Oasmia Pharmaceutical AB (publ)

Interim report for the period May - July 2011 €

Pages 1-9 is a service to shareholders in the euro zone. It is not the official report in the functional currency of Oasmia, which is SEK, but the first nine pages of that report converted to EUR. The full official report will be found on pages 10-23.
The conversion of currency has been made by use of a convenience rate for all figures including those from previous periods. This rate is the closing rate as of July 31, 2011 which was 9.0913 SEK per one EUR.
The text in page 5 include a few figures in SEK because they are very firmly denominated in SEK.

POSITIVE PHASE III RESULTS FOR PACLICAL®

FIRST QUARTER May 1 – July 31, 2011

- Consolidated net sales amounted to € 98 thousands (5) [1]
- Operating income amounted to € -1,690 thousands (-1,234)
- Net income after tax amounted to € -1,679 thousands (-1,330)
- Earnings per share was € -0.03 (-0.03)
- Comprehensive income amounted to € -1,679 thousands (-1,330)

- Positive results from an interim analysis of Paclical®
- Licence agreement signed for Paclical® in Israel and Turkey

EVENTS AFTER CLOSING DAY

- Oasmia and Orion terminates collaboration for Paclical® in the Nordic region

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

BUSINESS ACTIVTIES IN THE PERIOD

HUMAN HEALTH

Oasmia has three product candidates for the human market under development.

Paclical®

In May 2011, a license agreement was closed with Medison Pharma for Paclical® in Israel and Turkey.

The international Phase III study on ovarian cancer commenced in February 2009 has continued in the period. In the study, the company's pharmaceutical candidate Paclical® is compared to the well-known pharmaceutical Taxol®. The study currently comprises approximately 80 clinics in 16 European countries and includes 650 patients. Oasmia performed an interim analysis in the period which comprised 400 patients. The result fulfilled the placed clinical requirement, that Paclical® should be at least as effective as Taxol®.

Important differences between treatments with these two preparations are as follows:

- Extensive premedication is necessary for Taxol® in order to avoid hypersensitivity reactions due to the solvent Cremophor® EL. This is not necessary for Paclical®.
- The infusion time for Paclical® is one hour and for Taxol® three hours.
- Paclical® can be administered in a higher dose (250 mg/m^2) compared to Taxol® (175 mg/m^2)

The results from the interim analysis will constitute the grounds for application of market registration in the EU, Israel and Turkey as well as growth markets such as Russia and some Asian countries. Oasmia aims to submit such applications in the coming six months.

The on-going Phase III study continues to gather further clinical information such as progression free survival and overall survival. All 650 patients will be enrolled in September 2011.

Paclical® is previously designated as an Orphan Drug by the EMA (EU) and FDA (USA) for the indication ovarian cancer. Orphan Drug designation is granted for small indications and entails seven years' market exclusivity for the indication when a market approval is obtained.

Doxophos®

Doxophos® is a novel patented formulation of doxorubicin, one of the most effective and used substances for treatment of cancer. Currently, doxorubicin is used for treatment of 20 different types of cancer. Pre-clinical studies have been completed and based on this, the company will start a clinical Phase I study in 2011.

Docecal®

Docecal® is a new patented formulation of docetaxel (Taxotere®) with improved chemical properties compared to Taxotere®. Oasmia intends to focus on the same indications as Taxotere®, i.e. breast cancer, prostate cancer and non-small cell lung cancer. Preparations are underway to begin a Phase I study with the product candidate commencing in nine months.

ANIMAL HEALTH

Oasmia has two product candidates in development for the veterinary market.

Paccal® Vet

In August 2010, Oasmia submitted an application of registration for Paccal® Vet in the EU and the USA for treatment of mastocytoma in dogs. The time of review was estimated by the EMA to be about one year and Oasmia is expecting information of a market approval from the EMA before the end of 2011.

The registration file states that the product will be manufactured in the in-house facility in Uppsala. There has not been any previous commercial manufacturing in this facility (only for clinical trials) which has led to a situation where FDA review is taking considerably more time than anticipated. We are now expecting to make a statement about the probable time for market approval from the FDA in the autumn of 2011.

In June 2011, Paccal® Vet was granted a MUMS-designation (minor use/minor species) by the FDA for squamous cell carcinoma. The product candidate also holds this designation for mastocytoma. MUMS is granted by the FDA for either a minor use within a numerous species (such as dogs) or for treatment of a minor species. The most interesting aspect of this designation is the possibility of seven years of market exclusivity as of the approval time of the product.

Doxophos® Vet
Doxophos® Vet is intended for treatment of lymphoma in dogs. In June 2011, Oasmia received approval from the regulatory authorities in Germany and Austria to start a Phase I study. The study started in the summer of 2011.

EVENTS AFTER THE CLOSING DAY

Oasmia and Orion concludes collaboration for Paclical®
In August 2011, Oasmia and Orion decided to terminate the collaboration for Paclical®. The license agreement signed by the parties in 2007 concerned the Nordic countries. The distribution rights have returned to Oasmia, who now have greater freedom of action in the European market.

FINANCIAL PROSPECTS

Crucial for Oasmia's financial prospects are the registration dates for the products that the company develops. After submission of the application for registration, Oasmia is dependent on the pharmaceutical authorities' management of the case. The company cannot expedite the process in any other way than to submit answers to the authorities' questions, which may be asked at various times in the registration process, as quickly as possible.

The company now aims to launch the first product for the human market, Paclical® and the first product for the veterinary market, Paccal® Vet, in one or more regions in 2012. For the latter, the previous aim was to launch in 2011, but registration has not been obtained in time for that.

One part of Oasmia's business model is to license sales rights to companies which have the right resources for marketing and sales. In addition to already closed license agreements, Oasmia estimates that there are very good conditions for further licensing for interesting regions.

The company has set a goal that the debt/equity ratio shall not exceed 50 %. At the end of the fiscal year (July 31), the debt/equity ratio was 0%.

BUSINESS ACTIVITIES

Oasmia develops a new generation of pharmaceuticals within human and veterinary oncology. The product development aims to manufacture novel formulations of well-established cytostatics which, compared to current alternatives, have improved properties, a reduced side-effect profile, and a wider therapeutic spectrum. The product development is based on in-house research within nanotechnology and company patents. The company's most essential patents are global and expire in 2023. Further patent applications have been submitted to protect Oasmia's technology and new formulations which could extend the patent protection to the year 2028. Oasmia has now started to receive such approvals.

One part of Oasmia's business model is taking responsibility for the supply chain – from product idea to final product and licensing of sales rights, to companies who have the right resources for marketing and sales.

The product candidates undergo clinical trials controlled by Oasmia personnel who commit clinics and contract research organizations (CRO). Thereafter, an application for registration of the product for sales on the market follows. In such an application, the product and its manufacturing process are included.

Oasmia's in-house production facility is used for production of pharmaceuticals for clinical trials. It may also be used for small scale commercial production of pharmaceuticals. The application submitted in the USA and the EU for registration of Paccal® Vet is based on manufacturing of the product in the facility in Uppsala. To provide the

market with larger volumes in the future, Oasmia has closed an agreement with a contract manufacturer, Baxter Oncology, who has a much greater production capacity compared to the in-house facility. This kind of change in manufacturing unit requires a specific approval from pharmaceutical authorities.

For upcoming products, such as Paclical®, the intention is to apply for approval with a contract manufacturer as producer of the pharmaceutical from the beginning.

Final labelling, packing and distribution will be made from the in-house facility in Uppsala in order to ensure that all markets are continuously supplied with products.

FINANCAL INFORMATION

Consolidated Income Statement in brief

€ thousands	2011 May-July	2010 May-July	2010/11 May-April
Net sales	98	5	12
Capitalized development cost	2,209	2,202	9,465
Operating income	-1,690	-1,234	-7,079
Net income after tax	-1,679	-1,330	-7,255
Earnings per share (€), before and after dilution*	-0.03	-0.03	-0.16
Comprehensive income for the period	-1,679	-1,330	-7,255

* Recalculation of historical figures has been performed with regards to capitalization issue components in the preferential rights share issue carried out in the third quarter 2010/2011.

Net sales
Net sales for the fiscal year amounted to € 98 thousands (5) and consisted of license revenue in connection to closing an agreement with Medison Pharma.

Capitalized development cost
Capitalized development cost consists of the company's investments in clinical Phase III trials. They amounted to € 2,209 thousands (2,202) for the period and concerned Paclical® only.

Capitalization of Paccal® Vet was concluded at the end of the last fiscal year, since an application of registration of Paccal® Vet was submitted in August 2010 and any development work contributing further economic value to the product candidate is no longer performed.

Operating expenses
The total operating expenses excluding depreciation and impairment amounted to € 3,863 thousands (3,326). The increase in expenses is attributable to an increased intensity in the Phase III study for Paclical®. Of these operating expenses, 57 % (66) were capitalized as Capitalized development cost. The share of capitalized operating expenses has decreased successively since Paccal® Vet was submitted for registration. The number of employees was 70 (69) at the end of the quarter.

Income for the period
Net income for the quarter was € -1,679 thousands (-1,330). The increase in loss is attributable to the reduction in capitalized development cost.

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

Financial position
The consolidated liquid assets at the end of the quarter amounted to € 2,212 thousands (12). Equity at the same time amounted to € 30,679 thousands (14,268). At the end of the quarter, the equity/assets ratio was 91 % (67) and the debt/equity ratio 0 % (32). The company has unutilized credits amounting to TSEK 45 000 and an unutilized SEDA-agreement (standby equity distribution agreement) amounting to TSEK 75 000.

Cash flow and Capital expenditures
Cash flow from operating activities in the quarter amounted to € -1,203 thousands (-998). The change compared to the previous year consisted of increased operational expenditures.

Capital expenditures amounted to € 2,391 thousands (2,517) where investments in intangible assets amounted to € 2,226 thousands (2,202) and investments in property, plant and equipment amounted to € 165 thousands (315). Investments in intangible assets consisted of capitalized development costs € 2,209 thousands and patents € 17 thousands. Investments in property, plant and equipment mainly concerned production equipment. Starting in the past quarter, Oasmia also invests in production equipment in Baxter Oncology in addition to Uppsala.

Financing in the quarter was performed by use of liquid assets.

The parent company

The parent company net sales in the quarter amounted to € 98 thousands (5) and net income after tax amounted to € -1,671 thousands (-1,332). The parent company liquid assets at the end of the period amounted to € 2,210 thousands (3).

Key ratios and other information

	2011 May-July	2010 May-July	2010/11 May-April
Number of shares at the close of the period (in thousands), before and after dilution*	52,079	38,403	52,079
Average number of shares (in thousands) before and after dilution*	52,079	38,403	44,061
Earnings per share in €, before and after dilution*	-0.03	-0.03	-0.16
Equity per share, €*	0.59	0.37	0.62
Equity/Assets ratio, %	91	67	92
Net liability, € thousands	-2,212	4,557	-5,708
Debt/Equity ratio, %	-	32	-
Return on total assets, %	neg	neg	neg
Return on equity, %	neg	neg	neg
Number of employees at the end of the period	70	69	68

* 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 2009/10 and third quarter 2010/11.

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

€ thousands	2011 May-July	2010 May-July	2010/11 May-April
Net sales	98	5	12
Capitalized development cost	2,209	2,202	9,465
Other operating income	5	3	30
Raw materials, consumables and goods for resale	-402	-293	-1,773
Other external expenses	-2,359	-1,995	-10,172
Employee benefit expenses	-1,103	-1,039	-4,111
Depreciation/amortization and impairment	-139	-117	-514
Other operating expenses	-	-	-15
Operating income	-1,690	-1,234	-7,079
Financial income	14	2	53
Financial expenses	-3	-98	-231
Financial items, net	12	-96	-177
Income before taxes	-1,679	-1,330	-7,256
Taxes	-	0	1
Income for the period	-1,679	-1,330	-7,255
Income for the period attributable to:			
Equity holders of the Parent company	-1,679	-1,330	-7,255
Non-controlling interest	-	0	-
Earnings per share			
Before dilution, €	-0.03	-0.03	-0.16
After dilution, €	-0.03	-0.03	-0.16

Consolidated Statement of Comprehensive income

€ thousands	2011 May-July	2010 May-July	2010/11 May-April
Income for the period	-1,679	-1,330	-7,255
Comprehensive income for the period	-1,679	-1,330	-7,255
Income for the period attributable to:			
Equity holders of the Parent company	-1,679	-1,330	-7,255
Non-controlling interest	-	0	-
Comprehensive Earnings per share			
Before dilution, €	-0.03	-0.03	-0.16
After dilution, €	-0.03	-0.03	-0.16

Consolidated statement of financial position

€ thousands	2011-07-31	2010-07-31	2011-04-30
ASSETS			
Non-current assets			
Property, plant and equipment	3,048	2,495	2,997
Capitalized development cost	27,168	17,696	24,959
Other intangible assets	1,012	861	1,020
Financial assets	0	0	0
Total Non-current assets	31,228	21,053	28,976
Current assets			
Inventories	-	10	-
Trade receivables	142	146	235
Prepaid expenses and accrued income	269	133	314
Liquid assets	2,212	12	5,708
Total Current assets	2,623	301	6,258
TOTAL ASSETS	33,851	21,354	35,234
EQUITY			
Equity attributed to equity holders in the Parent Company			
Share capital	573	414	573
Other capital provided	45,469	21,613	45,469
Retained earnings	-15,363	-7,765	-13,685
Total	30,679	14,262	32,357
Non-controlling interest	-	6	-
Total equity	30,679	14,268	32,357
LIABILITIES			
Non-current liabilities			
Other non-current liabilities	1,789	1,694	1,691
Deferred tax liabilities	-	1	-
Total Non-current liabilities	1,789	1,694	1,691
Current liabilities			
Liabilities to credit institutions	-	548	-
Short-term borrowings	-	4,020	-
Trade payables	555	67	421
Other current liabilities	146	159	154
Accrued expenses and prepaid income	683	596	610
Total Current liabilities	1,383	5,391	1,185
Total Liabilities	3,172	7,086	2,876
TOTAL EQUITY AND LIABILITIES	33,851	21,354	35,234

Consolidated statement of changes in equity

	Attributable to equity holders in Parent company				
€ thousands	Share capital	Other paid-up capital	Retained earnings	Non-controlling interest	Total equity
Opening balance as of May 1 2010	414	21,613	-6,436	6	15,598
Comprehensive income for the period	-	-	-1,330	0	-1,330
Closing balance as of July 31, 2010	414	21,613	-7,765	6	14,268
Opening balance as of May 1, 2010	414	21,613	-6,436	6	15,598
Comprehensive income for the period	-	-	-7,255	-	-7,255
Acquired non-controlling interest	-	-	6	-6	0
New share issue	159	26,096	-	-	26,256
Issue expenses	-	-2,240	-	-	-2,240
Closing balance as of April 30, 2011	573	45,469	-13,685	0	32,357
Opening balance as of May 1, 2011	573	45,469	-13,685	0	32,357
Comprehensive income for the period	-	-	-1,679	-	-1,679
Closing balance as of July 31, 2011	573	45,469	-15,363	0	30,679

Consolidated Cash flow statement

€ thousands	2011 May-July	2010 May-July	2010/11 May-April
Operating activities			
Operating income before financial items	-1,690	-1,234	-7,079
Depreciation/amortization	139	117	511
Impairment of inventory	-	-	10
Disposals of intangible assets	-	-	15
Interest received	14	2	53
Interest paid	-3	-98	-153
Cash flow from operating activities before working capital changes	-1,540	-1,213	-6,642
Change in working capital			
Change in trade receivables	-	7	7
Change in other current receivables	138	221	-49
Change in trade payables	133	-161	193
Change in other current liabilities	65	147	156
Cash flow from operating activities	-1,203	-998	-6,336
Investing activities			
Investments in intangible fixed assets	-2,226	-2,202	-9,717
Investments in property, plant and equipment	-165	-315	-1,135
Cash flow from investing activities	-2,391	-2,517	-10,852
Financing activities			
Increase in liabilities to credit institutions	-	77	-
Decrease in liabilities to credit institutions	-	-	-472
Increase in long-term liabilities	98	-	-
New share issue	-	-	18,556
Issue expenses	-	-	-2,240
New loans	-	2,860	6,462
Cash flow from financing activities	98	2,936	22,305
Cash flow for the period	-3,496	-579	5,117
Cash and cash equivalents at the beginning of the period	5,708	591	591
Cash and cash equivalents at the end of the period	2,212	12	5,708

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POSITIVE PHASE III RESULTS FOR PACLICAL®

FIRST QUARTER May 1 – July 31, 2011

- Consolidated net sales amounted to TSEK 891 (42) [2]
- Operating income amounted to TSEK -15 368 (-11 216)
- Net income after tax amounted to TSEK -15 260 (-12 090)
- Earnings per share was SEK -0,29 (-0,31)
- Comprehensive income amounted to TSEK -15 260 (-12 090)

- Positive results from an interim analysis of Paclical®
- Licence agreement signed for Paclical® in Israel and Turkey

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BUSINESS ACTIVTIES IN THE PERIOD

HUMAN HEALTH

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Paclical®
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Oasmia's in-house production facility is used for production of pharmaceuticals for clinical trials. It may also be used for small scale commercial production of pharmaceuticals. The application submitted in the USA and the EU

for registration of Paccal® Vet is based on manufacturing of the product in the facility in Uppsala. To provide the market with larger volumes in the future, Oasmia has closed an agreement with a contract manufacturer, Baxter Oncology, who has a much greater production capacity compared to the in-house facility. This kind of change in manufacturing unit requires a specific approval from pharmaceutical authorities.

For upcoming products, such as Paclical®, the intention is to apply for approval with a contract manufacturer as producer of the pharmaceutical from the beginning.

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FINANCAL INFORMATION

Consolidated Income Statement in brief

TSEK	2011 May-July	2010 May-July	2010/11 May-April
Net sales	891	42	106
Capitalized development cost	20 084	20 017	86 049
Operating income	-15 368	-11 216	-64 353
Net income after tax	-15 260	-12 090	-65 960
Earnings per share (SEK), before and after dilution*	-0,29	-0,31	-1,50
Comprehensive income for the period	-15 260	-12 090	-65 960

* Recalculation of historical figures has been performed with regards to capitalization issue components in the preferential rights share issue carried out in the third quarter 2010/2011.

Net sales

Net sales for the fiscal year amounted to TSEK 891 (42) and consisted of license revenue in connection to closing an agreement with Medison Pharma.

Capitalized development cost

Capitalized development cost consists of the company's investments in clinical Phase III trials. They amounted to TSEK 20 084 (20 017) for the period and concerned Paclical® only.

Capitalization of Paccal® Vet was concluded at the end of the last fiscal year, since an application of registration of Paccal® Vet was submitted in August 2010 and any development work contributing further economic value to the product candidate is no longer performed.

Operating expenses

The total operating expenses excluding depreciation and impairment amounted to TSEK 35 123 (30 238). The increase in expenses is attributable to an increased intensity in the Phase III study for Paclical®. Of these operating expenses, 57 % (66) were capitalized as Capitalized development cost. The share of capitalized operating expenses has decreased successively since Paccal® Vet was submitted for registration. The number of employees was 70 (69) at the end of the quarter.

Income for the period

Net income for the quarter was TSEK -15 260 (-12 090). The increase in loss is attributable to the reduction in capitalized development cost.

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

Financial position

The consolidated liquid assets at the end of the quarter amounted to TSEK 20 112 (107). Equity at the same time amounted to TSEK 278 911 (129 713). At the end of the quarter, the equity/assets ratio was 91 % (67) and the debt/equity ratio 0 % (32). The company has unutilized credits amounting to TSEK 45 000 and an unutilized SEDA-agreement (standby equity distribution agreement) amounting to TSEK 75 000.

Cash flow and Capital expenditures

Cash flow from operating activities in the quarter amounted to TSEK -10 940 (-9 076). The change compared to the previous year consisted of increased operational expenditures.

Capital expenditures amounted to TSEK 21 735 (22 884) where investments in intangible assets amounted to TSEK 20 239 (20 017) and investments in property, plant and equipment amounted to TSEK 1 496 (2 868). Investments in intangible assets consisted of capitalized development costs TSEK 20 084 and patents TSEK 155. Investments in property, plant and equipment mainly concerned production equipment. Starting in the past quarter, Oasmia also invests in production equipment in Baxter Oncology in addition to Uppsala.

Financing in the quarter was performed by use of liquid assets.

The parent company

The parent company net sales in the quarter amounted to TSEK 891 (42) and net income after tax amounted to TSEK -15 196 (-12 113). The parent company liquid assets at the end of the period amounted to TSEK 20 096 (32).

Key ratios and other information

	2011 May-July	2010 May-July	2010/11 May-April
Number of shares at the close of the period (in thousands), before and after dilution*	52 079	38 403	52 079
Average number of shares (in thousands) before and after dilution*	52 079	38 403	44 061
Earnings per share in SEK, before and after dilution*	-0,29	-0,31	-1,50
Equity per share, SEK*	5,36	3,38	5,65
Equity/Assets ratio, %	91	67	92
Net liability, TSEK	-20 112	41 428	-51 895
Debt/Equity ratio, %	-	32	-
Return on total assets, %	neg	neg	neg
Return on equity, %	neg	neg	neg
Number of employees at the end of the period	70	69	68

* 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 2009/10 and third quarter 2010/11.

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	2011 May-July	2010 May-July	2010/11 May-April
Net sales		891	42	106
Capitalized development cost		20 084	20 017	86 049
Other operating income		42	27	269
Raw materials, consumables and goods for resale		-3 652	-2 662	-16 120
Other external expenses		-21 442	-18 133	-92 479
Employee benefit expenses		-10 028	-9 443	-37 370
Depreciation/amortization and impairment		-1 262	-1 064	-4 674
Other operating expenses		-	-	-133
Operating income		-15 368	-11 216	-64 353
Financial income		132	19	484
Financial expenses		-24	-893	-2 097
Financial items, net		107	-874	-1 613
Income before taxes		-15 260	-12 090	-65 967
Taxes	2	-	0	7
Income for the period		-15 260	-12 090	-65 960
Income for the period attributable to:				
Equity holders of the Parent company		-15 260	-12 089	-65 960
Non-controlling interest		-	-1	-
Earnings per share				
Before dilution, SEK		-0,29	-0,31	-1,50
After dilution, SEK		-0,29	-0,31	-1,50

Consolidated Statement of Comprehensive income

TSEK	Note	2011 May-July	2010 May-July	2010/11 May-April
Income for the period		-15 260	-12 090	-65 960
Comprehensive income for the period		-15 260	-12 090	-65 960
Comprehensive income for the period attributable to:				
Equity holders of the Parent company		-15 260	-12 089	-65 960
Non-controlling interest		-	-1	-
Comprehensive Earnings per share				
Before dilution, SEK		-0,29	-0,31	-1,50
After dilution, SEK		-0,29	-0,31	-1,50

Consolidated statement of financial position

TSEK	Note	2011-07-31	2010-07-31	2011-04-30
ASSETS				
Non-current assets				
Property, plant and equipment		27 706	22 687	27 243
Capitalized development cost	3	246 993	160 877	226 909
Other intangible assets		9 201	7 829	9 276
Financial assets		2	2	2
Total Non-current assets		283 903	191 395	263 430
Current assets				
Inventories		-	94	-
Trade receivables		1 289	1 326	2 141
Prepaid expenses and accrued income		2 448	1 211	2 853
Liquid assets		20 112	107	51 895
Total Current assets		23 849	2 737	56 889
TOTAL ASSETS		307 751	194 132	320 319
EQUITY				
Equity attributed to equity holders in the Parent Company				
Share capital		5 208	3 761	5 208
Other capital provided		413 375	196 493	413 375
Retained earnings		-139 672	-70 597	-124 411
Total		278 911	129 657	294 171
Non-controlling interest		-	56	-
Total equity		278 911	129 713	294 171
LIABILITIES				
Non-current liabilities				
Other non-current liabilities	4	16 264	15 397	15 373
Deferred tax liabilities		-	7	-
Total Non-current liabilities		16 264	15 404	15 373
Current liabilities				
Liabilities to credit institutions		-	4 985	-
Short-term borrowings	5	-	36 550	-
Trade payables		5 044	612	3 831
Other current liabilities		1 325	1 449	1 399
Accrued expenses and prepaid income		6 207	5 419	5 545
Total Current liabilities		12 576	49 015	10 775
Total Liabilities		28 841	64 419	26 148
TOTAL EQUITY AND LIABILITIES		307 751	194 132	320 319
Contingent liabilities	6			
Pledged assets	6			

Consolidated statement of changes in equity

	Attributable to equity holders in Parent company				
TSEK	Share capital	Other paid-up capital	Retained earnings	Non-controlling interest	Total equity
Opening balance as of May 1 2010	3 761	196 493	-58 509	57	141 803
Comprehensive income for the period	-	-	-12 089	-1	-12 090
Closing balance as of July 31, 2010	3 761	196 493	-70 597	56	129 713
Opening balance as of May 1, 2010	3 761	196 493	-58 509	57	141 803
Comprehensive income for the period	-	-	-65 960	-	-65 960
Acquired non-controlling interest	-	-	57	-57	0
New share issue	1 447	237 250	-	-	238 697
Issue expenses	-	-20 369	-	-	-20 369
Closing balance as of April 30, 2011	5 208	413 375	-124 411	0	294 171
Opening balance as of May 1, 2011	5 208	413 375	-124 411	0	294 171
Comprehensive income for the period	-	-	-15 260	-	-15 260
Closing balance as of July 31, 2011	5 208	413 375	-139 672	0	278 911

Consolidated Cash flow statement

TSEK	Note	2011 May-July	2010 May-July	2010/11 May-April
Operating activities				
Operating income before financial items		-15 368	-11 216	-64 353
Depreciation/amortization		1 262	1 064	4 650
Impairment of inventory		-	-	94
Disposals of intangible assets		-	-	133
Interest received		132	19	484
Interest paid		-24	-893	-1 392
Cash flow from operating activities before working capital changes		-13 998	-11 026	-60 385
Change in working capital				
Change in trade receivables		-	60	60
Change in other current receivables		1 257	2 013	-445
Change in trade payables		1 213	-1 463	1 756
Change in other current liabilities		589	1 339	1 415
Cash flow from operating activities		-10 940	-9 076	-57 598
Investing activities				
Investments in intangible fixed assets		-20 239	-20 017	-88 342
Investments in property, plant and equipment		-1 496	-2 868	-10 321
Cash flow from investing activities		-21 735	-22 884	-98 663
Financing activities				
Increase in liabilities to credit institutions		-	696	-
Decrease in liabilities to credit institutions		-	-	-4 289
Increase in long-term liabilities	4	891	-	-
New share issue		-	-	168 697
Issue expenses		-	-	-20 369
New loans		-	26 000	58 745
Cash flow from financing activities		891	26 696	202 784
Cash flow for the period		-31 784	-5 265	46 523
Cash and cash equivalents at the beginning of the period		51 895	5 372	5 372
Cash and cash equivalents at the end of the period		20 112	107	51 895

Parent Company Income statement

TSEK	Note	2011 May-July	2010 May-July	2010/11 May-April
Net sales		891	42	106
Capitalized development cost		20 084	20 017	86 049
Other operating income		42	27	245
Raw materials, consumables and goods for resale		-3 652	-2 633	-16 080
Other external expenses		-21 406	-18 081	-92 271
Employee benefit expenses		-10 028	-9 443	-37 370
Depreciation/amortization and impairment of property, plant, equipment and intangible assets		-1 234	-1 018	-4 486
Operating income		-15 303	-11 089	-63 806
Result from participations in Group companies		-	-150	-578
Other interest revenues and similar revenues		131	19	483
Interest cost and similar costs		-24	-893	-2 097
Financial items, net		107	-1 024	-2 192
Income after financial items		-15 196	-12 113	-65 998
Taxes	2	-	-	-
Income for the period		-15 196	-12 113	-65 998

Parent Company Balance Sheet

TSEK	Note	2011-07-31	2010-07-31	2011-04-30
ASSETS				
Non-current assets				
Intangible fixed assets				
Capitalized development cost	3	246 993	160 877	226 909
Concessions, patents, licenses, trademarks and similar rights		9 134	7 458	9 180
Property, plant and equipment				
Equipment, tools, fixtures and fittings		26 352	22 687	27 243
Advance payments for property, plant and equipment		1 355	-	-
Financial assets				
Participations in group companies		110	298	110
Receivables from group companies		5	4	5
Other securities held as non-current assets		1	1	1
Total Non-current assets		283 949	191 324	263 448
Current assets				
Inventories				
Raw materials and consumables		-	94	-
		0	94	0
Current receivables				
Receivables from group companies	5	102	220	89
Other current receivables		1 288	1 318	2 140
Prepaid expenses and accrued income		2 385	1 131	2 748
		3 775	2 669	4 977
Cash and bank balances		20 096	32	51 884
Total current assets		23 870	2 794	56 861
TOTAL ASSETS		307 820	194 118	320 309
EQUITY AND LIABILITIES				
Equity				
Restricted equity				
Share capital		5 208	3 761	5 208
Statutory reserve		4 620	4 620	4 620
		9 828	8 381	9 828
Non-restricted equity				
Share premium reserve		413 375	196 493	413 375
Retained earnings		-129 028	-63 030	-63 030
Income for the period		-15 196	-12 113	-65 998
		269 151	121 351	284 347
Total equity		278 979	129 732	294 175
Non-current liabilities				
Other non-current liabilities	4	16 264	15 373	15 373
Total non-current liabilities		16 264	15 373	15 373
Current liabilities				
Short term borrowings	5	-	36 550	-
Trade payables		5 044	611	3 818
Liabilities to Credit institutions		-	4 985	-
Other current liabilities		1 325	1 449	1 399
Accrued expenses and prepaid income		6 207	5 419	5 545
Total Current liabilities		12 576	49 013	10 761
TOTAL EQUITY AND LIABILITIES		307 820	194 118	320 309
Contingent liabilities and pledged assets				
Contingent liabilities	6	-	-	-
Pledged assets	6	8 000	5 000	8 000

Parent Company changes in equity

	Restricted equity			
TSEK	Share capital	Statutory reserve	Non-restricted equity	Total equity
Opening balance as of May 1, 2010	3 761	4 620	133 464	141 845
Income for the period	-	-	-12 113	-12 113
Closing balance as of July 31, 2010	3 761	4 620	121 351	129 732
Opening balance as of May 1, 2010	3 761	4 620	133 464	141 845
New share issue	1 447	-	237 250	238 697
Issue expenses	-	-	-20 369	-20 369
Income for the period	-	-	-65 998	-65 998
Closing balance as of April 30, 2011	5 208	4 620	284 347	294 175
Opening balance as of May 1, 2011	5 208	4 620	284 347	294 175
Income for the period	-	-	-15 196	-15 196
Closing balance as of July 31, 2011	5 208	4 620	269 151	278 979

Note 1 Accounting policies

This interim report is established in accordance with IAS 34, Interim Reporting and the Securities market Act. The consolidated accounts have been established in accordance with the International Financial Reporting Standards (IFRS) such as they have been adopted by the EU and interpretations by the International Financial Reporting Interpretation Committee (IFRIC) RFR 1, Complementary accounting regulations for Groups and the Annual Accounts Act. The Parent Company accounts are established in accordance with RFR 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 for the fiscal year May 1 2010 – April 30 2011. The new and revised accounting policies applied by Oasma since May 1, 2011, has not had any effect on Oasmia's financial reports.

Note 2 Taxes

The Group has accumulated losses carried forward amounting to TSEK 178 054 (109 061) and the Parent Company has similar amounting to TSEK 168 791 (100 276). Of the total losses carried forward 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 of these losses carried forward has not been marked with a value and no deferred tax asset has been considered in the Balance Sheet.

Note 3 Capitalized development cost

TSEK	2011-07-31	2010-07-31	2011-04-30
Paclical®	165 942	91 409	145 858
Paccal® Vet	81 051	69 468	81 051
Summa	246 993	160 877	226 909

Note 4 Other long-term liabilities

Other long-term liabilities amounting to TSEK16 264 (15 371) consist of prepaid income from two license and distribution agreements. In May 2011, Oasmia closed an agreement with Medison Pharma. According to the agreement, 0.1 MEUR, corresponding to TSEK 891, of the 0.2 MEUR received in a first milestone payment, will be repaid if Oasmia has not obtained a market approval for Paclical® in the EU before the end of 2015. TSEK 15 373 consists of prepaid income attributable to the license and distribution agreement closed with Abbott Laboratories in July 2009. According to the agreement, 2 MUSD of the 5 MUSD received in a first milestone payment in 2009, will be repaid if Oasmia has not obtained market approval for Paccal® Vet before May 1, 2014. The company evaluates every license and distribution agreement separately with regards to accounting and revenues and prepaid income. Especially terms associated with milestone payments, but also other terms within the frame of such an agreement are evaluated.

Note 5 Transactions with related parties

Essential transactions with related parties are disclosed below.

The principal owner Alceco International S.A has provided Oasmia with a credit facility amounting to MSEK 40. The credit facility is valid until August 2011 and is automatically extended with 12 months of the credit is not cancelled by either party 3 months before the term expiration date at the latest. The contract interest amounts to 6 %. As of July 31 2011, the company had no liabilities to Alceco International S.A. (As of July 31 2010, the company used credit facilities amounting to TSEK 36 550 of provided credit from Alceco International S.A.)

Oasmias claim in the subsidiary Qdoxx Pharma AB amounted as of closing day to TSEK 102 (220).

Note 6 Contingent liabilities and Pledged assets

The parent company has made a floating charge of MSEK 8 to a bank as security for a MSEK 5 bank overdraft and limit for a MSEK 3 exchange derivative.

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 these risks can be limited, controlled and managed and at the same time as business opportunities can be utilized to increase earnings. The risks to Oasmia's business activities are described in the Annual report for the fiscal year May 1 2010 – April 30 2011. No additional risks beyond those described therein have been judged significant.

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 8, 2011

Björn Björnsson, Chairman

Claes Piehl, Member

Peter Ström, Member

Bo Cederstrand, 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 8, 2011 at 09.00.

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.

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

COMPANY INFORMATION

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UPCOMING REPORT DATES

Interim report May – October 2011	2011-12-08
Interim report May 2010 – January 2012	2012-03-08
Year-end report May 2011 - April 2012	2012-06-14
Annual report May 2011 – April 2012	2012-08-23
Interim report May – July 2012	2012-09-06