

Oasmia Pharmaceutical AB (publ)

Interim report for the period May – October 2010

THE NEW SHARE ISSUE COMPLETED

THE PERIOD May 1 2010 – October 31 2010

- Consolidated net sales amounted to TSEK 42 (24 911)
- Operating income amounted to TSEK -27 047 (1 905)
- Net income after tax amounted to TSEK -28 819 (21)
- Earnings per share was SEK -0,75 (0,00)
- Comprehensive income amounted to TSEK -28 819 (21)

SECOND QUARTER August 1 2010 – October 31 2010

- Consolidated net sales amounted to TSEK 0 (253)
- Operating income amounted to TSEK -15 832 (-8 719)
- Net income after tax amounted to TSEK -16 729 (-9 365)
- Earnings per share was SEK -0,44 (-0,26)
- Comprehensive income amounted to TSEK -16 729 (-9 365)
- Oasmia Pharmaceutical AB announces a fully committed and underwritten rights issue of SEK 239 million
- The Annual General Meeting elects Björn Björnsson as a new Member of the Board
- The Annual General Meeting makes a resolution of an authorization corresponding to 15 million shares
- Oasmia appoints Carnegie Investment Bank AB as financial advisor.
- New credit facility of SEK 40 million

EVENTS AFTER CLOSING DAY

- The new share issue is completed

KEY EVENTS DURING THE PERIOD

OASMIA HUMAN HEALTH

Paclical®

The international Phase III study on ovarian cancer commenced in February 2009 has continued in the period. The company's pharmaceutical candidate Paclical® is compared to the well-known pharmaceutical Taxol® in the study. The Study comprises about 80 clinics in 16 European countries and is expected to include 650 patients. In August the company reported that two thirds of the patients have been included in the study.

Docecal®

Oasmia's product candidate Docecal®, a new patented formulation of docetaxel (Taxotere®) with improved chemical properties, intended for prostate cancer and breast cancer, has passed the clinical stage. Taxotere® sales amounts to EUR 2.2 billion each year and will lose its patents next year.

Strong growth in the oncology market

The market for treatment of cancer in humans increased with 9 % in 2009 and amounted to USD 52.4 billion (according to IMS).

OASMIA ANIMAL HEALTH

Paccal® Vet

In August Oasmia submitted a complete application for registration of Paccal® Vet for treatment of dogs with mastocytoma in the EU and USA.

Doxophos® Vet

A study in dogs carried out by Oasmia in Canada to investigate the safety and pharmacokinetics showed that the proposed doses of Doxophos® Vet were very well tolerated.

THE COMPANY

Oasmia carries out a fully committed and underwritten new share issue

In October, Oasmia made an announcement of a fully committed and underwritten new share issue of SEK 239 million. The new share issue comprises 14.5 million shares and the subscription price is SEK 16.50 per share. The issue payment will mainly be used to finish the clinical Phase III study for Paclical® and for investments in production capacity and storage for the launch of Paccal® Vet.

Annual General Meeting

Björn Björnsson was elected as a new Member of the Board at the Annual General Meeting on September 28, 2010 and the Board was thus expanded to five members.

The Meeting also authorized the Board to, at one or more occasions, decide to perform new share issues and convertible debt instruments. The total number of issued shares and convertibles may not exceed 15 million shares or entitle conversion to more than 15 million shares. The share issues may or may not have preferential rights for current shareholders.

Oasmia appoints Carnegie Investment Bank AB as financial advisor

In September Oasmia announced that the company had appointed Carnegie Investment Bank AB as financial advisor in order to investigate the possibility of providing the company with additional capital for continued product development and ensure future manufacture.

New credit facility

In September, it was announced that the principal owner Oasmia S.A. placed another SEK 40 million credit facility at Oasmias Pharmaceutical AB's disposal, and thereby expanding the current credit to SEK 100 million. As of October 31, the company had used SEK 69 million of the current credit. See note 4 for further information.

In July, the company signed a Standby Equity Distribution Agreement (SEDA-agreement) with YA Global Master SPV Ltd (YA Global) which is controlled by the USA-based Yorkville Advisors LLC. The agreement states that YA Global will provide up to SEK 75 million by subscription of newly issued Oasmia shares for a period of 36 months after the closing of the agreement. As of October 31, no such issue had been made.

In June, the Oasmia share was listed on NASDAQ OMX Stockholm and Remium was appointed as liquidity provider for the Oasmia share.

EVENTS AFTER CLOSING DAY

The new share issue completed

The new share issue with preferential rights was carried out in November. The number of shares in the company increased by 14 466 483 to 52 079 341. It provided the company with MSEK 238.7 before issue expenses. The principal owner Oasmia S.A. paid MSEK 70 in offset against a claim of the corresponding amount, as part of the issue payment. The cash payment amounted to about MSEK 150 after issue expenses.

As a result of the increase in cash provided by the new share issue, the company has resolved all interest bearing liabilities and the debt/equity ratio is now zero percent. The credit which existed before the share issue is still available.

FINANCIAL PROSPECTS

A deciding factor for Oasmia's financial prospects is the launch dates for the products we develop. Launch means that the company starts to generate revenues through milestone payments and royalties.

The phase closest to launch is registration. After submission of an application for registration, Oasmia is dependent on the pharmaceutical authorities' process of the application. The company cannot affect the processing time in other ways than providing rapid answers to eventual questions.

The company aims to launch its first product for the veterinary market, Paccal® Vet, in 2011. License and distribution agreements are in place for the main world markets.

The company aims to launch its first product for the human market, Paclical®, in 2012. The Board of Directors makes the assessment that there are very good possibilities for license business in the human market.

The Board has set a goal that the debt/equity ratio shall not exceed 50 %. At the end of the second quarter (October 31), the debt/equity ratio temporarily exceeded the goal, since it reached 66 %. In November, a new share issue was performed and the company resolved all interest bearing loans and lowered the debt/equity ratio to 0 %.

The business is financed by equity, credits and licensing. The management continuously works with these instruments. The new share issue carried out after the end of the quarter means that the company is financed by equity for a time and is independent of credits and licensing for this period.

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 in comparison 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 expires 2023. Furthermore, additional patent applications have been submitted which could extend the patent protection to the year 2028.

Oasmia's innovations can potentially be used within other areas, and therefore the company conducts some basic research within other therapeutic areas.

Oasmia supervises the clinical trials with in-house personnel where several have an extensive international experience within clinical development and regulatory affairs. Manufacture of products for clinical trials is carried out in the company facilities in Uppsala.

FINANCIAL INFORMATION

Consolidated Income Statement in brief

	2010	2009	2010	2009	2009/10
TSEK	Aug-Oct	Aug-Oct	May-Oct	May-Oct	May-April
Net sales	-	253	42	24 911	30 741
Capitalized development cost	18 896	20 331	38 913	44 768	80 643
Operating income	-15 832	-8 719	-27 047	1 905	-14 961
Net income after tax	-16 729	-9 365	-28 819	21	-17 054
Earnings per share (SEK), before and after dilution	-0,44	-0,26	-0,75	0,00	-0,47
Comprehensive income for the period	-16 729	-9 365	-28 819	21	-17 054

Net sales

Net sales for the quarter amounted to TSEK 42 (24 911) and only consisted of compassionate sales of pharmaceuticals. Unlike the corresponding period previous year, the group had no license revenues.

Capitalized development cost

Capitalized development cost consists of the company's investments in clinical Phase III trials. They amounted for the quarter to TSEK 38 913 (44 768). The reduction is a result of that the clinical study with Pacca[®] Vet is completed.

Capitalized development costs per product candidate are displayed in note 3.

Operating expenses

The total operating expenses excluding depreciations and impairments amounted to TSEK 63 876 (66 015). The reduction is attributable to that expenses related to parallel imported pharmaceuticals have ceased.

Of the operating expenses, 61 % (68) were capitalized as Capitalized development costs.

The number of employees at the end of the quarter was 70 (60).

Net profit for the period

The net profit for the quarter was TSEK -28 819 (21). The difference in profit is attributable to that there were no license revenues in the period (previous year TSEK 23 065) and that a reduced part of the operating expenses has been capitalized in the period.

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 42 (7 780). Equity at the same time amounted to TSEK 112 984 (118 028). At the end of the quarter, the equity/assets ratio was 52 % (82) and the debt/equity ratio 66 % (0).

Cash flow and Capital expenditures

Cash flow from operating activities in the quarter amounted to TSEK -17 346 (3 101). The change compared to the previous year consisted mainly of license revenues in the previous year.

Capital expenditures amounted to TSEK 47 396 (45 597) where investments in intangible assets amounted to TSEK 40 713 (44 999) and investments in property, plant and equipment amounted to TSEK 6 684 (599). Investments in intangible assets consisted of capitalized development costs TSEK 38 913 and new patent applications TSEK 1 800. Investments in property, plant and equipment mainly concerned production equipment in

the facility in Uppsala. In the current fiscal year, an extensive scale-up of the production facility including restructuring, process vessels for preparation and a water facility for production of sterile water will be made.

The financing were comprised of liquid assets TSEK 5 3330 and an increase in borrowings with TSEK 59 412 (49 288).

The parent company

The parent company net sales in the quarter amounted to TSEK 42 (23 334) and net income after tax amounted to TSEK -28 796 (414). The parent company liquid assets at the end of the quarter amounted to TSEK 31 (7 774).

Key ratios and other information

	2010 Aug-Oct	2009 Aug-Oct	2010 May-Oct	2009 May-Oct	2009/10 May-April
Number of shares at the close of the period (in thousands), before and after dilution*	38 403	36 647	38 403	36 647	38 403
Average number of shares (in thousands) before and after dilution*	38 403	35 590	38 403	35 014	36 550
Earnings per share in SEK, before and after dilution*	-0,44	-0,26	-0,75	0,00	-0,47
Equity per share, SEK*	2,94	3,22	2,94	3,22	3,69
Equity/Assets ratio, %	52	82	52	82	79
Net liability, TSEK	74 209	-3 737	74 209	-3 737	9 467
Debt/Equity ratio, %	66	0	66	0	7
Return on total assets, %	neg	neg	neg	2	neg
Return on equity, %	neg	neg	neg	0	neg
Number of employees at the end of the period	70	60	70	60	64

* 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. Retroactive adjustments have also been made with respect to capitalization issue elements in the preferential rights issue carried out in November 2010.

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	2010 Aug-Oct	2009 Aug-Oct	2010 May-Oct	2009 May-Oct	2009/10 May-April
Net sales		0	253	42	24 911	30 741
Capitalized development cost		18 896	20 331	38 913	44 768	80 643
Other operating income		72	-	99	-	-
Raw materials, consumables and goods for resale		-4 998	-2 982	-7 660	-6 961	-18 842
Other external expenses		-20 146	-18 984	-38 279	-45 197	-74 412
Employee benefit expenses		-8 495	-6 453	-17 938	-13 857	-29 413
Depreciation/amortization and impairment		-1 161	-884	-2 224	-1 759	-3 612
Other operating expenses		-1	-	-1	-	-68
Operating income		-15 832	-8 719	-27 047	1 905	-14 961
Financial income		2	1	21	324	411
Financial expenses		-899	-647	-1 792	-2 208	-2 505
Financial items, net		-897	-646	-1 772	-1 884	-2 094
Income before taxes		-16 729	-9 365	-28 819	21	-17 055
Taxes	2	0	0	0	0	0
Income for the period		-16 729	-9 365	-28 819	21	-17 054
Income for the period attributable to:						
Equity holders of the Parent company		-16 728	-9 364	-28 816	29	-17 016
Minority shareholding		-1	-2	-2	-8	-38
Earnings per share						
Before dilution, SEK		-0,44	-0,26	-0,75	0,00	-0,47
After dilution, SEK		-0,44	-0,26	-0,75	0,00	-0,47

Consolidated Statement of Comprehensive income

TSEK	Note	2010 Aug-Oct	2009 Aug-Oct	2010 May-Oct	2009 May-Oct	2009/10 May-April
Income for the period		-16 729	-9 365	-28 819	21	-17 054
Comprehensive income for the period		-16 729	-9 365	-28 819	21	-17 054
Comprehensive income for the period attributable to:						
Equity holders of the Parent company		-16 728	-9 364	-28 816	29	-17 016
Minority shareholding		-1	-2	-2	-8	-38
Comprehensive Earnings per share						
Before dilution, SEK		-0,44	-0,26	-0,75	0,00	-0,47
After dilution, SEK		-0,44	-0,26	-0,75	0,00	-0,47

Consolidated statement of financial position

TSEK	Note	2010-10-31	2009-10-31	2010-04-30
ASSETS				
Non-current assets				
Property, plant and equipment		25 565	19 131	20 665
Capitalized development cost	3	179 773	104 985	140 860
Other intangible assets		9 406	7 659	8 047
Financial assets		2	2	2
Total Non-current assets		214 745	131 777	169 574
Current assets				
Inventories		94	1 130	94
Trade receivables		-	5	60
Other current receivables		1 938	1 456	2 090
Prepaid expenses and accrued income		1 366	1 434	2 460
Liquid assets		42	7 780	5 372
Total Current assets		3 441	11 806	10 076
TOTAL ASSETS		218 186	143 583	179 650
EQUITY				
Equity attributed to equity holders in the Parent Company				
Share capital		3 761	3 589	3 761
Other capital provided		196 493	155 815	196 493
Retained earnings		-87 325	-41 463	-58 509
Total		112 930	117 941	141 746
Minority shareholding		55	87	57
Total equity		112 984	118 028	141 803
LIABILITIES				
Non-current liabilities				
Other non-current liabilities		15 397	15 397	15 397
Deferred tax liabilities		7	7	7
Total Non-current liabilities		15 404	15 404	15 404
Current liabilities				
Liabilities to credit institutions		4 956	2 561	4 289
Short-term borrowings	4	69 295	1 482	10 550
Trade payables		8 455	1 614	2 076
Other current liabilities		1 312	1 143	1 197
Accrued expenses and prepaid income		5 780	3 351	4 332
Total Current liabilities		89 798	10 151	22 443
Total Liabilities		105 202	25 555	37 847
TOTAL EQUITY AND LIABILITIES		218 186	143 583	179 650
Contingent liabilities				
	5			
Pledged assets				
	5			

Consolidated statement of changes to shareholders' Equity

TSEK	Attributable to Equity holders in Parent company				
	Share capital	Other paid-up capital	Retained earnings	Minority shareholding	Total shareholders' equity
Opening balance as of May, 1 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
Opening balance as of 1 May 2009,	3 350	99 254	-41 493	95	61 207
Comprehensive income for the year	-	-	-17 016	-38	-17 054
New share issues	411	102 410	-	-	102 821
Issue expenses	-	-5 171	-	-	-5 171
Closing balance as of April 30, 2010	3 761	196 493	-58 509	57	141 803
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

Consolidated Cash flow statement

TSEK	Note	2010 Aug-Oct	2009 Aug-Oct	2010 May-Oct	2009 May-Oct	2009/10 May-April
Operating activities						
Operating income before financial items		-15 832	-8 719	-27 047	1 905	-14 961
Depreciation/amortization		1 161	884	2 224	1 759	3 612
Impairment of inventory		-	238	-	238	300
Disposals of intangible assets		1	-	1	-	68
Interest received		2	1	21	324	411
Interest paid		-899	-551	-1 792	-1 881	-2 178
Cash flow from operating activities before working capital changes		-15 567	-8 148	-26 594	2 345	-12 748
Change in working capital						
Change in inventories		-	96	-	1 408	2 383
Change in trade receivables		-	154	60	2 332	2 277
Change in other current receivables		-769	431	1 245	-62	-1 722
Change in trade payables		7 843	301	6 379	-1 412	-950
Change in other current liabilities		224	-1 082	1 563	-1 509	-475
Cash flow from current operations		-8 269	-8 249	-17 346	3 101	-11 235
Investing activities						
Investments in intangible fixed assets		-20 696	-20 331	-40 713	-44 999	-81 773
Investments in property, plant and equipment		-3 816	-258	-6 684	-599	-3 541
Cash flow from investing activities		-24 512	-20 589	-47 396	-45 597	-85 315
Financing activities						
Increase in liabilities to credit institutions		-	-	667	-	-
Reduction in liabilities to credit institutions		-29	-3 605	-	-4 795	-3 067
Increase in non-current liabilities		-	-	-	15 373	15 373
New share issues		-	31 083	-	31 083	74 083
Issue expenses		-	-3 021	-	-3 021	-5 171
New loans	4	32 745	-	58 745	14 457	25 007
Amortization of loans		-	-3 086	-	-3 808	-5 290
Cash flow from financing activities		32 716	21 370	59 412	49 288	100 934
Cash flow for the period		-65	-7 467	-5 330	6 792	4 384
Cash and cash equivalents at the beginning of the period		107	15 247	5 372	988	988
Cash and cash equivalents at the end of the period		42	7 780	42	7 780	5 372

Parent Company Income statement

TSEK	Note	2010 Aug-Oct	2009 Aug-Oct	2010 May-Oct	2009 May-Oct	2009/10 May-April
Net sales		-	177	42	23 334	28 817
Capitalized development cost		18 896	20 331	38 913	44 768	80 643
Other operating income		72	0	99	125	125
Raw materials, consumables and goods for resale		-4 987	-2 585	-7 620	-5 156	-15 869
Other external expenses		-20 094	-18 888	-38 175	-45 000	-74 051
Employee benefit expenses		-8 495	-6 453	-17 938	-13 857	-29 413
Depreciation/amortization and impairment of property, plant, equipment and intangible assets		-1 118	-827	-2 135	-1 645	-3 385
Operating income		-15 725	-8 245	-26 814	2 569	-13 133
Profit from participations in Group companies	6	-60	-500	-210	-650	-3 570
Other interest revenues and similar revenues		1	1	20	324	411
Interest cost and similar costs		-899	-579	-1 792	-1 829	-2 109
Financial items, net		-957	-1 078	-1 981	-2 155	-5 268
Income after financial items		-16 683	-9 324	-28 796	414	-18 401
Taxes	2	-	-	-	-	-
Income for the period		-16 683	-9 324	-28 796	414	-18 401

Parent Company Balance Sheet

TSEK	Note	2010-10-31	2009-10-31	2010-04-30
ASSETS				
Non-current assets				
Intangible fixed assets				
Capitalized development cost	3	179 773	104 985	140 860
Concessions, patents, licenses, trademarks and similar rights		9 079	7 062	7 630
Property, plant and equipment				
Equipment, tools, fixtures and fittings		25 565	19 131	20 665
Financial assets				
Participations in group companies		298	2 118	298
Receivables from group companies		4	4	4
Other securities held as non-current assets		1	1	1
Total Non-current assets		214 719	133 301	169 458
Current assets				
Inventories				
Raw materials and consumables		94	94	94
		94	94	94
Current receivables				
Trade receivables		-	-	60
Receivables from group companies	4	99	-	370
Other current receivables		1 936	1 385	2 019
Prepaid expenses and accrued income		1 335	1 372	2 332
		3 369	2 757	4 782
Cash and bank balances		31	7 774	5 320
Total current assets		3 494	10 625	10 196
TOTAL ASSETS		218 212	143 926	179 653
EQUITY AND LIABILITIES				
Equity				
Restricted equity				
Share capital		3 761	3 589	3 761
Statutory reserve		4 620	4 620	4 620
		8 381	8 209	8 381
Non-restricted equity				
Share premium reserve		196 493	155 815	196 493
Retained earnings		-63 030	-44 628	-44 628
Income for the period		-28 796	414	-18 401
		104 668	111 600	133 464
Total equity		113 049	119 810	141 845
Non-current liabilities				
Other non-current liabilities		15 373	15 373	15 373
Total non-current liabilities		15 373	15 373	15 373
Current liabilities				
Short term borrowings	4	69 295	1 482	10 550
Trade payables		8 447	1 589	2 068
Liabilities to Credit institutions		4 956	-	4 289
Liabilities to group companies	4	-	1 186	-
Other current liabilities		1 312	1 143	1 197
Accrued expenses and prepaid income		5 780	3 344	4 332
Total Current liabilities		89 790	8 744	22 435
TOTAL EQUITY AND LIABILITIES		218 212	143 926	179 653
Contingent liabilities and pledged assets				
Contingent liabilities	5	-	8 000	-
Pledged assets	5	5 000	-	5 000

Change in shareholders' equity Parent Company

TSEK	Restricted equity		Non-restricted equity	Total equity
	Share capital	Statutory reserve		
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 October 31, 2009	3 589	4 620	111 600	119 810
Opening balance as of May 1, 2009	3 350	4 620	54 626	62 596
New share issues	411	-	102 410	102 821
Issue expenses	-	-	-5 171	-5 171
Income for the period	-	-	-18 401	-18 401
Closing balance as of April 30, 2010	3 761	4 620	133 464	141 845
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

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 group has 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 1.3, Complementary accounting regulations for Groups and the Annual Accounts Act. The Parent Company accounts are established in accordance with RFR 2.3, 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 2009 – April 30 2010. The new and revised accounting standards applied by Oasmia as of May 1 2010 have not had any effect on the Oasmia financial statements.

Note 2 Taxes

The Group has accumulated losses carried forward amounting to TSEK 125 773 (79 970) and the Parent Company has similar amounting to TSEK 116 882 (72 494). 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	2010-10-31	2009-10-31	2010-04-30
Paclical®	108 707	48 768	76 227
Paccal® Vet	71 066	56 217	64 633
Total	179 773	104 985	140 860

Note 4 Transactions with related parties

Essential transactions with related parties are disclosed below.

The principal owner Oasmia S.A has provided Oasmia with a credit facility amounting to MSEK 100. The contract credit is valid until March 2011 and is automatically renewed with 12 months if the credit is not cancelled by either party at the latest 3 months before the term expiry date. The contract interest is 6 %. The unused credit at October 31, 2010 amounted to TSEK 69 295 (as of October 31, 2009, the company had no liabilities to Oasmia S.A.). Oasmia's claim in the subsidiary Qdoxx Pharma AB amounted as of October 31, 2010 to TSEK 99 (liability as of October 31, 2009 amounted to TSEK 1 186). Oasmia has in the period made a group contribution to Qdoxx Pharma AB of TSEK 210 (650), where TSEK 60 (500) in the second quarter. See also note 6.

Note 5 Contingent liabilities and Pledged assets

The parent company holds a TSEK 5 000 bank overdraft, with a floating charge of corresponding amount as security.

Note 6 Participations in group companies

Impairments of participations in the wholly owned subsidiary Qdoxx Pharma AB has been made in the period corresponding to group contributions amounting to TSEK 210 (650) as the reason for the group contribution was to cover losses in the subsidiary. The impairments are accounted for in the Parent company Income statement in the item Participations in group companies.

Note 7 Risk factors

The Group is subjected to a number of different risks through its business. By creating awareness of the risks involved in the activities 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 2009 – April 30 2010. 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 9, 2010

Bo Cederstrand, Chairman

Claes Piehl, Member

Peter Ström, Member

Björn Björnsson, 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 9, 2010 at 09.00.

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 a 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 all 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 9, 2010

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 2010 – January 2011	2011-03-09
Year-end Report May 2010 – April 2011	2011-06-10
Annual Report May 2010 – April 2011	2011-08-25
Interim report May – July 2011	2011-09-08