
Oasmia Pharmaceutical AB (publ)

INTERIM REPORT FOR THE PERIOD 1 May 2006 – 31 October 2006

Interim report in brief for the period 1 May 2006 – 31 October 2006

- o The Group's net sales increased to TSEK 3,653 (240).
- o Profit/loss after taxes amounted to TSEK –4,299 (-3,115).
- o Earnings per share was negative.
- o Operating income amounted to TSEK –4,242 (-2,985).
- o The equities/assets ratio is 91% (78%)
- o The Liquidity is 81% (34%)
- o The profit estimate for the period 1 May – 31 October 2007 is still valid

Significant events during the period

During the period, Oasmia has obtained Orphan Drug designation for the product OAS-PAC-100 (paclitaxel micellar) for the indication ovarian cancer, by the European Medicines Agency, EMEA. The approval entails a 10-year protection against direct competition on the indication when market authorisation is approved. The market value is about 1 billion euros. The approval is a major step for Oasmia and its oncology portfolio.

Strong clinical results for Paclical[®]

During the period, Oasmia has acquired 51% of the company GlucoGene Medical HFM AB. The purpose is to further develop substances for cancer treatment discovered by GlucoGene and thereby strengthen Oasmia's oncology portfolio. GlucoGene's research and development is focused on the use of xylocides for cancer treatment.

The special (non-public) issue of new shares that was decided at the Annual general meeting on 15th September 2006 has been conducted. Through settlement per contra, the number of shares has increased to 31 851 310 and the company's balance sheet has been strengthened with SEK 34 903 710. The share capital amounts to SEK 3 185 310.

Oasmia Pharmaceutical's patented product Carbomexx[®] is ready for clinical studies which are planned for the first quarter of 2007. Carbomexx[®] is Oasmia's second, strategically important product for cancer treatment. The product contains carboplatin, one of the most commonly used anti-cancer substances world-wide which is part of most standard treatment protocols for chemotherapy for instance against ovarian and breast cancer.

Significant events after the end of the period

The company has, after the end of the period, continued negotiations with strategic partners for future sales and markets. Before summer 2007, Oasmia expects to have these significant, long-term partners in place.

After the end of the period, Oasmia has initiated a regulatory process with FDA in the US for the product Paclical.

Financing

The company's operations have been financed with funds from the company's shareholders.

Number of outstanding shares

The number of shares amounts to 31 851 310.

Investments

During the financial year, investments were made in development of the product Paclical (TSEK 6,594), manufacturing permits and tangible fixed assets (TSEK 1,761).

Results, financial position and cash flow

	1 May 2006- 31 Oct 2006	1 May 2005- 31 Oct 2005
Net profit/loss	-4,299	-3,115
Liquidity	81 %	34 %
Equity/assets ratio	91 %	78 %
Cash flow	-2065	-844

Contingent liabilities and pledged assets

Oasmia has contingent liabilities with the subsidiary Qdoxx Pharma AB amounting to MSEK 3.

Personnel

The company's average number of employees for the period was 22. At the end of the period, there were 23 employees.

Future development

The company's development has during the period continued in a very positive direction, and several important steps have been taken to secure a future development in line with the strategic plans that have been determined. The management's prognosis of a turnover of SEK 125 million for the current year is still valid.

Parent Company

Operations in the Parent Company, Oasmia Pharmaceutical AB (publ), comprise research and development, sales and production of the company's own pharmaceutical products, chiefly within the area of oncology.

The company's net sales amounted to SEK 286 and the profit/loss after financial items amounted to TSEK –4,041. The development of results during the period is due to the fact that the company invested in a production facility and organizational development, as well as having executed significant investments in product development. Sales during the period were still limited but rising, as the company's products are unregistered. Liquid funds amount to TSEK 1,341. The company's borrowings amount to SEK 0.

Accounting principles

This year-end report has been prepared in accordance with the Swedish Financial Accounting Standards Council's recommendation RR 20, Financial Reporting.

Research and development

Expenses for research are immediately written off. Expenses regarding the development of Oasmia's product Paclical have been capitalized as an intangible asset to the extent the assets can, with a high degree of certainty, be expected to generate future financial benefits. The acquisition costs for such intangible assets are depreciated over the assets' estimated useful lifetimes. Other development expenses are written of as they arise.

Consolidated Income Statement

	May- Oct 2006	May- Oct 2005	Nov- April 2006	Nov- April 2005
Net sales	3,653	240	613	
Own work capitalised	6,594	5,220	5,259	2,573
	10,246	5,460	5,872	2,573
Operating expenses				
Raw materials and consumables	-3,899	-3,047	-2,779	-1,238
Other external expenses	-5,744	-2,881	-5,502	- 1606
Personnel costs	-4,439	-2,517	-3,085	-2,042
Amortisation/Depreciation and write-downs of intangible/tangible fixed assets	-360	0	-307	-208
Operating expenses	-47	0	0	0
	-14,489	-8,445	-11,673	-5,094
Operating profit/loss	-4,242	-2,985	-5,081	- 2,521
Income from financial assets	8	0	6	5,930
Income from financial liabilities	-66	-192	-213	-40
Total income from financial investments	-58	-192	-207	5,890
Profit/loss after financial items	-4,299	-3,176	-6,008	3,215
Tax on profit for the period				
Share of income for the year attributable to minority interests	0	62	0	11
Net profit/loss for the period	-4,299	-3,115	-6,008	3,226
Earnings per share before dilution	neg	neg	neg	0.104
Earnings per share after dilution	neg	neg	neg	0.104
Number of shares before dilution (thousands)	31,851	31,000	31,000	31,000
Number of shares after dilution (thousands)	31,851	31,000	31,000	31,000
Average number of shares after dilution (thousands)	31,000	31,000	31,000	31,000
Average number of shares after dilution (thousands)	31,851	31,000	31,000	31,000

Depreciation/amortisation for the period amounts to 360 0 307 208

Consolidated Balance Sheet

	31 Oct 2006	31 Oct 2005	30 April 2006	30 April 2005
ASSETS				
Fixed assets				
Capitalised expenditure for research and development and similar work	39,992	28,047	33,344	22,826
Concessions, patents, licenses, trademarks and similar rights	11,598	10,584	11,256	10,559
Goodwill	<u>68</u>	<u>0</u>	<u>0</u>	<u>0</u>
	51,658	38,630	44,600	33,385
Equipment, tools, fixtures and fittings	12,014	6,366	10,253	207
Total fixed assets	63,672	44,996	54,853	33,592
Current assets				
Inventories	4,288	0	2,674	0
Receivables	3,580	1,984	2,537	497
Cash and bank balances	<u>1,565</u>	<u>1,127</u>	<u>3630</u>	<u>1,971</u>
Total current assets	9,433	3,110	8,841	2,468
Total assets	73,105	48,106	63,695	36,060
EQUITY AND LIABILITIES				
Equity	66,699	39,092	58,898	31,399
Minority interests	27	42		
Current liabilities				
Bank overdraft facilities	1,901	0	2,938	0
Accounts payable - trade	2,738	2,582	626	557
Other current liabilities	869	5,738	354	3,368
Accrued expenses and deferred income	<u>871</u>	<u>736</u>	<u>879</u>	<u>736</u>
Total current liabilities	6,378	9,056	4,797	4,661
Total equity and liabilities	73,105	48,106	63,694	36,060
Pledged assets	0	0	0	0
Contingent liabilities	3,000	3,000	3,000	None

Cash Flow Statement for the Group

	May- Oct 2006	May-Oct 2005	May- April 2005/ 2006	May- April 2004/ 2005
Cash flow from operating activities				
Operating profit/loss	-4,242	-2,985	-6,912	-3,329
Adjustment for items not included in the cash flow, etc	352	-71	615	415
Interest, dividends and Tax	-57	-192	-395	6,072
Changes in working capital	<u>-3,063</u>	<u>2,908</u>	<u>-7,559</u>	<u>3369</u>
Cash flow from operating activities	-7,010	-340	-11,271	6,529
Investing activities				
Acquisition of subsidiaries	-99	0	-25	-75
Acquisition of other fixed assets	-8,953	-11,404	-11,790	-5,535
Cash flow from investing activities	-9,052	-11,404	-21,974	-5,610
Financing activities				
Additional/diminution liabilities	1,897	0	-0	- 3,736
Shareholder contribution	12,100	10,900	34,904	4,000
Cash flow from financing activities	13,997	10,900	34,904	264
Cash flow during 2006	-2,065	-844	1,659	1 184
Cash and cash equivalents at beginning of the year	3,630	1,971	1,971	665
Exchange rate differences in cash and cash equivalents	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash and cash equivalents at the end of the period	1,565	1,127	3,630	1,849

Company details

This year-end report is issued by Managing Director Julian Aleksov, on the authorization of the Board of Directors.

Oasmia Pharmaceutical AB's Corporate Identity Number is 55332-6676.

The main office's address, telephone number and Internet address are:

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Annual report and annual general meeting

Information regarding the annual report and annual general meeting will be published in connection with the upcoming report on 15th June 2007.

Next report

The report for the period 1st May 2006 – 31st April 2007 will take place on 15th June 2007.

Signing

Bo Cederstrand, Claes Piehl, Julian Aleksov, Peter Ström

The year-end report has been reviewed by the company's auditors, Öhrlings PricewaterhouseCoopers.