

GENDIS INC. ANNOUNCES THIRD QUARTER RESULTS

Winnipeg, Manitoba (December 4, 2017) - Gendis Inc. (TSX:GDS) today announced its financial results for the 3rd quarter ended October 31, 2017.

Revenue for the 3rd quarter was \$1,299,000 compared to \$1,198,000 for last year. Revenue less expense for the 3rd quarter was \$336,000 compared to a loss of \$107,000 for last year. Net earnings for the 3rd quarter were \$429,000 (\$0.03 per share) compared to \$1,188,000 (\$0.09 per share) for last year.

Revenue year-to-date was \$4,517,000 compared to \$3,741,000 year-to-date last year. Revenue less expense year-to-date was a loss of \$995,000 compared to income of \$528,000 year-to-date last year. Net earnings year-to-date were \$3,748,000 (\$0.29 per share) compared to \$9,015,000 (\$0.70 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 investment in securities, primarily the Company's investment in Veresen with its sales to Pembina Pipeline and from 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	
	Oct 31 2017	Oct 31 2016	Oct 31 2017	Oct 31 2016
Revenue				
Lease rental revenue	0.8	0.7	3.0	2.2
Dividends & other income	0.5	0.5	1.5	1.5
Total revenue	1.3	1.2	4.5	3.7
Expense				
Property	0.5	0.9	4.3	2.1
Administration & finance	0.5	0.4	1.2	1.1
Total expense	1.0	1.3	5.5	3.2
Total revenue less total expense	0.3	(0.1)	(1.0)	0.5
Fair value change:				
Pembina Pipeline	(0.8)	—	(0.8)	—
Veresen	1.2	2.4	11.2	8.4
Osum	(0.6)	—	(3.2)	—
Other security investments	(0.3)	(0.4)	(0.3)	—
Investment properties	0.7	(0.8)	(1.6)	—
Total fair value change	0.2	1.2	5.3	8.4
Income tax (expense)recovery	(0.1)	0.1	(0.6)	0.1
Net earnings	0.4	1.2	3.7	9.0
Earnings per share	0.03	0.09	0.29	0.70

in millions of Canadian dollars	Oct 31 2017	Jan 31 2017	Oct 31 2016
Fair value of investments:			
Pembina Pipeline	24.0	–	–
Veresen	–	26.4	24.3
Osum	2.7	5.8	4.8
Other security investments	2.3	2.6	2.8
Investment properties	30.9	31.7	30.2
Cash	4.2	0.2	0.1
Other assets	1.5	1.0	1.5
Debt & payables	3.7	7.8	7.2
Shareholders' equity	61.9	59.9	56.3

in millions of Canadian dollars	Quarter ended		Year to date ended	
	Oct 31 2017	Oct 31 2016	Oct 31 2017	Oct 31 2016

Cash flow from:

Operations

Cash receipts

Lease rentals	0.9	0.9	2.8	2.6
Dividends & other receipts	0.5	0.6	1.7	1.6

Cash disbursements

Property	(1.4)	(0.4)	(4.4)	(2.0)
Administration & finance expense	(0.3)	(0.4)	(1.4)	(1.1)
Income taxes recovered	–	–	–	0.6

Investing

Proceeds on sale of security investment	12.9	–	12.9	–
Expenditures on investment properties and equipment	(0.1)	–	(0.7)	(0.1)

Financing

Decrease in debt	(7.7)	(0.2)	(5.0)	(0.6)
Purchase of share capital for cancellation	(0.2)	–	(0.8)	–
Dividends	(0.3)	(0.3)	(0.9)	(1.0)

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The Company holds a portfolio of commercial and industrial real estate properties in Canada, investments in exchange-traded securities and investments in the securities of private enterprises. Security investments are primarily in companies involved in pipelines, oil and gas development, canola crop marketing, & agricultural crop protection. The investments are held for income generation and long-term capital growth. The Company's business is organized in two operating segments, the Corporate operations and the Realty operations.

GENDIS INC.
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

(unaudited - thousands of Canadian dollars)	Oct 31 2017	Jan 31 2017	Oct 31 2016
ASSETS			
Current assets			
Cash	4,169	162	146
Receivables	1,465	891	967
Total current assets	5,634	1,053	1,113
Non-current assets			
Investment in securities (note 2)	28,855	34,815	31,849
Investment properties	30,900	31,740	30,200
Furnishings and equipment	158	142	152
Deferred income tax	-	-	208
Total non-current assets	59,913	66,697	62,409
Total assets	65,547	67,750	63,522
LIABILITIES			
Current liabilities			
Credit facilities (note 3)	-	4,997	4,495
Payables	1,699	1,447	1,778
Total current liabilities	1,699	6,444	6,273
Non-current liabilities			
Post employment benefit obligation	966	966	951
Deferred income tax	1,016	441	-
Total non-current liabilities	1,982	1,407	951
Total liabilities	3,681	7,851	7,224
SHAREHOLDERS' EQUITY	61,866	59,899	56,298
Total liabilities and shareholders' equity	65,547	67,750	63,522

GENDIS INC.

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

(unaudited - thousands of Canadian dollars except for share data)	Quarter ended		Year-to-date ended	
	2017	2016	2017	2016
Revenue				
Lease rentals	836	683	3,015	2,175
Dividends & other income	463	515	1,502	1,566
Total revenue	1,299	1,198	4,517	3,741
Expense				
Property	513	928	4,279	2,070
Administration	410	343	1,110	1,046
Finance	40	34	123	97
Total expense	963	1,305	5,512	3,213
Total revenue less total expense	336	(107)	(995)	528
Fair value change				
Investment properties	672	(783)	(1,554)	25
Investment in securities	(465)	1,971	6,872	8,358
Total fair value change	207	1,188	5,318	8,383
Earnings before income tax	543	1,081	4,323	8,911
Income tax (expense) recovery	(114)	107	(575)	104
Net earnings from operations and comprehensive income	429	1,188	3,748	9,015
Net earnings from operations per share	\$0.03	\$0.09	\$0.29	\$0.70

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			9,015	9,015
Purchase of share capital for cancellation	(1)	(1)	(1)	(2)
Dividends			(960)	(960)
Balance - October 31, 2016	12,800	13,456	42,842	56,298
For the remainder of the year:				
Comprehensive income			4,010	4,010
Purchase of share capital for cancellation	(31)	(34)	(55)	(89)
Dividend			(320)	(320)
Balance - January 31, 2017	12,769	13,422	46,477	59,899
Comprehensive income			3,748	3,748
Purchase of share capital for cancellation	(200)	(210)	(622)	(832)
Dividends			(949)	(949)
Balance - October 31, 2017	12,569	13,212	48,654	61,866

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

(unaudited thousands of Canadian dollars)	Quarter ended		Year to date ended	
	2017	2016	2017	2016
Changes in cash position				
By operations				
Cash receipts				
Lease rentals	909	889	2,764	2,614
Dividends & other receipts	539	557	1,694	1,549
Cash disbursements				
Property	(1,394)	(420)	(4,398)	(2,032)
Administration	(315)	(345)	(1,249)	(1,009)
Income taxes recovered	—	—	—	638
Finance expense paid	(45)	(34)	(127)	(97)
Total by operations	(306)	647	(1,316)	1,663
By investing activities				
Proceeds from sale of security investments	12,863	—	12,863	—
Expenditures on investment properties	(128)	(42)	(714)	(45)
Expenditures on furnishings and equipment	—	—	(49)	(17)
Total by investing activities	12,735	(42)	12,100	(62)
By financing activities				
Net repayment of credit facilities	(7,743)	(203)	(4,996)	(603)
Purchase of share capital for cancellation	(224)	—	(832)	(2)
Dividends paid	(314)	(320)	(949)	(960)
Total by financing activities	(8,281)	(523)	(6,777)	(1,565)
Increase in cash	4,148	82	4,007	36
Cash - beginning of period	21	64	162	110
Cash - end of period	4,169	146	4,169	146

Gendis Inc.

Notes to the unaudited Interim condensed Financial Statements

October 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

	fair value change		fair value	
	QTR	YTD	Oct 31	Jan 31
	Oct 31	Oct 31	Oct 31	Jan 31
	2017	2017	2017	2017
Pembina Pipeline	(818)	(818)	23,952	—
Veresen	1,173	11,196	—	26,440
Osum	(618)	(3,188)	2,650	5,838
Other security investments	(202)	(318)	2,253	2,537
	(465)	6,872	28,855	34,815

Pembina Pipeline acquired all of the Company's shares of Veresen on October 2, 2017 for cash proceeds of \$12.9 million and the receipt of 562,725 shares of Pembina Pipeline.

3. Investment properties

	fair value change		fair value	
	QTR	YTD	Oct 31	Jan 31
	Oct 31	Oct 31	Oct 31	Jan 31
	2017	2017	2017	2016
Industrial	652	(1,324)	24,280	24,890
Commercial	20	(230)	6,620	6,850
	672	(1,554)	30,900	31,740

4. Credit facilities

	Borrowing Balance		Remaining borrowing availability		Carrying value of collateral	
	Oct 31	Jan 31	Oct 31	Jan 31	Oct 31	Jan 31
	2017	2017	2017	2017	2017	2017
Bank credit facility	—	4,997	10,000	5,000	22,183	24,504
Broker's margin account	—	—	887	979	1,774	1,958
	—	4,997	10,887	5,979	23,957	26,462

5. Operating segments

	Quarter	Realty	Corporate	Inter- Segment	Total
	Ended Oct 31				
Revenue	2017	853	723	(277)	1,299
	2016	700	725	(227)	1,198
Property & administration Expense	2017	582	427	(86)	923
	2016	988	360	(77)	1,271
Finance expense	2017	191	40	(191)	40
	2016	150	34	(150)	34
Total revenue less total expense	2017	80	256	—	336
	2016	(438)	331	—	(107)
Fair value change	2017	672	(465)	—	207
	2016	(783)	1,971	—	1,188
Income tax recovery (expense)	2017	(266)	152	—	(114)
	2016	91	16	—	107
Comprehensive income (loss)	2017	486	(57)	—	429
	2016	(1,130)	2,318	—	1,188

	YTD	Realty	Corporate	Inter- Segment	Total
	Ended Oct 31				
Revenue	2017	3,067	2,199	(749)	4,517
	2016	2,227	2,189	(675)	3,741
Property & administration expense	2017	4,486	1,162	(259)	5,389
	2016	2,250	1,098	(232)	3,116
Finance expense	2017	490	123	(490)	123
	2016	443	97	(443)	97
Total revenue less total expense	2017	(1,909)	914	—	(995)
	2016	(466)	994	—	528
Fair value change	2017	(1,554)	6,872	—	5,318
	2016	25	8,358	—	8,383
Income tax recovery (expense)	2017	362	(937)	—	(575)
	2016	105	(1)	—	104
Comprehensive income (loss)	2017	(3,101)	6,849	—	3,748
	2016	(336)	9,351	—	9,015
Total assets	2017	32,777	57,507	(24,737)	65,547
	2016	31,302	54,839	(22,619)	63,522
Total liabilities	2017	26,568	1,850	(24,737)	3,681
	2016	23,709	6,134	(22,619)	7,224

6. Subsequent Event

On December 4, 2017, the Company declared a regular dividend of 2.5¢ per share to shareholders of record December 22, 2017, payable January 5, 2018.