

INCREASED INFLOW OF ORDERS AND MORE DISTRIBUTION AGREEMENTS IN PLACE

	2008	2007	2008	2007	2007
Key figures, SEK thousand	Jan-Sept	Jan-Sept	July-Sept	July-Sept	Jan-Dec
Net sales	375	5	224	0	256
Operating earnings	(13,970)	(8,034)	(4,257)	(3,429)	(12,056)
Resultat after skatt	(10,134)	(6,090)	(3,045)	(2,752)	(8,578)
Earnings per share	0,93	(0.70)	(0.27)	(0.32)	(0.98)
Cash flow from current operations	(13,538)	(8,662)	(3,738)	(2,048)	(12,448)
Cash flow for the period	(14,363)	(13,140)	(3,896)	(1,916)	(17,945)

The Group was formed in Q4 2007 and therefore no comparative figures are presented for the Group.

July 1 - September 30, 2008

- Genovis entered into a distribution agreement with Biolegio BV for the Dutch, Belgian and German market.
- Genovis moved to larger offices more suited for production and quality-control demands.
- Genovis took part in a number of conferences and expos.

Important events at the end of the period

Genovis financial plan for 2008 is delayed

In the fall of 2007 Genovis launched the first products through its website. The company has thereafter introduced the products on selected geographic markets through appointed distributors, and with an increasing number of orders and customers. In parallel there are ongoing discussions with potential partners interested in OEM and licensing of Genovis current products as well as those in the pipeline. Before these business activities are completed Genovis will not generate sufficient revenues to meet the previously stated ambition to reach positive cash-flow in 2008.

For the financing of the running operation and the further development of the intellectual property, additional capital is needed. The board has decided on a short-term bridge financing and to await the outcome of ongoing business discussions, and thereafter decide on form and scope of the most appropriate financing for the long-term and strategic development needs of Genovis.

The Board of Directors has decided, given the insecurity of our times and the financial unrest in the world, not to issue any projection for the immediate future.

Two novel products were launched within the Antibody Tools area of application.

IgGZero™

The first of its kind in the world: a protein that specifically cleaves the sugar molecules that naturally exist on antibodies. Removing the sugar molecules can improve the performance of the antibody in various applications. As another example, IgGZero™ can help wash away antibody molecules from primary cells.

FcDOCKER™

Binds specifically to the antibody. This protein is very useful in the antibody production process. Using FcDOCKER entails a gentler production process than competing methods and offers great technical and economic advantages.

Genovis entered into distribution agreements with Innovative Biotech Pte Ltd. in Singapore.

Innovative Biotech Pte Ltd was founded in 1994 and is a subsidiary of Rotary Engineering Limited. The company's main focus is sales and marketing of products in the medical, pharmaceutical, and biotech fields to universities, laboratories, and research institutions.

Comments from the CEO

During the period we have focused on expanding our line of products, while retaining and strengthening the projects in the pipeline without incurring increased expenses. We have further increased the number of sales channels via distributors and we will reach our objective for the year. At the same time we are conducting discussions with partners pertaining to the sale of OEM products and new product concepts in order to increase sales volumes over the long term.

We have effectively reorganized Genovis and now have an extremely well functioning team. The company has also moved to more appropriate premises, allowing us to offer our customers and future partners better quality and larger quantities in terms of production, as well as a support and development organization that continues to be extremely strong. Our internal development projects, *in vivo* projects for imaging and delivery, have made good progress during the period, which means that in the future we will focus on them internally and through external partnerships.

Genovis also pursues intensive development operations where the design and production of nano structures for the Life Science industry is the focus. We have started to commercialize our first products and pursue revenues from our accumulated R&D portfolio and hence the analysis of

advances and performance in relation to established goals is a mixture of concrete results and subjective evaluations.

The number of satisfied customers, order bookings, new customers, interested potential partners, and the commercial potential of our research projects are important measures of value. It is gratifying to see that

we succeeded in increasing all of them during the third quarter and that we have excellent prospects to continue doing so in the future.

Operations

Third quarter 2008

The Genovis product portfolio consists of nano-sized particles, a group of proteins, and the know-how to use them as effective research tools. Today, Genovis markets products in three different areas of application: imaging, biomolecule delivery, and antibody tools. Our customers include those who work with advanced research at pharmaceutical companies or within the academic research community.

Genovis has moved to new offices that are better suited for its production operations. The new offices were necessary for Genovis to carry out production and quality assurance on a larger scale. The company's move went according to plan and did not delay any ongoing projects. During this period, two client reference projects took place in the Netherlands, which resulted in an agreement with Biolegio for the exclusive right to sell and market Genovis products in Belgium and the Netherlands, and non-exclusive rights in Germany.

Genovis has continued the work initiated during the first and second quarters to establish sales channels via new distributors in Europe. Genovis marketed the technology at various industry-specific conferences and scientific meetings, including RNAi Europe in Stockholm, ScanLab in Copenhagen together with Nordic Biolabs, and BIOSPAIN '08 together with the Spanish distributor Teknokroma.

Genovis has made the organization in Lund more effective and adapted it to current priorities - product development, production, sales, and support.

Areas of Application

Imaging

Imaging, a market segment undergoing strong growth, is used by researchers for *in vivo* and *ex vivo* studies. In order to see what happens in a cell and to be able to follow the cell inside an animal model, the cell must be marked in some way. One method is to introduce magnetic nanoparticles into the cell, NIMT® FeOlabel, and then follow the cell using magnetic resonance imaging (MRI).

The objective is for customers to be able to use Genovis products from the first tests in test tubes to more advanced experiments in animal models (*in vivo*).

Biomolecule Delivery

There is a large market for technologies that deliver molecules (e.g., DNA or genes) into cells. One such technology is NIMT® FeOfection, which offers high efficiency and low toxicity compared with rival

products. RNAi is another field undergoing dramatic growth, where researchers are interested in technologies to silence gene activity in order to treat conditions such as viral infections, cardiovascular diseases, cancer, and metabolic diseases in the future. With its high efficiency and low toxicity, Genovis' NIMT®FeOfection is also extremely suitable for these studies.

Antibody Tools

FabRICATOR® is a genetically modified enzyme that cleaves antibodies into two parts, a Fab fragment and an Fc fragment. Unlike other technologies on the market, FabRICATOR cleaves all antibodies in a very short time in exactly the same place, and each antibody is only cleaved once.

FabRICATOR is also sold as a kit that allows customers to cleave and isolate pure Fab fragments in less than one hour, unlike other methods which may take up to twenty-four hours to achieve the same results.

Geographic Markets

The market for the products Genovis develops and markets is currently estimated at about USD 900 million. The North American market is the largest (approx. 40%), followed by the European market (30%), while the Asian market is the fastest growing geographic market.

During the first eight months of 2008 (up to September 30), Genovis signed five distributor agreements involving a total of 10 countries. Sellers have been trained and sales on the new markets have begun. The total number of incoming orders has increased and Genovis expects continued improvement during the fourth quarter.

Regions - third quarter

Europe

Nordic Biolabs is a leading supplier of products for medical research, diagnostics, microbiology, and transfusion drugs, and represents more than 40 strong suppliers and brands. Its customers are at labs, hospitals, and universities, as well as the pharmaceutical and biotech industries. Nordic Biolabs has initiated sales to customers.

Stratech Scientific Ltd, with headquarters in Suffolk, UK, is an efficient company that has provided competitive, high-quality, and reliable products to research laboratories in the UK and the rest of Europe for 25 years. Stratech initiated sales with customers during the third quarter.

Teknokroma is an international enterprise with 30 years of experience and a product portfolio consisting of more than 40,000 products. With a team of highly qualified chemists, pharmacists, and technicians, Teknokroma began sales during the third quarter.

Biolegio is a Dutch oligonucleotide synthesis company that was founded in 1996. With more than ten years in the industry, the company has extensive experience with oligonucleotide synthesis, and provides high-

quality DNA/RNA oligos, probes, and siRNA to hospitals, universities, and biotech companies in Europe. With its trained and well-educated team, Biolegio offers high quality and service. Biolegio will begin sales of Genovis products during the fourth quarter.

North America

Genovis is represented through its subsidiary Genovis Inc. and is now concentrating on expanding operations with local distributors and collaboration partners.

Asia

Di Biotech Ltd in Korea, the spin-off company of Pharmacia Biotech Korea, was founded in 2007 and is a pioneer and market leader on the Korean life science market. The company works with customers with a focus on three areas of research: genomics, molecule interaction, and cell imaging. The company has begun to work with customers, and Genovis expects an increase in incoming orders during the fourth quarter.

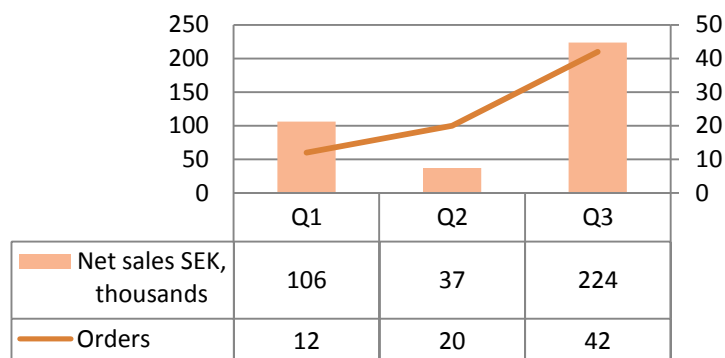
Product Launch

The planned launch of IgGZero™ and Fc Docker™ was postponed to the fourth quarter and Genovis is planning an additional product launch for this quarter.

Sales

Third quarter

Net sales during the third quarter amounted to KSEK 224 (0). During the quarter a distributor agreement was signed with Biolegio for Belgium, Germany, and the Netherlands. The distributor will begin sales of Genovis products in the fourth quarter, though it has already begun working with customers and generated revenue for Genovis during the third quarter. The rest of the company's revenue was primarily generated by its own sales of nanoparticles and proteins.



Net Result

Third Quarter

The operating loss during the third quarter was KSEK 4,257 (loss: 3,429). The increased operating expenses are mainly attributable to increased personnel costs.

Depreciation during the third quarter amounted to KSEK -229 (loss: 136) of which KSEK -136 (loss:136) were tangible assets and KSEK -93 (0) were intangible assets.

Loss after financial items was KSEK 4,271 (loss: 3,474). Deferred tax during the quarter totaled KSEK 1,226 (722)

Cash Flow and Financial Position

Third Quarter

Cash flow from operating activities was KSEK -3,738 (loss: 2,048). Cash flow from change in working capital was KSEK 273 (1,223). At the end of the period, cash and cash equivalents amounted to KSEK 512.

The Group's net investments during the period totaled KSEK 6 (412). Net investments included KSEK 6 (9) for tangible assets and KEK 0 (403) for intangible assets.

January - September

Cash flow from operating activities was KSEK -13,538 (loss: 8,662). Cash flow from change in working capital was KSEK -154 (loss: 986).

The Group's net investments during the period totaled KSEK 6 (5,023). Net investments included KSEK 6 (651) for tangible assets and KSEK 0 (4,372) for intangible assets.

Organization and Personnel

Genovis' Lund division is responsible for the centrally coordinated functions in the business and finance areas, as well as production, research and development, and customer sales support. The CEO and COO have overall responsibility for the Group's business

Genovis Inc. USA is responsible for sales and marketing in the US market.

The number of employees decreased during the third quarter by one full-time position. At the end of the period, the Group had eleven employees, ten in the parent company and one in the US, compared with ten employees in the parent company during the same period last year.

Other Information

Risks and Uncertainties

Genovis' general view of the financial risks that could affect operations have not changed since the description published in the most recent annual report. For a detailed overview of the company's financial risks please refer to page 41 of Genovis' 2007 annual report.

Warrants program

The company has issued 187,000 warrants for subscription. The warrant rights can be exercised for subscription of shares between February 28, 2012 and May 31, 2012. When all warrants are fully exercised, share capital will increase by a total of SEK 74,800 through the issue of 187,000 shares, with a par value of SEK 0.40. If the warrants are fully exercised, the new shares will constitute 1.7% of capital and votes.

Genovis shares are listed on the First North OMX Nordic Exchange. Mangold Fondkommission is our certified advisor and liquidity guarantor.

Parent company

Summary of consolidated income statement, SEK thousand

	2008	2007	2007
	Jan-Sept	Jan-Sept	Jan-Dec
Net sales	270	44	332
Work performed by the company for its own use and capitalized		203	232
Personnel costs	(5,939)	(3,342)	(5,394)
Other operating expenses	(7,668)	(4,574)	(6,652)
Depreciation of tangible and intangible assets	(651)	(365)	(574)
Total operating expenses	(14,258)	(8,034)	(12,056)
Net financial income/expense	(104)	(74)	171
Earnings after financial items	(14,092)	(8,108)	(11,885)
Deferred tax on profit for the period	3 946	2 018	3 307
Net profit/loss for the period	(10,146)	(6,090)	(8,578)

Summary of consolidated balance sheet, SEK thousand

	2008	2007	2007
	30 Sept	30 Sept	30 Dec
Assets			
Fixed assets	25 549	20 218	21 342
Current assets	576	209	608
Cash and bank balances	457	3 856	403
Total assets	26 582	24 283	22 353
Equity and liabilities			
Equity	23 808	21 892	19 399
Long-term liabilities	581	616	616
Accounts payable - trade	2 193	1 775	2 338
Total equity and liabilities	26 582	24 283	22 353

The Group was formed in Q3 2007 and therefore no comparative figures are presented for the Group.

Summary of consolidated income statement, SEK thousand

	Group	Parent	Group	Parent	Group
	2008	Company	2008	Company	2007
	Jan-Sep	Jan-Sep	July-Sept	July-Sept	Jan-Dec
Net sales	375	5	224	0	256
Other operating income	25	39	9	16	76
Raw materials and consumables	(684)	(595)	(279)	(328)	(857)
Work performed by the company for its own use and capitalized	0	203		100	232
Other external costs	(6,098)	(3,977)	(1,628)	(1,652)	(5,216)
Personnel costs	(6,867)	(3,342)	(2,332)	(1,428)	(5,643)
Depreciation of tangible and intangible assets	(666)	(365)	(229)	(136)	(576)
Other operating expenses	(55)	(2)	(22)	(1)	(327)
Total operating expenses	(14,370)	(8,078)	(4,490)	(3,445)	(12,388)
Operating profit/loss	(13,970)	(8,034)	(4,257)	(3,429)	(12,056)
Net financial income/expense	(110)	(74)	(14)	(45)	171
Earnings after financial items	(14,080)	(8,108)	(4,271)	(3,474)	(11,885)
Deferred tax on profit for the period	3 946	2 018	1 226	722	3 307
Net profit/loss for the period	(10,134)	(6,090)	(3,045)	(2,752)	(8,578)
Of which attributable to shareholders in Genovis AB	(10,134)	(6,090)	(3,045)	(2,752)	(8,578)

Share data

	Group	Parent	Group	Parent	Group
	2008	Company	2008	Company	2007
	Jan-Sep	Jan-Sep	July-Sept	July-Sept	Jan-Dec
Earnings per share, SEK	(0.93)	(0.70)	(0.27)	0.32	0.98
Shareholders' equity per share, SEK	2.19	2,51	2.65	2.51	2.23
Number of shares , period-end	10 886 233	8 708 987	10 886 233	8 708 987	8 708 987
Number of shares average	10 160 484	8 708 987	10 160 484	8 708 987	8 708 987
Share price at end of period	4.84	14.83	4.84	14.83	10.58

Summary of consolidated balance sheet, SEK thousand

	Group 2008 30 Sept	Parent Company 2007 30 Sept	Group 2007 31 Dec
Assets			
Fixed assets			
Capitalized expenditure for development	5 534	5 509	5 459
Patents and licens	4 764	4 279	4 305
Plant and machinery	1 797	2 321	2 203
Participation in group companies	0	0	
Deferred tax assets	13 344	8 109	9 398
Total fixed assets	25 439	20 218	21 365
Current assets			
Raw materials and consumables	106	0	85
Accounts receivable - trade	166	0	270
Other receivables	404	209	253
Cash and bank balances	512	3 856	491
Total current assets	1 188	4 065	1 099
Total assets	26 627	24 283	22 464
Equity and liabilities			
Equity	23 683	21 892	19 399
Long-term liabilities	581	616	616
Accounts payable - trade	2 363	1 775	2 449
Total equity and liabilities	26 627	24 283	22 464
Pledged assets		1000	1 000
Coningent liabilities	None	None	None

Changes to shareholders' equity, SEK thousand

	Group 2008 30 Sept	Parent Company 2007 30 Sept	Group 2007 31 Dec
Amount at start of period	19 399	27 981	27 977
New share issue	14 297	0	0
Premium for warrants	122	0	0
Exchange rate differences	(1)	0	0
Earnings for the period	(10,134)	(6,090)	(8,578)
Amount at end of period	23 683	21 891	19 398
Of which attributable to shareholders in Genovis AB	23 683	21 891	19 398

Summary of consolidated cash flow analysis, SEK thousands

	Group	Parent	Group	Parent	Parent
	2008	Company	2008	Company	Company
	Jan-Sept	Jan-Sept	July-Sept	July-Sept	Jan-Dec
Cash flow from operations	(13,384)	(7,676)	(4,011)	(3,271)	(12,055)
Change in working capital	(154)	(986)	273	1 223	(393)
Cash flow from current operations	(13,538)	(8,662)	(3,738)	(2,048)	(12,448)
Investment operations	(825)	(4,478)	(158)	132	(5,431)
Cash flow after investment operations	(14,363)	(13,140)	(3,896)	(1,916)	(17,879)
Financial operations	14 384	(1,352)	0	(1,287)	(66)
Cash flow for the period	21	(-14,492)	(3,896)	(3,203)	(17,945)
Cash and cash equivalents at the beginning of the year	491	18 348	4 408	7 059	18 349
Cash and cash equivalents at the end of the year	512	3 856	512	3 856	403

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 2007 annual report. For more information and a description of the accounting principles please see the 2007 annual report, which can be downloaded from the Genovis web site www.genovis.com or ordered from Genovis' headquarters.

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

Lund October 23, 2008

Genovis AB (publ.)

On behalf of the Board of Directors

Sarah Fredriksson, CEO and President

For additional information, please contact:

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Financial Calendar

2008 Year-End report February 26, 2009

Annual Meeting April 23, 2009

This interim report may be ordered from the company or downloaded at the Genovis web site.

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