Oasmia Pharmaceutical AB (publ)

Year-end report for the period May 2007 – April 2008

The year has comprised important steps toward a commercial breakthrough

Annual accounts in brief for the period 2007-05-01 – 2008-04-30

- Net sales for the group amounted to 71 158 SEKt (22 387 SEKt)
- Operating profit/loss amounted to -4 855 SEKt (-10 986 SEKt)
- Profit after tax amounted to -5 067 SEKt (-11 752 SEKt)
- Earnings per share amounted to -0,16 SEK (-0,37 SEK)

Fourth Quarter, Feb - April 2008

- Net sales for the group amounted to 17 934 SEKt (12 524 SEKt)
- Operating profit/loss amounted to -34 SEKt (-3 020 SEKt)
- Profit after tax amounted to -130 SEKt (-3 322 SEKt)
- Earnings per share amounted to 0,00 SEK (-0,10 SEK)

Key events during the financial year

Oasmia Human Health

The development of Oasmia's product Paclical® is proceeding according to schedule. A new pharmacokinetic study has been initiated during the period in close collaboration with the e. g. Karolinska University Hospital. This study compares Paclical® to the well-known anticancer agent Taxol®.

Furthermore the company has presented follow up results from the closed Phase I/II study at the First European Oncology Conference ECCO 14 in Barcelona, September 2007. The results generated great interest.

Oasmia has received Final Advice from the EMEA (European Medicines Agency) concerning an international Phase III study on ovarian cancer commencing during 2008. The study will be conducted in the EU as well as in Russia and Ukraine comprising about 60 different hospitals.

In November 2007 Oasmia signed a license agreement with Orion Corporation, Finland, for sales and marketing rights for Paclical®. Orion obtains the right to sell and market Paclical® in the Nordic Countries (Sweden, Finland, Denmark and Norway) as well as first right of refusal for another candidate in Oasmia's product portfolio. The agreement amounts to 4 million Euro and royalties on all sales in the region after registration of Paclical®.

Oasmia Animal Health

Results from the concluded Phase I/II study on Paclical® Vet have been presented at veterinary oncology congresses in Europe and in the USA during the period.

Interim results from a Phase III study was presented at the First Joint World Congress for Veterinary Oncologists in March 2008. The congress, with participants from both Europe and the USA, was held in Copenhagen. The interim results were very promising and received great attention by the participants.

In the end of March 2008 the company signed a license agreement for Paclical® Vet with Orion Corporation, Finland. Orion obtains the sales and marketing rights for the Nordic Countries (Sweden, Finland, Norway and Denmark), Poland, the Czech Republic, Slovakia and Hungary. The agreement amounts to 2 million Euro and considerable royalties on all sales within the regions after registration of Paclical® Vet.

The company has now completed enrollment of patients in the ongoing Phase III study on dogs with skin cancer. The results has exceeded all expectations and will be presented during 2008.

The Company

In September 2007 Oasmia moved stock exchange lists from NGM Nordic MTF to NGM Equity. In connection to this the company changed accounting policies and are today applying IFRS. The parent company applies RR 32:06.

At the annual general meeting on September 7, 2007 the board's proposal of private placement was accepted. After completion the share capital was increased with 152 369 SEK to a total of 3 337 500 SEK and the number of shares with 1 523 690 to a total of 33 375 000.

Oasmia has strengthened its organization with 11 persons during the period. Recruitment has primarily been carried out in the divisions of Regulatory Affairs, Production and Clinical Development.

Key events after the period

After the period, 3 people have been employed within the division of Clinical Development, Regulatory Affairs and Production.

Future development

The market for Oasmias oncology portfolio is approximately 20 billion USD, with an annual growth of 13% during 2006. Of this the group taxanes, of which the product Paclical® is a part of, stands for 4.6 billion USD.

The global market for Paclical® Vet is estimated to amount to 1.5 billion USD in the year 2015.

Paclical® is currently in an advanced stage of clinical development and is undergoing preparations for registration. The size of the market, Oasmia's solid product portfolio and the promising results that has been shown together with the great interest the portfolio has generated among leading pharmaceutical companies leads the company management to judge the company potential to be very large.

Business Activities

The main business activity in the parent company Oasmia Pharmaceutical AB (publ) consists of research, development and production of in-house pharmaceuticals with an emphasis on oncology. Focus lies on human and veterinary oncology where the company has a solid product portfolio. The company office, research and production facility is situated in Uppsala, Sweden. Oasmia owns 100 % of the subsidiary Qdoxx Pharma AB. The company's main business activity consists of parallel import of pharmaceuticals. The business idea of Qdoxx Pharma is to import and provide qualitative and price worthy pharmaceuticals on the Swedish market. Qdoxx Pharma has had a positive development trend during the period. Net sales has increased to 45 392 SEKt (21 894 SEKt). Oasmia also holds a 51 % share of the company GlucoGene Pharma AB. GlucoGene is a research company that has developed a novel type of xyloside. The aim is future treatment of brain tumours. The xylosides are currently in pre-clinical phase.

Research and Development

The Oasmia Pharmaceutical AB research and development activity is mainly directed towards human and veterinary oncology. The company research on the natural ageing and death of the cell has formed the platform for the development of the company's solid product portfolio, containing among others the unique pharmaceutical Paclical® and Paclical® Vet. The basis for the Oasmia product portfolio is a group of novel, unique and patented substances. One of these, XR-17, is specifically designed with the property to form micelles around the active part of the pharmaceutical. Oasmia's XR-17 can be used together with a variety of different substances in order to improve their profile and effect, especially substances that are sparsely water-soluble. The pharmaceuticals in the company product portfolio are all based on this unique nanontechnological platform.

Product portfolio

The company product portfolio for human use consists of Paclical®, Docecal®, Doxophos® and Carbomexx®. The main task for Oasmia is the upcoming international Phase III studies on Paclical®. Docecal®, Doxophos® and Carbomexx® are on the verge of entering clinical phase I/II- studies. These thee new products from Oasmias product portfolio are active against other forms of cancer and cover together with Paclical® theoretically 80 % of the standard treatments used today for the most common types of cancer.

The product portfolio in the area Anmial Health consist of Paclical Vet and the products Docecal® Vet, Doxophos® Vet and Carbomexx® Vet. The main task for Oasmia Animal Health is an extensive clinical Phase III study on Paclical® Vet. The products Docecal® Vet, Doxophos® Vet and Carbomexx® Vet are active against other types of cancer in dogs and are on the verge of entering Phase I/II trials.

Oasmia holds world-wide patents on all products.

Market

Paclical® is part of the group taxanes where also the pharmaceuticals Taxol®, Taxotere® and Abraxane® belong. The market size for this group is about 4.6 billion USD in 2007 with an annual growth of about 5 %. Within a five year period it is estimated that nanoparticle taxanes, to which Paclical® belongs, will comprise 60 % of the total taxane market.

There is no previous anticancer pharmaceutical registered for dogs and Oasmia now aims to register the first anticancer agent for dogs in the world.

FINANCIAL INFORMATION

Group income statement in brief

	2008	2007	2007/08	2006/07
SEKt	Feb-April	Feb-April	May-April	May-April
Net sales	17 934	12 524	71 158	22 387
Profit after tax	-130	-3 322	-5 067	-11 752
Basic and diluted earnings per share, SEK	0,00	-0,10	-0,16	-0,37

Net sales

Net sales for the financial year amounted to 71 158 SEKt (22 387 SEKt). The increase compared to previous year are partly contributable to the income of 25 703 SEKt that were procured in accordance with the license and distribution agreements that were closed with Orion Corporation during the year and partly to an increase in sales of parallel imported pharmaceuticals in the subsidiary Qdoxx Pharma AB.

Net sales for the fourth quarter amounted to 17 934 SEKt (12 524 SEKt). During the period income amounting to 7 037 SEKt were procured in accordance with the agreement with Orion Corporation concerning license and distribution rights for Paclical® Vet.

Work performed by the company for its own use and capitalized

The year's capitalized expenses for development costs regarding Phase III studies for the products Paclical® and Paclical® Vet amounted to 9 675 SEKt (14 484 SEKt).
For the year's fourth quarter the capitalized expenses amounted to 3 364 SEKt (4 377 SEKt).

Purchase of raw materials, consumables and goods for resale

Costs for purchase of raw materials, cosumables and goods for resale amounted to -45 310 SEKt (-22 621 SEKt) during the year and are mostly attributable to the business activity parallel import. With more sales the costs have increased significantly. At the end of the year the number of approved parallel imported products was 55 (33). Of these 33 (25) are marketed for sale. During the fourth quarter the costs were -10 275 SEKt (-12 393 SEKt).

Other external costs

Other external costs for the year amounted to -20 187 SEKt (-12 154 SEKt). For the year's fourth quarter the costs amounted to -5 344 SEKt (-3 617 SEKt). The costs are mostly attributable to products under development, that are in pre-clinical phase or Phase I/II. The costs are also attributable to material and labor costs for construction of a new cleanroom and auditing and consultation fees in connection to establishment of a noting prospectus for the list change to NGM Equity in September 2007.

Personnel costs

Personnel costs for the year increased to -17 530 SEKt (-10 559 SEKt). Corresponding costs for the fourth quarter amounted to -4 978 SEKt (-3 255 SEKt). During the year the number of employees increased with 11 persons to a total of 41 employees at the end of the period. The average number of full-time employees was during the financial year 37. Compensation to leading officers during previous year has amounted to 2 356 SEKt (543 SEKt). The increase is due to the compensations during the previous year was solely based on the CEO salary. During the financial year the company structure in Oasmia has changed and another four persons are considered to be officers.

Financial position

The liquid resources for the Group amounted as of April 30, 2008 to 10 379 SEKt (22 170 SEKt).

Cash flow from operating activities amounted to 9 SEKt (-23 322 SEKt) during the year and for the fourth quarter they amounted to 4 246 SEKt (-10 315 SEKt). Cash flow for the year was -11 791 SEKt (18 534 SEKt) and the fourth quarter cash flow was -935 SEKt (20 754 SEKt).

Equity amounted to 64 812 SEKt (69 879 SEKt).
Equity/assets ratio as of April 30 2008 was 74 % (79 %).

Investments

Investments for the year amounted to 12 601 SEKt (16 655 SEKt). In addition to capitalized expenditure for development 9 675 SEKt (14 484 SEKt), regarding the products Paclical® and Paclical® Vet investments in other intangible assets have made concerning patents and sale authorizations amounting to 1 226 SEKt (1 036 SEKt). The year's investments in property, plant and equipment amounted to 1 700 SEKt (1 136 SEKt) and those investments are, like the previous year, mostly attributable to development of the company production facilities and equipment. Depreciations for the year amounted to –2 727 SEKt (-2 521 SEKt).

Parent Company

Company net sales amounted to 26 246 SEKt (973 SEKt) and net financial income/expense amounted to -4 356 SEKt (-10 640 SEKt). Liquid assets amounted as of April 30 2008 to 10 352 SEKt (20 280 SEKt).

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Group Income statement

SEKt	Note	2008 Feb-April	2007 Feb-April	2007/08 May-April	2006/07 May-April
Net sales	2	17 934	12 524	71 158	22 387
Work performed by the company for its own use and capitalized		3 364	4 377	9 675	14 484
Other operating income		-17	0	65	
Raw material, consumables and goods for resale		-10 275	-12 393	-45 310	-22 621
Other external costs		-5 344	-3 617	-20 187	-12 154
Employee benefit expenses		-4 978	-3 255	-17 530	-10 559
Depreciation/amortization and impairment		-717	-656	-2 727	-2 521
Operating profit/loss		**-34**	**-3 020**	**-4 855**	**-10 986**
Financial income		46	1	462	21
Financial expanses		-142	-303	-674	-787
Financial items profit/loss		**-96**	**-302**	**-212**	**-766**
Profit before tax		**-130**	**-3 322**	**-5 067**	**-11 752**
Income tax		0	0	0	0
Profit/loss for the period		**-130**	**-3 322**	**-5 067**	**-11 752**
Attributable to:					
Parent company owners		-128	-3 323	-5 057	-11 748
Minority share holding		-1	1	-9	-4
Basic and diluted earnings per share, calculated on the profit attributable to Parent company share holders during the period (SEK per share)		0,00	-0,10	-0,16	-0,37

Group Balance Sheet

SEKt	2008 April 30	2007 April 30
ASSETS		
Non-current assets		
Property, plant and equipment	19 180	19 416
Capitalized expenditure for development	24 159	14 484
Other intangible assets	8 284	7 849
Current assets		
Inventories	19 121	18 318
Accounts receivable - trade	4 059	4 386
Other current receivables	772	833
Prepaid expenses and accrued income	1 717	1 373
Liquid assets	10 379	22 170
Total assets	**87 672**	**88 830**
EQUITY		
Equity and reserves attributed to Parent Company share holders		
Share capital	3 338	3 185
Other paid-up capital	95 767	95 919
Profit/loss brought forward	-34 389	-29 331
Minority shareholding	**97**	**106**
Total equity	**64 812**	**69 879**
LIABILITIES		
Non-current liabilities		
Borrowing	6 314	5 513
Deferred tax liabilities	8	8
Current liabilities		
Liabilities to credit institutions	5 241	2 461
Borrowing	2 933	2 933
Accounts payable - trade	3 933	4 564
Other current liabilities	2 153	1 966
Accrued expenses and deferred income	2 277	1 506
Total equity and liabilities	**87 672**	**88 830**

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Change in Group Equity

	2007/08 May-April	2006/07 May-April
Bal. b/f according to the balance sheet	69 879	20 582
Profit/loss for the period	-5 067	-11 752
Translation difference	0	-51
Refunded share holder contribution	-61 100	-34 904
Issue of new shares	61 100	34 904
Share holder contribution received	0	61 100
Amount at the end of the period	**64 812**	**69 879**

Cash flow statement for the Group

SEKt	2008 Feb-April	2007 Feb-April	2007/08 May-April	2006/07 May-April
Operating activities				
Operating profit/loss before financial items	-34	-3 019	-4 855	-10 986
Depreciations	717	655	2 727	2 521
Interest received	46	1	462	21
Interest paid	-142	-303	-674	-787
Cash flow from operating activities before working capital changes	**587**	**-2 666**	**-2 340**	**-9 231**
Working capital change				
Inventory change	-979	-9 597	-803	-15 645
Change in accounts receivables -trade	672	1 245	347	-4 087
Change in other current receivables	50	-56	-302	-12
Change in accounts payable -trade	2 837	2 340	-631	3 937
Change in other current operating liabilities	1 078	-1 581	3 739	1 716
Cash flow from operating activities	**4 246**	**-10 315**	**9**	**-23 322**
Investing activities				
Investments in intangible fixed assets	-3 396	-4 605	-10 901	-15 519
Investments in property, plant and equipment	-599	-168	-1 700	-1 136
Cash flow from investing activities	**-3 995**	**-4 773**	**-12 601**	**-16 655**
Financing activities				
Share holder contribution received	0	36 500	61 100	61 100
Issue of new shares	0	0	-61 100	0
Borrowings	-500	0	3 500	0
Repayment of loans	-685	-657	-2 699	-2 589
Cash flow from financing activities	**-1 185**	**35 843**	**801**	**58 511**
Cash flow for the period	**-935**	**20 754**	**-11 791**	**18 534**
Cash and cash equivalents at the beginning of the period	**11 313**	**1 416**	**22 170**	**3 635**
Cash and cash equivalents at the end of the period	**10 379**	**22 170**	**10 379**	**22 170**

Key ratios and other information

	2008 Feb-April	2007 Feb-April	2007/08 May-April	2006/07 May-April
Basic and diluted number of shares at the close of the period, in thousands	33 375	31 851	33 375	31 851
Weighted basic and diluted average number of shares, in thousands	33 375	31 851	32 613	31 425
Basic and diluted earnings per share, SEK	0,00	-0,10	-0,16	-0,37
Equity per share, SEK	1,94	2,19	1,94	2,19
Equity/assets ratio, %	74	79	74	79
Return on total assets, %	0	-4	-5	-18
Return on equity, %	0	-6	-8	-26
Number of employees at the end of the period	40	29	40	29

Definitions

Basic and diluted earnings per share: Result divided by the basic and diluted average number of shares

Equity per share: Equity corresponding to number of shares at the end of the period

Return on total assets: The operating profit/loss plus financial income as a percentage of average balance sheet total

Return on total equity: Operating profit/loss plus financial income in percent of the average balance sheet total

Return on equity: Net profit/loss in percent of average equity

Parent Company income statement

SEKt	2008 Feb-April	2007 Feb-April	2007/08 May-April	2006/07 May-April
Net sales	7 541	438	26 246	973
Work performed by the company for its own use and capitalized	3 364	4 377	9 675	14 484
Other operating income	-17	0	31	0
Raw material, consumables and goods for resale	-303	-391	-1 241	-1 516
Other external costs	-5 079	-3 346	-19 188	-11 431
Employee benefit expenses	-4 978	-3 254	-17 510	-10 373
Depreciation/amortization and impairment	-662	-606	-2 505	-2 312
Operating profit/loss	**-135**	**-2 781**	**-4 492**	**-10 175**
Other interest income and similar income	46	1	460	21
Interest expense and similar expense	-81	-131	-324	-486
Financial items profit/loss	**-34**	**-130**	**136**	**-465**
Profit before tax	**-169**	**-2 910**	**-4 356**	**-10 640**
Tax on profits for the period	0	0	0	0
Profit/loss for the period	**-169**	**-2 910**	**-4 356**	**-10 640**

Parent Company Balance Sheet

SEKt	2008 April 30	2007 April 30
ASSETS		
Non-current assets		
Property, plant and equipment	19 180	19 413
Capitalized expenditure for development	24 159	14 484
Other intangible assets	7 386	6 737
Financial assets	2 118	2 100
Current assets		
Inventories	37	37
Accounts receivable - trade	0	93
Receivables from group companies	14 825	17 676
Other receivables	713	763
Prepaid expenses and accrued income	1 373	1 117
Cash and bank balances	10 352	20 280
Total assets	**80 143**	**82 701**
EQUITY		
Restricted equity		
Share capital	3 338	3 185
Statutory reserve	4 620	4 620
Non-restricted equity		
Share premium reserve	95 767	34 819
Profit/Loss brought forward	-32 139	39 601
Loss for the Period	-4 356	-10 640
Total equity	**67 229**	**71 585**
LIABILITIES		
Non-current liabilities		
Borrowing	6 314	5 513
Current liabilities		
Borrowing	2 933	2 933
Accounts payable	650	656
Other current liabilities	740	508
Accrued expenses and deferred income	2 277	1 506
Total equity and liabilities	**80 143**	**82 701**
Contingent liabilities	8 000	8 473

Change in Parent Company equity

	2007/08 May-April	2006/07 May-April
Bal. b/f according to the balance sheet	71 585	22 444
Translation difference	0	-119
Refunded share holder contribution	-61 100	-34 904
Issue of new shares	61 100	34 904
Share holder contribution received	0	61 100
Group contribution paid	0	-1 200
Profit/loss for the period	-4 356	-10 640
Amount at the end of the period	**67 229**	**71 585**

NOTES

Note 1 Accountant policies

This interim report is established in accordance with IAS 34 Interim reporting. The group accounts for the Oasmia AB group has been established in accordance with the International Financial Reporting Standards (IFRS) in the form accepted by the EU and the Swedish Financial Accounting Standards Council recommendation RR 31, Interim reporting for Groups and the following reference to Chapter 9 in the Annual Accounts Act. The Parent Company accounts are established according to RR 32:06, Accountancy for juridical persons and the Annual Accounts Act. Oasmia has recalculated the historical financial information as of May 1, 2005 which is the date for transition to IFRS and the effects the recalculation of Income statements and Balance Sheets has had on the financial years 2005/2006 and 2006/2007 as well as the fourth quarter 2006/2007 are described in note 4. The accounting policies are described more in detail in the company listing prospectus September 18, 2007, which is available on the company website www.oasmia.com

Note 2 Segment reporting

The financial year May 1 2007 - April 30 2008

SEKt	Research and Development	Parallel import
Net sales	25 766	45 392
Work performed by the company for its own use and capitalized	9 675	0
Other operating income	31	34
Operating profit/loss	-4 510	-345

Note 3 Essential risks and uncertainty factors

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

Products
Because of the high development costs that are associated with the main business 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. The company's goal is to create firm agreements with its partners and long-term financial growth.

Licenses and agreements
License and Distribution Agreements with other companies contain clauses which states that parts of license revenues received may be subject to repayment by Oasmia. This refers to situations where Oasmia does not obtain product registration within six months after the agreed time or does not provide defined registration documentation within thirty days after registration. In such cases, the licensee may choose to annul the agreement at which all rights will be returned to Oasmia.

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
The company is listed 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.

Note 4 Transfer to IFRS

The preliminary effect of application of IFRS on the Group Income statment

SEKt	Financial year 2006-05-01 - 2007-04-30		
	Swedish account-ancy regulations	Effect of trans-fer to IFRS	IFRS
Net sales	22 387	0	22 387
Work performed by the company for its own use and c	14 430	54	14 484
Raw material and consumables	-22 621	0	-22 621
Other external costs	-12 070	-84	-12 154
Employee benefit expenses	-10 560	0	-10 560
Depreciation/amortization and impairment	-968	-1 553	-2 521
Operating profit/loss	**-9 402**	**-1 584**	**-10 986**
Financial income	21	0	21
Financial expenses	-376	-411	-787
Financial items profit/loss	-355	-411	-766
Profit before tax	**-9 757**	**-1 995**	**-11 752**
Income tax	0	0	0
Profit/loss for the year	**-9 757**	**-1 995**	**-11 752**
Attributable to:			
Parent company owners	-9 757	-1 991	-11 748
Minority share holding	0	-4	-4
Basic and diluted earnings per share calculated on the profit attributable to Parent company share holders during the period			
(SEK per share)	-0,31	-0,06	-0,37

The preliminary effect of application of IFRS on the Group Income statment

SEKt	The period 2007-02-01 - 2007-04-30		
	Swedish account-ancy regulations	Effect of trans-fer to IFRS	IFRS
Net sales	12 524	0	12 524
Work performed by the company for its own use and c	4 323	54	4 377
Raw material and consumables	-12 393	0	-12 393
Other external costs	-3 533	-84	-3 617
Employee benefit expenses	-3 255	0	-3 255
Depreciation/amortization and impairment	-268	-388	-656
Operating profit/loss	**-2 602**	**-418**	**-3 020**
Financial income	1	0	1
Financial expenses	-210	-93	-303
Financial items profit/loss	-209	-93	-302
Profit before tax	**-2 811**	**-511**	**-3 322**
Income tax	0	0	0
Profit/loss for the year	**-2 811**	**-511**	**-3 322**
Attributable to:			
Parent company owners	-2 811	-512	-3 323
Minority share holding	0	1	1
Basic and diluted earnings per share calculated on the profit attributable to Parent company share holders during the period			
(SEK per share)	-0,09	-0,02	-0,10

	Note	2007-04-30
Equity according to previously applied policies		**110 297**
Tangible assets	a	5 780
Financing of hire-purchase	a	-8 446
Impairment of capitalized development expenditures	b	-33 346
Depreciations and impairments of other intangible assets	c, d	-4 429
Business combinations	d	30
		-40 410
Tax effects of the above	d	-8
Total adjustment of equity		**-40 418**
Equity according to IFRS		**69 879**

When transferring to IFRS the company noticed that it had applied the previous accountancy policies in an erroneous way. The errors consist of activating items regarding capitalized expenditures for development and other intangible assets as well as recalculated a hire-purchase agreement according to item a-c below. Corrections of these errors has been carried out in connection to transfer to IFRS. In addition, some smaller errors have been identified during the current financial year mostly concerning the acquisition analysis of GlucoGene Pharma AB, which has also been corrected. The company will for tax 2008 correct these errors in the tax return at which no temporary differences between carried amounts and tax bases will exist.

a) Tangible assets
With access July 1, 2005 the Parent company entered a hire-purchase concerning a facility located in the property where the company has its main business activity. The facility was built by a company active in bioscience and consists of a production facility. The amortization period last to June 30, 2010 a period of five years. Access to the facility was carried out two months after the transfer date to IFRS. During the two latest financial years, the Group had, according to previously applied accountancy policies, accounted the facility as an asset valued to the total value of the payments made at every date. Any depreciations had not been made. The agreement with the seller did not contain any outspoken interest specification and no debt or interest was accounted for by the Group.

When transferring to IFRS the facility is accounted for by the Group in accordance with IAS 16 as a hire-purchase. The facility is disclosed to the cost of acquisition, that is to say, the total discounted amount of all future payments. At the same time a financial liability is accounted for concerning the not yet paid consideration. The financial liability is initially valued to is actual value and thereafter to amortized cost with application of the effective interest method. The financial liability has in the balance sheet been divided into a non-current part and a current part and is accounted for under the item Borrowing. The Group applies component depreciation for this facility, according to IAS 16, where every part of the facility that has a acquisition cost that is significant compared to the total acquisition cost that is depreciated separately.

The transfer to IFRS resulted in the following effects:

- As of admission the total amount of future payments are accounted for as Borrowing. The liability's original actual value was 16 613 SEKt. The applied effective rate was 4.25 %. The liabilities of the Group increased therefore at the admission with 16 613 SEKt.
- At the admission the asset is disclosed with its actual value which coincides with the same value as the financial liability, namely 16 613 SEKt. At the end of the financial year 2005/2006 the Tangible assets increased with 9 785 SEKt. The facility had during this financial year been depreciated with 828 SEKt.
- Depreciations has been applied as of the time of acquisition. The Group's depreciations increased therefore with 828 SEKt during the financial year 2005/2006 and with 993 SEKt during the financial year 2006/2007.
- Interest costs for the financial liabilities are accounted for as of the time of acquisition. The Group interest costs increased therefore with 422 SEKt during the financial year 2005/2006 and with 411 SEKt during the financial year 2006/2007.

b) Capitalized expenditure for development
Before the transition to IFRS the Group capitalized expenditures for development in earlier phases than Phase III. According to the company's applied accountancy principles according to IFRS, only those capitalized expenditures for development in Phase III or higher should be set up as an asset. In connection to the transition to IFRS the Group have thus carried capitalized expenditures for development as an expense before 2006-05-01 when these expenses did not concern projects that had reached Phase III. At the date of transition to IFRS the Group depreciated 22 826 SEKt directly against equity. During the financial year 2005/2006 the Group depreciated that financial year's capitalized expenditures with 10 518 SEKt over that year's results as these was not deemed to be in Phase III or higher. Since all Capitalized expenditure for development was not yet ready to be used, these has not begun depreciation and the removal of these assets did not affect respective year's depreciations.

c) Other intangible assets
Before the transition to IFRS, Other intangible assets consisted of patents, sales rights, manufacture licenses, authorization for clinical trials and authorization for wholesale trade. Depreciations had only been applied to sales rights. The depreciation time was 5 years. Sales rights concerns the right to sell pharmaceuticals in Sweden that have been imported form other countries, a k a parallel import.

Transition to IFRS resulted in the following effects at the date of transition:

- Off writing of previously capitalized manufacturing permits, authorization for clinical trials and authorization for wholesale trade to a total amount of 130 SEKt, when these assets were contributable to Capitalized expenditure for development that were not Phase III or higher.
- Accumulated depreciations of patents that should have been performed earlier have been accounted for retroactively directly against equity with 3 214 SEKt. Additional depreciations for patents amounted to 526 SEKt during the financial year 2005/2006 and 560 SEKt during the financial year 2006/2007.

d) Business combinations
During the financial year 2006/2007 the Parent company acquired 51% of the shares in GlocoGene Pharma AB. The book-keeping agency in charge of handling the group accounts before the transition to IFRS has not been fully able to explain how the acquisition was handled in the group accounts. Any analysis of the actual value for the acquired assets was not performed at the date of the acquisition. At the date of transition to IFRS the Group have, in accordance with IFRS 3, made a full acquisition analysis of the acquisition. This resulted in identification of a higher actual value attributable to a patent than was previously accounted for. The difference amounts to 31 SEKt. The difference between the actual value and the value previously accounted is depreciated during the remaining time of the patent. During the financial year 2006/2007 2 SEKt was depreciated.

e) Deferred tax
Transition effects attributable to d above has caused temporary differences between values accounted for and fiscal values. As the Group aims to correct the fiscal accounts to the return Tax 2008 concerning the items a-c above, ensuring that the fiscal values correspond to the values accounted for, there are no temporary differences for these adjustments, at which no deferred tax has been booked in these items. The transition to accounting according to IFRS has not had any effect on the Group's disclosed cash flow.

Company information

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Questions regarding the report are answered by Julian Aleksov, CEO
Phone: +46 18 50 54 40

Dividends

The Board does not intend to propose that dividends are provided for the financial year
May 1 2007- April 30 2008.

Annual accounts and Annual General Meeting

The annual accounts will be published at latest on August 29, 2008 and will be available in PDF-format on the company website www.oasmia.com

The annual accounts can also be ordered from Oasmia Pharmaceutical AB
Telephone: +46 18 50 54 40 or via e-mail: info@oasmia.com

Annual General Meeting will be held on September 12, 2008 in the company offices at Vallongatan 1, Uppsala. Summons to the meeting will be distributed at least four weeks before the meeting

Next reporting date

Annual Accounts, August 29, 2008

Interim report for the period May 1 – July 31 is published on September 16, 2008

This year-end report has been audited by the company auditors, Öhrlings PricewaterhouseCoopers.

The Board and the CEO for Oasmia Pharmaceutical AB ensures that the year-end report provides an accurate overview of the parent company's and the group's activities, position and results and describes essential risks and uncertainty factors that the parent company and the companies that are part of the group faces.

Uppsala, June 16, 2008

Bo Cederstrand, Chairman
Claes Piehl, Member
Peter Ström, Member
Julian Aleksov, Chief Executive Officer