Oasmia Pharmaceutical AB (publ)

Interim Report for the period May 1 – July 31 2009

CONTINUED FOCUS ON CLINICAL TRIALS

THE PERIOD IN BRIEF May – July 2009

- Net sales for the Group amounted to TSEK 24 657 (44 605)[1]
- Operating income amounted to TSEK 10 624 (24 124)
- Net income after tax amounted to TSEK 9 386 (24 129)
- Earnings per share amounted to SEK 0,28 (0,72 kr)
- Comprehensive income amounted to TSEK 9 386 (24 129)
- Oasmia announced a multi-year agreement for distribution of Paccal® Vet, a unique pharmaceutical for treatment of cancer in the USA and Canada.
- An Extraordinary General Meeting made a resolution to adopt the Board of Directors' proposal of new share issue with deviation from shareholders' preferential rights, and the Board's proposal of new share issue with shareholders' preferential rights.

EVENTS AFTER CLOSING DAY

- The new share issue with shareholders' preferential rights was fully subscribed.
- The new share issue with deviation from shareholders' preferential rights was ended without any subscriptions.

[1] The numbers in parentheses concerns results for the corresponding period previous year

BUSINESS ACTIVITIES

Oasmia is a pharmaceutical company based on the latest concepts within bio-organic chemistry. The main business idea is to improve the treatment of severe diseases. The primary development is within oncology and cytotoxic treatment. Oasmia has in-house production capacity for manufacture of pharmaceuticals for clinical trials. The company has developed a series of products based on existing active drug compounds in a new environment, which leads to completely new alternatives within treatment of cancer. These products provide Oasmia with a solid product portfolio within oncology, with several products in the clinical and pre-clinical phase.

Oasmia has two pharmaceutical candidates in clinical Phase III, Paclical® for humans and Paccal® Vet for animals. There are three more pharmaceutical candidates within human and veterinary medicine designed for cancer treatment.

The company employs 58 people, all placed in the company's office- research and production facility in Uppsala. Oasmia continues to recruit staff to strengthen all sections of the business.

KEY EVENTS DURING THE PERIOD

OASMIA HUMAN HEALTH

The on-going Phase III study on ovarian cancer has continued in the period. In the study, the company's pharmaceutical candidate Paclical® is compared to the well-known pharmaceutical Taxol®.

OASMIA ANIMAL HEALTH

The on-going Phase III study on mast cell tumors in dogs has continued in the period. In the study, Paccal® Vet is compared to CCNU (with the active substance Lomustine) with respect to response rate.

Oasmia announced that a distribution agreement had been closed with Abbott Laboratories for Paccal® Vet concerning the American and Canadian veterinary markets in July 2009. The agreement pertains to the marketing and distribution rights for the pharmaceutical candidate Paccal® Vet in the USA and Canada. Oasmia can, in accordance with the terms of the agreement, receive milestone payments of at most $19 million in total, where $5 million were received in July 2009. In addition, Oasmia will receive royalties on all sales. Oasmia will be responsible for clinical development, production and registration of the product and Abbott for the launch in the region.

THE COMPANY

Extraordinary General Meeting

On July 8, an Extraordinary General Meeting was held. A resolution was made to adopt the Board of Directors' proposal of a new share issue of at most 3 000 000 shares with deviation from shareholders' preferential rights and to adopt the Board's proposal of new share issue of 2 392 858 shares with shareholders' preferential rights. The main purpose was to strengthen the company balance sheet and thus ensure the continued on-going Phase III studies of Paclical® within human medicine and Paccal® Vet within veterinary medicine, as well as preclinical studies of other pharmaceutical candidates in the Oasmia product portfolio. The purpose was also to ensure the future commercial production of the company.

New share issue with deviation from shareholders' preferential rights

A limited number of investors and institutions will be eligible for subscription. The reason for deviation from shareholders' preferential rights is that the company wishes to tie new and more long-term investors to the company. It was decided that at most 3 000 000 share shall be issued. The issue price amounts to SEK 30 per share. A fully subscribed share issue will provide the company with MSEK 90 in issue payment, and the share capital will be increased with SEK 300 000. The subscription period for the private placement was extended in the latter half of July 2009.

New share issue with shareholders' preferential rights

The preferential rights issue guaranteed to 70,2% by the company's principal owner, Oasmia S.A., by a commitment to subscribe for shares by a set-off against an existing claim and by payment of issue price in cash. A resolution was made to issue at most 2 392 858 shares. Every share owned on the record day will entitle to one (1) subscription right. For subscription of one (1) new share in the company, fourteen (14) subscription rights are necessary. The issue price amounts to SEK 25 per share. A fully subscribed issue will provide the company with SEK 59 821 450 in issue payment, and the share capital will increase with SEK 239 285,80. The subscription period ended on August 24, 2009.

Stock list change

The stock list change process from NGM Equity to NASDAQ OMX, initiated in the fall of 2008, has intensified in the period. The reason for the list change is that Oasmia considers NASDAQ OMX to be a more suitable marketplace for the company shares. Oasmia also wishes to increase the interest in the company, increase the liquidity and thus a more effective price of the share and to attract new categories of shareholders.

EVENTS AFTER CLOSING DAY

Fully subscribed new share issue

The interest in the new share issue with shareholders' preferential rights which was completed on August 24, 2009 was high and the total volume of the issue was exceeded. In total, 2 392 858 shares were allocated and subscribed in the preferential rights issue and Oasmia received about MSEK 59,8 million before issue expenses. About 88,5 percent of the preferential rights issue was subscribed with subscription rights and about 11,5 percent without subscription rights. Payment for the shares subscribed by Oasmia S.A. in the preferential rights issue was in part made by an set off against current liability claims amounting to MSEK 28,7. Oasmia debt to Oasmia S.A. is thereby fully paid. After completion of the preferential rights issue the total number of shares in Oasmia amounts to 35 892 858 and the share capital to SEK 3 589 285,80. The principal owner's subscription rights for the MSEK 12,6 million subscription commitment, has by mistake been sold to the market by the principal owner's bank. As a result, the principal owner did not own these subscription rights when the subscription period ended and could not fulfill the commitment. Instead, the principal owner has made a subscription of shares to a value of MSEK 12,6 million without preferential rights in the issue, in addition to the subscription of MSEK 29,4 which was made with preferential rights.

Credit facility

The principal owner Oasmia S.A. has decided to make a credit facility amounting to MSEK 30 available to Oasmia. The credit facility is available for 12 months as of August 25 2009.

Termination of new share issue

Oasmia's private placement was terminated on August 28, 2009 without any subscriptions. The Board of Directors intends to return with a proposal of a new private placement in the fall.

FINANCIAL INFORMATION

Group Income Statement in summary

TSEK	2009 May-July	2008 May-July	2008/09 May-April
Net sales	24 657	44 605	79 357
Capitalized development cost	24 438	3 810	36 057
Operating income	10 624	24 124	-7 156
Net income after tax	9 386	24 129	-7 105
Earnings per share (SEK), before and after dilution	0,28	0,72	-0,21
Comprehensive income for the period	9 386	24 129	-7 105

Net sales

Net sales for the Group amounted to TSEK 24 657 (TSEK 44 605) and is mostly attributable to license revenues from recently closed license and distribution agreements, TSEK 23 065 (30 347). License revenues are uneven with respect to time, depending on agreement terms and closing dates. Additionally, the difference compared to the previous year is caused by lowered sales of parallel imported pharmaceuticals TSEK 1 501 (14 127).

Capitalized development cost

Capitalized development cost for the period consist of the parent company's venture in clinical Phase III trials. They increased in the first quarter to TSEK 24 438 (3 810) as clinical studies for both Paccal Vet and Paclical is very intense for the moment.

Costs

Costs for raw materials, consumables and gods for resale were reduced to TSEK 3 979 (13 415), mostly the result of reduced activity within parallel import.
Other external expenses amounted to TSEK 26 213 (4 873). Of these, TSEK 19 684 (1 548) are costs related to clinical Phase III studies and have been capitalized as development costs.
Employee benefit expenses increased to TSEK 7 404 (5 498). The number of employees was as of July 31, 2009 56 (44 as of July 31, 2008)

Net income after tax

Net income after tax amounted to TSEK 9 386 (24 129). The positive result is attributable to the license revenues in the period.

The business activities of the Group has not been affected by any seasonal variations or cyclic effects.

Change of operating segments

The parallel import conducted by the Group has meant that the pharmaceuticals have mainly been imported in EUR and then sold in SEK. In the fall of 2008 the SEK rate was significantly weakened compared to EUR and the business margins vanished. In 2009, no pharmaceuticals have been imported and the most part of the current inventory was sold off in the previous fiscal year. Clearance sales of the inventory has continued in the first quarter. Net sales amounted to TSEK 1 501 (14 127) and income for the period was TSEK -256 (757). At the end of the first quarter there was TSEK 1 358 (18 628) left in inventory. Parallel import was previously accounted for as an operating segment, but now it does not fulfill these criterias. This means that the Group, which previously accounted for two segments, does not have any operating segments anymore.

Financial position

Liquid assets for the Group amounted to TSEK 15 247 (28 146) as of July 31, 2009. Equity amounted to TSEK 70 593 (92 441) at the end of the period. The equity/assets ratio was 53% (85) and the debt/equity ratio was 34% (-) as of July 31, 2009. Debts to the principal owner Oasmia S.A. amounted to TSEK 31 000 (-) as of July 31.

Cash flow and Capital expenditures

Cash flow from operating activities amounted to TSEK 11 350 (25 714). In the period a license and distribution agreement was closed where Oasmia received $5 million, where $3 million were accounted for as a revenue in the first quarter and $2 million as a other non-current liability, as the latter is dependent on a future registration. The financing was provided by new loans from the principal owner Oasmia S.A. amounting to TSEK 14 457 (-). Capital expenditures amounted to TSEK 25 009 (4 036) where investments in intangible assets constitute TSEK 24 668 (3 841) and tangible assets TSEK 341 (195).

The Parent company

The Parent Company net sales amounted to TSEK 23 157 (30 478) and the income of financial items amounted to TSEK 9 737 (23 256). The parent liquid assets at the end of the period amounted to TSEK 15 242 (23 511).

Prospects

The company estimates that the market authorizations for Paccal® Vet and Paclical® will take place in the second half of 2010 and 2011 respectively.

The company is currently negotiating with several parties concerning license and distribution agreements for the company's product candidates. Oasmia aims to close at least one new essential license and distribution agreement in the period August 2009 – July 2010.

The company estimates that in the 12-month period following such a closing, net sales will increase significantly and the company will reach a positive operating income and cash flow.

The Board of Directors has stated that the debt/equity ratio should not exceed 12%. As of July 31 2009 it amounted to 34%. The Board estimates that the target will be reached in the current fiscal year, as a result of the preferential rights issue carried out in August 2009 and by the closing of another license and distribution agreement.

Key ratios and other information

	2009 May-July	2008 May-July	2008/09 May-April
Number of shares at the close of the period (in thousands), before and after dilution	33 500	33 375	33 500
Average number of shares (in thousands) before and after dilution	33 500	33 375	33 440
Earnings per share in SEK, before and after dilution	0,28	0,72	-0,21
Equity per share, SEK	2,10	2,77	1,82
Equity/assets ratio, %	53	85	63
Net liability, TSEK	24 130	-21 069	25 844
Debt/Equity ratio, %	34	-	42
Return on total assets, %	10	25	neg
Return on equity, %	14	31	neg
Number of employees at the end of the period	56	44	55

Definitions

Earnings per share, before and after dilution: The income for the period attributable to the equity holders of the parent company divided by a weighted average number of shares, before and after dilution.
Equity per share: Equity in comparison with the number of shares at the end of the period
Equity/assets ratio: Equity pertaining to the balance sheet total.
Net liability: Total borrowing (containing the balance sheet items Short-term and Long-term borrowings and liabilities to credit institutions) with deductions for liquid funds
Debt/Equity ratio: Net liability with respect to equity.
Return on total equity: Income for interest expenses pertaining to the average balance sheet total.
Return on equity: Income after financial items in relation to the average equity.

Consolidated Income statement

TSEK	Note	2009 May-July	2008 May-July	2008/09 May-April
Net sales		24 657	44 605	79 357
Capitalized development cost		24 438	3 810	36 057
Other operating income		-	224	224
Raw materials, consumables and goods for resale		-3 979	-13 415	-56 591
Other external expenses		-26 213	-4 873	-37 349
Employee benefit expenses		-7 404	-5 498	-25 658
Depreciation/amortization and impairment		-875	-729	-3 187
Other operating expenses		-	-	-9
Operating income		**10 624**	**24 124**	**-7 156**
Financial income		323	185	1 464
Financial expenses		-1 561	-180	-1 414
Financial items, net		**-1 238**	**5**	**50**
Income before taxes		**9 386**	**24 128**	**-7 106**
Taxes	2	0	0	0
Income for the period		**9 386**	**24 129**	**-7 105**
Income for the period attributable to:				
Equity holders of the Parent company		9 393	24 133	-7 095
Minority shareholding		-7	-4	-10
Earnings per share				
Before dilution, SEK		0,28	0,72	-0,21
After dilution, SEK		0,28	0,72	-0,21

Consolidated Statement of Comprehensive income

TSEK	2009 May-July	2008 May-July	2008/09 May-April
Income for the period	9 386	24 129	-7 105
Comprehensive income for the period	**9 386**	**24 129**	**-7 105**
Comprehensive income for the period attributable to:			
Equity holders of the Parent company	9 393	24 133	-7 095
Minority shareholding	-7	-4	-10
Comprehensive Earnings per share			
Before dilution, SEK	0,28	0,72	-0,21
After dilution, SEK	0,28	0,72	-0,21

Consolidated statement of financial position

TSEK	Note	2009-07-31	2008-07-31	2009-04-30
ASSETS				
Non-current assets				
Property, plant and equipment		19 539	18 857	19 858
Capitalized development cost		84 654	27 969	60 216
Other intangible assets		7 877	8 105	7 862
Financial assets		2	-	2
Total Non-current assets		**112 072**	**54 931**	**87 939**
Current assets				
Inventories		1 465	20 512	2 776
Trade receivables		159	2 049	2 337
Derivative instrument		-	-	231
Other current receivables		1 714	1 115	1 085
Prepaid expenses and accrued income		1 608	1 586	1 743
Liquid assets		15 247	28 146	988
Total Current assets		**20 192**	**53 407**	**9 161**
TOTAL ASSETS		**132 264**	**108 338**	**97 099**
EQUITY				
Equity attributed to equity holders in the Parent Company				
Share capital		3 350	3 338	3 350
Other capital provided		99 254	99 267	99 254
Retained earnings		-32 100	-10 256	-41 493
Total		**70 504**	**92 348**	**61 111**
Minority shareholding		89	93	95
Total equity		**70 593**	**92 441**	**61 207**
LIABILITIES				
Non-current liabilities				
Long-term borrowings		-	2 933	-
Other non-current liabilities	3	15 397	24	24
Deferred tax liabilities		7	8	7
Total Non-current liabilities		**15 404**	**2 965**	**31**
Current liabilities				
Liabilities to credit institutions		6 166	2 023	7 356
Short-term borrowings	4	33 211	2 121	19 476
Trade payables		1 313	2 955	3 025
Other current liabilities		1 235	3 101	1 538
Accrued expenses and prepaid income		4 341	2 732	4 465
Total Current liabilities		**46 267**	**12 932**	**35 861**
Total Liabilities		**61 671**	**15 897**	**35 892**
TOTAL EQUITY AND LIABILITIES		**132 264**	**108 338**	**97 099**
Contingent liabilities	5			
Pledged assets	5			

Consolidated statement of changes to shareholders' Equity

TSEK	Attributable to Equity holders in Parent company				
	Share capital	Other paid-up capital	Retained earnings	Minority shareholding	Total shareholders' equity
Opening balance as of May 1, 2008	**3 338**	**95 767**	**-34 389**	**97**	**64 812**
Comprehensive income for the period	-	-	24 133	-4	24 129
Shareholders' contribution received	-	3 500	-	-	3 500
Closing balance as of July 31, 2008	**3 338**	**99 267**	**-10 256**	**93**	**92 441**
Opening balance as of May 1, 2008	**3 338**	**95 767**	**-34 389**	**97**	**64 812**
Comprehensive income for the year	-	-	-7 095	-10	-7 105
Shareholders' contribution received	-	3 500	-	-	3 500
Shareholders' contribution refunded	-	-3 500	-	-	-3 500
New share issue	13	3 488	-	-	3 500
Change in Minority shareholding	-	-	-9	9	0
Closing balance as of April 30, 2009	**3 350**	**99 254**	**-41 493**	**95**	**61 207**
Opening balance as of May 1, 2009	**3 350**	**99 254**	**-41 493**	**95**	**61 207**
Comprehensive income for the period	-	-	9 393	-7	9 386
Closing balance as of July 31, 2009	**3 350**	**99 254**	**-32 100**	**89**	**70 593**

Consolidated Cash flow statement

TSEK	Note	2009 May-July	2008 May-July	2008/09 May-April
Operating activities				
Operating income		10 624	24 124	-7 156
Depreciation/amortization		875	729	3 187
Write-back/ Impairment of inventory		-	-	461
Disposals of intangible assets		-	-	9
Interest received		323	185	1 233
Interest paid		-1 330	-180	-1 414
Cash flow from operating activities before working capital changes		**10 493**	**24 857**	**-3 679**
Change in working capital				
Change in inventories		1 312	-1 390	15 884
Change in trade receivables		2 178	2 010	1 722
Change in other current receivables		-493	-212	-339
Change in trade payables		-1 712	-978	-908
Change in other current liabilities		-427	1 427	1 596
Cash flow from current operations		**11 350**	**25 714**	**14 276**
Investing activities				
Investments in intangible fixed assets		-24 668	-3 841	-36 495
Investments in property, plant and equipment		-341	-195	-3 014
Investments in financial assets		-	-	-2
Cash flow from investing activities		**-25 009**	**-4 036**	**-39 511**
Financing activities				
Increase in liabilities to credit institutions		-	-	2 115
Reduction in liabilities to credit institutions		-1 190	-3 218	-
Increase in non-current liabilities	3	15 373	-	-
New loans		14 457	-	16 543
Repayment of loans		-722	-692	-2 814
Cash flow from financing activities		**27 918**	**-3 910**	**15 845**
Cash flow for the period		**14 259**	**17 768**	**-9 390**
Cash and cash equivalents at the beginning of the period		**988**	**10 379**	**10 379**
Cash and cash equivalents at the end of the period		**15 247**	**28 146**	**988**

Parent Company Income statement

TSEK	Note	2009 May-July	2008 May-July	2008/09 May-April
Net sales		23 157	30 478	30 890
Capitalized development cost		24 438	3 810	36 057
Other operating income		125	224	724
Raw materials, consumables and goods for resale		-2 571	-508	-6 098
Other external expenses		-26 112	-4 667	-36 474
Employee benefit expenses		-7 404	-5 498	-25 658
Depreciation/amortization and impairment of property, plant, equipment and intangible assets		-818	-672	-2 960
Operating income		**10 814**	**23 166**	**-3 519**
Profit from participations in Group companies	6	-150	-	-5 000
Other interest revenues and similar revenues		323	185	1 227
Interest cost and similar costs		-1 250	-95	-842
Financial items, net		**-1 077**	**90**	**-4 615**
Income after financial items		**9 737**	**23 256**	**-8 134**
Taxes	2	-	-	-
Income for the period		**9 737**	**23 256**	**-8 134**

Parent Company Balance Sheet

TSEK	Note	2009-07-31	2008-07-31	2009-04-30
ASSETS				
Non-current assets				
Intangible fixed assets				
Capitalized development cost		84 654	27 969	60 216
Concessions, patents, licenses, trademarks and similar rights		7 223	7 233	7 151
Property, plant and equipment				
Equipment, tools, fixtures and fittings		19 539	18 857	19 858
Financial assets				
Participations in group companies		2 118	2 118	2 118
Receivables from group companies		4	-	-
Other securities held as non-current assets		1	-	1
Total Non-current assets		**113 539**	**56 176**	**89 344**
Current assets				
Inventories				
Raw materials and consumables		106	1 883	85
		106	1 883	85
Current receivables				
Trade receivables		-	-	101
Receivables from group companies	4	-	19 325	-
Other current receivables		1 807	1 061	1 052
Prepaid expenses and accrued income		1 487	1 371	1 536
		3 294	21 756	2 689
Cash and bank balances		15 242	23 511	975
Total current assets		**18 643**	**47 151**	**3 750**
TOTAL ASSETS		**132 182**	**103 327**	**93 094**
EQUITY AND LIABILITIES				
Equity				
Restricted equity				
Share capital		3 350	3 338	3 350
Statutory reserve		4 620	4 620	4 620
		7 970	7 958	7 970
Non-restricted equity				
Share premium reserve		99 254	95 767	99 254
Retained earnings		-44 628	-32 995	-36 495
Income for the period		9 737	23 256	-8 134
		64 363	86 028	54 626
Total equity		**72 333**	**93 986**	**62 596**
Non-current liabilities				
Long-term borrowings		-	2 933	-
Other non-current liabilities	3	15 373	-	-
Total non-current liabilities		**15 373**	**2 933**	**0**
Current liabilities				
Short term borrowings	4	33 211	2 121	19 476
Trade payables		626	719	1 697
Liabilities to group companies	4	5 247	-	3 808
Other current liabilities		1 057	835	1 059
Accrued expenses and prepaid income		4 334	2 732	4 458
Total Current liabilities		**44 476**	**6 408**	**30 498**
TOTAL EQUITY AND LIABILITIES		**132 182**	**103 327**	**93 094**
Contingent liabilities and pledged assets				
Contingent liabilities	5	8 000	8 000	8 000
Pledged assets	5	-	-	1 500

Change in shareholders' equity Parent Company

TSEK	Share capital	Statutory reserve	Non-restricted equity	Total equity
Opening balance as of May 1, 2008	**3 338**	**4 620**	**59 272**	**67 229**
Shareholders' contribution received	-	-	3 500	3 500
Income for the period	-	-	23 256	23 256
Closing balance as of July 31, 2008	**3 338**	**4 620**	**86 028**	**93 986**
Opening balance as of May 1, 2008	**3 338**	**4 620**	**59 272**	**67 229**
Shareholders' contribution received	-	-	3 500	3 500
Shareholders' contribution refunded	-	-	-3 500	-3 500
New share issue	13	-	3 488	3 500
Income for the year	-	-	-8 134	-8 134
Closing balance as of April 30, 2009	**3 350**	**4 620**	**54 626**	**62 596**
Opening balance as of May 1, 2009	**3 350**	**4 620**	**54 626**	**62 596**
Income for the period	-	-	9 737	9 737
Closing balance as of July 31, 2009	**3 350**	**4 620**	**64 363**	**72 333**

Note 1 Accounting policies

This interim report is established in accordance with IAS 34, Interim Reporting and the Securities market Act. The Group accounts for the Oasmia AB group has been established in accordance with the International Financial Reporting Standards (IFRS) such as they have been adopted by the EU and interpretations of International Financial Reporting Interpretation Committee (IFRIC) RFR 1.2, Complementary accounting regulations for Groups and the Annual Accounts Act. The Parent Company accounts are established in accordance with RFR 2.2, Accounting for legal entities and the Annual Accounts Act. The Group and Parent company accounting policies and calculation methods are unchanged compared to the ones described in the Annual Report May 1 2008 – April 30 2009, with the following exceptions for new accounting standards applied as of May 1, 2009:

Revised IAS 1, Presentation of Financial statements
The edit means that the company establishes a statement of comprehensive income, in which transactions not affecting shareholders are accounted for separately from other changes in equity. Oasmia has chosen to present the comprehensive income statement in a separate disposition, which is accounted for directly after the consolidated income statement. Another change is that new designations for the financial reports can be used. These are not compulsory, but Oasmia has nevertheless chosen to use new designations.

IFRS 8 Operating segments.
The standard replaces the previous IAS 14, segment reporting. IFRS 8 has not caused any change in definitions of Oasmia's segments. However, the business activity parallel import has during the period been reduced to such a degree that the activity no longer constitute a segment. It also means that the group, which previously accounted for two segments, no longer has any operating segments.

Note 2 Taxes

As the Group has accumulated operating deductions amounting to TSEK 70 620 (48 900) and the Parent Company deductions amounting to TSEK 63 684 (47 289), no tax expenditures for the period are accounted for. Of the total deficit deductions for the Group, TSEK 17 881 (17 881) are restricted for use through group contributions. This limitation will end by the 2014 tax assessment. The future tax effect concerning these operating deductions has not been marked with a value and no deferred tax asset has been considered in the Balance Sheet.

Note 3 Other non-current liabilities

Of the total accounted for as Other non-current liabilities, TSEK 15 397 (24), TSEK 15 37 (-) are prepaid income attributable to the license and distribution agreement closed in July 2009. According to the agreement, $2 million of the $5 million received in a milestone payment, may be refunded if Oasmia has not obtained market authorization for Paccal® Vet before May 1, 2014.

Note 4 Transactions with related parties

Essential transactions with related parties are disclosed below.
The company has in the period raised new loans from the principal owner Oasmia S.A. amounting to TSEK 14 457 (-). Altogether the debt as of July 31, 2009 amounts to TSEK 31 000 (-). The loans carries an interest of 5%. At an extraordinary general meeting on July 8, 2009, a resolution of a new share issue was made where Oasmia S.A. has the right to pay for newly issued shares in part by a set off against this claim.
Oasmia's debt to the subsidiary Qdoxx Pharma AB amounted as of the balance day to TSEK 5 247 (as of July 31, 2008 a claim of TSEK 19 325 existed). Oasmia has in the interim period made a group contribution to Qdoxx Pharma AB of TSEK 150 (-). Se also note 6.

Note 5 Contingent liabilities and Assets pledged

The subsidiary Qdoxx Pharma AB carries a running bank credit of at most TSEK 5 500, against pledged trade receivables, and an approved bank overdraft of at most TSEK 2 500. The parent company has a general guarantee commitment towards the bank amounting to TSEK 8 000 for the benefit of the subsidiary Qdoxx Pharma AB.

Note 6 Participations in group companies

Oasmia has in the interim period made a group contribution to the wholly owned subsidiary Qdoxx Pharma AB amounting to TSEK 150 (-), which is accounted for as a shareholder contribution and increases the value of Participations in group companies. Impairments have been made corresponding to the group contributions as the purpose of the group contribution was to cover the loss of Qdoxx Pharma AB. The impairments are accounted for in the parent company income statement in the item Income from participation in group companies.

Note 7 Risk factors

The group is subjected to a number of different risks through its business. By creating awareness of the risks involved in the activities can these be limited, controlled and managed and at the same time as business opportunities can be utilized to increase revenues. The risks of Oasmia's business can be separated into operational risks and financial risks. The operative risks are constituted in part by risks which exists in the business branch where Oasmia is active and in part by company specific risks. These are described in the administration report on the pages 33-36 in the Annual Report for the fiscal year May 1 2008 – April 30, 2009. Financial risks, such as market risk, credit risk, liquidity risk and capital risk are described more in detail on pages 48-49 in the Annual report for the fiscal year May 1 2008 – April 30 2009.

The Board of Directors and CEO of Oasmia Pharmaceutical AB ensures that this Interim report gives a correct overview of the Parent Company and Group activities, position and result and describes essential risks and uncertainty factors that the Parent Company and the companies that are part of the Group faces.

Uppsala, September 10, 2009

Bo Cederstrand, Chairman

Claes Piehl, Member

Peter Ström, Member

Julian Aleksov, Member and Chief Executive Officer

The information in this Interim report is such that Oasmia Pharmaceutical (publ) must publish according to the code of trade in financial instruments. The information was delivered for publication on September 10 at 12.00 CET.

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

COMPANY INFORMATION

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UPCOMING REPORT DATES

Interim report May – October 2009	2009-12-10
Interim report May 2009 – January 2010	2010-03-11
Year-end report May 2009 – April 2010	2010-06-10
Annual report May 2009 – April 2010	2010-08-26