Oasmia Pharmaceutical AB (publ)

INTERIM REPORT FOR THE PERIOD May 1 – October 31 2008

THE PERIOD IN BRIEF May - October 2008

- Net sales for the Group amounted to SEKt 59 785 (SEKt 21 506)[1]
- Operating income amounted to SEKt 16 993 (SEKt -16 453)
- Income for the period amounted to SEKt 17 086 tkr (SEKt -16 803)
- Earnings per share amounted to SEK 0,51 (SEK -0,53)

THE SECOND QUARTER August - October 2008

- Net sales for the Group amounted to SEKt 15 180 (SEKt 13 960)
- Operating income amounted to SEKt -7 131 (SEKt -8 683)
- Income for the period amounted to SEKt -7 042 (SEKt -8 863)
- Earnings per share amounted to SEK -0,21 (SEK -0,28)

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

KEY EVENTS DURING THE PERIOD

OASMIA HUMAN HEALTH

The Phase III study on ovarian cancer with the pharmaceutical candidate Paclical® has continued in the period. Participating hospitals have been identified and on September 13, an investigator's meeting was held in Uppsala, where representatives for the majority of all clinics participated. The company is also conducting a pharmacokinetic study on Paclical®. In the study, Paclical® is compared to the well-know pharmaceutical Taxol®. Paclical® and Taxol® have the same active product ingredient (paclitaxel) and the study investigates whether paclitaxel behaves in the same manner in the body for both Paclical® and Taxol®.

OASMIA ANIMAL HEALTH

In the end of June, Oasmia expanded the license and distribution agreement with Orion Corporation for the product Paclical® Vet which was closed in March 2008. The previous agreement comprised only the Nordic Countries and a few other European Countries at a value of 2 million Euro. The expanded agreement comprises all of Europe. Oasmia received another 8 million Euro; 3,25 million Euro when the agreement was closed and which was accounted for as revenue in the first Quarter. Altogether the license agreement with Orion Corporation for Paclical® Vet amounts to 10 million Euro. Oasmia will receive another 6 million Euro when the company fulfills certain criteria disclosed in the agreements. Furthermore, Oasmia receives royalties for all sales in the region. Orion receives exclusive sales and marketing rights for the product in Europe.

The follow-up time for the Phase III study on mastocytoma continues until December. An international study with sites in the US and Europe have started. The study is also on dogs with mastocytoma. The first dog was included in October.

ANNUAL GENERAL MEETING 2008

On September 11 the company held its Annual General Meeting. At the meeting Claes Piehl, Julian Aleksov, Peter Ström and Bo Cederstrand were re-elected as members of the Board of Directors. Furthermore, the meeting adopted the Board's proposal for auditor. Ernst & Young with certified auditor Björn Ohlsson as principal auditor was selected for a time that ends at the Annual General Meeting 2012.

The meeting adopted the Board of Director's proposal of a private placement. The Board proposed that the share capital should be increased with SEK 12 500 through a new share issue of 125 000 shares of series A, by the terms listed below:

- The new shares shall be subscribed, with deviation from shareholder preferential rights, by Oasmia S.A. Luxembourg.
- For every share an amount of SEK 28 is paid and SEK 27,90 is considered premium.
- Share subscription and offset shall be done by October 15 2008 at the latest.
- The new shares shall enable dividends as of the current fiscal year.

The meeting adopted the Board of Director's proposal for authorization of a private placement. The Board was authorized to make one or more new share issues up until the next annual general meeting, so far as such issues do not exceed three million shares in total.

Apart from the above mentioned decisions, criteria for selection of a nomination committee for the next Annual General Meeting were adopted as proposed by the Board. The nomination committee is to be selected according to the following criteria:

- One member shall represent the principal shareholders
- One member shall be independent of the principal shareholders and independent to the company management and Board of Directors

- One member shall be the Chairman of the Board. The Chairman of the Board can be the chairman of the nomination committee.

OASMIA CHANGES STOCK LISTING

On October 1 the Swedish Financial Supervisory Authority announced that the authorization for NGM to conduct stock listing activities had been revoked. The trade in all concerned financial instruments, therein Oasmia's share, may according to the announcement continue as usual during an interim period of six months. Oasmia has previously started a process to change stock listing to NASDAQ OMX, but the decision of the Swedish Financial Supervisory Authority has contributed to hurry this process of stock list change. On November 28, the County Administrative Court decided that NGM could reclaim their authorization to conduct stock listing activities and instead be subject to a warning and be subjected to a penalty fee of SEK 4.5 million. The decision to return the authorization to NGM does not affect Oasmia in the process of changing stock listing. Oasmia considers NASDAQ OMX to be a more suitable marketplace for the company shares, in the aspect of generating interest for the company, reach an increased liquidity and thereby a more effective pricing of the share and to attract new categories of shareholders.

KEY EVENTS AFTER THE CLOSE OF THE PERIOD

MARKET MAKER AND FINACIAL ADVISOR

Oasmia Pharmaceutical AB (publ) has appointed E. Öhman J:or Fondkommission AB as market maker for the Oasmia share which is listed on NGM Equity. The purpose is to reduce the difference between bid and ask price and increase the liquidity of the share. The market maker commitment begins on 1 December 2008 and for a start it applies to the trading on NGM Equity, and if a change of listing to NASDAQ OMX occurs during the term of the agreement, the trading on NASDAQ OMX. Oasmia has also appointed Öhman as financial advisor in connection to the transfer to NASDAQ OMX and a long-term collaboration concerning capital market activities has been initiated to improve the scope of the company information to shareholders and other interested parties.

BUSINESS ACTIVITIES

GENERAL

The main business activity of Oasmia is the development of novel, patented formulations of existing pharmaceuticals and thereby improve and create new therapy opportunities. The company focuses on human and veterinary oncology. The product furthest in development is Paclical® Vet for treatment of cancer in dogs. The pharmaceutical contains paclitaxel which is one of the most effective cytostatics that exists today. Paclical® Vet has shown a reduction of side-effects and has been given in higher doses than existing pharmaceuticals based on the same active substance (paclitaxel). A Phase III study for treatment of ovarian cancer has been initiated with Paclical® for human use.

Oasmia owns 100% of the subsidiary Qdoxx Pharma AB. The main business activity of the subsidiary is parallel import of pharmaceutical products. The business idea behind Qdoxx Pharma is by parallel import supply high-quality and price worthy pharmaceutical products for the Swedish market. Oasmia also owns 51 % of the company GlucoGene Pharma AB, which is a research company that develops xylosides for use in cancer treatment.

Oasmia has at present 56 employees, all located at the company office, research and production facility in Uppsala. During the rapid expansion between 2004 to 2008 a large number of new recruitment have been made which have strengthened the company's research and production capacity. Oasmia continues to recruit personnel in an effort to strengthen all parts of the business. One change in the company organization have been made as a new management group has been formed that acts as link between the Board of Directors and the department heads. This management group consists as of October 28 of Julian Aleksov (CEO, Hans Sundin (Senior Vice President Technical Services) and Annette Ljungmark (Head of Accounting and Human Resources).

RESEARCH AND DEVELOPMENT

The background to the business activity that Oasmia pursues today is a research project which started in the beginning of the 90s, focused on the ageing of the human cell. The research consisted among other things to study the effect of retinoids on the cellular cycle. The research resulted in a new class of retinoids. These formed a molecular complex which had excellent properties to dissolve substances. After another few years of research Oasmia Pharmaceutical AB was founded in 1998 in order to commercialize and utilize these discoveries in the form of new pharmaceuticals.

The Oasmia Pharmaceutical AB research and development department is mostly directed towards oncology within human and veterinary medicine, but the company also conducts research in infectious and neurologic diseases as well as asthma. The company research in the natural ageing and death of the cell has formed the platform for the development of novel pharmaceuticals. The first of which is Paclical® where the substance Paclical® has been made water-soluble by the use of nanoparticles and a new novel excipient. Oasmia's unique platform can be used in combination with a number of different substances in order to improve their profile, safety and effect, especially substances that are hard to solve. This nanotechnology opens up completely new treatment methods within oncology.

PRODUCT PORTFOLIO

The company product portfolio consists of the pharmaceutical candidates Paclical®, Carbomexx®, Docecal® and Doxophos® and the above mentioned with the suffix "Vet". These products theoretically covers 80 % of the standard treatments available today for the most common types of cancer. Oasmia considers that the company has a complete patent protection on the markets which the company considers to be most important, such as Europe, USA and Japan.

Prioritized events for Oasmia is the upcoming international clinical Phase III studies on Paclical® and Paclical® Vet. Docecal®, Doxophos® and Carbomexx® will soon enter Phase I/II. The foundation of Oasmias product portfolio is a group of novel, unique and patented substances. One of these, XR-17, is specifically developed with the ability to form micelles around the active part of the pharmaceutical. All candidates that today are part of the company product portfolio are all based on XR-17.

MARKET

Human Health

The global cancer market is estimated to grow twice as fast as the rest of the pharmaceutical market until the year 2011. The cancer market will then be the largest therapeutic area in worth (92 billion USD). In the total market for cytostatics, which today amounts to about 20 billion USD with an annual growth of 7 %, Paclical® belongs to the group taxanes, where pharmaceuticals such as Taxol®, Taxotere® and Abraxane® are also parts. The market size for this group was in 2007 about 4.5 billion USD with an annual growth of about 5 %. The cytostatics that have the largest growth have a clear improved treatment and safety profile. The goal of Oasmia is that patients treated with Paclical® will live longer than patients treated with other therapy choices, which is dependent on that Paclical® can be given in a higher dose.

Animal Health

There are about 125 million dogs in the world's industrially developed countries today. The number of dogs are increasing faster than the number of inhabitants. About 40 percent of all dogs, dependending on age, will suffer from cancer in their lifetime. In the USA Only it is estimated that there are about 1 000 000 treatable dogs annually where treatment with cytostatics is the alternative. There is no cytostatic registered for treatment of cancer in dogs today. Therefore has Oasmia's pharmaceutical candidate Paclical® Vet a great opportunity to be the first cytostatic for cancer treatment in dogs which is registered.

The world market for Paclical® Vet is estimated at 600 – 700 million USD. Within the market for cytostatics there are today no known on-going studies with cytostatics for dogs, and Oasmia thinks it will be a market leader for the coming five years.

FINANCIAL INFORMATION

Group Income Statement in summary

SEKt	2008 Aug-Oct	2007 Aug-Oct	2008 May-Oct	2007 May-Oct	2007/08 May-April
Net sales	15 180	13 960	59 785	21 506	71 158
Income for the period	-7 042	-8 863	17 086	-16 803	-5 067
Earnings per share (SEK), before and after dilution	-0,21	-0,28	0,51	-0,53	-0,16

Net sales

Net sales for the Group for the period May-October 2008 amounted to SEKt 59 785 (SEKt 21 506). The increase compared to previous year is mostly contributable to revenues of SEKt 30 347 (SEKt 0) which was received in accordance with the license and distribution agreement which was closed with Orion Corporation during the period. The increase is in part also attributable to an increase in sales of parallel imported pharmaceuticals, which amounted to SEKt 29 222 (SEKt 21 447).

Net sales for the second quarter of the fiscal year amounted to SEKt 15 180 (SEKt 13 960).

Capitalized development cost

Capitalized development cost for the period amounted to SEKt 13 094 (SEKt 3 652) and comprise development costs for Phase III studies for the products Paclical® and Paclical® Vet.

Capitalized development costs in the second quarter of the fiscal year amounted to SEKt 9 284 (SEKt 1 855).

Raw materials, consumables and goods for resale

Raw materials, consumables and goods for resale amounted to SEKt -27 357 (SEKt -22 608) and is mostly attributable to the business activity parallel import. Expenses are also attributable to analyses and purchase of raw materials for manufacture of pharmaceuticals within research and development.

Corresponding expenses for the second quarter of the fiscal year amounted to SEKt -13 941 (SEKt -14 068).

Other external expenses

Other external expenses amounted to SEKt -16 159 (SEKt -10 138). These are mostly attributable to products in development, that are in pre-clinical Phase alternatively Phase I/II. The expenses are also attributable to repairs and service of production equipment and rent.

During the second quarter of the fiscal year other external expenses amounted to SEKt -11 286 (SEKt -5 959).

Employee benefit expenses

During the period the employee benefit expenses increased to SEKt -11 101 (SEKt-7 541). The increase compared to the previous year is caused by an increase in the number of employees by 14 persons to a total of 53 as of October 31 2008 (39 employees as of October 31 2007).

Employee benefit expenses for the second quarter of the fiscal year amounted to SEKt -5 603 (SEKt -3 802).

Income for the period

The Group accounts for a positive income for the period May – October 2008. It amounted to SEKt 17 086 (SEKt -16 803) and is mainly the result of license revenues for the period. A smaller contribution to this was also that the business activity Parallel import resulted in a positive operating income of SEKt 2 468 (SEKt-1 035).

Financial position

Liquid assets for the Group amounted to SEKt 11 965 (SEKt 4 173) as of October 31. Cash flow from current operations amounted to SEKt 17 901 (SEKt -16 163) for the period and for the second quarter of the fiscal year to SEKt -4 595 (SEKt -8 055). Net cash flow for the period amounted to SEKt 1 586 (SEKt -17 996) and for the second quarter SEKt -16 181 (SEKt -7 192). Equity amounted to SEKt 85 398 (SEKt 53 076) and as of October 31 2008, the equity/assets ratio was 82 % (68 %).

Capital expenditures

Capital expenditures for the period amounted to SEKt 14 922 (SEKt 4 498). They mostly consisted of capitalized expenditure for development, SEKt 13 094 (SEKt 3 652), related to the products Paclical® and Paclical® Vet. In addition, smaller investments in other intangible assets were made, concerning patents and sales authorizations, which amounted to SEKt 420. Capital expenditures for the period in property, plant and equipment amounted to SEKt 1 408 (SEKt 886) and these were mostly related to development of the company production facilities and equipment. Depreciations/amortization for the period amounted to SEKt -1 494 (SEKt -1 325).

The Parent Company

Net sales for the Parent company amounted to SEKt 30 563 (SEKt 39) and income after financial items net amounted to SEKt 14 818 (SEKt -15 576). Liquid assets amounted to SEKt 11 946 (SEKt 4 163) as of October 31, 2008.

Key ratios and other information

	2008 Aug-Oct	2007 Aug-Oct	2008 May-Oct	2007 May-Oct	2007/08 May-April
Number of shares at the close of the period (in thousands), before and after dilution	33 500	33 375	33 500	33 375	33 375
Average number of shares (in thousands) before and after dilution	33 387	31 868	33 381	31 860	32 613
Earnings per share in SEK, before and after dilution	-0,21	-0,28	0,51	-0,53	-0,16
Equity per share, SEK	2,55	1,59	2,55	1,59	1,94
Equity/assets ratio, %	82	68	82	68	74
Return on total assets, %	-6	-11	18	-20	-5
Return on equity, %	-8	-15	23	-27	-8
Number of employees at the end of the period	53	39	53	39	40

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.
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.

Group Income Statement

SEKt	Note	2008 Aug-Oct	2007 Aug-Oct	2008 May-Oct	2007 May-Oct	2007/08 May-April
Net sales	2	15 180	13 960	59 785	21 506	71 158
Capitalized development cost		9 284	1 855	13 094	3 652	9 675
Other operating income		0	-	224	-	65
Raw material, consumables and goods for resale		-13 941	-14 068	-27 357	-22 608	-45 310
Other external expenses		-11 286	-5 959	-16 159	-10 138	-20 187
Employee benefit expenses		-5 603	-3 802	-11 101	-7 541	-17 530
Depreciation/amortization and impairment		-765	-669	-1 494	-1 325	-2 727
Operating income		**-7 131**	**-8 683**	**16 993**	**-16 453**	**-4 855**
Financial income		282	0	467	2	462
Financial expenses		-194	-180	-374	-351	-674
Financial items, net		**88**	**-180**	**93**	**-349**	**-212**
Income of financial items		**-7 043**	**-8 863**	**17 086**	**-16 803**	**-5 067**
Taxes	3	0	0	0	0	0
Income for the period		**-7 042**	**-8 863**	**17 086**	**-16 803**	**-5 067**
Income for the period attributable to:						
Equity holders of the Parent company		-7 041	-8 862	17 092	-16 798	-5 057
Minority interest in income for the period		-2	-1	-6	-4	-9
Earnings per share						
Before dilution, SEK		-0,21	-0,28	0,51	-0,53	-0,16
After dilution, SEK		-0,21	-0,28	0,51	-0,53	-0,16

Group Balance Sheet

SEKt	2008 Oct 31	2007 Oct 31	2008 April 30
ASSETS			
Non-current assets			
Property, plant and equipment	19 517	19 363	19 180
Capitalized development cost	37 253	18 136	24 159
Other intangible assets	8 282	7 424	8 284
Total Non-current assets	**65 052**	**44 922**	**51 624**
Current assets			
Inventories	21 008	18 407	19 121
Trade receivables	3 134	8 166	4 059
Other current receivables	1 410	1 257	772
Prepaid expenses and accrued income	1 353	1 202	1 717
Liquid assets	11 965	4 173	10 379
Total Current assets	**38 870**	**33 206**	**36 048**
TOTAL ASSETS	**103 922**	**78 128**	**87 672**
EQUITY			
Equity attributed to equity holders in the Parent Company			
Share capital	3 350	3 338	3 338
Other capital provided	99 254	95 767	95 767
Retained earnings	-17 296	-46 130	-34 389
Total	**85 308**	**52 974**	**64 715**
Minority interests	91	102	97
Total equity	**85 398**	**53 076**	**64 812**
LIABILITIES			
Non-current liabilities			
Long-term borrowings	2 957	8 177	6 433
Deferred tax liabilities	8	8	8
Total Non-current liabilities	**2 965**	**8 185**	**6 441**
Current liabilities			
Liabilities to credit institutions	5 208	3 996	5 241
Short-term- borrowings	1 422	2 933	2 814
Trade payables	3 847	5 482	3 933
Other current liabilities	2 617	3 027	2 153
Accrued expenses and prepaid income	2 465	1 428	2 277
Total Current liabilities	**15 558**	**16 867**	**16 418**
Total Liabilities	**18 523**	**25 052**	**22 859**
TOTAL EQUITY AND LIABILITIES	**103 922**	**78 128**	**87 672**

Change in shareholders' equity - Group

SEKt	2008 May-Oct	2007 May-Oct	2007/08 May-April
Opening balance according to Balance Sheet	64 812	69 879	69 879
Income for the period	17 086	-16 803	-5 067
Shareholders contribution received	3 500	-	-
Shareholders contribution refunded	-3 500	-61 100	-61 100
New share issue	3 500	61 100	61 100
Amount at the close of the period	**85 398**	**53 076**	**64 812**

Cash flow statement for the Group

SEKt	2008 Aug-Oct	2007 Aug-Oct	2008 May-Oct	2007 May-Oct	2007/08 May-April
Operating activities					
Operating income	-7 131	-8 683	16 993	-16 453	-4 855
Depreciation/amortization and impairment	765	668	1 494	1 324	2 727
Interest received	282	0	467	2	462
Interest paid	-194	-180	-374	-351	-674
Cash flow from operating activities before working capital changes	**-6 277**	**-8 194**	**18 580**	**-15 478**	**-2 340**
Change in working capital					
Change in inventories	-496	1 685	-1 886	-89	-803
Change in trade receivables	-1 085	-3 121	925	-3 780	347
Change in other current receivables	-62	-289	-274	-252	-302
Change in trade payable	892	2 776	-86	920	-631
Change in other current liabilities	2 434	-911	642	2 517	3 739
Cash flow from current operations	**-4 595**	**-8 055**	**17 901**	**-16 163**	**9**
Investing activities					
Investments in intangible fixed assets	-9 673	-1 855	-13 514	-3 612	-10 901
Investments in property, plant and equipment	-1 214	-610	-1 408	-886	-1 700
Cash flow from investing activities	**-10 887**	**-2 465**	**-14 922**	**-4 498**	**-12 601**
Financing activities					
Shareholder contribution received	0	-	3 500	-	-
Shareholder contribution refunded	-3 500	-61 100	-3 500	-61 100	-61 100
New share issue	3 500	61 100	3 500	61 100	61 100
New loans	0	4 000		4 000	3 500
Conversion of loan to shareholder contribution received	0		-3 500		
Repayment of loans	-700	-671	-1 392	-1 335	-2 699
Cash flow from financing activities	**-700**	**3 329**	**-1 392**	**2 665**	**801**
Cash flow for the period	**-16 181**	**-7 192**	**1 586**	**-17 996**	**-11 791**
Cash and cash equivalents at the beginning of the period	**28 146**	**11 365**	**10 379**	**22 170**	**22 170**
Cash and cash equivalents at the end of the	**11 965**	**4 173**	**11 965**	**4 173**	**10 379**

period

Parent Company Income statement

SEKt	Note	2008 Aug-Oct	2007 Aug-Oct	2008 May-Oct	2007 May-Oct	2007/08 May-April
Net sales		85	-	30 563	39	26 246
Capitalized development cost		9 284	1 855	13 094	3 652	9 675
Other operating income		0	-	224	-	31
Raw material, consumables and goods for resale		-638	-165	-1 146	-714	-1 241
Other external expenses		-11 048	-5 747	-15 716	-9 652	-19 188
Employee benefit expenses		-5 603	-3 783	-11 101	-7 522	-17 510
Depreciation/amortization and impairment of Tangible and intangible assets		-708	-614	-1 380	-1 212	-2 505
Operating income		**-8 628**	**-8 454**	**14 538**	**-15 409**	**-4 492**
Other interest revenues and similar revenues		282	0	467	2	460
Interest cost and similar costs		-93	-79	-188	-169	-324
Financial items, net		**189**	**-79**	**279**	**-167**	**136**
Income after financial items		**-8 439**	**-8 533**	**14 818**	**-15 576**	**-4 356**
Taxes	3	0	0	0	0	0
Income for the period		**-8 439**	**-8 533**	**14 818**	**-15 576**	**-4 356**

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Parent Company Balance Sheet

SEKt	2008 Oct 31	2007 Oct 31	2008 April 30
ASSETS			
Non-current assets			
Property, plant and equipment	19 517	19 363	19 180
Capitalized development cost	37 253	18 136	24 159
Other intangible assets	7 467	6 461	7 386
Financial assets	2 118	2 100	2 118
Total Non-current assets	**66 355**	**46 060**	**52 843**
Current assets			
Inventories	2 616	33	37
Trade receivables	106	-	-
Receivables from group companies	11 325	17 676	14 825
Other receiveables	1 355	1 184	713
Prepaid expenses and accrued income	1 261	1 132	1 373
Cash and bank balances	11 946	4 163	10 352
Total current assets	**28 609**	**24 188**	**27 300**
TOTAL ASSETS	**94 963**	**70 248**	**80 143**
EQUITY			
Restricted equity			
Share capital	3 350	3 338	3 338
Statutory reserve	4 620	4 620	4 620
Total restricted equity	**7 970**	**7 958**	**7 958**
Non-restricted equity			
Share premium reserve	99 254	95 767	95 767
Retained earnings	-36 495	-32 139	-32 139
Income for the period	14 818	-15 576	-4 356
Total non-restricted equity	**77 577**	**48 052**	**59 272**
Total equity	**85 547**	**56 009**	**67 229**
LIABILITIES			
Non-current liabilities			
Long-term borrowings	2 933	8 177	6 433
Total non-current liabilities	**2 933**	**8 177**	**6 433**
Current liabilities			
Short term borrowings	1 422	2 933	2 814
Trade payables	1 641	1 045	650
Other current liabilities	955	656	740
Accrued expenses and prepaid income	2 465	1 428	2 277
Total Current liabilities	**6 483**	**6 062**	**6 481**
Total Liabilities	**9 416**	**14 239**	**12 914**
TOTAL EQUITY AND LIABILITIES	**94 963**	**70 248**	**80 143**
Contingent liabilities	**8 000**	**8 000**	**8 000**

Change in shareholders' equity Parent Company

SEKt	2008 May-Oct	2007 May-Oct	2007/08 May-April
Opening balance according to Balance Sheet	67 229	71 585	71 585
Shareholders contribution received	3 500	-	-
Shareholders contribution refunded	-3 500	-61 100	-61 100
New share issue	3 500	61 100	61 100
Income for the period	14 818	-15 576	-4 356
Amount at the close of the period	85 547	56 009	67 229

NOTES

Note 1 Accounting policies

This interim report is established in accordance with IAS 34, Interim Reporting. The Group accounts for the Oasmia AB group has been established in accordance with the International Financial Reporting Standards (IFRS) such as they have been adopted by the EU and interpretations of International Financial Reporting Interpretation Committee RFR 1.1, Complementary accounting regulations for Groups and the Annual Accounts Act. The Parent Company accounts are established in accordance with RFR 2.1, Accounting for legal entities and the Annual Accounts Act. The Group accounting policies and calculation methods are unchanged compared to the ones described in the Annual Report May 1 2007 – April 30 2008.

Note 2 Segment reporting

The period May 1 - Oct 31 2008

SEKt	Development	Parallel import
Net sales	30 563	29 222
Capitalized development cost	13 094	-
Other operating income	224	-
Operating income	14 525	2 468

The period May 1 - Oct 31 2007

SEKt	Development	Parallel import
Net sales	39	21 467
Capitalized development cost	3 652	0
Operating income	-15 417	-1 035

Note 3 Taxes

As the Group has accumulated operating deductions amounting to SEKt 32 753 and the Parent Company deductions amounting to SEKt 30 140, no tax expenditures for the period are accounted for. The accumulated operating deductions are not accounted for as deferred tax asset in the Balance Sheet.

Note 4 Essential risks and uncertainty factors

An account is given below of a number of risk factors that can affect the development of the company. There has been no attempt to rank these; nor should they be taken to be all inclusive. Risk factors that, in the current situation, have not been identified, or have not been deemed to be important, can affect the company's future development.

Products
Because of the high development costs that are associated with the main business activity of the company, there is a risk that the company can be affected if test results from trials of a product turn out to be unsatisfactory.

Side-effects
Since the company's main area of business is in the development of pharmaceuticals, there is a risk that patients that either participate in clinical studies of the company's products, or in some other way, come into contact with the company's products will develop serious side-effects. Such side-effects can have a negative effect on the company.

Competition
There is keen competition in the field of pharmaceutical development with many available and upcoming products. There is a risk that competing products on the market can affect the company's expected result.

Patents and intellectual property disputes
Oasmia holds patents for all steps of product development for the markets which the company deems significant. There is a risk that competitors will violate these patents and that a dispute might arise. This can have a negative effect on the company.

Financing and collaboration
Oasmia is financed primarily by capital from shareholders and banks. It can not be ruled out that in the future the company will need to acquire additional capital or face worsened interest terms. Moreover, to a certain extent, Oasmia's growth is dependent on establishing collaborative ventures with external partners in the form of industrial contracts and collaborative agreements with international pharmaceutical companies. If important collaborative ventures can not be entered into, are terminated, or do not work satisfactorily, this can have a negative effect on the company. The company strives to establish solid agreements with its partners and to create long-term financial growth.

Relations with government agencies
The business operations of Oasmia Pharmaceutical depend on permits granted by various government agencies, international as well as Swedish. There is a risk that a necessary permits can not be obtained without extensive investigations or an expensive modification of business operations.

Development
Oasmia has developed a technology which improves availability and effect of very active, insoluble, pharmaceutical substances in vivo. One product has reached late clinical phase and experiments are being made with other product combinations that in the long-term may become new products. If clinical trials for the first product does not show desired effect, launches may be delayed and the development time of other products may be affected. Depending on the extent of the observations parts of the concepts which the company is founded on may collapse. This will have a negative affect on the company's intended expansion rate.

Production
Production up to pilot scale, of both substances and the finished product, are conducted in-house. The facility is approved by the Swedish MPA for manufacture of pharmaceuticals for clinical trials according to EMEA regulations (EMEA= the European Medicines Agency). Full-scale manufacture of the company's substances and medicinal formulations will be conducted by contract manufacturers under close inspection by the company. Scale-up and transfer of technology has been initiated. The techniques used are compliant with international standard for both substances and finished product. They are connected to the know-how which have been developed in the

company. Should it turn out that the technology is more difficult to scale up than expected, it could delay full-scale production and affect launch dates.

In connection to scale-up, documentation should be submitted to registration authorities in Europe, USA and Japan. These authorities must approve the products from the manufacturer which the company has selected. Is the documentation not complete, there is a risk that the product launch is delayed, but no other apparent risk. A plant may be subject to different disturbances in production. This may affect the launch date, but since the company already has capacity and preparedness to provide certain basic production, the risk is manageable. The company also plans to have alternative sources for product supply. Thereby only time and availability at certain moments will be affected.

Currently the company has no capital tied to its laboratories and pilot scale production facilities, instead the company rents the facilities. Capital exposure is only in the form of equipment which is purchased for the business.

Key persons
Oasmia depends on a highly qualified workforce in order to conduct high quality research. The company is therefore depends on being able to recruit competent workers. A lack of such workers may have a negative effect on the company.

Share trading
The company is currently listed on NGM Equity. It is difficult to foresee the amount of trade and interest the company share will receive in connection to a future listing on NASDAQ OMX. If trading liquidity does not develop or become lasting, this can make it difficult for shareholders to sell their shares. There is also a risk that the market price may differ significantly from today's share price at NGM Equity after a future change of listing.

Financial risks
The Group is subjected to different financial risks in its business activity such as market risk, credit risk, liquidity risk and capital risk. Continuous identification and management of these risks are part of the Group policy in such cases where it is possible. These financial risks are described in more detail on pages 37-39 in the Annual Report for the fiscal year May 1 2007 – April 30 2008.

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

Uppsala, December 10, 2008

Bo Cederstrand, Chairman of the Board

Claes Piehl, Member of the Board

Peter Ström, Member of the Board

Julian Aleksov, Member of the Board and Chief Executive Officer

The information in this Interim report is of the kind which Oasmia Pharmaceutical (publ) must make public according to the code of trade in financial instruments. The information was delivered for publication on December 10 at 12.00 CET.

Review Report

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

Introduction

We have reviewed the interim report for Oasmia Pharmaceutical AB from October 31 2008 and the six month period which ended as of that date. It is the Board of Directors and the CEO who are responsible for the presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

The scope of the Review

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

Conclusion

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

Uppsala, December 10, 2008

Ernst & Young AB

Björn Ohlsson
Certified Public Accountant

COMPANY INFORMATION

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NEXT REPORT DATE

Interim report for the period May 2008 – January 2009	2009-03-19
Year-end report May 2008 – April 2009	2009-06-11