

For immediate release

GENDIS INC. ANNOUNCES SECOND QUARTER RESULTS

Winnipeg, Manitoba (September 7, 2007) - Gendis Inc. (TSX:GDS) today announced its financial results for the 2<sup>nd</sup> quarter ended July 31, 2007 of the fiscal year ending January 31, 2008.

Revenue for the 2<sup>nd</sup> quarter was \$1.0-million compared to \$0.8-million last year. The 2<sup>nd</sup> quarter change in the market value of investments that were held for trading, net of gains on sale of investments, was loss of \$0.6-million compared to nil for the prior period. The net loss for the 2<sup>nd</sup> quarter was \$0.7-million (\$0.05 per share) compared to a net loss of \$0.3-million (\$0.02 per share) last year.

Revenue year-to-date was \$1.4-million compared to \$1.3-million last year. The year-to-date change in the market value of investments that were held for trading, net of gains on sale of investments was a loss of \$0.7-million compared to a gain of \$0.4-million for the prior period. The net loss year-to-date was \$1.5-million (\$0.10 per share) compared to a net loss of \$0.5-million (\$0.03 per share) last year.

Effective with the beginning of the current year, the Company adopted the mandatory new standards for the accounting and presentation of "Financial Instruments" and "Comprehensive Income" on a prospective basis in accordance with required transitional provisions. Accordingly, there are no comparative amounts for market value changes for the prior year quarter and year to date.

The increase in revenue in the 2<sup>nd</sup> quarter is primarily attributable to increased tenancy in the Company's Sony Place facility and increased investment income from the Company's share of earnings from its investment in Fort Chicago. The decline in earnings is due to unfavourable market value changes in its investments, primarily Fort Chicago and Alberta Clipper.

In the quarter, The Company invested a further \$2.2-million in OSUM Oil Sands Corp., a private company. Gendis was a participant in OSUM recent \$56-million private placement equity financing at \$9.00 per OSUM share which compares favourably to Gendis' \$2.48 per OSUM share average cost base. Subsequent to the closing of the equity offering and the conversion of all outstanding convertible debentures, Gendis holds 4.3% of OSUM's basic shares outstanding, 3.7% on a fully diluted basis.

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Gendis Inc.  
Consolidated Balance Sheet

	Jul. 31,	Jan. 31,
(unaudited - \$,000's)	2007	2007
<b>Assets</b>		
Cash	273	195
Receivables	334	528
Prepaid expenses	416	232
	1,023	955
Investments (note 2)		
at fair value	34,049	38,914
at carrying value	4,821	2,566
Note receivable	2,267	2,203
Property and equipment	10,765	10,909
Future tax asset	960	960
	53,885	56,507
<b>Liabilities and Shareholders' Equity</b>		
Credit facilities	14,912	14,798
Payables and accrued liabilities	1,076	1,013
Income and capital taxes payable	5	212
	15,993	16,023
Shareholders' equity		
Capital stock	15,432	15,736
Accumulated other comprehensive income	2,525	3,008
Retained earnings	19,935	21,740
	37,892	40,484
	53,885	56,507

Gendis Inc.  
Consolidated Statement of Earnings (Loss)

(unaudited - \$,000's, except per share)	quarter ended		year-to-date ended	
	Jul. 31, 2007	Jul. 31, 2006	Jul. 31, 2007	Jul. 31, 2006
Revenue				
Investment (note 2)	596	557	591	933
Real estate rental	374	211	760	329
	<u>970</u>	<u>768</u>	<u>1,351</u>	<u>1,262</u>
Expenses				
Property and administrative expenses	686	777	1,443	1,484
Amortization of property and equipment	87	84	175	174
Interest and finance expenses	235	161	441	288
	<u>1,008</u>	<u>1,022</u>	<u>2,059</u>	<u>1,946</u>
Loss before the undernoted	(38)	(254)	(708)	(684)
Provision for loss on investments	—	—	(328)	—
Change in fair value of investments held for trading	(1,060)	—	(1,105)	—
Gain on sale of investments	406	15	686	448
Loss before taxes	<u>(692)</u>	<u>(239)</u>	<u>(1,455)</u>	<u>(236)</u>
Provision for income taxes:				
Current	30	24	48	46
Future	—	—	—	200
	<u>30</u>	<u>24</u>	<u>48</u>	<u>246</u>
Net loss	<u>(722)</u>	<u>(263)</u>	<u>(1,503)</u>	<u>(482)</u>
Loss per share - basic and diluted	<u>(0.05)</u>	<u>(0.02)</u>	<u>(0.10)</u>	<u>(0.03)</u>

Gendis Inc.  
Consolidated Statement of Comprehensive Income (Loss)

(unaudited -\$ ,000's)	quarter ended		year-to-date ended	
	Jul. 31, 2007	Jul. 31, 2006	Jul. 31, 2007	Jul. 31, 2006
Other comprehensive loss				
Change in the fair value of investments	(878)	—	(290)	—
Provision for loss on investments	—	—	328	—
Gain on sale of investments	(45)	—	(45)	—
Share of cumulative foreign exchange translation adjustment from flow-through entities				
Realized foreign exchange translation	38	—	78	—
Unrealized foreign exchange translation	(485)	—	(554)	—
Other comprehensive loss	<u>(1,370)</u>	<u>—</u>	<u>(483)</u>	<u>—</u>
Net loss	<u>(722)</u>	<u>(263)</u>	<u>(1,503)</u>	<u>(482)</u>
Comprehensive loss	<u>(2,092)</u>	<u>(263)</u>	<u>(1,986)</u>	<u>(482)</u>

Gendis Inc.  
Consolidated Statement of Retained Earnings

(unaudited -\$,000's)	quarter ended		year-to-date ended	
	Jul. 31, 2007	Jul. 31, 2006	Jul. 31, 2007	Jul. 31, 2006
Balance - beginning of period	20,787	52,503	18,960	52,761
Restatement for financial instruments:				
Adjustment to fair value for investments held for trading, net of future income taxes of \$559	-	-	1,484	-
Share of cumulative foreign exchange translation adjustment from flow-through entities	-	-	1,296	-
Balance - restated	20,787	52,503	21,740	52,761
Net loss	(722)	(263)	(1,503)	(482)
Refundable dividend taxes	-	-	-	(2)
Purchase and cancellation of share capital	(130)	(94)	(302)	(131)
<b>Balance - end of period</b>	<b>19,935</b>	<b>52,146</b>	<b>19,935</b>	<b>52,146</b>

Gendis Inc.  
Consolidated Statement of Accumulated Other Comprehensive Income

(unaudited -\$,000's)	quarter ended		year-to-date ended	
	Jul. 31, 2007	Jul. 31, 2006	Jul. 31, 2007	Jul. 31, 2006
Balance - beginning of period	3,895	-	-	-
Restatement for financial instruments:				
Adjustment to fair value for investments available for sale, net of future income taxes of \$778	-	-	4,304	-
Share of cumulative foreign exchange translation adjustment from flow-through entities	-	-	(1,296)	-
Balance - restated	3,895	-	3,008	-
Other comprehensive loss	(1,370)	-	(483)	-
<b>Balance - end of period</b>	<b>2,525</b>	<b>-</b>	<b>2,525</b>	<b>-</b>

Gendis Inc.  
Consolidated Statement of Cash Flows

(unaudited -\$,000's)	quarter ended		year-to-date ended	
	Jul. 31, 2007	Jul. 31, 2006	Jul. 31, 2007	Jul. 31, 2006
<b>By operations:</b>				
Earnings (loss)	(722)	(263)	(1,503)	(482)
add (deduct) items not affecting cash:				
Amortization of property and equipment	87	84	175	174
Gain on sale of investments	(406)	(15)	(686)	(448)
Provision for loss on investments	-	-	328	-
Change in fair value of investments held for trading	1,060	-	1,105	-
Future income tax	-	-	-	200
Cash flow from earnings	19	(194)	(581)	(556)
Change in working capital	(227)	(465)	(2)	(431)
	(208)	(659)	(583)	(987)
<b>By investing activities:</b>				
Proceeds on sale of investments	3,115	164	4,877	2,352
Difference between distributions and investment income	124	223	884	904
Investments acquired	(3,675)	(1,159)	(4,382)	(6,314)
Purchase of property and equipment	(10)	(59)	(31)	(59)
	(446)	(831)	1,348	(3,117)
<b>By financing activities:</b>				
Advance from credit facilities	917	1,552	114	4,698
Purchase for cancellation of share capital	(254)	(169)	(606)	(230)
Refundable dividend tax	-	-	(195)	(338)
	663	1,383	(687)	4,130
Increase (decrease) in cash	9	(107)	78	26
Cash - beginning of period	264	228	195	95
Cash - end of period	273	121	273	121
<b>Supplementary information:</b>				
Taxes paid	30	24	243	384
Interest paid	211	162	420	302

Gendis Inc.

Notes to Consolidated Interim Financial Statements - unaudited

July 31, 2007

1. Significant Accounting Policies and Basis of Presentation

- (a) These unaudited consolidated interim financial statements are prepared in accordance with accounting principles generally accepted in Canada. However, these interim financial statements do not contain all the disclosures that would be required under generally accepted accounting principles for annual financial statements. These interim financial statements follow the same accounting policies and methods of application as the audited annual consolidated financial statements at January 31, 2007 except for the adoption of new accounting and presentation standards. Certain disclosures required for annual financial statements have been condensed or omitted in these interim financial statements. Accordingly, these interim financial statements should be read in conjunction with the annual consolidated financial statements and notes thereto as presented in the Company's Annual Report for the fiscal year ended January 31, 2007. The following notes to the interim financial statements are supplemental to the notes to the annual consolidated financial statements.
- (b) Effective with the beginning of the 1<sup>st</sup> quarter of the current year, the Company adopted the mandatory new standards for the accounting and presentation of "Financial Instruments" and "Comprehensive Income" on a prospective basis in accordance with the transitional provisions, with a restatement of the beginning balance of Retained Earnings and the establishment of another Shareholders' Equity classification "Accumulated Other Comprehensive Income." Under the new standards, all financial assets must be classified as held for trading, held-to-maturity, loans and receivables or available for sale. All financial liabilities are classified as held for trading or other financial liabilities. Initially, all financial instruments are recorded on the consolidated balance sheet at fair value. After initial recognition, at each period end, all financial instruments are re-measured to their fair value, except for held-to-maturity investments, loans and receivables and other financial liabilities, which are measured at amortized cost. Any gain or loss arising from a change in the fair value of a financial asset or financial liability classified as held for trading is included in net income for the period in which it arises. The gain or loss resulting from a change in fair value of a financial asset classified as available for sale is recognized in other comprehensive income until the financial asset is derecognized through disposal or becomes impaired.

In conjunction with the new standards for the accounting and presentation of Financial Instruments and Comprehensive Income, a restatement of the beginning balance of Retained Earnings with an offsetting amount recorded in Accumulated Other Comprehensive Income is also required for the Company to account for Fort Chicago's Cumulative Translation Adjustment. Beginning Retained Earnings was increased by \$1,296,000 with a corresponding reduction to Accumulated Other Comprehensive Income.

Approximately 83% of the shares of Fort Chicago and all of the shares in Thunder have been designated as investments available for sale. These investments are recorded at fair value on the balance sheet with fair value changes recorded as other comprehensive income. Fair value is

determined to be the quoted bid price in an active exchange traded market. The application of the new accounting policy resulted in an increase to the investment asset of \$5,082,000, an increase to beginning Retained Earnings of \$4,304,000 and a reduction to the Future tax asset of \$778,000.

Private placement investments have been designated to be carried at carrying value as fair values cannot be reliably determined.

The remaining portfolio of investments has been designated as held for trading. These investments are recorded at fair value on the balance sheet with fair value changes recorded in the Statement of Earnings (Loss). The application of the new accounting policy resulted in an increase to the investment asset of \$2,043,000, an increase to beginning Retained Earnings of \$1,484,000 and a reduction to the Future tax asset of \$559,000.

## 2. Investments

(a)

	Number of shares/units (000's)		Fair Value (\$000's)	
	Jul. 31, 2007	Jan. 31, 2007	Jul. 31, 2007	Jan. 31, 2007
Available for sale				
Flow-through entities				
Fort Chicago	2,190	2,190	23,126	24,090
Thunder Energy	—	500	—	2,655
Held for trading				
Flow-through entities				
Fort Chicago	144	188	1,523	2,067
Other equity investments				
Alberta Clipper	700	600	1,890	3,240
Ember Resources	655	655	1,579	1,762
FNX Mining	70	65	2,279	1,163
International Nickel Ventures	375	325	563	497
Opti Canada	80	90	1,832	1,779
Pioneer Resources	—	20	—	965
Royal Bank	10	—	541	654
Other equity investments			716	42
<b>Total exchange-traded investments</b>			<b>34,049</b>	<b>38,914</b>

	Number of shares (`000's)/ face value (\$000's)		Carrying Value (\$000's)	
	Jul. 31, 2007	Jan. 31, 2007	Jul. 31, 2007	Jan. 31, 2007
Private investments				
OSUM - shares	1,948	713	4,821	1,576
OSUM - debenture	—	\$1,000	—	990
			<b>4,821</b>	<b>2,566</b>

(b) Investment income represents: (\$,000's)	quarter ended		year-to-date ended	
	Jul. 31, 2007	Jul. 31, 2006	Jul. 31, 2007	Jul. 31, 2006
Interest & dividend income	133	46	202	92
Investment income from flow-through entities:				
Fort Chicago	463	365	579	656
Thunder Energy	—	146	(190)	185
	<u>596</u>	<u>557</u>	<u>591</u>	<u>933</u>

### 3. Capital Stock

(a) Number of shares (`000's)	quarter ended		year-to-date ended	
	Jul. 31, 2007	Jul. 31, 2006	Jul. 31, 2007	Jul. 31, 2006
Balance - beginning of period	14,799	15,293	14,970	15,316
Shares purchased for cancellation	(118)	(71)	(289)	(94)
<u>Balance - end of period</u>	<u>14,681</u>	<u>15,222</u>	<u>14,681</u>	<u>15,222</u>

  

(b) Share capital (\$,000's)	quarter ended		year-to-date ended	
	Jul. 31, 2007	Jul. 31, 2006	Jul. 31, 2007	Jul. 31, 2006
Balance - beginning of period	15,556	16,076	15,736	16,100
Shares purchased for cancellation	(124)	(75)	(304)	(99)
<u>Balance - end of period</u>	<u>15,432</u>	<u>16,001</u>	<u>15,432</u>	<u>16,001</u>

#### 4. Segment Information

(\$,000's)	quarter ended July 31	Realty	Corporate	Inter- segment	Total
Revenue	2007	390	637	(57)	970
	2006	216	605	(53)	768
Expenses	2007	314	418	(46)	686
	2006	421	391	(35)	777
Amortization	2007	85	2	-	87
	2006	80	4	-	84
Interest	2007	11	235	(11)	235
	2006	18	161	(18)	161
Investment - gain (loss) on sale, provision for loss and changes in fair value, net	2007	-	(654)	-	(654)
	2006	-	15	-	15
Provision for (recovery of) income taxes	2007	(7)	37	-	30
	2006	(92)	116	-	24
Net loss	2007	(13)	(709)	-	(722)
	2006	(211)	(52)	-	(263)

(\$,000's)	year-to-date ended July 31	Realty	Corporate	Inter- segment	Total
Revenue	2007	791	674	(114)	1,351
	2006	338	1,023	(99)	1,262
Expenses	2007	694	840	(91)	1,443
	2006	773	780	(69)	1,484
Amortization	2007	167	8	-	175
	2006	166	8	-	174
Interest	2007	23	441	(23)	441
	2006	30	288	(30)	288
Investment - gain (loss) on sale, provision for loss and changes in fair value, net	2007	-	(747)	-	(747)
	2006	-	448	-	448
Provision for (recovery of) income taxes	2007	(32)	80	-	48
	2006	(207)	453	-	246
Net loss	2007	(61)	(1,442)	-	(1,503)
	2006	(424)	(58)	-	(482)
Total Assets	2007	11,179	43,512	(806)	53,885
	2006	13,059	70,400	(1,560)	81,899

#### 5. Commitments & Contingencies

There have been no material developments in the lawsuits that were disclosed in the annual financial statements for the year ended January 31, 2007.