Oasmia Pharmaceutical AB (publ)

Listing prospectus

Listing NGM Equity September 18 2007

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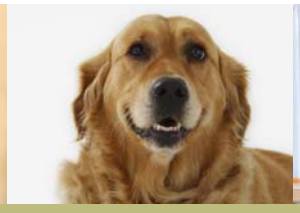



SUMMARY

This prospectus has been drawn up because Oasmia Pharmaceutical AB is going to change stock exchange lists from NGM Nordic to NGM Equity. The change of list is being done in order to provide private and institutional shareholders with a better place to trade with the company's shares. The purpose of the prospectus is to give shareholders information about the nature of the company. This conclusion can be seen as an introduction to the prospectus and does not necessary contain all the information for an investment decision. Because of this, each investment decision must be based on the prospectus in its entirety. Liability under civil law can only be imposed on the persons who have drawn up the conclusion if this is misleading, incorrect or inconsistent with other parts of the prospectus. Anyone who brings charges in a court because of the prospectus may be forced to pay the costs for translating the prospectus.

Description of business operations

Oasmia Pharmaceutical AB (publ) is a pharmaceutical company based on the most recent ideas within the field of bio-organic chemistry. Our business concept is to improve the treatment of serious diseases, with an emphasis on oncology. Our main business activity is to produce new, patented formulations of existing drugs. By doing so we work to both enhance and create new therapy opportunities. We focus on human and animal oncology, areas in which the company has a strong product portfolio. Oasmia also does research in the fields of infection, asthma and neurological diseases. Our company's research on the cell's natural aging and death has formed the platform for our development of new drugs. The first of these is Paclical®, in which the substance, paclitaxel, is made water soluble via nanoparticles by a new and unique excipient, XR-17. XR-17 is developed in order to form micelles around the active agent of the drug. Oasmia's XR-17 can be used in a number of different substances, in order to improve their profile, safety and effect, especially substances that are hard to solve. This nanotechnology makes it possible to develop completely new methods of treatments in oncology. The drugs that today are in the company's portfolio are all based on our nanotechnologically produced excipient model and are protected by international patents.

Risk factors

When making an assessment of the company's future development, it is important to take into account a number of risk factors that are deemed to be of essential importance to the company. There are risks associated with the company's operations and these are related to, among other things: Products, Side-effects, Relations with government agencies, Competition, Financing and collaboration, Patents, Key persons, and Share trading. Other risks that the company is unaware of at present, or that the company currently regards as unimportant can have an important effect of the company's operations, financial position or results. For a more detailed discussion of this, see the section below on "Risk Factors."

Board, management, employees, auditors

Bo Cederstrand (chairman of the board), Claes Piehl (member of the board), Peter Ström (member of the board), Julian Aleksov, member of the board and CEO), Mats Ohlsson (CEO of the subsidiary Qdoxx Pharma AB). Öhrings PriceWaterhouseCoopers (auditors, head auditor, Bo Åsell). Oasmia presently has 36 employees, all of which are located at the company's research and production facility in Uppsala. During the rapid period of expansion from 2004 to 2007, a large number of people were hired, which has strengthened the company's research and production capacity. Oasmia is recruiting new personal even today.

Larger shareholders

The majority owner of Oasmia Pharmaceutical AB is Oasmia S. A., a holding company based in Luxembourg. Oasmia S. A. is 100 percent owned by the founders, the board and the management of the company. For further information about the ownership of the company, see "Shares and owners".

Financial information

The company's assets are tied to patents that have been acquired and other intellectual assets, as well as the production and research premises. The company is mainly financed by its owners through direct shareholder contributions. During 2006, the company has also received income from license registrations of Oasmia's products. It is the company's hope that this registration will continue in 2007.

INCOME STATEMENT IN BRIEF

SEK	2006/07	2005/06	2004/05
Net turnover, TSEK	22 387	853	0
Work performed by the company for its own use and capitalized, TSEK	14 483	-	5 148
Operating expenses, TSEK	-47 728	-19 663	-8 432
Operating profit (loss), TSEK	-10 858	-18 810	-3 285
Financial income and expense	-766	-817	5 834
Income tax, TSEK	-	-	-
Net profit (loss) for the year, TSEK	-11 624	-19 627	2 549

BALANCE SHEET IN BRIEF

SEK	2006/07	2005/06	2004/05
Non-current assets, TSEK	41 950	27 345	33 627
Current assets, TSEK	47 081	8 841	2 414
Sum assets, TSEK	89 031	36 186	36 041
Minority shareholding, TSEK	116	-	-
Total Equity	70 031	20 354	31 395
Non-current liabilities	5 570	8 102	-
Current liabilities	13 430	7 730	4 646
Total Equity and liabilities	89 031	36 186	36 041

CASH FLOW STATEMENT IN BRIEF

SEK	2006/07	2005/06	2004/05
Cash flow from operating activities	-23 145	-22 284	
Cash flow from investing activities	-16 826	-10 961	
Cash flow from financing activities	58 511	34 904	
Cash flow from the year	18 540	1 659	
Cash and cash equivalents at the beginning of the year	3 630	1 971	
Cash and cash equivalents at the end of the year	22 170	3 630	

Equity ratio, %	79%	56%	87%
Return on equity, %	Neg	Neg	7%

Other

The prospectus has been approved by and registered with the Swedish Financial Supervisory Authority in accordance with the regulations in chapter 2, sections 25-26 of the Swedish Act on trade with financial instruments (1991: 980). Approval by and registration with the authority is not a guarantee from the Financial Supervisory Authority that the prospectus is correct or complete. The prospectus is available at the company's office and the company's homepage as well as the homepage of the Financial Supervisory Authority. Disputes arising from this prospectus are to be settled under Swedish law and by a Swedish court only. All documents concerning this prospectus in its entirety, that is, the annual reports, verifications, interim reports and other market information is available in paper form at the company's office on Vallongatan 1 in Uppsala.

The board's assurance

The board is responsible for the information contained in the prospectus and has taken all reasonable, cautionary steps to guarantee that the information in the prospectus, as far as the board knows, corresponds to actual conditions, and that nothing has been left out that could affect its contents.

RISK FACTORS

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

Products

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

Side-effects

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

Relations with government agencies

The business operations of Oasmia Pharmaceuticals depend on permits granted by various government agencies, international as well as Swedish. There is a risk that a necessary permit can not be obtained without extensive investigations or an expensive modification of business operations. Oasmia strives for cost efficiency in all aspects of its operations.

Competition

There is keen competition in the field of oncology with many available products. Development is on-going and there is a risk that competitors on the market can affect the company's results.

Financing and collaboration

Oasmia is financed primarily by capital from shareholders and banks. It can not be ruled out that in the future the company will need to acquire additional capital or face worsened interest terms. Nor can the company guarantee that additional capital can be obtained.

Moreover, to a certain extent, Oasmia's growth is dependent on establishing collaborative ventures with external partners in the form of industrial contracts and collaborative agreements with international pharmaceutical companies. If important collaborative ventures can not be entered into, are terminated, or do not work satisfactorily, this can have a negative effect on the company. Oasmia's goal is to create firm agreements with its partners and long-term financial growth.

Patents

Oasmia has patents for all steps of product development the world over. There is a risk that competitors will violate these patents and that a dispute might arise. This can have a negative effect on the company.

Key persons

Oasmia depends on a highly qualified workforce in order to conduct first-class research. Further, the company depends on being able to continue to recruit competent workers even in the future. There is a risk that there might be a lack of such workers. This can have a negative effect on the company.

Share trading

Up until its change of list, Oasmia has been traded on NGM Nordic MTF. It is difficult to foresee what interest and trade there will be in the company's shares on NGM Equity. If trading liquidity does not develop or become lasting, this can make it difficult for shareholders to sell their shares. There is also a risk that the market price may differ significantly from today's share price on NGM Nordic MTF after the change of list.

INTRODUCTION

Oasmia Pharmaceutical (publ) is a pharmaceutical company based on the most recent ideas in bio-organic chemistry. Our business concept is to improve the treatment of serious diseases, with an emphasis on oncology. This is done by developing substances that create a new generation of effective drugs for different fields of therapy. Oasmia is developing the drugs of the future in human and veterinary medicine.

Our main business activity is to produce new, patented formulations of existing drugs. By doing so we work to both enhance and create new therapy opportunities. We focus on oncology, an area in which the company has a strong product portfolio. Oasmia also does research in the fields of infection, asthma and neurological diseases.

The company started under its present management as a private research project in 1990. The original project focused on the cell's natural aging and death. This basic research created the platform for the development of the company's strong product profile, which contains among other products, the unique drug Paclical®.

Oasmia Pharmaceutical AB was founded on October 12, 1999. At that time an investment in preclinical and clinical development was initiated. In 2005, research, production and administration moved into new premises in Uppsala, Sweden.

The product that is closest to registration is Paclical®. The drug contains paclitaxel, which is one of the most effective cytostatics (against cancer) on the market. Paclical® has been proven to have fewer side-effects and it has been possible to give higher doses than other existing drugs.

During 2006, Oasmia became one of the first companies to be approved as a small or medium-sized enterprise (SME) by the EMEA/EU (the European pharmaceutical agency).

In the same year Oasmia started to invest in veterinary oncology. The company is on the front line of research into new products intended for the world market. Today there is no registered chemotherapy in the field of veterinary medicine. The total world market for this amounts to over USD 2 billion.

Oasmia has an additional three cytostatics in its portfolio based on the same platform as Paclical®. All products are protected by international patents that expire from 2023 onwards. The market for these four products corresponds to 80 percent of all standard treatments of cancer in the world.

As far as the company can know and guarantee by comparison with other information that has been made public by concerned third parties – no information has been left out in such a way as to make the information given here incorrect or misleading. The information regarding the market and the products is correctly stated.

Sources: IMS, International Market Survey. Withrow S.J, DM. Vail (Eds.) Small animal Clinical Oncology, Fourth Edition, 2007 (Saunders Elsevier, Missouri). Ettinger S.J, E.C. Feldman Textbook of Veterinary International Medicine, Diseases of the Dog and Cat, Sixth Edition, 2005 Volume I (Elsevier Saunders, Missouri). Decision Resources Onkos Study No 8 april, International Market Survey (IMS) june 2006.

OASMIA IN BRIEF

Oasmia Pharmaceutical AB is developing a new generation of drugs with an emphasis on human and veterinary oncology. Our main activity leads to an improvement of the product lifecycles of existing drugs. We are working on a long-term basis and see our own research within nanotechnology as a guarantee that we will reach our highly set goals. In addition to a strategic investment in oncology, we also have a number of promising products within such fields of therapy as infection, asthma and neurology.

Vision

Oasmia wants to see new, creative solutions permeating all steps of product development, from research and development to registration and marketing. Our vision is to improve and facilitate the treatment of serious diseases. Oasmia wants to create a better lifestyle for people and animals. Therefore we are developing new, effective forms of production with a favourable side-effect profile.

Goals

A better choice of patient therapies is also a gain in economic terms for both health care and society. By developing new methods of preparation, both effectiveness and safety can be optimized. This is a process that makes possible entirely new treatment options. Enhanced quality of life is not just a goal; it is a self-evident and integrated part of the entire production process. In the long run we want to become one of the leading companies in oncology.

PRODUCTS

The foundation of Oasmia's product portfolio is a group of new, unique and patented substances. One of these, XR–17, is specifically developed with properties that form micelles around the active agent of the drug. Oasmia's X R-17 can be used on a number of different substances to enhance their profile and effect, especially substances that are difficult to dissolve. The drugs that are in the company's portfolio today are all based on our nanotechnologically produced excipient model and are protected by international patents. The first drug, Paclical®, and Paclical® Vet are based on the technology surrounding XR-17 as well as a cytostatic – paclitaxel.

Oasmia's products are in different stages of development. These are defined as the following: the pre-clinical phase, Phase I/II and Phase III.

Product portfolio

Oasmia has a strong product portfolio in the therapy field of oncology. Four products are being developed. Together, these cover 80 percent of today's standard treatments of the most common forms of cancer.

Paclical® (OAS-PAC-100) and Paclical® Vet

Paclical® is intended for the treatment of cancer in humans and Paclical® Vet for treatment of cancer in pets. The product is in phase III.

Carbomexx®

A new, unique formulation of carboplatin based on Oasmia's platform. The product will enter clinical Phase I during the spring of 2008.

Doxophos®

A new, unique formulation of doxorubicin based on Oasmia's platform. The product will enter clinical Phase I during the spring of 2008.

Docecal®

A new, unique formulation of docetaxel based on Oasmia's platform. The product enters clinical Phase I during the autumn of 2007 or the spring of 2008.

Manufacturing and sales

Today, the first phase of the manufacturing of Paclical® takes place in our own production plant in Uppsala. In order to meet a growing long-term demand, Oasmia is looking for bigger production capacity. Oasmia is involved in far-reaching negotiations with several international pharmaceutical companies about licensing agreements and distribution for different geographical markets.

Sources: IMS, International Market Survey. Withrow S.J, DM. Vail (Eds.) Small animal Clinical Oncology, Fourth Edition, 2007 (Saunders Elsevier, Missouri). Ettinger S.J, E.C. Feldman Textbook of Veterinary International Medicine, Diseases of the Dog and Cat, Sixth Edition, 2005 Volume I (Elsevier Saunders, Missouri). Decision Resources Onkos Study No 8 April 2007 International Market Survey (IMS) june 2006.

THE MARKET FOR HUMAN HEALTH

The world market for pharmaceuticals increased between June 2005 and June 2006 by 13 percent. Cytostatics was the therapy group that increased the most during this period. The total market amounted to USD 20.8 billion. Because of a increasingly aging population, the number of cancer cases is increasing globally, which is something that leads to a greater use of cytostatics. Oasmia's product portfolio in cancer treatment constitutes about 80 percent of this market.

Of the total market for cytostatics, Paclical® is part of a group of taxanes that also includes such drugs as Taxol®, Taxotere® and Abraxane®. The size of the market for this group in 2007 is about USD 2.5 billion, with an annual growth rate of about 5 percent.

The prognosis for the growth of taxanes of nanoparticle size is about 25 percent of the total market for taxanes. Paclical® is one of the two taxane products that meet this criterion.

Oasmia has developed and patented a product, Paclical®, in which paclitaxel has been made water soluble via nanoparticles through a new excipient, XR-17. The new formulation does away with the need for premedication. Treatment time can be shortened from the current 3 to 24 hours to about 1 hour with Paclical®. A higher dose can be tolerated.

Paclical®

No premedication
Short infusion time
Higher dose (can produce a better effect)
Fast distribution of the drug to the tumor
Nanoparticles
Water soluble

Source:
Decision Resources Onkos Study No 8 April 2007, International Market Survey (IMS) June 2006.

THE MARKET FOR ANIMAL HEALTH

The number of pets is increasing every year, as well as the length of their lives. This means that animals risk developing cancer, since the risk increases with increasing age. Today, it is estimated that 40 percent of all dogs over the age of 6 will be afflicted. The most common form of treatment today is surgery, in those cases when it is possible to operate. Less common treatments are radiation and treatment with cytostatics based on a human protocol that has been adapted to animals. In many cases, putting the animal to sleep is the only alternative.

In 2006 Oasmia entered the veterinary market and commenced a registration study during the first quarter of 2007 for Paclical® Vet to be used on the indication of mastocytoma. The drug has shown exceptionally good results in the treatment of different kinds of tumors.

Mastocytoma is a common form of cancer in dogs, and Oasmia's product, Paclical® Vet, has shown very good results in treating it in a phase I/II study. Paclical® Vet is expected to become the first cytostatic to be registered for the treatment of dogs. The product is now in phase III and a registration application will be submitted to the EMEA and the FDA during the fourth quarter of 2007.

Today, there are more than 140 million dogs in the EU and the US alone. The market (based on the number of dogs over 6 years of age, of which 40 percent are estimated to get cancer in the US and Europe) amounts to USD 1.5 billion. Registration of Paclical® Vet will also be submitted for other types of cancer, since the phase I/II study showed good results on other forms of tumours, for example, lymphoma and squamous cell carcinoma. The market for Paclical® Vet is divided geographically into the EU, the US, Japan, Canada, Australia, Asia and the rest of the world. It is also divided into the indications: skin, lymphoma, breast and other forms of cancer. Oasmia plans to commence studies during 2008 in order to be able to apply for registration for cats as well and to introduce such a products on the market during 2009.

Paclical® Vet

Quick treatment
Very good treatment results
Very large clinical potential
Potential to be the first registered cytostatic for dogs
Possible even for cats

Source:
IMS, International Market Survey June 2006. Withrow S.J, DM. Vail (Eds.) Small animal Clinical Oncology, Fourth Edition, 2007 (Saunders Elsevier, Missouri). Ettinger S.J, E.C. Feldman Textbook of Veterinary International Medicine, Diseases of the Dog and Cat, Sixth Edition, 2005 Volume I (Elsevier Saunders, Missouri).

ORGANIZATION AND EMPLOYEES

Oasmia had 36 employees as of August 31 2007. All are located at the company's office, research and production plant in Uppsala, Sweden. During the rapid period of expansion of 2004 – 2007, many new people were hired. This has strengthened the company's research and production capacity.

Of these 36 employees, 64 percent are women and 36 percent are men. The average age is 39. The company is characterized by having very competent employees. Eighty-five percent of them have university educations, primarily in the fields of chemistry and medicine. The company's ambition to find new, creative solutions permeates our business operations in all steps of the production process from basic research to clinical research, registration and marketing.

OVERVIEW OF AVERAGE NUMBER OF EMPLOYEES

	2006/07	2005/06	2004/05	2003/04
Women	11	11	4	2
Men	12	7	7	6
Total	23	18	11	8

BOARD

Julian Aleksov (born 1965) – Sweden

CEO of Oasmia Pharmaceutical AB and one of its founders. Aleksov has been a member of the board since 1999, when the company was created. Aleksov has an entrepreneurial background and, among other things, has conducted business in small and medium-sized companies in paper, steel, foodstuffs and medicine, with an emphasis on central and eastern Europe, as well as certain Asian countries. Aleksov has been working at Oasmia since the original research project started in 1990. He has been responsible for the coordination of the research project, strategic development within the field of bio-organic chemistry, as well as the strategic development of global intellectual assets. Previous external or current positions: Member of the board of Qdoxx Pharma AB and GlucoGene Pharma AB, on-going. Share and option holdings in Oasmia: 147 000 shares

Bo Cederstrand (born 139) – Switzerland

Chairman of the board since the company was started in 1999 and one of the founders. For almost 40 years, Cederstrand has been managing director and part-owner of a number of small and medium-sized companies, primarily within the field of trade. He has great experience of international business. Cederstrand also has good experience of production and has been very active in trade association contexts. Cederstrand has been chairman of the Swedish Fruit and Vegetable Distributors (Swedish Trade) as well as a member of the board of Royal Canin, a multinational French company. Previous external or current positions: Member of the board of Fruges AB, on-going, Member of the board of Arken AB and CEO and member of the board of Royal Canin Sweden previous.
Share and option holdings in Oasmia: 126 000 shares

Peter Ström (born 1952) – England

Member of Oasmia's board since 2006. Ström has a B. A in business administration and has previously been Vice President of IMS Health. Ström has also worked for KabiVitrum, Kabi Pharmicia and Pharmicia Upjohn for more than 20 years, in the capacity as head of International, England and Vice President for Europe, amongst other tasks. He has also been Vice President for Europe for seven years at IMS Health. Previous external or current positions: Member of the board of Active Biotech AB, chairman of the board of Peridoc AB and member of the board of Comtax AB and Puls AB, on-going.
Share and option holdings in Oasmia: 144 000 shares

Claes Piehl (born 1950) – England

Member of Oasmia's board since 2006. Piehl is a graduate of the Stockholm School of Business and has lived in England for more than 20 years. Piehl worked for several years as a management consultant for PA Management Consulting and Indevo and other companies. After that he has been CEO of Alfred Berg UK Ltd and Alfred Berg Norge As well as CEO of Orkla Securities Ltd. Piehl is working today as an active investor in smaller companies. Previous external or current positions: CEO of Alfred Berg Norge AS and CEO of Orkla Secutrities Ltd, previous.
Share and option holdings in Oasmia: 137 200 shares

The board's office address: *Vallongatan 1, 752 28 Uppsala, Sverige* *The location of the board:* *Stockholm, Stockholm County, Sweden*
All seats on the board are held until the annual regular general meeting 2008

MANAGEMENT AND AUDITORS

Julian Aleksov (born 1965)

CEO of Oasmia Pharmaceutical AB and one of its founders. Aleksov has an entrepreneurial background and, among other things, has conducted business in small and medium-sized companies in paper, steel, foodstuffs and medicine, with an emphasis on central and eastern Europe, as well as certain Asian countries. Aleksov has been working at Oasmia since the original research project started in 1990. He has been responsible for the coordination of the research project, strategic development within the field of bio-organic chemistry, as well as the strategic development of global intellectual assets. Previous external or current positions: Member of the board of Qdoxx Pharma AB and GlucoGene Pharma AB, on-going.
Share and option holdings in Oasmia: 147 000 shares

Britt-Marie Eriksson (born 1955)

Since 2004 has been Executive Vice President of Oasmia with special responsibility for the company's clinical and regulatory department. She is a certified nurse and has also studied economics at Uppsala University. During 1977-1981 she worked as a nurse at the University Hospital in Uppsala, at the oncology clinic and other units in the hospital. She has worked for 17 years with marketing, education and clinical testing at Pharmacia in Sweden and in Canada. Between 1998 and 2001 she worked as international project manager at Covance Ltd. From 2001 to 2004 she was head of clinical testing at Meda AB.
Previous external or current positions: None
Share and option holdings in Oasmia: 3 000 shares

Mats Ohlsson (born 1952)

Since 2004 has worked as sales head and head of marketing at Oasmia as well as CEO of the subsidiary Qdoxx Pjarma. Mats Ohlsson has a BA in economics and has previous experience as Sweden's head of Squibb pharmaceutical from 1988 to 1990. Therapy Area Director at Bristol Myers Squibb from 1990 to 1998. CEO of Orifarm pharmaceutical from 1998 to 2000. CEO of Ivax Scandinavian AB from 200 to 2004.. Previous external or current positions: CEO of Ivax Scandinavian AB and CEO of Orifarm AB previous.
Share and option holdings in Oasmia: 7 500 shares

Maria Nylander (born 1966)

Has worked since 2005 as head of production at Oasmia. From 2001 to 2005 she worked as first research engineer at GIN- Laboratory at Uppsala University. Between 2001 and 2002 she worked as a researcher at SLU, Sweden's Agricultural University, in Uppsala. Nylander has a PhD in molecular genetics. Previous external or current positions: None
Share and option holdings in Oasmia: 4 100 shares

Kristina Fritjofsson (born 1958)

Has worked since 2006 as head of products at Oasmia. Since the spring of 2007, she has been head of clinical testing. Fritjofsson is a licensed pharmacist. She has worked for 25 years in the pharmaceutical industry. From 1997 to 2005 she was group head of clinical research and head of products at MSD. She worked as head of clinical trials at PMC Clinical Research AB 1990-1996. She was testing manager at Pharmacia Ophthalmics AB from 1988 to 1990. Previous external or current positions: None
Share and option holdings in Oasmia: 1 900 shares

Oleg Strelchenok (born 1947)
Professor of organic chemistry and since 1999 head of research at Oasmia. Strelchenok has a solid scientific, academic background and in 1979 became the youngest head professor at the Laboratory of Protein Hormones Chemistry, Institute of Bioorganic Chemistry, Belarus National Academy of Sciences, Minsk, Belarus. Subsequently, in 1988, he became head of the Institute of Bioorganic Chemistry, Belarus National Academy of Sciences, Minsk, Belarus. Previous external or current positions: None
Share and option holdings in Oasmia: 41 000 shares.

John Cosby (born 1962)
Head of Regulatory Affairs at Oasmia since 2006. Has 20 years experience in the pharmaceutical industry. Was head of Regulatory Affairs at Pharmacia Diagnostics from 1997 to 2005 as well as head of Regulatory and Medical Affairs at BioMeriux in Boxtel, Holland from 2005 to 2006. Stability coordinator and CMC documentation at Pharmacia Uppsala from 1995 to 1997. Head of quality control at Pharmacia Therapeutics Production from 1994 to 1995. Project manager/chemist at Analyscentrum at Akzo Nobel from 1989 to 1993. Analytical chemist in oncological research and development at the pharmaceutical department of DuPont's research plant in Wilmington, Deleware from 1988 to 1989. Previous external or current positions: None
Share and option holdings in Oasmia: 1 500 shares

Annette Ljungmark (born 1950)
Head of finance and personnel at Oasmia since 2005. Has worked with personnel issues and financial reporting at Meda AB from 2000 to 2005 and Ernst & Young AB's personal department from 1996 to 2000. Previous external or current positions: None
Share and option holdings in Oasmia: 12 750 shares.

Amir Tatarevic (born 1971)
Head of logistics at Oasmia since 2005. Has worked with logistics at Meda AB and Pharmalink AB between the years of 2001 and 2005. Previous external or current positions: None
Share and option holdings in Oasmia: 11 600 shares

Maria Lundén (born 1971)
Has worked as head of information at Oasmia since 2007. Has worked with information, marketing and project management at Swedish Radio and Yra AB, among other places. Has an education in journalism and project management.
Previous external or current positions: None
Share and option holdings in Oasmia: 500 shares

Advisors on clinical development and regulatory questions
Olof Tydén, Gunilla Eneroth, Olov Borgå

AUDITORS

Öhrlings PriceWaterhouseCoopers AB,
Wennerbergsgatan 10,
112 58 Stockholm.
The auditors are members of the Swedish Institute of Authorized Public Accountants.
During the period audited the company has changed auditors within Öhrlings PriceWaterhouseCoopers AB. Today the main auditor is Bo Åsell.

COMPANY INFORMATION

Company name
Oasmia Pharmaceutical AB (publ)
Operates in accordance with
Swedish legislation and (ABL).
Corporate identity number
556332-6676
Location of the board
Stockholm municipality
Date the board was created
September 22, 1988 in Sweden. The name of the company was changed to Oasmia Pharmaceutical AB on October 12, 1999.
Domicile
Stockholm, Stockholm county

THE GROUP

Oasmia Pharmaceutical AB is the parent company of the group. Oasmia owns the subsidiary Qdoxx Pharma AB. The company's operation consists of the parallel import of pharmaceuticals. Qdoxx Pharma AB was created and conducts business in Sweden. Share of ownership: 100 percent of the capital and 100 percent of the votes. Homepage: www.qdoxx.com

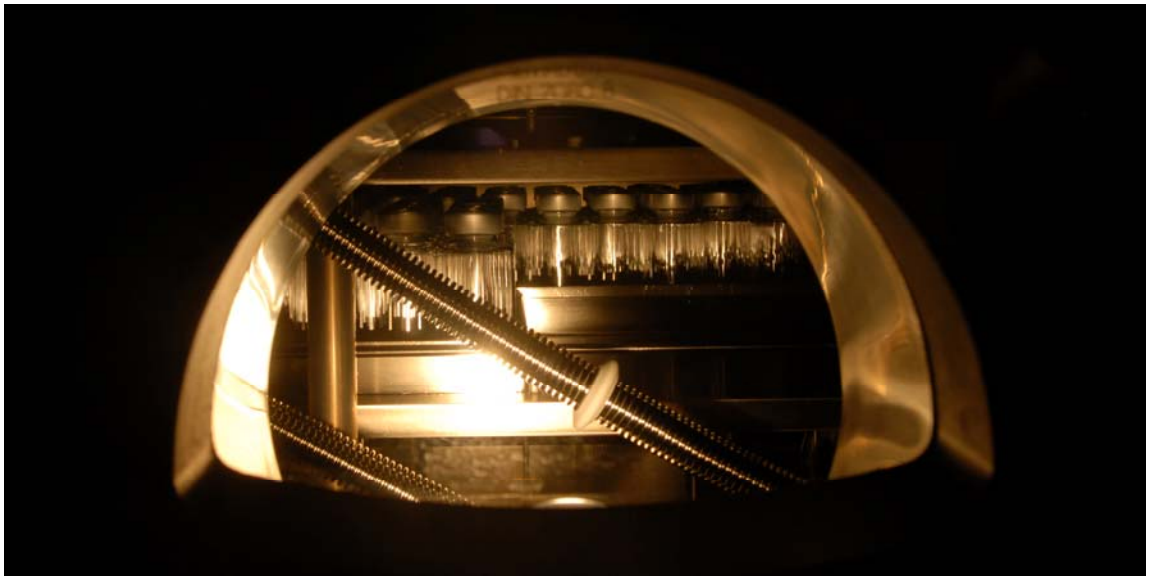
Qdoxx Pharma AB's board:

Julian Aleksov, chairman of the board
Britt-Marie Eriksson, board member
Mats Ohlsson VD och CEO and board member

Oasmia also owns part of the company, GlucoGene Pharma AB. The company was created and does business in Sweden. GlucoGene Pharma AB is a research company that has developed a new type of xyloside aimed at treating brain tumours. Share of ownership: 51 percent; the remaining 49 percent of the capital and votes are owned by Prof. Lars-Åke Fransson, Gudmund Hedenskog, Ulf Ellervik, Mattias Belting and Katrin Mani.

GlucoGene Pharma AB board:

Julian Aleksov, chairman of the board
Lars-Åke Fransson, board member
Gudmund Hedenskog, board member
Britt-Marie Eriksson, board member



ADDITIONAL INFORMATION

Oasmia has world-wide patents on all its products. Oasmia Pharmaceutical AB has not been a party in any dispute, trial or arbitration during the last 12 months.

No payment or benefits in kind have been paid to the board. Remunerations for the company's CEO and other leading position holders has been SEK 543 000 for the past financial year.
Sums of money have not been set aside for pensions or similar benefits. This goes for both the parent company and its subsidiary.

There is no conflict of interest between the company and any board member or leading position holders.

None of the board, members or leading position holders has been involved in bankruptcy, or has been placed in liquidation or receivership. Moreover, information on pages 13 and 14 applies to this period as well. None of the above-mentioned individuals have been enjoined from conducting business or otherwise have been accused by the authorities about issues that have an effect on the individual in question to fulfil his or her duties to the company. No one has been charged with fraud-related or similar matters.

Moreover, no accusations have been made or sanctions issued by a court or similar body against any member of the board or person in a leading position during the past five years.

There are no special systems for the personnel's acquisition of shares or the like. This applies to board members as well.

There were no outstanding option programs at the time of the creation of the listing prospectus. There are no shareholder agreements between the company's owners.

There are no agreements on severance pay for leading position holders within the group. This also applies to board members.

There have been no transactions between the company and persons close to the company, who individually or together are essential to the company.

No share dividends have been paid during the accountancy period.

The company does not hold shares in other companies than those stated in this prospectus under "Group" on page 17.

The company and its subsidiaries have no important agreements that have been entered into during the two years preceding publication of this prospect. Further, there are no agreements or corresponding arrangements that the company knows about which in any way can result in a change in control of the company.

NGM Equity is not bound by the Swedish code for company management. It is the intention of the company to apply to this code in its entirety.

There are no family ties between administrative, management or control bodies.

TAX INFORMATION

Acquired subscription rights

For a person who buys or in a similar manner acquires subscription rights in Oasmia Pharmaceutical on the market, payment is the acquisition expense. Making use of the subscription rights to subscribe for shares does not trigger taxation. The acquisition expense of the subscription rights should be included when calculating the overhead cost of the shares. The overhead costs of the subscription rights are calculated according to the average method. The standardized method (see below) may be used for subscription rights in the now-stated manner.

Taxation when shares are sold

The selling of shares in Oasmia Pharmaceuticals AB entails capital gains taxation. Capital gains and capital losses respectively are calculated as the difference between the selling price, after deduction for selling expenses, and overhead costs. Overhead costs for all shares of the same kind are calculated together applying the average method and taking into account changes regarding ownership. This means that the average overhead cost of the shares owned is normally affected if the subscription rights are used to acquire more shares of the same kind. Temporary shares (or BTA) are therefore not considered to be of the same kind as the existing shares in Oasmia Pharmaceutical AB until the decision for new capital issue has been registered. When shares quoted on the market are sold, such as shares in Oasmia Pharmaceutical AB, the overhead costs can alternatively be determined according to the standardized method at 20 percent of the sales proceeds after the deduction of selling expenses.

Natural persons

Private individuals domiciled in Sweden and Swedish estates of deceased persons are taxed for the entire capital gain according to the tax schedule under capital at a tax rate of 30 percent. Capital losses on market quoted shares are fully deductible from taxable capital gains the same year as the shares, regardless of whether these are quoted on the market or not. They can also be deducted from capital gains on other market quoted part-ownership rights than shares in investment funds that contain only Swedish rights of claim (so called interest funds). Capital losses that cannot be offset in this way are 70 percent deductible against other capital income. If there is a deficit in the income schedule under capital, a reduction is granted on the tax on the income from work and business activity, as well as property tax. A tax reduction is granted amounting to 30 percent of that part of the deficit that does not exceed SEK 100 000 and by 21 percent of the remaining part. The deficit cannot be saved until a later taxation year.

Other

Information concerning tax deductions at source on income from securities can be found at www.rsv.se. Oasmia Pharmaceutical AB does not assume responsibility for withholding tax deductions at source.

Stock corporations

In stock corporations (and also certain legal entities) capital gains are taxed according to the income schedule under business activity by 28 percent tax. The calculation of capital gains and capital losses respectively is done the way stated above. For stock corporations, a deduction is granted for capital losses on shares for which deductions should be made only against taxable capital gains on shares and other part-ownership rights. Capital losses that have not been taken advantage of during a particular year may be saved and deducted from the taxable capital gains on shares and other part-ownership rights during subsequent taxation years without a time limitation. Such a loss can even be used against the capital gains of the companies in the group on part-ownership rights if there is a right of group contribution between the companies (the so called rule of group offset).

Taxation of dividends

Dividends on shares in Oasmia Pharmaceutical AB are, in general, taxable. Private persons are taxed according to the tax schedule under capital by a tax rate of 30 percent. For natural persons who are living in Sweden, preliminary tax is obtained regarding the dividends at 30 percent of the amount of the dividend. The preliminary tax is usually obtained from VPC, or, in the case of the estate of a deceased person, the tax rate is 28 percent in the tax schedule under business activity.

Property or wealth tax

Shares listed on NGM Equity are exempted from property or wealth tax.

FOREIGN SHAREHOLDERS

Legal entities

Foreign legal entities as a rule are not liable to pay taxes on capital gains on Swedish shares unless the gain can be referred to a permanent place of operation in Sweden. However, capital gains can be taxed in one's home country.

Natural persons

Natural persons who are not living, or permanently staying, in Sweden can be taxed in Sweden when selling shares in Oasmia Pharmaceutical AB if on any occasion in the ten years immediately prior to the sale of shares, they have lived, or permanently stayed, in Sweden. It is not clear whether this rule can also be applied to subscription rights. The application of this rule, however, is limited by tax agreements that Sweden has entered into with other countries to avoid double taxation. Shareholders, however, can be subject to taxation in their home country.

Coupon tax

For shareholders who are not subject to taxes in Sweden and who receive dividends from Sweden, a coupon tax is normally withheld. The tax rate is 30 percent. This rate, however, is generally reduced by agreements that Sweden has entered into with other countries to avoid double taxation. The coupon tax is usually withheld in Sweden by VPC. When shares are under nominee shareholder ownership, the nominee shareholder is responsible for the tax deduction.

SHARES AND OWNERS

The company has been registered on NGM Nordic MTF since December 30, 2005 and has applied to be listed on NGM Equity, with the first day of trading being September 18, 2007. All shares are of the same type and have the same right to vote. The shares give equal rights to share of the company assets and results and equal rights at an eventual bankruptcy or liquidation.

SHARE INFORMATION

Share capital: 3 185 131	*Trading name on Nordic MTF:* OASM MTFA
Number of shares: 31 851 310	*Trading name on NGM Equity:* OASM A
Block of shares: 100	*The share's value:* SEK
ISIN-code: SE0000722365	*The share's quota value:* 0,10 SEK

THE TEN BIGGEST SHAREHOLDERS ON JUNE 29, 2007

	Number	Share votes (%)
Oasmia S.A	23 058 667	72,4
Svenska Handelsbanken S.A.	887 500	2,79
Nutek verket för näringslivsutveckling	333 333	1,05
SIS Segaintersettle AG/Zürich, W8IMY	322 234	1,01
Clariden leu ltd (F.Clariden BK), W8IMY	273 348	0,86
JP Morgan bank	242 134	0,76
Ekdahl, Joachim	190 500	0,60
SEB Private bank S.A. NQI	185 461	0,58
DNB Nor bank ASA	185 000	0,58
D T-Jarlen	146 100	0,46

TRENDS

	2006/2007	2005/2006
Result per share, before and after dilution in SEK	- 0,36	- 0,51
The number of shares before and after dilution in thousands	31 851	31 000
Average number of shares before and after dilution in thousands	31 426	31 000

Trends regarding the share capital stated under the historical financial information given on pages 23, 24 have not changed except for the period of 2006 according to the above, as well as share capital of SEK 85 000 during the same period in accordance with page 25. All shares issued are fully paid.

DEVELOPMENT OF THE SHARE CAPITAL

Year	Event	Quota value*	Increase in the number of shares	Increase in share capital	Total number of shares	Total share capital
1988	Formation of the company	100	1 000	100 000	1 000	100 000
2006	New share issue**	0,10	31 850 310	3 185 131	31 851 310	3 185 131
2007	In progress***	0,10	1 523 691	152 369	33 375 001	3 337 500

**Quota value replaces nominal amount Quota value = Share capita./number of shares ** New private placement to the parent company ***New private placement to the parent company in progress*

Other shareholder information

Oasmia started as a foreign project in 1991.
The majority owner of Oasmia Pharmaceutical AB has been Oasmia S. A. in Luxembourg since 1998. The latter is a holding company that is 100 percent owned by the board and the company's management, as well as the owner of Oasmia Pharmaceutical AB. Oasmia S. A. does not produce a consolidated financial statement.

Rules

The company intends to follow all the legislation, statutes and recommendations that apply to publicly listed companies in Sweden. Among other regulations, the following regulations are applicable*:* The Swedish Act on stock corporations, the Swedish Act on public purchase offers on the stock market, and the Swedish Act on trading with financial instruments. The company's securities have been drawn up in accordance with Swedish legislation.

Other share information

The date for dividends is set or decided at the annual general meeting or a special general meeting. The frequency of dividends, as well as information about whether payment is of the accumulated kind or not, is decided at the annual general meeting, or at a special general meeting. For other matters, we refer to the company's articles of incorporation on pages 29-30. If share holders are not reachable through VPC AB, the share holder's receivable claim on the company remains concerning dividends and is limited only by limitation rules.

Dividend policy

The goal of the board is that dividends, on an average, over time, will amount to at least 32 percent of the group's financial result after all taxes. However, when making a decision about dividends, Oasmia's expansion opportunities, its need for consolidation, and its liquidity, as well as financial position, will be taken into account. Up until today's date, the company has not paid dividends.

Market place

The company has applied for listing on NGM Equity at Nordic Growth Market. The first day of trading on NGM Equity is expected to be September 14, 2007. The company's shares are traded today on Nordic MTF www.ngm.se.

Further information

Contact investorrelations@oasmia.com or visit www.oasmia.com
Oasmia Pharmaceutical AB (Publ)

Legal construction

Limited company, Public VPC company,
VPC registered shares. The company's shares are handled by:
VPC AB, Box 7822, 103 97 Stockholm

DATES FOR FINANCIAL INFORMATION

Financial period	May 1, 2007 – April 30, 2008
Quarter II	December 14, 2007
Quarter III	March 14, 2008
Year-end report 2008	June 16, 2008

The accounting reports for this prospectus for the period from May 1, 2004 to April 30, 2005 have been drawn up in accordance with recommendations from the Swedish Financial Accounts Standards Council. As of May 1, 2005 the company renders its accounts in accordance with the guidelines of International Financial Reporting Standards (IFRS).

Other financial information

Research, development, patents and licenses

Investments in Paclical® or other drugs in clinical phase III are activated as intellectual assets in the accounts. Patent expenses that concern product development for Oasmia's product, Paclical®, have been balanced as intellectual assets to the extent that, with great certainty, they will generate future financial benefits. The acquisition value of such intellectual assets is depreciated over the estimated period of use, from the time when commercial production begins. Other development costs are listed as they arise. Patents are depreciated over 20 years and sales rights over 5 years.

FINANCIAL INFORMATION

The company's assets are tied to patents received and other intellectual assets, as well as production premise and capacity. The company is financed mainly by its owners by direct shareholder contributions. During 2006/2007 the company has also received income from the license registration of its products, and it is the company's hope that this licensing will continue during the rest of 2007.

There are no tangible factors that in any way can affect the company's result as well as future net turnover markedly during the next 12 months to come. At present, the company is not planning a new emission of shares, apart from the new private placement with preferential right that the annual general meeting accepted September 7, 2007.

The existing working capital is deemed to be sufficient for the company's current needs. The investments in clinical studies phase III are estimated for the year 2007/2008 to amount to TSEK 9 500. This need for investment in plant assets together with the significantly increased turnover of the group is estimated to permit working capital to be sufficient without any external capital. The company's main, ongoing investments are in the clinical studies for Paclical® and Paclical® Vet in the EU, as well as investments in the company's production plant in Uppsala. These investments are being financed with the company's own funds.

Selected financial information

Summarized financial overview – Oasmia Pharmaceutical AB (publ)

Selected parts of the group's accounts are presented below in summary.
This prospectus, the historical financial information, as well as the published accounts have been examined by the company's auditors.

SEK	*2006/2007	*2005/06	2004/05
Net turnover, TSEK	22 387	853	-
Non-current assets, TSEK	41 950	27 345	33 627
Total assets, TSEK	89 031	36 186	36 041
Result after net financial income/expense, TSEK	- 11 624	- 19 627	2 549
Equity ratio, %	79%	56%	87 %
Return on equity, %	Neg	Neg	7,0
Investments, TSEK	16 826	10 691	5 147
Cash flow, TSEK	18 540	1 659	1 184

* In accordance with IFRS

Historical and financial situation

Besides what has been reported for the period May 1, 2003 to April 30, 2007, no important events or changes have taken place that can affect the company's financial position or its situation on the market. There are no additional important tendencies regarding production, sales, inventories, costs, or selling prices during the fiscal year up until August 31, 2007.

Prognoses

Management's goals in terms of prognoses for fiscal year 2006/2007 have not been met. Oasmia Pharmaceutical AB does not make any prognoses for current fiscal year.
This is because of the application of its subsidiary, Qdoxx Pharma AB, for permission to sell its products on the Swedish market. Application procedures have been postponed 12 months because of the workloads at both the Swedish and the European pharmaceutical agencies. Therefore our own prognoses have been put forward to 2007/2008.

Debts and assets

As of April 30, 2007 Oasmia had assets amounting to TSEK 89 031 and debts of TSEK 19 000. The parent company had no mortgages or other burdens on its assets. No environmental factors can affect the company's use of its physical plant assets.

Other financial information

Planned commitments for Paclical® and Paclical® Vet are expected to be financed entirely by the company's shareholders. There are no restrictions on the use of the company's capital, directly or indirectly. Further, as of today's date, there is no need for loans or financing strategies for the current financial year, since the company's working capital is deemed to be sufficient. In the long term, however, a decision might be made, or a need felt, for a possible new emission of shares. There are no known tendencies, uncertainty factors, potential claims or other demands, commitments or events that can be expected to have an essential affect on the company's future business prospects.

Equity and debt

After April 30, 2007, no essential changes have taken place concerning debt, share capital or liquidity.

Equity and debt

	Group		Parent company	
	2007-04-30	2006-04-30	2007-04-30	2006-04-30
Current liabilities	13 430	7 730	5 605	4 337
Against guarantee	0	0	0	0
Against security	0	0	0	0
Unsecured credits	0	0	0	0
Long-term liabilities	5 513	8 102	5 513	8 102
Against guarantee	0	0	0	0
Against security	0	0	0	0
Unsecured credits	0	0	0	0
Equity				
Share capital	3 185	3 100	3 185	3 100
Statutory reserve	-	-	-	-
Other reserves	39 439	4 620	4 620	4 620

	Koncern		Moderbolag	
	2007-04-30	2006-04-30	2007-04-30	2006-04-30
Net incurring of debts				
Cash	-	-	-	-
Liquid assets	22 170	3 630	20 280	3 630
Current investments	-	-	-	-
Liquidity	**22 170**	**3 630**	**20 280**	**3 630**
Current receivables	**6 593**	**2 537**	**19 650**	**2 398**
Current liabilities to banks	2 461	2 938	-	-
Current part of non-current liabilities	2 933	2 933	2 933	2 933
Other current liabilities	8 036	1 859	2 672	1 404
Current liabilities	**13 430**	**7 730**	**5 605**	**4 337**
Net current equity/debt	**-15 333**	**1 563**	**-34 325**	**-1 691**
Long-term bank loans	-	-	-	-
Issued bonds	-	-	-	-
Other long-term loans	5 513	8 102	5 513	8 102
Non-current equity/debt	**5 513**	**8 102**	**5 513**	**8 102**
Net incurring of debts	**-9 820**	**9 665**	**-28 812**	**6 411**
Contingent liabilities	**473**	**473**	**8 473**	**3 473**

HISTORICALLY IMPORTANT EVENTS

The period 2003 – 2004

During this period, all basic research was concluded concerning the company's oncology platform. In August 2004, clinical studies were commenced on humans of the company's first product, Paclical®. Oasmia's expenses for Paclical® were TSEK 4 575

The period 2004 – 2005

During this period, the subsidiary Qdoxx Pharma AB was acquired.
In addition, costs for Paclical® were TSEK 5 147

The period 2005 -2006

Expenses for the development of Paclical® during the financial year were TSEK 10 518, as well as investments in physical plant assets of TSEK 21 275 and TSEK 100 for production permits. During the period, a production plant in Uppsala of 3 000 m2 for freeze-drying was acquired. Considerable work was done to improve the plant and attain GMP standard (Good Manufacturing Practice).

The company increased and strengthened its organization during the period in all areas. The goal of having the plant is to supply all drugs that are needed for the ongoing clinical studies, for Paclical® and the rest of the product portfolio; even initially for future drug registrations.

The number of employees increased by 12 persons. The results of the clinical studies exceeded expectations and interest in the company's oncology platform increased notably, above all, in Europe. The company's shares were introduced during the period on Nordic MTF. Since being introduced on December 30, 2005, the shares have showed a positive trend.

Fiscal year May 1, 2006 – April 30, 2007

During the period, Oasmia Pharmaceutical AB acquired 51 percent of the company, GlucoGene Pharma AB, at a value of TSEK 104. The purpose of the acquisition was to further develop the substances for cancer treatment that GlucoGene had developed and to strengthen Oasmia's oncology portfolio. GlucoGene's activity and research is focused on the use of xylosides for the treatment of cancer.

Oasmia's investments in Paclical® amounted to TSEK 14 483 and investments in physical plant assets were TSEK 1 183.

The directed new share issue that was decided on at the regular annual general meeting on September 15, 2006 has been completed. By offset to a course of SEK 41, the number of shares has increased by 851 310 shares to 31 851 310 and the company's balance sheet has been strengthened by SEK 34 903 710. Share capital increased by SEK 85 131 and now amounts to SEK 3 185 131.

Moreover, the company has no sales except for a certain amount of sales on license to patients, since Paclical® is in the registration phase. There are no uncertainty factors, possible claims, demands or commitments that can be expected to have an essential affect on the company's future business prospects. The subsidiary, Qdoxx Pharma AB, is responsible for the increase in sales that has taken place during this period compared with the corresponding previous period.

Balanced investments in summary, TSEK

SEK	2006 - 2007	2005/06	2004/05
Investments	17 028	21 972	5 147

Important events after date of annual accounts, April 30, 2007

At the annual general meeting on September 7, 2007, the board's proposal of a new private placement with preferential rights was accepted as follows.

The share capital increases with 152 369 SEK by a new issue of shares type A to an amount of 40,10 SEK where 40 SEK constitutes premium.

Share subscriptions and offsets should be carried out before October 15, 2007.

See table on page 26.100

ARTICLES OF INCORPORATION

Company name
The company's name is Oasmia Pharmaceutical AB. The company is public (publ).

Registered office
The company's registered office is in Stockholm municipality

Business activities
The object of the company's operations is development, research, marketing and sales within the fields of human and veterinary medicine as well as compatible business activities.

Share capital and number of shares
Share capital is to amount to at least SEK 3 185 131 and at most SEK 12 740 524.
The number of shares is to amount to at least 31 851 310 and at most 127 405 240.

Types of shares
The shares are to be able to be issued in a series, series A.

Board
The board shall consist of at least 3 and at most 8 members, with at most 3 deputies.

Auditors
Two auditors with at most two deputies, or one or two registered accounting firms, are to be appointed for the examination of the company's annual reports and accounts, as well as the board's and the CEO's management of the company.

Notice of a meeting
Notice for the annual general meeting should be posted in the Swedish Post- och Inrikes Tidnigar and Dagens Nyheter. Notice for the regular annual general meeting should take place at the earliest six weeks and at the latest four weeks before the meeting. Notice for a special annual general meeting should take place at the earliest six weeks and at the latest two weeks before the meeting. If a decision is to be made at a special annual general meeting about a change in the articles of incorporation, however, notice should be made at the earliest six weeks and at the latest four weeks before the meeting.

Shareholders who would like to participate in the business of the annual general meeting should have their names recorded in the share register regarding conditions 5 weekdays (ten days) before the meeting. They should also report to the company at the latest by 4 pm on the day that is given on the notice for the meeting to take place. The last-mentioned day may not be a Sunday, another public holiday, Saturday, Midsummer Eve, Christmas Eve or New Year's Eve. Also it may not fall on the fifth weekday before the meeting.
Shareholders may bring with them one or two assistants to the annual general meeting, however, only if the shareholder has reported this in accordance with the above paragraph.

Annual general meeting

The annual general meeting is to be held in Uppsala municipality or Stockholm municipality. The following matters should be dealt with at the annual general meeting:

1. Election of chairman for the annual general meeting
2. Drawing up and approval of the voting list
3. Approval of the agenda
4. Election of one or two people to verify the minutes along with the meeting's chairman
5. Inquiry whether the meeting has been properly called
6. Presentation of the annual report and the auditor's report as well as when appropriate the consolidated financial statements and the consolidated auditor's report
7. Decisions concerning:

a. The adoption of the statement of operations and the balance sheet as well as when appropriate the consolidated income statement and the consolidated balance sheet.
b. Allocations regarding the company's profit or loss in accordance with the adopted balance sheet
c. Discharge of liability for members of the board and the CEO

8. Setting the number of board members, deputies, auditors and deputy auditors
9. Approval of remunerations for board members and when appropriate for auditors.
10. Election of the board as well as, when appropriate, auditors and deputy auditors.
11. Other errands that are the business of the annual general meeting to deal with, pursuant to the Swedish Companies Act (2005:551) or the articles of incorporation

The chairman of the board, or the person the board has appointed to perform this task, shall open the annual general meeting and conduct business until a chairman of the meeting has been chosen.

Fiscal year

The fiscal year should run from May 1 to April 30

Record day provision

The company's shares should be registered pursuant to the Swedish law on keeping accounts of financial instruments (1998:1479). Approved at the annual general meeting on September 15, 2006.

CONTACT INFORMATION

Oasmia Pharmaceutical AB
Vallongatan 1
752 28 Uppsala

Telephone: 018-50 54 40
Fax: 018-51 08 73

Homepage: www.oasmia.com
E-mail address: info@oasmia.com

Corporate identity number: 556332-6676
Domicile: Stockholm, Sweden

Questions regarding the listing prospectus can be answered by:
Julian Aleksov, 018-50 54 40

HISTORICAL FINANCIAL INFORMATION

Oasmia Pharmaceutical AB (plc)

In accordance with IFRS for the financial years

01-05-2006 – 30-04-2007
01-05-2005 – 30-04-2006

Consolidated Profit and Loss Statement

TSEK	Note	01-05-2006 -30-04-2007	01-05-2005 -30-04-2006
Net Revenue	5	22 387	853
Capitalised development work on own behalf	6	14 483	-
Raw material, consumables and goods for resale	7	-22 621	-5 446
Other external expenses	8,9	-12 123	-6 371
Personnel expenses	10	-10 560	-5 851
Depreciation and devaluation	11,12	-2 424	-1 995
Operating profit/loss	13	**-10 858**	**-18 810**
Financial income	14	21	10
Financial expenses	14	-787	-827
Financial posts - net		-766	-817
Profit/loss before taxes		**-11 624**	**-19 627**
Income tax	15	0	0
Profit for the year		**-11 624**	**-19 627**
Attributed to:			
Parent company shareholders		-11 624	-19 627
Minority shareholding		-	-
Earnings per share before and after dilution, based on profit/loss attributed to parent company shareholders during the year (SEK per share)	16	-0,37	-0,63

Consolidated Balance sheet

TSEK	Note	30-04-2007-	30-04-2006
ASSETS			
Fixed assets			
Tangible fixed assets	11	19 440	20 049
Balanced expenses for development work	6	14 483	-
Other intangible assets	12	8 027	7 296
		41 950	**27 345**
Current assets			
Inventories	7	18 318	2 674
Accounts receivable	18	4 386	299
Other current receivables		834	1 173
Deferred expenses and accrued income		1 373	1 065
Liquid assets	19	22 170	3 630
		47 081	**8 841**
Total assets		**89 031**	**36 186**
EQUITY			
Capital and reserve funds attributed to Parent company shareholders			
Capital stock	20	3 185	3 100
Other paid-up capital		95 919	-
Balanced profit/loss		- 29 189	17 254
		69 915	**20 354**
Minority interest		116	-
Total capital stock		**70 031**	**20 354**
LIABILITIES			
Long term liabilities			
Loans	21	5 513	8 102
Deferred tax	17	57	-
		5 570	**8 102**
Short-term liabilities			
Liabilities to credit institutions	22	2 461	2 938
Loans	21	2 933	2 933
Accounts payable - trade		4 564	627
Other short-term liabilities		1 965	353
Accrued expenses and deferred income		1 507	879
		13 430	**7 730**
Total equity and liabilities		**89 031**	**36 186**

Consolidated change in equity

	Attributed to Parent company shareholders					
	Capital stock	Other paid-up capital	Reserves	Balance profit/loss	Minority interest	Total equity
Initial balance as of 1 May 2005	3 100	-	-	2 051	-	5 151
Profit for the year	-	-	-	-19 627	-	-19 627
Sum total of accounted revenues and expenses	-	-	-	**-19 627**	-	**-19 627**
Adjustments	-	-	-	11	-	11
Shareholders´contribution received	-	34 819	-	-	-	34 819
Closing balance as of 30 April 2006	**3 100**	**34 819**	**-**	**-17 565**	-	**20 354**
Initial balance as of 1 May 2006	3 100	34 819	-	-17 565	-	20 354
Profit for the year	-	-	-	-11 624	-	-11 624
Sum total of accounted revenues and expenses	-	-	-	**-11 624**	-	**-11 624**
Shareholders´contribution refunded	-	-34 819	-	-	-	-34 819
Issue of new shares	85	34 819	-	-	-	34 904
Shareholders´contribution received	-	61 100	-	-	-	61 100
Total transactions with shareholders	**85**	**61 100**	-	-	-	**61 185**
Minority interest	-	-	-	-	116	**116**
Closing balance as of 30 April 2007	**3 185**	**95 919**	**-**	**-29 189**	**116**	**70 031**

Consolidated Cash Flow Analysis

TSEK	Note	01-05-2006-30-04-2007	01-05-2005-30-04-2006
Operating Activities			
Operating profit/loss before financial revenue and expense		-10 858	-18 810
Depreciation		2 424	1 995
Other non-influential liquidity items		55	-72
Interest received		21	10
Interest paid		-787	-827
	24	**-9 145**	**-17 704**
Change in inventory reserve	7	-15 644	-2 674
Change in customers' accounts receivable	18	-4 087	-299
Change in other current receivables		31	-1 742
Change in accounts payable		3 937	69
Change in short-term operating liabilities		1 763	66
Cash flow from operating activities		**-23 145**	**-22 284**
Investment activities			
Investments in intangible fixed assets	6,12	-15 688	-697
Investments in tangible fixed assets	11	-1 138	-10 239
Investments in subsidiary companies	25	-	-25
Cash flow from investment activities		**-16 826**	**-10 961**
Financing activities			
Shareholders' contribution received		61 100	34 904
Amortization of loan	21	-2 589	-
Cash flow from Financing activities		**58 511**	**34 904**
Cash flow for the year		**18 540**	**1 659**
Liquid funds at start of year		**3 630**	**1 971**
Liquid funds at close of year		**22 170**	**3 630**

The cash flow is characterized by the development state the company is in. Cash flow for the year, 18 540 TSEK (1659) has been added by the owners in the financing activities contributed with a share holders contribution of 61 100 TSEK (34 904). The cash flow has been used in the operating activities to pursue development of pharmaceuticals with -23 145 TSEK (-22 284). Furthermore, -16 826 TSEK (-10 961) has been used in investment activities to equip facilities and to prepare the pharmaceuticals close to registration for an introduction on the market.

Parent company Profit and Loss statement (TSEK)

TSEK	Note	01-05-2006 30-04-2007	01-05-2005 30-04-2006
Net Turnover		973	2 106
Capitalised development work on own behalf	6	14 483	-
Raw material and consumables	7	-1 516	-5 210
Other external expenses	8,9	-11 401	-6 130
Personnel expenses	10	-10 373	-5 787
Depreciation and devaluation of tangible and intangible fixed assets	11,12	-2 320	-1 995
Operating profit/loss	13	**-10 154**	**-17 016**
Other interest revenues and similar revenues	14	21	10
Interest cost and similar costs	14	-486	-780
Financial items - net		-465	-770
Profit/loss before taxes		**-10 619**	**-17 786**
Tax for the year's profit/loss	15	0	0
The year's profit/loss		**-10 619**	**-17 786**

Parent Company Balance Sheet

TSEK	Note	30-04-2007	30-04-2006
ASSETS			
Fixed Assets			
Tangible fixed assets	11	19 438	20 049
Capitalized expenditure for development work	6	14 483	-
Other intangible assets	12	6 676	6 699
Financial fixed assets	25	2 100	1 920
		42 697	**28 668**
Current assets			
Inventory	7	37	-
Accounts receivable	18	93	145
Accounts receivable at group company		17 677	531
Other current receivables		763	809
Deferred charges and accrued revenue		1 117	913
Cash and bank	19	20 280	3 630
		39 967	**6 028**
Total Assets		**82 664**	**34 696**
EQUITY			
Restricted equity			
Share capital	20	3 185	3 100
Reserve fund		4 620	4 620
Non-restricted equity			
Premium fund		34 819	-
Profit/loss balance		38 993	28 873
Loss for the year		-10 071	-14 336
Total equity		**71 546**	**22 257**
LIABILITIES			
Long-term liabilities			
Liabilities to credit institutions	21	5 513	8 102
		5 513	**8 102**
Short-term liabilities			
Liabilities to credit institutions	21	2 933	2 933
Debts due to a supplier		657	241
Other short-term liabilities		508	319
Deferred expenses and deferred income		1 507	844
		5 605	**4 337**
Total equity and liabilities		**82 664**	**34 696**
Outstanding liability	23	8 473	3 473

Parent company modifications in operational capital

	Share capital	Reserve fund	Non-restricted equity	Total equity capital
Initial balance as of 1 May 2005	3 100	4 620	-2 508	5 212
Adjustments	-	-	12	12
Shareholders' contribution received	-	-	34 819	34 819
Profit for the year	-	-	-17 786	-17 786
Closing balance as of 30 April 2006	**3 100**	**4 620**	**14 537**	**22 257**
Initial balance as of 1 May 2006	3 100	4 620	14 537	22 257
Adjustments*	-	-	-77	-77
Refunded share holder contribution			-34 819	-34 819
Issue of new shares	85	-	34 819	34 904
Shareholders' contribution received	-	-	61 100	61 100
Provision of group contribution**	-	-	-1 200	-1 200
Profit for the year	-	-	-10 619	-10 619
Closing balance as of 30 April 2007	**3 185**	**4 620**	**63 741**	**71 546**

* Adjustments of deficiencies relate to correcting accounting errors during the acquisition of GlucoGene AB.
** The tax effect for provision of group contribution amounts to SEK (thousand) 336

Parent company Cash Flow Analysis

TSEK	Note	01-05-2006 -30-04-2007	01-05-2005 -30-04-2006
Operating activities			
Operating profit/loss before financial posts		-10 154	-17 016
Depreciation		2 320	1 995
Other non-influential liquidity items			-73
Interest received		21	10
Interest paid		-486	-780
	24	**-8 299**	**-15 864**
Change in inventory reserve	7	-37	-
Change in customers' accounts receivable	18	52	-145
Change in other current receivables		-17 304	-1 792
Change in accounts payable		415	-317
Change in short-term operating liabilities		850	-2 893
Cash flow from operating activities		**-24 323**	**-21 011**
Investment activities			
Investments in intangible fixed assets	6,12	-15 024	-100
Investments in tangible fixed assets	11	-1 134	-10 238
Investments in subsidiary companies	25	-180	-1 845
Cash flow from investment activities		**-16 338**	**-12 183**
Financing activities			
Shareholders' contribution received		61 100	34 904
Provision of group contribution		- 1 200	
Amortization of loan	21	-2 589	-
Cash flow from Financing activities		**57 311**	**34 904**
Cash flow for the year		**16 650**	**1 710**
Liquid funds at start of year		**3 630**	**1 920**
Liquid funds at close of year		**20 280**	**3 630**

Notes pertaining to Group Accounts

Note 1 General information

The principal owner, with 72 % the votes, of the Group's parent company Oasmia Pharmaceutical AB (Parent company) is Oasmia, S.A., with Head Office in Luxemburg.

The Parent company and its subsidiaries (all in all, the Group) produce new, patented formulations of existing pharmaceutical products with a focus on human and veterinary oncology. Oasmia also carries out research in the fields of infection, asthma and neurological diseases. The Parent company has its office, research facilities and production plant in Uppsala. Through its subsidiary, Qdoxx Pharma AB, the Group is able to operate in the sales of parallel imported pharmaceuticals in Sweden.

The Parent company is a plc registered in, and with its Head Office in, Stockholm, Sweden. The address to the company is Vallongatan 1, Uppsala, where the Parent company has its office, research facilities and production plant

The Parent company is listed on the Nordic MTF.

The Board has on 11 September 2007 approved the Group accounts for being made public.

Note 2 Summary of important accounting principles

The Group

The most important accounting principles that have been applied when these Consolidated Accounts have been drawn up are listed below. These principles have been applied for the two previous fiscal years.

Basis for the drafting of the reports

The Consolidated Accounts and reports of the Parent company have been drawn up in accordance with The Annual Statements Act, RR 30:05 complementing accounting regulations for groups and International Financial Reporting Standards (IFRS) which have been implemented by EU. The Consolidated Accounts have been drawn up in accordance with the acquisition value method.

To draw up reports in compliance with IFRS requires using a number of important appraisals for the purpose of accountancy. Furthermore, business management has to make certain assessments when applying the Group's accounting principles. The areas which require a high level of assessment, which are complex and such areas where assumptions and estimations are of essential significance for the Consolidated accounts are stated in Note 4.

Consolidated Accounts

Subsidiary Companies

Subsidiary companies are companies where the Group has the right to outline financial and operative strategies in a way which normally applies when a shareholding consists of more than half of the voting rights. Subsidiary companies are included in the Consolidated Accounts from the date when the controlling interest has been transferred to the Group. They are excluded from the Group Accounts on the date when the controlling interest expires.

The acquisition method is employed for accounting the acquisition of subsidiary companies by the Group. The acquisition value of an acquisition is determined by the actual value of the assets which have been placed as compensation for accruing or actual liabilities as of the date of transfer, plus expenses that are directly related to the acquisition. Identifiable acquired assets and liabilities and future obligations in a business acquisition are to be valued primarily at the actual value on the date of acquisition, irrespective of the scale of a possible minority interest. The surplus as a result of the difference between acquisition value and the actual value of the Group's share of identifiable acquired assets, liabilities and future obligations are to be accounted for as goodwill. If the acquisition value is less than the actual value of the acquired subsidiary's assets, liabilities and future obligations the difference is to be accounted for directly in the Financial Statement.

The Group's internal transactions and balance items together with unrealised profits from transactions between group companies are to be eliminated.

Transactions with minority shares

The Group applies the principle of recording transactions with minority shareholders as transactions with a third party.

Reporting per segment

A business branch (primary segment) is a group of assets and operations which supply products and services that are exposed to risks and possibilities that differ from what applies to other business branches. The Group has two primary segments:

- Development of pharmaceuticals
- Sales of parallel imported pharmaceuticals

The Group's present business operation is only active in Sweden which is why no geographical segments are listed.

Translation of foreign currency

The Group companies use SEK as the functional currency and report currency.

Transactions in foreign currency are to be converted into functional currency in accordance with the Exchange Rate valid on the day of transaction. Exchange Rate profits and losses which result from the payment of such transactions and conversion of monetary assets and liabilities in foreign currency according to the rate on the day of balance are to be accounted for in the business operations.

Tangible assets

Tangible assets are to be accounted by the acquisition value with deductions for depreciation. In the acquisition value shall be included expenses that can be attributed to the acquisition of the asset.

Future expenses are to be added to the assets stated value or be accounted for as a separate asset, depending on which method is suitable, only if it is likely that future financial benefits related to the asset are credited to the Group and the assets acquisition value can be measured in a reliable manner. The stated value of the replaced part is to be taken away from the Balance Sheet. All other forms of reparations and maintenance are to be accounted for as costs in the Financial Statement during the time they take place.

The Group applies component depreciation which means that every part of a tangible asset with an acquisition value which is substantial in relation to the assets combined acquisition value, is written off separately. Component depreciation is applied primarily for the group's production equipment.

Depreciation of assets, in order to allocate their acquisition value to the calculated residual value over the calculated period of use, is recorded lineally as stated below:

- vehicles 3 years
- inventories 5 years
- production equipment 12-15 years
- installations in buildings 20 years

The assets residual value and period of use are assessed every balance sheet date and are adjusted as necessary. An asset's stated value is amended immediately to its recoverable value if the asset's stated value exceeds its estimated recoverable value.

Profits and losses resulting in sales are established by a comparison between sales revenue and the stated value and accounted for in Other profits/losses - net in the Financial Statement.

Intangible assets

Balanced expenses for development work

Expenses for research are charged immediately. Expenses relating to development projects, concerning construction and tests of new or improved products are capitalized in the group to the extent that these expenses are expected to generate future financial benefits. Depreciation occurs lineally during the period that the expected benefits are estimated to favour the company and from the date when commercial production is established. The period of use for such capitalized development work is calculated to be maximum 10 years.

The criteria for deciding the value of capitalized expenses for development work are the costs the Group have for a development project which is in the so called Phase III

Pharmaceuticals under development over time are found in two stages, the pre-clinical stage and the clinical stage. During the pre-clinical stage pharmaceutical candidates are selected from possible future pharmaceuticals. The priorities which decide the selection are demand and profitability related. Furthermore it includes work involving the development of the new pharmaceuticals in a test version and the testing of the pharmaceutical as regards the specific, effects and safety. Work in this phase is concluded by an application (IND= Investigative New Drug application) to the Pharmaceutical Authority for testing the pharmaceutical on humans.

When the application is approved, the work progresses to the clinical stage. This in turn is divided into four stages where in stage I the pharmaceutical is tested on healthy voluntary humans, stage II when the tests are carried out on a group of people with the illness the pharmaceutical is designed to treat. In stage III, tests are carried out on a larger group of people where effects and safety are studied. The same procedure is applied regarding pharmaceuticals for animals. After the market launch of the approved pharmaceutical, there is a follow up, first and foremost, of rare side effect symptoms in stage IV.

The company has adopted the principle of capitalizing development costs for pharmaceuticals that are in development stage III (Stage III). This means that an application for registration is being planned within 12 months.

Other development expenses are charged as they arise. Development expenses that were previously charged are not accounted for as assets in later periods.

Other intangible assets

The Group capitalizes expenses to authorities for patents and sales rights to the extent that they are expected to generate future financial benefits. They are accounted as the acquisition value reduced by accumulated depreciation. Depreciation is applied lineally to divide the cost during the assessed period of use. The implemented depreciation periods are as follows:

- patents 20 years
- sales rights 5 years

The patents are written off from the month when the patents gained approval. The sales rights are written off starting the first day of the subsequent financial year.

The activated expenses for the patent are comprised of the registration costs as well as expenses for e.g. authorities and legal costs.

The sales rights constitute expenses to authorities for the right to sell parallel imported pharmaceuticals.

Writing-down of non-financial assets

Assets that have an indefinable period of use as well as the balanced expenses for development work which is still not ready for implementation are not written off, but are annually assessed regarding possible writing down requirements. For every Financial Statement, the Group assesses the expected period of use for assets. If there are indications that an asset has decreased in value the Group states the recycled value. This value is considered the highest of an asset's net sale value, with reductions for sales costs and its period of use. The asset is written down by the amount to which the asset's accounted value exceeds the recycled value. In order to establish the writing down requirement, the assets are grouped in cash generating units which is the smallest group assets that can facilitate positive cash flows which essentially is independent of the cash flow from other assets or groups of assets. The Group does not at present have any assets with an indefinable period of use.

Inventory

The inventory is accounted by the lowest acquisition value and net sales value. The acquisition value is established by applying the first in, first out method (FIFU). The acquisition value for goods for resale consists of costs for acquisition goods for resale and costs for repackaging. Net sales value is the estimated sales price in the current operations, with reductions for applicable variable sales costs.

Customers' accounts receivable

Customers' accounts receivable are accounted by initially the actual value and afterwards by accrued acquisition value implanting the effective interest method, reduced by possible reservations for reduction in value. A reservation for reduction in value of customers' accounts receivable is made when there is objective proof that the Group will not be able to receive all of the amount due in accordance with the demands in the original conditions. Substantial financial difficulties for the debtor, the probability that the debtor can be bankrupt or undergo a financial reconstruction and overdue or late payments (due since more than 30 days) are considered as indicators that the writing down requirement of customers' accounts receivable can be necessary. The extent of the reservation is constituted by the difference between the asset's stated value and the current value of estimated future cash flows, discounted with the original effective interest. The asset's stated value is reduced by using a contingency account and the loss is accounted for in the Financial Statement under the post 'Other external costs'. When a customers' accounts receivable cannot be recovered, it is to be written off against the value reduction account for customers' accounts receivable. Recovery of amounts that have previously been written off are to credited as Other operational revenue incoming in net turnover in the Financial Statement.

Liquid resources

Liquid resources consist of cash and bank deposits. In the Balance Sheet a bank overdraft is accounted for as borrowing among Liabilities to credit institutions

Share-capital

Ordinary shares are classed as operational capital. Transaction costs which can be directly associated with new issue of new shares or options are accounted for, net after tax, in operational capital as a deduction from the proceeds of issue.

Accounts payable

Accounts payable are accounted initially at the actual value and afterwards at the accrued acquisition value med implementation of effective interest method.

Borrowings

Borrowings are accounted initially at the actual value, net after transaction costs. Borrowings are afterwards accounted at the accrued acquisition value and possible the difference between the received amount (net after transaction costs) and the repayment amount is accounted in the Financial Statement spread out over the borrowing period, with implementation of the effective interest method.

Borrowings are classified as short–term liabilities if the Group does not have an unconditional right to postpone payment of liabilities for at least 12 months after the day of balance.

The short–term and long-term amounts for Borrowing includes liabilities to another company which were in place at the time of an instalment purchase.

Deferred income tax

Deferred tax is accounted for in accordance with the Balance Sheet method, on temporary differences that arise between the taxable value of assets and liabilities and the accounted values in the Group accounts. The deferred tax does not show if the tax arose as a consequence of a transaction that constitutes the first accounting of an asset, neither influences the accounted or taxable result. Deferred income tax is calculated by applying taxation rates (and tax laws) that have been decided or notified as of the day of balance and is expected to take effect when the deferred outstanding tax is realised or the deferred tax liability is regulated.

Deferred outstanding tax is accounted for to the extent it is likely that future taxable surpluses will be available, against which the temporary differences may be employed.

Payment to employees

Pension obligations

The Group companies do not have any pension obligations.

Payments regarding dismissal

Payments regarding dismissal arise when an employee's position is terminated by the Group before normal retirement age or when an employee accepts voluntary redundancy in exchange for such payments. The Group accounts for the severance payment when it is demonstrably duty bound to either dismiss employees in accordance with a formal plan without the right of revocation, or to arrange payments for giving notice as a result of an offer that has been made to encourage voluntary redundancy. Benefits that are due more than 12 months after the balance sheet date are discounted at current value.

Revenue accounting

Revenue comprises the actual value of what has been received or will be received for sold goods and services in the Group's current operations. Revenue is accounted exclusive VAT, returns and discounts as well as after eliminating the group internal sales.

The Group accounts for a revenue when its amount can be measured by a reliable method, it is likely that future financial benefits will accrue to the company and special criteria have been fulfilled for each and every one of the Group's operations as described below.

The revenue amount cannot be considered to be measured by a reliable method before the obligations regarding the sale have been fulfilled or expired. The Group bases its assessments on historical outcomes and observes therefore type of customer, type of transaction and special circumstances in every individual case.

(a)Sales of self-developed pharmaceuticals

The parent company Oasmia Pharmaceuticals AB has the sales of its pharmaceuticals before they are registered. This is called licence sales but consists of delivery and invoicing of the product according to the price list. Delivery and invoicing occurs simultaneously and the revenue is accounted for in this event.
Sales of pharmaceutical products before they have been registered can occur in two cases. In the one case, the buyer is a hospital pharmacy or veterinary clinic where our clinical tests are in progress. In the second case the buyer is a treatment clinic which has decided to test a pharmaceutical product (within cancer treatment) which is not yet approved, because the registered pharmaceutical product has not rendered the desired result.

(b)Sales of parallel imported pharmaceutical products.

The subsidiary company Qdoxx Pharma AB imports pharmaceuticals from EU countries where the price is lower than for corresponding pharmaceuticals in Sweden. Qdoxx Pharma AB must have an approved registration for the pharmaceutical issued by the Pharmaceutical Authority or by EMEA (European Pharmaceutical Authority).

The sales price to the pharmacies is set once a month by the authority (The Pharmaceutical Special Board). The pharmacies are obligated to always serve the customer the cheapest pharmaceutical available.

Qdoxx owns the products that have been stored in a central warehouse at the wholesaler Tamro. When necessary, Tamro buys products from this central warehouse for the distributors and when such a transaction takes place the ownership rights are transferred from Qdoxx to Tamro. Tamro is invoiced once a month for the monthly sales and it is at this point of time that Qdoxx accounts for revenues.

Leasing

Leasing where a substantial portion of the risks and benefits with ownership is retained by the leasing company is classified as operational leasing. Payments made during the leasing period (after deductions for possible incentives by the leasing company) are charged to the Financial Statement lineally during the leasing period.

Dividends

Dividends to the Parent Company's shareholders are accounted for as liabilities in the Group's financial reports in the period when the dividends are approved by the Parent Company's shareholders.

Cash flow

Cash flow analyses are set up in accordance with the indirect method.

Information about alterations of published standards

a) Alterations of published standards and new interpretation declarations which take effect 2006 are to be applied by the group.

IAS 19 (Alteration), Payments to employees, are compulsory for groups whose financial year begins 1 January 2006 or later. This alteration provides an alternative accounting method for actuarial profits and losses. This may mean that further demands on accounting for plans which comprise several employers, where there is not sufficient information for accounting as preferential fixed plans. It also entails more duty of disclosure. Since the Group does not have any preferential fixed pension plans, the implementation will not affect the structure of the financial reports.

IFRS1 (Alteration). The first time Financial Reporting Standards is applied, it is compulsory for groups with financial years starting 1 January 2006 or later. The alteration entails certain new exceptions and mitigating rules for first time appliers. None of these exceptions have been applied by the group.

IFRIC 4 Confirming whether a contract contains a leasing contract, is compulsory for groups whose financial year begins 1 January 2006 or later. According to IFRIC 4 decisions regarding if a contract is, or contains, a leasing contract be based on the content of the contract. An assessment shall be made as to whether a) the contract's completion is dependent on the use of a particular asset or assets and b) the contract allows the use of the asset. When applying IFRIC 4 the group has not found it necessary to reclassify any existing contracts to leasing contacts.

b) Standards, alterations and interpretations which are valid 2006 but are not relevant for the Group.

IAS 21 (Alteration), Net investment in an independent foreign business operation.

IAS 39 (Alteration) Secure accounting for cash-flow security of forecasted transactions between group companies.

IAS 39 (Alteration), Alternative actual value,

IAS 39 and IFRS 4 (Alternative), Financial guarantee contract

IFRS 6 Prospecting for and evaluation of mineral assets,

IFRIC 5 Rights to protect interests in funds closing down, being restored and environmentally beneficial measures. And

IFRIC 6 Obligations that arise from participating in a particular market? Waste composed of, or contains, electric or electronic products

IFRIC 7 Applying the inflation adjustment method in accordance with IAS 29 Accounting high inflation countries

IFRIC 8 Area of application for IFRS 2

c) Standards which the group have chosen not to implement prematurely

IFRS 7 Financial instruments: Directions, the Standard takes effect from 1 January 2007. For the present it is judged that this standard does not merit further directions other than those cited in this Annual Report.

IFRS 8 The operative segment Standard takes effect from 1 January 2009 and is valid for the financial year which begins from this date. The Standard is compulsory only for groups whose parent company's securities are listed or are in the process of being listed on a regulated market within EU. The Standard deals with the division of the company's operations in different segments. According to the Standard the company shall use as a starting point in the internal reporting structure and decide the report worthy segment in this structure. The company's preliminary assessment is that when applying this new standard, no further segments should be accounted.

d) Interpretations of existing standards which still have not come in to effect and which have not been applied prematurely by the Group.

The following interpretations of existing standards have been published and are compulsory for the Group's accounting for the financial year starting 1 November 2006 or later but have not been applied prematurely by the Group:

IFRIC 10 Interim reporting and fall in value (regarding the financial year beginning 1 November 2006 or later). IFRIC 10 does not allow the write-downs that have been accounted for during an interim period for goodwill, investment in Equity capital instrument and investments in financial assets that has been accounted for at the acquisition value to be reversed as of a subsequent day of balance. The Group is going to apply IFRIC 10 from the 1 May 2007 but this is not expected to affect the Group's accounts.

e) Interpretations of existing standards which have still not come in to effect and are not relevant to the group.

The following interpretations of existing standards have been published and are compulsory for the Group's accounting for the financial year starting 1 June 2006 or later but are not judged to be relevant to the group.

IFRIC 9 Reassessment of embedded derivatives (valid for the financial year beginning 1 June 2006 or later). IFRIC 9 requires that the company shall judge whether an embedded derivative shall be detached from the host contract and be accounted as a derivative when the company for the first time enters in to the contract. The subsequent reassessment is forbidden, unless when an alteration occurs in the conditions of contract which fundamentally alter the cash-flow that otherwise would occur according to the contract. Since no group companies have changed conditions in their contracts, IFRIC 9 is not relevant to the Group.

IFRIC 11 IFRS 2 Repurchase of own shares and transactions between group companies.
The interpretation declaration comes in to effect 1 March 2007 and is valid for the financial year beginning after this date. The interpretation clarifies the handling regarding the classification share related payments where the company repurchases shares in order to regulate its undertaking and accounting of option programmes in subsidiary companies that apply IFRS. The Group is going to apply IFRIC 11 from 1 May 2007 but this is not expected to affect the group's accounts.

IFRIC 12 Service concession arrangements
The interpretation announcement comes in to effect 1 January 2008 and is valid for the financial year beginning after this date. The announcement deals with the arrangements where a private company establishes an infrastructure in order to provide a public service for a specified period of time. The company receives payment for this service for the duration of the contract. The Group is going to apply IFRIC 12 from 1 May 2008, but this is not expected to affect the group's accounts because such arrangements do not occur in the group.

IFRIC 13 Customer loyalty programme
The interpretation announcement comes in to effect 1 July 2008 and is valid for the financial year beginning after this date. The announcement deals with the accounting of revenue in cases where an initial revenue creating transaction gives the customer certain discounts or other benefits for future purchases in their own company other companies affiliated to the same Customer loyalty programme. The Group is going to apply IFRIC 13 from 1 May 2009, but this is not expected to affect the group's accounts because such Customer loyalty programmes do not exist in the group.

IFRIC 14 Limitations in management asset value with regard to future requirements for
the smallest subsidy to preferential fixed plans. Since the company has no preferential fixed plans, his announcement will not affect the group's accounts.

Parent Company accounting principles

The Parent Company has established its annual accounts in accordance with Annual Accounts Act (1995:1554) and the Accounting Board's recommendations RR 32:05. Accounting for juridical person. RR 32 means that the Parent Company in the annual accounts for the juridical person shall apply all of EU approved IFRS and announcements as much as possible within the framework for Annual Accounts Act and with consideration for the relation between accounting and taxation. The recommendation states which exceptions and amendments will be made from IFRS. The differences between the Group's and Parent Company's accounting principles are outlined below. In accordance with the transitional regulations in RR32 the company has elected not to apply ÅRL 4 chap 14§a-e which allows valuation of certain financial instruments at actual value.

The accounting principles stated below for the Parent Company have been applied consistently during all periods which are presented in the financial reports.

Altered accounting principles
The Parent Company's altered accounting principles have been reported in accordance with the transitional regulations in respective standard alternatively in accordance with the regulations in IAS 8. The Parent Company application of altered accounting principles appear in the list below and Note 29.

Revenue
Dividends
Dividend revenue is accounted for when the right to receive payment is deemed certain.

Financial instruments
The Parent Company does not apply the valuation regulations in IAS 39 what has been generally written about financial instruments applies also to the Parent Company. In the Parent Company financial material assets are valued at acquisition value minus possible write-downs and financial liquid assets according to the lowest value principle.

Tangible assets
Owned assets
Tangible assets in the Parent Company are accounted at acquisition value after deductions for accumulated depreciation and possible write-downs in the same manner as for the group but with the amendment for possible write-ups.

Leased assets
In the Parent Company all leasing contracts are accounted for in accordance with the regulations for operational leasing.

Taxes
In the Parent Company untaxed reserves inclusive deferred tax liability are accounted for. In the Group accounts however the untaxed reserves are divided up between deferred tax liability and Equity capital

Group contributions and shareholders contributions for juridical persons
The company reports group contributions and shareholders contributions *in* accordance with the announcements from the Accounts Board Emergency Group. The company reports for group contributions and shareholders contributions in accordance with announcements from the Accounts Board Emergency Group. Shareholders´ contributions are charged directly against the Equity of the receiver and are capitalized in shares and stock of the donor, in so far as write-downs are not required. Group contributions are accounted for according to financial content. This means that group contributions placed with a view to minimise the group's overall tax are accounted for directly against earnings carried forward after deductions for its actual tax effect.

Group contributions that are on a level with dividends are to be accounted for as dividends. This means that received group contribution and its actual tax effect is accounted for in the Financial Statement. Placed group contribution and its actual tax effect is accounted directly against earnings carried forward.

Group contributions that are on a level with shareholders´ contribution, taking in to account the actual tax effect, are to be accounted for the by the receiver directly against earnings carried forward. The donor accounts for group contribution and its actual tax affect as an investment in stock in group companies, in so far as write-downs are not required.

Note 3 Financial risk management

Through its operations the Group is exposed to various financial risks as well as market risk, credit risk and liquidity risk. Currently, the Group has no developed policy for risk management but monitors that the level of risk in the stated areas does not increase.

(a) Market risk

(I) Currency risk

Currency risks appear when future business transactions or accounted assets or liabilities are expressed in a currency which is not the unit's functional currency.

The Group trades in goods and services from countries other than Sweden and is therefore exposed for currency risks that arise through transactions primarily in EUR and GBP.

The Group at present does not use hedging since the assessment is that the value of currency risk does not outweigh the cost of hedging.

(ii) Price risk

The Group is exposed to price risk as regards parallel imported pharmaceuticals. This price risk consists of altered purchasing prices. The Group does not consider this risk to be fundamental.

((iii) Interest risk regarding cash-flow

Since the Group does not own any essential interest bearing assets, the Group's revenue and cash-flow from its business operations are by and large independent of alterations in the market's rate of interest. The Group's interest risk arises through the use of overdrafts and credits in accounts receivable. The use occurs at a variable interest rate and exposes the Group to interest risk as regards cash-flow.

(b) Credit risk

Credit risk is managed by the Group only delivering to customers with a high credit rating.

(c)Liquidity risk

Liquidity risk is managed through the Group owning sufficient liquidity funds, available finance through agreed credit facilities and the ability to close market positions. The Group retains the flexibility in financing through maintaining agreements for credit facility information.

Note 4 Important calculations and assessments for accounting purposes

Calculations and assessments are evaluated continuously and are based on historical experience and other factors, inclusive forecasts for future events which appear reasonable under prevailing conditions

Important calculations and assumptions for accounting purposes

The Group makes calculations and assumptions about the future. The calculations for accounting purposes that become a result of these normally, definition-wise, seldom compare to the actual result. The calculations and assumptions which mean a considerable risk for essential adjustments in accounted value for assets and liabilities during the succeeding financial year are listed below.

The company accounts an instalment purchase of production equipment by discounting the value of future instalments. The instalments are discounted at a fixed discount interest rate of 4.25%. Nominal cash flows during 2005 - 2010 amount to SEK 18 million.

(a) Examination of write-down requirements for intangible assets

The Company carries out development of new pharmaceuticals and the entire cost volume is used in the work. In phase I and phase II the pharmaceutical candidates are confirmed. The company regularly carries out an assessment of the value of the costs incurred in order to be certain that the resources are used on the pharmaceutical candidates that are judged to have the best prerequisites to be able to be manufactured and sold commercially. In order to avoid balancing development costs which after a time can be without value, only development costs are activated for phase III. Activated costs refer to pharmaceuticals where the application for registration of the pharmaceutical is made within 12 months. For these pharmaceuticals, there must be a market, a pharmaceutical that can be sold with a good profit margin. The risk for non-acceptance of the registration is deemed to be minimal as confidential contacts with the authorities have given an affirmative notification.

Oasmia has balanced expenses for development of a pharmaceutical in the final stages of submitting an application for approval. Should this product not be approved, or the likelihood of approval diminishes, the balanced expenses should be charged. As of 30 April 2007 the balanced expenses amounted to 18 % of the Equity capital at that period.

The Group examines every year if there are any write-down requirements exist for the combined intangible assets, in accordance with the accounting principles described in note 2

(b)Income taxes

The group are liable to pay tax in Sweden. The Group companies have thus far showed negative fiscal results as important fiscal deficits exist in the group. Since it is not deemed certain that future profits will correspond to these amounts, no deferred tax assets have been reserved with respect to these deficits in the balance sheet. Accumulated fiscal deficits in the group amounts to 27 784 TSEK and 18 114 TSEK for the years 2006/07 and 2005/06. This corresponds to a deferred tax assets of 7 780 TSEK and 5 072 TSEK.

Important assessments for the application of the company's accounting principles.

The Group's balances expenses for patent and sales rights because they are expected to generate future financial benefits. Should the group make the assessment that they no longer are expected to generate future financial benefits, the assets should be written off against the group's earnings.

Note 5 Accounting per segment

The Group has since the beginning of the business year 1 May 2005 – 30 April 2006 two primary segments – business branches:

- Development regarding pharmaceuticals (Development)
- Sales of parallel imported pharmaceuticals (Parallel import)

The Group has no geographical (secondary) segments

Transfers and transactions between segments occur according to normal commercial conditions, which also apply to external parties. The segments result can be seen below.

Financial year 01-05-2006 - 30-04-2007

	Development	Parallel import	The Group
Segments´ total revenue	15 402	21 894	37 296
Sales between segments	-480	-	-480
External revenue	14 922	21 894	36 816
Segment's profit/loss	-10 053	-805	-10 858
Financial revenue	21	-	21
Financial costs	-490	-297	-787
Financial posts - net	-469	-297	-766
Profit/loss before tax	-10 522	-1 102	-11 624
Income tax	-	-	0
Profit/loss for the year	-10 522	-1 102	-11 624

The years depreciation amounted to SEK (thousand) -2,224 (-1,995) for the segment Development and SEK (thousand) -200,000 (0) for the segment Parallel import. The Group's revenue consists of mainly sales of parallel imported pharmaceuticals.

Financial year 01-05-2005- 30-04-2006:

	Development	Parallel import	The Group
Segments´ total revenue	2 106	123	2 229
Sales between segments	-1 376	-	-1 376
External revenue	730	123	853
Segment's profit/loss	-17 016	-1 794	-18 810
Financial revenue	10	-	10
Financial costs	-780	-47	-827
Financial posts - net	-770	-47	-817
Profit/loss before tax	-17 786	-1 841	-19 627
Income tax	-	-	0
Profit/loss for the year	-17 786	-1 841	-19 627

The segments assets consist of tangible fixed assets, intangible assets, inventory, customer receivables, various short-term receivables and pre-paid costs and accrued revenues. The segments liabilities consist of liabilities to credit institutions, borrowing, accounts payable, various short-term liabilities and accrued costs and pre-paid revenue. The segments assets and liabilities and investments are listed below.

Assets and liabilities per 30-04-2007 and investments during financial year 01-05- 2006 – 30-04-2007:

	Development	Parallel import	The Group
Assets	63 415	25 616	89 031
Liabilities	11 197	7 803	19 000
Investments	1 138	-	1 138

Assets and liabilities per 30-04-2006 and investments during financial year 01-05-2005 – 30-04-2006:

	Development	Parallel import	The Group
Assets	32 205	3 981	36 186
Liabilities	12 440	3 392	15 832
Investments	10 756	-	10 756

Note 6 Balanced expenses for development work

	The Group		Parent Company	
	30-04-2007	30-04-2006	30-04-2007	30-04-2006
Incoming acquisition value	-	-	-	-
The years activated expenses, own development	14 483	-	14 483	-
Outgoing accumulated acquisition value	14 483	-	14 483	-
Incoming accumulated depreciation	-	-	-	-
The years depreciation	-	-	-	-
Outgoing accumulated depreciation	-	-	-	-
Outgoing accounted value	14 483	-	14 483	-

Costs for research and development that are written off amounted to 10 546 TSEK (17 716).

Note 7 Inventory

	The Group		Parent Company	
	30-04-2007	30-04-2006	30-04-2007	30-04-2006
Valued at acquisition value				
Raw materials	37	-	37	-
Commodities	18 281	2 674	-	-
Total	18 318	2 674	37	-

The expense for inventory that has been charged is entered under Raw materials and Consumables and in Other external expenses and amounted to 21 106 TSEK (236).

Note 8 Fees to Accountants

	The Group		Parent Company	
	2006-05-01 -2007-04-30	2005-05-01 -2006-04-30	2006-05-01 -2007-04-30	2005-05-01 -2006-04-30
Öhrlings PricewaterhouseCoopers				
Audit assignment	263	92	263	83
Other assignments	127	37	127	37
Total	390	129	390	120

Audit assignment entails inspection of annual financial statements and accounting and the Board's and CEO´s management, other data it is the duty of the company accountant to carry out as well as advisory services or other business assistance that arises from observations deduced from the inspection or the execution of such duties. Any other instances are other assignments.

Note 9 Leasing

The Group has no financial leasing agreements but operational leasing agreements which in essence consist of rental contracts for premises. No variable fees exist. Future minimal leasing agreements for operational leasing agreements are allocated as follows:

Financial year	Operational leasing
20).07/2008	2 848
2008/2009	2 834
2009/2010	2 813
2010/2011	1 871
Total	10 366

Expenses for leasing (minimal leasing expenses) during financial year 2006/2007 amounted to SEK (thousand) 2 478 (1 219).

Note 10 Employees and payment

	The Group		Parent Company	
	01-05-2006 -30-04-2007	01-05-2005 -30-04-2006	01-05-2006 -30-04-2007	01-05-2005 -30-04-2006
Average number of employees, divided by gender is:				
Female	11	5	10	5
Male	12	9	12	9
Total	23	14	22	14
Salaries and payments amount to:				
CEO	543	693	543	693
Other employees	7 201	3 701	7 075	3 701
Total salaries and payments	7 744	4 394	7 618	4 394
Social insurance contributions according to law and agreements	2 512	1 386	2 458	1 386
Total salaries, payments and Social insurance contributions	10 256	5 780	10 076	5 780

No salaries, compensations, pension costs, fees or other benefits have been paid to Board members.

Board members and senior officers

	30-04-2007		30-04-2006	
	Number on balance sheet date	Whereof male	Number on balance sheet date	Whereof male
The Group				
Board members	4	4	3	3
CEO and others				
Senior officers	1	1	1	1
Parent Company				
Board members	4	4	3	3
CEO and others				
Senior officers	1	1	1	1

Health care and medical care

The Group has a contract with a corporate health service which means that all personnel regularly undergo a health examination. Any health benefits apart from this does the personnel not have.

Absence due to illness

	Parent Company	
	01-05-2006 -30-04-2007	01-05-2005 30-04-2006
Total absence due to illness	2,1%	0%
- long-term absence due to illness *	0%	0%
- absence due to illness : male	0,7%	0%
- absence due to illness :female	3,7%	0%
- employees -29 years	2,0%	0%
- employees 30-49 years	3,2%	0%
- employees 50 years -	0,1%	0%

* By long-term absence due to illness means a consecutive period of 60 days or more.

Terms of employment for CEO

Remuneration for the CEO comprises a fixed salary as well as statutory pension and insurance benefits. Remuneration is adjusted annually per I April. The CEO was appointed as CEO 1 January 2001 with a fixed salary of SEK 25 000. The current salary is SEK 45 000. The CEO´s right to private health care and insurance benefits has not been executed.

Upon termination from the employer, the notice period is 24 months. If the CEO tenders his/her resignation the notice period is 3 months.

Note 11 Tangible assets

The tangible assets consist of installations, inventories, tools and improvement expenses for other buildings.

	The Group		Parent Company	
	30-04-2007	30-04-2006	30-04-2007	30-04-2006
Incoming acquisition value	22 855	1 580	22 855	1 580
Year investments	1 134	21 275	1 138	21 275
Increase by business combinations	4	-	-	-
Outgoing accumulated acquisition value	23 993	22 855	23 993	22 855
Incoming depreciation	2 806	1 374	2 806	1 374
The years depreciation	1 747	1 432	1 747	1 432
Outgoing accumulated depreciation	4 553	2 806	4 553	2 806
Outgoing accounted value	19 440	20 049	19 440	20 049

Note 12 Other intangible assets

Other intangible assets consist of expenses for patent and sales rights.

	The Group		Parent Company	
	30-04-2007	30-04-2006	30-04-2007	30-04-2006
Incoming acquisition value	11 086	10 389	10 489	10 389
The years activated expenses	1 065	697	540	100
Increase by business combinations	342			
Outgoing accumulated acquisition value	12 493	11 086	11 029	10 489
Incoming accumulated depreciation	3 790	3 227	3 790	3 227
The years depreciation	676	563	563	563
Outgoing accumulated depreciation	4 466	3 790	4 353	3 790
Outgoing accounted value	8 027	7 296	6 676	6 699

Note 13 Operating profit/loss

Of the Group's total costs SEK (thousand) 47 675 TSEK (19 663), 14 483 (0) are accounted for as balanced expenses for development work.

Note 14 Financial revenues and costs

	The Group		Parent Company	
	2006-05-01 -2007-04-30	2005-05-01 -2006-04-30	2006-05-01 -2007-04-30	2005-05-01 -2006-04-30
Financial revenues:				
Interest revenue from bank accounts	8	6	8	6
Exchange rate difference	13	4	13	4
Total	21	10	21	10
Financial costs:				
Interest costs for bank overdraft	376	406	75	358
Interest costs for instalment purchases	411	422	411	422
Total	787	828	486	780

Note 15 Income tax

.All companies within the Group enter a negative result and do not pay income tax. All companies have their tax domicile in Sweden. The accounted deferred tax liability has arisen due to the difference that lies between the actual value and the tax base on the intangible asset that was a part of the acquisition of GlucoGene Pharma AB.

Income tax for the Group's earnings before tax can differ from the theoretical amount which would be expressed with the use of weighted average rate of tax in the consolidated companies.

Note 16 Earnings per share

Earnings per share are estimated through the earnings which are attributable to the Parent Company's shareholders are divided with a weighted average number of outstanding ordinary shares during the period. Earnings per share are estimated before and after dilution, since there are no outstanding potential ordinary shares that could create a dilution effect.

	01-05-2006 -30-04-2007	01-05-2005 -30-04-2006
Earnings attributable to Parent Company shareholders	-11 624	-19 627
Weighted average number of outstanding ordinary shares (thousand)	31 426	31 000
Earnings per share (SEK per share)	-0,37	-0,63

Note 17 Deferred income tax

Accounted deferred tax liability, 57 TSEK (0), concerns temporary difference for the difference for actual value for acquired Other intangible assets (patents) and its tax base that was present at the acquisition of GlucoGene Pharma AB (see note 26).

The Group has accumulated deductions for loss amounting to 27 784 TSEK (18 114). These are without time limit deductible against future profits. They are not accounted for as deferred outstanding tax since the Group does not consider it certain that future profits are going to correspond to the amount of accumulated deductions for loss. The Parent Company's accumulated deductions for loss amount to 24 687 TSEK (16 107).

At the time of transition to IFRS, the company has noted that it has applied the previous accounting policy in an incorrect way. The errors consist of activating items that shall be written off. Adjustments of these errors have been carried out in connection to the transition to IFRS. The company will for tax 2008 claim these adjustments. The deficit deductions will after these claims amount to 39 059 TSEK for the group and 35 962 TSEK for the parent company.

Note 18 Customers' accounts receivable

The accounted value for Customers' accounts receivable represent the actual value since no reservations for unreliable customers' accounts receivable were deemed necessary.

Note 19 Liquid resources
Liquid resources consist of bank deposits, interest on deposits during the period 01-05- 2006 05 – 23-04-2007 and amount to 1%. Thereafter STIBOR 7 days -0.5 %.

Note 20 Share capital

Specification for alterations in share capital can be located in this report for The Group and Parent Company, namely following each respective balance sheet.

Total number of shares as of 30-04- 2007 was 31 851 310 A shares (31 000) with a quote value of SEK 0.10 per share. Every issued share is paid in full. Development of the number of shares is shown below.

Number of shares	
IB 01-05-2005	31 000 000
UB 30-04-2006	31 000 000
New issue30-10- 2006	851 310
UB 30-04-2007	31 851 310

Note 21 Borrowings

	The Group		Parent Company	
	30-04-2007	30-04-2006	30-04-2007	30-04-2006
Long-term				
Instalment purchase	5 513	8 102	5 513	8 102
	5 513	8 102	5 513	8 102
Short-term				
Instalment purchase	2 933	2 933	2 933	2 933
	2 933	2 933	2 933	2 933

Of the liability for Instalment purchase SEK (thousand) 2 933 will be paid during the financial year 2007/2008, a further SEK (thousand) 2 814 during the financial year 2008/2009 and finally SEK (thousand) 2 699 during the financial year 2009/2010.The effective interest is 4.25 %.

Note 22 Bank overdraft and other approved credits
Approved amounts for bank overdrafts amount to in the Group 2 500 TSEK (3 000) and in the Parent Company to 0 TSEK (0). Approved credits in accounts receivable amount to 5 500 TSEK (0) and in the Parent Company to 0 TSEK (0). Interest on credits in accounts receivable amount to STIBOR 7 days + 1.75 %.

	The Group		Parent Company	
	30-04-2007	30-04-2006	30-04-2007	30-04-2006
Short-term				
Bank overdrafts	2 461	2 938	-	-
	2 461	2 938	-	-

Note 23 Contingency obligations /contingency liability

	The Group		Parent Company	
	30-04-2007	30-04-2006	30-04-2007	30-04-2006
Contingent liabilities for the benefit of other group companies	-	-	8 000	3 000
Surety warrant for the benefit of employee	473	473	473	473
	473	473	8 473	3 473

Note 24 Cash-flow from operations

	The Group		Parent Company	
	01-05-2006 -30-04-2007	01-05-2005 -30-04-2006	01-05-2006 -30-04-2007	01-05-2005 -30-04-2006
Operating profit/loss	-10 858	-18 810	-10 154	-17 016
Depreciation	2 424	1 995	2 320	1 995
Other non-influential liquidity items	55	-72	-	-
Received interest	21	10	21	10
Effected interest	-787	-827	-486	-780
Cash-flow from operations	-9 145	-17 704	-8 299	-15 791

Note 25 Shares in Group companies

Parent Company	Capital share%	Voting share %	Entered value 30-04- 07	Entered value 30-04- 06
Qdoxx Pharma AB	100	100	1 920	75
GlucoGene Pharma AB	51	51	180	-
Total			2 100	75

	Parent Company	
	07-04-30	06-04-30
Incoming acquisition value	1 920	75
Purchase of shares	104	25
Infusion of capital	76	1 820
Outgoing accumulated acquisition value	2 100	1 920
Outgoing accounted value	2 100	1 920

The equity capital in Qdoxx Pharma AB according to the financial statement for 2005/2006 respective 2006/2007 amounts to on the date of closing to 58 TSEK respective 156 TSEK. The corresponding figures for GlucoGene Pharma AB amount to 56 TSEK respective 236 TSEK.

Note 26 Business acquisition

Concerning the transfer to IFRS, all acquisitions that have arisen after the transfer date 1 May 2005 are to be listed.

The 7 May 2006 the Group acquired 51 % of the shares in GlucoGene Pharma AB. The acquisition value was SEK (thousand) 104 and no dealing costs were paid. The company develops and produces methods and equipment for physical effects through liquids and gases. The acquired operation has been run on a small scale and does not affect the Group earnings during the financial year 1 May 2006 – 30-04-2007.

Assets and liabilities, per 7 May 2006, as a result of the acquisition are as follows:

	Actual value	Acquired accounted value
Liquid resources	5	5
Tangible assets	4	4
Intangible assets	342	139
Customers' accounts receivable and other receivables	32	32
Accounts payable and other liabilities	-124	-124
Deferred tax liabilities	-57	
Net assets	202	56
Minority shareholdings	-98	
Acquired net assets	104	
Cash regulated purchase price		104
Liquid resources in acquired company		-5
Adjustment of Groups liquid resources for acquisition		99

Note 27 Transactions with related persons

None of the group companies have conducted transactions with related persons (see note 10).

Note 28 Events after balance sheet date

In a press release 15 June 2007 Oasmia announced that its shares were going to be quoted on NGM Equity on 14 September 2007.

The Board has 11 September 2007 approved this quotation prospect for publication

Note 29 Transfer to IFRS

The Group draws up its group accounts in accordance with IFRS from 1 May 2007. The first interim report that the company is going to produce in accordance with IFRS will be for the period May – October 2007. The Group applied up to 30 April 2007, the Accounting Board's recommendations.
The transfer to IFRS occurred 1 May 2005 (Transfer Date), disclosed in accordance with IFRS 1 (First-time Adoption of International Financial Reporting Standards"). The changes in accounting principles incurred by which this transfer generated and the transfer effects for the Group's balance sheets and financial statements are presented below.

The balance sheets clarify, for every financial year, the effect on every balance sheet item. The profit and loss statements clarify, for every financial year, the effect on every entry in the profit and loss statement.

The transfer to IFRS has not affected the Group cash-flow

The preliminary effect of the application of IFRS for the Group's balance sheet

TSEK	Note	Swedish accountancy regulations	01-05-2005 (Transfer date) The effect of transfer to IFRS	IFRS
ASSETS				
Fixed assets				
Tangible assets	a	207	0	207
Balanced expenses for development work	b	22 826	-22 826	0
Other intangible assets	c,d	10 559	-3 397	7 162
		33 592	**-26 223**	**7 369**
Liquid assets				
Inventory		-	0	0
Customers' accounts receivable		-	0	0
Other short-term receivables		283	0	283
Deferred expenses and accrued income		214	0	214
Liquid resources		1 971	0	1 971
		2 468	**0**	**2 468**
Total assets		**36 060**	**-26 223**	**9 837**
EQUITY CAPITAL				
Capital and reserves that can be attributable to Parent Company shareholders				
Share capital		3 100	0	3 100
Other paid-up capital		-	0	0
Satutory reserve*		4 620	0	4 620
Balanced profit/loss		23 654	-26 223	-2 569
		31 374	**-26 223**	**5 151**
Minority shareholdings		-	0	0
Total equity capital		**31 374**	**-26 223**	**5 151**
LIABILITIES				
Long-term liabilities				
Liabilities to credit institutions	a	-	0	0
Deferred tax liabilities		-	0	0
		0	0	0
Short-term liabilities				
Liabilities to credit institutions	a	-	0	0
Accounts payable		557	0	557
Other short-term liabilities		3 393	0	3 393
Accrued expenses and deferred income		736	0	736
		4 686	**0**	**4 686**
Total equity capital and liabilities		**36 060**	**-26 223**	**9 837**

* Statutory reserve consists of in its entirety of previously deposited profit funds, where this has been classified as Balanced result in the Group's balance sheet.

The preliminary effect of the application of IFRS for the Group's balance sheet

TSEK		30-04-2006			30-04-2007		
	Note	Swedish accountancy regulations	The effect of transfer to IFRS	IFRS	Swedish accountancy regulations	The effect of transfer to IFRS	IFRS
ASSETS							
Fixed assets							
Tangible assets	a	10 253	9 796	20 049	13 624	5 816	19 440
Balanced expenses for development work	b	33 345	-33 345	0	47 828	-33 345	14 483
Other intangible assets	c,d	11 256	-3 960	7 296	12 260	-4 233	8 027
		54 854	**-27 509**	**27 345**	**73 712**	**-31 762**	**41 950**
Liquid assets							
Inventory		2 674	0	2 674	18 318	0	18 318
Customers' accounts receivable		299	0	299	4 386	0	4 386
Other short-term receivables		1 173	0	1 173	834	0	834
Deferred expenses and accrued income		1 065	0	1 065	1 373	0	1 373
Liquid resources		3 630	0	3 630	22 170	0	22 170
		8 841	**0**	**8 841**	**47 081**	**0**	**47 081**
Total assets		**63 695**	**-27 509**	**36 186**	**120 793**	**-31 762**	**89 031**
EQUITY CAPITAL							
Capital and reserves that can be attributable to							
Parent Company shareholders							
Share capital		3 100	0	3 100	3 185	0	3 185
Other paid-up capital		-	0	0	34 819	0	34 819
Satutory reserve*		4 620	0	4 620	4 620	0	4 620
Balanced profit/loss		51 178	-38 544	12 634	67 557	-40 265	27 291
		58 898	**-38 544**	**20 354**	**110 181**	**-40 265**	**69 915**
Minority shareholdings		-	0	0	116	0	116
Total equity capital		**58 898**	**-38 544**	**20 354**	**110 297**	**-40 265**	**70 031**
LIABILITIES							
Long-term liabilities							
Liabilities to credit institutions	a	-	8 102	8 102	-	5 513	5 513
Deferred tax liabilities	e	-	-	-	-	57	57
		0	**8 102**	**8 102**	**0**	**5 570**	**5 570**
Short-term liabilities							
Liabilities to credit institutions	a	2 938	2 933	5 871	2 461	2 933	5 394
Accounts payable		627	0	627	4 564	0	4 564
Other short-term liabilities		353	0	353	1 965	0	1 965
Accrued expenses and deferred income		879	0	879	1 506	0	1 506
		4 797	**2 933**	**7 730**	**10 496**	**2 933**	**13 429**
Total equity capital and liabilities		**63 695**	**-27 509**	**36 186**	**120 793**	**-31 762**	**89 031**

* Statutory reserve consists of in its entirety of previously deposited profit funds, where this has been classified as Balanced result in the Group's balance sheet.

	Not	2005-05-01	2006-04-30	2007-04-30
EQUITY according to previously applied principles		**31 374**	**58 898**	**110 297**
Tangible assets	a	-	9 796	5 816
Financing of instalment purchase	a	-	-11 035	-8 446
Write-downs of balanced development costs	b	-22 826	-33 345	-33 345
Write-offs/write-downs of other intangible assets	c,d	-3 397	-3 960	-4 426
Business acquisitions	d	-	-	193
		-26 223	-38 544	-40 208
The tax effects of the above		-	-	-57
Total adjustment of equity		**-26 223**	**-38 544**	**-40 265**
Equity according to IFRS		**5 151**	**20 354**	**70 031**

The preliminary effect of the application of IFRS on the Group' Groups profit/Loss Statement

TSEK	Financial year 2005-05-01 - 2006-04-30			Financial year 2006-05-01 - 2007-04-30		
	Swedish accounting standards	Effect of transfer to IFRS	IFRS	Swedish accounting standards	Effect of transfer to IFRS	IFRS
Net turnover	853	0	853	22 387	0	22 387
Capitalized work for own account	10 518	-10 518	0	14 430	0	14 430
Raw material and consumables	-5 446	0	-5 446	-22 621	0	-22 621
Other external costs	-6 371	0	-6 371	-12 070	0	-12 070
Personnel costs	-5 851	0	-5 851	-10 560	0	-10 560
Write-offs/write downs	-615	-1 380	-1 995	-968	-1 456	-2 424
Operating profit/loss	**-6 912**	**-11 898**	**-18 810**	**-9 402**	**-1 456**	**-10 858**
Financial revenue	10	0	10	21	0	21
Financial costs	-405	-422	-827	-376	-411	-787
Financial items - net	-395	-422	-817	-355	-411	-766
Profit/loss before tax	**-7 307**	**-12 320**	**-19 627**	**-9 757**	**-1 867**	**-11 624**
Income tax	0	0	0	0	0	0
Profit/loss for year	**-7 307**	-12 320	**-19 627**	**-9 757**	**-1 867**	**-11 624**
Attributable to:						
Parent Company shareholders	-7 307	-12 320	-19 627	-9 757	-1 867	-11 624
Minority shareholding	-	0	-	-	0	-
Earnings per share, based on results attributable to parent Company Shareholders during the year (expressed in SEK per share):	-0,24	-0,40	-0,63	-0,31	-0,06	-0,37

Financial Year 01-05-2005 - 30-04-2006	Note	Operating results	Profit/Loss before taxes	Profit for the year
Profit/loss according to previously applied principles		**-6 912**	**-7 307**	**-7 307**
Write-downs of balanced development costs	b	-10 518	-10 518	-10 518
Depreciation of tangible assets	a	-817	-817	-817
Depreciation of intangible assets	c	-563	-563	-563
Interest charges for instalment purchase	a	-	-422	-422
Deferred income tax	e	-	-	-
Total adjustment of Profit /Loss		**-11 898**	**-12 320**	**-12 320**
Profit / Loss in accordance with IFRS		**-18 810**	**-19 627**	**-19 627**

Financial Year 01-05-2006 -30-04- 2007		Operating results	Profit/Loss before taxes	Profit for the year
Profit/loss according to previously applied principles		**-9 402**	**-9 757**	**-9 757**
Depreciation of tangible assets	a	-980	-980	-980
Depreciation of intangible assets	c	-466	-466	-466
Depreciation on surplus value placed as patent	d	-10	-10	-10
Interest charges for instalment purchase	a	-	-411	-411
Deferred income tax	e	-	-	-
Total adjustment of Profit /Loss		**-1 456**	**-1 867**	**-1 867**
Profit / Loss in accordance with IFRS		**-10 858**	**-11 624**	**-11 624**

At the time of transition to IFRS, the company has noted that it has applied the previous accounting policy in an incorrect way. The errors consist of activating items concerning balanced expenditures for development work and other intangible assets and also recalculated a hire-purchase contract according to items a-c below. Adjustments of these errors have been carried out in connection to the transition to IFRS. The company will for tax 2008 correct these errors in the tax return where no temporary differences between accounted values and tax bases will exist.

a) Tangible assets

On the date of possession 1 July 2005 the Parent company entered into a leasing contract pertaining to a plant situated in the property where the company has its operations. The plant was set up by a company operating within biosciences and consists of a production facility. The term of contract is valid until 30 June 2010, thus in excess of five years. Possession of the plant took effect two months after the transfer date to IFRS. During the last two financial years the group has, in accordance with the previous accounting policy, accounted the plant as an asset valued at an equivalent sum of the total value of the payments made at each particular time. No depreciation has been made. The contract with the seller contained no reference to interest payments and no liability or interest has been reported by the group.

Since the transfer to IFRS the group has accounted the plant, in accordance with IAS 16, as an instalment purchase. The plant is accounted with an acquisition value, equivalent to the total sum of all future payments. At the same time a financial liability is accounted pertaining to the outstanding purchase-sum.

The group has applied component depreciation for this plant, in accordance with IAS 16, thus every part of the plant that has a depreciation value, which is significant in relation to the total depreciation value, is written of separately. For depreciation methods, see note 2.

The transfer to IFRS brought about the following changes:

- From the date of possession the total sum of the future payments are accounted as a Borrowing. The original amount of the liability is 16 613 TSEK. The applied rate of interest was 4.25 %. The group's liabilities increased, therefore, on the date of possession to 16 613 TSEK.
- On the date of possession the value of the assets was accounted as an amount equivalent to the value of the liability, i.e., SEK (thousand) 16 613. At the end of the financial year 2005/2006 the tangible assets increased by 9 796 SEK. As such the assets had depreciated by 817 TSEK during the financial year.
- Depreciation has been applied from the date of acquisition. The group's depreciation increased by SEK (thousand) 817 during the financial year 2005/2006 and by SEK (thousand) 980 during the financial year 2006/2007.
- Interest charges for the financial liability have been accounted from the date of acquisition. The group's interest charges increased by SEK (thousand) 422 during the financial year 2005/2006 and by SEK (thousand) 411 during the financial year 2006/2007.

b) Capitalized expenses for development work

Prior to the transfer to IFRS the group capitalized expenses for development work in earlier phases than Phase III.

According to the company applied accounting policy in accordance with IFRS, only such balanced expenses for development work in Phase III or higher be activated as an asset.

In relation to the transfer to IFRS the group has charged capitalized expenses for development work prior to 2006-05-01 as these expenses did not concern projects that had reached Phase III.

At the date of transfer to IFRS the group wrote subsequently off 22 826 TSEK from the equity capital. During the financial year 2005/2006 the group wrote off 10 518 TSEK from the financial year's capitalized expenses, over and above the year's results when these was not considered to be in Phase III or higher.

Since all Balanced expenses for development work were not ready to be used, these had not begun to be written off, where the removal of these assets does not affect respective years depreciations.

c) Additional intangible assets

Prior to the transfer to IFRS additional intangible assets consisted of patents, selling rights, manufacturing authorisations, licences for clinical testing and trade licences. Depreciation had only been applied to the rights of distribution. The period of depreciation was 5 years. The rights of distribution refer to the right in Sweden to sell pharmaceuticals, which have been imported, known as parallel imports.

The transfer to IFRS brought about the following changes on the transfer date:

- The writing-off of previously balanced manufacturing authorisation licences for clinical testing and trade licences, amounting to a combined total of 179 TSEK, direct from the equity capital, since these assets referred to Balanced expenses for development work that was not in Phase III or higher.
- Accumulated depreciation pertaining to patents that should previously been accounted direct from the equity capital to an amount of 3 227 TSEK. Additional depreciation pertaining to patents amounted to 563 TSEK during the financial year 2005/2006 and by 563 TSEK during the financial year 2006/2007.

d) Business acquisitions

During the operational year 2006/2007 the Parent company acquired 51% of the stock in GlucoGene Pharma AB (plc). The accountancy firm responsible for the group accounts prior to the transfer to IFRS have not been able to account for how the acquisition was handled in the group financial statements. Any analysis of the actual value for acquired assets was not carried out at the time of the acquisition.

Upon the transfer to IFRS the Group has, in accordance with IFRS 3 established a complete acquisition analysis for the acquisition. This resulted in a determination of a higher actual value pertaining to a patent than was previously accounted. The difference amounts to 203 TSEK. The surplus value will be written-off over the remaining period of the patent. During the financial year 2006/2007 the amount of depreciation amounted to 10 TSEK.

e) Deferred tax

The effects of the transfer pertaining to d above have given rise to temporary differences between the accounted results and the tax results. These temporary differences are accounted in note 17.

As the group intends to adjust the fiscal accounts in the tax return Tax 2008 with respect to the items a-c above in order for the fiscal values correspond to the accounted, there are no temporary differences for these adjustments, and no deferred tax has been claimed on these items. The transfer to accounting according to IFRS has not had any effect the Group's accounted cash flow.

Note 30 Definition of key ratios

Earnings per share

The result attributable to the Parent company's shareholders divided by the average number of ordinary shares during the period.

Equity/assets ratio
Equity capital and untaxed reserves (with deduction for deferred tax) in relation to the balance sheet total.

Return on total equity
Result prior to deductions for interest expenses pertaining to the balance sheet total.

Return on the equity
Result after financial income and expense in relation to equity and untaxed reserves (with deduction for deferred tax).

The auditors report concerning new historical financial reports

To the Board of Directors of Oasmia Pharmaceutical AB (556332-6676)

We have examined the financial reports for Oasmia Pharmaceutical AB (plc) on pages 33-69, which includes the balance sheets for 30 April 2006 and 30 April 2007, the profit and loss accounts and cash flow analyses for these periods and also a summary of the important accounting principles and other additional information.

The board of directors and chief executive are responsible for the financial reports. The board of directors and chief executive are responsible for ensuring that the financial reports are compiled and presented in a correct way in accordance with the International Financial reporting Standards IFRS as adopted by the European Union and in accordance with the prospectus directive for the introduction of prospectus regulations 809/2004/EU. These obligations comprise the drawing up, implementation and the upholding of internal controls, which are relevant for the compilation and presentation of the financial reports in a correct way free of material misstatement, irrespective of whether due to fraud or error.

Auditor responsibility
Our responsibility is to express an opinion on the financial reports as a foundation for our audit. We have conducted our audit in accordance with FAR SRS proposal for RevR 5 Examination of prospectus. This implies that we have planned and conducted an audit in order to ensure that there is a high, but not absolute, certainty that the financial reports do not contain any material misstatement.

Work performed
An audit in accordance with FAR's proposal to RevR 5 Examination of prospectus involves the implementation of examination measures to secure audit evidence to support the amounts and information contained in the financial statements. The selected examination measures are based on our assessment of the risk of material misstatement in the financial statements regardless of whether originating from irregularity or error. In a risk assessment, we examine the internal control, which is fundamental to preparing and suitably presenting the financial statements and the basis for formulating audit measures suitable for the circumstances, but not to express an opinion as to the effectiveness of the company's internal control. An audit also involves evaluating the applicable accounting principles and the reasonability of the significant estimations that the Board of Directors and Chief Executive Officer made as well as evaluating the combined presentation in the financial statements.

We consider that the audit evidence obtained is sufficient and appropriate as a basis for our opinion.

Opinion
We consider that the financial reports are correct and in accordance with the International Financial reporting Standards IFRS as adopted by the European Union and adhered to for Oasmia Pharmaceutical AB (plc)'s results, financial position and cash flow as of April 30 2006 and April 30 2007.

Stockholm 11 September 2007

Bo Åsell
Authorized Public Accountant

Thomas Landström
Approved Public Accountant

Oasmia Pharmaceutical AB (Publ)

Annual report

1 May 2004 – 30 April 2005

Accounts are in SEK thousands Accounting policy RR20 for the period 2004-05-01 - 2005-04-30

Oasmia Pharmaceutical AB
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The Board of Directors and Managing Director of Oasmia Pharmaceutical AB (publ) hereby present the annual report for the financial year 1 May 2004 - 30 April 2005.

ADMINISTRATION REPORT

Operations

Oasmia Pharmaceutical AB (publ) is a company that offers entirely new principles for the development of pharmaceuticals. The company's concept is to improve the treatment of normally occurring, serious illnesses, by developing the semi-synthetic substances that the company has discovered into a new generation of effective pharmaceuticals, with a focus on the field of oncology.

The year has been characterised by strong development and expansion to meet future requirements for production and organisational capacity. The company's priority product, Pacliex, has completed clinical trials and has qualified for a so-called compassionate use program. During the year, Oasmia built capacity to meet the market's needs for products by means of a complete production organisation and new premises that were adapted to GMP standards. This capacity will be used for production of pharmaceuticals for use in clinical trials run by both the company, itself, and by others.

During the financial year, the company also acquired 75% of the shares in the company Qdoxx Pharma AB (556609-0154), whose operations are currently dormant. Consolidated accounts have not been prepared, which is permitted under the Swedish Annual Accounts Act, Chapter 7, Section 3.

Future developments

During the financial year, Oasmia took significant steps toward a stronger financial position and expanded opportunities to create new sources of income even prior to the launch of Pacliex. The prospect that Pacliex will be able to reach the market in the near future has significantly improved during the year. Despite the fact that Oasmia remains in a financially demanding phase of development, the senior management and board of directors continue to look toward the future with confidence. It is expected that volume of net sales in the current year will make full cost coverage possible.

During the financial year, the Parent Company, Oasmia S.A Luxembourg, made further share sales to a limited group of external shareholders, retaining an ownership share of approximately 75%.

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Proposed appropriation of profits

The Board of Directors and Managing Director propose that the profits available:

Unappropriated profit brought forward	17,159,243
Net profit for the year	2,549,280
	19,708,523

be distributed as follows:

to be carried forward	19,708,523

For information regarding the company's result and financial position, refer to the income statements and balance sheet below, with accompanying notes.

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INCOME STATEMENT	Note	1 May 2004 -30 April 2005	1 May 2003 -30 April 2004
Own work capitalised		5,147,573	5,346,437
		5,147,573	**5,346,437**
Operating expenses			
Raw materials and consumables		-1,609,049	-1,430,873
Other external expenses	1	-2,509,488	-1,559,522
Personnel costs	2	-3,898,513	-3,312,592
Depreciation and write-downs of tangible and amortisation and write-downs of intangible fixed assets	3	-415,448	-271,377
		-8,432,498	**-6,574,364**
Operating income		**-3,284,925**	**-1,227,927**
Income from financial investments			
Other interest income and similar profit/loss items	4	5,930,290	7,396,937
Interest expenses and similar profit/loss items		-96,085	-106,689
Income after financial items		**2,549,280**	**6,062,321**
Net income for the year		**2,549,280**	**6,062,321**

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BALANCE SHEET	Note	30 April 2005	30 April 2004
Assets			
Fixed assets			
Intangible fixed assets			
Capitalised expenditure for research and development and similar work	5	22,826,677	17,679,104
Concessions, patents, licenses, trademarks and similar rights	6	10,518,783	10,287,819
		33,345,460	**27,966,923**
Tangible fixed assets			
Equipment, tools, fixtures and fittings	7	206,76	505,422
Financial fixed assets			
Participations in Group companies	8,9	75	0
Total fixed assets		**33,627,220**	**28,472,345**
Current assets			
Current receivables			
Other receivables		280,291	77,119
Prepaid expenses and accrued income		213,701	143,644
		493,992	**220,763**
Cash and bank balances		1,920,327	664,905
Total current assets		**2,414,319**	**885,668**
Total assets		**36,041,539**	**29,358,013**

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Equity and liabilities	Note	30 April 2005	30 April 2004
Equity	10		
Restricted equity			
Share capital		3,100,000	3,100,000
Statutory reserve		4,620,000	620
		7,720,000	**3,720,000**
Non-restricted equity			
Profit/loss brought forward		21,126,123	15,918,762
Net income for the year		2,549,280	5,207,360
		23,675,403	**21,126,122**
Total equity		**31,395,403**	**24,846,122**
Long-term liabilities			
Other liabilities		0	3,735,500
Current liabilities			
Accounts payable - trade		557,414	140,908
Income tax liabilities		0	125
Other liabilities		3,361,159	138,663
Accrued expenses and deferred income		727,563	496,695
		4,646,136	**776,391**
Total equity and liabilities		**36,041,539**	**29,358,013**
Pledged assets		None	None
Contingent liabilities			
Conditional shareholders' contribution	4	None	29 375 689

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SUPPLEMENTARY INFORMATION

Accounting and valuation principles

The annual report has been prepared in accordance with the Swedish Annual Accounts Act and the general advice and guidelines of the Swedish Accounting Standards Board, with the exception of the shareholders' contribution being reported in the income statement.

The accounting principles remain unchanged as compared with previous years.

Receivables are reported in the amounts that are estimated to be received.

Other assets and liabilities have been reported at acquisition cost, unless otherwise stated.

Allocation of income and expenses has taken place in accordance with generally accepted accounting principles.

NOTES

1 Fees and remuneration

Audit assignment refers to the examination of the annual report and accounting records, as well as of the administration of the Board of Directors and Managing Director, other assignments which are the responsibility of the company's auditors to execute and the provision of advisory services or other assistance resulting from observations made during such an examination or the implementation of such other assignments. Any other assignments are reported under Other assignments.

	1 May 2004 -30 April 2005	1 May 2003 -30 April 2004
Audit assignment	87,000	64,100
Other assignments	3,360	0
	90,360	**64,100**

2 Employees and personnel costs

	1 May 2004 -30 April 2005	1 May 2003 -30 April 2004
Average number of employees		
Women	4	2
Men	7	6
	11	**8**
Salaries, other remuneration and social security contributions		
Salaries and other remunerations to Board and Managing Director	545,600	648,000
Salaries and other remunerations to other employees	2,259,760	1,834,700
Other social security contributions	979,948	773,048
	3,785,308	**3,255,748**

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3 Amortisation/depreciation and write-downs

Fixed assets are depreciated according to plan over the assets' estimated useful lifetimes, with consideration for the assets' residual value. The following percentages of depreciation have been applied:

Tangible fixed assets	
Equipment and tools	20 %
Fixtures and fittings	20 %

Amortisation of the Company's patents and capitalised development expenditures has not been deemed necessary, as the rights for these assets were not utilised and the fair value of theses assets is deemed to exceed book value.

4 Other interest income and similar profit/loss items

	1 May 2004 -30 April 2005	1 May 2003 -30 April 2004
Interest	-7	-937
Unconditional shareholders' contribution	-35,305,972	-7,396,000
	-35,305,965	**-7,396,937**

Accumulated conditional shareholders' contribution amounted to 29 375 689 SEK during last year. During this year, the previously conditional shareholders' contribution have been transformed into unconditional shareholder contribution without possibilities for repayment.

5 Capitalised expenditure for research and development and similar work

	30 April 2005	30 April 2004
Accumulated acquisition cost		
Opening acquisition cost	17,881,713	13,390,236
Purchases	5,147,573	4,491,477
Closing accumulated acquisition cost	**23,029,286**	**17,881,713**
Accumulated amortisation		
Opening amortisation	-202,608	-202,608
Closing accumulated amortisation	**-202,608**	**-202,608**
Closing book value	**22,826,678**	**17,679,105**

Approximately SEK 16,000,000 of the item Capitalised expenditure for research and development work is attributable to the product Pacliex.

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6 Concessions, patents, licenses, trademarks and similar rights

	30 April 2005	30 April 2004
Accumulated acquisition cost		
Opening acquisition cost	10,287,819	10,000,000
Purchases	230,964	287,219
Closing accumulated acquisition cost	**10,518,783**	**10,287,219**
Closing book value	**10,518,783**	**10,287,219**

7 Equipment, tools, fixtures and fittings

	30 April 2005	30 April 2004
Accumulated acquisition cost		
Opening acquisition cost	1,463,923	1,396,246
Purchases	116,786	67,677
Closing accumulated acquisition cost	**1,580,709**	**1,463,923**
Accumulated depreciation		
Opening depreciation	-958,501	-687,124
Depreciation for the year	-415,448-2	71,377
Closing accumulated depreciation	**-1,373,949**	**-958,501**
Closing book value	**206,760**	**505,422**

8 Participations in Group companies

	30 April 2005
Accumulated acquisition cost	
Purchases	75,000
Closing accumulated acquisition cost	**75,000**
Closing book value	**75,000**

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9 Participations in Group companies

	Share of equity	Share of voting rights	Total participation	Book value	Market value
Qdoxx Pharma AB	75 %	75 %	75,000	75,000	0
				75,000	**0**

Disclosure regarding the subsidiary's Corporate Identity Number and registered offices:

	Corporate Identity Number	Registered offices	Equity	Income
Qdoxx Pharma AB	556609-0154	UPPSALA	22,559	- 43,000

10 Change in equity

Number of A-Shares: 31,000,000 shares à nominal value 0.10 SEK

	Share capital	Statutory reserve	Profit brought forward	Net income for the year
Amount at beginning of year	3,100,000	620,000	15,918,762	5,207,360
Appropriation according to resolution of the year's annual general shareholders' meeting:			5,207,360	-5,207,360
Shareholders' contribution received		4,000,000		
Net income for the year				2,549,280
Amount at year-end	**3,100,000**	**4,620,000**	**21,126,122**	**2,549,280**

Auditor's endorsement

To the annual general meeting

of Oasmia Pharmaceutical AB

Corporate Identity No 556332-6676

I have audited the annual report and the accounts and the board's and the Chief Executive Officer's management of Oasmia Pharmaceutical Limited for the fiscal year 2004-05-01 – 2005-04-30. It is the board and CEO that are responsible for the accounts and management and to comply with the Annual Accounts Act in the establishment of the annual report. My responsibility is to give my opinion about the annual report and the management based on my audit.

The audit has been carried out in accordance with good professional ethics in Sweden. This means that I have planned and carried out the audit to, to a reasonable degree, ascertain that the annual report does not contain substantial errors. An audit includes auditing a number of the bases for amounts and other information in the accounts. Examination of the accounting policies and the board's and CEO's application of them is also part of an audit as well as forming an opinion of the essential estimations that the board and CEO have made when they established the annual report and to evaluate the collected information in the annual report. As a basis for my opinion of discharge of liability I have audited essential decisions, measures and circumstances in the company in order to deem if any board member or CEO in any other way have acted in conflict with the Companies Act, the Annual Accounts Act or the Articles of Incorporation. My opinion is that my audit gives me a solid basis for my claims below.

The annual report has been established in accordance with the Annual Accounts Act and gives a correct description of the company results and position in accordance with good accountancy ethics in Sweden. The administration report is in accordance with the annual report's other parts.

I support the general meeting's establishment of the income statement and the balance sheet, manage the profits according to the proposal in the administration report and discharge the board members and CEO of liability for the fiscal year.

Stockholm September 27 2005

Tomas Berg

Authorized Public Accountant