

Oasmia Pharmautical AB (publ)
Corporate Identity Number 556332-6676

**Annual report and consolidated accounts for the financial year 01 May
2005 – 30 April 2006**

The Board of Directors hereby present the following annual report and consolidated accounts.

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Administration Report

Information regarding the operations

Operations include development, research, marketing and sales within human and veterinary medicines sectors, and are conducted in Uppsala.

Business operations during the financial year

Sales

During the financial year, sales amounted to TSEK 853 (TSEK 0).

Research and development

The company's research and development activities are focused on oncology and amounted, during the financial year, to TSEK 10.518.

Significant events during the financial year

During the financial year, the company acquired a large production facility in Uppsala. Significant efforts have been made to improve the facility and achieve GMP (Good manufacturing practice) standard.

Furthermore, the company has significantly increased and reinforced its organization within all areas. During the period, the number of employees increased by 12.

Significant investments and efforts have been made in order to further develop the company's product Paclical. Results of ongoing clinical studies have been better than expected, and interest in the company's oncology platform has increased, particularly in Europe.

During the period, the company's shares were introduced on the Nordic OTC exchange. Since being introduced on 30 December 2005, the share has undergone a very positive development, with an increase of 100%.

Significant events after the end of the financial year

After the end of the period, the company entered into negotiations with multiple parties concerning future sales and markets. The outcome of these negotiations will have a strong impact on the company's future development.

Financing

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

Investments

The following investments were made during the financial year: TSEK 10,518 in the development of the Paclical product, TSEK 100 in manufacturing licenses, and TSEK 10,661 in tangible fixed assets TSEK 10,661.

Comparative figures covering several years

Summary of the company's financial development

Group	June 2005	May 2004
Net sales, TSEK	853	0
Profit/loss after financial items, TSEK	-7,307	2,505
Balance sheet total, TSEK	63,695	36,060
Number of employees	0	0
Equity/assets ratio, %	92	87
Return on total assets, %	neg	neg
Return on equity, %	neg	8.0

Parent Company

Net sales, TSEK	2,106	0
Profit/loss after financial items, TSEK	-5,466	2,549
Balance sheet total, TSEK	62,165	36,008
Number of employees	14	11

* In the financial year 2004/2005, shareholders' contributions of TSEK 5,930 were reported in the income statement.

Definitions of key ratios are provided in Note 1.

Future development

The company's development during the period 01 May 2005 – 30 April 2006 has been very positive, and a number of significant steps were taken to ensure future development in line with the established strategic plan. There is no change to company management's forecast of net sales amounting to TSEK 125,000 for the current financial year.

Proposed appropriation of profits

The following profits are at the disposal of the Annual General Meeting:

Unappropriated profit brought forward	23,602,612
Shareholders' contribution received	34,904,000
Net profit/loss for the year	<u>-5,466,457</u>
	<u>53,040,155</u>

The Board of Directors proposes that available profits be appropriated as follows

Conditional shareholders' contribution repaid	34,904,000
to be carried forward	<u>18,136,155</u>
	<u>53,040,155</u>

Result and financial position

For information regarding the result of the company's operations and financial position as per the end of the financial year, refer to the income statement and balance sheet below, with accompanying notes.

Consolidated Income Statement	Note	01 May 2005 30 April 2006	01 May 2004 30 April 2005
Net sales		853,222	11
Own work capitalized		<u>10,517,830</u>	<u>5,147,573</u>
		11,371,052	5,147,584
Operating expenses			
Raw materials and consumables		-5,446,037	-1,609,060
Other external expenses	1	-6,371,199	-2,553,376
Personnel costs	2	-5,850,397	-3,898,513
Depreciation and write-downs of tangible and amortization and write-down of intangible fixed assets		<u>-614,986</u>	<u>-415,448</u>
Total operating expenses		-18,282,619	-8,476,397
Operating profit/loss		-6,911,567	-3,328,813
Result from financial items			
Other interest income and similar profit/loss items	3	10,148	5,930,290
Interest expenses and similar profit/loss items		<u>-405,550</u>	<u>-96,096</u>
Total result from financial investments		-395,402	5,834,194
Net loss for the year		<u>-7,306,969</u>	<u>2,505,381</u>

Consolidated Balance Sheet	Note	30 April 2006	30 April 2005
Assets			
Fixed assets			
<u>Intangible fixed assets</u>			
Capitalised expenditure for research and development and similar work	4	33,344,507	22,826,677
Concessions, patents, licenses, trademarks and similar rights	5	<u>11,255,737</u>	<u>10,558,783</u>
		<u>44,600,244</u>	<u>33,385,460</u>
<u>Tangible fixed assets</u>			
Equipment, tools, fixtures and fittings	6	<u>10,253,045</u>	<u>206,760</u>
Total fixed assets		<u>54,853,289</u>	<u>33,592,220</u>
Current assets			
<u>Inventories, etc.</u>			
Raw materials and consumables	7	<u>2,673,604</u>	=
<u>Current receivables</u>			
Accounts receivable - trade		298,816	-
Other current receivables		1,172,805	283,066
Prepaid expenses and accrued income	8	<u>1,065,707</u>	<u>213,701</u>
		<u>2,537,328</u>	<u>496,767</u>
<u>Cash and bank balances</u>		<u>3,630,383</u>	<u>1,971,170</u>
Total current assets		<u>8,841,315</u>	<u>2,467,937</u>
Total assets		<u>63,694,604</u>	<u>36,060,157</u>
Liabilities and equity			
Equity			
<u>Restricted equity</u>			
Share capital		3,100,000	3,125,000
Statutory reserve		<u>4,620,000</u>	<u>4,620,000</u>
		<u>7,720,000</u>	<u>7,745,000</u>
<u>Non-restricted equity</u>			
Profit or loss brought forward		58,485,271	21,148,682

Consolidated Balance Sheet	Note	30 April 2006	30 April 2005
Net profit/loss for the year		<u>-7,306,969</u>	<u>2,505,381</u>
		<u>51,178,302</u>	<u>23,654,063</u>
Total equity		<u>58,898,302</u>	<u>31,399,063</u>
Current liabilities			
Accounts payable - trade		626,577	557,414
Bank overdraft facility	10	2,937,687	-
Other current liabilities		353,345	3,367,617
Accrued expenses and deferred income	11	<u>878,693</u>	<u>736,063</u>
Total current liabilities		<u>4,796,302</u>	<u>4,661,094</u>
Total liabilities and equity		<u>63,694,604</u>	<u>36,060,157</u>
Pledged assets		None	None
Contingent liabilities	12, 13	3,000,000	None

Cash Flow Statement for the Group	Note	01 May 2005 -30 April 2006	01 May 2004 -30 April 2005
Cash flow from operating activities			
Operating profit/loss before financial items		-6,911,567	-3,328,813
Adjustments for non-cash items, etc.	14	614,986	415,448
Interest received		10,148	5,930,290
Interest paid		-405,550	143,272
Income tax paid		=	<u>-125</u>
		-6,691,983	3,160,072
Increase/decrease in inventories		-2,673,604	-
Increase/decrease in accounts receivable		-298,816	-276,004
Increase/decrease in other current receivables		-1,741,745	-
Increase/decrease in accounts payable		69,163	416,506
Increase/decrease in other current operating liabilities		<u>66,045</u>	<u>3,228,954</u>
Cash flow from operating activities		-11,270,940	6,529,528
Investing activities			
Investments in intangible fixed assets		-11,287,574	-5,418,537
Investments in tangible fixed assets	15	-10,661,271	-116,786
Acquisition of subsidiaries		-25,000	-75,000
Cash flow from investing activities		-21,973,845	-5,610,323
Financing activities			
Repayment of debt		-	-3,735,500
Group contribution received		34,904,000	4,000,000
Cash flow from financing activities		34,904,000	264,500
Cash flow for the year		1,659,215	1,183,705
Cash and cash equivalents at beginning of the year		1,971,170	664,905
Cash and cash equivalents at the end of the year		<u>3,630,385</u>	<u>1,848,610</u>

The difference between incoming and outgoing liquid funds refers to subsidiaries not consolidated in the Group during the financial year 2004/2005

Parent Company Income Statement	Note	01 May 2005 -30 April 2006	01 May 2004 -30 April 2005
Net sales		2,106,238	11
Own work capitalised		<u>10,517,830</u>	<u>5,147,573</u>
		12,624,068	5,147,584
Operating expenses			
Raw materials and consumables		-5,210,041	-1,609,060
Other external expenses	1	-6,129,797	-2,509,488
Personnel costs	2	-5,787,311	-3,898,513
Depreciation of tangible and amortisation of intangible fixed assets		<u>-614,986</u>	<u>-415,448</u>
Total operating expenses		-17,742,135	-8,432,509
Operating profit/loss		-5,118,067	-3,284,925
Result from financial items			
Other interest income and similar profit/loss items	3	9,924	5,930,290
Interest expenses and similar profit/loss items		<u>-358,314</u>	<u>-96,085</u>
Total result from financial investments		-348,390	5,834,205
Profit/loss after financial items		-5,466,457	2,549,280
Net profit/loss for the year		<u>-5,466,457</u>	<u>2,549,280</u>

Parent Company Balance Sheet	Note	30 April 2006	30 April 2005
Assets			
Fixed assets			
<u>Intangible fixed assets</u>			
Capitalised expenditure for development work	4	33,344,507	22,826,677
Concessions, patents, licenses, trademarks and similar rights	5	<u>10,618,783</u>	<u>10,518,783</u>
		<u>43,963,290</u>	<u>33,345,460</u>
<u>Tangible fixed assets</u>			
Equipment, tools, fixtures and fittings	6	10,253,045	206,760
<u>Financial fixed assets</u>			
Participations in Group companies	16	1,920,000	75,000
Total fixed assets		<u>56,136,335</u>	<u>33,627,220</u>
Current assets			
<u>Current receivables</u>			
Accounts receivable - trade		145,008	-
Receivables from Group companies	13	531,210	1,210
Other current receivables		808,540	246,114
Prepaid expenses and accrued income	8	<u>913,138</u>	<u>213,701</u>
		<u>2,397,896</u>	<u>461,025</u>
<u>Cash and bank balances</u>			
		<u>3,630,383</u>	<u>1,920,327</u>
Total current assets		<u>6,028,279</u>	<u>2,381,352</u>
Total assets		<u>62,164,614</u>	<u>36,008,572</u>
Equity and liabilities			
Equity	9		
<u>Restricted equity</u>			
Share capital		3,100,000	3,100,000
Statutory reserve		<u>4,620,000</u>	<u>4,620,000</u>
		<u>7,720,000</u>	<u>7,720,000</u>
<u>Non-restricted equity</u>			

Parent Company Balance Sheet	Note	30 April 2006	30 April 2005
Profit or loss brought forward		58,506,612	21,126,123
Net profit/loss for the year		<u>-5,466,457</u>	<u>2,549,280</u>
		<u>53,040,155</u>	<u>23,675,403</u>
Total equity		<u>60,760,155</u>	<u>31,395,403</u>
Current liabilities			
Accounts payable - trade		241,236	557,413
Other current liabilities		318,797	3,328,193
Accrued expenses and deferred income	11	<u>844,426</u>	<u>727,563</u>
Total current liabilities		<u>1,404,459</u>	<u>4,613,169</u>
Total equity and liabilities		<u>62,164,614</u>	<u>36,008,572</u>
Pledged assets		None	None
Contingent liabilities	12, 13	3,000,000	None

Cash Flow Statement for Parent Company	Note	01 May 2005 -30 April 2006	01 May 2004 -30 April 2005
Cash flow from operating activities			
Operating profit/loss before financial items		-5,118,067	-3,284,925
Adjustments for non-cash items, etc.	14	614,986	415,448
Interest received		-	5,930,290
Interest paid		-358,314	-166,142
Income tax paid		=	<u>-125</u>
		-4,861,395	2,894,546
Increase/decrease in accounts receivable		-145,008	-
Increase/decrease in other current receivables		-1,791,863	-203,172
Increase/decrease in accounts payable		-316,177	416,506
Increase/decrease in other current operating liabilities		<u>-2,892,533</u>	<u>3,453,364</u>
Cash flow from operating activities		-10,006,976	6,561,244
Investing activities			
Investments in intangible fixed assets		-10,617,830	-5,378,537
Investments in tangible fixed assets	15	-10,661,271	-116,786
Acquisition of subsidiaries		-1,845,000	-75,000
Increase/decrease in current investments		<u>9,924</u>	=
Cash flow from investing activities		-23,114,177	-5,570,323
Financing activities			
Repayment of debt		-	-3,735,500
Group contribution received		34,904,000	4,000,001
Cash flow from financing activities		34,904,000	264,501
Cash flow for the year		1,782,847	1,255,422
Cash and cash equivalents at beginning of the year		1,920,327	664,905
Other increase/decrease of book value		<u>-72,791</u>	=
Cash and cash equivalents at the end of the year		<u>3,630,383</u>	<u>1,920,327</u>

Supplementary Information

Accounting and valuation principles

The company's annual report has been prepared in accordance with Swedish Annual Accounts Act and with Swedish Financial Accounting Standards Council recommendations 1-29 and related statements.

As of the current financial year, the following new recommendations from the Financial Accounting Standards Council will be applied.

Consolidated accounts

The consolidated accounts include subsidiaries in which the Parent Company, either directly or indirectly, holds more than 50 % of the votes or in any other manner exercises a controlling influence.

The Group's annual accounts have been prepared according to the purchase method, which means that the equity of the subsidiary at the date of acquisition, defined as the difference between the fair value of the assets and liabilities, is eliminated in its entirety. Accordingly, only that portion of the equity in the subsidiaries that has accrued after acquisition is included in consolidated equity.

Companies acquired during the year are included in the consolidated accounts in the amounts that accrued after acquisition

Inter-company gains are eliminated in their entirety.

Minority interest in net earnings is reported in the consolidated income statement. Minority interest in the equity of subsidiaries is reported as a separate item in the consolidated balance sheet.

In the Parent company's annual accounts, participations in subsidiaries are reported at acquisition cost with deduction for any write-downs. Only those dividends received from profits accruing after the acquisition of an associated company are reported as income from associated companies.

Income

Sales of goods have been reported in conjunction with the delivery of the product to the customer in accordance with the terms of sale. Sales are reported at net value after VAT and discounts. Intra-group sales are eliminated in the consolidated accounts.

Intangible assets

Research and development: Expenses for research are immediately written off. Expenses for development projects (referring to the design and testing of new and improved products) are

capitalised in the company as intangible assets to the extent that these expenses are expected to generate future economic benefits. Other development expenditures are written off as they arise. Development costs that have previously been expensed are not capitalised as assets in subsequent periods.

Capitalised development expenditures are amortised on a straight-line basis over the period the expected advantages are expected to accrue to the company and from the point in time at which commercial production is initiated.

Concessions, patents, licenses, trademarks and similar rights: Expenses for acquired concessions, patents, licenses and trademarks are capitalized. Depreciation takes place from the point in time at which commercial production is initiated.

Tangible fixed assets

Tangible fixed assets are reported at acquisition cost reduced by the amount of depreciation. Expenses for improving the performance of an asset beyond its original level of performance increase the asset's reported value. Expenses for repairs and maintenance are reported as costs.

Tangible fixed assets are depreciated systematically over their estimated useful lifetimes. If applicable, the residual value of the assets is taken into consideration when determining the amount of depreciation of the assets.

The straight-line method of depreciation is utilised for all types of tangible assets. The following periods of depreciation are applied:

Equipment, tool, fixtures and fittings	5 years
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Lease agreements

Lease agreements where the economic benefits and risks attributable to the leasing object remain, in all material respects, with the lessee are classified as operational leasing. Payments in accordance with these agreements are written off on a straight-line basis over the leasing period.

All lease agreements in the Parent company are reported as rental agreements (operational lease agreements), regardless of whether they are financial or operational. Leasing fees are expensed on a straight-line basis over the leasing period.

Financial instruments

Financial instruments reported in the balance sheet include securities, other financial receivables, accounts receivable, accounts payable, lease liabilities and borrowings. The market values of financial instruments are calculated based on the current quotation as per balance sheet date. For other financial instruments, primarily short-term loans and investments for which the market values are not listed, the market value is deemed to be equivalent to book value.

Accounts receivable - trade. Accounts receivable are reported as current assets at the amounts expected to be received after deductions for individually-assessed bad debts.

Inventories

Inventories are valued, using the first-in, first-out method, at the lower of acquisition cost or net realisable value on balance sheet date.

Cash Flow Statement

The cash flow statement has been prepared using the indirect method. The reported cash flow includes only those transactions that have resulted in receipts or payments.

For the purposes of the cash flow statement, cash and cash equivalents comprise, in addition to cash and bank balances, short-term investments, which are exposed to an insignificant risk of fluctuation in value and which:

- are traded on an open market at known amounts or
- have a shorter remaining term than three months from the acquisition date.

Definitions of key ratios

Equity/assets ratio: Equity and untaxed reserves (less deferred tax) as a percentage of total assets.

Return on total assets: Income before deduction of interest expenses as a percentage of the balance sheet total.

Return on equity: Income after financial items as a percentage of equity and untaxed reserves (less deferred tax).

Notes for Parent Company and Group

Note 1 Remuneration to auditors

	Group		Parent Company	
	01 May 2005 -30 Apr 2006	01 May 2004 -30 Apr 2005	01 May 2005 -30 Apr 2006	01 May 2004 -30 Apr 2005
<u>Audit</u>				
Öhrlings PricewaterhouseCoopers	91,600	92,000	83,390	87,000
<u>Other assignments than audit assignment</u>				
Öhrlings PricewaterhouseCoopers	37,400	3,360	37,400	3,360
Total	<u>129,000</u>	<u>95,360</u>	<u>120,790</u>	<u>90,360</u>

Note 2 Average number of employees, salaries, other remuneration and social security contributions

	Group		Parent Company	
	01 May 2005 -30 Apr 2006	01 May 2004 -30 Apr 2005	01 May 2005 -30 Apr 2006	01 May 2004 -30 Apr 2005
Average number of employees				
Women	5	4	5	4
Men	<u>9</u>	<u>7</u>	<u>9</u>	<u>7</u>
Total	<u>14</u>	<u>11</u>	<u>14</u>	<u>11</u>
Salaries and other remuneration amount to:				
The Board and Managing Director	693,000	545,600	693,000	545,600
Other employees	<u>3,700,513</u>	<u>2,259,760</u>	<u>3,700,513</u>	<u>2,259,760</u>
Total salaries and remuneration	4,393,513	2,805,360	4,393,513	2,805,360
Statutory and contractual social security contributions	1,385,518	979,948	1,385,518	979,948
Total salaries, remuneration, social security contributions and pension costs.	<u>5,779,031</u>	<u>3,785,308</u>	<u>5,779,031</u>	<u>3,785,308</u>

Members of the Board and senior management

	2006 Number	2005 Number
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	on balance sheet date	of whom men	on balance sheet date	of whom men
Group (including subsidiaries)				
Members of the Board	4	100 %	3	100 %
Managing Director and other senior management	1	100 %	1	100 %
Parent Company				
Members of the Board	4	100 %	3	100 %
Managing Director and other senior management	1	100 %	1	100 %

Absence due to illness

	Parent Company	
	2006	2005
Total absence due to illness	0 %	0 %
- Long-term absence due to illness *	0 %	0 %
- absence due to illness for men	0 %	0 %
- absence due to illness for women	0 %	0 %
- employees up to the age of 29 years of age	0 %	0 %
- Employees 30 - 49 years of age	0 %	0 %
- Employees 50 years of age and above -	0 %	0 %

* Long-term absence due to illness refers to absence due to illness during a period of 60 or more consecutive days.

Note 3 Other interest income and similar profit/loss items

	Group		Parent Company	
	01 May 2005	01 May 2004	01 May 2005	01 May 2004
	-30 Apr 2006	-30 Apr 2005	-30 Apr 2006	-30 Apr 2005
Interest income	6,525	7	6,301	7
Exchange rate differences	3,623	-	3,623	-
Unconditional shareholders' contribution	-	5,930,283	-	5,930,283
Total	10,148	5,930,290	9,924	5,930,290

Note 4 Capitalised expenditure for development work

	Group		Parent Company	
	<u>30 Apr 2006</u>	<u>30 Apr 2005</u>	<u>30 Apr 2006</u>	<u>30 Apr 2005</u>
Opening acquisition cost	23,029,285	17,881,712	23,029,285	17,881,712
Capitalised expenditure for the year, internal development	10,517,830	5,147,573	10,517,830	5,147,573
Closing accumulated acquisition cost	33,547,115	23,029,285	33,547,115	23,029,285
Opening amortisation	-202,608	-202,608	-202,608	-202,608
Closing accumulated amortisation	-202,608	-202,608	-202,608	-202,608
Closing residual value according to plan	<u>33,344,507</u>	<u>22,826,677</u>	<u>33,344,507</u>	<u>22,826,677</u>

Note 5 Concessions, patent, licensor, Trademarks and similar rights

	Group		Parent Company	
	<u>-30 Apr 2006</u>	<u>-30 Apr 2005</u>	<u>-30 Apr 2006</u>	<u>-30 Apr 2005</u>
Opening acquisition cost	10,558,783	10,518,783	10,518,783	10,287,819
Capitalised expenditure for the year, internal development	696,954	40,000	100,000	230,964
Closing accumulated acquisition cost	11,255,737	10,558,783	10,618,783	10,518,783
Closing residual value according to plan	<u>11,255,737</u>	<u>10,558,783</u>	<u>10,618,783</u>	<u>10,518,783</u>

Equipment, tools, fixtures and fittings

	Group		Parent Company	
	<u>-30 Apr 2006</u>	<u>-30 Apr 2005</u>	<u>-30 Apr 2006</u>	<u>-30 Apr 2005</u>
Opening acquisition cost	1,580,709	1,463,923	1,580,709	1,463,923
Purchases	10,661,272	116,786	10,661,272	116,786
Closing accumulated acquisition cost	12,241,981	1,580,709	12,241,981	1,580,709
Opening depreciation	-1,373,949	-958,501	-1,373,949	-958,501
Depreciation for the year	-614,986	-415,448	-614,986	-415,448

	Group		Parent Company	
	<u>-30 Apr 2006</u>	<u>-30 Apr 2005</u>	<u>-30 Apr 2006</u>	<u>-30 Apr 2005</u>
Closing accumulated amortisation	-1,988,935	-1,373,949	-1,988,935	-1,373,949
Closing residual value according to plan	<u>10,253,046</u>	<u>206,760</u>	<u>10,253,046</u>	<u>206,760</u>

Note 7 Inventories

	Group		Parent Company	
	01 May 2005	01 May 2004	01 May 2005	01 May 2004
	<u>-30 Apr 2006</u>	<u>-30 Apr 2005</u>	<u>-30 Apr 2006</u>	<u>-30 Apr 2005</u>
Valued at acquisition cost				
Goods for resale	<u>2,673,604</u>	=	=	=
Total	<u>2,673,604</u>	<u>0</u>	<u>0</u>	<u>0</u>

Note 8 Prepaid expenses and accrued income

	Group		Parent Company	
	<u>30 Apr 2006</u>	<u>30 Apr 2005</u>	<u>30 Apr 2006</u>	<u>30 Apr 2005</u>
Prepaid rent	861,196	165,346	861,196	165,346
Prepaid leasing fees	13,895	-	13,895	-
Other items	<u>190,616</u>	<u>48,355</u>	<u>38,047</u>	<u>48,355</u>
Total	1,065,707	213,701	913,138	213,701

Note 9 Change in equity

Group	Share capital	Restricted reserves	Non-restricted reserves and Net profit/loss for the year	Total equity
Equity, 30 Apr 2005	3,100,000	4,620,000	23,654,063	31,374,063
Errors in patents/trademarks are changed retroactively 2006	-	-	-72,790	-72,790
Shareholders' contribution received	-	-	34,904,000	34,904,000
Net profit/loss for the year	=	=	<u>-7,306,969</u>	<u>-7,306,969</u>
Equity, 30 Apr 2006	3,100,000	4,620,000	51,178,304	58,898,304

Parent Company	Share capital	Statutory reserve	Non-restricted equity	Total equity
Equity, 30 Apr 2005	3,100,000	4,620,000	23,675,402	31,395,402
Errors in patents/trademarks changed retroactively 2006	-	-	-72,790	-72,790
Shareholders' contribution received	-	-	34,904,000	34,904,000
Net profit/loss for the year	=	=	<u>-5,466,457</u>	<u>-5,466,457</u>
Equity, 30 Apr 2006	3,100,000	4,620,000	53,040,155	60,760,155

Share capital comprises of 31,000,000 A-shares with quotient value of SEK 0.10 per share.

Conditional shareholders' contribution

The shareholders have provided a conditional shareholders' contribution amounting to a total of TSEK 34,904 (TSEK 4,000)

Note 10 Bank overdraft facility

Granted amount of bank overdraft facility amounts to TSEK 3,000 (TSEK 0) in the Group and to TSEK 0 (TSEK 0) in the Parent company.

Note 11 Accrued expenses and deferred income

	Group		Parent Company	
	<u>30 Apr 2006</u>	<u>30 Apr 2005</u>	<u>30 Apr 2006</u>	<u>30 Apr 2005</u>
Accrued holiday pay	550,580	363,575	545,785	363,575
Accrued social security contributions	177,726	118,016	176,179	118,016
Other items	<u>150,388</u>	<u>254,472</u>	<u>122,462</u>	<u>245,972</u>
Total	878,694	736,063	844,426	727,563

Note 12 Contingent liabilities

	Group		Parent Company	
	<u>30 Apr 2006</u>	<u>30 Apr 2005</u>	<u>30 Apr 2006</u>	<u>30 Apr 2005</u>
<u>Contingent liabilities</u>				
Contingent liabilities for the benefit of other Group companies	3,000,000	-	3,000,000	-
Total contingent liabilities	<u>3,000,000</u>	<u>0</u>	<u>3,000,000</u>	<u>0</u>

Note 13 Transactions with related parties

	2005/06	2004/05
<u>Purchases and sales between Group companies</u>		
The percentages of purchases and sales regarding Group companies are listed below.		
Purchases, (0 %)		
Sales, (62 %)		

For the Parent company, 0 (0) percent of purchases for the year and 65 (0) percent of sales for the year refer to subsidiaries.

The same principles are applied to the pricing of purchases and sales between Group companies as are applied in transactions with external parties.

Note 14 Adjustment for items not included in the cash flow

	Group		Parent Company	
	01 May 2005 30 Apr 2006	01 May 2004 30 Apr 2005	01 May 2005 30 Apr 2006	01 May 2004 30 Apr 2005
Depreciation	614,986	415,448	614,986	415,448
Total	614,986	415,448	614,986	415,448

Note 15 Acquisition of tangible fixed assets

	Group		Parent Company	
	01 May 2005 30 Apr 2006	01 May 2004 30 Apr 2005	01 May 2005 30 Apr 2006	01 May 2004 30 Apr 2005
Investments for the year	-10,661,271	-116,786	-10,661,271	-116,786
Total	<u>-10,661,271</u>	<u>-116,786</u>	<u>-10,661,271</u>	<u>-116,786</u>

Note 16 Participations in subsidiaries

Parent Company	Share of equity %	Share of voting power %	Number of shares	Book value 30 Apr 2006	Book value 30 Apr 2005
QDOXX Pharma AB	<u>100</u>	<u>100</u>	<u>1,000</u>	<u>1,920,000</u>	<u>75,000</u>
Total				<u>1,920,000</u>	<u>75,000</u>
			<u>30 Apr 2006</u>	<u>30 Apr 2005</u>	
Opening acquisition cost			75,000	-	
Purchases of participations			25,000	75,000	
Capital contribution			1,820,000	-	
Closing accumulated acquisition cost			1,920,000	75,000	
Closing book value			<u>1,920,000</u>	<u>75,000</u>	

The income statements and balance sheets will be presented for adoption at the general meeting of shareholders on 15 September 2006.

Uppsala, 11 August 2006

Julian Aleskov
Managing Director

Bo Cederstrand
Chairman

Claes Piehl

Oleg Stralchonak

My audit report was presented on 14 August 2006.

Tomas Berg
Authorised Public Accountant