Invitation to subscribe for shares in Oasmia Pharmaceutical AB (publ)

NOTE THAT THE SUBSCRIPTION RIGHTS ARE EXPECTED TO HAVE AN ECONOMIC VALUE

To avoid losing the value of the subscription rights, the holder must either:

- exercise the subscription rights and subscribe for new shares no later than 9 November 2012, or
- no later than 6 November 2012 sell the received subscription rights which have not been exercised for subscription of new shares

Note that shareholders with nominee registered holdings subscribe for new shares through the nominee and that the deadline for such subscription may vary.

Note that it is also possible to subscribe for new shares without the exercise of subscription rights.

IMPORTANT INFORMATION TO INVESTORS

In connection with the rights issue of not more than 24,531,699 new shares with preferential rights for the shareholders in Oasmia and the admission to trading of the new shares on NASDAQ OMX Stockholm, the Company has prepared a Swedish language prospectus and this English language translation thereof (the "prospectus"). The Swedish language prospectus has been approved and registered by the Swedish Financial Supervisory Authority (Sw: *Finansinspektionen*) in accordance with the provisions of Chapter 2, Sections 25 and 26 of the Swedish Financial Instruments Trading Act(1991:980) and this prospectus. Approval and registration does not imply that the Swedish Financial Supervisory Authority guarantees that the factual information is accurate or complete. In case of any discrepancy between this translation and the Swedish language prospectus, the latter shall prevail. Disputes concerning or related to the Rights Issue the contents of this prospectus, or any connected legal relation shall be settled exclusively in accordance with Swedish Law and by Swedish Courts. The district court of Stockholm (Sw: *Stockholms tingsrätt*) shall be the court of first instance.

No subscription rights, paid subscribed shares or new shares may be exercised, subscribed for, offered, acquired or sold within the United States except in transactions exempt from, or not subject to, registration under the United States Securities Act of 1933.

The offer (with some exceptions) is not directed to residents of Australia, Canada Hong Kong, Japan, New Zealand, Singapore, South Africa or the United States, or in any other jurisdictions where participation would require additional prospectuses, registration or other measures than those required by Swedish law. The prospectus may therefore not be distributed within or into any jurisdiction where such distribution or offering according to this prospectus requires such measures, or contrary to the rules of such jurisdiction. The subscription and acquisition of subscription rights, BTAs or new shares in violation of the above restrictions may be invalid. Persons into who's possession, this prospectus may come must inform themselves of and observe such restrictions. Actions in violation of the restrictions may constitute a violation of applicable securities laws. Oasmia reserves the right, in its sole and absolute discretion, to void any subscription that Oasmia or its agents believe may involve a violation or breach of the laws, rules or regulations of any jurisdiction. An investment in the subscription rights, BTAs or new shares is subject to certain risks (see section "Risk Factors"). In making an investment decision, the investor must rely on their own assessment of Oasmia and the offer pursuant to this prospectus, including the present situation and risks. Before making an investment decision, prospective investors should use their own professional advisers and carefully evaluate and consider the investment decision. Investors should only rely on the information in this prospectus and any amendments made to this prospectus. No person has been authorized to give any information or make any representations other than those contained in this prospectus and, if given or made, such information or representations should not be considered as approved by Oasmia and Oasmia is not responsible for such information or statements. Neither the publication of this prospectus nor any transactions effected in respect thereof shall be under any circumstances meant to imply that the information in this prospectus is accurate at any time other than at the date of publication of this prospectus or that there has been no change in Oasmia operations after that date. If there are any material changes to the information in this prospectus, such changes will be published under the provisions on prospectus supplements in the Swedish Financial Instruments Trading Act.

The financial advisor in relation to the Rights Issue is Carnegie and they have assisted Oasmia in the preparation of this prospectus. No representation or warranty, express or implied, is made by Carnegie as to the accuracy or completeness or verification of the information contained in this prospectus, and nothing contained in this prospectus is, or shall be relied upon as, a promise or representation by Carnegie in this respect, whether as to the past or the future. Carnegie assumes no responsibility for the accuracy, completeness or verification of this prospectus and accordingly disclaim to the fullest extent permitted by applicable law, any and all liability whether arising in tort, contract or otherwise which it might otherwise be found to have in respect of the prospectus or any such statement. Information given or representations made in connection with the Rights Issue, the subscription or the sale of the subscription rights, the BTAs or the new shares that are inconsistent with those contained in this prospectus are invalid. Carnegie has no interests, financial or otherwise, in the Rights Issue except for a predetermined fee as compensation for its services.

FORWARD-LOOKING STATEMENTS AND MARKET INFORMATION

This prospectus contains various forward-looking statements that reflect the Company's current views with respect to future events and financial and operational performance. Any statements that are not purely historical facts constitute such information. Furthermore, the forward-looking statements are identified by terminology including, but not limited to, terms such as "may", "will", "expect", "believe", "assume", "plan", "intend", "anticipate", "want", "estimate", "project", "target", "forecast" "seeks", "aims", "could", "should", "strives", "desires" or, in each case, the negative of such terms or other variations on such terms or comparable terminology. These forward-looking statements are only valid at the date of publication of this prospectus and the Company undertakes no obligation to publicly update or revise any forward-looking statements as a result of new information, future events or otherwise. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, there can be no assurance that these forward-looking statements will materialize or prove to be correct and accordingly prospective investors should not place undue reliance on these forward-looking statements.

The prospectus contains certain market and industry information from third parties. Although information has been accurately reproduced and Oasmia believes that the sources are reliable, Oasmia has not independently verified the information and therefore its accuracy and completeness cannot be guaranteed. To the knowledge of Oasmia and as far as can be confirmed through comparisons with other data published by these sources, no information has been omitted which would render the reproduced information inaccurate or misleading.

PRESENTATION OF FINANCIAL INFORMATION

Oasmia's financial statements for the financial year 1 May 2011 to 30 April 2012 and the quarter 1 May 2012 to 31 July 2012 is incorporated by reference and form part of this prospectus. Certain financial and other information presented in the prospectus have been rounded off to make the information more easily accessible to the reader. Consequently, the figures in some columns do not precisely match the specified total amount. Apart from the Company's audited consolidated financial statements for the financial year 1 May 2011 to 30 April 2012, no information in this prospectus has been audited or reviewed by the Company's auditor. Oasmia's Interim Report for the first quarter, 1 May 2012 to 31 July 2012, is therefore not audited or reviewed by auditors.

ABBREVIATIONS, EXPLANATIONS, DEFINITIONS AND GLOSSARY

BTA refers to paid subscription shares

Carnegie refers to Carnegie Investment Bank AB (publ), 516406-0138, SE-109 38 Stockholm, acting as financial advisor to the Company and the issuing agent in connection with the Rights Issue

CZK refers to Czech koruna

EMA refers to European Medicines Agency

EUR refers to Euro

Euroclear refers to Euroclear Sweden AB, corporate identity number 556112-8074, Box 191, SE-101 23 Stockholm

FDA refers to the U.S. Food and Drug Administration

Rights Issue refers to the invitation to subscribe for shares in the issue of not more than 24,531,699 shares with preferential rights for existing shareholders in Oasmia

The Group refers to the group in which Oasmia Pharmaceutical AB (publ) is the Parent Company

Oasmia or **the Company** refers to, depending on the context, Oasmia Pharmaceutical AB (publ), corporate identity number 556332-6676, Vallongatan 1, SE-752 28 Uppsala, Sweden, or the group in which Oasmia Pharmaceutical AB (publ) is the parent company or one or more subsidiaries of the Group

SEK refers to Swedish kronor

USD refers to American dollar

DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published shall be incorporated by reference and form part of the prospectus:

1. Oasmia's audited annual accounts for the financial year 2011/2012, including the auditor's report.
2. Oasmia's interim report for the period 1 May – 31 July 2012.

RIGHTS ISSUE IN BRIEF

Preferential Rights

Each existing share is entitled to one (1) subscription right. Seven (7) subscription rights entitle the holder to subscribe for three (3) new shares. To the extent that the new shares are not subscribed for by the exercise of preferential rights, they shall be offered to shareholders and other investors for subscription.

Subscription price

SEK 5.00 per share

Subscription and payment with preferential rights

Subscription by exercise of subscription rights is done by simultaneous cash payment during the subscription period.

Trading in subscription rights

26 October 2012– 6 November 2012

Trading in BTAs

26 October 2012– 13 November 2012

ISIN-codes

Subscription rights: SE0004870855
BTAs: SE0004870863
Share: SE0000722365

IMPORTANT DATES

Record date	25 October 2012
Subscription period	26 October 2012 – 9 November 2012

FINANCIAL CALENDER

Interim report for the period 1 May – 31 October 2012 will be announced 6 December 2012.

THIS PROSPECTUS RELATES TO A RIGHTS ISSUE ADDRESED TO SHAREHOLDERS OF THE ISSUER AND THE LEVEL OF DISCLOSURE OF THIS PROSPECTUS IS PROPORTIONATE TO THAT TYPE OF ISSUE.

Table of Contents

SUMMARY

Prospectus summaries consist of elements that must contain certain information. These elements are numbered in sections A-E (A.1-E.7). This summary contains the elements to be included in a summary for a new issue of shares with preferential rights for existing shareholders. Since some other points were omitted, there are gaps in the numbering of the paragraphs. Although an item is required to be included in the current summary, relevant information concerning such items may be missing. In these cases, the summary contains a brief description of the information requirement, together with the statement "Not Applicable".

SECTION A – INTRODUCTION AND WARNINGS		
A.1	Introduction and warnings	• This summary should be read as an introduction to the prospectus. • Any decision to invest in securities should be based on consideration of the prospectus as a whole by the investor. • If a claim related to the information contained in the prospectus is brought before a court, the plaintiff investor might, under the national legislation of the member states, have to bear the costs of translating the prospectus before the legal proceedings are initiated. • Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the prospectus or it does not provide, when read together with the other parts of the prospectus, key information in order to aid investors when considering whether to invest in such securities.

SECTION B – ISSUER AND ANY WARRANTOR		
B.1	Legal and Commercial name	• The Company's registered business name and trade name is Oasmia Pharmaceutical AB.
B.3	Main activity	• Oasmia develops a new generation of pharmaceuticals within human and veterinary oncology. • Product development aims to produce novel formulations of well-established cytostatics, which in comparison to current alternatives show improved performance, a reduced side-effect profile and an expanded therapeutic area. Product development is based on Oasmia's in-house research in nanotechnology and the Company's own patents. • The two product candidates that are the most advanced in the development process are Paccal® Vet for treatment of mastocytoma (skin cancer) in dogs and Paclical® for the treatment of ovarian cancer in humans.
B.4	Trends	• Cancer is an age-related disease and the number of patients is increasing as the population's average lifespan increases. In 2010, the global cancer market generated revenues of USD 33 billion and has an expected average annual growth of 5.7 percent 2010–2017. One of the drivers in the market is the development of new methods for the diagnosis of cancer, which means that the number of patients in treatable stages increases. • There are approximately 140 million dogs in the U.S., EU and Japan combined. Oasmia assesses that the number of pets will grow in the future. Furthermore, pet owners are becoming increasingly inclined to spend money on their pets' health and future. • A number of clinical trials within oncology are on-going and there is competition over patients for these trials. Companies are also noticing a price pressure as the number of drugs whose patents are expiring increases and due to governments around the world becoming increasingly cost-conscious. The Company believes that there is some excess production capacity, to some extent as a result of mergers in the industry, which the Company believes could exert price pressure also on the production side. • The Company has not yet been producing, selling or stockpiling, nor has it expenses in such a way that any particular trend during the current financial year up to the date of

		the publication of this prospectus can be observed.
B.5	The Group	• Oasmia is the parent company of a group of companies, which consists of three companies
B.6	Major shareholders	• The following is Oasmia's largest shareholders as of 28 September 2012, including later changes.

OWNERSHIP

Name	Shareholding	% of votes	% of capital
Alceco International S.A.	26,511,247	46.3%	46.3%
Nexttobe AB	5,781,306	10.10%	10.10%
Försäkringsaktiebolaget Avanza Pension	3,354,033	5.86%	5.86%
Others	21,594,045	37.73%	37.73%
Sum	**57,240,631**	**100%**	**100%**

B.7

SUMMARY OF CONSOLIDATED INCOME STATEMENT

SEK '000	2012 May-July	2011 May-July	2011/12 May-April	2010/11 May-April
Net sales	**-**	**891**	**891**	**106**
Operating expenses	-18,329	-16,259	-66,427	-64,459
Operating profit	**-18,329**	**-15,368**	**-65,536**	**-64,353**
Net financial income and expenses	-995	107	-135	-1,613
Profit before tax	**-19,323**	**-15,260**	**-65,670**	**-65,967**
Income tax	0	0	0	7
Profit for the period	**-19,323**	**-15,260**	**-65,670**	**-65,960**

SUMMARY OF CONSOLIDATED STATEMENT OF FINANCIAL POSITION

SEK '000	July 31, 2012	July 31, 2011	April 30, 2012	April 30, 2011
ASSETS				
Fixed assets	354,208	283,903	343,581	263,430
Whereof tangible fixed assets	*26,694*	*27,706*	*25,988*	*27,243*
Whereof intangible fixed assets	*327,513*	*256,194*	*317,591*	*236,185*
Whereof financial fixed assets	*2*	*2*	*2*	*2*
Current assets	18,557	23,849	6,227	56,889
Whereof cash and cash equivalents	*13,356*	*20,112*	*2,028*	*51,895*
TOTAL ASSETS	**372,765**	**307,751**	**349,807**	**320,319**
EQUITY				
Share capital	5,724	5,208	5,724	5,208
Other capital contributions	457,832	413,375	457,832	413,375
Retained earnings	-209,405	-139,672	-190,082	-124,411
TOTAL EQUITY	**254,150**	**278,911**	**273,474**	**294,171**
LIABILITIES				
Non-current liabilities	16,264	16,264	16,264	15,373
Current liabilities	102,351	12,576	60,069	10,775
TOTAL LIABILITIES	**118,615**	**28,841**	**76,334**	**26,148**
TOTAL EQUITY AND LIABILITIES	**372,765**	**307,751**	**349,807**	**320,319**

SUMMARY OF CASH FLOW

SEK '000	2012 May-July	2011 May-July	2011/12 May-April	2010/11 May-April
Cash flow from operating activities	-24,847	-10,940	-52,439	-57,598
Cash flow from investing activities	-21,028	-21,735	-76,090	-98,663
Cash flow from financing activities	57,203	891	78,662	202,784
Cash flow for the period	**11,328**	**-31,784**	**-49,867**	**46,523**
Cash and cash equivalents at beginning of period	2,028	51,895	51,895	5,372
Cash and cash equivalents at end of period	**13,356**	**20,112**	**2,028**	**51,895**

KEY PERFORMANCE INDICATORS

SEK '000	2012 May-July	2011 May-July	2011/12 May-April	2010/11 May-April
Operating margin, %	neg.	neg.	neg.	neg.
Profit margin, %	neg.	neg.	neg.	neg.
Return on total capital, %	neg.	neg.	neg.	neg.
Return on equity, %	neg.	neg.	neg.	neg.
Capital structure				
Equity/assets ratio,%	68	91	78	92
Net debt, SEK '000	76,644	-20,112	30,769	-51,895
Debt/equity ratio, %	30	-	11	-
Data per share				
Number shares at the end of period, before and after dilution, thousands	57,241	52,079	57,241	52,079
Weighted average number of shares, before and after dilution, in thousands1)	57,241	52,079	54,660	44,061
Earnings per share, before and after dilution, SEK1)	-0.34	-0.29	-1.20	-1.50
Equity per share, SEK1)	4.44	5.36	4.78	5.65
Dividend per share, SEK	-	-	-	-
Personnel				
Number of employees at end of period	76	70	77	68

1Conversion of historical values has been made with respect to the bonus element of the Rights Issue that was conducted during the third quarter 2010/11

Definitions
Operating margin – Operating profit relative to net sales
Profit margin – Profit after financial items relative to net sales
Return on total capital – Earnings before interest expenses relative to average total assets
Return on shareholder's capital – Profit before tax relative to average equity
Equity/assets – Equity relative to total assets
Net debt – Total borrowings (containing short-term and long-term borrowings and liabilities to credit institutions) minus cash and cash equivalents
Gearing – Net debt relative to equity
Earnings per share – Net profit attributable to the shareholders relative to the weighted average number of shares, basic and diluted for the period
Equity per share – Shareholder's equity divided by the number of shares at the end of the period

B.8	Selected pro forma accounting	• Not applicable; the prospectus does not contain pro forma accounting.
B.9	Earnings	• Not applicable; the prospectus does not contain an earnings forecast or income

	forecast	estimate.
B.10	Auditor's qualifications	• Not applicable; there is no qualifications from auditors.
B.11	Insufficient operating capital	• Oasmia does not have access to sufficient working capital during the next twelve months as the Company's working capital requirements exceed the current and non-current financial resources. The required working capital is estimated to slightly more than SEK 170 million during the next twelve months. The Company has access to cash and unutilized credit facilities amounting to SEK 40 million. The total deficit during the next twelve months amounts to slightly more than SEK 130 million, and the deficit would arise during early 2013. • With regard to the current liquidity, available credit facilities, expected milestone payments of nearly SEK 20 million, and the proceeds from the Rights Issue which are expected to amount to approximately SEK 118 million after issue related costs, the Board of Directors considers that the Company has access to sufficient funding to execute the plan during the next twelve months.

SECTION C – SECURITIES		
C.1	Securities offered	• Shares in Oasmia (ISIN-code SE0000722365).
C.2	Denominatio n	• The shares are denominated in SEK.
C.3	Total number of shares in the Company	• The Company's registered share capital amounts to SEK 5,724,063.10 divided among 57,240,631 shares. Each share has a quotient value of SEK 0.10. Following the completion of the Rights Issue, the Company's share capital will amount to not more than SEK 8,177,233.00 divided amongst not more than 81,772,330 shares.
C.4	Rights associated with the securities	• Each share entitles to one vote at the General Meeting. All shares carry equal rights to the Company's profit and any surplus upon liquidation. Resolutions on dividends are passed by the General Meeting and paid out through Euroclear Sweden AB. Only those who are registered as a shareholder in the share registered held by Euroclear Sweden AB on the record date established by the General Meeting are eligible for dividends.
C.5	Restrictions on the transferability of shares	• Not applicable; the shares are not subject to any restrictions on their transferability.
C.6	Admission to trading	• The new shares will be and the existing shares are, subject to trading on NASDAQ OMX Stockholm and Frankfurt Stock Exchange.
C.7	Dividend policy	During the coming years Oasmia anticipates to be in a development stage of the Company's product portfolio such that any excess capital will be reinvested in the business. Due to this, the Board does not intend to propose any dividend for the current year or to commit to a fixed dividend rate. In the current situation, it is unclear if and when dividends will be provided.

SECTION D – RISKS		
D.1	Risks related to the issuer or its industry	• Before an investor decides to subscribe for shares in Oasmia it is important to carefully analyse the risks that are considered to be of importance to the Company and the share's future development. These risks include industry and market risks such as risks regarding product development, complex and changing regulatory requirements, government relations, competitors and pricing, an untested veterinary market, intellectual property rights, employment contracts and intellectual property rights, know-how and confidentiality, collaboration, milestone payments, reimbursement from third party, production, contract manufacturing, dependency on few products, key individuals and recruitment, product liability and insurance, financing and liquidity, equity, currency, commodity prices, interest and tax. There may be risks related to Oasmia or the industry that are not currently known to Oasmia.
D.3	Risks relating	• Risks relating to the shares and the Rights Issue include risks relating to share

	to securities	performance, dilution, additional share issues, trading in subscription rights, that the issue is not ensured, that dividends may not occur, that certain shareholders may be precluded from exercising their pre-emptive rights and ownership concentration. There may be risks related to securities that are not known to Oasmia.

SECTION E – THE OFFER		
E.1	Issue proceeds and issue costs	• The Rights Issue will raise Oasmia not more than approximately SEK 123 million before issue related costs. From the issue proceeds, deductions for issue related expenses are estimated at nearly SEK 5 million.
E.2a	Motives and use of proceeds	• The proceeds from the Rights Issue will be used for costs in relation to the registration of Paccal® Vet and Paclical®, investments in production capacity, inventory build-up ahead of the launch of Paccal® Vet and Paclical® and continued clinical studies. • The management and the Board of Directors are of the opinion that Oasmia's current financial assets are insufficient to realize the Company's full potential. In the light the above, the Board of Directors has decided to implement the Rights Issue, which will provide the Company with approximately SEK 118 million, after transaction related costs.
E.3	Offer terms and instructions	• The Board of Directors of Oasmia decided on17 October 2012, with support from the authorization from the General Meeting on 24 September 2012, to carry out a new share issue with preferential rights for the Company's shareholders. The resolution of the Board of Directors means that Oasmia's share capital will increase by a maximum of SEK 2,453,169.90 by issuing a maximum of 24,531,699 new shares. The Company's shareholders have preferential rights to subscribe for the new shares in proportion to the number of shares held. The record date for participation in the Rights Issue is on 25 October 2012. Each existing share entitles to one (1) subscription right. Seven (7) subscription rights entitle the holder to subscribe for three (3) new shares. In the event that not all new shares are subscribed for by the exercise of subscription rights, the Board of Directors owns the right to, within the maximum amount allowed within the Rights Issue, allocate shares to those who have subscribed for shares without the exercise of subscription rights. Subscription shall take place during the period from 26 October 2012 to 9 November 2012, or a later date as determined by the Board of Directors. The subscription price has been set at SEK 5.00 per share.
E.4	Issues relevant to the offer	• The Company's largest shareholder Alceco International S.A., which holds approximately 46.3 percent of the share capital and votes, and the Company's second largest shareholder, Nexttobe AB, which holds approximately 10.1 percent of the share capital and votes, have both committed to subscribe for their pro-rata shares in the Rights Issue. This corresponds to approximately SEK 69 million and 56.4 percent of the total proceeds of the Rights Issue. • In addition, Alceco International S.A. and Nexttobe AB (the "Guarantors") have entered into guarantee commitments for the remainder of the issue. The guarantee commitments each amount to SEK 26,730,085. For the guarantee commitment the Guarantors will receive compensation amounting to 3 per cent of the guaranteed amount. • The Rights Issue is therefore fully covered by subscription and guarantee commitments. • Certain members of the Board of Directors and senior management have economic interests, by shareholdings in the Company. This includes Julian Aleksov and Bo Cederlund who are shareholders in Alceco International S.A, which is guaranteeing parts of the Rights Issue.
E.5	Lock up agreements	• Alceco International S.A. and Nexttobe AB have committed to not reduce their holdings in Oasmia as from and including 17 October 2012, when their subscription and guarantee commitment was entered into up to and including the day of the announcement of the outcome of the Rights Issue.
E.6	Dilution	• The Rights Issue will, if fully subscribed, increase the number of shares of the Company from 57,240,631 to 81,772,330 shares, representing an increase of approximately 43 percent. Shareholders who refrain from subscribing for shares in the Rights Issue will be affected by a share dilution of not more than 24,531,699 new shares, or approximately 30 percent of the total shares in the Company after the Rights Issue.
E.7	Costs	• Not applicable; the issuer does not impose any costs on the investors.

	imposed on investors	

Risk factors

An investment in subscription rights, BTAs and/or shares is associated with risks. A number of factors outside of Oasmia's control, as well as a number of factors affected by Oasmia's conduct, could have a negative impact on the Company's operations, performance and financial condition or cause the value of the company's shares, BTAs and subscription rights to decrease. Oasmia's operations and profitability are affected by both operational and financial risks. The following reported risks are not placed in order of priority and should not be construed to be comprehensive. This means that there are additional risks that may affect the business and results of Oasmia. In addition to the information revealed in the prospectus, every investor should make their own assessment of each risk factor and its potential impact on the Company's future development as well as an assessment of general conditions, including market conditions and world events. This prospectus contains forward-looking statements which are dependent on future events, risks and uncertainties. The actual results of the Company may differ significantly from the results projected in the forward-looking statements owing to many different factors, including, but not limited to, the risks described below and in other parts of the prospectus.

INDUSTRY- AND OPERATIONAL RISKS

Product development

Oasmia develops pharmaceuticals, which is associated with high risk. A large number of conditions and regulations increases the risks of failure associated with product development. Even if the product development succeeds there is always the risk that the complexity will result in delays and increased costs. The following are a few steps in product development where such risks are manifest.

The development of pharmaceuticals requires pre-clinical and clinical studies. The result of a study may be undesirable and can result in a study cancellation or the need for re-evaluation and supplementation. In clinical studies, patients are recruited through clinics and hospitals, and there is competition between pharmaceutical companies for these patients. Oasmia signs agreements with companies which account for patient recruitment. The possibility that such agreements may become terminated and may be difficult to replace must be considered. Furthermore, it is not unusual to lose enrolled patients, requiring that more be recruited as replacements. These situations can result in trials being delayed. Such delays can in turn lead to additional costs and the postponement of expected revenues, which may adversely affect the Company's financial position and performance.

There is also a risk that patients, who either participate in clinical trials of the Company's products, or otherwise come into contact with Oasmia's products, will experience serious side effects. The consequences of such potential side effects might be that further clinical trials of the drug candidates' safety must be made, which can both affect confidence in the Company as well as delay the release date or lead to the cancellation of the release entirely, thus negatively affecting the Company's financial position and earnings. Other consequences which should not be excluded are that the company may be liable for damage or tort to patients who experience side effects, or to their relatives. See the risk factor "Product Liability and Insurance" below.

A drug requires approval from the relevant drug authorities before it can be marketed and sold in a given territory, and in the long term the Company is wholly reliant on being granted such approvals. The application for approval process involves very comprehensive documentation regarding, among other factors, clinical outcomes, quality assurance and production. It is essential that the documentation meets the applicable national and international requirements. Although the Company prepares most of the documentation in parallel with the clinical studies, it is conceivable that circumstances could occur which cause delays. Furthermore, regulatory authorities possess broad discretion regarding processing time and usually request additional information and raise questions which must be answered by the Company. This means that there is considerable uncertainty regarding the times at which drugs may be approved. It must be considered that these additions to the applications must be made, which in turn results in further delays and additional costs. It must be considered that approval may not be granted. The delay or failure of approval could have an adverse effect on the Company's financial position and performance.

Complex and changing regulatory requirements

The regulations concerning pre-clinical (including pre-clinical tests on laboratory animals) and clinical trials and marketing of drug candidates in Oasmia's portfolio may change over time. For example, there are regulations at the EU level that are more stringent than those imposed previously in clinical trials. Changes in laws or regulations governing drugs, particularly with respect to clinical trials, may increase the Company's costs, hamper the development of the Company's drug candidates and have a material adverse effect on the Company's ability to generate revenues. Furthermore, there is no guarantee that the rules that currently apply, or the interpretation of these rules, will not be changed in such a way that the Company's operations are affected by an adverse effect on the earnings and financial position of the Company.

Government relations

Oasmia's business depends on authorization from various government authorities. There is a risk that the necessary permits cannot be obtained without extensive investigations or costly adaptations of the business. The Company's licensing and distribution agreements may also be terminated if marketing approval is not obtained or is withdrawn. In the event that a critical permit is revoked, Oasmia can be forced to cease operations.

Competitors and pricing

Oasmia operates in a competitive market. As a relatively new entrant, Oasmia could face competitors who have advantages in that they already have established products and market channels. This consideration makes it difficult to predict the rate at which Oasmia's drug candidates can establish themselves post-marketing. There is also uncertainty about the appropriate price level for Oasmia product candidates relative to competing products on the market. In addition, many competitors possess significantly greater financial, technical and human resources than Oasmia. Furthermore, many competitors have far greater experience with preclinical studies and in clinical trials of product candidates intended for human use, and in applying for regulatory approval. Consequently, the competitors may receive regulatory approvals for its products faster than Oasmia, which would give these competitors an advantage in the marketing of products with similar potential uses. These competitors may also have higher manufacturing and distribution capacities as well as more advanced sales and marketing capabilities than the Company, which could have an adverse effect on the Company's financial position and performance.

Untested veterinary market

The market for cancer drugs for dogs is new and untested. Consequently, it is difficult to assess to what extent and rate cancer drugs might be accepted by veterinarians, which complicates both the estimate of the market size as well as Oasmia's share thereof. If a market does not develop, or Oasmia's share thereof is less than estimated, it can significantly affect Oasmia's financial position and performance.

Intellectual property rights

Oasmia believes that its intellectual property rights have adequate protection in relevant markets, primarily in the form of patents and patent applications. However the Company cannot guarantee that future product development leads to products that can be patented, that current or future patent applications will result in patents or that patents granted provide adequate protection for Oasmia's intellectual property rights.

It can't be ruled out that patents exists whose scope dominates Oasmia's patent protection. If this is the case, the holder of the patent may prevent Oasmia's exploitation of the relevant products, even though Oasmia holds its own patent protection for such products. If Oasmia, within the context of research or production, should happen to use substances that are patented or are patent pending by another, the holder of these rights may be able to take legal action against Oasmia. Infringement of intellectual property rights of another party may result in liability to pay compensation for the use and for additional damages caused to the holder.

Furthermore, there is a risk that competitors may infringe on Oasmia's patent rights and that disputes pursuant to this can occur. Due to the consideration that it is never possible to say with absolute certainty that a patent is valid, it is difficult to predict the outcome of litigation relating to patents. The costs of such processes are often considerable, and should the case arise, could have an adverse impact on the Company's financial position and performance, even if such processes were to end favourably for the Company.

Employment contracts and intellectual property rights

The employment contracts of Oasmia's key individuals contain no provisions stating that any inventions made by and/or other intellectual property rights generated by the key individuals shall belong to the Company. However Oasmia and its employee's rights to inventions are to a certain extent governed by separate confidentiality agreements and are likely regulated by law (1949:345) on the Right to Employee Inventions, according to which employees in varying degrees may be entitled to compensation for inventions. It is not possible to exclude the possibility that current or former employees of Oasmia or Ardenia Investments Ltd can put forward claims because of an alleged right to the patents and compensation therefor.

Oasmia's key personnel's employment contracts do not contain any competition or solicitation for employment clauses after termination of employment. If one or more of the key personnel were to leave Oasmia and engage in competing operations, Oasmia's financial position and performance could be adversely affected.

Know-how and confidentiality

In addition to patented products and technology Oasmia uses its own technology, its own processes and know-how which are not protected by patents. Oasmia strives to protect such information through confidentiality agreements with employees, consultants and partners. It is not certain that such agreements protect against disclosure of confidential information, rights of employees, consultants and partner's intellectual property rights, or that the agreements provide sufficient penalties for breach of contract.

Oasmia's trade secrets may be revealed by other means or may be independently developed by competitors. If Oasmia's internal knowledge cannot be protected, it may adversely affect the Company.

Partnerships

Oasmia's business model includes collaborations with pharmaceutical companies for the commercialization and sale of its products. Oasmia's growth is highly dependent on these collaborations working satisfactorily and that its partners successfully work up markets. If important collaborations cannot be entered into, do not function properly, or become terminated, Oasmia's continued development can be adversely affected. Furthermore, it is customary that this type of agreement entitles Oasmia's partners to price the product, which means that Oasmia's financial position and performance is dependent on its partners.

Milestone payments

Much of Oasmia's income has consisted of, and may in the future take the form of, milestone payments, which are one-time payments from partners, which require that certain targets are reached. Oasmia has, in some cases, not obtained such objectives and there is no guarantee that Oasmia will obtain the objectives which are required for the milestone payments in the future.

Oasmia may also be required to repay already obtained milestone payments, *inter alia*, if the agreed upon schedules are not kept or if required marketing approvals are not obtained. Further, milestone payments will precipitate irregularly over time, causing fluctuations in Oasmia's sales and earnings. Milestone payments are not sustainable earnings and therefore Oasmia is dependent on the successful long term commercialization and marketing of the Company's drug candidates. If successful commercialization and market introduction is not achieved, it may materially affect the Company's financial position and performance. For more information on milestone payments, see section "Legal and supplementary information – Material Agreements" below.

Compensation from third parties

The end customers/users of Oasmia's products are patients. However a portion of Oasmia's products are expected to be purchased by, or entitle the end customer to receive compensation from, a paying third party, such as the public sector (through subsidies) or a private insurance company (through e.g. health care insurance). Changes in the guidelines, for example regarding which drugs will be subsidized, of such third parties and the ability to influence pricing and demand for pharmaceuticals could have a negative impact on the Company's expected sales, earnings and financial position.

Production

The Company's own production facility has the technical capacity for production up to a limited commercial scale of both development compounds and of the finished product. Full-scale production will also be carried out by contract manufacturers. If it should prove difficult to scale-up the production, full-scale production may be delayed, which would then affect the launch schedule. Such delays may adversely affect Oasmia. Furthermore, Oasmia has not yet begun production at contract manufacturers. Therefore, there is uncertainty about production costs, which makes the future profitability of the company's products uncertain.

In connection with the scaling-up of the production to full-scale production, the Company will be required to validate full-scale production and submit documentation to the relevant registration agencies. These agencies must approve the production at the manufacturers selected by the Company. If the documentation is incomplete there is a risk that the product launch will be delayed, which may adversely affect the Company's financial position and performance.

Contract Manufacturing

The transfer of technology and knowledge to contract manufacturers which must inevitably take place prior to and in connection with production is also associated with a risk of uncontrolled distribution and copying of concepts, methods and processes relating the Company's products. Such uncontrolled distribution and copying could damage the Company if used for the production of competing drugs or otherwise used commercially without Oasmia obtaining financial compensation.

In regards to contract manufacturing, Oasmia has and will to some extent own and lend production equipment to contract manufacturers. Oasmia may risk losing such property if the contract manufacturer becomes insolvent or goes bankrupt. Contract manufacturing may also occur in other jurisdictions than Sweden, where there is a risk that the laws and regulations of these jurisdictions may cause Oasmia to lose ownership of lent production equipment. If Oasmia were to lose property lent to the contract manufacturers, it could adversely affect the Company's financial position and performance.

Dependence on a few products

A large portion of Oasmia's estimated asset value is attributable to the development, marketing approval and commercialization of Paccal® Vet and Paclical®. Oasmia's financial position and performance are thus highly dependent on the development and commercialization of a few products proceeding according as planned.

Key employees and recruitment

Oasmia is highly dependent on a small number of key employees. Should Oasmia lose any or several of these key employees, it could delay or disrupt research, development, licensing or commercialization of Oasmia's product candidates.

Oasmia is dependent on a qualified workforce and expects to expand in the coming years. There is a risk that Oasmia will not be able to recruit all of the qualified employees that are needed. There is thus a risk that a shortage of or difficulties in recruiting such a workforce could have a negative impact on the Company's continued rate of expansion and growth.

Product liability and insurance

Although Oasmia is not aware of any product liability claims against the Company, the manufacture and sale of pharmaceuticals entails a significant risk of such claims. Although the Company believes that its product liability insurance is adequate, it cannot guarantee that insurance will cover future claims against the Company. Furthermore, there may be a need to expand the extent of the insurance coverage, which can result in significantly increased costs or the inability to obtain satisfactory insurance coverage. Product liability claims could result in significant legal costs or damages, and damages resulting from a successful legal claim against the Company exceeding the available insurance coverage or a legal claim which results in significant negative publicity could have a significantly adverse effect on Oasmia's financial position and performance.

Funding and liquidity risks

Oasmia requires financing to develop the Company's existing and future drug candidates. Even if the Rights Issue is completed, the Company will have limited financial resources. There are no guarantees that the Company's current financing will be sufficient or that the Company will be able to secure additional financing on acceptable terms, or at all. If additional funding is not obtained, the business of Oasmia may be delayed or planned measures may be indefinitely postponed, which ultimately could lead to the Company being declared bankrupt. Furthermore, the instability of financial institutions may affect the Company's future ability to issue new shares or obtain debt financing on terms that are acceptable to the Company, or at all. Disruptions in the capital and credit markets as a result of uncertainty, changing or increased regulation of financial institutions, reduced alternatives or failures of significant financial institutions could adversely affect the Company's access to external capital. All of the above could have an adverse effect on the Company's business, financial position and performance.

Capital risk

Capital risk refers to the possibility that the capital structure may deviate from the optimum. An optimal capital structure leads to reduced costs for capital and profit for the shareholders may be generated. The Group is exposed to such a risk because of a very uneven cash flow.

Currency risks

Currency risks arise when future commercial transactions or reported assets or liabilities are denominated in a currency other than the entity's functional currency, the SEK. The Group makes regular payments in EUR, USD and CZK, but incoming payments in these currencies have been very few in the last financial year. The management of foreign exchange risks consists of a restriction of the number of trading currencies and in a focus on reducing the net exposure in each currency as much as possible. Both of these situations can be affected by Oasmia, by choice of currency in contracts with business partners. No regular hedging occurs, since the currency exposure is completely dominated by purchased services for product development, which are very irregular and difficult to plan for.

Commodity price risk

Commodity price risks consist of changes in purchase prices from suppliers of raw materials used in the production of pharmaceuticals. The vast majority of such raw materials are purchased in EUR, USD and CZK, where the underlying prices are subject to change. Oasmia usually has several alternative suppliers of these raw materials and uses the opportunities afforded by this competition, for pricing pressure. However, there is no guarantee that Oasmia will have access to raw materials at acceptable prices. Changes in commodity markets can therefore have an adverse impact on the Company's financial position and performance.

Tax risks

Changes in corporate income tax, as well as other state and local taxes can affect the conditions of the Company's business. It cannot be excluded that tax rates may change in the future. Changes in the corporate income tax, which for example may result in changed opportunities to utilize tax loss deductions or make capital allowances and may adversely affect the Company's tax situation. Changes in corporate income tax, as well as other state and local taxes, could have an adverse impact on the Company's business, financial position and performance.

RISKS RELATED TO THE SHARE AND THE RIGHTS ISSUE

Share performance

A prospective investor should be aware that an investment in shares, BTAs, and subscription rights in the Company is associated with a high level of risk and that there is no guarantee that the share price will develop favourably. In addition to Oasmia's earnings, the share price is dependent on several other factors that Oasmia cannot influence such as the economic climate in general, market interest rates, capital flows, political instability and market behaviour.

Furthermore, the liquidity of Oasmia's shares on NASDAQ OMX Stockholm and Frankfurt Stock Exchange has been limited. Non-liquid trading can present difficulties for shareholders when trying to sell their shares.

Failure to participate in the issue or sell subscription rights

If a shareholder does not sell his/her subscription rights by 6 November 2012, or does not exercise their subscription rights by making payment by 9 November 2012, the shareholder's subscription rights will be forfeited without value or compensation. Subscription rights holders and financial intermediaries must therefore ensure that they follow all of the instructions for exercising subscription rights in the "Terms and Instructions". If a shareholder does not exercise his or her subscription rights, his or her proportional ownership and percentage of voting rights in the Company will be reduced by the corresponding amount. Even if shareholders choose to sell their unexercised subscription rights or if such subscription rights are sold on their behalf, the compensation they receive may not reflect the immediate dilution of the proportional ownership in the Company's share capital when the Rights Issue is implemented.

Future new share issues may further dilute the holdings of existing shareholders

Oasmia may in the future decide to issue shares to raise capital. Any such additional issue could reduce the proportional ownership and percentage of voting rights for the Company's shareholders as well as the earnings per share in the Company, and any new share issue could have a negative impact on the market price of the shares.

Trading in subscription rights

Subscription rights will be traded on NASDAQ OMX Stockholm during the period from and including 26 October 2012 up to and including 6 November 2012. There is no guarantee that subscription rights will be traded actively or that it will be possible to achieve liquid trading during this period. If such a market develops, the price trend for the subscription rights will be affected by, among other factors, the development of the Company's share price and it may be subject to significantly greater volatility than the shares.

The subscriptions and guarantee commitments are not secured

The largest shareholders in Oasmia, Alceco International S.A. and Nexttobe AB, have committed to subscribe for their respective *pro rata* shares in the Rights Issue and have also undertaken to subscribe for the remaining part of the Rights Issue through a guarantee commitment, see section "Legal Information and supplementary information – Subscription and guarantee commitment" below. These subscription and guarantee commitments are not secured. There is therefore a risk that one or both of Alceco International SA and Nexttobe AB will not be able to meet their respective subscription and guarantee commitments. Failure to implement the Rights Issue would adversely affect the Company's operations, financial position and performance.

Dividends

Oasmia has never paid any dividends (other than reimbursement of shareholder contributions to Oasmia S.A.[1] in 2007). As Oasmia will, over the next few years, be in a phase where the Company's product portfolio is being developed, any surplus capital will be invested in the business. Due to this, the Board does not intend to propose any dividend for the current year or to commit to a fixed dividend rate. If Oasmia's cash flow from its operating activities subsequently exceeds the Company's capital requirement, the Board intends to propose that the General Meeting approves a dividend. Furthermore, the shareholders, as a general rule, cannot resolve upon a dividend higher than what the Board has proposed. The General Meeting can only decide on dividend, upon request of the minority shareholders, under certain conditions. In light of the above, dividends on the Shares in Oasmia may be fully or partially absent.

Certain foreign shareholders may be prevented from exercising their preferential rights

Some of Oasmia's shareholders, who are domiciled in or have an address that is registered in certain jurisdictions outside Sweden may be prevented from exercising their preferential right for the Oasmia shares that they own in future share issues, unless registration or a similar measure according to the laws in the

[1] Oasmia S.A. is the former name for Alceco International S.A.

respective jurisdiction has been implemented for such shares or unless an exception is made from the registration requirement or similar requirement under the applicable laws in the respective jurisdiction.

Concentration of ownership

Alceco International S.A.'s shareholding, at the date of this prospectus, is approximately 46.3 percent of the shares in Oasmia. Nexttobe AB's shareholding, at the date of this prospectus, is approximately 10.1 percent of the shares in Oasmia. Alceco International S.A. and Nexttobe AB can thus, both before and after the Rights Issue, exercise significant influence over all matters requiring shareholder approval, and may be able to prevent a change in control or take other measures that may benefit Alceco International S.A. or Nexttobe AB but can be disadvantageous to other shareholders.

Invitation to subscribe for shares in Oasmia

The Board of Oasmia resolved on 17 October 2012, by virtue of the authorization from the Annual General Meeting on 24 September 2012, to carry out a new share issue with preferential rights for the Company's shareholders. The Board of Directors resolution means that a maximum of 24,531,699 new shares shall be issued at a subscription price of SEK 5.00 per share.

The shareholders will have preferential rights to subscribe for new shares in relation to the shares they own on the record date on 25 October 2012. For each existing share in the Company the shareholders own they will receive one (1) subscription right. Seven (7) subscription rights entitle the holder to subscribe for three (3) new shares at the subscription price SEK 5.00 per new share. The subscription period runs from and including 26 October 2012 up to and including 9 November 2012 or any later date decided by the Board. The new shares shall confer the same rights as the existing shares in the Company.

New shares can also be subscribed for without subscription rights. See section "Terms and Instructions" below for more information.

The Rights Issue will increase the share capital by a maximum of SEK 2,453,169.90 from SEK 5,724,063.10 to not more than SEK 8,177,233.00. Upon full subscription of the Rights Issue, the Company will raise approximately SEK 123 million before transaction costs, which are estimated to be nearly SEK 5 million.

Shareholders who choose not to participate in the Rights Issue will have their holdings diluted by not more than approximately 30 percent, but have the opportunity to sell their subscription rights to obtain compensation for the dilution.

The company's largest shareholder, Alceco International S.A., which holds approximately 46.3 percent of the votes and share capital and the Company's second largest shareholder, Nexttobe AB, which holds approximately 10.1 percent of the share capital and votes of the Company have both committed to subscribe for their *pro rata* shares in the Rights Issue. This represents approximately SEK 69 million and 56.4 percent of the total proceeds of the Rights Issue.

Alceco International S.A. and Nexttobe AB have also undertaken to subscribe and pay for any remaining portion of the Rights Issue not covered by the commitments referred to above and which are also not subscribed for with or without preferential rights. Any such remaining portion comprises a maximum of approximately SEK 53.4 million, corresponding to approximately 43.6 percent of the Rights Issue. According to the agreements described above, the Rights Issue is thus fully covered by subscription and guarantee commitments.

Shareholders are hereby invited to subscribe for new shares in Oasmia with preferential rights, in accordance with the terms set out in this prospectus.

Uppsala, 25 October 2012

Oasmia Pharmaceutical AB (publ)

The Board of Directors

Background and Rationale

Oasmia develops a new generation of drugs within human and veterinary oncology. Product development aims to manufacture novel formulations based on well-established cytostatics which, compared to current alternatives, show improved properties, a reduced side-effect profile and an expanded therapeutic area. Product development is based on in-house research within nanotechnology and proprietary patents.

The two drug candidates closest to market launch are Paclical®, for the treatment of ovarian cancer in humans, and Paccal® Vet, for the treatment of mastocytoma (skin cancer) in dogs. Oasmia has submitted documentation to the FDA (Food and Drug Administration) for marketing approval of Paccal® Vet in the US and is currently running complementing studies in order to submit a new application for marketing approval with the EMA (European Medicines Agency) in the EU. With respect to Paclical®, Oasmia has completed a clinical Phase III study and has applied for marketing approval in Russia as the first market. A positive response would, by following certain additional registration procedures, permit Oasmia to sell the product in the entire CIS region.

During the next twelve months Oasmia expects to incur costs and investments in an amount slightly in excess of SEK 170 million.

1. Operational costs and investments slightly in excess of SEK 145 million, consisting of costs in relation to clinical studies, the registration of Paccal® Vet and Paclical® as well as the ramp-up of production facilities.

3. Investments in production equipment in the in-house facility in Uppsala and in Baxter's facility in Halle, Germany, of just below SEK 10 million.

4. Inventory build-up in relation to the validation and launch of Paccal® Vet and Paclical® slightly in excess of SEK 15 million.

Oasmia has access to working capital of approximately SEK 40 million, consisting of cash and committed credit facilities. Consequently the existing working capital is not enough to cover the requirements for the next twelve months.

In the light of the above Oasmia's Board of Directors has decided to carry out a new issue of shares of approximately SEK 123 million, with preferential rights for the existing shareholders in Oasmia. Net proceeds to Oasmia following the deduction of transaction related costs will amount to SEK 118 million. Oasmia's two main shareholders, Alceco International S.A. and Nexttobe AB, have committed to subscribe and pay for their respective *pro rata* shares of the Rights Issue, and have entered into guarantee commitments for the remaining part of the Rights Issue. Consequently the Rights Issue is fully guaranteed by subscription and guarantee commitments.

In addition to available working capital and the proceeds from the Rights Issue, Oasmia expects to receive milestone payments from its business partners in an amount of almost SEK 20 million during the next twelve months.

The Board of Directors is of the opinion that the Company's current strategy and activities, in combination with a capital injection, will form the basis on which to realize the Company's potential. Based on the current cash position, committed credit facilities and expected milestone payments, in combination with the proceeds from the Rights Issue, the Board of Directors of Oasmia is of the opinion that the Company has access to sufficient financing to execute the plan for the next twelve months.

The Board of Directors of Oasmia is responsible for the content of this prospectus. The Board hereby declares that, having taken all reasonable care to ensure that such is the case, the information contained in this prospectus is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import.

Uppsala, 25 October 2012
Oasmia Pharmaceutical AB (publ)
Board of Directors

Terms and instructions

PREFERENTIAL SUBSCRIPTION RIGHTS

Those who, on the record date 25 October 2012, are registered as shareholders in the Company will have the preferential right to subscribe for three (3) new shares for SEK 5.00 per share for every seven (7) shares held.

SUBSCRIPTION PRICE

The new shares shall be issued at a price of SEK 5.00 per share. No commission will be charged.

RECORD DATE

The record date as for Euroclear Sweden AB to determine who is entitled to receive subscription rights is 25 October 2012. The Company's shares are traded with the right to subscribe for shares in the Rights Issue up and including 22 October 2012. The shares are traded without the right to receive subscription rights in the Rights Issue from and including 23 October 2012.

INFORMATION FROM EUROCLEAR SWEDEN AB FOR SHAREHOLDERS REGISTERED BY NAME

A pre-printed issue statement with payment notice attached and an application form will be distributed to shareholders or representatives of shareholders in the Company who are registered on the record date of 25 October 2012 in the register of shareholders held by Euroclear Sweden AB on behalf of the Company and who are entitled to subscribe for new shares in the Rights Issue. The pre-printed issue statement states, among other things, includes information on the number of subscription rights received and the number of new shares that may be subscribed for. No separate securities notice showing the registration of subscription rights in the shareholder's securities account will be sent out. Those entered in the separate list of pledgees and trustees kept in connection with the register of shareholders will not receive an issue statement, but will instead be informed separately.

NOMINEE SHAREHOLDINGS

Shareholders with nominee registered shareholdings held with a bank or other nominee will not receive an issue statement from Euroclear Sweden AB. Notification of subscription and payment will take place in accordance with instructions from the nominee.

SUBSRIPTION RIGHTS

For every one (1) share in the Company held on the record date, one (1) subscription right will be received. Seven (7) subscription rights entitle to subscribe for three (3) new shares.

TRADING IN SUBSCRIPTION RIGHTS

Trading in subscription rights will take place on the NASDAQ OMX Stockholm during the period 26 October 2012 – 6 November 2012. Securities institutions with the necessary authorizations in Sweden can assist with buying and selling subscription rights. Customary commission will be charged.

SUBSCRIPTION WITH PREFERENTIAL RIGHTS

Subscription shall take place by payment during the period 26 October 2012 – 9 November 2012. After the subscription period, subscription rights that have not been exercised will become void and thus of no value. After 9 November 2012, subscription rights that have not been exercised will be deleted from securities accounts without further notification by Euroclear Sweden AB. The Board of Directors has the right to prolong the subscription period, which if exercised, will be announced no later than 9 November 2012.

SHAREHOLDERS RESIDENT IN SWEDEN

Subscription for the new shares by preferential right of shares shall be made by cash payment in accordance with the received pre-printed payment notice or by simultaneous cash payment and submission of an application form, at any of Carnegie's branches or at any other Swedish bank's branches or securities institutions for forwarding to Carnegie. Payment shall have occurred no later than 5.00 PM on 9 November 2012. The pre-printed payment notice which is attached to the pre-printed issue account statement should be used if all subscription rights, shown on the issue account statement as "equal subscription" are exercised. The application form as described below should not be used. The non pre-printed payment notice attached to the application form should be used if subscription rights are purchased or sold, or transferred from another VPC account or if not all of the rights designated "equal subscriptions" in the Euroclear Sweden AB's issue account statement are exercised. Application forms will be distributed to those who, on the record date, were registered as shareholders in the Company and can also be obtained at Carnegie's branches or by telephone +46 (0)8 5886 8660, or be downloaded from Carnegie's website, www.carnegie.se.

SHAREHOLDERS RESIDENT IN CERTAIN OTHER JURISDICTIONS THAN SWEDEN

The allotment of subscription rights and the issuance of new shares upon exercise of subscription rights to persons who are resident in, or citizens of, countries other than Sweden may be affected by securities

legislation in such countries. See section "Important information" above. Consequently, subject to certain exceptions, shareholders whose existing shares are registered directly on a VPC account and whose registered address is in, inter alia, Australia, Canada, Hong Kong, Japan, New Zealand, Singapore, South Africa or the U.S. will not receive this prospectus. Nor will they receive any subscription rights on their respective VPC accounts. The subscription rights which otherwise would have been registered for such shareholders will be sold and the sales proceeds, less deductions for costs, will be paid to such shareholders. Amounts of less than SEK 100 will not be paid out.

SHAREHOLDERS RESIDENT OUTSIDE OF SWEDEN

Shareholders not resident in Sweden and unable to use the pre-printed payment notice must always complete the application form received. The application form should be sent to the address provided below and, in conjunction therewith, payment for subscribed shares shall be made in SEK through any bank via S.W.I.F.T to the below stated Swedish bank account.

Carnegie Investment Bank AB
Transaction Support
SE-103 38 Stockholm, Sverige
S.W.I.F.T: ESSESESS
Account no: 5221 10 00 363
IBAN: SE38 5000 0000 0522 1100 0363

At payment, the subscriber's name and address as well as VPC account must be given. Note that the payment and the application form must have been received by Carnegie, Transaction Support not later than 5.00 PM 9 November 2012.

PAID SUBSCRIBED SHARES ("BTA")

A few days following payment and subscription, Euroclear Sweden AB will send out a notice confirming that registration of BTAs have been made in the subscriber's VPC account. Subscribed shares are registered as BTA on the VPC account until the Rights Issue has been registered at the Swedish Companies Registration Office (Sw. *Bolagsverket*) (or if the possibility to register the rights offering in part is utilized, at the time of registration of BTA 1). If the possibility to register the Rights Issue in part is utilized a second series of BTA will be issued in relation to which the first will be named BTA 1. Following the first part of the registration with the Swedish Companies Registration Office, BTA 1 will be converted into ordinary shares, which will be registered on the shareholder's VPC account, which is expected to take place on or about 21 November 2012, without distribution of a special VPC account statement from Euroclear Sweden AB. A second series of BTA (BTA 2) will be issued for subscriptions which have occurred at such time that it is not included in the first part of the registration and be converted by Euroclear Sweden AB into ordinary shares when a final registration has been made with the Swedish Companies Registration Office. If the possibility to register the Rights Issue in part is not utilized, registration with the Swedish Companies Registration Office will take place on or about 22 November 2012. Following the registration, BTA will be converted to ordinary shares. A VPC account statement will not be distributed in connection with such conversion. BTA will be listed for trading on the NASDAQ OMX Stockholm from and including 26 October 2012 and is expected to be traded until 13 November 2012. In the event that more than one series of BTA is issued, trading on the NASDAQ OMX Stockholm will only take place in the first series, BTA 1.

SUBSCRIPTION WITHOUT PREFERENTIAL RIGHT AND ALLOCATION

Application for non-preferential subscription shall be made on a special application form. Application forms for non-preferential subscription can be obtained at Carnegie's branches or be downloaded from Carnegie's website, www.carnegie.se. Application for non-preferential subscription may be submitted by mail to Carnegie Investment Bank AB, Transaction Support, SE-103 38 Stockholm, Sweden or by submitting the application form to one of Carnegie's branches. The application form must be received by Carnegie, Transaction Support, on 9 November 2012, at the latest.

In the event that less than all shares are subscribed for with preferential rights, the Board of Directors shall decide on allocation of shares subscribed for without preferential right. Allocation shall be conducted according to the following:

Firstly, allocation shall be made to those who have applied for subscription and subscribed for shares by virtue of Subscription Rights, regardless of whether the subscriber was a shareholder on the Record Date or not, and, in case of over subscription, pro rata in relation to the number of Subscription Rights used by such persons for subscription of shares, and, where this is not possible, by drawing of lots.

Secondly, allocation shall be made to others who have applied for subscription without preferential right and, in case of over subscription, pro rata in relation to the number of shares stated in each subscription application, and, where this is not possible, by drawing of lots.

Finally, allocation of any remaining shares shall be made to persons who have underwritten the Rights Issue pursuant to agreements with the Company, whereby allocation shall be made in relation to the underwriting commitments.

As confirmation of allotment of non-preferential subscription for shares, a settlement note will be sent to the subscriber, which is on or about 14 November 2012. Payment of allotted shares shall be made in accordance with the instruction on the settlement note and be paid in cash no later than the third banking day after notification of allotment has been received by the subscriber. The new shares will be delivered as soon as possible after the settlement day, which is estimated to be on or about 26 November 2012, with notice from Euroclear Sweden AB.

Note, shareholders whose holdings are registered with a nominee bank or other nominee, shall subscribe for new shares without preferential right through their nominee or in some cases nominees.

TRADING OF NEW SHARES

The Company's shares are traded on NASDAQ OMX Stockholm and Frankfurt Stock Exchange. After the Swedish Companies Registrations Office has registered the Rights Issue, the new shares will be traded at NASDAQ OMX Stockholm and Frankfurt Stock Exchange. The new shares are expected to be tradable on NASDAQ OMX Stockholm and Frankfurt Stock Exchange, once the new shares are registered on the shareholders VPC accounts.

RIGHT TO DIVIDENDS

The new shares carry rights to dividends for the first time on the first dividend record date occurring after the registration of the new shares with the Swedish Companies Registration Office. The new shares will have the same right to dividend as the existing shares, see section "Share capital and ownership structure – Dividend policy".

OTHER INFORMATION

The Company is not entitled to discontinue the Rights Offering. In the event that a subscriber remits money for the new shares in excess of the amount owed, the Company will arrange for the excess sum to be refunded. A subscription for new shares, whether by exercise of subscription rights or not, is irrevocable and the subscriber may not cancel or alter a subscription for new shares. Incomplete or incorrectly completed application forms may be left without consideration. If the subscription payment is paid too late, is insufficient or made incorrectly, the subscription application may be left without consideration or subscription may be made for a lesser amount. In such case, any subscription payment not used for payment will be refunded.

Only one subscription form of the same kind may be submitted. If more than one subscription form of the same kind is submitted, only the first subscription form received by Carnegie, Transaction Support, will be valid. Final outcome of subscriptions will be announced through a press release around 14 November 2012.

Market

Oasmia operates in the market for cytostatic treatment of cancer in dogs and humans and has several promising product candidates in different clinical phases. The two products that have advanced the furthest in the development process are Paccal® Vet for the treatment of mastocytoma (skin cancer) in dogs and Paclical® for the treatment of ovarian cancer in humans.

The application for marketing approval for Paccal® Vet has been submitted to the FDA for the U.S., and the Company is currently conducting additional studies to be able to submit a new application to the EMA for the EU. For Paclical®, Oasmia has conducted a phase III study involving 650 patients at 80 centres in Europe. Based on this study, application for marketing approval for Paclical® was filed in Russia as the first country. An approval in Russia would, by following certain additional registration procedures, give Oasmia permission to sell the product throughout the CIS region.

MARKET – HUMAN

Cancer affects millions of people globally every year and, due to its complexity, presents a significant challenge in medical research. Cancer is treated with surgery, radiotherapy, cytostatics (chemotherapy) or biological pharmaceuticals (anti-bodies). The most desirable option is to be able to remove all tumour tissue by surgery. However, this can be difficult and in some cases impossible if the disease has spread to surrounding tissue or other organs. Cancer treatments have gradually improved, at the same time as improved diagnostics have led to the discovery of more cases of cancer at an earlier stage when it is easier to treat.

In 2008, the worldwide cancer incidence increased to approximately 12.4 million cases and an increasing number people are affected each year.[1] It is believed that 5-10 percent of all cases of cancer are due to hereditary factors, but it is never possible to unequivocally determine the cause in any individual case. A number of other risk factors linked to cancer development are known, of which the most significant is smoking. Other general risk factors thought to contribute to cancer include high alcohol consumption, an unhealthy diet, obesity, and insufficient exercise. The global cancer market in 2010 generated revenues of USD 33 billion and has an expected average growth of 5.7 percent annually over the period 2010-2017.[2]

Ovarian cancer

In the human market, Oasmia is primarily focused on the ovarian cancer indication.

Cancer of the ovaries is a very serious disease that often leads to death if it is detected late and has formed metastases. The symptoms are diffuse, making the disease difficult to diagnose and it is often detected late.

The global market for the treatment of ovarian cancer in 2010 amounted to USD 551 million and the average annual growth is estimated to 13.6 percent over the period 2010-2017. The largest regional market is the U.S., where the market amounted to USD 366 million in 2010.[3]

MARKET – VETERINARY

The global pharmaceutical market for pets is valued at about USD 7 billion and consists almost exclusively of human drugs used outside of the indication for which it is approved.[4] Drugs for dogs account for almost one third of the market in the U.S.[5]

There are approximately 140 million dogs in the U.S., EU and Japan combined.[6] The single largest market for households with dogs is the U.S., where the share of households with dogs amounted to 39 per cent in 2008.[7] Oasmia assesses that the number of pets will grow in the future. The expected growth is expected to derive from social reasons as the number of single households tend to grow, because people among other, marry in a later stage of life and the number of divorces are increasing.

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[1] WHO, International Agency for Research on Cancer, World Cancer Report 2008.
[2] GBI Research, 2011, "Oncology Therapeutics Market to 2017 – High Unmet Need in the Management and Treatment of Metastatic Cancers to Drive Drug Development".
[3] GBI Research, 2011, "Oncology Therapeutics Market to 2017 – High Unmet Need in the Management and Treatment of Metastatic Cancers to Drive Drug Development".
[4] Vetnosis Ltd., "Oncology Insight, February 2008".
[5] Animal Pharm Reports, "Companion Animal Health Products: 2006 Edition".
[6] Tuft University E-News. Nick Dodman, 2009.
[7] Northcoast Research, 2009, "Initiating Coverage of the Veterinary Industry".

Furthermore, households are becoming more inclined to spend money on their pets' health and future. In for example the U.S., the average annual growth of expenses for veterinary products grew at 3–4 percent per year 2001–2008 and the total market for veterinarian products in the U.S. totalled about USD 3 billion in 2008.[1]

Cancer in animals

Cancer in animals is similar to cancer in humans and risk increases with age. Some cancers are more common in certain species with lymphoma being the most common cancer in dogs. It is estimated that about 50 percent of dogs that are older than 10 years of age will develop cancer.

Mastocytoma

In the veterinary market, Oasmia is primarily focused on the indication mastocytoma.

Mastocytoma is a type of cancer that occurs when mast cells start dividing uncontrollably. Normally mastocytoma is treated with surgery, but in many cases tumours are inoperable, in which case chemotherapy must be used. There are currently two registered drugs for the treatment cancer in dogs, Masivet® and Palladia™. Both drugs are known as tyrosine kinase inhibitors (TKI). TKI-drugs exhibit significantly less effect on tumours that do not express a particular mutation, which only occurs in about one third of all dogs with mastocytoma. Paclitaxel, which is the active ingredient of Paccal® Vet, operates regardless of this mutation.

MARKET DRIVERS

Human

The Company considers the following drivers to be of particular significance in the market for cytostatic treatment of cancer, which is Oasmia's primary market within human health:

- Aging population with increased cancer incidence[2]
  - Age and cancer frequency have a strong correlation, which means that the number of cancer patients will increase as the average lifespan of the world's population continues to get longer.
- Improved access to diagnosis and treatment[3]
  - Thanks to improved diagnostics, cancer can be detected at an earlier stage in the disease progression than was previously possible. As a result, the number of patients is increasing while at the same time the period of treatment is extended, which in turn means that more cycles of cytostatic treatment will be needed.

Veterinary

The Company considers the following drivers to be of particular significance in the market for cytostatic treatment of cancer in dogs, which is Oasmia's primary market within animal health[4]:

- Aging population
  - As in humans, age and cancer frequency have a strong correlation, which means that the number of cancer patients will increase as the average lifespan in the dog population increases.
- Stronger relationships between dogs and their owners
  - Relationships between dogs and owners become stronger. In addition, dog owners are becoming increasingly aware about different treatment options, and the will to pursue treatment increases.
- Increased awareness among veterinarians
  - Improved knowledge about diagnosing of cancer and cancer treatment, leads to more dogs receiving treatment. In addition, the access to oncology specialists has improved and veterinarians are becoming more and more willing to refer to specialists.
- More drugs are being approved for the treatment of animals
  - Today, drugs are being used that are not approved for the specific treatment, so-called off-label use, including drugs intended for humans. Veterinarians support the development of drugs specifically created for dogs as there is a great need for this type of medicine. The fact that more and more drugs are being approved for use in animals is expected to have a positive impact on the market development.
- The number of insured pets is increasing

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[1] Northcoast Research, 2009, "Initiating Coverage of the Veterinary Industry".
[2] U.S. Census Bureau.
[3] Cancerfonden, "Cancerfondsrapporten 2010".
[4] Vetnosis Ltd., "Oncology Insight, February 2008".

– The Company believes that more and more dogs are being insured, which means that there are more dogs that can be treated for cancer.

ROUTE TO MARKETING APPROVAL FOR HUMAN DRUGS

Preclinical phase

In the preclinical phase scientists study the compound in experimental studies, initially on tissues and cell cultures, to determine whether a compound has the potential to be used in the intended therapy. Toxicological studies are performed on animals to find an appropriate dosage level and to discover any harmful effects in the new compound before it is administered to humans. Pharmacokinetic studies are conducted to determine what happens to the compound in the patient's body with respect to absorption, distribution, metabolism and secretion. The optimal type of preparation is also studied. A patent application is submitted as early as possible to protect the drug candidate.

Clinical phase I

In phase I the drug is tested in humans for the first time. This requires approval from the drug regulator based on the documentation from the preclinical studies and a plan for the structure of the study in question. The experimental group usually consists of healthy individuals, but exceptions are made in certain circumstances. The study covers safety, tolerance, pharmacokinetics and pharmacodynamics (e.g. the drug's effect on blood pressure).

Clinical phase II

Once the safety of the compound has been confirmed in phase I studies, phase II studies are conducted using patients with the indication in question. Phase II studies are designed to demonstrate the effect of the drug and also to obtain more documentation on safety and tolerance.

Clinical phase III

In the phase III study the drug is compared to other drugs used to treat the same indication or, if no other drugs exist, a placebo is used. The goal is to demonstrate an equal or better effect. Supplementary studies are also conducted with respect to safety, tolerance, etc. After the phase III studies are completed the documentation from the clinical studies is compiled in a market registration application which is submitted to the drug regulators in the relevant countries.

Marketing phase

Once the drug has been approved and registered it can be launched into the market and can start being used commercially.

Clinical phase IV

Phase IV studies can be conducted after the drug has been launched in the market in order to obtain more detailed information about the product's efficacy and safety. Attempts are made at this stage, for example, to ensure that no new side effects have been discovered.

THE ROUTE TO MARKETING APPROVAL FOR VETERINARY DRUGS

The process of obtaining marketing approval for veterinary drugs is largely the same as for human drugs. In addition to the information provided under "The route to marketing approval for human drugs", the following should be taken into account:

- The clinical phases are shorter for veterinary drugs. This is because the patients – in Oasmia's case dogs – have a shorter lifespan than humans.
- Fewer patients are required for studies of veterinary drugs.
- No studies are carried out on humans, only on animals.
- Phase IV studies are not as common for veterinary drugs. The drug regulators – the FDA and the EMA – may, however, grant conditional approval.

Operations

BUSINESS CONCEPT

Oasmia's business concept is to produce novel formulations of established cytostatics, which in comparison to current alternatives show improved performance, a reduced side-effect profile and an expanded therapeutic area. Product development is based on Oasmia's in-house research in nanotechnology and the Company's own patents. The product portfolio includes five product candidates.

Business model

Oasmia takes responsibility for the entire chain from idea to finished product, where product development is based on its own research within nanotechnology and company patents.

Production

The Company currently has permission from the Swedish Medical Products Agency (Sw: *Läkemedelsverket*) to manufacture all product candidates for clinical trials in its own production facilities. The Company also has an agreement with Baxter Oncology for the contract manufacturing of Paclical® and Paccal® Vet.

During 2011 and 2012, Oasmia has completed supplementary adaptations to Baxter's production plant in order to enable commercial production. Production techniques and methods will gradually be transferred to Baxter where commercial production will subsequently take place. Labelling, packaging and distribution to licensees will be performed in-house by Oasmia. The agreement with Baxter can be expanded to include other product candidates as well. During the product development phase, Oasmia will produce product candidates for clinical trials at its own production facility in Uppsala.

Agreements with contract manufacturers entail that Oasmia has access to high-quality facilities that have undergone several official inspections and fulfil all relevant requirements, while Oasmia can focus on the pharmaceutical development.

Marketing and sales

Oasmia licenses sales and distribution rights to global pharmaceutical companies with established channels. The point in time when licensing and distributions agreements are concluded with business partners depends primarily on the development stage of the product candidate and the market situation. These agreements entitle Oasmia to milestone payments and royalties on future sales.

Oasmia has two licensing and distribution agreements for Paccal® Vet – in the U.S. and Canada, Abbott Laboratories owns the exclusive marketing rights, and in Japan, Nippon Zenyaku Kogyo owns the exclusive licensing and distribution rights.

For Paclical®, Oasmia has signed an agreement with Medison Pharma for the exclusive rights in Israel and Turkey.

Within the veterinary market Oasmia intends to sign agreements for the entire world market, and within the human market Oasmia intends to sign agreements in all important territories. The Company currently has many on-going activities to achieve these objectives.

For more information, see section "Legal information and supplementary information".

Strategy

Oasmia operates in both veterinary and human medicine, allowing for synergies in several areas. These synergies provide, among other things, opportunities to generate more revenue while reducing financial risks.

Synergies in clinical development occur mainly in the early stages. One stage in the development of human products is to conduct animal studies to investigate the product candidate's safety profile. Such animal studies can provide the basis for an approval in veterinary medicine, while the data from these studies can be used as the basis for studies in humans. Furthermore, genetic similarities between humans and dogs can be used to predict the effect and safety of the new pharmaceutical.

Synergies also arise in production where Oasmia in many cases will be able to use the same manufacturing facility and equipment for both human and veterinary products.

Since Oasmia utilizes well-known substances, the Company can make use of the extensive documentation already available on these substances. This documentation includes analysis, description of metabolism and breakdown of products, environmental impact, regulations on handling and other regulatory documentation. This means that development time can be reduced for Oasmia.

Product portfolio

The majority of the drugs used against tumours have limited therapeutic possibilities. The ideal situation is for the concentration of the drug to be therapeutically available during the desired period and then eliminated from the body as quickly as possible. Extending the infusion period has generally resulted in good efficacy with acceptable side effects. The main disadvantages of long infusion periods (sometimes up to 72 hours) are high costs and discomfort for the patient. Due to these factors, significant efforts have been made to try to imitate long infusion periods by using drug delivery systems that guarantee a slow release of the active compound from various compound sources. Very small particles can be used as such sources. It appears that small structures, or nano-sized particles, can be selectively accumulated in tumour tissue (passive targeting) while simultaneously improving the effectiveness of the formulation. Oasmia has developed an excipient called XR-17 to achieve these properties. XR-17 is based on a new class of synthetic retinoids that encapsulate already well-known active compounds. The nanoparticles formed, which are of a specific size, are considered able to improve the efficacy of the active compound while reducing the patient's side effect profile. This nanotechnology enables new treatment methods to be used in oncology.

The drug candidates that are currently in the Company's portfolio are all based on the Company's unique excipient, XR-17, which is protected by patents in all important markets, currently until 2028.

Human medicine

The Company's portfolio within human medicine includes three product candidates. All of the products are based on the same excipient, but contain different active ingredients and are intended for different cancer indications. The active substances contained in the Oasmia product portfolio are used in about 80 percent of all cytostatic treatment.

Paclical®, for the treatment of ovarian cancer, is the candidate that is the most advanced in the development cycle. A phase III study comprising 650 patients performed at 80 clinics in Europe has been completed. The study compared Paclical® with Taxol™ combined with carboplatin. Taxol™ was chosen for the study as it is considered to be the standard treatment for ovarian cancer globally. An interim analysis conducted by Oasmia, including approximately 400 patients, showed that Paclical® was at least as effective (non-inferiority) as Taxol™ in combination with carboplatin. The results from the interim analysis form the basis for the application for marketing approval.

Product candidate	Active compound	Indication	Clinical phase	Status
Paclical®	Paclitaxel	Ovarian cancer	III	Completed
Paclical®	Paclitaxel	Malignant melanoma	III	Planned
Paclical®	Paclitaxel	NSCLC	III	Planned
Doxophos®	Doxorubicin	Breast cancer	I / II	Being planned
Docecal®	Docetaxel	Prostate cancer	I / II	Being planned

Veterinary medicine

Oasmia's portfolio within veterinary medicine includes two product candidates. These candidates are based, as in the human portfolio, on the same excipient but contain different active ingredients and are intended for different cancer indications.

Paccal® Vet, for the treatment of mastocytoma (skin cancer) in dogs, is the candidate most advanced in the development cycle. Oasmia has applied for marketing approval for Paccal® Vet with the FDA in the U.S., and the Company is currently conducting additional studies in order to submit a new application to the EMA for the EU.

Product candidate	Active compound	Indication	Clinical phase	Status
Paccal®Vet	Paclitaxel	Mastocytoma	III:1	Reported
Paccal®Vet	Paclitaxel	Mastocytoma	III:2	Reported
Doxophos®Vet	Doxorubicin	Lymfom	I / II	Ongoing

Organization

As of 31 August 2012, Oasmia had 75 employees, most of whom are active in the production and quality assurance and quality control. Most of the employees have academic degrees or PhDs and have experience from early drug development to clinical development phase. The Company also has staff with extensive experience in regulatory affairs, which is crucial in order to obtain necessary regulatory approvals.

INVESTMENTS

1 May 2011 – 30 April 2012

During the fiscal year 1 May 2011 – 30 April 2012, investments in intangible assets amounted to SEK 73.2 million (88.3) and investments in tangible assets amounted to SEK 2.9 million (10.3). Of the investments in intangible assets, SEK 63.3 million (86.0) consisted of capitalized development costs. The cost for research and development that was not capitalized amounted to SEK 38.8 million (35.1). Investments in tangible fixed assets primarily consisted of investment in production equipment.

1 May 2012 – 31 July 2012

During the period from 1 May 2012 – 31 July 2012, investments in intangible assets amounted to SEK 19.3 million (20.2) and investments in tangible assets amounted to SEK 1.8 million (1.5). Of the investments in intangible assets, SEK 9.8 million (20.1) consisted of capitalized development costs. The cost for research and development that was not capitalized amounted to SEK 11.8 million (9.1). Investments in tangible fixed assets consisted primarily of investments in production equipment.

On-going and planned investments

Oasmia continuously makes investments in intangible assets through the capitalization of costs for clinical trials in phase III, associated with the product candidate Paclical®. This investment amounted to SEK 9.8 million during the first quarter of the current fiscal year.

Oasmia continuously makes investments in production capacity at Baxter Oncology in Halle, Germany, and in its own facility in Uppsala. These consist of machinery and equipment, of which no single item constitutes a substantial amount.

During the period from November 2012 – October 2013, investments in machinery and equipment are estimated to SEK 8.7 million. In all essence this amount will consist of investments in production capacity, where SEK 7.7 million will be made in Sweden and SEK 1 million in Germany. Oasmia expects to be fully invested for commercial production of paclitaxel products in both Sweden and Germany during the winter of 2012/2013, after having invested SEK 4.5 million of the above mentioned SEK 8.7 million. The remaining SEK 4.2 million consists of replacement investments and productivity enhancement measures.

EQUITY AND LIABILITIES

GROUP EQUITY AND LIABILITIES

EQUITY AND LIABILITIES

SEK '000	July 31, 2012
Current liabilities	
Secured by collateral	-
Secured by surety	-
Unsecured credits [1)]	102,351
Total current liabilities	**102,351**
Non-current liabilities	
Secured by collateral	-
Secured by surety	-
Unsecured credits [2)]	16,264
Total non-current liabilities	**16,264**
Equity	
Share capital	5,724
Statutory reserve	4,620
Other reserves	243,806
Total equity	**254,150**

1) Of which interest-bearing liabilities constitute SEK 90,000 thousands

2) SEK 16,264 thousands consists of prepaid income derived from two licensing and distribution agreements and which may be subject to repayment (see "Material agreements" in the section "Legal information and supplementary information").

NET DEBT

NET DEBT

SEK '000	July 31, 2012
A) Cash and cash equivalents	13,356
B) Short-term financial investments	-
C) Marketable securities	-
D) Total liquidity (A+B+C)	**13,356**
E) Current receivables	**0**
F) Short-term bank loans	-
G) Current portion of non-current liabilities	-
H) Other current liabilities	90,000
I) Total current liabilities (F+G+H)	**90,000**
J) Net current debt (I-E-D)	**76,644**
K) Long-term bank loans	-
L) Bonds issued	-
M) Other long-term loans	-
N) Total non-current liabilities (K+L+M)	**0**
O) Net debt (J+N)	**76,644**

STATEMENT OF WORKING CAPITAL

Oasmia's working capital requirements are associated with the Company's planned investments in production capacity, inventory build-up ahead of the launch of Paccal® Vet and Paclical®, further clinical studies regarding Oasmia's three other product candidates and general operating expenses. Oasmia's working capital requirement is estimated to an amount slightly in excess of SEK 170 million during the next twelve months.

The Board of Directors of Oasmia believes that the available working capital as of the date of this prospectus is insufficient for the current needs for the next twelve months. This assessment is based on the fact that, as of the date of this prospectus, available working capital consists of the Company's cash and committed credit facilities, which together amount to approximately SEK 40 million.

In the light of the above, the total deficit in working capital during the next twelve months would amount to slightly more than SEK 130 million and the deficit would arise in early 2013. The Company has no commitments regarding the implementation of the planned investments and clinical trials and these may be terminated at any time. In such case, the Company would however have to postpone projects. The postponement of projects can result in Oasmia having to repay received milestone payments.

The Rights Issue, which is in its entirety covered by subscription commitments and underwriting guarantees, is expected to bring Oasmia approximately SEK 118 million in cash, after issue related costs. In addition to the available working capital and the contribution from the Rights Issue, Oasmia is expected to obtain license revenues of nearly SEK 20 million during the next twelve months.

Considering current liquidity, committed credit facilities, anticipated milestone payments, together with the proceeds from the Rights Issue, the Board of Directors of Oasmia considers the Company to have sufficient funding to carry out the plan for the next twelve months. In the event that the Rights Issue is not implemented, it could mean that projects must be postponed until sufficient funding is secured.

KEY EVENTS AFTER 31 JULY 2012

In September 2012, Oasmia began the application process for market authorization for Paclical® with Russia as the first country. During the same month a Memorandum of Understanding concerning, among other things, joint product development was signed between Oasmia and Pharmasyntez, Russia. Oasmia has also renewed and expanded the credit facility with Nexttobe AB from SEK 90 million to SEK 105 million, and has expanded the credit facility with Alceco International S.A. from SEK 25 million to SEK 40 million, for more information see section "Legal and supplementary information – Material agreements".

TRENDS

Cancer is an age-related disease and the number of patients is increasing as the population's average lifespan increases. In 2010, the global cancer market generated revenues of USD 33 billion and has an expected average annual growth of 5.7 percent 2010–2017.[1] One of the drivers in the market is the development of new methods for the diagnosis of cancer, which means that the number of patients in treatable stages increases.

In the U.S. and Europe, the number of pets is growing. In addition, households are more likely to spend money on their pets, which leads to a larger share of companion animals undergoing veterinary treatment both for cancer and other diseases. Cancer in animals is similar to cancer in humans and the risk increases with age.

A number of clinical trials within oncology are on-going and there is competition over patients for these trials. Companies are also noticing a price pressure as the number of drugs whose patents are expiring increases and due to governments around the world becoming increasingly cost-conscious. The Company believes that there is some excess production capacity, to some extent as a result of mergers in the industry, which the Company believes could exert price pressure also on the production side.

The Company has not yet been producing, selling or stockpiling, nor has it expenses in such a way that any particular trend during the current financial year up to the date of the publication of this prospectus can be observed.

[1] GBI Research, 2011, "Oncology Therapeutics Market to 2017 – High Unmet Need in the Management and Treatment of Metastatic Cancers to Drive Drug Development".

Share capital and ownership structure

SHARE INFORMATION

According to Oasmia's current Articles of Association adopted at the Annual General Meeting on 30 September 2011, the share capital shall not be less than SEK 3,350,000 SEK and not more than SEK 13,400,000 divided amongst no less than 33,500,000 shares and no more than 134,000,000 shares. As of 30 April 2012, the Company's registered share capital amounted to SEK 5,724,063.10 divided amongst 57,240,631 shares, all of which are fully paid for. As of 1 May 2011 the Company had 52,079,341 outstanding shares and as of 30 April 2012, 57,240,631 shares. The Company has only one class of shares which have a quotient value of SEK 0.10 each. The current shares are, and the new shares will be, issued in accordance with Swedish law and denominated in SEK.

All shares have equal rights to the Company's assets and earnings, and are entitled to one vote at the General Meeting. At the General Meeting, every shareholder may vote to the full extent of their shares held or represented, without limitation. Each share entitles the shareholder to the same preferential rights related to issues of shares, warrants and convertible bonds relative to the number of shares they own and have equal rights to dividends and any surplus capital upon liquidation. Shareholder's rights can only be changed in accordance with the procedures set out in the Swedish Companies Act (2005:551) Transfers of shares are not subject to any restrictions.

The Rights Issue will, if fully subscribed, cause the number of shares in the Company to increase from 57,240,631 to 81,772,330, representing an increase of 42.9 percent. Shareholders who refrain from subscribing for shares in the Rights Issue will be affected by a dilution of at most 24,531,699 new shares corresponding to at most about 30 percent of the total number of shares in the Company after the Rights Issue.

OWNERSHIP STRUCTURE

As of 28 September 2012 (including thereafter known changes) the ownership of the Company was divided among the ten largest shareholders as per the table below. All shares have the same voting rights.

OWNERSHIP STRUCTURE[1]

Name	No. of shares	% of vote	% of capital
Alceco International S.A.	26,511,247	46.31%	46.31%
Nexttobe AB	5,781,306	10.10%	10.10%
Försäkringsaktiebolaget Avanza Pension	3,354,033	5.86%	5.86%
Svenska Handelsbanken S.A.	1,271,631	2.22%	2.22%
Nordnet Pensionsförsäkring AB	1,057,410	1.85%	1.85%
Briban Invest AB	1,045,747	1.83%	1.83%
Christer Ericsson (individually and through company)	711,000	1.24%	1.24%
Banque Öhman S.A.	700,768	1.22%	1.22%
Banque Carnegie Luxembourg S.A.	665,511	1.16%	1.16%
SEB S.A.	486,580	0.85%	0.85%
Others	15,655,398	27.35%	27.35%
Sum	**57,240,631**	**100%**	**100%**

AUTHORIZATION TO ISSUE SHARES

The Board of Directors has resolved on the Rights Issue, according to an authorization given by the Annual General Meeting on 24 September 2012, according to which the Board of Directors was authorized, during the period up to the next Annual General Meeting, to decide, on one or more occasions, to issue new shares with or without preferential rights for existing shareholders and for a cash payment and/or with contribution in kind or by offsetting or in another manner subject to terms and conditions in accordance with Chapter 13, Section 7 of the Swedish Companies Act, and to issue convertible bonds for a cash payment and/or with contribution in kind or by set-off or in another manner subject to terms and conditions in accordance with Chapter 15, Section 5 of the Swedish Companies Act. In deviating from the preferential rights, the new shares and convertibles must be issued at a price connecting to the share price at the time of the new share issue, less any market-related discount the Board of Directors considers necessary.

1 Source: Company's share register maintained by Euroclear.

The reason for the authorization is to make it possible to raise working capital. The reason for the deviation from the shareholders' preferential rights is to broaden the ownership base. The total number of shares issuable under the authorization is limited to SEK 25,000,000. The total number of convertible bonds issuable under the authorization is limited to the number of convertible bonds that are convertible into 25,000,000 shares. It was also proposed that the Board of Directors or a person designated by the Board should be entitled to make minor adjustments that may be necessary due to registration thereof by the Swedish Companies Registration Office or Euroclear. The Issue authorization was registered with the Swedish Companies Registration Office on 3 October 2012.

CENTRAL SECURITIES DEPOSITORY AND LISTING

Oasmia's Articles of Association contain a so-called record day provision and the Company's shares are connected to the electronic securities system of Euroclear (Euroclear Sweden AB, Box 191 101 23 Stockholm, Sweden) as the central securities depository, which means that no share certificates have been issued for the Company's shares or are to be issued for the new shares. Oasmia's share has been listed on the NASDAQ OMX Stockholm since 24 June 2010, where shares are traded on the Small Cap segment under the ticker OASM. Since 24 January 2011, Oasmia's share is also listed on the Frankfurt Stock Exchange where the shares are traded under the ticker OMAX. The ISIN code for the Oasmia share is SE0000722365.

SHAREHOLDERS' AGREEMENT

Oasmia's Board of Directors is not aware of any shareholders' agreements or other agreements that could lead to a change in control over the Company.

SHARE BASED INCENTIVE PROGRAMS

At the time of the prospectus, there are no share-based incentive programs in the Company.

DIVIDEND AND DIVIDEND POLICY

Oasmia has never paid out any dividends (other than reimbursement of shareholder contributions to Oasmia S.A.[1] in 2007). As Oasmia will, over the next few years, be in a phase of developing the Company's product portfolio, any surplus capital will be invested in the business. The Board of Directors therefore does not intend to propose that a dividend should be paid for the current year or commit itself to a fixed dividend payout ratio. If Oasmia's cash flow from operating activities subsequently exceeds the Company's capital requirements, the Board of Directors intends to propose that the general meeting of shareholders approves the payment of dividends. In the current situation it is unclear if and when dividends will be paid out.

Dividend payments, if any, are authorized by the Annual General Meeting of shareholders and the payments are managed by Euroclear. Dividends may only be paid to such an amount that there is full coverage for the Company's restricted equity after the payment, and only if the payment is considered defensible considering (i) the requirements imposed by the business, scope and risks on the size of the equity and (ii) the Group and Company's need to strengthen the balance sheet, liquidity and financial position (so-called prudence rule). As a general rule, shareholders may not approve a payment greater than that proposed or approved by the Board of Directors.

Only those who are holders of shares and registered in the share register held by Euroclear on the record date set by the General Meeting are entitled to a possible dividend. If any shareholder cannot be reached through Euroclear, the shareholder's claim on the Company in respect of the dividend payment will remain and is limited only by the ten year statute of limitation rules, when the claim becomes statute barred, the dividend is forfeited to the Company. Neither the Companies Act nor Oasmia's Articles of Association contain any restrictions on the right to dividends for shareholders outside Sweden. In addition to any restrictions imposed by the bank or clearing system in the relevant jurisdictions, payment to such shareholders will be conducted in the same manner as is conducted to shareholders resident in Sweden. For shareholders with limited tax liability in Sweden, a withholding tax on dividends known as "coupon tax" is normally deducted, see section "Tax issues in Sweden".

[1] Oasmia S.A. is the former name for Alceco International S.A.

The Board of Directors, senior management and auditors

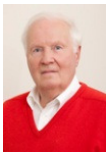
THE BOARD OF DIRECTORS

Joel Citron (Born 1962)
Chairman of the Board since 2011.
Education: Master of Arts in Economics and Bachelor of Business Administration from University of Southern California.
Other assignments: Chairman of Avenue Income Credit Strategies Fund, CEO of Tenth Avenue Holdings.
Partnerships/significant influence: -
Previous positions in the past five years: Chairman of the Oxigene Inc. CEO of Jovian Holdings.
Other information: Joel Citron has extensive experience working in senior positions within investment and operating companies in Europe and the U.S. Joel Citron is independent of the Company's major shareholders, the Company and its management
Shares held: -

Jan Lundberg (Born 1946)
Board member since 2011.
Education: MSc in Mechanics as well as Industrial Economics and Management at KTH in Stockholm.
Other assignments: Chairman of Proscott Aktiebolag, Sporthuset Jöhncke AB, Jöhncke & Nordberg Aktiebolag and HN Kan Golf Aktiebolag. Board member and CEO of Rekonstructa Fastigheter AB. Board member of Fågelbrokonsult Aktiebolag, Leasing AB Mebsuta, Rekonstructa AB and Quartz Pro Sweden AB. Deputy board member of Allmänna Pensionsinvest AB.
Partnerships/significant influence: Rekonstructa AB and limited partner of Argoinvest Kommanditbolag.
Previous positions in the past five years: Chairman of Quartz Pro Sweden AB, JMN Invest Aktiebolag and Synthetic Energy 196 AB. Board member and CEO of Devicadego Aktiebolag, Francett Aktiebolag, Laduinvest Aktiebolag and LUGREN Aktiebolag. Board member of Rekonstructa Consulting AB, Alohainvest Aktiebolag, Leasing AB Grumium, Fågelbro Konsultinvest Aktiebolag and Leasingaktiebolaget Horologium. Deputy board member of Hultnäs & Lundberg Processor AB. Limited partner in Pocatello Kommanditbolag.
Other information: Jan Lundberg is not independent of the Company's major shareholders, the Company and its management.
Shares held: 53,500 shares through companies.

Martin Nicklasson (Born 1955)
Board member since 2011.
Education: Pharmacy Doctor at Uppsala university.
Other assignments: Chairman of Orexo AB (publ) and Farma Holding AS. Boardmember of Pozen Inc., Denator AB, Biocrine AB , Hjärtlungfonden and Nicklasson Life Science AB.
Partnerships/significant influence: Nicklasson Life Science AB.
Previous positions in the past five years: CEO of Biovitrum AB (publ) and Swedish Orphan Biovitrum AB (publ). Boardmember of Stockholms Handelskammare and SLS Invest AB.
Other information: Martin Nicklasson has held various positions at Astra/AstraZeneca between 1991 and 2007. From 2005-2007, Martin Nicklasson was CEO of AstraZeneca Sweden AB. Martin Nickalsson has been an associate professor at Uppsala University's Pharmaceutical Faculty since 1985. Martin Nicklasson is independent of the Company's major shareholder, the Company and its management.
Shares held: -

Horst Domdey (Born 1951)
Board member since 2011.
Education: PhD in Biochemistry at Max Planck Institute and the Ludwig Maximilians University.
Other assignments: Chairman of Munich Biotech Cluster and President and CEO of Bio-M AG and Bio-M GmbH.
Partnerships/significant influence:-
Previous positions in the past five years: -
Other information: Horst Domdey has extensive experience in biochemistry and molecular biology. He has previously held various positions at the Max-Planck-Institut für Biochemie, the Swiss Institute for Experimental Cancer Research (ISREC), University of California and California Institute of Technology. Horst Domdey has also been an associate professor in biochemistry at the Ludwig Maximilians Universität München. Horst Domdey is independent of the Company's major shareholders, the Company and its management.
Shares held: -



Bo Cederstrand (Born 1939)
Board member since 2000.
Education: -
Other assignments: Deputy Board member of Fruges Aktiebolag.
Partnership/significant influence: Alceco International S.A.
Previous positions in the past five years: Board member of Arkenbutikerna.
Other information: Bo Cederstrand has about 40 years of experience as CEO and partner in a number of small and medium-sized companies, primarily in commerce. He has extensive experience in international trade and production and has been very active within trade branch associations. Bo Cederstrand is not independent of the Company's major shareholders, the Company and its management.
Shares held: 126,000 personal shares, 29,028,685 shares through Alceco International S.A. of which Bo Cederstrand, together with Julian Aleksov, has a controlling influence.

Julian Aleksov (Born 1965)
Board member since 1999. CEO since 2000.
Education: Upper secondary business and economics
Other assignments: -
Partnerships/significant influence: Alceco International S.A.
Previous positions in the past five years: -
Other information: Julian Aleksov is one of the founders of Oasmia. He has extensive experience in coordinating research projects and strategic development of global intellectual property assets. Julian Aleksov is not independent of the Company's major shareholders, the Company and its management.
Shares held: 148,650 personal shares, 29,028,685 shares through Alceco International S.A. of which Julian Aleksov, together with Bo Cederstrand, have a controlling influence.

SENIOR MANAGEMENT

Julian Aleksov (Born 1965)
Since 2000, Julian Aleksov has been the CEO of Oasmia. Julian Aleksov is also a Board member. See section "Board of Directors" for a list of educational background, other previous assignments and shares held.

Hans Sundin (Born 1945)
Hans Sundin has been the quality and technical director of Oasmia since 2008.
Education: *Pharmacist at Uppsala University.*
Other assignments: Board member of Loxia Consulting AB.
Partnership/significant influence: Loxia Consulting AB.
Previous assignments in the past five years: Board member and CEO of Vitamex Manufacturing AB.
Other information: Hans Sundin has extensive international experience in leading positions in the pharmaceutical industry, primarily in manufacturing, quality control and project management, such as setting up new manufacturing facilities.
Shares held: 8,500 personal shares.

Weine Nejdemo (f. 1948)
Weine Nejdemo has been the CFO of Oasmia since 2009.
Education: Master of Social Studies at Uppsala University.
Other assignments: Board member of Östhammars Golf & Fritid AB,Oasmia Animal Health AB, Blackberry Management AB and Öregrunds Golfklubb (economic association).
Partnership/significant influence: Blackberry Management AB.
Previous assignments in the past five years: -
Other information: Weine Nejdemo has extensive international experience in leading positions within life science. Has also worked as management consultant within other business branches such as IT and manufacturing. Weine Nejdemo has been the CFO of Österby Marine and Hemocue.
Shares held: 15 000 personal shares and 14 834 shares through companies.

Annette Ljungmark (Born 1950)
Annette Ljungmark has been the head of Human Resources and Accounting since 2005.
Education: Degree at Stockholms Handelsreal.
Other assignments: -
Partnership/significant influence: -
Previous assignments in the past five years: -
Other information: Has previously worked in the pharmaceutical industry with establishing monthly and annual reports, finance analyses, VAT, pensions and personnel issues.
Shares held: 5 000 personal shares.

AUDITORS

At the Annual General Meeting on 24 September 2012 Ernst & Young was re-elected for the term of a year as the Company's auditor, with Authorized Public Accountant Björn Ohlsson as senior auditor. Ernst & Young, with Björn Ohlsson as senior auditor, have been Oasmia's auditor since 2008. Björn Ohlsson is a member of FAR. Ernst & Young and Björn Ohlssons address is stated in the section "Addresses" below.

ADDITIONAL INFORMATION ABOUT THE BOARD AND SENIOR EXECUTIVES

All of the Board members and senior management can be reached at the Company's address, Vallongatan 1, 752 28 Uppsala.

None of Oasmia's Board members or senior management has any family relationship with any other Board member or executive, except that Bo Cederstrand is the father of Julian Aleksov's partner. There are

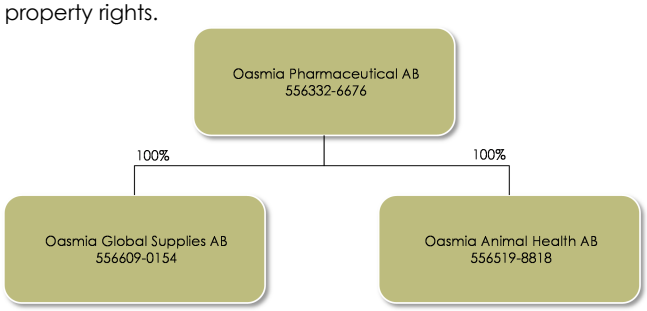
no conflicts of interest between the Board of Directors or senior management and Oasmia. None of the Board members or senior management has been convicted for fraudulent conduct in the last five years. None of the members of the Company's board of directors or senior management has been involved in any bankruptcy, bankruptcy administration or liquidation in the past five years, except Jan Lundberg who was a board member of Leasing Aktiebolaget Reticulus, Leasingaktiebolaget Venatici, Leasing AB Grumium and Leasingaktiebolaget Horologium, whose respective bankruptcies ended in 2008 and Hultnäs & Lundberg Processor AB, whose bankruptcy was terminated in 2011 and Leasing AB Mebsuta whose bankruptcy was terminated in 2012. Furthermore, no Board member or senior management has been the subject of a public incrimination or sanction by statutory or regulatory authorities (including approved professional organizations) during the last five years. No board member or senior management has been disqualified by a court of law to act as a board director or member of management or member of a supervisory organ or to otherwise conducting the affairs of a company in the past five years.

As is evident above several Board Members and senior executives have financial interests in Oasmia through shareholdings, Bo Cederlund and Julian Aleksov are also shareholders in the Company's largest shareholder, which is also guaranteeing parts of the issue, see section "Legal and supplementary information – Subscription and Guarantee Commitments"

Legal and supplementary information

GROUP STRUCTURE

The Company, with the registered name Oasmia Pharmaceutical AB (publ), was formed in accordance with Swedish law on 15 April 1988, and registered with the Swedish Companies Registration Office on 22 September 1988. The Company is a public limited liability company and conducts its operations in this legal form of entity which is regulated by the Swedish Companies Act (2005:551). Oasmia Pharmaceutical AB (publ) is the parent company of the Oasmia-Group where the wholly owned subsidiaries Oasmia Global Supplies AB and Oasmia Animal Health AB are also included. The parent company conducts the management and financial functions, which manages issues concerning business development, strategy and production as well as the direction of the subsidiaries. The parent company also owns and manages the Company's intellectual property rights.



MATERIAL AGREEMENTS

License and distribution agreements with Abbott Laboratories, USA

Oasmia has entered into a license and distribution agreement with Abbott Laboratories, USA. The agreement, which is dated 8 July 2009, grants Abbott Laboratories exclusive sales rights for the Paccal® Vet product in the U.S. and Canada. The initial term of the agreement is (i) 15 years from the date Oasmia obtains marketing approval in the U.S. or (ii) until certain of the Company's patent rights expire, whichever occurs first. Under the agreement, Abbott Laboratories has undertaken to launch Paccal® Vet in the U.S. and Canada and assume sole responsibility for sales and marketing expenses.

Under the agreement, Abbott Laboratories shall purchase the product from Oasmia at a predetermined price which may be adjusted at certain intervals subject to certain limitations. Further, Abbott Laboratories shall pay certain royalty on its sales. The agreement contains provisions on five milestone payments, which at the time of the entering into of the agreement in total amounted to USD 19.0 million. Oasmia received the first milestone payment of USD 5.0 million upon entering into the agreement. Abbott Laboratories has also undertaken to pay up to USD 5.0 million to Oasmia when final marketing approval has been received in the U.S. and Canada, and three payments of USD 3.0 million each when annual net sales through Abbott reach certain levels. The milestone payment related to the marketing authorization has been reduced due to Oasmia's failure in receiving authorization within the previously agreed upon time period and will now, at the maximum amount, be USD 2.5 million. If marketing authorization is further delayed, the milestone payment will be reduced further, and after 1 November 2013 it will be forfeited entirely. Oasmia may be required to repay an amount of USD 2.0 million of the USD 5.0 million that Abbott Laboratories has paid to Oasmia in the initial milestone payment. The repayment will be required if Oasmia fails to obtain the marketing approval by 1 May 2014. In the same situation, Abbott Laboratories also has the right to terminate the agreement and automatically receive an exclusive, irrevocable, fully paid and royalty-free license and right to Oasmia's patents, other intellectual property rights and improvements attributable to Paccal® Vet to use, manufacture, sublicense, import and sell the product in the U.S. and Canada. A similar but non-exclusive right applies also if Abbott Laboratories terminates the agreement on the grounds of a material breach of contract by or the insolvency of Oasmia. The Company is further liable to Abbott Laboratories for the product meeting the agreed upon quality level.

The agreement may be terminated by either party on several grounds, including if either party commits a material breach of the agreement or if either party becomes insolvent or bankrupt. In the event that the agreement is terminated by Abbott Laboratories due to a material breach of contract or insolvency, Oasmia is required to repay all milestone payments received from Abbott Laboratories. Abbott Laboratories also has the right to terminate the agreement at any time if, in Abbott Laboratories' own assessment, it is no longer possible for Abbott Laboratories to fulfil the terms of the agreement.

License and distribution agreement with Nippon Zenyaku Kogyo, Japan

Oasmia has entered into a license and distribution agreement with Nippon Zenyaku Kogyo, Japan. The agreement, which is dated 21 April 2010, grants Nippon Zenyaku Kogyo exclusive sales rights for the product Paccal® Vet in Japan. The agreement also gives Nippon Zenyaku Kogyo a right of first refusal for the

distribution of all future veterinary products launched by Oasmia in Japan. The agreement's initial contract period runs until (i) ten years from the date of the agreement, or (ii) certain of the Company's patent rights have expired, whichever occurs later. Under the agreement, Nippon Zenyaku Kogyo will launch Paccal® Vet in Japan and assume sole responsibility for sales and marketing costs. In addition, Nippon Zenyaku Kogyo is also responsible for the necessary clinical trials required in order to obtain marketing approval for Paccal® Vet in Japan.

Under the agreement, Nippon Zenyaku Kogyo shall purchase the product from Oasmia at a price corresponding to Oasmia's actual cost of production, supply, etc. Furthermore, Nippon Zenyaku Kogyo shall pay certain royalties on its sales. The agreement contains provisions on four milestone payments totalling up to EUR 3.25 million. Oasmia received the first milestone payment of EUR .55 million upon entering into the agreement. The other milestone payments that Nippon Zenyaku Kogyo has undertaken to pay are EUR 0.7 million when marketing approval has been granted in Japan and two payments of EUR 1.0 million each when annual net sales through Nippon Zenyaku Kogyo reach certain levels. Oasmia may be required to repay the first milestone payment if marketing approval cannot be obtained or if the Company is guilty of breach of contract that results in the termination of the agreement or the withdrawal of the product. Oasmia may also be liable to compensate Nippon Zenyaku Kogyo for the costs incurred in relation to obtaining marketing approval. The Company is further liable to Abbott Laboratories for the product meeting the agreed upon quality level.

The agreement may be terminated by either party on several grounds, including if either party commits a material breach of the agreement or if either party becomes insolvent or bankrupt. In the event that the agreement is terminated, regardless of which party terminates the agreement and the grounds for termination, the marketing approval, if received in Japan, shall be transferred to Oasmia.

License and distribution agreement with Medison Pharma, Israel

Oasmia has entered into a licensing and distribution agreement with Medison Pharma, Israel. The agreement, which is dated 9 May 2011, grants Medison Pharma exclusive license and distribution rights for the product Paclical® in Israel and Turkey. The agreement's initial contract period runs until (i) ten years from the date of the agreement, or (ii) certain of the Company's patent rights have expired, whichever occurs later. Under the agreement, Medison Pharma shall launch Paclical® in Israel and Turkey and assume sole responsibility for sales and marketing costs. Under the agreement, Oasmia is responsible for obtaining marketing approval in the respective countries, while Medison Pharma is responsible for obtaining the so-called "reimbursement approval".

Medison Pharma has agreed to purchase certain quantities of Paclical® once all approvals have been obtained and if these commitments are not followed, Oasmia has right to terminate the license exclusivity. Medison Pharma shall pay a price that corresponds to Oasmia's actual cost of production, supply, etc. Furthermore, Medison Pharma will pay certain royalties on its sales. The agreement contains provisions on two milestone payments totalling up to EUR 0.4 million of which Oasmia already received EUR 0.2 million upon entering into the contract. Oasmia is required to partially repay the previously received milestone payment if marketing authorization has not been obtained before 2015. The Company is further liable to Medison Pharma for the product meeting the agreed upon quality level.

The agreement may be terminated by either party on several grounds, including if either party commits a material breach of the agreement or if either party becomes insolvent or goes bankrupt.

Standby Equity Distribution Agreement med YA Global

Oasmia has entered into a so-called Standby Equity Distribution Agreement with YA Global Master SPV, controlled by Yorkville Advisors, USA. Under the terms of the agreement, dated 21 July 2010, YA Global has undertaken to provide up to SEK 75.0 million in capital over the 36 months immediately following the agreement date, as required by Oasmia, by purchasing newly issued ordinary shares in Oasmia. Oasmia will thus retain its right to decide if and when the Company chooses to exercise its rights under the agreement. The issue price shall be calculated to 95 percent of the lowest volume-weighted daily share price during a period of the five trading days immediately following the exercise request. Days when the price falls below a certain protection level determined by the Board of Directors are excluded. The agreement with YA Global includes some additional restrictions on the use thereof. These mainly consist of a maximum allowable amount per issue time and a minimum time period between each issue. The maximum issue amount is SEK 350,000 for each of the first two issues and SEK 1 million for subsequent issues. Since the shortest time period between each issue is five days, the Company will not be able to use the entire commitment from YA Global. In addition, the agreement contains a mechanism to the effect that YA Global may never become the owner of more than 4.99 percent of the shares in Oasmia, which at prevailing share prices also would prevent full utilization. Oasmia has, as of the date of this prospectus, not utilized the agreement. A new issue of ordinary shares to YA Global requires a resolution passed in accordance with the Swedish Companies Act (2005:551).

Overdraft facility with Nordea

Oasmia has an overdraft facility with Nordea with a credit limit of SEK 5.0 million. The credit facility will be in place until December 2012 and is automatically extended by twelve months, if not announced otherwise. In conjunction with this agreement, Oasmia also signed a pledge agreement with Nordea. The pledge

agreement related to floating charges in Oasmia and floating charges deeds relating thereto amounting to SEK 8.0 million and forms the security for the overdraft facility and the limit for currency derivatives under the agreement with Nordea.

Credit facility from Alceco International S.A.

The major shareholder Alceco International S.A. has issued a credit facility of SEK 40 million to Oasmia. The term of the credit facility is up to and including 31 December 2013 and is extended automatically by twelve months at a time unless terminated by either party three months before the contract expires. The interest rate on the utilized credit is 5 percent. As of the date of this prospectus, this credit facility was unused. The credit facility was renewed last on 17 October 2012.

Loan from Nexttobe AB

In February 2012, Oasmia received a loan of SEK 25 million from Nexttobe AB, which is the Company's second largest shareholder. The loan matures on 30 October 2012 and runs with 5 percent annual interest. Nexttobe AB has the right to terminate the loan for immediate repayment, if principal or interest due is not paid within 14 days after the due date. Furthermore, Nexttobe AB the right to convert or set off this claim in connection with participation in a future issue or any other financial transactions conducted by the Company. In May 2012, Nexttobe AB extended its involvement in Oasmia through an additional loan of SEK 65 million. Interest and other terms and conditions are the same as for the original loan. On 1 October 2012 the aforementioned promissory notes were replaced with a new loan from Nexttobe AB. Lending from Nexttobe AB was then extended to SEK 105 million. The loan matures on 31 December 2013, with otherwise the same terms and conditions as the previous loans. The total lending by Nexttobe AB to Oasmia is therefore SEK 105 million.

Other agreements

Oasmia has entered into agreements, which are part of the day-to-day operations, with various clinics for clinical trials of the Company's drug candidates and customary commercial agreements of a standard nature with suppliers and partners. However, no agreement, other than the licensing and distribution agreements, the credit facility from Alceco International S.A. and the loan agreement with Nexttobe AB, is of such significance for the Company that it could not be considered replaceable by an agreement with equivalent content with another party.

INTELLECTUAL PROPERTY RIGHTS

Oasmia's product portfolio consists of the trademark-protected drug candidates Paclical®, Doxophos®, and Docecal® and Paccal® Vet as well as Doxophos® Vet. These drug candidates are all based on the Company's excipient model developed with nanotechnology and are protected by patents in all countries which the Company considers to be important. The Company owns approved patents based on six different patent families. A patent family is a collection of patents and patent applications, regional and national, which cover an invention or a group of related inventions. The Company's strategy for intellectual property rights is intended to protect the Company's core technologies and the application of these. The Company's protection for intellectual property rights is continually surveyed and is currently considered to be satisfactory. The company is to a large extent dependent on its patents. See further "Legal and supplementary information - Transactions with related parties". In addition to this, Oasmia has a number of domain names registered, including oasmia.se and oasmia.com.

GOVERNMENT LICENSES

Oasmia's area of business is subject to significant government regulation. Drug development is subject to extensive controls, and government agencies throughout the world work to ensure compliance with applicable laws governing the development, production and sale of pharmaceuticals, and also examine the quality, safety and effectiveness of drugs.

Manufacturing of pharmaceuticals

Oasmia holds a license from the Swedish Medicinal Products Agency to produce pharmaceuticals in Sweden. The license relates to the production of Paccal® Vet and expires on 10 June 2016.

License to produce trial drugs

Oasmia holds a license from the Swedish Medical Products Agency to produce trial drugs in Sweden. This license relates to the production of all of the Company's product candidates and expires on10 June 2016.

Other licenses

Other licenses relate to *inter alia* handling of flammable goods and the purchase of denatured alcohol.

Application for and marketing approval of pharmaceutical products

Oasmia currently holds no marketing approvals for its products. Oasmia's drug candidates are in differently progressed states; from planning of clinical phase I trials to concluded and reported clinical phase III trials, for certain product candidates Oasmia has applied for marketing approval, see further "Operations – Product

Portfolio" and "Market" with subsections "Route to marketing approval for human drugs" and "Route to marketing approval for veterinary drugs" above. The registration of a pharmaceutical on a market requires a marketing permit from the relevant drug regulators in the countries where market registration is being applied for. The documentation examined by relevant the authorities relates to the drug's quality, efficacy and safety. It is important to ensure that all information filed in support of an application for marketing approval meets the applicable national and international requirements. In the EU there are four different procedures by which to apply for approval to sell a new drug. The central procedure is mandatory for drugs whose therapeutic indication includes the treatment of cancer. In the central procedure the application is sent directly to the European drug regulator, EMA. An approval in the central procedure covers all member states of the EU. Also in the U.S. there are different procedures by which to apply for a license to sell a new drug. An application is submitted to the U.S. drug regulator, the FDA. An FDA approval covers the U.S. market.

SUBSCRIPTION AND GUARANTEE COMMITMENTS

The Company's largest shareholder, Alceco International S.A., 19 Rue Aldrigen, L-1118 Luxembourg (with approximately 46.3 percent of the shares) and Nexttobe AB, Dag Hammarskjölds väg 40 C, SE-751 83, Uppsala, (with about 10.1 percent of the shares) have undertaken to exercise their preferential rights in the Rights Issue and thus subscribe for new shares corresponding to their shareholdings in the Company.

These shareholders (jointly the "Guarantors") have additionally, towards Oasmia and Carnegie, undertaken to subscribe for new shares for a total amount of up to SEK 53,460,170 for new shares not subscribed for and / or paid for by holders of subscription rights or other persons who have subscribed for shares without preferential rights ("Guarantee Commitments"). The Guarantee Commitments of the Guarantors amounts to SEK 26,730,085 each. The Rights Issue is thus fully guaranteed. The number of new shares that each Guarantor shall subscribe for, in accordance with their respective Guarantee Commitments will be distributed *pro rata* in proportion to the amount of their respective Guarantee Commitment or as otherwise agreed to by the Company and the Guarantors. For the Guarantee Commitments, the Guarantors will receive compensation amounting to 3 percent of the guaranteed amount (excluding any VAT). Both Guarantee Commitments were entered into between the Company and the Guarantors on 17 October 2012. The Guarantors have, in connection with the Guarantee Commitments, undertaken not to sell any shares in the Company up to and including the date on which the outcome of the Rights Issue is announced.

The above subscription and guarantee commitments are not secured. See also section "Risk Factors – The issue is not secured".

BUILDINGS AND LEASES

Oasmia owns no real estate. All lease agreements relating to the Company's existing premises at Vallongatan 1, Uppsala have lease terms from 1 January 2009 to 31 December 2013.

LEGAL PROCEEDINGS AND ARBITRATION

Oasmia is not and has not been involved in any legal or arbitration proceedings during the last twelve months that has had or is likely to have significant effects on Oasmia's financial position or profitability. Oasmia is also not aware of any claims that may lead to the Company becoming a party to such process or procedure.

STABILIZATION AND OTHER TRADE MEASURES

In connection with the Rights Issue, Carnegie Investment Bank or a representative for Carnegie Investment Bank may act as stabilization manager and may effect transactions intended to support the trading in or market price of the shares, subscription rights, BTAs or the new shares in order to balance any selling pressure which might exist ("Stabilization Measures").

Stabilization Measures include transactions that stabilize, maintain or in other ways affect the market price of the Company's shares, subscription rights, BTAs or the new shares. Such transactions may include creating a syndicated short position, and engaging in stabilizing transactions and purchases to cover positions created by short positions. Short positions means that the stabilization manager sells securities they do not own. Stabilizing transactions consist of certain bids or purchases made for the purpose of preventing or delaying a decline in the security's market price, while a rights issue is in progress.

The stabilization manager is under no obligation to take any Stabilization Measures. Thus, there is no guarantee that Stabilization Measures will be executed. If the Stabilization Measures are executed they may be discontinued at any time without prior notice.

Stabilization Measures may be executed as from the date of the publication of this prospectus until and including 30 calendar days after the last day of the subscription period, which is expected to be 9 December 2012.

The stabilization manager may not stabilize (i) subscription rights at a price exceeding SEK 0.45 per subscription right, equivalent to the theoretical price for the subscription rights at the time of the announcement of the subscription price, or (ii) the Company's shares, BTAs or the new shares at a price exceeding SEK 5.45 per share, BTA or new share, corresponding to the sum of the subscription price and the theoretical value of subscriptions rights at the time of the announcement of the subscription price (SEK 5.00 plus SEK 0.45).

As a result of such stabilization, the share quotation or the market price of shares or other securities issued by the Company may be higher than what would otherwise be the case in the market. Stabilization may also lead to a share quotation or market price at a level that is not sustainable in the long term.

Within one week after the end of the stabilization period the Company will, in accordance with Article 9 of Regulation (EC) No 2273/2003 announced whether stabilization measures were performed or not, the date the stabilization measures were initiated, the date the last stabilization operation was performed and the price range within which stabilization measures were performed (for each of the dates on which stabilization transactions were carried out).

Carnegie has informed the Company that they are currently creating a market for the shares and intends to create a market for the subscription rights outside the U.S. Carnegie may also engage in transactions on behalf of others with the shares and subscription rights and certain derivatives linked to the shares.

If these market-making and other activities are initiated, they may at any time be discontinued at Carnegie's own decision and without prior notice. These activities may be conducted on NASDAQ OMX Stockholm or any other market including the OTC market in Sweden or elsewhere outside the U.S. in accordance with applicable laws and regulations.

TRANSACTIONS WITH RELATED PARTIES

Oasmia applies IAS 24 Related Party Disclosures, see also note 31 on page 48 of the Annual Report for the financial year 2011/2012 and note 4 on page 10 of the Interim Report for the period 1 May – 31 July 2012. Oasmia has performed certain transactions with its subsidiaries. As at the date of this prospectus Oasmia had no claim against or liability to the subsidiary Oasmia Global Supplies AB. Oasmia's debt to the subsidiary Oasmia Animal Health AB amounted as per the date of this prospectus to SEK 204,800.

Further, on 1 October 2012, Oasmia entered into a new loan agreement with Nexttobe AB, one of the Company's major shareholders. Further, on 17 October 2012 Oasmia renewed its credit facility with Alceco International S.A., another of the Company's major shareholders. For details regarding these agreements, see section "Material Agreements" subsections "Credit facility from Alceco International S.A." and "Loan from Nexttobe AB" above. Otherwise, there have not been any transactions between Oasmia and its related parties that have materially affected the Company's financial position and earnings, or any other transactions that have occurred on non-market terms, since 30 April 2012.

Ardenia Investment Ltd owned and controlled equally by Oasmia founders Bo Cederstrand and Julian Aleksov, is registered as the applicant and the owner, respectively, of all patent right that forms the basis for Oasmia operations. Under an agreement between Ardenia Investment Ltd and Oasmia, concluded in 2001, the rights to all existing and future patents, patent applications and know-how have been transferred to Oasmia for a one-off payment of SEK 1,000 plus variable supplementary payments. Under a supplementary agreement dated 27 January 2003, the Company is no longer required to make supplementary payments. Oasmia thus has no remaining obligations to Ardenia Investment Ltd.

ADVISORS

Carnegie Investment Bank AB (publ) is financial advisor to the Company and is the issuing agent in connection with the Rights Issue. Gernandt & Danielsson Advokatbyrå KB is legal advisor to the Company and Carnegie.

DOCUMENTS AVAILABLE FOR INSPECTION

The following documents may, during the entire validity term of the prospectus, be reviewed during office hours at the Company's main office at Vallongatan 1, SE-752 28 Uppsala:

- The Articles of Association of the Company
- Audited Annual Report for the financial year 2011/2012
- Interim report for the period 1 May – 31 July 2012
- This prospectus

The documents above will also be available on the Company's website, www.oasmia.com.

Articles of Association

1. Name
The corporate name of the Company is Oasmia Pharmaceutical AB. The Company is a public company (publ).

2. Registered office

The Company's registered office is situated in the municipality of Stockholm.

3. Object of the Company's business

The object of the Company's business is to conduct research and development, manufacturing, marketing and sale of pharmaceuticals, human and veterinary, and any other activities compatible therewith.

4. Share capital and shares

The share capital shall be not less than SEK 3,350,000 and not more than SEK 13,400,000. The number of shares shall be not less than 33,500,000 shares and not more than 134,000,000 shares.

5. Type of share

The shares shall be issued in one series, denoted series A.

6. The Board of Directors

The Board of Directors shall consist of at least 3 and at the most 8 members with at the most 3 deputy members.

7. Auditors

For audit of the Company's Annual Report and accounts and the Board's and Chief Executive Officer's management shall one or two auditors with at most two deputies or one or two registered auditing firms be appointed.

8. Notice of the General Meeting

Notice of General Meeting shall be published in the Swedish Official Gazzette (Sw: Post- och Inrikes Tidningar*) and by making the notice available on the Company's website. That notice has been given is to be advertised in Dagens Nyheter.*

Shareholders who wish to participate at the negotiations at the Meeting shall be recorded in printouts of the entire share register concerning the circumstances five business days before the Meeting and shall notify the Company no later than the day stated in the notice of the Meeting, when the number of assistants is to be stated.

9. General Meeting
The General Meeting will be held in the municipalities of Uppsala or Stockholm.

At the Annual General Meeting, the following matters shall be dealt with.

1. Election of chairman for the meeting.
2. Preparation and approval of the voting list.
3. Approval of the agenda.
4. Election of one or two persons who shall, in addition to the chairman, approve the minutes of the meeting.
5. Determination of whether the Meeting has been duly convened.
6. Presentation of the Annual Report and the Auditor's report and, if applicable, the consolidated financial statements and the auditor's report on the consolidated financial statements.
7. Resolutions
   a) regarding the adoption of the income statement and the balance sheet, and when applicable, the consolidated income statement and the consolidated balance sheet.
   b) resolution regarding allocation of the Company's profit or loss in accordance with adopted balance sheet
   c) regarding discharge of the members of the Board of Directors and the managing director from liability.
8. determination of the number of members and deputy members of the Board of Directors and the number of auditors and deputy auditors.
9. determination of fees for the Board of Directors and, when applicable, the auditors.
10. election of the members of the Board of Directors and, when applicable, auditors and deputy auditors.
11. other matters which are set out in the Swedish Companies Act (2005:551) or in the Company's Articles of Association. The Chairman of the Board or a person appointed by the Board of Directors shall open the General Meeting and lead the negotiations until a chairman has been elected.

10. Fiscal year
The fiscal year shall be 1 May to 30 April.

11. Record day provision
The Company's shares shall be registered in a securities register pursuant to the Swedish Financial Instruments Accounts Act (1998:1479).

Adopted 2011-09-30

Tax Issues in Sweden

The following is a summary of certain Swedish tax issues which in connection with the Rights Issue applies to individuals and limited liability companies who are holders of shares and subscription rights in Oasmia Pharmaceutical AB and who, unless otherwise stated, are tax resident in Sweden. The summary is based on current Swedish tax legislation and is only intended to provide a general information regarding the shares and subscription rights for the time the shares and/or subscription rights are traded on NASDAQ OMX Stockholm. The Summary does not address:

- *Situations where securities are held as inventory in a business*
- *Situations where securities are held by a limited partnership or a partnership*
- *Situations in which securities are held in an investment savings account*
- *The special rules relating to tax-free capital gains (including the prohibition on deductions of capital losses) and dividends that may apply to if the investor holds shares or subscription rights in Oasmia which for tax purposes are considered to be business related.*
- *The special rules that in some cases may apply to shares or subscription rights in companies that are or have been closely held,*
- *Foreign companies doing business through a permanent establishment in Sweden.*

Special tax rules further apply to certain categories of companies. The tax situation for each holder of securities depends on individual circumstances. Each shareholder and holder of subscription rights should therefore consult an independent tax adviser regarding the specific tax consequences that may arise as a result of the Rights Issue, including the applicability and the effect of foreign tax rules and tax treaties. The summary below is based on the assumption that the shares and subscription rights in Oasmia Pharmaceutical AB are deemed as listed for tax purposes during the period when the shares and/or subscription rights are traded on NASDAQ OMX Stockholm (should the shares and subscription rights not be considered as listed for tax purposes they will be subject to other tax rules than those described below). However Oasmia Pharmaceutical AB does not guarantee that the shares and/or subscription rights will be deemed as listed for tax purposes.

GENERAL

Individuals

For individuals tax resident in Sweden, income such as interest, dividends and capital gains are considered as capital income for tax purposes. The rules on capital income will also normally apply to the payment by a Swedish limited liability company in connection with the redemption of the Company's shares and the repurchase of own shares and the liquidation of the Company. The tax rate on capital income is 30 percent.

A capital gain or loss is calculated as the difference between the compensation received, after deducting sales costs, and the cost basis. The cost basis for all shares of the same class and type is aggregated and calculated jointly by applying the average cost method. BTAs are not considered to be of the same kind as the existing shares in Oasmia Pharmaceutical AB until the resolution regarding the Rights Issue has been registered with the Swedish Companies Registration Office. Alternatively, in the case of the sale of listed shares, the standardized method may be used. Under this method, the cost basis may be defined as 20 percent of the compensation received after deduction of sales costs.

Capital losses incurred from the sale of shares in a listed company and other listed securities(for example subscription rights and BTA) can be fully offset against capital gains occurring in the same year due to the sale of shares and listed securities (with the exception of shares in Swedish investment funds holding only Swedish receivables , known as Swedish fixed income funds). Capital losses that have not been offset against capital gains are deductible to 70 percent against other capital income. In case of a net capital loss, such loss may be used for tax reduction on earned income tax as well as central government and municipal property taxes. Tax reduction is granted with 30 percent of the net capital loss up to SEK 100,000 and 21 percent of any loss exceeding SEK 100,000.The loss cannot be carried forward to future income years. For individuals who are tax resident in Sweden preliminary tax of 30 percent is withheld on any dividends received. The preliminary tax is normally withheld by Euroclear or, for nominee registered shares, by the nominee.

Limited liability companies

For limited liability companies capital income, including capitals gains and dividends subject to tax, is taxed as business income, with a tax rate of 26.3 percent. Capital gains and losses are calculated in the same manner as for natural persons as described above.

Deductible capital losses on shares and other securities may only be offset against taxable capital gains on shares and other securities. If a capital loss assignable to shares or other securities cannot be deducted by the company incurring the loss, such loss may be offset against taxable capital gains assignable to shares

and securities in another company in the same corporate group if a right to exchange group contributions exists between the companies and both companies request this for a year which has the same assessment date, or would have had the same date if one of the companies had not ceased to be liable to keep accounts. A capital loss on shares or other securities can, to the extent that it is not deductible one year, be carried forward (in the limited liability company incurring the loss) and used to offset taxable capital gains on shares and other securities in later years without any limitation in time.

Exercising subscription rights

Exercise of subscription rights by a shareholder in Oasmia Pharmaceutical AB does not trigger taxation of the shareholder.

Selling allocated subscription rights

Shareholders who do not wish to exercise their preferential right to participate in the new share issue can sell their subscription rights. This will give rise to a taxable capital gain. Subscription rights granted on the basis of a shareholding in Oasmia Pharmaceutical AB are deemed to have been acquired for SEK 0. The standardized method for assessing the cost basis cannot be used in this case.

The entire gain from the sale, after deduction of sales cost is taxable. The cost basis for the original shares is not affected. A subscription right that is not exercised or sold but expires is deemed to have been disposed for SEK 0, and therefore no capital gain or loss occurs.

Acquired subscription rights

For those who purchase, or in a similar way acquire, subscription rights in Oasmia Pharmaceutical AB, the remuneration paid constitutes the cost basis. The exercising of acquired subscription rights does not trigger taxation. The cost basis assignable to the subscription rights should be included when calculating the cost basis of the shares. Subscription rights that are sold are subject to capital gains tax. The cost basis of subscription rights is calculated using the average method. The standardized method may be used for listed subscription rights acquired as described above. A subscription right that is neither exercised nor sold and therefore expire is deemed disposed at SEK 0.

Shareholders and subscription rights holders with limited tax liability in Sweden

Shareholders subject to limited tax liability in Sweden are subject to withholding tax on any dividends received from a Swedish limited liability company. The same applies to payments by a Swedish company in connection with, among other things, redemption, repurchase of shares through an offer directed to all shareholders or all holders of shares of a certain kind and the liquidation of the company. Withholding tax on dividends is levied at 30 percent. The withholding tax rate is however generally reduced through tax treaties. Withholding tax is normally deducted at source by Euroclear or, for nominee registered shares, by the nominee.

In cases where withholding tax paid exceeds the amount payable due to tax treaties or that the receiver is not liable to pay withholding tax reimbursement may be requested, in writing, to the Swedish Tax Agency. The request has to be submitted before the end of the fifth calendar year after the dividends distribution.

Shareholders and holders of subscription rights, subject to limited tax liability in Sweden, who do not conduct activities from a permanent establishment in Sweden are normally not liable to tax in Sweden on capital gains deriving from the sale of shares or subscription rights. Shareholders and holders of subscription rights may however be tax liable in their country of residence. Under a special rule, individuals, subject to limited tax liability in Sweden, may however be liable to capital gains tax on the sale of shares or subscription rights in Oasmia Pharmaceutical AB if they at some point during the calendar year in which the sale took place or during the preceding ten calendar years have been resident in Sweden or considered as staying here permanently. The applicability of this rule is however in many cases limited through tax treaties.

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