

Oasmia Pharmaceutical AB (publ)

YEAR-END REPORT FOR THE PERIOD 1 May 2006 – 30 April 2007

Year-end report in brief for the period 1 May 2006 – 30 April 2007

- o The Group's net sales increased to TSEK 22 387 (853).
- o Profit/loss after taxes amounted to TSEK -9 757 (-7,307).
- o Earnings per share was negative.
- o Operating income amounted to TSEK -9 402 (-6 912).
- o Liquidity amounted to 274% (130%)
- o Equity/assets ratio 91% (92%)
- o Dividends per share are proposed at SEK 0.

Significant events during the period

The human phase I/II study for Paclical[®] has been finalized. The results show that Paclical[®] gives less side-effects and can thus be given in higher doses than corresponding products available on the market today. The results of the study will be presented at the European Cancer Conference (ECCO 14) in Barcelona in September 2007. The product is now entering phase III.

The results of clinical studies for Paclical[®] Vet, Oasmia's first product within animal health, were presented at the annual ESVONC conference in Cambridge in March 2007. The results are very strong and indicate a great potential for this product. Paclical[®] Vet is currently in clinical phase III-studies, and has received much international interest. The goal is to finalise on-going phase III studies and apply for registration within the EU in the second half of 2007. Today there is no registered chemotherapy in veterinary medicine. Oasmia has a great opportunity to be the first company in the world to register a cytostatic product for the dog.



Oasmia has proceeded into the final stage of negotiations with several international pharmaceutical companies regarding licensing of Paclical[®] and Paclical[®] Vet. Confirmation of the potential of the Oasmia product portfolio received through positive study results during the period have greatly contributed to the progress of these negotiations.

Furthermore, Oasima has prepared another three products for entry into clinical phase. These products are based on the same platform as Paclical[®]. All products are protected by international patents that expire 2023 and onwards. The market for these products corresponds together to 80 % of standard treatments of cancer in the world.

Oasmia has strengthened its organization in all areas. The number of employees was increased by 10 during the period. The company plans further recruitment during 2007, mostly within the division of clinical research but also within R&D.

The subsidiary Odoxx Pharma has, due to delays in concerned authorities' processing times, (12-14 months), now established its operations and is developing according to plan.

During the period, Oasmia has acquired 51% of the company GlucoGene Pharma AB. The purpose is to further develop substances for cancer treatment discovered by GlucoGene and thereby strengthen Oasmia's oncology portfolio and the company's long-term research. GlucoGene's research and development is focused on the use of xylocides for cancer treatment. The company has projects in pre-clinical phase, using substances that has potential for treatment of brain tumours.

The company's development during the period has been positive, above all regarding confirmations of the significance and potential of the product portfolio.

Oasmia has carried out all preparations to change list for the company share to NGM Equity. The change is planned to the 14th of September 2007. From the 1st of May 2007, Oasmia is using IFRS-standards for accounting as a part of these preparations.



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 14,484) and tangible fixed assets (TSEK 4,136).

Results, financial position and cash flow

	1 May 2006– 30 Apr 2007	1 May 2005– 30 Apr 2006
Net profit/loss	- 9 757	-7,307
Liquidity	274%	130 %
Equity/assets ratio	91%	92 %
Cash flow	18,539	1,659

Contingent liabilities and pledged assets

Oasmia has contingent liabilities with the subsidiary Qdoxx Pharma AB amounting to MSEK 8.

Personnel

The company's average number of employees for the period was 23. At the end of the period, there were 30 employees.

Remuneration to senior management

Remuneration to senior management amounted to TSEK 543.



Future development

The market for the Oasmia oncology portfolio amounts to 20 billion USD, with a 14% growth in 2005. Of this amount, taxanes, which is the product group to which the Oasmia product Paclical® belongs, represents 1,8 billion USD.

With respect to the product Paclical® Vet, the market amounts to (calculated on the number of dogs 6 years old or above where 40 % is diagnosed with cancer in USA and Europe) 1,5 billion USD.

Paclical® is in an advanced stage of the clinical phase, and is being prepared for clinical studies for registration. The size of the market, the solid patent portfolio of Oasmia and the great interest in the portfolio among leading medical companies means that Oasmia's management considers the potential of the company to be substantial.

Parent Company

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

The company's net sales amounted to TSEK 973 and the profit/loss after financial items amounted to TSEK –8,655. 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 clinical development of the product Paclical®. Sales during the period were quite limited, as the company's products are unregistered. Liquid funds amount to TSEK 20,280. 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 off as they arise.



Consolidated Income Statement

	May- April 2007	May- April 2006	Nov-April 2007	Nov-April 2006
Net sales	22,387	853	18,734	613
Own work capitalised	14,430	10,518	7,836	5,259
	<u>36,817</u>	<u>11,371</u>	<u>26,570</u>	<u>5,872</u>
Operating expenses				
Raw materials and consumables	-22,621	-5 447	-18,722	-2,779
Other external expenses	-12,070	-6,371	-6,326	-5,502
Personnel costs	-10,559	-5,850	-6,120	-3,085
Amortisation/Depreciation and write-downs of intangible/tangible fixed assets	-968	-615	-608	-307
Other operating costs			-47	
	<u>-46,219</u>	<u>-18,284</u>	<u>-31,730</u>	<u>-11,673</u>
Operating profit/loss	-9,402	-6,912	-5,160	-5,081
Income from financial assets	21	10	13	6
Income from financial liabilities	-376	-405	-310	-213
Total income from financial investments	<u>-355</u>	<u>-395</u>	<u>-297</u>	<u>-207</u>
Profit/loss after financial items	-9,757	-7,307	-5,457	-6,008
Tax on profit for the period				
Share of income for the year attributable to minority interests	0		0	
Net profit/loss for the period	-9,757	- 7,307	-5,457	-6,008
Earnings per share before dilution	neg	neg	neg	neg
Earnings per share after dilution	neg	neg	neg	neg
Number of shares before dilution (thousands)	31,851	31,000	31,851	31,000
Number of shares after dilution (thousands)	31,851	31,000	31,851	31,000
Average number of shares after dilution (thou- sands)	31,851	31,000	31,851	31,000
Average number of shares after dilution (thou- sands)	31,851	31,000	31,851	31,000
Depreciation/amortisation for the period amounts to	968	615	608	307



Consolidated Balance Sheet

	30 April 2007	30 April 2006
ASSETS		
Fixed assets		
Other intangible fixed assets	60,088	44,600
Tangible fixed assets	13,624	10,253
Total fixed assets	73,713	54,853
Current assets		
Inventories	18,318	2,674
Receivables	6,593	2,537
Cash and bank balances	<u>22,170</u>	<u>3630</u>
Total current assets	47,081	8,841
Total assets	120,793	63,695
EQUITY AND LIABILITIES		
Equity	110,181	58,898
Minority interests		
Minority interests	116	0
Current liabilities		
Bank overdraft facilities	2,461	2,938
Accounts payable - trade	4,564	626
Other current liabilities	1,966	354
Accrued expenses and deferred income	<u>1,506</u>	<u>879</u>
Total current liabilities	8,035	4,797
Total equity and liabilities	120,793	63,695
Pledged assets	8,000	3,000
Contingent liabilities	None	None



Change in equity

	May-April 2006/2007	May-April 2005/2006
Opening balance of equity according to balance sheet per 30 April	58,898	31,301
Net profit/loss of the period	-9,757	-7,307
Shareholders' contribution received	61,100	34,904
Change in minority share	-60	0
Equity at the end of the period	110,181	58,898



Cash Flow Statement for the Group

	May- April 2006/ 2007	May- April 2005/ 2006
Cash flow from operating activities		
Operating profit/loss	-9,402	-6,912
Adjustment for items not included in the cash flow, etc	967	615
Other non-liquidity affecting items	56	
Interest, dividends and Tax	-355	-395
Changes in working capital	-14,000	<u>-4,579</u>
Cash flow from operating activities	-22,735	-11,271
Investing activities		
Acquisition of subsidiaries	0	-25
Acquisition of other fixed assets	-19,826	-21,949
Cash flow from investing activities	-19,826	-21,974
Financing activities		
Group contribution received/paid	61,100	34,904
Cash flow from financing activities	61,100	34,904
Increase in cash and cash equivalents	18,539	1,659
Cash and cash equivalents at beginning of the year	3,630	1,971
Exchange rate differences in cash and cash equivalents	<u>0</u>	<u>0</u>
Cash and cash equivalents at the end of the period	22,170	3,630



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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Questions regarding the report may be directed to Julian Aleksov, +46- (0)18-50 54 40.

Dividends

The Board of Directors proposes a dividend of 0 SEK per share.

Annual Report and the annual general meeting of shareholders

The Annual Report will be published no later than August 31, and will be available for download on the company's website, www.oasmia.com. The Annual Report can be ordered from Oasmia Pharmaceutical AB via telephone at +46-(0)18-50 54 40, or via email at info@oasmia.com. The annual general meeting will be held on Friday September 7 2007 on the company's premises on Vallongatan 1, Uppsala. Notice of the general meeting will be sent no later than four weeks prior to the meeting.

Next reporting date

A quarterly report for the period 1 May – 31 August will be published on September 18 2007.

Signing

Bo Cederstrand, Claes Piehl, Peter Ström , Julian Aleksov

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