Oasmia Pharmaceutical AB (publ)

Interim report for the period May - October 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 10-22.
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 per October 31, 2011 which was 9.0241 SEK per one EUR.
Some figures are in SEK because these are very firmly denominated in SEK.

THE PERIOD May 1– October 31, 2011

- Consolidated net sales amounted to € 99 thousand (5)[1]
- Operating income amounted to € -3,186 thousand (-2,997)
- Net income after tax amounted to € -3,180 thousand (-3,194)
- Earnings per share was € -0.06 (-0.08)
- Comprehensive income amounted to € -3,180 thousand (-3,194)

SECOND QUARTER August 1– October 31, 2011

- Consolidated net sales amounted to € 0 thousand (0)
- Operating income amounted to € -1,483 thousand (-1,754)
- Net income after tax amounted to € -1,489 thousand (-1,854)
- Earnings per share was € -0.03 (-0.05)
- Comprehensive income amounted to € -1,489 thousand (-1,854)

- Oasmia carries out a SEK 48 million private placement with a new strategic owner
- Enrolment of 650 patients complete in Phase III study with Paclical®
- The Annual General Meeting elected Joel Citron, Martin Nicklasson, Jan Lundberg and Prof. Dr Horst Domdey as Members of the Board
- The Annual General Meeting made a resolution of authorization corresponding to 15 million shares
- Oasmia and Orion concluded Paclical® collaboration in the Nordic countries

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

BUSINESS ACTIVTIES IN THE PERIOD

HUMAN HEALTH

Paclical®

The enrolment of 650 patients in the Phase III study with Paclical® on ovarian cancer was completed in September 2011.

In August 2011, the result was reported from an interim analysis which comprised of about 400 of the 650 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 drugs 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 three hours for Taxol®.
- Paclical® can be administered in a higher dose (250 mg/m^2) compared to Taxol® (175 mg/m^2)

The work with the interim analysis has continued in the period concerning other variables which will be included in the application for market authorization.

Oasmia plans to submit applications for market approval for Paclical® in EU, Russia, Israel, Turkey and a few countries in Asia in the beginning of 2012.

The next step for the company after enrolment and treatment of the 650 patients which comprise the study is to evaluate when survival data, an important factor in oncology studies, can be analyzed. The process to determine the number of patients required to obtain such data in a reasonable time is ongoing.

In August 2011, Oasmia and Orion concluded the collaboration for Paclical® and all rights were returned to Oasmia.

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

Paclical® is previously designated as an orphan drug by the EMA (EU) and the FDA (USA) on the indication ovarian cancer. Orphan Drug designation is granted for minor indications and entails market exclusivity for seven years in the USA and for ten years in the EU on the indication when a market approval has been 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 with Doxophos®, and based on this, Oasmia previously planned to start a clinical Phase I study in 2011. The start of the study has been postponed to the first quarter 2012 in order to focus on Paclical® concerning interim analysis and application for market approval.

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.

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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. Oasmia is expecting information about a market approval from the EMA in the near future and from the FDA in the spring of 2012.

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 conditional approval with seven years of market exclusivity post-approval.

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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.

THE COMPANY

Oasmia carries out private placement
In October 2011, a private placement was carried out to a limited number of investors, most of which were new shareholders in the company. The number of issued shares was 5,161,290, the subscription price was SEK 9.30 and the issue provided SEK 48 million before issue expenses.

The share issue was carried out without shareholders' preferential rights supported by the authorization made by the Annual General Meeting on September 30, 2011. The new share issue increased the number of shares from 52,079,341 to 57,240,631.

The largest block, comprising 30 million, was subscribed by the company nxt2b with the principal owner Bengt Ågerup. In connection to the share issue, nxt2b acquired 2,555,500 shares from the principal owner Alceco International S.A and thereby became the second largest shareholder in Oasmia with 10.1 % of the shares and votes. Alceco International S.A held 46.2 % of the shares and votes after the share issue and sales. Nxt2b is a strategic long-term owner who shares the same vision as the principal owner and management of Oasmia.

Annual General Meeting
At the Annual General Meeting on September 30, 2011, the Board members Bo Cederstrand and Julian Aleksov were re-elected. Joel Citron, Martin Nicklasson, Jan Lundberg and Prof. Dr. Horst Domdey were elected as new members. The Board was thus expanded from five to six members. Joel Citron was elected as Chairman of the Board. The Annual General Meeting made a resolution that a Member of the Board not employed by the company shall receive remuneration of SEK 250 thousand.

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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' handling of the case. Oasmia tries to always have an estimation of the time of registration but cannot expedite the process in any other way than to submit answers to the authorities' questions as quickly as possible, which may be asked at various times during the registration process.

One part of Oasmia's business model is to sign license- and distribution agreements with 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 aims to launch its first product for human use, Paclical® and the first product for the veterinary market, Paccal® Vet in 2012 in one or more regions using licensees or distributors.

The company has set a goal that the debt/equity ratio shall not exceed 50 %. At the end of the period on October 31, the debt/equity ratio was 0%.

FINANCAL INFORMATION

Consolidated Income Statement in brief

€ thousands	2011 Aug-Oct	2010 Aug-Oct	2011 May-Oct	2010 May-Oct	2010/11 May-Apr
Net sales	-	-	99	5	12
Capitalized development cost	1,589	2,094	3,814	4,312	9,536
Operating income	-1,483	-1,754	-3,186	-2,997	-7,131
Net income after tax	-1,489	-1,854	-3,180	-3,194	-7,309
Earnings per share (€), before and after dilution*	-0.03	-0.05	-0.06	-0.08	-0.17
Comprehensive income for the period	-1,489	-1,854	-3,180	-3,194	-7,309

* 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 period amounted to € 99 thousand (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. The capitalization means that such costs are capitalized as an intangible asset. They amounted to € 3,814 thousand (4,312) for the period and concerned Paclical® only. The reduction compared to the same period previous year is due to that no capitalization is made for Paccal® Vet this year.

Operating expenses
The total operating expenses excluding depreciation and impairment amounted to € 6,824 thousand (7,078). The decrease in expenses is attributable to expenses for Paccal® Vet in Phase III had all but ended at the start of the period and that expenses for Paclical® in Phase III are no longer increasing.

Of these operating expenses, 56 % (61) were capitalized as Capitalized development cost. The share of capitalized operating expenses has decreased successively since Paccal® Vet was submitted for registration in August 2010.

The number of employees was 78 (70) at the end of the period.

Income for the period
Net income for the period was € -3,180 thousand (-3,194), virtually no change compared to previous year.

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 period amounted to € 4,621 thousand (5). Equity at the same time amounted to € 34,437 thousand (12,520). At the end of the period, the equity/assets ratio was 91 % (52) and the debt/equity ratio 0 % (66). The company has unutilized credits amounting to SEK 45 million and an unutilized SEDA-agreement (standby equity distribution agreement) amounting to SEK 75 million.

Cash flow and Capital expenditures

Cash flow from operating activities in the period amounted to € -2,534 thousand (-1,922). The change compared to the previous year is a result of that the increase in operating liabilities was lower compared to the previous year.

Capital expenditures for the period amounted to € 4,014 thousand (5,252).

Investments in intangible assets amounted to € 3,831 thousand (4,512), consisting of capitalized development costs € 3,814 thousand and patents € 17 thousand.

Investments in property, plant and equipment amounted to € 182 thousand (741) concerning production equipment. The reason to the large decrease compared to previous year, is that the production facility in Uppsala was subject to a large upgrade in the previous year.

Financing

Financing in the period was performed by use of liquid assets. On October 31, a private placement of SEK 48 million before issue expenses was carried out.

The parent company

The parent company net sales in the period amounted to € 99 thousand (5) and net income before tax amounted to € -3,177 thousand (-3,191). The parent company liquid assets at the end of the period amounted to € 4,619 thousand (3)

Key ratios and other information

	2011 Aug-Oct	2010 Aug-Oct	2011 May-Oct	2010 May-Oct	2010/11 May-Apr
Number of shares at the close of the period (in thousands), before and after dilution*	57,241	38,403	57,241	38,403	52,079
Weighted average number of shares (in thousands) before and after dilution*	52,135	38,403	52,107	38,403	44,061
Earnings per share in €, before and after dilution*	-0.03	-0.05	-0.06	-0.08	-0.17
Equity per share, €*	0.60	0.33	0.60	0.33	0.63
Equity/Assets ratio, %	91	52	91	52	92
Net liability, € thousand	-4,621	8,223	-4,621	8,223	-5,751
Debt/Equity ratio, %	-	66	-	66	-
Return on total assets, %	neg	neg	neg	neg	neg
Return on equity, %	neg	neg	neg	neg	neg
Number of employees at the end of the period	78	70	78	70	68

*Recalculation of historical values has been made with respect to capitalization issue elements in the preferential rights share issue carried out in the third quarter 2010/11.

Definitions

Earnings per share: 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 assets: 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 Aug-Oct	2010 Aug-Oct	2011 May-Oct	2010 May-Oct	2010/11 May-Apr
Net sales	0	0	99	5	12
Capitalized development cost	1,589	2,094	3,814	4,312	9,536
Other operating income	0	8	5	11	30
Raw materials, consumables and goods for resale	-223	-554	-628	-849	-1,786
Other external expenses	-1,776	-2,232	-4,152	-4,242	-10,248
Employee benefit expenses	-933	-941	-2,044	-1,988	-4,141
Depreciation/amortization and impairment	-140	-129	-280	-246	-518
Other operating expenses	-	0	-	0	-15
Operating income	-1,483	-1,754	-3,186	-2,997	-7,131
Financial income	0	0	15	2	54
Financial expenses	-6	-100	-9	-199	-232
Financial items, net	-6	-99	6	-196	-179
Income before taxes	-1,489	-1,854	-3,180	-3,194	-7,310
Taxes	-	0	-	0	1
Income for the period	-1,489	-1,854	-3,180	-3,194	-7,309
Income for the period attributable to:					
Equity holders of the Parent company	-1,489	-1,854	-3,180	-3,193	-7,309
Non-controlling interest	-	0	-	0	-
Earnings per share					
Before dilution, €	-0.03	-0.05	-0.06	-0.08	-0.17
After dilution, €	-0.03	-0.05	-0.06	-0.08	-0.17

Consolidated Statement of Comprehensive income

€ thousands	2011 Aug-Oct	2010 Aug-Oct	2011 May-Oct	2010 May-Oct	2010/11 May-Apr
Income for the period	-1,489	-1,854	-3,180	-3,194	-7,309
Comprehensive income for the period	-1,489	-1,854	-3,180	-3,194	-7,309
Comprehensive income for the period attributable to:					
Equity holders of the Parent company	-1,489	-1,854	-3,180	-3,193	-7,309
Non-controlling interest	-	0	-	0	-
Comprehensive Earnings per share					
Before dilution, €	-0.03	-0.05	-0.06	-0.08	-0.17
After dilution, €	-0.03	-0.05	-0.06	-0.08	-0.17

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Consolidated statement of financial position

€ thousands	2011-10-31	2010-10-31	2011-04-30
ASSETS			
Non-current assets			
Property, plant and equipment	2,971	2,833	3,019
Capitalized development cost	28,959	19,921	25,145
Other intangible assets	995	1,042	1,028
Financial assets	0	0	0
Total Non-current assets	32,926	23,797	29,192
Current assets			
Inventories	32	10	-
Other current receivables	159	215	237
Prepaid expenses and accrued income	266	151	316
Liquid assets	4,621	5	5,751
Total Current assets	5,077	381	6,304
TOTAL ASSETS	38,003	24,178	35,496
EQUITY			
Equity attributed to equity holders in the Parent Company			
Share capital	634	417	577
Other capital provided	50,769	21,774	45,808
Retained earnings	-16,966	-9,677	-13,787
Total	34,437	12,514	32,598
Non-controlling interest	-	6	-
Total equity	34,437	12,520	32,598
LIABILITIES			
Non-current liabilities			
Other non-current liabilities	1,802	1,706	1,704
Deferred tax liabilities	-	1	-
Total Non-current liabilities	1,802	1,707	1,704
Current liabilities			
Liabilities to credit institutions	-	549	-
Short-term borrowings	-	7,679	-
Trade payables	795	937	425
Other current liabilities	167	145	155
Accrued expenses and prepaid income	802	640	614
Total Current liabilities	1,764	9,951	1,194
Total Liabilities	3,566	11,658	2,898
TOTAL EQUITY AND LIABILITIES	38,003	24,178	35,496

Consolidated statement of changes in equity

€ thousands	Attributable to equity holders in Parent company				
	Share capital	Other capital provided	Retained earnings	Non-controlling interest	Total equity
Opening balance as of May 1, 2010	417	21,774	-6,484	6	15,714
Comprehensive income for the period	-	-	-3,193	0	-3,194
Closing balance as of October 31, 2010	417	21,774	-9,677	6	12,520
Opening balance as of May 1, 2010	417	21,774	-6,484	6	15,714
Comprehensive income for the period	-	-	-7,309	-	-7,309
Acquired non-controlling interest	-	-	6	-6	0
New share issue	160	26,291	-	-	26,451
Issue expenses	-	-2,257	-	-	-2,257
Closing balance as of April 30, 2011	577	45,808	-13,787	0	32,598
Opening balance as of May 1, 2011	577	45,808	-13,787	0	32,598
Comprehensive income for the period	-	-	-3,180	-	-3,180
New share issue	57	5,262	-	-	5,319
Issue expenses	-	-301	-	-	-301
Closing balance as of October 31, 2011	634	50,769	-16,966	0	34,437

Consolidated Cash flow statement

€ thousands	2011 Aug-Oct	2010 Aug-Oct	2011 May-Oct	2010 May-Oct	2010/11 May-Apr
Operating activities					
Operating income before financial items	-1,483	-1,754	-3,186	-2,997	-7,131
Depreciation/amortization	140	129	280	246	515
Impairment of inventory	-	-	-	-	10
Disposals of intangible assets	-	0	-	0	15
Interest received	0	0	15	2	54
Interest paid	-6	-100	-9	-199	-154
Cash flow from operating activities before working capital changes	-1,349	-1,725	-2,900	-2,947	-6,691
Change in working capital					
Change in inventories	-32	-	-32	-	-
Change in trade receivables	-	-	-	7	7
Change in other current receivables	-11	-85	129	138	-49
Change in trade payables	236	869	370	707	195
Change in other current liabilities	-166	25	-101	173	157
Cash flow from operating activities	-1,322	-916	-2,534	-1,922	-6,383
Investing activities					
Investments in intangible fixed assets	-1,589	-2,293	-3,831	-4,512	-9,790
Investments in property, plant and equipment	-17	-423	-182	-741	-1,144
Cash flow from investing activities	-1,605	-2,716	-4,014	-5,252	-10,933
Financing activities					
Increase in liabilities to credit institutions	-	-	-	74	-
Decrease in liabilities to credit institutions	-	-3	-	-	-475
Increase in long-term liabilities	-	-	99	-	-
New share issue	5,319	-	5,319	-	18,694
Issue expenses	-	-	-	-	-2,257
New loans	-	3,629	-	6,510	6,510
Cash flow from financing activities	5,319	3,625	5,418	6,584	22,471
Cash flow for the period	2,392	-7	-1,130	-591	5,155
Cash and cash equivalents at the beginning of the period	2,229	12	5,751	595	595
Cash and cash equivalents at the end of the period	4,621	5	4,621	5	5,751

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THE PERIOD May 1– October 31, 2011

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- Operating income amounted to TSEK -28 752 (-27 047)
- Net income after tax amounted to TSEK -28 696 (-28 819)
- Earnings per share was SEK -0,55 (-0,75)
- Comprehensive income amounted to TSEK -28 696 (-28 819)

SECOND QUARTER August 1– October 31, 2011

- Consolidated net sales amounted to TSEK 0 (0) [3]
- Operating income amounted to TSEK -13 384 (-15 832)
- Net income after tax amounted to TSEK -13 435 (-16 729)
- Earnings per share was SEK -0,26 (-0,44)
- Comprehensive income amounted to TSEK -13 435 (-16 729)

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FINANCAL INFORMATION

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Net sales	-	-	891	42	106
Capitalized development cost	14 336	18 896	34 420	38 913	86 049
Operating income	-13 384	-15 832	-28 752	-27 047	-64 353
Net income after tax	-13 435	-16 729	-28 696	-28 819	-65 960
Earnings per share (SEK), before and after dilution*	-0,26	-0,44	-0,55	-0,75	-1,50
Comprehensive income for the period	-13 435	-16 729	-28 696	-28 819	-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 period 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. The capitalization means that such costs are capitalized as an intangible asset. They amounted to TSEK 34 420 (38 913) for the period and concerned Paclical® only. The reduction compared to the same period previous year is due to that no capitalization is made for Paccal® Vet this year.

Operating expenses

The total operating expenses excluding depreciation and impairment amounted to TSEK 61 578 (63 876). The decrease in expenses is attributable to expenses for Paccal® Vet in Phase III had all but ended at the start of the period and that expenses for Paclical® in Phase III are no longer increasing.

Of these operating expenses, 56 % (61) were capitalized as Capitalized development cost. The share of capitalized operating expenses has decreased successively since Paccal® Vet was submitted for registration in August 2010.

The number of employees was 78 (70) at the end of the period.

Income for the period

Net income for the period was TSEK -28 696 (-28 819), virtually no change compared to previous year.

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 period amounted to TSEK 41 696 (42). Equity at the same time amounted to TSEK 310 761 (112 984). At the end of the period, the equity/assets ratio was 91 % (52) and the debt/equity ratio 0 % (66). 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 period amounted to TSEK -22 869 (-17 346). The change compared to the previous year is a result of that the increase in operating liabilities was lower compared to the previous year.

Capital expenditures for the period amounted to TSEK 36 221 (47 396).

Investments in intangible assets amounted to TSEK 34 575 (40 713), consisting of capitalized development costs TSEK 34 420 and patents TSEK 155.

Investments in property, plant and equipment amounted to TSEK 1 646 (6 684) concerning production equipment. The reason to the large decrease compared to previous year, is that the production facility in Uppsala was subject to a large upgrade in the previous year.

Financing

Financing in the period was performed by use of liquid assets. On October 31, a private placement of SEK 48 million before issue expenses was carried out.

The parent company

The parent company net sales in the period amounted to TSEK 891 (42) and net income before tax amounted to TSEK -28 670 (-28 796). The parent company liquid assets at the end of the period amounted to TSEK 41 682 (31).

Key ratios and other information

	2011 Aug-Oct	2010 Aug-Oct	2011 May-Oct	2010 May-Oct	2010/11 May-April
Number of shares at the close of the period (in thousands), before and after dilution*	57 241	38 403	57 241	38 403	52 079
Weighted average number of shares (in thousands) before and after dilution*	52 135	38 403	52 107	38 403	44 061
Earnings per share in SEK, before and after dilution*	-0,26	-0,44	-0,55	-0,75	-1,50
Equity per share, SEK*	5,43	2,94	5,43	2,94	5,65
Equity/Assets ratio, %	91	52	91	52	92
Net liability, TSEK	-41 696	74 209	-41 696	74 209	-51 895
Debt/Equity ratio, %	-	66	-	66	-
Return on total assets, %	neg	neg	neg	neg	neg
Return on equity, %	neg	neg	neg	neg	neg
Number of employees at the end of the period	78	70	78	70	68

*Recalculation of historical values has been made with respect to capitalization issue elements in the preferential rights share issue carried out in the third quarter 2010/11.

Definitions

Earnings per share: 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 assets: Income for interest expenses pertaining to the average balance sheet total.
Return on equity: Income after financial items in relation to the average equity.

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Consolidated Income statement

TSEK	Note	2011 Aug-Oct	2010 Aug-Oct	2011 May-Oct	2010 May-Oct	2010/11 May-April
Net sales		-	-	891	42	106
Capitalized development cost		14 336	18 896	34 420	38 913	86 049
Other operating income		-	72	42	99	269
Raw materials, consumables and goods for resale		-2 012	-4 998	-5 663	-7 660	-16 120
Other external expenses		-16 027	-20 146	-37 469	-38 279	-92 479
Employee benefit expenses		-8 417	-8 495	-18 445	-17 938	-37 370
Depreciation/amortization and impairment		-1 265	-1 161	-2 527	-2 224	-4 674
Other operating expenses		-	-1	-	-1	-133
Operating income		-13 384	-15 832	-28 752	-27 047	-64 353
Financial income		1	2	133	21	484
Financial expenses		-53	-899	-77	-1 792	-2 097
Financial items, net		-51	-897	56	-1 772	-1 613
Income before taxes		-13 435	-16 729	-28 696	-28 819	-65 967
Taxes	2	-	0	-	0	7
Income for the period		-13 435	-16 729	-28 696	-28 819	-65 960
Income for the period attributable to:						
Equity holders of the Parent company		-13 435	-16 728	-28 696	-28 816	-65 960
Non-controlling interest		-	-1	-	-2	-
Earnings per share						
Before dilution, SEK		-0,26	-0,44	-0,55	-0,75	-1,50
After dilution, SEK		-0,26	-0,44	-0,55	-0,75	-1,50

Consolidated Statement of Comprehensive income

TSEK	Note	2011 Aug-Oct	2010 Aug-Oct	2011 May-Oct	2010 May-Oct	2010/11 May-April
Income for the period		-13 435	-16 729	-28 696	-28 819	-65 960
Comprehensive income for the period		-13 435	-16 729	-28 696	-28 819	-65 960
Comprehensive income for the period attributable to:						
Equity holders of the Parent company		-13 435	-16 728	-28 696	-28 816	-65 960
Non-controlling interest		-	-1	-	-2	-
Comprehensive Earnings per share						
Before dilution, SEK		-0,26	-0,44	-0,55	-0,75	-1,50
After dilution, SEK		-0,26	-0,44	-0,55	-0,75	-1,50

Consolidated statement of financial position

TSEK	Note	2011-10-31	2010-10-31	2011-04-30
ASSETS				
Non-current assets				
Property, plant and equipment		26 814	25 565	27 243
Capitalized development cost	3	261 330	179 773	226 909
Other intangible assets		8 977	9 406	9 276
Financial assets		2	2	2
Total Non-current assets		297 123	214 745	263 430
Current assets				
Inventories		290	94	-
Other current receivables		1 432	1 938	2 141
Prepaid expenses and accrued income		2 400	1 366	2 853
Liquid assets		41 696	42	51 895
Total Current assets		45 818	3 441	56 889
TOTAL ASSETS		342 941	218 186	320 319
EQUITY				
Equity attributed to equity holders in the Parent Company				
Share capital		5 724	3 761	5 208
Other capital provided		458 144	196 493	413 375
Retained earnings		-153 107	-87 325	-124 411
Total		310 761	112 930	294 171
Non-controlling interest		-	55	-
Total equity		310 761	112 984	294 171
LIABILITIES				
Non-current liabilities				
Other non-current liabilities		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		-	4 956	-
Short-term borrowings	4	-	69 295	-
Trade payables		7 170	8 455	3 831
Other current liabilities		1 511	1 312	1 399
Accrued expenses and prepaid income		7 234	5 780	5 545
Total Current liabilities		15 916	89 798	10 775
Total Liabilities		32 180	105 202	26 148
TOTAL EQUITY AND LIABILITIES		342 941	218 186	320 319
Contingent liabilities	5			
Pledged assets	5			

Consolidated statement of changes in equity

TSEK	Share capital	Other capital provided	Retained earnings	Non-controlling interest	Total equity
	Attributable to equity holders in Parent company				
Opening balance as of May 1, 2010	3 761	196 493	-58 509	57	141 803
Comprehensive income for the period	-	-	-28 816	-2	-28 819
Closing balance as of October 31, 2010	3 761	196 493	-87 325	55	112 984
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	-	-	-28 696	-	-28 696
New share issue	516	47 484	-	-	48 000
Issue expenses	-	-2 714	-	-	-2 714
Closing balance as of October 31, 2011	5 724	458 144	-153 107	0	310 761

Consolidated Cash flow statement

TSEK	Note	2011 Aug-Oct	2010 Aug-Oct	2011 May-Oct	2010 May-Oct	2010/11 May-April
Operating activities						
Operating income before financial items		-13 384	-15 832	-28 752	-27 047	-64 353
Depreciation/amortization		1 265	1 161	2 527	2 224	4 650
Impairment of inventory		-	-	-	-	94
Disposals of intangible assets		-	1	-	1	133
Interest received		1	2	133	21	484
Interest paid		-53	-899	-77	-1 792	-1 392
Cash flow from operating activities before working capital changes		-12 170	-15 567	-26 168	-26 594	-60 385
Change in working capital						
Change in inventories		-290	-	-290	-	-
Change in trade receivables		-	-	-	60	60
Change in other current receivables		-95	-769	1 162	1 245	-445
Change in trade payables		2 126	7 843	3 339	6 379	1 756
Change in other current liabilities		-1 501	224	-912	1 563	1 415
Cash flow from operating activities		-11 930	-8 269	-22 869	-17 346	-57 598
Investing activities						
Investments in intangible fixed assets		-14 336	-20 696	-34 575	-40 713	-88 342
Investments in property, plant and equipment		-149	-3 816	-1 646	-6 684	-10 321
Cash flow from investing activities		-14 486	-24 512	-36 221	-47 396	-98 663
Financing activities						
Increase in liabilities to credit institutions		-	-	-	667	-
Decrease in liabilities to credit institutions		-	-29	-	-	-4 289
Increase in long-term liabilities		-	-	891	-	-
New share issue		48 000	-	48 000	-	168 697
Issue expenses		-	-	-	-	-20 369
New loans	4	-	32 745	-	58 745	58 745
Cash flow from financing activities		48 000	32 716	48 891	59 412	202 784
Cash flow for the period		21 585	-65	-10 199	-5 330	46 523
Cash and cash equivalents at the beginning of the period		20 112	107	51 895	5 372	5 372
Cash and cash equivalents at the end of the period		41 696	42	41 696	42	51 895

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Parent Company Income statement

TSEK	Note	2011 Aug-Oct	2010 Aug-Oct	2011 May-Oct	2010 May-Oct	2010/11 May-April
Net sales		-	-	891	42	106
Capitalized development cost		14 336	18 896	34 420	38 913	86 049
Other operating income		-	72	42	99	245
Raw materials, consumables and goods for resale		-2 012	-4 987	-5 663	-7 620	-16 080
Other external expenses		-15 987	-20 094	-37 393	-38 175	-92 271
Employee benefit expenses		-8 417	-8 495	-18 445	-17 938	-37 370
Depreciation/amortization and impairment of property, plant, equipment and intangible assets		-1 244	-1 118	-2 478	-2 135	-4 486
Operating income		-13 323	-15 725	-28 626	-26 814	-63 806
Result from participations in Group companies	4	-100	-60	-100	-210	-578
Other interest revenues and similar revenues		1	1	133	20	483
Interest cost and similar costs		-53	-899	-77	-1 792	-2 097
Financial items, net		-151	-957	-44	-1 981	-2 192
Income after financial items		-13 474	-16 683	-28 670	-28 796	-65 998
Taxes	2	-	-	-	-	-
Income for the period		-13 474	-16 683	-28 670	-28 796	-65 998

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Parent Company Balance Sheet

TSEK	Note	2011-10-31	2010-10-31	2011-04-30
ASSETS				
Non-current assets				
Intangible fixed assets				
Capitalized development cost	3	261 330	179 773	226 909
Concessions, patents, licenses, trademarks and similar rights		8 931	9 079	9 180
Property, plant and equipment				
Equipment, tools, fixtures and fittings		25 460	25 565	27 243
Advance payments for property, plant and equipment		1 355	-	-
Financial assets				
Participations in group companies		110	298	110
Receivables from group companies		6	4	5
Other securities held as non-current assets		1	1	1
Total Non-current assets		297 192	214 719	263 448
Current assets				
Inventories				
Raw materials and consumables		290	94	-
		290	94	0
Current receivables				
Receivables from group companies	4	2	99	89
Other current receivables		1 431	1 936	2 140
Prepaid expenses and accrued income		2 375	1 335	2 748
		3 807	3 369	4 977
Cash and bank balances		41 682	31	51 884
Total current assets		45 779	3 494	56 861
TOTAL ASSETS		342 971	218 212	320 309
EQUITY AND LIABILITIES				
Equity				
Restricted equity				
Share capital		5 724	3 761	5 208
Statutory reserve		4 620	4 620	4 620
		10 344	8 381	9 828
Non-restricted equity				
Share premium reserve		458 144	196 493	413 375
Retained earnings		-129 028	-63 030	-63 030
Income for the period		-28 670	-28 796	-65 998
		300 447	104 668	284 347
Total equity		310 791	113 049	294 175
Non-current liabilities				
Other non-current liabilities		16 264	15 373	15 373
Total non-current liabilities		16 264	15 373	15 373
Current liabilities				
Short term borrowings	4	-	69 295	-
Trade payables		7 170	8 447	3 818
Liabilities to Credit institutions		-	4 956	-
Other current liabilities		1 511	1 312	1 399
Accrued expenses and prepaid income		7 234	5 780	5 545
Total Current liabilities		15 916	89 790	10 761
TOTAL EQUITY AND LIABILITIES		342 971	218 212	320 309
Contingent liabilities and pledged assets				
Contingent liabilities	5	-	-	-
Pledged assets	5	8 000	5 000	8 000

Parent Company changes in equity

TSEK	Restricted equity: Share capital	Restricted equity: 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	-	-	-28 796	-28 796
Closing balance as of October 31, 2010	3 761	4 620	104 668	113 049
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
New share issue	516	-	47 484	48 000
Issue expenses	-	-	-2 714	-2 714
Income for the period	-	-	-28 670	-28 670
Closing balance as of October 31, 2011	5 724	4 620	300 447	310 791

Note 1 Accounting policies

This interim report is established in accordance with IAS 34, Interim Financial 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 Interpretations 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 Oasmia since May 1, 2011, has not had any effect on Oasmia's financial reports. The Group currently only has one operating segment and does therefore not disclose any segment information.

Note 2 Taxes

The Group has accumulated losses carried forward amounting to TSEK 191 471 (125 773) and the Parent Company has similar amounting to TSEK 182 147 (116 882). 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	2011-10-31	2010-10-31	2011-04-30
Paclical®	180 278	108 707	145 858
Paccal® Vet	81 051	71 066	81 051
Total	261 330	179 773	226 909

Note 4 Transactions with related parties

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 2012 and is automatically extended with 12 months if the credit is not cancelled by either party 3 months before the term expiration date at the latest. The interest rate on utilized credits amounts to 6 %. As of October 31, 2011, the company had no liabilities to Alceco International S.A. (As of October 31, 2010, the company used credit facilities amounting to TSEK 69 295 of provided credit from Alceco International S.A.)

Oasmias claim in the subsidiary Qdoxx Pharma AB amounted as of closing day to TSEK 2 (99). Oasmia has made a group contribution to Qdoxx Pharma amounting to TSEK 100 (210) in the period, where TSEK 100 (60) was contributed in the second quarter. Impairments of shares in Qdoxx Pharma AB has been made in the period corresponding to the group contribution, as the purpose of the group contributions was to cover losses in the subsidiary. The impairments are accounted for in the Parent company income statement in the item Result from participation in group companies.

Note 5 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 6 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, December 8, 2011

Joel Citron, Chairman	Martin Nicklasson, Member
Jan Lundberg, Member	Prof. Dr. Horst Domdey, 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 December 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.

Review Report

To the Board of Directors of Oasmia Pharmaceutical AB, corp id 556332-6676

Introduction

We reviewed the accompanying condensed balance sheet of Oasmia Pharmaceutical AB as of October 31, 2011 and the related condensed summary of income, changes in equity and cash-flows for the six-month period then ended. The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of this condensed interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the Standard on Review Engagements, SÖG 2410, "Review of Interim Financial Statements Performed by the Independent Auditor of the Entity", issued by the Swedish Federation of Authorized Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information does not give a true and fair view of the financial position of the entity as at October 31, 2011, and its financial performance and its cash flows for the six-month period then ended, 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 8, 2011

Ernst & Young AB
Björn Ohlsson

Authorized Public Accountant

COMPANY INFORMATION

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Questions concerning the report are answered by:
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KOMMANDE RAPPORTTILLFÄLLEN

Interim Report May 2011 – 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

About Oasmia Pharmaceutical AB
Oasmia Pharmaceutical AB develops a new generation of drugs within human and veterinary oncology. The product development aims to manufacture novel formulations based on well-established cytostatics which, in comparison with current alternatives, show improved properties, a reduced side-effect profile and an expanded therapeutic area. The product development is based on in-house research within nanotechnology and company patents. The company share is listed at NASDAQ OMX in Stockholm and at Frankfurt Stock Exchange.