7	1.1
Administration & finance	0.3	0.3	0.8	0.8
Total expense	3.3	0.9	4.5	1.9
Total revenue less total expense	(1.8)	0.4	(1.3)	0.6
Fair value change:				
Veresen	6.0	3.8	10.2	6.0
Osum	(2.2)	—	(2.6)	—
Other investments in securities	(0.3)	0.5	(0.3)	0.4
Investment properties	(2.4)	2.0	(2.2)	0.8
Total fair value change	1.1	6.3	5.1	7.2
Income tax (expense) recovery	(0.1)	—	0.5	—
Net income (loss)	(0.6)	6.7	3.3	7.8
Net income(loss) per share	\$(0.05)	\$0.52	0.26	\$0.61

in millions of Canadian dollars	Jul 31 2017	Jan 31 2017	Jul 31 2016
Fair value of investments:			
Veresen	36.5	26.4	21.9
Osum	3.3	5.8	4.7
Other investment in securities	2.4	2.6	3.3
Investment properties	30.1	31.7	30.9
Other assets	1.5	1.2	1.2
Debt & payables	11.1	7.4	6.6
Deferred tax payable	0.8	0.4	—
Shareholders' equity	62.0	59.9	55.4

in millions of Canadian dollars	Quarter ended		Year to date ended	
	Jul 31 2017	Jul 31 2016	Jul 31 2017	Jul 31 2016
Cash flow from:				
Operations				
Cash receipts				
Lease rental revenue	0.9	0.7	1.9	1.5
Investment income and other receipts	0.6	0.7	1.2	1.2
Cash disbursements & finance expense				
Property	(2.5)	(0.9)	(2.9)	(1.3)
Administration & finance	(0.5)	(0.6)	(1.0)	(0.9)
Income taxes recovered		—		0.6
Investing				
Expenditures on investment properties	(0.5)	—	(0.7)	
Financing				
Increase (decrease) in debt	2.9	0.5	2.7	(0.4)
Purchase of share capital for cancellation	(0.6)	—	(0.6)	
Dividends paid	(0.3)	(0.3)	(0.6)	(0.6)

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GENDIS INC.

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

	Jul 31	Jan 31	Jul 31
(unaudited - thousands of Canadian dollars)	2017	2017	2016
ASSETS			
Current assets			
Cash	21	162	64
Receivables	1,320	891	884
Total current assets	1,341	1,053	948
Non-current assets			
Investment in securities (note 2)	42,172	34,815	29,869
Investment properties (note 3)	30,100	31,740	30,940
Furnishings and equipment	215	142	164
Deferred income tax asset	—	—	32
Total non-current assets	72,487	66,697	61,005
Total assets	73,828	67,750	61,953
LIABILITIES			
Current liabilities			
Credit facilities (note 4)	7,743	4,997	4,698
Payables	2,317	1,447	874
Total current liabilities	10,060	6,444	5,572
Non-current liabilities			
Post employment benefit obligation	966	966	951
Deferred income tax payable	828	441	—
Total non-current liabilities	1,794	1,407	951
Total liabilities	11,854	7,851	6,523
SHAREHOLDERS' EQUITY	61,974	59,899	55,430
Total liabilities and shareholders' equity	73,828	67,750	61,953

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	
	2017	2016	2017	2016
Revenue				
Lease rentals	1,004	796	2,179	1,492
Dividends and other income	520	520	1,039	1,051
Total revenue	1,524	1,316	3,218	2,543
Expense				
Property	2,942	583	3,766	1,142
Administration	354	322	700	703
Finance	48	32	83	63
Total expense	3,344	937	4,549	1,908
Total revenue less total expense	(1,820)	379	(1,331)	635
Fair value change				
Investment properties	(2,416)	1,950	(2,226)	808
Investment in securities	3,492	4,305	7,337	6,387
Total fair value change	1,076	6,255	5,111	7,195
Income (loss) before income tax	(744)	6,634	3,780	7,830
Income tax (expense) recovery	128	57	(461)	(3)
Net income (loss) from operations and comprehensive income(loss)	(616)	6,691	3,319	7,827
Net income (loss) from operations per share	\$(0.05)	\$0.52	\$0.26	\$0.61

GENDIS INC.

INTERIM CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(unaudited - thousands - shares & Canadian dollars as applicable)	Share Capital		Retained	Total
	#	\$	earnings	\$
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)	(1)	(2)
Balance - July 31, 2016	12,800	13,456	41,974	55,430
For the remainder of the year:				
Comprehensive income			5,198	5,198
Dividends			(640)	(640)
Purchase of share capital for cancellation	(31)	(34)	(55)	(89)
Balance - January 31, 2017	12,729	13,422	46,477	59,899
Comprehensive income			3,319	3,319
Dividends			(636)	(636)
Purchase of share capital for cancellation	(150)	(157)	(451)	(608)
Balance - July 31, 2017	12,619	13,265	48,709	61,974

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	
	2017	2016	2017	2016
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Changes in cash position				
By operations				
Cash receipts				
Lease rentals	901	655	1,855	1,465
Investment income and recoverable costs	581	597	1,155	1,192
Cash disbursements				
Property	(2,462)	(861)	2,957	(1,352)
Administration	(474)	(482)	(933)	(864)
Income taxes recovered	—	—	—	638
Finance expense paid	(47)	(32)	(82)	(63)
Total by operations	(1,501)	(123)	(962)	1,016
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By investing activities				
Expenditures on investment properties	(456)	—	(586)	(2)
Expenditures on furnishings and equipment	(19)	(2)	(96)	(18)
Total by investing activities	(475)	(2)	(682)	(20)
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By financing activities				
Net advance (repayment) of credit facilities	2,908	500	2,747	(400)
Purchase of share capital for cancellation	(608)	—	(608)	(2)
Dividends paid	(317)	(320)	(636)	(640)
Total by financing activities	1,983	180	1,503	(1,042)
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Increase (decrease) in cash	7	55	(141)	(46)
Cash - beginning of period	14	9	162	110
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Cash - end of period	21	64	21	64
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Gendis Inc.

Notes to the unaudited Interim condensed Financial Statements

July 31, 2017

(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, 2017, 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, 2017. These policies have been consistently applied to all periods presented.

2. Investment in securities

	Jul 31 2017	Jan 31 2017
Veresen	36,460	26,440
Osum	3,268	5,838
Other security investments	2,444	2,537
	42,172	34,815

3. Investments property

	Jul 31 2017	Jan 31 2017
Industrial	23,500	24,890
Commercial	6,600	6,850
	30,100	31,740

4. Credit facilities

	Borrowing Balance		Remaining borrowing availability		Carrying value of collateral	
	Jul 31 2017	Jan 31 2017	Jul 31 2017	Jan 31 2017	Jul 31 2017	Jan 31 2017
Bank borrowing	7,743	4,997	2,250	5,000	33,723	24,504
Broker's margin account	-	-	1,350	979	2,700	1,958
	7,743	4,997	3,600	5,979	36,423	26,462

5. Subsequent Event

On August 31, 2017, the Company declared a regular dividend of 2.5¢ per share to shareholders of record September 22, 2017, payable October 6, 2017.

6. Operating segments

	Quarter	Realty	Corporate	Inter- segment	Total
	Ended Jul 31				
Revenue	2017	1,021	746	(243)	1,524
	2016	813	727	(224)	1,316
Property & administration expense	2017	3,011	371	(86)	3,296
	2016	644	339	(78)	905
Finance expense	2017	157	48	(157)	48
	2016	146	32	(146)	32
Total revenue less total Expense	2017	(2,147)	327	—	(1,820)
	2016	23	356	—	379
Fair value change	2017	(2,417)	3,493	—	1,076
	2016	1,950	4,305	—	6,255
Income tax recovery (expense)	2017	723	(595)	—	128
	2016	1	56	—	57
Comprehensive income (loss)	2017	(3,841)	3,225	—	(616)
	2016	1,974	4,717	—	6,691

	YTD	Realty	Corporate	Inter- Segment	Total
	Ended Jul 31				
Revenue	2017	2,213	1,477	(472)	3,218
	2016	1,527	1,464	(448)	2,543
Property & administration Expense	2017	3,904	735	(173)	4,466
	2016	1,263	738	(156)	1,845
Finance expense	2017	299	83	(299)	83
	2016	292	63	(292)	63
Total revenue less total expense	2017	(1,990)	659	—	(1,331)
	2016	(28)	663	—	635
Fair value change	2017	(2,227)	7,338	—	5,111
	2016	808	6,387	—	7,195
Income tax recovery (expense)	2017	628	(1,089)	—	(461)
	2016	14	(17)	—	(3)
Comprehensive income (loss)	2017	(3,589)	6,908	—	3,319
	2016	794	7,033	—	7,827
Total assets	2017	31,722	65,833	(23,727)	73,828
	2016	32,028	52,939	(23,014)	61,953
Total liabilities	2017	26,001	9,581	(23,727)	11,855
	2016	23,306	6,231	(23,014)	6,523