

Press release April 18, 2011

INTERIM REPORT JANUARY - MARCH 2011

Genovis increased sales for the tenth consecutive quarter on a rolling 12-month basis

First quarter in brief

- Net sales rose to SEK 455k (240k).
- Loss after financial items was SEK 3,469k (loss: SEK 2,382k).
- Loss after tax was SEK 3,458k (loss: 2,327k).
- Earnings per share totaled SEK -0.08 (-0.10).
- Cash and cash equivalents at the end of the period amounted to SEK 1,008k (1,037k).
- Genovis acquired an exclusive license for a new technology that uses so-called upconverting nanoparticles as contrast agents in optical biomedical imaging. Genovis acquired the license from Luminab, a LUAB company, including the option to acquire the technology in its entirety.
- The extraordinary general meeting held March 28 resolved to increase share capital by a maximum of SEK 12,336,562.80 through the issue of a maximum of 30,841,407 shares. The meeting also resolved to provide an oversubscription option for 13,000,000 shares, which will be decided by the Board of Directors if the offering is oversubscribed. Following the completed share issue, share capital will amount to a maximum of SEK 28,785,313.60 and the number of shares to 71,963,284. The Company will raise about SEK 20 million before issue expenses. If the oversubscription option is exercised the share capital will amount to a maximum of SEK 33,985,313.60 and the number of shares to 84,963,284. In that case the Company will raise an additional approximately SEK 8 million.

Quarter and year-to-date tSEK	2011	2010 Q1	2009	2010 Full year	2009
Net sales	455	240	120	1,595	986
Other operating income	86	462	1	2,368	192
Operating costs	(3,779)	(3,038)	(3,373)	(15,197)	(13,731)
Operating profit	(3,458)	(2,372)	(3,466)	(11,292)	(12,554)
Earnings per share	(0.08)	(0.1)	(0.29)	(0.33)	(1.17)
Comprehensive income	(3,458)	(2,372)	(4,089)	(11,292)	(17,558)
Comprehensive income per share	(0.08)	(0.1)	(0.34)	(0.33)	(1.17)
Cash flow from current operations	(2,684)	702	(4,498)	(10,847)	(13,695)
Cash flow after investment operations	(187)	0	(18)	(532)	(515)
Cash flow from financial operations	(195)	(35)	6,251	15,036	14,449
Cash and cash equivalents	1 008	1,037	1,911	4,073	416

ABOUT GENOVIS

Genovis develops and sells innovative technologies that will facilitate its customers' preclinical* research. The products launched to date consist of nanostructures and enzymes (proteins). The company conducts research and development projects focused on design, production, and characterization of nanostructures for medical imaging, diagnostics, and delivery. The nanostructures and methods that Genovis focuses on can be used as contrast in medical imaging and as carriers of various substances in the development of new drug delivery methods. Customers are primarily found within the life sciences industry and academic research. The operation largely consists of research and development of new technology, though the company has initiated some sales over the past two years.

** Preclinical studies refer to the pharmaceutical research that takes place before the product is sufficiently documented to be studied in humans.*

CEO COMMENTS

The market for biomedical imaging in preclinical research is growing. The driving force comes from a need to understand the biological processes underlying disease and to better analyze how different drug candidates affect the body all the way down to the cellular level. Based on our patent-protected nanoparticle technology we have focused so far on developing multimodal nanoparticles as contrast agents, mainly for magnetic resonance imaging combined with PET. The technique that is currently the largest on the preclinical market in number of users is optical imaging and in my opinion the new technology we acquired earlier this year represents an important strategic step that will enable us to become competitive on this market. We have included this new technology in the development process and we can already see excellent results. During the period we have worked intensively with preparing this year's product launches from the nano portfolio. With respect to sale of products from the protein engineering portfolio, we continue to see a clear increase in demand with distribution to even more customers. Although sales began with extremely small volumes, we see a steady increase and have now posted good sales growth for the tenth consecutive quarter. We are working purposefully with various strategies to increase sales volumes, in part by offering complementary products that we know are in demand from existing customers, in part by developing new applications aimed at new customer groups. Our increased marketing activities throughout the process are producing immediate results. After the product launches last December we added new customers and in several cases our existing customers switched to the application-specific added-value products. For example, during the period we received the first orders from two new customer groups: contract manufacturers of therapeutic antibody molecules and service companies that carry out quality control and technical analyses for biotech and pharmaceutical companies. We are about to launch another product that will enable customers to scale up volumes with high yields and shorter process times.

Since we are in the midst of an intensive phase of both product development and marketing, stable financing is essential, which is the main reason for the current rights issue.

Sarah Fredriksson, CEO

PRODUCTS

Genovis markets products that can be divided into two categories:

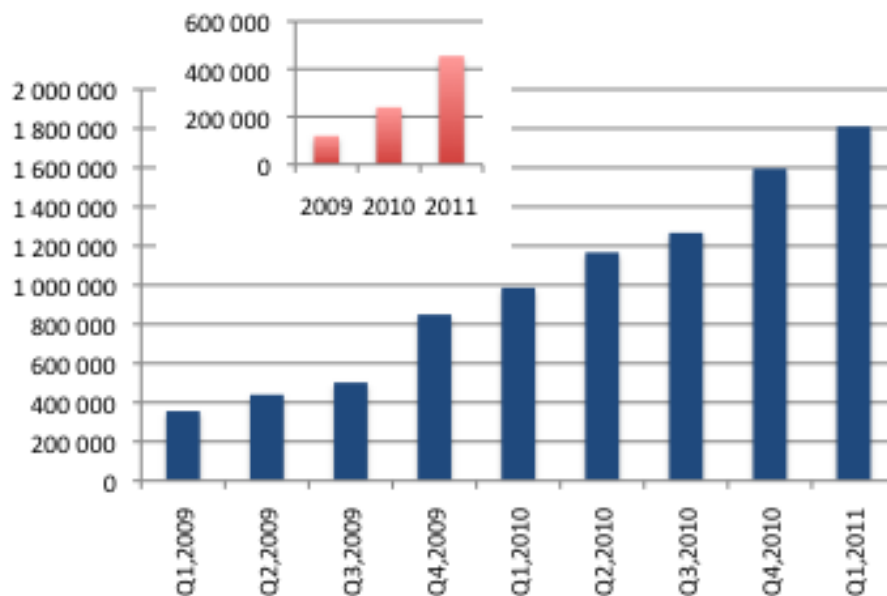
- Nanoparticles and services for biomedical imaging

Genovis' customers and partners can purchase nanoparticles from the standard range of products, order custom-made products, or buy services that can include the entire chain from nanostructure design to preclinical study.

- Unique enzymes

Customers who use antibodies to develop new medications need tools to characterize and improve their drug candidates. Products from our protein engineering portfolio consist of tools in the form of enzymes, proteins that act as catalysts, which can be used for antibody fragmentation and antibody engineering.

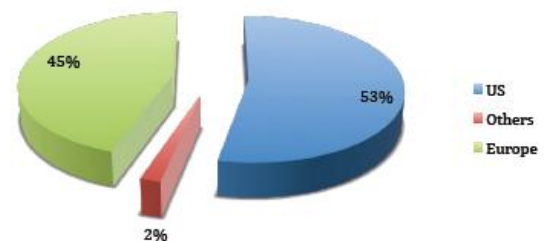
Sales



Sales (SEK) on a rolling 12-month basis. The inset graph shows sales specifically for the period January - March.

The first quarter of 2011 was the tenth consecutive quarter that Genovis increased sales on a rolling twelve month basis; sales revenues totaled SEK 455k. Other revenues, comprising research support from Swedish Research Council, amounted to SEK 86k.

Genovis' customers mainly work with drug discovery, new diagnostic methods, and basic research. Our customers currently include five of the top ten pharmaceutical companies, several biotech companies, and academic groups. Genovis sells directly to end customers and also partners with distributors, who in turn conduct marketing campaigns in different regional markets. Distributors are currently represented in the U.S., Europe, and Korea. The largest market for Genovis' products is the U.S., which accounts for approximately 50 % of sales.



Geographic distribution of customers

Production

Genovis produces all of its own products. Even with relatively low volumes, production is cost-effective and provides good margins on the products. The improvements that Genovis plans for future production will primarily focus on achieving more automated production of nanoparticles. In 2011 production volumes for protein products will increase primarily by outsourcing part of production. A more long-term goal is to develop processes for GMP*-approved production of nanostructures and enzymes, so that Genovis can handle such production in custom-made projects ordered by customers.

**Good Manufacturing Practice (GMP) is a regulatory framework that governs manufacturing, including packing, of pharmaceuticals, food, and health foods.*

DEVELOPMENT PROJECTS

Development projects: protein portfolio

The development of new concepts within the protein portfolio during the quarter mainly focused on products for use within production of antibody fragments and for separation of the various fragments. In April a product will be launched for quick fragmenting combined with scalable separation of the fragments. This development continues and for separation of fragments we are evaluating traditional separation techniques compared with FcDock, a protein Genovis is developing together with a research group from Lund University.

Development projects: imaging

Genovis is conducting two of its own projects. In the first project, nanoparticles are used as markers in cells that are reproduced in the brain. The nanoparticles make the cells detectable by MRI, allowing their natural migration in the brain to be visualized. Genovis also supports customer projects in which the customer either uses Genovis products for medical imaging or to track stem cells. In the second project, Genovis uses cancer cells labeled with nanoparticles to study tumor growth and also monitors how stem cells labeled with nanoparticles infiltrate tumor tissue.

For the past year, both projects have mainly focused on using magnetic nanoparticles in medical imaging for preclinical purposes. The objective for 2011 is that Genovis will use the results from the two projects to launch new products and applications intended for use in magnetic resonance imaging. In January this year Genovis acquired a license granting exclusive rights to a patent application describing a technology that can detect so-called upconverting particles in biological material. By combining Genovis' technology with the acquired license Genovis will soon be able to offer a product on the technology front. The goal is to commercialize the technology within one year, primarily for the preclinical market, and ultimately to evaluate the clinical potential of this technology.

RESEARCH PROJECTS

Genovis is participating in two research projects that both have external financing.

Sentinel Node project

In this interdisciplinary project, the goal for Genovis is to develop multimodal particles that will be used in medical imaging to identify very small tumors that can rapidly arise in the lymph nodes of patients with conditions such as breast cancer or malignant melanoma. The tumor cells are spread via the lymphatic system according to a certain pattern. The first lymph node to receive this drainage is the “gatekeeper” or “sentinel” node – which is also the name of the development project that Genovis is conducting in collaboration with the Department of Medical Radiation Physics at Lund University.

During the period the project focused on how much imaging of sentinel node can be improved by optimizing the design of the nanostructures. The goal of this project is to develop and commercialize a contrast agent for use in diagnostics and as surgery guidance. The project is being financed by the Swedish Research Council and LMK Industri AB.

LUPAS project

LUPAS is an EU project within the Seventh Framework Programme. Its goal is to develop novel tools for diagnosis and therapy for Alzheimer’s disease and for neurodegenerative diseases caused by prions, an infectious protein that causes diseases such as mad cow disease in cattle and Creutzfeldt-Jakob disease in humans.

By developing new imaging methods that can visualize the plaques formed in the brain, it will be easier to diagnose and monitor disease progress. Nanostructures are used as contrast medium to deliver a special polymer that binds selectively to the plaque formations. Genovis’ primary role in the project is to provide knowledge about the design and production of nanostructures, as well as to work with communications and introductory business development of the project results. The short term commercial goal is to provide preclinical products and the long term goal is to develop novel therapeutics and diagnostic methods.

INTANGIBLE ASSETS

Genovis’ intellectual property rights give the company exclusive rights to commercialize its projects. Patent applications protect new discoveries in instances when the discoveries are judged to be strategically important for the commercial potential of Genovis products. The company’s existing products (NIMT®) are based on nanostructures and are described in two international patent applications that will provide patent protection until 2023 in countries in which the patents were granted. So far the EU, Japan, Australia and South Korea have granted patents and patent applications are under continued international review in PCT phase.

In May 2007, Genovis acquired a license from Hansa Medical AB to use the IdeS protein in clinical research applications. This license gives Genovis exclusive rights that protect the FabRICATOR® products with a patent until 2022 in the United States and Europe. In 2008 Genovis submitted a new patent application to protect the products IgZERO and FcDOCKER and this application is now also registered in PCT phase and with approved patent will provide protection until 2029. FabRICATOR® is a registered trademark.

In January 2011 Genovis acquired a license granting exclusive rights to a patent application describing a technology required to detect so-called upconverting nanoparticles in biological material.

MARKET PLACE

Genovis shares are traded on Nasdaq OMX First North, Stockholm, under the short name GENO. The number of shares on March 31 was 41,121,877 and the number of shareholders was 2,239. NASDAQ OMX First North is an alternative market, operated by the various exchanges within NASDAQ OMX. It does not have the same legal status as an EU-regulated market. Companies on First North are subject to the rules of First North and not the legal requirements for admission to trading on a regulated market. An investment in a company traded on First North is riskier than an investment in a listed company. The Company's Certified Adviser is Thenberg & Kinde Fondkommission AB. +46 (31) 745 50 00.

RESULT AND FINANCIAL POSITION

The Group's operations are mainly conducted in the parent company. Operations at the subsidiary during the first quarter of 2011 consisted exclusively of assisting the parent company in product development prior to the launch of new products in 2011. During the period the parent company provided the subsidiary with a total of SEK 560k in conditional shareholders' contributions.

Revenue

Sales for the period amounted to SEK 455k (240k). Other revenue of SEK 86k (462k) comprises research support for projects in the nanoparticle portfolio. The decrease in other revenues is due to that the major part of the research support concerning the LUPAS project was given last year and no contributions has been given for the period.

Expenses

Operating expenses for the period rose by SEK 742k to SEK 3,779k, mainly due to higher costs for marketing and sales, as well as increased personnel costs.

Result

Operating profit for the period dropped SEK 1,229k to a loss of 3,238k (loss: 2,009k) and loss after financial items rose to SEK 3,469k (loss: 2,382k). Net profit for the period decreased by SEK 1,086k to a loss of SEK 3,458k (loss: 2,372k) and comprehensive income to a loss of SEK 3,458k (loss: 2,372k).

Investments

The Group's net investments during the period totaled SEK 187k (0); they pertain to intangible assets.

Cash flow

At the end of the period net cash flow was SEK -3,066k (621k), while cash and cash equivalents amounted to SEK 1,008k (1,037k). Cash flow from financing activities totaled SEK -195k (- 35k), comprising amortization of loans as well as costs for the ongoing rights issue.

Financial position

Shareholders' equity was SEK 11,624k (8,451k). The equity ratio totaled 80%. Interest bearing liabilities totaled SEK 380k (3,199k). During the period, loans were amortized for a total of SEK 45k.

Equity and share data

Share capital at end of period amounted to SEK 16,448,750.80. The total number of shares was 41,121,877 with a par value of SEK 0.40. Total shareholders' equity for the group was SEK 11,624k.

Earnings per share, based on a weighted average of the number of outstanding shares, totaled SEK -0.08 (-0.10).

Taxes

Deferred tax assets arise from the parent and at the end of the period amounted to SEK 3,028k (3,028k) corresponding to a loss carryforward of about SEK 11.5m, which is expected to be utilized within the foreseeable future. The Company's total tax loss is SEK 78m.

Organization

Genovis' organization consists of Genovis AB and the fully owned subsidiary Eijdo Research AB.

On March 31, 2011, the Group had ten employees, eight in the parent company and two in the subsidiary, which is an increase of one person in the parent company and a decrease of one person in the subsidiary. An employee of the parent company holds an 80%-position as an industry-based doctoral student. This part is funded by the Swedish Research Council and therefore is not charged against Genovis' earnings.

Parent company

The parent company's operations include executive management, central administration, research and development, production, sales management, and support. Net revenue during the period totaled SEK 455k (240k) and loss after net financial items was SEK 3,051k (loss: 2,145k). The parent company income statement is charged with a conditional shareholder contribution to the subsidiary of SEK 560k (0). Net capital expenditure totaled SEK 187k (0). Liquidity at year-end was SEK 954k (1,010k). The number of employees as of March 31 was 8 (7).

Segment reporting

Net sales and operating profit/loss are attributable to the primary and only business area: sales and/or outlicensing of research-based innovations. According to the Company, it does not meet the definition of geographical areas under IAS 14 and therefore no secondary segment information is provided.

Warrant program

The Company has issued 187,000 warrants. The warrants may be exercised for subscription of shares between February 28, 2012 and May 31, 2012. When all warrants are fully exercised the Company's share capital will increase by a total of SEK 96,492 through the issue of 241,230 shares, each with a par value of SEK 0.40.

Outlook

Genovis is a research and development company and therefore corporate management has chosen not to issue any forecast. Although the Life Science field is relatively independent of business cycles, periods of uncertainty can influence our customers' appetite to invest in new technology. With all development projects proceeding according to plan, we are positioned to make additional advances with respect to both new products and sales.

Risks and uncertainties

The Company's general view of the financial risks that could affect operations has not changed since the description published in the most recent annual report. Genovis' business risks include the difficulties in retaining skilled personnel and the risk that anticipated revenue might not materialize since competing companies have substantially larger financial resources at their disposal. The Company does not have the cash and cash equivalents to run operations for the next 12 months. The Board of Directors believes that it is possible to raise the capital required in addition to the expected revenues. There is no guarantee, however, that new capital can be raised if such need arises or that such capital can be raised on favorable terms. For a detailed overview of the Company's financial risks please refer to page 51 in Genovis' 2009 annual report.

Summary of Consolidated Income Statement

tSEK	Jan-Mars		Jan-Dec
	2011	2010	2010
Net sales	455	240	1,596
Other operating income	86	462	2,368
Raw materials and consumables	(281)	(184)	(795)
Other external costs	(1 417)	(1,013)	(5,991)
	(1 157)	(495)	(2,822)
Personnel costs	(2 001)	(1,511)	(7,239)
Other operating expenses	(80)	(3)	(70)
	(3 238)	(2,009)	(10,131)
Depreciation of tangible and intangible assets	(226)	(327)	(1,103)
Operating profit/loss	(3 464)	(2,336)	(11,234)
Net financial income/expense	(5)	(46)	(100)
Earnings after financial items	(3469)	(2,382)	(11,334)
Deferred tax on profit for the period	11	10	42
Net profit/loss for the period	(3 458)	(2,372)	(11,292)
Of which attributable to shareholders in Genovis AB	(3 458)	(2,372)	(11,292)

Comprehensive Income Report
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Net profit/loss for the period	(3 458)	(2,372)	(11,292)
Other comprehensive income for the period			
Exchange rate adjustment	0	0	0
Total comprehensive income	0	0	0
Total comprehensive income for the period	(3 458)	(2,372)	(11,292)
Of which attributable to shareholders in Genovis AB	(3 458)	(2,372)	(11,292)

Share data

Earnings per share before dilution, SEK	(0.08)	(0.10)	(0.46)
Earnings per share after dilution, SEK	(0.08)	(0.10)	(0.27)
Shareholders' equity per share, SEK	0,02	0.34	0.37
Number of shares at end of period	41,121,877	24,589,839	41,121,877
Number of shares average	41,121,877	24,589,839	34,233,528
Share price at end of period	0.8	1.09	0.7

Summary of Consolidated Balance Sheet

tSEK	Mars, 31		Dec, 31
	2010	2009	2010
Assets			
Fixed assets			
Patents and licens	3,867	3,810	3,823
Goodwill	4,107	4,107	4,106
Plant and machinery	1,434	1,776	1,520
Deferred tax assets	2,881	2,839	2,870
Total fixed assets	12,289	12,532	12,319
Current assets			
Raw materials and consumables	440	683	545
Accounts receivable - trade	700	267	797
Other receivables	46	25	14
Prepaid expenses and accrued income	17	0	69
Cash and bank balances	1,008	1,037	4,074
Total current assets	2,211	2,012	5,499
Total assets	14,500	14,544	17,818
Equity and liabilities			
Equity	11,624	8,451	15,232
Long-term liabilities	305	934	305
Accounts payable - trade	2,571	5,159	2,281
Total equity and liabilities	14,500	14,544	17,818
Pledged assets	0	5,000	0
Contingent liabilities	None	None	None

Changes to shareholders' equity

tSEK	Mars, 31		Dec, 31
Amount at start of period	15,232	10,858	10,858
New share issue	(150)	-35	15,666
Total earnings for the period	(3,458)	(2,372)	(11,292)
Amount at end of period	11,624	8,451	15,232
Of which attributable to shareholders in Genovis AB	11,624	8,451	15,232

Summary of Consolidated Cash Flow Analysis

tSEK	Jan-Mars		Jan-Dec
	2011	2010	2010
Cash flow from operations	(3,464)	(2,336)	(11,234)
Adjustment for items not affecting the cash flow	227	327	1,103
Change in working capital	558	2,711	(255)
Net financial income/expense	(5)	(46)	(100)
Cash flow from current operations	(2,684)	327	(10,486)
Investment operations	(187)	0	(534)
Cash flow after investment operations	(2,871)	656	(11,020)
Financial operations	(195)	(35)	14,676
Cash flow for the period	(3,066)	621	3,234
Cash and cash equivalents at the beginning of the year	4,074	416	416
Exchange rate difference	0	0	0
Cash and cash equivalents at the end of the year	1,008	1,037	4,074

Accounting Principles

The consolidated accounts have been prepared in accordance with International Financial Reporting Standards (IFRS). This interim report has been prepared in accordance with IAS 34, Interim Financial Reporting, and the Swedish Annual Accounts Act. The interim report was otherwise prepared in accordance with the same accounting principles and calculation methods as those applied in the 2009 annual report. For more information and a description of the accounting principles please see the 2009 Annual Report, which can be downloaded from the Genovis web site www.genovis.com or ordered from Genovis' headquarters.

Revised IAS 1 Presentation of financial statements is effective from January 1, 2009. The change has affected Genovis' accounting retroactively from December 31, 2007. One effect of the change is that revenues and expenses previously recognized directly in equity will now be presented in a separate report directly after income report. Another change is that new classifications can be used in the financial statements. However, this change is not mandatory and Genovis has chosen to retain the old classifications.

Other new or revised IFRS and interpretive statements from IFRIC have not had any effect on the financial position or performance of the Group or the Parent Company.

This report has not been examined by the company's auditors.

Lund, April 18, 2011

Genovis AB (publ.)

On behalf of the board of directors
Sarah Fredriksson, CEO and President

For further information please contact:

Sarah Fredriksson, CEO and President, Genovis AB, phone: +46 (0)46-10 12 30

Future reporting dates 2011

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This interim report may be ordered from the company or downloaded at the Genovis web site.
Genovis AB, Box 790, SE-220 07 Lund, Sweden +46 (0)46-10 12 30, Fax: +46 (0)46-12 80 20