Oasmia Pharmaceutical AB (publ)

YEAR-END REPORT

for the fiscal year May 2010 – April 2011 €

Pages 1-10 is a service to shareholders in the euro zone. It is not the official report in the functional currency of Oasmia, which is SEK, but the first ten pages of that report converted to EUR. The full official report will be found on pages 11-25.
The conversion of currency has been made by use of a convenience rate for all figures including those from previous periods. This rate is the closing rate as per April 30, 2011 which was 8.9110 SEK per one EUR.
The text in page 3 include a few figures in SEK because these are very firmly denominated in SEK.

THE FISCAL YEAR May 2010 – April 2011

- Consolidated Net sales amounted to € 12 thousands (3,450)[1]
- Operating income amounted to € -7,222 thousands (-1,679)
- Net income after tax amounted to € -7,402 thousands (-1,914)
- Earnings per share amounted to € -0.17 (-0.05)
- Comprehensive income amounted to € -7,402 thousands (-1,914)

- An agreement was closed with Baxter Oncology for future commercial production
- An application for registration of Paccal® Vet was submitted in EU and USA
- The share was listed at NASDAQ OMX Stockholm and at Frankfurt Stock Exchange

THE FOURTH QUARTER February 1 - April 30, 2011

- Consolidated Net sales amounted to € 0 thousands (618)
- Operating income amounted to € -2,442 thousands (-582)
- Net income after tax amounted to € -2,414 thousands (-605)
- Earnings per share amounted to € -0.05 (-0.02)
- Comprehensive income amounted to € -2,414 thousands (-605)

EVENTS AFTER CLOSING DAY

- License agreement signed for Paclical® in Israel and Turkey

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

KEY EVENTS DURING THE YEAR

HUMAN HEALTH

Paclical®

The international Phase III study on ovarian cancer which started in February 2009 has continued throughout the year. In the study, the company's pharmaceutical candidate Paclical® is compared to the well-known pharmaceutical Taxol®. The study comprises 87 clinics in 16 European countries and the number of patients is expected to be 650. The enrolment of patients was expected to be completed by the end of the fiscal year. It is now in the final stages.

Doxophos®

Doxophos® is a novel patented formulation of doxorubicin, one of the most effective and used substances for treatment of cancer. Currently, doxorubicin is used for treatment of 20 different types of cancer. Pre-clinical studies have been completed and based on these, the company has decided to initiate clinical Phase I studies with an estimated start in the fall.

Docecal®

Dococal® is a new patented formulation of docetaxel (Taxotere®) with improved chemical properties compared to Taxotere®. Oasmia intends to aim for the same indications as Taxotere® which are prostate cancer and breast cancer. Preparations are underway to begin a Phase I study with the product candidate in one year.

ANIMAL HEALTH

Paccal® Vet

In August 2010, Oasmia submitted an application of registration of Paccal® Vet in the EU and the USA for treatment of mastocytoma in dogs. The registration file states that the product will be manufactured in the in-house facility in Uppsala. The authority review is ongoing and none of these approvals had been obtained at the end of the period. The company is expecting information from the authorities in the near future which will enable us to make a better estimation of approval dates after the summer.

Doxophos® Vet

Doxophos ® Vet is intended for treatment of lymphoma in dogs. Oasmia has received approval from the regulatory authorities in Germany and Austria to start a Phase I study. The study will start during the summer.

THE COMPANY

Agreement with Baxter Oncology for future commercial production

In March 2011 Oasmia closed an agreement with Baxter Oncology to ensure future commercial large-scale production of the company products. The agreement currently concerns commercial production of the product candidates Paccal® Vet and Paclical® for the global market. Paccal® Vet will initially be manufactured in Oasmia's Uppsala facility. Technology and processes are currently being transferred to the Baxter facility in Halle, Westfahlen, Germany. The collaboration with Baxter is a very important step in Oasmia's growth strategy, may be expanded to include other product candidates in the Oasmia product portfolio and is an important step in accelerating the launch of the candidates.

Stock listings

Oasmia has been listed on two stock markets in the fiscal year and has therefore a dual listing. The first listing occurred in June 2010 on NASDAQ OMX Stockholm and the second listing occurred in January 2011 on the Frankfurt Stock Exchange, General Standard. Co-applicant in Frankfurt was Silvia Quandt & Cie. AG together with biw Bank für Investments und Wertpapiere AG. Oasmia is the first company to be listed on the regular stock list in Frankfurt (General Standard).

New share issue
In the end of 2010, Oasmia carried out an underwritten preferential share issue of about MSEK 239. The issue comprised about 14.5 million shares and the subscription price was SEK 16.50 per share. Before the issue, the number of shares was 37,612,858 and after the issue 52,079,341.

Credit facilities
In September 2010, the principal owner Oasmia S.A placed another SEK 40 million credit facility at Oasmia Pharmaceutical AB's disposal. A previous credit from the principal owner amounting to SEK 60 million was cancelled in December 2010 and expired in March 2011.

SEDA-agreement
In July 2010, the company closed a Standby Equity Distribution Agreement (SEDA-agreement) with YA Global Master SPV Ltd (YA Global), controlled by the US-based Yorkville Advisors LLC. The agreement states that YA Global has committed to provide up to SEK 75 million by purchase of newly issued Oasmia shares for a period of 36 months from the agreement closing date. There was no such issue in the fiscal year.

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Concentration of the development program
In order for the company to realize its full potential, all chosen product candidates must be in a stage of ongoing clinical trials by the end of the current fiscal year at the latest. I order to realize this, the management has decided to concentrate the development program.

The development within Human Health is now focused on three product candidates: Paclical®, Doxophos® and Docecal®. Carbomexx® is no longer a prioritized product candidate. The reason is that Carbomexx® is based on new active pharmaceutical ingredient and this entails a significantly more extensive development program.

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FINANCIAL PROSPECTS

Crucial for Oasmia's financial prospects are the registration dates for the products that the company develop. After submission of the application for registration, Oasmia is dependent on the pharmaceutical authorities' management of the case. The company cannot expedite the process in any other way than to submit answers to the authorities' questions, which may be asked at various times in the registration process, as quickly as possible.

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

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

The Board has set a goal that the debt/equity ratio shall not exceed 50 %. At the end of the fiscal year (April 30), the debt/equity ratio was 0%.

The business is financed with equity, credits and licensing. The management is continuously working with these instruments. The new share issue carried out in 2010 entails that the company currently is financed with equity.

BUSINESS ACTIVITIES

Oasmia develops a new generation of pharmaceuticals within human and veterinary oncology. The product development aims to manufacture novel formulations of well-established cytostatics which, compared to current alternatives, have improved properties, a reduced side-effect profile, and a wider therapeutic spectrum. The product development is based on in-house research within nanotechnology and company patents. The company's most essential patents are global and expire in 2023. Further patent applications have been submitted to protect Oasmia's technology and new formulations which could extend the patent protection to the year 2028.

The business model allows Oasmia to take responsibility for the supply chain – from product idea to final product and licensing of sales rights, to companies who have the right resources for marketing and sales.

The product candidates undergo clinical trials and the pharmaceuticals used in these are manufactured by Oasmia in the in-house production facility in Uppsala. The clinical trials are controlled by Oasmia personnel who commit clinics and contract research organizations (CRO). Thereafter, an application for registration of the product for sales on the market follows. In such an application, the product and its manufacturing process are included.

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For upcoming products, such as Paclical®, the intention is to apply for approval with a contract manufacturer as producer of the pharmaceutical from the beginning.

Final labelling, packing and distribution will be made from the in-house facility in Uppsala in order to ensure that all markets are continuously supplied with products.

FINANCAL INFORMATION

Consolidated Income Statement in brief

€ thousands	2011 Feb-April	2010 Feb-April	2010/11 May-April	2009/10 May-April
Net sales	0	618	12	3,450
Capitalized development cost	2,277	2,358	9,657	9,050
Operating income	-2,442	-582	-7,222	-1,679
Net income after tax	-2,414	-605	-7,402	-1,914
Earnings per share in €, before and after dilution	-0.05	-0.02	-0.17	-0.05
Comprehensive income for the period	-2,414	-605	-7,402	-1,914

Net sales
Net sales for the fiscal year amounted to € 12 thousands (3,450) and consisted only of compassionate sales of pharmaceuticals. Unlike the previous year, the group had no license revenues.

Capitalized development cost
Capitalized development cost consists of the company's investments in clinical Phase III trials. They amounted for the period to € 9,657 thousands (9,050). Capitalized development costs per product candidate are disclosed in note 3.

Operating expenses
The total operating expenses affecting cash flow amounted to € 16,381 thousands (13,766). Of these, 59 % (66) were capitalized as Capitalized development cost. The number of capitalized operating expenses has decreased successively since Paccal® Vet was submitted for registration.

The increase in operating expenses is attributable to an increase in preclinical studies, increased intensity in the Paclical® study, production development and an increased workforce. The number of employees at the end of the period was 68 (64).

Income for the period
Net income for the period was € -7,402 thousands (-1,914). The increase in loss is attributable to the fact that there were no license revenues in the period (previous year € 3,189 thousands) and to the expansion which resulted in increased operating expenses and a reduction in capitalized development cost.

The business activities of the Group have not been affected by seasonal variations or cyclic effects.

Financial position
The consolidated liquid assets at the end of the period amounted to € 5,824 thousands (603). Equity at the same time amounted to € 33,012 thousands (15,913). At the end of the period, the equity/assets ratio was 92 % (79) and the debt/equity ratio 0 % (7).

Cash flow and Capital expenditures
Cash flow from operating activities in the period amounted to € -6,464 thousands (-1,261). The change compared to the previous year consisted mainly of license revenues in the previous year and of increased expenditures in operations.

Capital expenditures amounted to € 11,072 thousands (9,574) where investments in intangible assets amounted to € 9,914 thousands (9,177) and investments in property, plant and equipment amounted to € 1,158 thousands (397). Investments in intangible assets consisted of capitalized development costs € 9,657 thousands and patents € 257 thousands. Investments in property, plant and equipment mainly concerned the production facility in Uppsala. In the current fiscal year, an extensive upscaling of the production facility was made.

The financing in the period was made by an increase in loans until the end of 2010 when a new share issue with preferential rights was carried out. The cash quantity of the share issue amounted to € 16,645 thousands after issue expenses. The remaining quantity of the share issue, € 7,855 thousands, was paid by Oasmia S.A, the principal owner of Oasmia, by offset of a claim by the corresponding amount. After the share issue, the company settled all interest bearing loans.

The parent company

The parent company net sales in the period amounted to € 12 thousands (3,234) and net income after tax amounted to € -7,406 thousands (-2,065). The parent company liquid assets at the end of the period amounted to € 5,822 thousands (597).

Key ratios and other information

	2011 Feb-April	2010 Feb-April	2010/11 May-April	2009/10 May-April
Number of shares at the close of the period (in thousands), before and after dilution*	52,079	38,403	52,079	38,403
Average number of shares (in thousands) before and after dilution*	52,079	38,403	44,061	36,550
Earnings per share in €, before and after dilution*	-0.05	-0.02	-0.17	-0.05
Equity per share, €*	0.63	0.41	0.63	0.41
Equity/Assets ratio, %	92	79	92	79
Net liability, € thousands	-5,824	1,062	-5,824	1,062
Debt/Equity ratio, %	-	7	-	7
Return on total assets, %	neg	neg	neg	neg
Return on equity, %	neg	neg	neg	neg
Number of employees at the end of the period	68	64	68	64

* Recalculation of historical values has been made with respect to capitalization issue elements in the preferential rights share issue carried out in the second quarter 2009/10 and third quarter 2010/11.

Definitions

Earnings per share, before and after dilution: The income for the period attributable to the equity holders of the parent company divided by a weighted average number of shares, before and after dilution.
Equity per share: Equity in comparison with the number of shares at the end of the period
Equity/assets ratio: Equity pertaining to the balance sheet total.
Net liability: Total borrowing (containing the balance sheet items Short-term and Long-term borrowings and liabilities to credit institutions) with deductions for liquid funds
Debt/Equity ratio: Net liability with respect to equity.
Return on total equity: Income for interest expenses pertaining to the average balance sheet total.
Return on equity: Income after financial items in relation to the average equity.

Consolidated Income statement

€ thousands	2011 Feb-April	2010 Feb-April	2010/11 May-April	2009/10 May-April
Net sales	0	618	12	3,450
Capitalized development cost	2,277	2,358	9,657	9,050
Other operating income	16	-	30	-
Raw materials, consumables and goods for resale	-746	-589	-1,809	-2,114
Other external expenses	-2,708	-1,937	-10,378	-8,351
Employee benefit expenses	-1,126	-917	-4,194	-3,301
Depreciation/amortization and impairment	-141	-107	-525	-405
Other operating expenses	-15	-8	-15	-8
Operating income	-2,442	-582	-7,222	-1,679
Financial income	28	0	54	46
Financial expenses	-1	-22	-235	-281
Financial items, net	27	-23	-181	-235
Income before taxes	-2,415	-605	-7,403	-1,914
Taxes	1	0	1	0
Income for the period	-2,414	-605	-7,402	-1,914
Income for the period attributable to:				
Equity holders of the Parent company	-2,414	-602	-7,402	-1,910
Non-controlling interest	-	-3	-	-4
Earnings per share:				
Before dilution, €	-0.05	-0.02	-0.17	-0.05
After dilution, €	-0.05	-0.02	-0.17	-0.05

Consolidated Statement of Comprehensive income

€ thousands	2011 Feb-April	2010 Feb-April	2010/11 May-April	2009/10 May-April
Income for the period	-2,414	-605	-7,402	-1,914
Comprehensive income for the period	-2,414	-605	-7,402	-1,914
Comprehensive income for the period attributable to:				
Equity holders of the Parent company	-2,414	-602	-7,402	-1,910
Non-controlling interest	-	-3	-	-4
Comprehensive Earnings per share:				
Before dilution, €	-0.05	-0.02	-0.17	-0.05
After dilution, €	-0.05	-0.02	-0.17	-0.05

Consolidated statement of financial position

€ thousands	2011-04-30	2010-04-30
ASSETS		
Non-current assets		
Property, plant and equipment	3,057	2,319
Capitalized development cost	25,464	15,807
Other intangible assets	1,041	903
Financial assets	0	0
Total Non-current assets	29,562	19,030
Current assets		
Inventories	-	11
Trade receivables	-	7
Other current receivables	240	235
Prepaid expenses and accrued income	320	276
Liquid assets	5,824	603
Total Current assets	6,384	1,131
TOTAL ASSETS	35,946	20,160
EQUITY		
Equity attributed to equity holders in the Parent Company		
Share capital	584	422
Other capital provided	46,389	22,051
Retained earnings	-13,962	-6,566
Total	33,012	15,907
Non-controlling interest	-	6
Total equity	33,012	15,913
LIABILITIES		
Non-current liabilities		
Other non-current liabilities	1,725	1,728
Deferred tax liabilities	-	1
Total Non-current liabilities	1,725	1,729
Current liabilities		
Liabilities to credit institutions	-	481
Short-term borrowings	-	1,184
Trade payables	430	233
Other current liabilities	157	134
Accrued expenses and prepaid income	622	486
Total Current liabilities	1,209	2,519
Total Liabilities	2,934	4,247
TOTAL EQUITY AND LIABILITIES	35,946	20,160

Contingent liabilities	5
Pledged assets	5

Consolidated statement of changes in equity

€ thousands	Share capital	Other paid-up capital	Retained earnings	Non-controlling interest	Total equity
	Attributable to equity holders in Parent company				
Opening balance as of May 1, 2009	376	11,138	-4,656	11	6,869
Comprehensive income for the period	-	-	-1,910	-4	-1,914
New share issues	46	11,493	-	-	11,539
Issue expenses	-	-580	-	-	-580
Closing balance as of April 30, 2010	422	22,051	-6,566	6	15,913
Opening balance as of May 1, 2010	422	22,051	-6,566	6	15,913
Comprehensive income for the year	-	-	-7,402	-	-7,402
Non-controlling interest	-	-	6	-6	0
New share issue	162	26,624	-	-	26,787
Issue expenses	-	-2,286	-	-	-2,286
Closing balance as of April 30, 2011	584	46,389	-13,962	0	33,012

Consolidated Cash flow statement

€ thousands	2011 Feb-April	2010 Feb-April	2010/11 May-April	2009/10 May-April
Operating activities				
Operating income before financial items	-2,442	-582	-7,222	-1,679
Depreciation/amortization	138	107	522	405
Impairment of inventory	11	0	11	34
Disposals of intangible assets	15	8	15	8
Interest received	28	0	54	46
Interest paid	-1	-22	-156	-244
Cash flow from operating activities before working capital changes	-2,251	-490	-6,776	-1,431
Change in working capital				
Change in inventories	-	0	-	267
Change in trade receivables	-	-6	7	255
Change in other current receivables	239	-63	-50	-193
Change in trade payables	-7	143	197	-107
Change in other current liabilities	104	107	159	-53
Cash flow from operating activities	-1,916	-309	-6,464	-1,261
Investing activities				
Investments in intangible fixed assets	-2,332	-2,392	-9,914	-9,177
Investments in property, plant and equipment	-145	-276	-1,158	-397
Cash flow from investing activities	-2,477	-2,667	-11,072	-9,574
Financing activities				
Increase in liabilities to credit institutions	-	481	-	-
Decrease in liabilities to credit institutions	-	-	-481	-344
Increase in long-term liabilities	-	-	-	1,725
New share issues	-	-	18,931	8,314
Issue expenses	-	-	-2,286	-580
New loans	-	1,184	6,592	2,806
Amortization of loans	-	-84	-	-594
Cash flow from financing activities	0	1,582	22,757	11,327
Cash flow for the period	-4,393	-1,395	5,221	492
Cash and cash equivalents at the beginning of the period	10,217	1,997	603	111
Cash and cash equivalents at the end of the period	5,824	603	5,824	603

Oasmia Pharmaceutical AB (publ)

YEAR-END REPORT
for the fiscal year May 2010 – April 2011

THE FISCAL YEAR May 2010 – April 2011

- Consolidated Net sales amounted to TSEK106 (30 741)[2]
- Operating income amounted to TSEK -64 353 (-14 961)
- Net income after tax amounted to TSEK -65 960 (-17 054)
- Earnings per share amounted to SEK -1,50 (-0,47)
- Comprehensive income amounted to TSEK -65 960 (-17 054)

- An agreement was closed with Baxter Oncology for future commercial production
- An application for registration of Paccal® Vet was submitted in EU and USA
- The share was listed at NASDAQ OMX Stockholm and at Frankfurt Stock Exchange

THE FOURTH QUARTER February 1 - April 30, 2011

- Consolidated Net sales amounted to TSEK 0 (5 505)
- Operating income amounted to TSEK -21 764 (-5 187)
- Net income after tax amounted to TSEK -21 513 (-5 387)
- Earnings per share amounted to SEK -0,41 (-0,14)
- Comprehensive income amounted to TSEK -21 513 (-5 387)

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The product candidates undergo clinical trials and the pharmaceuticals used in these are manufactured by Oasmia in the in-house production facility in Uppsala. The clinical trials are controlled by Oasmia personnel who commit clinics and contract research organizations (CRO). Thereafter, an application for registration of the product for sales on the market follows. In such an application, the product and its manufacturing process are included.

Oasmia's in-house production facility is used for production of pharmaceuticals for clinical trials. It may also be used for small scale commercial production of pharmaceuticals. The application submitted in the USA and EU for registration of Paccal® Vet is based on manufacture of the product in the facility in Uppsala. To provide the market with larger volumes in the future, Oasmia has closed an agreement with a contract manufacturer, Baxter Oncology, who has a much greater production capacity compared to the in-house facility. This kind of change in manufacturing unit requires a specific approval from pharmaceutical authorities.

For upcoming products, such as Paclical®, the intention is to apply for approval with a contract manufacturer as producer of the pharmaceutical from the beginning.

Final labelling, packing and distribution will be made from the in-house facility in Uppsala in order to ensure that all markets are continuously supplied with products.

FINANCAL INFORMATION

Consolidated Income Statement in brief

TSEK	2011 Feb-April	2010 Feb-April	2010/11 May-April	2009/10 May-April
Net sales	-	5 505	106	30 741
Capitalized development cost	20 291	21 010	86 049	80 643
Operating income	-21 764	-5 187	-64 353	-14 961
Net income after tax	-21 513	-5 387	-65 960	-17 054
Earnings per share (SEK), before and after dilution	-0,41	-0,14	-1,50	-0,47
Comprehensive income for the period	-21 513	-5 387	-65 960	-17 054

Net sales
Net sales for the fiscal year amounted to TSEK 106 (30 741) and consisted only of compassionate sales of pharmaceuticals. Unlike the previous year, the group had no license revenues.

Capitalized development cost
Capitalized development cost consists of the company's investments in clinical Phase III trials. They amounted for the period to TSEK 86 049 (80 643). Capitalized development costs per product candidate are disclosed in note 3.

Operating expenses
The total operating expenses affecting cash flow amounted to TSEK 145 970 (122 667). Of these, 59 % (66) were capitalized as Capitalized development cost. The number of capitalized operating expenses has decreased successively since Paccal® Vet was submitted for registration.

The increase in operating expenses is attributable to an increase in preclinical studies, increased intensity in the Paclical® study, production development and an increased workforce. The number of employees at the end of the period was 68 (64).

Income for the period
Net income for the period was TSEK -65 960 (-17 054). The increase in loss is attributable to the fact that there were no license revenues in the period (previous year TSEK 28 421) and to the expansion which resulted in increased operating expenses and a reduction in capitalized development cost.

The business activities of the Group have not been affected by seasonal variations or cyclic effects.

Financial position
The consolidated liquid assets at the end of the period amounted to TSEK 51 895 (5 372). Equity at the same time amounted to TSEK 294 171 (141 803). At the end of the period, the equity/assets ratio was 92 % (79) and the debt/equity ratio 0 % (7).

Cash flow and Capital expenditures
Cash flow from operating activities in the period amounted to TSEK -57 598 (-11 235). The change compared to the previous year consisted mainly of license revenues in the previous year and of increased expenditures in operations.

Capital expenditures amounted to TSEK 98 663 (85 315) where investments in intangible assets amounted to TSEK 88 342 (81 773) and investments in property, plant and equipment amounted to TSEK 10 321 (3 541). Investments in intangible assets consisted of capitalized development costs TSEK 86 049 and patents TSEK 2 292. Investments in property, plant and equipment mainly concerned the production facility in Uppsala. In the current fiscal year, an extensive upscaling of the production facility was made.

The financing in the period was made by an increase in loans until the end of 2010 when a new share issue with preferential rights was carried out. The cash quantity of the share issue amounted to TSEK 148 328 after issue expenses. The remaining quantity of the share issue, TSEK 70 000, was paid by Oasmia S.A, the principal owner of Oasmia, by offset of a claim by the corresponding amount. After the share issue, the company settled all interest bearing loans.

The parent company

The parent company net sales in the period amounted to TSEK 106 (28 817) and net income after tax amounted to TSEK -65 998 (-18 401). The parent company liquid assets at the end of the period amounted to TSEK 51 884 (5 320).

Key ratios and other information

	2011 Feb-April	2010 Feb-April	2010/11 May-April	2009/10 May-April
Number of shares at the close of the period (in thousands), before and after dilution*	52 079	38 403	52 079	38 403
Average number of shares (in thousands) before and after dilution*	52 079	38 403	44 061	36 550
Earnings per share in SEK, before and after dilution*	-0,41	-0,14	-1,50	-0,47
Equity per share, SEK*	5,65	3,69	5,65	3,69
Equity/Assets ratio, %	92	79	92	79
Net liability, TSEK	-51 895	9 467	-51 895	9 467
Debt/Equity ratio, %	-	7	-	7
Return on total assets, %	neg	neg	neg	neg
Return on equity, %	neg	neg	neg	neg
Number of employees at the end of the period	68	64	68	64

* Recalculation of historical values has been made with respect to capitalization issue elements in the preferential rights share issue carried out in the second quarter 2009/10 and third quarter 2010/11.

Definitions

Earnings per share, before and after dilution: The income for the period attributable to the equity holders of the parent company divided by a weighted average number of shares, before and after dilution.
Equity per share: Equity in comparison with the number of shares at the end of the period
Equity/assets ratio: Equity pertaining to the balance sheet total.
Net liability: Total borrowing (containing the balance sheet items Short-term and Long-term borrowings and liabilities to credit institutions) with deductions for liquid funds
Debt/Equity ratio: Net liability with respect to equity.
Return on total equity: Income for interest expenses pertaining to the average balance sheet total.
Return on equity: Income after financial items in relation to the average equity.

Consolidated Income statement

TSEK	Note	2011 Feb-April	2010 Feb-April	2010/11 May-April	2009/10 May-April
Net sales		0	5 505	106	30 741
Capitalized development cost		20 291	21 010	86 049	80 643
Other operating income		145	-	269	-
Raw materials, consumables and goods for resale		-6 646	-5 245	-16 120	-18 842
Other external expenses		-24 131	-17 263	-92 479	-74 412
Employee benefit expenses		-10 033	-8 170	-37 370	-29 413
Depreciation/amortization and impairment		-1 257	-957	-4 674	-3 612
Other operating expenses		-133	-68	-133	-68
Operating income		-21 764	-5 187	-64 353	-14 961
Financial income		253	-4	484	411
Financial expenses		-8	-197	-2 097	-2 505
Financial items, net		245	-201	-1 613	-2 094
Income before taxes		-21 520	-5 388	-65 967	-17 055
Taxes	2	7	0	7	0
Income for the period		-21 513	-5 387	-65 960	-17 054
Income for the period attributable to:					
Equity holders of the Parent company		-21 513	-5 360	-65 960	-17 016
Non-controlling interest		-	-27	-	-38
Earnings per share					
Before dilution, SEK		-0,41	-0,14	-1,50	-0,47
After dilution, SEK		-0,41	-0,14	-1,50	-0,47

Consolidated Statement of Comprehensive income

TSEK	Note	2011 Feb-April	2010 Feb-April	2010/11 May-April	2009/10 May-April
Income for the period		-21 513	-5 387	-65 960	-17 054
Comprehensive income for the period		-21 513	-5 387	-65 960	-17 054
Comprehensive income for the period attributable to:					
Equity holders of the Parent company		-21 513	-5 360	-65 960	-17 016
Non-controlling interest		-	-27	-	-38
Comprehensive Earnings per share					
Before dilution, SEK		-0,41	-0,14	-1,50	-0,47
After dilution, SEK		-0,41	-0,14	-1,50	-0,47

Consolidated statement of financial position

TSEK	Note	2011-04-30	2010-04-30
ASSETS			
Non-current assets			
Property, plant and equipment		27 243	20 665
Capitalized development cost	3	226 909	140 860
Other intangible assets		9 276	8 047
Financial assets		2	2
Total Non-current assets		263 430	169 574
Current assets			
Inventories		-	94
Trade receivables		-	60
Other current receivables		2 141	2 090
Prepaid expenses and accrued income		2 853	2 460
Liquid assets		51 895	5 372
Total Current assets		56 889	10 076
TOTAL ASSETS		320 319	179 650
EQUITY			
Equity attributed to equity holders in the Parent Company			
Share capital		5 208	3 761
Other capital provided		413 375	196 493
Retained earnings		-124 411	-58 509
Total		294 171	141 746
Non-controlling interest		-	57
Total equity		294 171	141 803
LIABILITIES			
Non-current liabilities			
Other non-current liabilities		15 373	15 397
Deferred tax liabilities		-	7
Total Non-current liabilities		15 373	15 404
Current liabilities			
Liabilities to credit institutions		-	4 289
Short-term borrowings	4	-	10 550
Trade payables		3 831	2 076
Other current liabilities		1 399	1 197
Accrued expenses and prepaid income		5 545	4 332
Total Current liabilities		10 775	22 443
Total Liabilities		26 148	37 847
TOTAL EQUITY AND LIABILITIES		320 319	179 650
Contingent liabilities	5		
Pledged assets	5		

Consolidated statement of changes in equity

TSEK	Attributable to equity holders in Parent company Share capital	Other paid-up capital	Retained earnings	Non-controlling interest	Total equity
Opening balance as of May 1, 2009	3 350	99 254	-41 493	95	61 207
Comprehensive income for the period	-	-	-17 016	-38	-17 054
New share issues	411	102 410	-	-	102 821
Issue expenses	-	-5 171	-	-	-5 171
Closing balance as of April 30, 2010	3 761	196 493	-58 509	57	141 803
Opening balance as of May 1, 2010	3 761	196 493	-58 509	57	141 803
Comprehensive income for the year	-	-	-65 960	-	-65 960
Non-controlling interest	-	-	57	-57	0
New share issue	1 447	237 250	-	-	238 697
Issue expenses	-	-20 369	-	-	-20 369
Closing balance as of April 30, 2011	5 208	413 375	-124 411	0	294 171

Consolidated Cash flow statement

TSEK	Note	2011 Feb-April	2010 Feb-April	2010/11 May-April	2009/10 May-April
Operating activities					
Operating income before financial items		-21 764	-5 187	-64 353	-14 961
Depreciation/amortization		1 233	957	4 650	3 612
Impairment of inventory		94	-	94	300
Disposals of intangible assets		133	68	133	68
Interest received		253	-4	484	411
Interest paid		-8	-197	-1 392	-2 178
Cash flow from operating activities before working capital changes		-20 060	-4 364	-60 385	-12 748
Change in working capital					
Change in inventories		-	-	-	2 383
Change in trade receivables		-	-52	60	2 277
Change in other current receivables		2 128	-563	-445	-1 722
Change in trade payables		-65	1 273	1 756	-950
Change in other current liabilities		925	951	1 415	-475
Cash flow from operating activities		-17 072	-2 754	-57 598	-11 235
Investing activities					
Investments in intangible fixed assets		-20 783	-21 311	-88 342	-81 773
Investments in property, plant and equipment		-1 291	-2 456	-10 321	-3 541
Cash flow from investing activities		-22 074	-23 767	-98 663	-85 315
Financing activities					
Increase in liabilities to credit institutions		-	4 289	-	-
Decrease in liabilities to credit institutions		-	-	-4 289	-3 067
Increase in long-term liabilities		-	-	-	15 373
New share issues		-	-	168 697	74 083
Issue expenses		-	-	-20 369	-5 171
New loans	4	-	10 550	58 745	25 007
Amortization of loans		-	-745	-	-5 290
Cash flow from financing activities		0	14 094	202 784	100 934
Cash flow for the period		-39 146	-12 427	46 523	4 384
Cash and cash equivalents at the beginning of the period		91 041	17 799	5 372	988
Cash and cash equivalents at the end of the period		51 895	5 372	51 895	5 372

Parent Company Income statement

TSEK	Note	2011 Feb-April	2010 Feb-April	2010/11 May-April	2009/10 May-April
Net sales		-	5 505	106	28 817
Capitalized development cost		20 291	21 010	86 049	80 643
Other operating income		121	-	245	125
Raw materials, consumables and goods for resale		-6 646	-5 181	-16 080	-15 869
Other external expenses		-24 072	-17 168	-92 271	-74 051
Employee benefit expenses		-10 033	-8 170	-37 370	-29 413
Depreciation/amortization and impairment of property, plant, equipment and intangible assets		-1 199	-902	-4 486	-3 385
Operating income		-21 538	-4 905	-63 806	-13 133
Result from participations in Group companies	6	-288	-1 920	-578	-3 570
Other interest revenues and similar revenues		253	-4	483	411
Interest cost and similar costs		-8	-197	-2 097	-2 109
Financial items, net		-43	-2 121	-2 192	-5 268
Income after financial items		-21 582	-7 025	-65 998	-18 401
Taxes	2	-	-	-	-
Income for the period		-21 582	-7 025	-65 998	-18 401

Parent Company Balance Sheet

TSEK	Note	2011-04-30	2010-04-30
ASSETS			
Non-current assets			
Intangible fixed assets			
Capitalized development cost	3	226 909	140 860
Concessions, patents, licenses, trademarks and similar rights		9 180	7 630
Property, plant and equipment			
Equipment, tools, fixtures and fittings		27 243	20 665
Financial assets			
Participations in group companies	6	110	298
Receivables from group companies		5	4
Other securities held as non-current assets		1	1
Total Non-current assets		263 448	169 458
Current assets			
Inventories			
Raw materials and consumables		-	94
		0	94
Current receivables			
Trade receivables		-	60
Receivables from group companies	4	89	370
Other current receivables		2 140	2 019
Prepaid expenses and accrued income		2 748	2 332
		4 977	4 782
Cash and bank balances		51 884	5 320
Total current assets		56 861	10 196
TOTAL ASSETS		320 309	179 653
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital		5 208	3 761
Statutory reserve		4 620	4 620
		9 828	8 381
Non-restricted equity			
Share premium reserve		413 375	196 493
Retained earnings		-63 030	-44 628
Income for the period		-65 998	-18 401
		284 347	133 464
Total equity		294 175	141 845
Non-current liabilities			
Other non-current liabilities		15 373	15 373
Total non-current liabilities		15 373	15 373
Current liabilities			
Short term borrowings	4	-	10 550
Trade payables		3 818	2 068
Liabilities to Credit institutions		-	4 289
Other current liabilities		1 399	1 197
Accrued expenses and prepaid income		5 545	4 332
Total Current liabilities		10 761	22 435
TOTAL EQUITY AND LIABILITIES		320 309	179 653
Contingent liabilities and pledged assets			
Contingent liabilities	5	-	-
Pledged assets	5	8 000	5 000

Parent Company changes in equity

TSEK	Restricted equity: Share capital	Restricted equity: Statutory reserve	Non-restricted equity	Total equity
Opening balance as of May 1, 2009	3 350	4 620	54 626	62 596
New share issue	411	-	102 410	102 821
Issue expenses	-	-	-5 171	-5 171
Income for the period	-	-	-18 401	-18 401
Closing balance as of April 30, 2010	3 761	4 620	133 464	141 845
Opening balance as of May 1, 2010	3 761	4 620	133 464	141 845
New share issues	1 447	-	237 250	238 697
Issue expenses	-	-	-20 369	-20 369
Income for the period	-	-	-65 998	-65 998
Closing balance as of April 30, 2011	5 208	4 620	284 347	294 175

Note 1 Accounting policies

This interim report is established in accordance with IAS 34, Interim Reporting and the Securities market Act. The consolidated accounts have been established in accordance with the International Financial Reporting Standards (IFRS) such as they have been adopted by the EU and interpretations by the International Financial Reporting Interpretation Committee (IFRIC) RFR 1, Complementary accounting regulations for Groups and the Annual Accounts Act. The Parent Company accounts are established in accordance with RFR 2, Accounting for legal entities and the Annual Accounts Act. The Group and Parent company accounting policies and calculation methods are unchanged compared to the ones described in the Annual Report for the fiscal year May 1 2009 – April 30 2010 with exception for new and revised accounting standards applied from May 1 2010. Of these, the following standards have had effects on the Oasmia financial statements:

Revised IFRS 3 Operational acquisitions and IAS 27 Consolidated accounting and separate financial statements:
In accordance with the revised IFRS 3 and the revised IAS 27, acquisitions of other shares in a subsidiary are accounted for after a controlling interest has been achieved as an equity transaction with the owners.
The revision of IAS 27 has meant that the denotation “minority interest” has been changed to “Non-controlling interest”.

Note 2 Taxes

The Group has accumulated losses carried forward amounting to TSEK 162 806 (96 979) and the Parent Company has similar amounting to TSEK 153 607 (88 321). Of the total losses carried forward for the Group, TSEK 17 881 (17 881) are restricted for use through group contributions. This limitation will end by the 2014 tax assessment. The future tax effect of these losses carried forward has not been marked with a value and no deferred tax asset has been considered in the Balance Sheet.

Note 3 Capitalized development cost

TSEK	2011-04-30	2010-04-30
Paclical®	145 858	76 227
Paccal® Vet	81 051	64 633
Total	226 909	140 860

Note 4 Transactions with related parties

Essential transactions with related parties are disclosed below.

The principal owner Oasmia S.A has provided Oasmia with a credit facility amounting to MSEK 40. The credit facility is valid until August 2011 and is automatically extended with 12 months of the credit is not cancelled by either party 3 months before the term expiration date at the latest. The contract interest amounts to 6 %. In the period March – October 2010, the company continuously used parts of provided credit facilities, which amounted to MSEK 100 at that time. Oasmia S.A used outstanding loans receivables and interest amounting to TSEK 70 000 as payment for subscribed shares in the preferential rights new share issue carried out in November 2010. As of April 30, 2011 the company had no liabilities to Oasmia S.A. As of April 30 2010, the company has used TSEK 10 550 of then provided credits from Oasmia S.A.

Oasmia’s claim in the subsidiary Qdoxx Pharma AB amounted as of closing day to TSEK 89 (TSEK 370). Oasmia has in the period made a group contribution to Qdoxx Pharma AB of TSEK 390 (1 750), where TSEK 100 (1 000) in the fourth quarter. See also note 6.

Note 5 Contingent liabilities and Pledged assets

The parent company has made a floating charge of MSEK 8 to a bank as security for a MSEK 5 bank overdraft and limit for a MSEK 3 exchange derivative.

Note 6 Participations in group companies

On April 30, 2011 Oasmia acquired the remaining 49 % of the shares in the subsidiary GlucoGene Pharma AB. The purchase price was SEK 1. The net assets accounted for in GlucoGene Pharma AB were TSEK – 3 and the value of the acquired additional holding was accounted for as TSEK -2. The difference of TSEK -2 between the paid purchase price and the value accounted for of the acquired holding was accounted for against profits carried forward. After the acquisition, Oasmia owns 100 % of the shares and votes in GlucoGene Pharma AB.

Impairments of participations in the subsidiary GlucoGene Pharma AB amounting to TSEK 188 (-) has been made as of closing day.

Impairments of participations in the wholly owned subsidiary Qdoxx Pharma AB has been made in the period corresponding to group contributions amounting to TSEK 390 (3 570) as the reason for the group contribution was to cover losses in the subsidiary.

The impairments are accounted for in the Parent company Income statement in the item Result from participations in group companies.

Note 7 Risk factors

The Group is subjected to a number of different risks through its business. By creating awareness of the risks involved in the activities these risks can be limited, controlled and managed and at the same time as business opportunities can be utilized to increase earnings. The risks to Oasmia's business activities are described in the Annual report for the fiscal year May 1 2009 – April 30 2010. No additional risks beyond those described therein have been judged significant.

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

Uppsala June 10, 2011

Björn Björnsson, Chairman

Claes Piehl, Member

Peter Ström, Member

Bo Cederstrand, Member

Julian Aleksov, Member and Chief Executive Officer

The information in this Year-end report is such that Oasmia Pharmaceutical (publ) must publish according to the code of trade in financial instruments. The information was delivered for publication on June 10, 2011 at 09.00.

This report has been prepared in both Swedish and English. In the event of any discrepancy in the content of the two versions, the Swedish version shall take precedence.

This Year-end report has not been reviewed by the company auditors.

Dividends
The Board of Directors does not intend to propose any dividends for the fiscal year May 1, 2010 – April 30, 2011.

Annual Report
The Annual Report will be published on August 25, 2011 and will be available on the company website www.oasmia.com. The Annual Report may also be requested from Oasmia Pharmaceutical AB by phone +46 18 50 54 40 or by e-mail info@oasmia.com

Annual General Meeting
The Annual General Meeting will be held on September 30, 2011 in the company offices in Uppsala. A notice for the Meeting is distributed four weeks before the Meeting at the latest. For more information, see the company website www.oasmia.com

COMPANY INFORMATION
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Questions concerning the report are answered by:
Julian Aleksov, CEO
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UPCOMING REPORT DATES

Annual Report May 2010 – April 2011	2011-08-25
Interim report May – July 2011	2011-09-08
Interim report May – October 2011	2011-12-08
Interim report May 2010 – January 2012	2012-03-08