Oasmia Pharmaceutical AB (publ)

Interim report for the period May 1 – Oct 31, 2009

THE NEXT PHARMACEUTICAL CANDIDATE, DOXOPHOS VET, ENTERS CLINICAL PHASE

THE PERIOD IN BRIEF May – Oct 2009

- Net sales for the group amounted to TSEK 24 911 (59 785)[1]
- Operating income amounted to TSEK 1 905 (16 993)
- Net income after tax amounted to TSEK 21 (17 086)
- Earnings per share amounted to SEK 0,00 (SEK 0,51)
- Comprehensive income amounted to TSEK 21 (17 086)
- Oasmia and Abbott Laboratories announced a multi-year agreement for distribution of Paccal® Vet for treatment of cancer in dogs in the USA and Canada.
- Patient enrollment for a pivotal international Phase III study with the pharmaceutical candidate Paccal® Vet was successfully completed.
- A new share issue with preferential rights for current shareholders was made and was fully subscribed.

THE SECOND QUARTER Aug - Oct 2009

- Net sales for the group amounted to TSEK 253 (15 180)
- Operating income amounted to TSEK -8 719 (-7 131)
- Net income after tax amounted to TSEK -9 365 (-7 042)
- Earnings per share amounted to TSEK -0,27 (-0,21 kr)
- Comprehensive income amounted to TSEK -9 365 (-7 042)

EVENTS AFTER CLOSING DAY

- The pharmaceutical candidate Doxophos Vet enters clinical phase after promising preclinical study results. The clinical program is planned to start in the beginning of 2010.
- A private placement for a limited number of institutional investors and other larger investors was carried out and was fully subscribed.

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

KEY EVENTS DURING THE PERIOD

OASMIA HUMAN HEALTH

The on-going international 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®. The study comprises 75 clinics in 17 countries and is expected to enroll 650 patients.

OASMIA ANIMAL HEALTH

In October, the enrollment of patients for the pivotal international Phase III study was completed. The study investigates how well dogs with mast cell tumors respond to treatment with Paccal® Vet compared to treatment with the drug CCNU (active substance lomustine). In total, 243 dogs were enrolled and it has involved 26 clinics in seven European Countries and the USA.

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 MUSD in total, where 5 MUSD 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. According to the terms, Oasmia may be liable to repay 2 MUSD of the 5 MUSD received in July 2009. Oasmia will be liable for repayment if the company does not obtain a marketing authorization before May 1, 2014.

THE COMPANY

New share issue with preferential rights

In August, the company carried out a new share issue with preferential rights for current shareholders. The share issue was fully subscribed and the number of shares increased with 2 392 858 to 35 892 858 and the share capital with SEK 239 285,80 to SEK 3 589 285,80. The share issue provided the company with SEK 59 821 450,00 in issue payment before issue expenses.

Annual General Meeting 2009

On September 25, 2009, the company held the Annual General Meeting for the fiscal year 2008/2009. The Balance Sheet and Income statement were adopted and the Board of Directors and CEO were discharged of liability. All Members of the Board were re-elected and Bo Cederstrand was re-elected as Chairman of the Board. The Meeting also established guidelines for remuneration to senior managers and remuneration to the Board and Auditors. The Meeting made a resolution to authorize the Board to, up until the next Annual General Meeting, make resolutions of one or more issues of new shares or convertibles against payment in cash and/or provision in kind or offset. The total number of shares issued by the authorization may not exceed 3 000 000 shares. The total number of convertibles issued by the authorization may not exceed the number of convertibles which entitles conversion to 3 000 000 shares.

Stock list change

The process of changing stock list from NGM Equity to NASDAQ OMX continues. The purpose of the stock list change is that the company considers NASDAQ OMX to be a more suitable marketplace for the company share, to increase the interest in the company, to improve liquidity and share price, and attract new categories of shareholders.

EVENTS AFTER CLOSING DAY

Doxophos® Vet enters clinical phase
Oasmia's pharmaceutical candidate Doxophos Vet, for treatment of cancer in dogs, enters clinical phase after showing promising results in preclinical studies. The clinical program is expected to start in the beginning of 2010. Doxophos Vet, developed by Oasmia, is a unique nanoparticle formulation of the substance doxorubicin. Doxorubicin is used today to for treatment of breast cancer, lymphoma and lung cancer within human medicine. Treatment with doxorubicin entails a significant risk of untreatable and in some cases lethal heart diseases, especially the heart muscle disease cardiomyopathy, both in humans and animals. Results from preclinical studies with Doxophos Vet has shown a reduced cardiotoxic effect compared to treatment with other pharmaceuticals containing the corresponding dose doxorubicin (Adriamycin®).

As a result of a more dose intense treatment, Doxophos Vet is likely to have an increased effect compared to regular doxorubicin. A formulation which can be given in a higher dose with fewer side effects is in high demand on the veterinary market.

Private placement
In November, the company carried out a private placement for a limited circle of institutional parties and other larger investors. The share issue was fully subscribed and the number of shares increased with 1 720 000 to 37 612 858 and the share capital with SEK 172 000 to SEK 3 761 285,80. The share issue provided the company with SEK 43 000 000 before issue expenses.

FINANCIAL PROSPECTS

The company are negotiating with several parties concerning license and distribution agreements for other indications an geographical markets and for the company's other product candidates. The aim is to close at least one such license and distribution agreement by August 2010 at the latest. Such an agreement has not been closed in the period.

The company estimates that in the twelve-month period starting when such an agreement is signed, the net turnover will increase significantly and a positive operating income and cash flow as a result of the closing of further essential license and distribution agreements.

A financial goal of the Board is that the company's debt/equity ratio may not exceed 12 %. At the end of the period the debt/equity ratio was 0 %.

A financial goal of the Board is that the company shall in the long term keep a liquidity reserve of unused bank credits of at least five percent of the company's annual sales. At the end of the period this goal was achieved with a wide margin.

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 as of October 31, 60 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.

FINANCIAL INFORMATION

Consolidated Income Statement in brief

TSEK	2009 Aug-Oct	2008 Aug-Oct	2009 May-Oct	2008 May-Oct	2008/09 May-April
Net sales	253	15 180	24 911	59 785	79 357
Capitalized development cost	20 331	9 284	44 768	13 094	36 057
Operating income	-8 719	-7 131	1 905	16 993	-7 156
Net income after tax	-9 365	-7 042	21	17 086	-7 105
Earnings per share (SEK), before and after dilution	-0,27	-0,21	0,00	0,51	-0,21
Comprehensive income for the period	-9 365	-7 042	21	17 086	-7 105

Net sales

Net sales in the period amounted to TSEK 24 911 (TSEK 59 785) and consisted mostly of license revenues from a recently closed license and distribution agreement, TSEK 23 065 (30 347). The reduced net sales is mostly a result of a reduction in sales of parallel imported pharmaceuticals, TSEK 1 577 (29 222).

For the second quarter net sales amounted to TSEK 253 (15 180). It consisted of compassionate sales of pharmaceuticals, TSEK 177 (85) and sales of parallel imported pharmaceuticals TSEK 76 (15 095).

Capitalized development cost

Capitalized development cost for the period consist of the parent company's venture in clinical Phase III trials. They amounted in the period to TSEK 44 768 (13 094). The significant increase is the result of that the clinical studies for both Paccal® Vet and Paclical® are very intense for the moment.

For the second quarter capitalized development cost amounted to TSEK 20 331 (9 284).

Operating expenses

The expenses for the Group has been significantly affected as a result of that the parallel import has ceased and that the business activity is now completely dominated by development of the self-developed pharmaceuticals and the continued expansion of this activity.

Raw materials, consumables and goods for resale were reduced to TSEK 6 961 (27 357) in the period. In the second quarter, they amounted to TSEK 2 982 (13 941). The reduced costs is completely attributable to the reduced parallel import. In the second quarter an impairment of the inventory within parallel import was made with TSEK 238 (-) to correspond to the estimated net realizable value of the inventory.

The intensified development activity, mostly in clinical trials, resulted in that Other external expenses increased significantly in the period, as they amounted to TSEK 45 197 (16 159). Of these, TSEK 35 977 (7 531) are expenses for clinical Phase III studies and have been capitalized as development costs. In the second quarter Other external expenses amounted to TSEK 18 984 (11 286).

The number of employees increased in the period from 55 to 60 (53) and Employee benefit expenses amounted to TSEK 13 857 (11 101). For the second quarter, Employee benefit expenses amounted to TSEK 6 453 (5 603).

Net income after tax

Net income after tax amounted to TSEK 21 (17 086) for the period. The reduced income is mostly attributable to reduced license revenues. Net income after tax for the second quarter amounted to TSEK -9 365 (-7 042).

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

Financial position

The consolidated liquid assets amounted to TSEK 7 780 (11 965) as of October 31, 2009. Equity at the end of the period amounted to TSEK 118 028 (85 398). The new share issue with preferential rights carried out in the second quarter resulted in an increase of the equity with TSEK 56 800. As of October 31 2009, the equity/assets ration was 82% (82) and the debt/equity ratio was 0 % (0).

Cash flow and Capital expenditures

Cash flow from operating activities amounted to TSEK 3 101 (17 934) for the period. A license and distribution agreement was closed in the period where Oasmia received 5 MUSD.

Capital expenditures for the period amounted to TSEK 45 597 (14 922) where investments in intangible assets comprised TSEK 44 999 (13 514) and investment in property, plant and equipment TSEK 599 (1 408).

In the financing activities, 2 MUSD, TSEK 15 373, of the 5 MUSD received in connection to the closing of the licensing and distribution agreement in the period, are accounted for as an increase of Other non-current liabilities (see note 4). The financing was in all other respects comprised of the new share issue with preferential rights which was carried out in the second quarter. The part in cash of this new share issue amounted to TSEK 28 062 after issue expenses. The remaining part of the new share issue, TSEK 28 739, consisted of an set off of the debt to the principal owner Oasmia S.A, from which loans amounting to TSEK 14 457 had been newly raised in the first quarter (see note 5).

The Parent company

The Parent company net sales amounted to TSEK 23 334 (30 563) for the period and income after financial items amounted to TSEK 414 (14 818). The Parent company liquid assets amounted to TSEK 7 774 (11 946) at the end of the period.

Key ratios and other information

	2009 Aug-Oct	2008 Aug-Oct	2009 May-Oct	2008 May-Oct	2008/09 May-April
Number of shares at the close of the period (in thousands), before and after dilution*	35 893	33 735	35 893	33 735	33 735
Average number of shares (in thousands) before and after dilution*	34 861	33 621	34 298	33 615	33 674
Earnings per share in SEK, before and after dilution*	-0,27	-0,21	0,00	0,51	-0,21
Equity per share, SEK	3,29	2,53	3,29	2,53	1,81
Equity/assets ratio, %	82	82	82	82	63
Net liability, TSEK	-3 737	-2 403	-3 737	-2 403	25 844
Debt/Equity ratio, %	0	0	0	0	42
Return on total assets, %	neg	neg	2	18	neg
Return on equity, %	neg	neg	0	23	neg
Number of employees at the end of the period	60	53	60	53	55

*Recalculation of historical values has been made with respect to capitalization issue elements in the preferential rights share issue carried out in the second quarter 2009.

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 Aug-Oct	2008 Aug-Oct	2009 May-Oct	2008 May-Oct	2008/09 May-April
Net sales		253	15 180	24 911	59 785	79 357
Capitalized development cost		20 331	9 284	44 768	13 094	36 057
Other operating income		-	-	-	224	224
Raw materials, consumables and goods for resale		-2 982	-13 941	-6 961	-27 357	-56 591
Other external expenses		-18 984	-11 286	-45 197	-16 159	-37 349
Employee benefit expenses		-6 453	-5 603	-13 857	-11 101	-25 658
Depreciation/amortization and impairment		-884	-765	-1 759	-1 494	-3 187
Other operating expenses		-	-	-	-	-9
Operating income		**-8 719**	**-7 131**	**1 905**	**16 993**	**-7 156**
Financial income		1	282	324	467	1 464
Financial expenses		-647	-194	-2 208	-374	-1 414
Financial items, net		**-646**	**88**	**-1 884**	**93**	**50**
Income before taxes		**-9 365**	**-7 043**	**21**	**17 086**	**-7 106**
Taxes	2	0	0	0	0	0
Income for the period		**-9 365**	**-7 042**	**21**	**17 086**	**-7 105**
Income for the period attributable to:						
Equity holders of the Parent company		-9 364	-7 041	29	17 092	-7 095
Minority shareholding		-2	-2	-8	-6	-10
Earnings per share						
Before dilution, SEK		-0,27	-0,21	0,00	0,51	-0,21
After dilution, SEK		-0,27	-0,21	0,00	0,51	-0,21

Consolidated Statement of Comprehensive income

TSEK	Note	2009 Aug-Oct	2008 Aug-Oct	2009 May-Oct	2008 May-Oct	2008/09 May-April
Income for the period		-9 365	-7 042	21	17 086	-7 105
Comprehensive income for the period		**-9 365**	**-7 042**	**21**	**17 086**	**-7 105**
Comprehensive income for the period attributable to:						
Equity holders of the Parent company		-9 364	-7 041	29	17 092	-7 095
Minority shareholding		-2	-2	-8	-6	-10
Comprehensive Earnings per share						
Before dilution, SEK		-0,27	-0,21	0,00	0,51	-0,21
After dilution, SEK		-0,27	-0,21	0,00	0,51	-0,21

Consolidated statement of financial position

TSEK	Note	2009-10-31	2008-10-31	2009-04-30
ASSETS				
Non-current assets				
Property, plant and equipment		19 131	19 517	19 858
Capitalized development cost		104 985	37 253	60 216
Other intangible assets		7 659	8 282	7 862
Financial assets		2	-	2
Total Non-current assets		**131 777**	**65 052**	**87 939**
Current assets				
Inventories	3	1 130	21 008	2 776
Trade receivables		5	3 134	2 337
Derivative instrument		-	-	231
Other current receivables		1 456	1 410	1 085
Prepaid expenses and accrued income		1 434	1 353	1 743
Liquid assets		7 780	11 965	988
Total Current assets		**11 806**	**38 870**	**9 161**
TOTAL ASSETS		**143 583**	**103 922**	**97 099**
EQUITY				
Equity attributed to equity holders in the Parent Company				
Share capital		3 589	3 350	3 350
Other capital provided		155 815	99 254	99 254
Retained earnings		-41 463	-17 296	-41 493
Total		**117 941**	**85 308**	**61 111**
Minority shareholding		87	91	95
Total equity		**118 028**	**85 398**	**61 207**
LIABILITIES				
Non-current liabilities				
Long-term borrowings		-	2 933	-
Other non-current liabilities	4	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		2 561	5 208	7 356
Short-term borrowings	5	1 482	1 422	19 476
Trade payables		1 614	3 847	3 025
Other current liabilities		1 143	2 617	1 538
Accrued expenses and prepaid income		3 351	2 465	4 465
Total Current liabilities		**10 151**	**15 558**	**35 861**
Total Liabilities		**25 555**	**18 523**	**35 892**
TOTAL EQUITY AND LIABILITIES		**143 583**	**103 922**	**97 099**
Contingent liabilities	6			
Pledged assets	6			

Consolidated statement of changes to shareholders' Equity

TSEK	Share capital	Other paid-up capital	Retained earnings	Minority shareholding	Total share-holders' equity
	Attributable to Equity holders in Parent company				
Opening balance as of May 1, 2008	**3 338**	**95 767**	**-34 389**	**97**	**64 812**
Comprehensive income for the period	-	-	17 092	-6	17 086
Shareholders' contribution received	-	3 500	-	-	3 500
Shareholders' contribution refunded	-	-3 500	-	-	-3 500
New share issue	13	3 488	-	-	3 500
Closing balance as of October 31, 2008	**3 350**	**99 254**	**-17 296**	**91**	**85 398**
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	-	-	29	-8	21
New share issue	239	59 582	-	-	59 821
Issue expenses	-	-3 021	-	-	-3 021
Closing balance as of October 31, 2009	**3 589**	**155 815**	**-41 463**	**87**	**118 028**

Consolidated Cash flow statement

TSEK	Note	2009 Aug-Oct	2008 Aug-Oct	2009 May-Oct	2008 May-Oct	2008/09 May-April
Operating activities						
Operating income		-8 719	-7 131	1 905	16 993	-7 156
Depreciation/amortization		884	765	1 759	1 494	3 187
Impairment of inventory	3	238	-	238	-	461
Disposals of intangible assets		-	-	-	-	9
Interest received		1	282	324	467	1 233
Interest paid		-551	-194	-1 881	-374	-1 414
Cash flow from operating activities before working capital changes		**-8 148**	**-6 277**	**2 345**	**18 580**	**-3 679**
Change in working capital						
Change in inventories		96	-496	1 408	-1 886	15 884
Change in trade receivables		154	-1 085	2 332	925	1 722
Change in other current receivables		431	-62	-62	-274	-339
Change in trade payables		301	892	-1 412	-86	-908
Change in other current liabilities		-1 082	-751	-1 509	676	1 596
Cash flow from current operations		**-8 249**	**-7 779**	**3 101**	**17 934**	**14 276**
Investing activities						
Investments in intangible fixed assets		-20 331	-9 673	-44 999	-13 514	-36 495
Investments in property, plant and equipment		-258	-1 214	-599	-1 408	-3 014
Investments in financial assets		-	-	-	-	-2
Cash flow from investing activities		**-20 589**	**-10 887**	**-45 597**	**-14 922**	**-39 511**
Financing activities						
Increase in liabilities to credit institutions		-	3 185	-	-	2 115
Reduction in liabilities to credit institutions		-3 605	-	-4 795	-33	-
Increase in non-current liabilities	4	-	-	15 373	-	-
New share issue		31 083	-	31 083	-	-
Issue expenses		-3 021	-	-3 021	-	-
New loans	5	-	-	14 457	-	16 543
Amortization of loans		-3 086	-700	-3 808	-1 392	-2 814
Cash flow from financing activities		**21 370**	**2 485**	**49 288**	**-1 425**	**15 845**
Cash flow for the period		**-7 467**	**-16 181**	**6 792**	**1 586**	**-9 390**
Cash and cash equivalents at the beginning of the period		**15 247**	**28 146**	**988**	**10 379**	**10 379**
Cash and cash equivalents at the end of the period		**7 780**	**11 965**	**7 780**	**11 965**	**988**

Parent Company Income statement

TSEK	Note	2009 Aug-Oct	2008 Aug-Oct	2009 May-Oct	2008 May-Oct	2008/09 May-April
Net sales		177	85	23 334	30 563	30 890
Capitalized development cost		20 331	9 284	44 768	13 094	36 057
Other operating income	5	0	-	125	224	724
Raw materials, consumables and goods for resale		-2 585	-638	-5 156	-1 146	-6 098
Other external expenses		-18 888	-11 048	-45 000	-15 716	-36 474
Employee benefit expenses		-6 453	-5 603	-13 857	-11 101	-25 658
Depreciation/amortization and impairment of property, plant, equipment and intangible assets		-827	-708	-1 645	-1 380	-2 960
Operating income		**-8 245**	**-8 628**	**2 569**	**14 538**	**-3 519**
Profit from participations in Group companies	7	-500	-	-650	-	-5 000
Other interest revenues and similar revenues		1	282	324	467	1 227
Interest cost and similar costs		-579	-93	-1 829	-188	-842
Financial items, net		**-1 078**	**189**	**-2 155**	**279**	**-4 615**
Income after financial items		**-9 324**	**-8 439**	**414**	**14 818**	**-8 134**
Taxes		-	-	-	-	-
Income for the period		**-9 324**	**-8 439**	**414**	**14 818**	**-8 134**

Parent Company Balance Sheet

TSEK	Note	2009-10-31	2008-10-31	2009-04-30
ASSETS				
Non-current assets				
Intangible fixed assets				
Capitalized development cost		104 985	37 253	60 216
Concessions, patents, licenses, trademarks and similar rights		7 062	7 467	7 151
Property, plant and equipment				
Equipment, tools, fixtures and fittings		19 131	19 517	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		**133 301**	**66 355**	**89 344**
Current assets				
Inventories				
Raw materials and consumables		94	2 616	85
		94	2 616	85
Current receivables				
Trade receivables		-	106	101
Receivables from group companies	5	-	11 325	-
Other current receivables		1 385	1 355	1 052
Prepaid expenses and accrued income		1 372	1 261	1 536
		2 757	14 047	2 689
Cash and bank balances		7 774	11 946	975
Total current assets		**10 625**	**28 609**	**3 750**
TOTAL ASSETS		**143 926**	**94 963**	**93 094**
EQUITY AND LIABILITIES				
Equity				
Restricted equity				
Share capital		3 589	3 350	3 350
Statutory reserve		4 620	4 620	4 620
		8 209	7 970	7 970
Non-restricted equity				
Share premium reserve		155 815	99 254	99 254
Retained earnings		-44 628	-36 495	-36 495
Income for the period		414	14 818	-8 134
		111 600	77 577	54 626
Total equity		**119 810**	**85 547**	**62 596**
Non-current liabilities				
Long-term borrowings		-	2 933	-
Other non-current liabilities	4	15 373	-	-
Total non-current liabilities		**15 373**	**2 933**	**0**
Current liabilities				
Short term borrowings	5	1 482	1 422	19 476
Trade payables		1 589	1 641	1 697
Liabilities to group companies	5	1 186	-	3 808
Other current liabilities		1 143	955	1 059
Accrued expenses and prepaid income		3 344	2 465	4 458
Total Current liabilities		**8 744**	**6 483**	**30 498**
TOTAL EQUITY AND LIABILITIES		**143 926**	**94 963**	**93 094**
Contingent liabilities and pledged assets				
Contingent liabilities	6	8 000	8 000	8 000
Pledged assets	6	-	-	1 500

Change in shareholders' equity Parent Company

TSEK	Restricted equity: Share capital	Restricted equity: 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
Shareholders' contribution refunded	-	-	-3 500	-3 500
New share issue	13	-	3 488	3 500
Income for the period	-	-	14 818	14 818
Closing balance as of Oct 21, 2008	**3 350**	**4 620**	**77 577**	**85 547**
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**
New share issue	239	-	59 582	59 821
Issue expenses	-	-	-3 021	-3 021
Income for the period	-	-	414	414
Closing balance as of Oct 31, 2009	**3 589**	**4 620**	**111 600**	**119 810**

Note 1 Accounting policies

This interim report is established in accordance with IAS 34, Interim Reporting and the Securities market Act. The consolidated 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 revision 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 nonetheless 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, now only has one segment.

Note 2 Taxes

As the Group has accumulated operating deductions amounting to TSEK 79 970 (32 753) and the Parent Company deductions amounting to TSEK 72 494 (30 140), 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 Impairment of inventory

Impairment of the Group inventory as of October 31, 2009 has been performed with TSEK 238 (-), which affects the item Raw materials, consumables and Goods for resale.

Note 4 Other non-current liabilities

Of the total accounted for as Other non-current liabilities, TSEK 15 397 (24), TSEK 15 373 (-) are prepaid income attributable to the license and distribution agreement closed in July 2009. According to the agreement, 2 MUSD of the 5 MUSD received in a milestone payment, may be refunded if Oasmia has not obtained market authorization for Paccal® Vet before May 1, 2014. The company reviews every license and distribution agreement separately based on accounting of revenues and prepaid income. Especially terms connected to milestone payments are considered as well as other terms within the frame of such an agreement.

Note 5 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 (-). In the second quarter, TSEK 2 357 were refunded and the remaining debt (including interest), TSEK 28 739 were set off in the new share issue with preferential rights carried out in the second quarter. As of October 31, 2009, the company had no debts to Oasmia S.A.

The principal owner Oasmia S.A has in the period provided Oasmia with a credit facility amounting to 30 MSEK. The contract credit is valid as of December 2010 and is automatically renewed with 12 months if the credit is not cancelled by either part 3 months before the term expiry date at the latest. The contract interest is 5 %. This credit was unused at the end of the period.

Oasmia's debt to the subsidiary Qdoxx Pharma AB amounted as of October 31 2009 to TSEK 1 186 (as of Oct 31, 2008 there was a claim of TSEK 11 325). Oasmia has in the period made a group contribution to Qdoxx Pharma AB of TSEK 650 (-). See also note 7. Oasmia's sales to the subsidiary amounted to TSEK 125 in the period and concerned facilities and management which is provided to Qdoxx by Oasmia.

Note 6 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 7 Participations in group companies

Oasmia has in the period made a group contribution to the wholly owned subsidiary Qdoxx Pharma AB amounting to TSEK 650 (-), where TSEK 500 (-) in the second quarter, 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 8 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, December 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 December 10 at 12.00 CET.

This interim report has been reviewed by the company auditors.

Review Report

To the Board of Directors in Oasmia Pharmaceutical AB, org no 556332-6676

Introduction

We have reviewed the interim report for Oasmia Pharmaceutical AB from October 31 2009 and the six month period which ended as of that date. It is the Board of Directors and the CEO who are responsible for the presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

The scope of the Review

We conducted our review in accordance with the Standard on Review Engagements, (SÖG) 2410, Review of the Interim Financial Information Performed by the Independent Auditor of the Entity, issued by the Federation of Authorized Public Accountants. A review of the interim report consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially smaller and less in scope compared to an audit conducted according to Standards on Auditing in Sweden (RS) and other generally accepted auditing practices. The procedures performed in a review do not enable us aware of all significant matters that might be identified in an audit. Accordingly, the conclusion expressed based on a review does not constitute the same level of assurance as an conclusion based on an audit.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report, in al material aspects, is not prepared for the Group in accordance with IAS 34 and the Swedish Annual Accounts Act and for the parent company in accordance with the Swedish Annual Accounts Act.

Uppsala, December 10, 2009

Ernst & Young AB

Björn Ohlsson
Certified Public Accountant

COMPANY INFORMATION

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Questions concerning the report are answered by:
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UPCOMING REPORT DATES

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

Note
Oasmia Pharmaceutical AB publ. discloses the information provided herein pursuant to the Securities Markets Act. The information was provided for public release on November 10, 2009, at 08:00 CET. This report has been prepared in both Swedish and English. In the event of any discrepancy in the content of the two versions, the Swedish version shall take precedence.