oasmia

OASMIA PHARMACEUTICAL AB ANNUAL REPORT 2013/2014

Contents

Year in Brief

THE FISCAL YEAR MAY 1, 2013 – APRIL 30, 2014

- Consolidated net sales amounted to TSEK 60 (-)
- Operating income amounted to TSEK -98,091 (-67,583)
- Net income after tax amounted to TSEK -105,112 (-72,381)
- Earnings per share amounted to SEK -1.28 (-1.06)
- Comprehensive income amounted to TSEK -105,112 (-72,381)

- Conditional FDA approval for Paccal Vet®-CA1
- MSEK 72 private placement completed
- Increased funding of loans
- FDA approved Oasmia's production facility
- Oasmia initiated a clinical program with Paclical for the treatment of breast cancer
- Oasmia initiated pre-clinical studies with OAS-19, which is the first pharmaceutical project with a combination of two active cytostatics in one infusion
- The Board does not propose a dividend for the past fiscal year

EVENTS AFTER THE CLOSING DAY

- The Swedish Medical Products Agency approved Oasmia's production facility
- The first shipment of Paccal Vet-CA1 to Abbott Animal Health was accomplished
- Paccal Vet-CA1 and XR-17 was presented at ACVIM Forum in Nashville
- Oasmia signed agreement for patented technology XR-17
- Oasmia extended its production agreement with Baxter
- Paclical successfully met primary objective in pivotal phase III clinical study
- MSEK 50 private placement completed
- Anders Lundin new CFO (from 11 August 2014)

First steps as a producing pharmaceutical company

When we founded Oasmia in 1999, we had dreams and hopes that one day our research projects and our technology would allow us to produce pharmaceuticals that would cure and make life easier for patients with different diseases.

We are now there. After 15 years of research and development – and a long wait – we received conditional approval during the past financial year from the US Food and Drug Administration (FDA) for our first veterinary product, Paccal Vet®-CA1, for the treatment of mammary carcinoma and squamous cell carcinoma in dogs.

Together with our partner Abbott Animal Health we began to prepare for this great moment in good time. During autumn 2013 Oasmia's production facility in Uppsala was approved for the manufacturing of commercial veterinary products, and this laid the foundation for preparatory market activities this spring, including the delivery of the first vials to Abbott. At the beginning of the summer of 2014, Abbott was thus able to begin the product launch. We are well-known by a number of veterinary cancer specialists thanks to our clinical studies and there is great curiosity and high expectations among American vets. Through the launch of Paccal Vet-CA1 we are the first company to have a completely new therapy in this multi-million market. This is very exciting.

During the year we also successfully continued the work on our preclinical and clinical programmes, not least for Paclical, for the treatment of ovarian cancer. During the winter and spring of 2013/14 data were analysed from our comprehensive phase III study, which included a total of 789 patients. Paclical achieved the primary objective described in the study design, that is to demonstrate non-inferiority in terms of time to progression compared to Taxol, which is also based on the cytostatic paclitaxel. Moreover, Paclical was administered at a higher dose, for a shorter oeriod of time and without premedication. These were very important results for Oasmia.

During the second half of 2014 we will compile a report on the results from the clinical trial, including a risk/benefit assessment, and compare the results for the time to progression evaluated using CT (evaluated in accordance with RECIST) and the biomarker CA 125. The study report will form the basis of an application for marketing authorization to the European Medicines Agency (EMA). We intend to submit the application at the beginning of 2015.

Furthermore, we will continue to follow up patients from the clinical phase III study in order to measure survival, and expect to have the results during the fourth quarter of 2014. Depending on the outcome of these results, we will submit an application for market approval to the FDA.

Of the other clinical studies – which are underway or will be initiated during 2014 – we should mention weekly treatment of metastatic breast cancer (Paclical), metastatic breast cancer (Doxophos) and canine lymphoma (Doxophos Vet). We will also initiate clinical studies on Paccal Vet-CA1 in order to obtain unconditional approval for the indications of mammary breast cancer and squamous cell cancer within a five-year period. All in all, including our preclinical studies, we have a very exciting project portfolio, and I hope to be able to report further positive scientific results during the coming financial year.

I would also like to take this opportunity to thank our fantastic personnel for their work this year. We are a small company with lots of activities ongoing at the same time, but thanks to the commitment and drive that has pervaded the entire business – from research to final production – we have succeeded. The conditional approval from the FDA witnesses to the fact that Oasmia is on the right track. We have taken our first steps as a producing pharmaceutical company, which is very satisfying. This does not mean that we have any intentions to slowing the pace regarding our continued investments in R&D. A lot is going to happen in the next years, and I look forward to coming back with further information about the development.

The share

LISTING AND TRADING

The Oasmia share has been listed on NASDAQ OMX Stockholm since 2010 (ticker OASM) and on the Frankfurt Stock Exchange since 2011 (ticker OMAX). Most of the turnover of shares takes place in Stockholm while the listing in Frankfurt is part of the preparations for Oasmia's launch of commercial products on the international pharmaceutical market. The total turnover of Oasmia shares during the financial year was 20,653,008 in Stockholm and 231,000 in Frankfurt.

PRICE TREND

The company's market capitalization increased from MSEK 928 to MSEK 1,626 during the financial year. The chart below shows the share price on NASDAQ OMX Stockholm throughout the financial year and on the last day of the year.

DIVIDEND POLICY

Oasmia has never paid any dividends and the Board does not intend to propose any dividend for the past financial year or to commit to a fixed dividend rate.

AUTHORIZATIONS

At the Annual General Meeting held on September 30, 2013, two authorizations were submitted to the Board, effective until the next meeting on September 29, 2014. One authorization referred to a new share issue of a maximum of 16,000,000 shares. It was utilized during the year for a directed share issue of 3,800,000 shares. The second authorization related to an opportunity for the Company to issue warrants for the Board and senior executives at a price of SEK 17.10. Board members were authorized to subscribe for a maximum of 100,000 warrants each, while senior executives can acquire a maximum of 50,000 warrants each. This authorization has not been utilized to any extent.

DIRECTED NEW SHARE ISSUE 2014

On March 6, Oasmia announced a directed issue of new shares, corresponding to 3,800,000 new shares for a number of international institutional investors and accredited investors in Sweden at a price of SEK 19 per share. The share issue was registered in its entirety at the Swedish Companies Registration Office on March 14, 2014.

SHARE CAPITAL

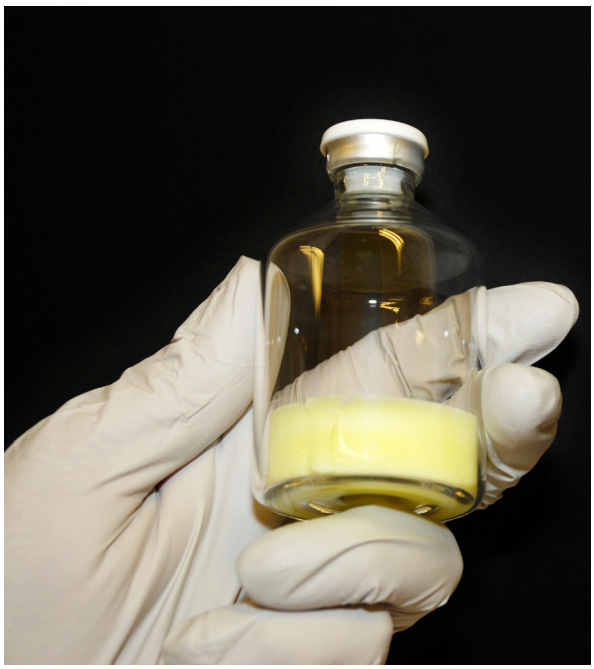
The total number of shares on April 30, 2014 was 85,572,330. Each share has a nominal value of SEK 0.10 and the share capital on April 30, 2014 was SEK 8,557,233. The increase in the number of shares and votes is attributable to the directed issue of 3,800,000 new shares as described above. According to the Articles of Association, the share capital shall be no less than SEK 3,350,000 and no more than SEK 13,400,000 divided into a minimum of 33,500,000 shares and a maximum of 134,000,000 shares.

XR-17 – Making good drugs better

Oasmia applies a type of nanotechnology where insoluble substances are contained within a water-soluble enclosure, a so-called micelle. It is only certain molecules, called surfactants, which can form micelles. This is because one end of the molecule is water-soluble and the other end is fat-soluble. When these molecules are in water, they form spheres where the fat-soluble ends fall inside the sphere, while the water-soluble components are directed outwards. In this way the fat-soluble ends are "protected" from water. This property means that other molecules can also be enclosed within the spheres and can then be released when the sphere is dissolved.

Surfactants are known in pharmaceutical terms as excipients. XR-17 is Oasmia's proprietary excipient and is based on Vitamin A. XR-17 forms micelles that are between 20 and 60 nanometres in size. One property that makes XR-17 special is that this excipient can also form micelles with water-soluble substances. This increases its potential uses significantly.

Once XR-17 has delivered the encapsulated molecule or molecules to the target, the excipient is metabolized naturally. This technique is not only limited to one molecule: XR-17 can also enclose several molecules in micelles simultaneously regardless of the molecules' solubility in water. This allows, for example, for two cytostatics to be given in a single infusion, where this would usually require two infusions. This is the principle behind Oasmia's latest drug candidate OAS-19.



Nano – doing great things by small means

Nanotechnology is often called "atomic crafts." A nanometre is one billionth of a metre. As a comparison, most atoms are between 0.1 and 0.2 nanometres large, a strand of DNA is two nanometres wide, a red blood cell is about 7,000 nanometres in diameter and a human hair is 70,000 nanometres wide. By working with atoms and molecules at the nanoscale level, completely new materials can be designed.

Within pharmaceutical development, nanotechnology concerns nanoparticles which can carry other pharmaceutical agents and deliver them to the desired location within the body in a much more efficient way than previous technology. This is especially useful for drugs that have poor water solubility.

Through the formation of water-soluble nanoparticles, substances that are normally very difficult to manage can be used in conjunction with standard medical equipment and solutions. This can be done in several different ways. It is common to connect the active drug molecule to a larger carrier molecule, e.g. a protein, and allow the protein to deliver the molecule to where it must operate. This principle is used, for example, in Abraxane, the best-known cancer drug based on nanotechnology.

Research, development and the project portfolio

During the year Oasmia completed the patient part of its large clinical study on Paclical and patients with ovarian cancer. When the last patient left the study, the comprehensive work of completing the study was initiated, as well as compiling all the data collected from the 789 patients included in the study. This work, which will result in a clinical study report, is expected to be complete during Q3 2014.

Oasmia is also in the final stages of its dose-finding study to ascertain a dosage for weekly treatment.

Paclical is a water-soluble formulation of the well-known cytostatic paclitaxel combined with Oasmia's excipient technology XR-17. Paclitaxel is one of the most widely used anti-cancer substances and is included in the standard treatment of a variety of cancers such as lung cancer, breast cancer and ovarian cancer. Paclical consists of a freeze-dried powder dissolved in a conventional solution for infusion. It has orphan drug status in the EU and the US.

PACCAL VET®-CA1

During the year Oasmia received conditional approval from the FDA for the use of Paccal Vet-CA1 for canine mammary carcinoma and squamous cell carcinoma. The planning of the studies required to obtain full registration has progressed, and it is estimated that the studies will start in Q3 2014.

Paccal Vet-CA1 is a cancer treatment developed especially for dogs. It is a novel formulation containing paclitaxel, one of the most frequently used human chemotherapeutic agents. Paccal Vet-CA1 is a novel nanoparticle formulation based on Oasmia Pharmaceutical's patented excipient XR-17, which can be used to improve the solubility of substances such as paclitaxel in suitable aqueous solvents.

DOXOPHOS VET

A dose-finding study is in its final stages and the results will be compiled during autumn 2014. During the year planning of the next step was also initiated: a study which will form the basis of an application for conditional approval.

Doxophos Vet is a patented formulation of doxorubicin and XR-17 which Oasmia is developing for the treatment of lymphoma, the most common cancer in dogs. The FDA has recognized Doxophos Vet as an orphan drug for the treatment of lymphoma in dogs. Abbott Animal Health owns the global distribution rights to Doxophos Vet with the exception of in Russia.

PROJECT PORTFOLIO

Human Health

Candidate	Indication	Pre-clinical	Phase I	Phase II	Phase III	Reg/Approval	Rights Region	Rights Partner
Paclical (paclitaxel)	Ovarian cancer				Ongoing		Global (ex-RUS/ OSS)	Oasmia
	Ovarian cancer					In Registration	RUS/OSS	Pharma-syntez
	Metastatic breast cancer		Ongoing				Global	Oasmia
Doxophos (doxorubicin)	Breast cancer		Planned				Global	Oasmia
Docecal (docetaxel)	Breast cancer	Ongoing					Global	Oasmia
OAS-19 (combination)	Various cancers	Ongoing					Global	Oasmia

Animal Health

Candidate	Indication	Pre-clinical	Phase I	Phase II	Phase III	Reg/Approval	Rights Region	Rights Partner
Paccal Vet®-CA1 (paclitaxel)	Mammary / squamous cell				Planned for full approval	Conditional-ly approved	Global (ex-RUS/JAP)	Abbott Animal Health
	Mast cell				Ongoing		Global (ex-RUS/JAP)	Abbott Animal Health
Doxophos Vet (doxorubicin)	Lymphoma		Ongoing	Planned			Global	Abbott Animal Health

Additional partners: Paclical partnered with Medison Pharma in Turkey & Israel. Paccal Vet partnered with Nippon Zenyaku Kogyo in Japan.

Facts

A clinical phase III study compares a product candidate with the standard product according to clinical practice. The choice of a so-called end point depends on the directives published by the regulatory authorities, primarily the US Food and Drug Administration (FDA) and the European Medicines Agency (EMA), and is to some extent dependent on the purpose of the study: this may be to demonstrate a similarity or difference in efficacy. A safety parameter may also be an end point.

The main purpose of the study is defined as an end point that forms the basis of the statistical calculation of how many patients are necessary to demonstrate in a statistically significant manner the difference/similarity that is the main purpose of the study.

Time To Progression (TTP) or Progression Free Survival (PFS) are common end points in the clinical development of cancer drugs. TTP is defined as the time from randomization until progression occurs. PFS includes not only the time to progression but also the time until death independent of cause. Both of these end points are so-called surrogate end points, that is substitutes for what you really want to measure, in this case the time until death (Overall Survival, OS). Surrogate endpoints are used for example when what really should have been measured prolongs the study period, such as time until death, which in the final analysis means that it takes longer before the product becomes available for patients with the disease. Using a surrogate end point thus means that the drug becomes available for all patients quicker than if you had waited until the real end point had occurred.

In cancer studies the balance between risk and benefit is also important. This means that a certain degree of discomfort for the patient may be accepted if it results in some form of advantage. Several factors are weighed up when considering how to arrive at a positive balance between risk and benefit in the study.

The considerations regarding end points are the same independent of whether the patient is a human being or a dog, but with one important exception: dogs with an incurable disease, or in severe pain, are put down. It may also be the case that dogs (and other animals) are put down for reasons that have nothing to do with the dog's health, which makes OS a somewhat uncertain measure of treatment efficacy. Nonetheless, PFS is used in dog studies, on the understanding that when calculating the number of patients, it is taken into consideration that dogs may be put down for non-medical reasons.

All our phase III studies are discussed with the appropriate authorities before the study design is determined.

Market for Human Health

CANCER MARKET – AN OVERVIEW

Cancer is a serious and widespread disease. According to WHO, about 8.2 million people died of cancer in 2012 and an increasing number of people are affected each year[1]. In 2030, 13.1 million people are expected to die from the disease. In particular, it is the increased life expectancy worldwide which contributes most to the increase in cancer rates. The global oncology market is approximately $ 75 billion, with cytostatic drugs comprising approximately 45% of the market.

OVARIAN CANCER

Cancer of the ovaries or fallopian tubes is a serious disease that often leads to death if it is detected too late and metastases have formed. The symptoms are vague, which makes the disease difficult to diagnose. Often it is discovered too late. In 2010, there were 749 reported cases in Sweden. The global market for ovarian cancer treatment was $ 551 million in 2010, and has an expected growth of 13.6% by 2017. The largest regional market is the USA, and was $ 366 million in 2010.

BREAST CANCER

Breast cancer is one of the most common cancers. According to WHO, 1.38 million women are diagnosed with breast cancer each year. Roughly 458,000 women worldwide die from the disease annually. In Sweden, 7,950 women were affected in 2010[2]. The total market for the treatment of breast cancer during the same year amounted to $ 9.8 billion, with a projected growth of 3.4% until 2017[3].

Market drivers

+ Great need for improved treatments for patients
+ Rapidly expanding market for new targeting treatments for new tumour types, where there is a major need
+ Improved diagnosis, which means that cancer is discovered earlier, which increases the number of patients

– The patent has expired for several best-selling drugs. This opens up the market for generic preparations and constitutes a significant threat for the large manufacturers
– Over 80 molecules are expected to be launched in upcoming years, which will increase competition
– Major changes are expected in the health and medical care systems in the USA and the EU

1 WHO, GLOBOCAN 2012 (IARC), http://globocan.iarc.fr/Pages/fact_sheets_cancer.aspx, (June 23, 2014)
2 Oncology Therapeutics Market to 2017, GBI Research 2011
3 Oncology Therapeutics Market to 2017, GBI Research 2011

Market for Animal Health

VETERINARY MEDICINE

The overall market for veterinary medicinal products is $ 22 billion and has an estimated annual growth rate of 5.7% until 2016. More and more households are acquiring pets. The number of dogs in the USA has increased from 68 million to 83.3 million between 2000 and 2014[4]. Households are also becoming increasingly inclined to spend money on their pets, and in 2011 the majority of American dog owners considered their dog to be a member of the family[5]. Since 2001, households' average increase in animal-related expenditure has been 3-4% per year.

CANCER IN ANIMALS

Cancer in animals is similar to cancer in humans. The risk increases with age. Some cancers are more common in certain species, for example lymphoma is the most prevalent cancer in dogs. The market mainly consists of products intended for humans where the treatment has been adapted for animals. This means that it difficult to make an accurate assessment of the overall market and to predict its growth. Among veterinarians, there is a strong interest in pursuing new methods of treatment specifically adapted to animals.

MASTOCYTOMA

Mastocytoma is a type of skin cancer that arises when so-called mast cells start dividing uncontrollably. The treatment for mastocytoma is primarily by surgery, but in many cases a tumour can be inoperable. Cytostatics are then necessary. Today, there are two registered products for the treatment of mastocytoma, Masivet and Palladia. These two products inhibit a specific protein (tyrosine kinase) but require lifelong treatment in order to keep the disease at bay. If the disease cannot be treated, it leads to death. Many dogs are put down before this, however.

LYMPHOMA

Lymphoma is the most common cancer in dogs. There is no registered drug for the treatment of lymphoma in dogs, but veterinarians use human therapies that have been adapted for pets.

Market drivers

+ In the USA and Europe, the number of pets is growing at the same rate as the population
+ An increasing number of older pets are receiving veterinary treatment
+ Increased knowledge on the part of pet owners as regards treatment alternatives and increased willingness to treat, as pets are seen as members of the family
+ Increased access to oncology specialists and increased willingness on the part of veterinarians to provide a referral to a specialist

– Pet owners have a negative perception of cancer treatment for animals
– Access to cytostatics for human use
– Extensive treatments associated with high costs
– Undeveloped market – more education is needed

4 Statista, Number of dogs in the US from 2000 – 2014, http://www.statista.com/statistics/198100/dogs-in-the-united-states-since-2000/, (June 23, 2014)

5 AVMA – American Veterinary Medical Association, U.S. pet ownership & demographics sourcebook, Schaumburg, Ill. : American Veterinary Medical Association, 2012

Pharmaceuticals and authorities

If a pharmaceutical is to be approved for sales in a national market, it must be approved by the country's regulatory authority. As pharmaceuticals are meant for use in living organisms, it is crucial that they are safe and that they achieve the intended effect. The authorities therefore place high demands on pharmaceuticals, and it is the pharmaceutical companies' responsibility to ensure that their products live up to these requirements. The requirements comprise everything from the production of the pharmaceutical to study design and marketing. It is also possible to apply for different kinds of status for the pharmaceutical on the basis of the disease that it is intended to treat. For example, the pharmaceutical may be recognized as an orphan drug if the number of people who contract the disease is sufficiently small. The aim here is to favour the development of pharmaceuticals for minor indications as well.

EU

In the EU it is the European Medicines Agency (EMA) that handles applications for marketing authorization through the so-called central procedure for orphan drugs and some other pharmaceuticals. Approvals issued by the EMA apply to all of the EU plus Iceland, Lichtenstein and Norway. Each individual EU country also has a local regulatory authority that amongst other things handles applications for marketing authorization for medical products not included in the central procedure, carries out inspections of production facilities, is responsible for controls and deals with marketing issues. In Sweden it is the Medical Products Agency that has these responsibilities.

USA

In the USA it is the US Food and Drug Administration (FDA) that regulates the pharmaceuticals market. The authority is responsible for everything related to pharmaceuticals, from inspections and controls to the issuance of market approval.

ORPHAN DRUGS

A pharmaceutical that treats a serious condition where the number of cases per year is less than a certain figure may apply for designation as an orphan drug. The purpose of this designation is to stimulate the development of pharmaceuticals for minor indications as well. If a pharmaceutical has obtained orphan drug status, this means:

- Ten years of exclusive marketing rights in the EU
- Seven years of exclusive marketing rights in the USA

Paclical has been designated as an orphan drug for the treatment of ovarian cancer in both the EU and the USA.

MUMS (MINOR USE/MINOR SPECIES)

MUMS status for veterinary pharmaceuticals is similar to orphan drug status for human pharmaceuticals. Pharmaceuticals with MUMS status aim to treat either a disease where the number of cases per year is less than a certain figure, or a disease in a species where the number of animals is less than a certain figure. MUMS status is issued by the FDA when the pharmaceutical is approved. If a pharmaceutical obtains MUMS status, this means:

- Seven years of exclusive marketing rights
- That so-called conditional approval may be applied for

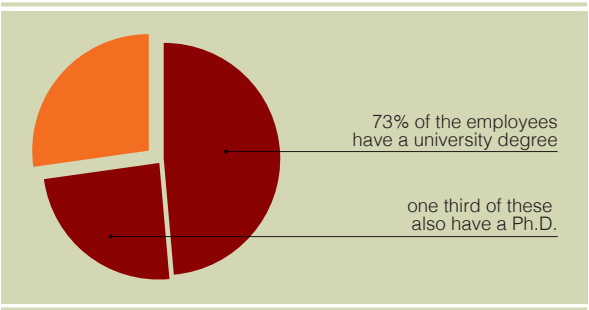
CONDITIONAL APPROVAL

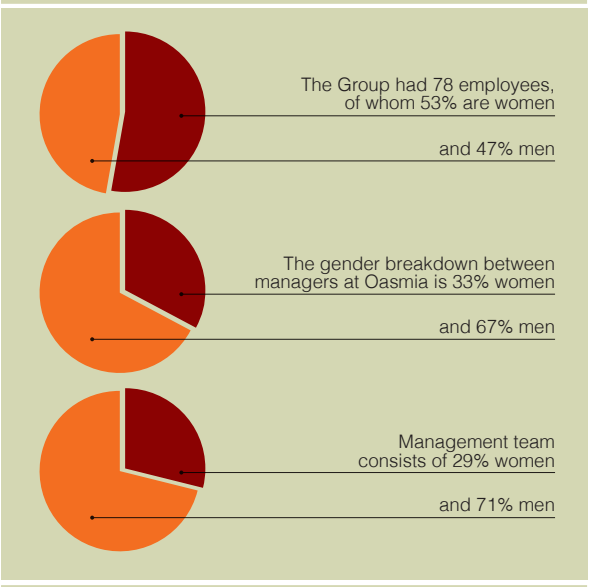
Conditional approval can only be given to a pharmaceutical that has previously been granted MUMS status. This type of approval can be given to a pharmaceutical before all the clinical requirements have been met. The requirements that must have been met are those concerning above all safety. Approval is also restricted to a certain indication and the pharmaceutical may not be used outside this indication. Conditional approval is valid for five years, by which time the company must have applied for normal approval to be able to continue selling the product.

OFF LABEL PRESCRIPTION

As there are considerably fewer approved pharmaceuticals in veterinary medicine compared with human medicine, it is possible for vets to use an approved pharmaceutical outside its approved indication. This presupposes, however, that there is scientific support for this. This is called off label prescription.

Competence and experience





The competence and experience of our employees are among Oasmia's most important assets. Drug development is a complex process which requires many specialist competencies. A total of 73% of Oasmia's employees have a university degree and just under one third of these also have a Ph.D. Many nationalities are represented among the employees, creating a positive, challenging and dynamic work environment.

Oasmia strives to continually improve and ensure a healthy and safe work environment. Oasmia will continue to be a safe, healthy and pleasant workplace.

Oasmia also strives to be an attractive and professional employer where employees thrive, have the opportunity to develop and wish to remain with the Company. The goal is to preserve the small company's strength of a flat and efficient organizational structure with short decision paths.

At the end of financial year 2013/14, the Group had 78 employees, of whom 53% are women and 47% men. The gender breakdown between managers at Oasmia is 33% women and 67% men. Oasmia's management team consists of 29% women and 71% men.

Administration report

The Group comprises the Parent Company Oasmia Pharmaceutical AB and the subsidiaries Oasmia Animal Health AB and Qdoxx Pharma AB. The Parent Company is developing a new generation of drugs within human and veterinary oncology. The subsidiaries do not currently conduct any operations.

Product development aims to manufacture novel formulations based on well-established cytostatics which, in comparison with current alternatives, show improved properties, a reduced side-effect profile and an expanded therapeutic area. Product development is based on original research within nanotechnology and Company patents.

Oasmia has one product approved, Paccal Vet®-CA1, which has conditional market approval in the US for the treatment of mammary carcinoma and squamous cell carcinoma in dogs.

HUMAN HEALTH

Product development within human oncology primarily focuses on the commonly occurring indications ovarian cancer and breast cancer. Oasmia has four drug candidates in the area.

Paclical

Product development within human oncology primarily focuses Paclical is a patented formulation of paclitaxel in combination with Oasmia's proprietary technology XR-17. Paclical is designated as an orphan drug (see below) in the EU and US for the indication ovarian cancer.

Oasmia has completed a Phase III study on Paclical for ovarian cancer, which is an indication with 225,000 new cases worldwide, annually. A total of 789 patients were included in the study, and the last patient completed treatment at the beginning of 2013. All patients have subsequently been followed up regarding time to progression. Oasmia is now evaluating the full results, which will be used to apply for marketing authorization for Paclical in the EU, the US and the rest of the world.

I September 2012 Oasmia submitted an application for marketing authorization for Paclical in Russia. The application is currently under consideration by the local pharmaceutical authority.

During the year Oasmia started a clinical dose finding study on Paclical for weekly treatment of breast cancer.

Doxophos

Doxophos is a proprietary formulation of the cytostatic doxorubicin in combination with XR-17. Doxorubicin is one of the most effective and commonly used substances for the treatment of cancer. Oasmia has compiled documentation of the product candidate and is now planning a clinical phase I study.

Docecal

Docecal is a patented formulation of the cytostatic docetaxel in combination with XR-17. Oasmia is now preparing the clinical programme for the product candidate.

OAS-19

OAS-19 is the first cancer drug with two active cytostatics in a single infusion. It is the unique properties of XR-17 that make this combination possible. This concept gives Oasmia a further dimension for the development of drugs with several active substances in one micelle, where substances with or without water solubility can be combined. Preclinical studies have shown promising results. Oasmia intends to begin validation of the production of OAS-19 during 2014.

Human Health

Candidate	Indication	Pre-clinical	Phase I	Phase II	Phase III	Reg/ Approval	Rights: Region	Rights: Partner
Paclical (paclitaxel)	Ovarian cancer				Ongoin		Global (ex-RUS/ OSS)	Oasmia
	Ovarian cancer					In Regis-tration	RUS/OSS	Pharma-syntez
	Metastatic breast cancer		Ongoing				Global	Oasmia
Doxophos (doxoru-bicin)	Breast cancer		Planned				Global	Oasmia
Docecal (docetaxel)	Breast cancer	Ongoing					Global	Oasmia
OAS-19 (combina-tion)	Various cancers	Ongoing					Global	Oasmia

Status as an orphan drug (orphan drug designation) is granted for minor indications and entails seven (EU) and 10 (US) years of marketing exclusivity once market approval is granted.

ANIMAL HEALTH

Product development within veterinary medicine concerns treatments for cancer in dogs. Oasmia has two drug candidates in the area.

Paccal Vet®-CA1

Paccal Vet-CA1 is a patented formulation of the substance paclitaxel in combination with XR-17. In July 2014 Paccal Vet-CA1 was launched by Oasmia's American partner Abbott as the first injectable chemotherapeutic product for the treatment of solid tumours in dogs.

Oasmia has been granted MUMS status (see below) by the US Food and Drug Administration, FDA, for Paccal Vet-CA1 for the treatment of mastocytoma, mammary carcinoma and squamous cell carcinoma.

During the year Oasmia received conditional market approval from the FDA for Paccal Vet-CA1 in the USA for the treatment of mammary carcinoma and squamous cell carcinoma.

The Company is conducting a supplementary study on Paccal Vet-CA1 for the treatment of mastocytoma. The aim of the study is to measure the time to progression in dogs treated four times at three-weekly intervals. All 50 randomized dogs had completed treatment at the end of the financial year. If the

results of the study are on a par with expectations, Oasmia will consider application for marketing authorization to EMA and FDA.

Doxophos Vet

Doxophos Vet is a patented formulation of doxorubicin in combination with XR-17. Oasmia is developing Doxophos Vet for the treatment of lymphoma, one of the most common forms of cancer in dogs. Doxophos Vet has been granted MUMS designation (see below) in the US for the indication lymphoma.

Oasmia is conducting a Phase I study of Doxophos Vet to determine the dosage for the coming clinical programme. Oasmia anticipates that it will submit a study report during the autumn of 2014.

Animal Health

Candidate	Indication	Pre-clinical	Phase I	Phase II	Phase III	Reg/ Approval	Rights: Region	Rights: Partner
Paccal Vet®-CA1 (paclitaxel)	Mammary / squamous cell				Planned for full approval	Condi-tionally approved	Global (ex-RUS/ JAP)	Abbott Animal Health
	Mast cell				Ongoing		Global (ex-RUS/ JAP)	Abbott Animal Health
Doxophos Vet (doxoru-bicin)	Lymphoma		Ongoing	Planned			Global	Abbott Animal Health

MUMS designation (minor use/minor species) is granted by the FDA for either a small range of uses in a common species such as dogs, or for treatment of an uncommon species. The most interesting aspect of MUMS is the opportunity for conditional market approval with seven years of market exclusivity. Conditional market approval means that the manufacturer has the right to make the product available before all of the necessary efficacy data has been collected, but safety data must demonstrate that the product is safe.

THE COMPANY

Oasmia conducted a directed new share issue of MSEK 72

During the year the Company conducted a directed new share issue of MSEK 72, which after issue expenses generated MSEK 68. The issue was directed at a number of international institutional investors and investors in Sweden. A total of 3,800,000 shares were issued at a price of SEK 19 per share. After this new share issue the total number of shares and votes amounted to 85,572,330. The increase in the number of shares was 4.65 %.

Increased loan financing

The existing loan of MSEK 105 from Nexttobe AB was extended by one year from December 31, 2013 until December 31, 2014. The interest to be paid during 2014 is 8.5%, and this must be paid in its entirety on December 31, 2014. Furthermore, Oasmia was granted a new bank loan of MSEK 40, and the maturity date was also extended, from March 2014 until August 2014. This loan has recently been extended to maturity in September 2014.

FDA approved Oasmia's production facility

The US Food and Drug Administration (FDA) granted approval of the Company's production unit in Uppsala during the year after a so-called Pre-Approval Inspection had been carried out. The FDA has thereby confirmed that Oasmia's manufacturing of Paccal Vet-CA1 meets the requirements of current Good Manufacturing Practice, cGMP.

Warrants

A resolution was adopted at the 2013 Annual General Meeting to invite the Company's Board and management to acquire warrants in Oasmia Pharmaceutical AB. Subscription for shares by means of these warrants was to take place during the period January 1 up until August 15, 2014. No warrants were acquired.

FINANCIAL INFORMATION

Net sales

Net sales amounted to TSEK 60 (-) and concerned the sale of necessities.

Capitalized development costs

Capitalized development costs, which concerned clinical trials in phase III, amounted to TSEK 29,464 (46,229). The majority pertained to Paclical, which was capitalized by TSEK 19,677 (41,611) and a lesser part pertained to Paccal Vet-CA1, to the tune of TSEK 9,788 (4,618). The decline in capitalization in relation to the previous year was attributable to lower costs for clinical trials for Paclical.

Other operating income

Other operating income amounted to TSEK 4,454 (2,524) and primarily consisted of an insurance payment pf TSEK 4,250 for disrupted production.

Operating expenses

Operating expenses excluding depreciation, amortization and impairment amounted to TSEK 127,128 (111,247). The main focus of operating expenses changed during the financial year. Costs for clinical trials decreased, but costs in preparation for the commercial phase that Oasmia is planning for increased to an even greater extent. These latter costs include method development in Oasmia's and its contract manufacturers' production and higher personnel and administrative costs.

Income for the year

Income for the year amounted to TSEK -105,112 (-72,381). The increase in loss was partly attributable to higher operating expenses but above all to a much lower degree of capitalization of phase III development costs compared to the previous year.

The Group's operations have not been affected by seasonal variations or cyclical effects.

Cash flow and investments

Cash flow from operating activities was TSEK -86,899 (-71,946).

Cash flow from investing activities was TSEK -35,682 (-57,388). The lower level of investment pertained to capitalized development costs and other intangible and tangible assets.

Of the investments TSEK 33,545 (57,196) were intangible assets, consisting of capitalized development costs of TSEK 29,464 (46,229) and of patents and other intangible assets of TSEK 4,080 (10,967).

Of the investments TSEK 2,138 (4,428) were tangible assets, mainly production equipment.

Financing

During the period May to December 2013, funding was through the Company's own liquidity which had been raised in the rights issue completed in 2012 and through an insurance payment of TSEK 4,250. During the period December 2013 to March 2014 funding was through a bank loan of TSEK 40,000. During the period March to April 2014 funding was through the Company's own liquidity, which had been raised in the directed share issue completed in March 2014.

Financial position

Consolidated cash and cash equivalents at year-end were TSEK 48,241 (62,956). Interest-bearing debt was TSEK 145,000 (105,000).

At year-end unutilized credit was TSEK 5,000 (5,000) from a bank and TSEK 40,000 (40,000) from the principal shareholder Alceco International S.A.

At year-end equity amounted to TSEK 281,907 (319,153), the equity/asset ratio was 60 % (70 %) and the debt/equity ratio was 34 % (13 %).

Parent Company

The Parent Company's net sales amounted to TSEK 60 (-) and income before taxes was TSEK -105,126 (-72,404). Cash and cash equivalents at the end of the financial year were TSEK 48,238 (62,947).

Future financing

Oasmia has one product approved in one country, but the Company's business operations do not generate sufficient cash flow. Work is therefore continuously conducted on finding other financing alternatives. The Group's available cash and cash equivalents and unutilized credit facilities at April 30, 2014 do not provide the liquidity necessary to run the planned business operations in the coming 12 months. In the light of the financing alternatives available and the recent development of the Company, it is the Board's assessment that the outlook is good for financing the Company's business operations during the coming year.

Key data and other information

For key definitions, see note 34

	May 1, 2013 -Apr 30, 2014	May 1, 2012- Apr 30, 2013
Number of shares at end of period, basic and diluted, in thousands*	85,572	81,772
Weighted average number of shares, basic and diluted, in thousands*	82,272	68,605
Equity per share before and after dilution, SEK*	-1.28	-1.06
Equity per share, SEK*	3.29	3.90
Equity/asset ratio, %	60	70
Net liability, TSEK	96,759	42,044
Debt/equity ratio, %	34	13
Return on total assets, %	neg	neg
Return on equity, %	neg	neg
Number of employees at end of period	78	75

*Historical values have been recalculated taking into account capitalization issue elements in the rights issue carried out in the third quarter of 2012/13.

THE SHARE

Oasmia's share capital at the end of the financial year amounted to SEK 8,557,233 divided into 85,572,330 shares with a par value of SEK 0.10 per share. Each share has one vote and all shares have equal rights to the Company's assets and earnings. There are no restrictions on the transfer of shares, voting rights or the right to attend the Annual General Meeting. There are no agreements to which the Company is a party that would come into effect, alter or terminate the control of the Company following a takeover bid. Oasmia has no knowledge of any agreements between shareholders which may restrict the right to transfer shares. Furthermore, there are no provisions in the Articles of Association concerning the appointment and dismissal of members of the Board of Directors, or agreements between the Company and members of the Board of Directors, or employees, that entitle them to receive compensation if they resign from their positions, are given notice of termination without reasonable grounds, or their employment is terminated as a consequence of a public takeover bid.

As of April 30, 2014, shareholders numbered approximately 3,250. The largest shareholder was Alceco International S.A. with 40.00% of the votes and shares, followed by Nexttobe AB with 20.62%. The ten largest shareholders together held 76.23% of the total voting rights and shares.

LEGAL ISSUES

Oasmia is not, and has not during the past financial year, been involved in a legal dispute that had a material impact on the Company's financial position. There are also no circumstances known to the Board that could lead to legal proceedings or that could otherwise materially affect the Company's financial position.

ENVIRONMENTAL ACTIVITIES

Oasmia's business activities include research, development and production at the facility in Uppsala, where large quantities of chemicals are handled. The activities are subject to registration in accordance with the regulation (1998:899) on environmentally hazardous activities and protection of health. The Environmental Office of Uppsala Municipality has made the assessment that there are no objections to the activities, subject to the condition that the activities are conducted in accordance with the information disclosed in the registration. The impact of the Company's activities on the wider environment is minimal. Chemicals and solvents used in the activities do not seep into the surroundings from ventilation systems or via sewage. The ventilation in the building laboratories is not connected to the general ventilation plant. The processes are closed to a high degree and residual chemicals and solvents are managed by the recycler RagnSells for final destruction and recycling.

The Company meets environmental standards and seeks to conduct its activities in a way which benefits sustainable development within the environmental field. In addition to complying with the norms, guidelines and regulations which govern the work, the Company does its utmost to continuously improve the business by, for example, offering internal training within quality and the environment.

PERSONNEL

The average number of employees during the financial year was 74 (72). Of these, 37 (35) are women and 37 (37) are men. The number of employees at year-end was 78 (75). Salaries and benefits totalled TSEK 35,449 (33,097). For more information, see Note 11.

For information on the guidelines for remuneration to senior executives adopted at the 2013 Annual General Meeting, please refer to the Corporate Governance Report on page 18-21. Regarding compensation paid to senior executives for the financial year 2013/2014, see Note 11.

EVENTS AFTER THE END OF THE FINANCIAL YEAR

Swedish Medical Products Agency approved Oasmia's production facility

In May 2014 the Swedish Medical Products Agency approved Oasmia's production facility in Uppsala for the manufacture of products for sale in the EU. Oasmia thereby has a fully approved production facility for the manufacture of cytostatics for the market in the EU.

Anders Lundin recruited as new CFO of Oasmia

In May, Oasmia announced that it has recruited Anders Lundin as its new CFO. He joined Oasmia on August 11, 2014.

Anders Lundin's latest employment was as Head of Finance at Q-Med in Uppsala. He has 21 years' experience in business administration of commercial businesses. Among others, he had been employed as Finance Manager at GE Healthcare, Zarlink Semiconductor, Hi3g Access AB and Elektronikgruppen AB. Anders has a Bachelor degree in Business Administration from Uppsala University.

First delivery of Paccal Vet-CA1 to Abbott Animal Health

In May 2014 Oasmia delivered its first consignment of Paccal Vet-CA1 to Abbott Animal Health in the USA.

Paccal Vet-CA1 and XR-17 presented at ACVIM Forum i Nashville

The American College of Veterinary Internal Medicine arranged the congress ACVIM Forum in Nashville, Tennessee in June 2014. Lectures and symposia were held there on Paccal Vet-CA1 and on Oasmia's proprietary technology XR-17.

Paclical successfully met the study objectives in a comprehensive phase III study

In June Oasmia announced that the primary objective had been achieved, as described in the study design for Paclical for the treatment of ovarian cancer. The objective achieved was to demonstrate non-inferiority between Paclical and Taxol, both in combination with carboplatin, regarding progression free survival, PFS.

Oasmia expanded its production agreement with Baxter

In June Oasmia and Baxter expanded their production collaboration to cover not only Paclical and Paccal Vet but also future products from Oasmia which today are in a clinical or developmental phase. This ensures large-scale manufacture of high-quality products for Oasmia's customers.

Oasmia entered into an agreement for the XR-17 technology

In June Oasmia entered into a research agreement with a multinational pharmaceutical company. Pursuant to the agreement Oasmia will perform initial experimental tests on a substance specified by the partner together with XR-17.

Oasmia conducted a directed new share issue of MSEK 50

On July 3, 2014 the Company conducted a directed new share issue of MSEK 50. After issue expenses the share issue generated MSEK 47. The share issue was directed at a number of international institutional investors and investors in Sweden. A total of 2,500,000 shares were issued at a price of SEK 20 per share. After the share issue the total number of shares and votes amounted to 88,072,330. The increase in the number of shares was 3 %.

2014 ANNUAL GENERAL MEETING

The Annual General Meeting of Oasmia Pharmaceutical AB (publ) will be held on Monday, September 29, 2013 at Company headquarters in Uppsala.

Proposals for Annual General Meeting 2014

The Board's complete proposals for the 2014 Annual General Meeting will be submitted in combination with the notice.

Dividend

The Board does not intend to propose a dividend for the past financial year.

Guidelines for remuneration to senior executives

The Board proposes that the 2014 Annual General Meeting adopt the following guidelines, which will apply from the 2014 Annual General Meeting to the 2015 Annual General Meeting.

Salary and other benefits

Remuneration to the CEO and other senior executives shall consist of a fixed salary and pension provisions. The CEO shall also be entitled to private health insurance.

Notice and severance pay

Upon termination by the Company, notice for the CEO shall be no more than 24 months. The CEO's term of notice shall not exceed six months. For other executives, the notice period shall normally be six months if notice is given by the Company, and three months if notice is given by the employee. No special severance pay shall be paid.

Incentive programmes

Decisions regarding any potential shares and share-based incentive schemes for members of the Board and for senior executives shall be made by the Annual General Meeting.

Policy

The more detailed principles for salary payment for the President and other people in the Company management shall be found in a policy established by the Board.

Deviation in individual cases

The Board shall be entitled to deviate from these guidelines if there are special grounds in an individual case. If such a deviation is made, information on this and the reason for the deviation shall be reported at the next Annual General Meeting.

RISK AND RISK MANAGEMENT

All business involves risks. The risks entailed by Oasmia's activities can be divided into financial and operational risks. The most significant operational risks and, when appropriate, their management are described below. The financial risks and their management are described in Note 3.

Operational risks are assessed from the perspective of probability and impact. Not all risks have a high probability of occurrence, but the risks of outcomes described below could materially affect the Company in terms of the timing of entering markets, the rate of expansion and therefore the financial position of the Company.

The risk management measures can be classified in the following categories: avoid, reduce, share or accept.

Development and registration of drugs

Research and development of drugs and the regulations relating to research and development, manufacturing, trials, marketing and sales are complex and may change over time.

Development and registration of drugs is a capital-intensive, complicated, time-consuming and risky process. A large number of conditions and regulations means that there is a risk of both delays and failure. Below are some stages in the process where such risks are evident.

The development of pharmaceuticals requires preclinical and clinical trials approved by regulatory authorities and independent ethics committees before they can begin.

Patients must be recruited for clinical studies via clinics and hospitals and various pharmaceutical companies compete for access to these patients. It is common for recruited patients to withdraw, requiring them to be replaced with other patients. Both of these factors can entail that a study takes longer and is more expensive than anticipated. The result of a study may be unfavourable and can lead to the discontinuation, reconsideration or supplementation of the study.

For a drug to be marketed and sold, approval is required from the relevant drug authority in the territory. Application for approval includes extensive documentation. Drug authorities have broad discretion regarding processing times. In different territories, there are different procedures and interpretations of data. This review process concerns both the product and its production.

Authorities usually request supplementary information and raise questions to be answered by the Company and this can happen in several stages. The management of these requests makes the estimated time for approval highly uncertain. Additions to applications and the withdrawal and resubmission of an application may be necessary. It also cannot be ruled out that approval may not be granted at all for certain applications.

Oasmia seeks to reduce the risks associated with the development and registration of drugs by using already well-known compounds (cytostatics) and the same excipient (XR-17) in each product candidate and by operating with the same product content for both dogs and humans.

Collaborations and partnerships

Oasmia's business model includes collaborations with other companies for clinical trials, manufacturing, marketing and sale of products. The Company is therefore highly dependent on the establishment of such collaborations and on its partners' success in penetrating markets. One risk of partnerships is that the principal does not have an alternative in place in case a partnership does not function satisfactorily or that the partner is unsuccessful.

Oasmia seeks to reduce risks associated with collaborations and partnerships by being the manufacturer of drugs for clinical trials, being able to manufacture on a small scale for the market, seeking partnerships with well-established companies and identifying alternatives to suppliers and manufacturers (second source).

Intellectual property protection and patent risk

In the pharmaceutical industry there are a number of risks associated with intellectual property and patents. There is a risk that:

- product development leads to a product that cannot be patented
- current or future patent applications do not lead to patents
- approved patents do not offer sufficient protection
- another patent supersedes the Company's own patent
- substances or processes are used that are patented or patent pending by someone else

Oasmia has reduced the risks above by use of the technical platform XR-17 for each product candidate. XR-17 is patented in the form of a so-called New Chemical Entity, which is the highest level of intellectual property protection for pharmaceuticals. There is also a risk that competitors will violate Oasmia's patent rights. This is a risk that Oasmia accepts because the Company believes that its patents have full protection in all relevant markets.

Market risks

As a new player in the market, Oasmia faces competitors who have advantages in that they already have established products and market channels. This makes it difficult to predict the rate at which Oasmia's drug candidates can be established post marketing approval. There is also uncertainty about appropriate pricing levels for Oasmia's product candidates compared to competing products in the market, where currently many generic products exist.

Many pharmaceutical sales depend on the ability of the end user to obtain reimbursement from a paying third party such as the public sector or private insurance companies. Changes in such third party policies and their ability to affect the prices and demand for pharmaceuticals may affect Oasmia either negatively or positively.

The market for cancer medicines for dogs is new and untested. Consequently, it is difficult to assess the extent and the speed at which anti-cancer medicines may be accepted by veterinarians.

Oasmia's business model includes licensing and distribution agreements which entail milestone payments. These payments fall unevenly over time and result in fluctuations in sales and earnings. Milestone payments are unsustainable revenues, so in the longer term Oasmia is dependent on the successful commercialization and market introduction of its pharmaceutical candidates if it is to achieve stable revenues.

Key personnel and recruitment

Oasmia is highly dependent on key employees and skilled labour. If Oasmia were to lose key employees and/or fail to recruit such additional skilled employees at a desired rate for future needs, business performance could be delayed or disrupted.

The Company seeks to reduce the risk of losing key employees by creating a good working environment with good working conditions.

Oasmia is located in that part of Sweden which is most densely populated with people possessing the competencies needed in the pharmaceutical industry, thereby making the recruitment risk as low as it possibly can be.

PROPOSAL FOR ALLOCATION OF NON-RESTRICTED EQUITY

The following non-restricted equity is available for distribution by the Annual General Meeting:

Share premium reserve, SEK	640,924,000
Retained earnings, SEK	-267,254,582
Income for the period, SEK	-105,125,616
Total, SEK	**268,543,802**

The Board of Directors proposes that the 2014 Annual General Meeting adopt a resolution to dispose of the above amounts as follows:

Carry forward of SEK 268,543,802.

Corporate governance report

Oasmia Pharmaceutical AB (publ), reg. number 556332-6676, ("the Company") was founded in accordance with Swedish law on April 15, 1988 and was registered with the Swedish Companies Registration Office on September 22, 1988. Oasmia Pharmaceutical AB is the Parent Company of the Oasmia Group. The Company owns 100% of the subsidiaries Qdoxx Pharma AB and Oasmia Animal Health AB. The Parent Company's management and financial department handle issues regarding business development, strategy, production and management of the subsidiaries. The Parent Company's business activities concern research, development and production of pharmaceuticals and licensing. Furthermore, the Parent Company owns and manages the Group's intangible assets. The subsidiaries are non-active.

Management, guidance and internal control is divided between the shareholders (Annual General Meeting), the Board of Directors, the CEO and corporate management in accordance with current legislation, the Articles of Association and the internal instructions adopted by the Oasmia Board. In addition, the Company auditors are responsible for the external control of the Company.

SWEDISH CODE OF CORPORATE GOVERNANCE

All companies listed on NASDAQ OMX Stockholm AB must apply the Swedish Code of Corporate Governance ("the Code", which is available at www.bolagsstyrning.se) as of July 1, 2008. The Code complements the external regulations that affect corporate governance, mainly constituted by the Companies Act, the Annual Accounts legislation and the current listing agreement.

Deviations from the Code

The Company chose to make the following deviations from the Code during the financial year 2013/2014:

i) Code rule 2.4. The majority of Nomination Committee members consist of Board Members. The reason for this is that, given the Company's background, the Company regards close cooperation between the Board and the Nomination Committee as essential to the Company's future development.

ii) Code rule 9.4. The Company has issued warrants that the Board has been able to acquire. The warrants have had a vesting period of less than 3 years.

THE SHARE AND SHAREHOLDERS

Oasmia's share has been listed on NASDAQ OMX Stockholm since June 24, 2010 and on the Frankfurt Stock Exchange since January 24, 2011. The total number of shares on April 30, 2014 amounted to 85,572,330 and each share carries one vote at the Annual General Meeting. The number of shareholders was 3,234 and Alceco International S.A. was the principal shareholder (40.00%), followed by Nexttobe AB (20.62%). The ten largest shareholders owned approximately 77.14% of the total shares. For additional information on the ownership structure, see "The share" section on page 5.

THE ANNUAL GENERAL MEETING

The Annual General Meeting will be held within six months after the end of the financial year. Notice of the Annual General Meeting shall be published in Post- och Inrikes Tidningar and by a notice made available on the Oasmia website. Announcement of the notice shall be advertised in Dagens Nyheter. Shareholders who wish to participate in the Annual General Meeting must be recorded in the share register maintained by Euroclear Sweden AB at least five business days before the meeting.

Annual General Meeting 2013

The 2013 Annual General Meeting was held on September 30 on Oasmia's premises in Uppsala. The resolutions adopted included the following:

- Adoption of the income statement and balance sheet for the financial year 2012/2013, a resolution on the allocation of non-restricted equity and discharge of the Board and CEO from liability.
- The Board shall consist of seven members without any deputies.
- Re-election of the Board members Joel Citron, Martin Nicklasson, Jan Lundberg, Horst Domdey, Bo Cederstrand and Julian Aleksov and election of Alexander Kotsinas. Joel Citron was elected Chairman.
- Remuneration to Board members who are not employees of the Company shall be SEK 150,000 per annum, the Chairman's remuneration shall be SEK 175,000 kr per annum and the auditors' fees shall be paid as invoiced.
- Criteria for the Nomination Committee for the 2014 Annual General Meeting.
- Issue of warrants that the Board and senior executives can acquire.
- Guidelines for the determination of salary and other remuneration for the CEO and other members of Oasmia's management.
- Authorization for the Board to repurchase and transfer the Company's own shares.
- Authorization for the Board to adopt a resolution to issue new shares and convertible bonds, to be paid for in cash and/or in kind or by off-sets.

ANNUAL GENERAL MEETING 2014

The 2014 Annual General Meeting will be held on Monday, September 29 at Company headquarters in Uppsala. Notice of the Annual General Meeting shall be published no earlier than six and no later than four weeks before the meeting. Shareholders are entitled to have matters considered at the meeting. In order for the Company to be certain that it has sufficient time to include all matters in the notice, any request for a matter to considered at the Annual General Meeting should reach the Company no later than seven weeks before the meeting. Requests to have a matter considered at the meeting should be addressed to the Board and mailed to the address below:

Oasmia Pharmaceutical AB
Att. Styrelsen
Vallongatan 1
752 28 Uppsala
Sweden

NOMINATION COMMITTEE

The main task of the Nomination Committee is to make proposals concerning Board members and the Chairman of the Board and their fees. The Nomination Committee also presents proposals to the Annual General Meeting on any remuneration for committee work and remuneration for the external auditor. The Nomination Committee's proposals are made public in connection with the notice of the Annual General Meeting.

The Nomination Committee's proposal regarding the selection criteria for the Nomination Committee for the next Annual General Meeting was adopted at the 2013 Annual General Meeting. The criteria were as follows: one member shall represent the largest shareholders; one member shall be independent of the largest shareholders, the Company's management and Board of Directors; and one member shall be the Chairman of the Board (convener). The Nomination Committee's mandate extends to when the next Nomination Committee has been appointed. If a member leaves the committee before its work is complete, the remaining members shall appoint a replacement. The Nomination Committee members for the 2014 Annual General Meeting consist of Bo Cederstrand (Chairman), Joel Citron and Christer Ericsson. The full proposal for the 2014 Annual General Meeting will be presented in the Annual General Meeting notice. Bo Cederstrand was appointed by Julian Aleksov and Bo Cederstrand.

BOARD OF DIRECTORS

Oasmia's Board consists of seven members, including the Chairman. Board assignments are for a fixed term in accordance with the Swedish Companies Act (2005:551), which means that the mandate will last until the first Annual General Meeting after the year the Board members were appointed.

		Attendance financial year 2013/2014		
	Independent*	Board meetings	Audit Committee	Remuneration Committee
Joel Citron	Yes/yes	11/11	2/2	1/1
Martin Nicklasson	Yes/yes	8/11	1/1**	1/1
Jan Lundberg	Yes/yes	11/11	2/2	1/1
Horst Domdey	Yes/yes	11/11		1/1
Bo Cederstrand	No/no	11/11		1/1
Julian Aleksov	No/no	10/11		
Alexander Kotsinas	Yes/no	5/5**	1/1**	1/1

* Independent of the Company and its management and independent of major shareholders

**Alexander Kotsinas was elected as a Board member on September 30, 2013 and replaced Martin Nicklasson on the Audit Committee.

Board duties

The Board has the overall task of managing the Company's affairs on behalf of the shareholders. The Board operates in accordance with the Swedish Companies Act, the Articles of Association and internal regulations and continually assesses the Group's financial situation and the operational management. The Board appoints the CEO and decides on significant changes in the Company's organization and operations. The Board is also responsible for ensuring that the Company's internal control of financial conditions is satisfactory and that the information regarding financial performance and developments is communicated accurately in the Company's financial reports.

Chairman of the Board

The Chairman follows, by regular contact with the CEO, the Company's development and is responsible for ensuring that Board members regularly receive the information needed to fulfil their duty. In addition, the Chairman leads the Board's work and ensures that the Board's decisions are implemented. The Chairman also ensures that the work of the Board is evaluated annually and that the Nomination Committee is informed about the evaluation results. In addition, the Chairman is responsible for preparing the corporate governance report and a report on how internal controls, as they relate to financial reporting, are organized and how effectively they worked during the last financial year.

Board procedures

In accordance with the Swedish Companies Act, Oasmia's Board has adopted a formal written work plan and related CEO instructions that are reviewed once a year or as needed. This formal work plan governs how the work should be distributed between the Board members, the frequency of Board meetings (at least four times a year in addition to the statutory Board meeting), and how the work is divided between the Board and the Audit Committee. The CEO instructions contain, amongst other things, restrictions regarding decisions on investments and acquisitions. The instructions on reporting, which complement the Board's formal work plan and the CEO's instructions, regulate the CEO's regular reporting to the Board and the Board's external reporting.

Evaluation of the Board's work

The Board annually evaluates its work regarding its procedures and work climate, the focus of the Board's work, and access to and the need for special competencies on the Board. The results of the evaluation are reported to the Nomination Committee and form the basis of the Committee's work on evaluating the composition of the Board and its remuneration.

Board's work during the financial year

During the financial year 2013/14, the Board held 5 ordinary meetings and met on 6 additional occasions. On these occasions the Board has mainly addressed issues relating to the continued funding of the Group's business operations and negotiations for/the signing of new partnership agreements, and has carefully monitored liquidity forecasts and development costs / Phase III studies.

Audit Committee

The Audit Committee consists of Joel Citron, Jan Lundberg and Martin Nicklasson. When Alexander Kotsinas was elected as a Board member, he replaced Martin Nicklasson on the Audit Committee. The Audit Committee's primary task is assisting the Board in overseeing the accounting and financial reporting processes and ensuring the quality of these reports and processes. The Audit Committee's responsibilities and tasks appear in specially prepared internal instructions. During the year, the Audit Committee held 2 meetings.

Remuneration Committee

The Remuneration Committee is the drafting committee for the Company's Board and shall be responsible for preparing the Board's proposal to the Annual General Meeting regarding principles for remuneration and other terms of employment for senior executives. The Remuneration Committee shall also submit draft resolutions to the Board regarding salary and other forms of remuneration for the CEO, and make proposals for resolutions regarding warrant programmes and other reward or compensatory matters that are intended to be directed to a broader group of employees within the Company. The Committee consists of Joel Citron, Martin Nicklasson, Jan Lundberg, Horst Domdey, Alexander Kotsinas and Bo Cederstrand. During the year the Remuneration Committee held 1 meeting.

REMUNERATION TO THE BOARD AND SENIOR EXECUTIVES

Board

At the 2013 Annual General Meeting, it was decided that the remuneration to a Board Member who is not an employee of the Company shall amount to SEK 150,000 per year. Remuneration to the Chairman shall be SEK 175,000 per year. If a special agreement is made with Oasmia, Board Member fees may be paid through invoice from a company wholly-owned by a Board Member. In such case, the invoice amount shall be increased by social security and VAT.

Salaries and other benefits

Remuneration to the CEO and other senior executives shall consist of a fixed salary. In addition to a fixed salary, the CEO shall also be entitled to private health insurance and the payment of pension provisions.

Terms of notice and severance pay

If notice is given by the Company, the term of notice for the CEO will be no more than 24 months. If notice is given by the CEO, the term of notice shall be no more than six months. For other senior executives, the term of notice shall normally be six months if notice is given by the Company, and three months if notice is given by the executive. No special severance pay shall be given.

Incentive programme

Oasmia does not have any incentive programme other than the warrants which it was decided to issue at the Annual General Meeting held on September 30, 2013 and which senior executives and the Board were entitled to acquire. Decisions on any incentive scheme for senior executives are to be decided by the Annual General Meeting.

Deviation in specific cases

The Board has the right to deviate from these guidelines if there are special circumstances in a specific case. If such a deviation is made, information about the case and the reason for the deviation must be presented at the next Annual General Meeting.

PROPOSAL FOR ANNUAL GENERAL MEETING 2014 REGARDING GUIDELINES FOR REMUNERATION TO THE BOARD AND SENIOR EXECUTIVES

The Board proposes that the 2014 Annual General Meeting adopt the following guidelines, which will
apply from the 2014 Annual General Meeting to the 2015 Annual General Meeting.

Salary and other benefits

Remuneration to the CEO and other senior executives shall consist of a fixed salary and pension provisions. The CEO shall also be entitled to private health insurance.

Notice and severance pay

Upon termination by the Company, notice for the CEO shall be no more than 24 months. The CEO's term of notice shall not exceed six months. For other executives, the notice period shall normally be six months if notice is given by the Company, and three months if notice is given by the employee. No special severance pay shall be paid.

Incentive programmes

Decisions regarding any potential shares and share-based incentive schemes for members of the Board and for senior executives shall be made by the Annual General Meeting.

Policy

The more detailed principles for salary payment for the President and other people in the Company management shall be found in a policy established by the Board.

Deviation in individual cases

The Board shall be entitled to deviate from these guidelines if there are special grounds in an individual case. If such a deviation is made, information on this and the reason for the deviation shall be reported at the next Annual General Meeting.

AUDITORS

According to the Articles of Association, the Company shall have one or two external auditors. The accounting firm EY was re-elected at the 2013 Annual General Meeting. Authorized Public Accountant Björn Ohlsson will serve as principal auditor.

Internal control over financial reporting

Oasmia's process for internal control is designed to manage and minimize the risk of errors in financial reporting. The Board annually evaluates the need for an internal audit procedure and has determined that the Company's current size and risk exposure does not justify a separate internal audit procedure. The following description explains how internal controls are organized. The description is limited to internal controls over financial reporting.

CONTROL ENVIRONMENT

The basis of the internal control concerning financial reporting is the overall control environment. The control environment requires that the organizational structure, decision-making processes and authorities are clearly defined and communicated in the form of internal policy documents such as policies, guidelines, manuals and codes. The control environment also includes laws and external regulations.

The Board has ultimate responsibility for internal controls over financial reporting. Effective Board work is therefore the basis for sound internal control. Oasmia's Board has established a formal work plan and clear instructions for its work, including the work of the Audit Committee. The Audit Committee's primary task is assisting the Board in overseeing the accounting and financial reporting processes and ensuring the quality of these reports and processes.

The Audit Committee's duties are supervisory. Responsibility for maintaining an effective control environment and the ongoing work regarding risk management and internal control over financial reporting is delegated to the CEO. Managers at various levels of the Company are responsible for their respective areas. Responsibility and authority are defined in the CEO instructions, instructions for authorization, manuals, policies, procedures and codes.

The Board determines the Company's major policies on information/communication, financing and risk management. Company management establishes procedures and the responsible managers issue guidelines and monitor implementation of all policies and instructions. The Company's accounting and reporting instructions are defined in an accounting manual which is available to all financial staff. Along with laws and other external regulations, the organizational structure and the internal guidelines constitute the control environment.

RISK ASSESSMENT

The goal of risk assessment is to identify areas of high risk within the business and to define the controls needed to manage these risks. Balance sheets and income statement items that are based on estimates or generated by complex processes are relatively more prone to error than other items.

The Board initiates an annual risk identification process and the results of the risk identification are evaluated by the Board in order to make an assessment of what steps need to be taken. The Board believes that the Company has effective internal controls over financial reporting.

CONTROL ACTIVITIES

Control activities are designed to prevent, detect and correct errors and deviations. The controls are integrated into the Company's processes for payments, accounting and financial reporting and include authorization and approval procedures, reconciliation, performance analysis, division of administrative control and performance functions, and controls embedded in IT systems.

INFORMATION AND COMMUNICATION

The Company shall provide accurate, relevant and reliable information simultaneously to all its shareholders, capital markets, the community and the media. Information that it is assessed will affect the Company's share price (price-sensitive information) is made public in a rapid and non-discriminatory manner. Company publications are done through press releases sent simultaneously to the Stock Exchange, established news agencies and newspapers. The information will also be simultaneously published on the Company website. Oasmia is represented publicly in all matters primarily by the CEO. The CEO has delegated certain responsibilities to the Communications Officer. The CEO, Quality and Technical Director, and Communications Officer may, on behalf of the Company, inform/comment on matters relating to the Company's operations. Furthermore, the Company's Chief Financial Officer may speak on financial issues.

The Company applies quiet periods, which occur thirty days before the publication of annual and interim reports. In the instance of a leak of price-sensitive information or other special situations that may affect the valuation of the Company, the Stock Exchange is to be notified, followed by a press release containing the same information. The Company's public disclosures are governed by an information policy that is intended to ensure the quality of both internal and external information. Furthermore, the policy should facilitate compliance with applicable laws, regulations and agreements. The management of insider information is regulated by specific guidelines stated in the Company's insider policy and logbook policy.

The Board

Joel Citron

(born 1962)
Chairman since autumn 2011.
CEO of New York-based Tenth Avenue Holdings. 2002-2009 Chairman of Oxigene Inc. 2002-2008 CEO of Jovian Holdings. 1998-2001 Vice-Chairman and CEO of Mastec Inc. Before that 16 years in various senior positions in investment and operating companies in Europe and the U.S. Has an MA in Economics and a Bachelor's degree in Business Administration from the University of Southern California.

Shareholding: –

Horst Domdey

(born 1951)
Member since autumn 2011. Has extensive experience in biochemistry and molecular biology. President and CEO of Bio-M AG and Bio-M GmbH, as well as Chairman of the Munich Biotech Cluster. Co-founder of MediGene AG and Switch Biotech AG. Has previously held various positions at, for instance, the Max-Planck-Institut für Biochemie, the Swiss Institute for Experimental Cancer Research (ISREC), the University of California and the California Institute of Technology. Has also worked as Associate Professor in biochemistry at the Ludwig Maximilians University of Munich.

Shareholding: –

Bo Cederstrand

(born 1939)
Chairman of the Board 2000-2011. Member of the Board since 2011. About 40 years' experience as CEO and partner in a number of small and medium sized businesses, mainly within trade. Extensive experience in international trade and production. Has been very active within trade associations. Deputy Member of the Board in Fruges AB (ongoing) and Member of the Board in the Arken stores (ended).

Shareholding: 126,000 shares personally and 34,477,272 shares through the company Alceco International S.A

Julian Aleksov

(born 1965)
Member since 1999. CEO of Oasmia and one of the founders of the Company. Extensive experience in coordination of research projects and strategic development of global intangible assets. Chairman of the Board in Oasmia Animal Health AB and Qdoxx Pharma AB.

Shareholding: 149,796 shares personally and 34,227,476 shares through the company Alceco International S.A.

Martin Nicklasson

(born 1955)
Member since autumn 2011. CEO of Swedish Orphan Biovitrum 2007- 2010. AstraZeneca 1978-1989 and 1991-2007. Recently responsible for global marketing and business development at AstraZeneca and CEO of AstraZeneca Sweden AB. Became responsible for Astra Hässle in 1996. Under Martin's leadership Nexium was developed and launched, with current annual sales of more than USD 5bn. 1989-1991 Head of Research and Development at KABI. Is a certified pharmacist and since 1982 Pharmacy Doctor at Uppsala University. Since 1985 also Associate Professor at Uppsala University's Faculty of Pharmacy.

Shareholding: -

Jan Lundberg

(born 1946)
Member since autumn 2011. Has extensive experience in business, now from the wholly-owned company Rekonstructa AB, which includes real estate ownership and management, equity trading, equity participation in companies and a number of commitments from external customers. Has operated through his own business since 1985. 1972-1985 employee of Salén & Wicander AB. CEO there from 1977. Has an MSc in Mechanics as well as Industrial Economics and Management from the Royal Institute of Technology in Stockholm.

Shareholding: 76,426 shares

Alexander Kotsinas

(born 1967)

Member since autumn 2013. Was Vice President and CFO at Q-Med from 2008. Alexander has also served as CFO at Life Europe AB and the mobile provider 3. He has been Vice President at Investor AB and has worked at Ericsson. He has an MSc from the Royal Institute of Technology in Stockholm and a BSc from the Stockholm School of Economics. Currently partner at Nexttobe AB.

Shareholding: –

The Management

Julian Aleksov

Chief Executive Officer
Born 1965

Julian Aleksov is a co-founder and has been an employee of Oasmia since 1999. He is an economist with extensive experience in research and strategic development of global intellectual property.

Shareholding: 149,796 shares held personally and 34,227,476 shares held through the company Alceco International S.A.

Weine Nejdemo

Acting Chief Financial Officer
Born 1948

Weine Nejdemo holds an MBA and has been an employee at Oasmia since 2009. He has extensive international experience at senior management levels from several life science companies, including county councils, and has worked as a management consultant in other industries such as IT and engineering.

Shareholding: 10,000 shares held personally and 14,834 shares held through company

Hans Sundin

Executive Vice President
Born 1945

Hans Sundin is a Pharmacist and has been an employee at Oasmia since 2008. He has extensive international experience at senior management level from several pharmaceutical companies regarding manufacturing, quality control and project management, including companies with pharmaceutical companies as clients.

Shareholding: 5,000 shares held personally

Annette Ljungmark

Head of Accounting and Human Resources
Born 1950

Annette Ljungmark holds a degree from Stockholms Handelsreal and has been an employee at Oasmia since 2005. She has extensive experience from audit firms and the pharmaceutical industry in terms of finance, accounting, pensions and personnel issues.

Shareholding: -

Margareta Eriksson

Vice President Clinical Development
Born 1952

Margareta has a BSc in Chemistry and Biology, a PhD in Zoology and has further academic education in Pharmacology, Statistics, Computer Science and English. Margareta has been employed by Oasmia since 2008 and has 30 years of experience within the international pharmaceutical industry as a manager and project leader in clinical research.

Shareholding: -

Mikael Asp

Head of Quality Assurance
Born 1962

Mikael has an MSc in Chemical Engineering and has been an employee at Oasmia since 2013. He has 25 years of experience from several companies within the international pharmaceutical industry in research and development, production, quality assurance and as a Qualified Person (QP).

Shareholding: 4,050 shares held personally

John Cosby

Head of Regulatory Affairs
Born 1962

John Cosby has a BSc in Chemistry and has been employed at Oasmia since 2006. He has 30 years' experience from several companies within international life science, with responsibility for regulatory affairs and product development.

Shareholding: 1,500 shares held personally

Mikael Widell

Vice President Communications
Born 1958

Employed at Oasmia since 2013. Mikael has many years' experience of communications work, both in the international pharmaceutical industry, including AstraZeneca and Biovitrum, and in investment companies, such as Nordic Capital.

Shareholding: –

Consolidated income statement

Group

TSEK	Note	May 1, 2013 –Apr 30, 2014	May 1, 2012 –Apr 30, 2013
Net sales	5	60	-
Capitalized development costs	6,33	29,464	46,229
Other operating income	7	4,454	2,524
Raw materials, consumables and goods for resale	8	-6,835	-6,137
Other external expenses	9,10,33	-75,189	-62,616
Employee benefit expenses	11	-45,101	-42,408
Depreciation/amortization and impairment	12,13	-4,941	-5,089
Other operating expenses	12,13	-3	-86
Operating income	14,15	**-98,091**	**-67,583**
Financial income		192	587
Financial expenses		-7,213	-5,384
Financial income and expenses – net	14,16	**-7,021**	**-4,798**
Income before taxes		**-105,112**	**-72,381**
Income taxes	17	-	-
Income for the period		**-105,112**	**-72,381**
Income for the period attributable to:			
Parent Company shareholders		-105,112	-72,381
Earnings per share before and after dilution, SEK	18	-1.28	-1.06

Consolidated statement of comprehensive income

TSEK	Note	May 1, 2013 –Apr 30, 2014	May 1, 2012 –Apr 30, 2013
Income for the period		-105,112	-72,381
Comprehensive income for the period		**-105,112**	**-72,381**
Comprehensive income for the period attributable to:			
Parent Company shareholders		-105,112	-72,381
Comprehensive earnings per share, before and after dilution, SEK		-1.28	-1.06

Consolidated statement of financial position

Group

TSEK	Note	Apr 30, 2014	Apr 30, 2013	May 1, 2012
ASSETS				
Fixed assets				
Property, plant and equipment	12	24,401	26,161	25,988
Capitalized development costs	6,33	376,376	346,911	300,683
Other intangible assets	13	13,328	10,294	27,400
Financial fixed assets		2	2	2
Total fixed assets		**414,106**	**383,368**	**354,073**
Current assets				
Inventories	8	1,656	887	290
Accounts receivable – trade	20	49	-	-
Other current receivables	21	2,729	2,314	1,747
Prepaid expenses and accrued income	20	1,601	3,737	2,161
Cash and cash equivalents	22	48,241	62,956	2,028
Total current assets		**54,276**	**69,895**	**6,227**
TOTAL ASSETS		**468,383**	**453,263**	**360,299**
EQUITY				
Equity attributable to Parent Company shareholders				
Share capital	23	8,557	8,177	5,724
Other capital provided		640,924	573,439	457,832
Retained earnings		-367,574	-262,463	-190,082
Total equity		**281,907**	**319,153**	**273,474**
LIABILITIES				
Non-current liabilities				
Other non-current liabilities	24	891	891	16,264
Total non-current liabilities		**891**	**891**	**16,264**
Current liabilities				
Liabilities to credit institutions	26	40,000	-	3,197
Borrowings	27,31	105,000	105,000	29,600
Accounts payable		17,503	7,084	10,281
Other current liabilities	28	1,594	1,566	10,811
Accrued expenses and deferred income	29,33	21,488	19,569	16,671
Total current liabilities		**185,584**	**133,219**	**70,561**
Total liabilities		**186,476**	**134,110**	**86,825**
TOTAL EQUITY AND LIABILITIES		**468,383**	**453,263**	**360,299**

Any contingent liabilities and pledged assets are reported in note 30.

Consolidated statement of changes in equity

Group

		Attributable to Parent Company shareholders			
TSEK	Note	Share capital	Other capital contributions	Retained earnings	Total equity
Opening balance as of May 1, 2012		**5,724**	**457,832**	**-190,082**	**273,474**
Comprehensive income for the year		-	-	-72,381	-72,381
New share issue	23	2,453	120,205	-	122,658
Issue expenses		-	-4,598	-	-4,598
Closing balance as of April 30, 2013		**8,177**	**573,439**	**-262,463**	**319,153**
Opening balance as of May 1, 2013		**8,177**	**573,439**	**-262,463**	**319,153**
Comprehensive income for the year		-	-	-105,112	-105,112
New share issue	23	380	71,820	-	72,200
Issue expenses		-	-4,335	-	-4,335
Closing balance as of April 30, 2014		**8,557**	**640,924**	**-367,574**	**281,907**

Consolidated cash flow statement

Group

TSEK	Note	May 1, 2013 –Apr 30, 2014	May 1, 2012 –Apr 30, 2013
Operating activities			
Operating income before financial items		-98,091	-67,583
Depreciation and amortization	12,13	4,941	5,089
Disposal of tangible and intangible assets	12,13	3	86
Adjustment for income from divestment of intangible assets	13	-	-1,579
Interest received	16	192	587
Interest paid	16	-617	-611
Cash flow from operations before changes in working capital		**-93,571**	**-64,010**
Changes in working capital			
Change in inventories	8	-769	-597
Change in accounts receivable – trade	20	-49	-
Change in other current receivables	20,21	1,721	-2,142
Change in accounts payable		10,419	-3,197
Change in other current liabilities	28,29,31,33	-4,650	-1,999
Cash flow from operating activities		**-86,899**	**-71,946**
Investing activities			
Investments in intangible assets	6,13,33	-33,545	-57,196
Divestment of intangible assets	13	-	4,235
Investments in property, plant and equipment	12	-2,138	-4,428
Cash flow from investing activities		**-35,682**	**-57,388**
Financing activities			
Increase in liabilities to credit institutions	26	80,000	-
Decrease in liabilities to credit institutions	26	-40,000	-3,197
New share issues	23	72,200	122,658
Issue expenses	23	-4,335	-4,598
New loans	27,31	-	80,000
Repayment of loans	27,31	-	-4,600
Cash flow from financing activities		**107,865**	**190,263**
Cash flow for the period		**-14,716**	**60,928**
Cash and cash equivalents at beginning of year		**62,956**	**2,028**
Cash and cash equivalents at end of year	22	**48,241**	**62,956**

Income statement

Parent Company

TSEK	Note	May 1, 2013 –Apr 30, 2014	May 1, 2012 –Apr 30, 2013
Net sales	5	60	-
Capitalized development costs	6,33	29,464	46,229
Other operating income	7	4,454	2,524
Raw materials and consumables	8	-6,835	-6,137
Other external expenses	9,10,33	-75,129	-62,509
Employee benefit expenses	11	-45,101	-42,408
Depreciation/amortization and impairment of tangible and intangible assets	12,13	-4,938	-5,074
Other operating expenses	12	0	-86
Operating income		**-98,025**	**-67,461**
Income from participation in Group companies	32	-80	-145
Other interest receivable and similar income Interest and similar expenses	14,16	192	587
Interest and similar expenses	14,16	-7,213	-5,384
Financial income and expenses – net		**-7,101**	**-4,942**
Income before taxes		**-105,126**	**-72,404**
Income taxes	17	-	-
Income for the period		**-105,126**	**-72,404**

Parent Company statement of comprehensive income

TSEK	Note	May 1, 2013 –Apr 30, 2014	May 1, 2012 –Apr 30, 2013
Income for the period		-105,126	-72,404
Comprehensive income for the period		**-105,126**	**-72,404**

Balance sheet

Parent Company

TSEK	Note	Apr 30, 2014	Apr 30, 2013	May 1, 2012
ASSETS				
Non-current assets				
Intangible fixed assets				
Capitalized development costs	6,33	376,376	346,911	300,683
Concessions, patents, licences, trademarks and similar rights	13	13,328	10,288	27,378
Tangible fixed assets				
Equipment, tools and installations	12	22,988	20,355	24,149
Construction in progress and advance payments for tangible fixed assets	12	1,413	5,805	1,839
Financial fixed assets				
Participations in Group companies	32	110	110	110
Other securities held as non-current assets		1	1	1
Total non-current assets		**414,215**	**383,471**	**354,160**
Current assets				
Inventories				
Raw materials and necessities	8	1,656	887	290
		1,656	**887**	**290**
Current receivables				
Accounts receivable – trade	20	49	-	-
Receivables in Group companies		-	-	55
Other current receivables	21	2,727	2,312	1,746
Prepaid expenses and accrued income	20	1,592	3,721	2,084
		4,368	**6,033**	**3,885**
Cash and bank balances	22	48,238	62,947	2,020
Total current assets		**54,263**	**69,867**	**6,195**
TOTAL ASSETS		**468,478**	**453,339**	**360,355**

Balance sheet

Parent Company

TSEK	Note	Apr 30, 2014	Apr 30, 2013	May 1, 2012
EQUITY AND LIABILITIES				
Equity				
Restricted equity				
Share capital	23	8,557	8,177	5,724
Statutory reserve		4,620	4,620	4,620
		13,177	**12,797**	**10,344**
Unrestricted equity				
Share premium reserve		640,924	573,439	457,832
Retained earnings		-267,255	-194,851	-194,851
Income for the period		-105,126	-72,404	-
		268,544	**306,184**	**262,981**
Total equity		**281,721**	**318,981**	**273,325**
Non-current liabilities				
Other non-current liabilities	24	891	891	16,264
Total non-current liabilities		**891**	**891**	**16,264**
Current liabilities				
Borrowings	27,31	105,000	105,000	29,600
Accounts payable		17,500	7,084	10,281
Liabilities to credit institutions	26	40,000	-	3,197
Liabilities to Group companies	31	285	247	205
Other current liabilities	28	1,594	1,566	10,811
Accrued expenses and deferred income	29,33	21,488	19,569	16,671
Total current liabilities		**185,866**	**133,466**	**70,766**
TOTAL EQUITY AND LIABILITIES		**468,478**	**453,339**	**360,355**
Contingent liabilities and pledged assets				
Contingent liabilities	30	-	-	-
Pledged assets	30	8,000	8,000	8,000

Changes in equity

Parent Company

			Restricted equity		
TSEK	Note	Share capital	Statutory reserve	Unrestricted equity	Total equity
Opening balance as of May 1, 2012		**5,724**	**457,832**	**-190,082**	**273,474**
New share issue	23	2,453	-	120,205	122,658
Issue expenses		-	-	-4,598	-4,598
Total comprehensive income for the year		-	-	-72,404	-72,404
Closing balance as of April 30, 2013		**8,177**	**4,620**	**306,184**	**318,981**
Opening balance as of May 1, 2013		**8,177**	**4,620**	**306,184**	**318,981**
New share issue	23	380	-	71,820	72,200
Issue expenses		-	-	-4,335	-4,335
Total comprehensive income for the year		-	-	-105,126	-105,126
Closing balance as of April 30, 2014		**8,557**	**4,620**	**268,544**	**281,721**

Cash flow statement

Parent Company

TSEK	Note	May 1, 2013 –Apr 30, 2014	May 1, 2012 –Apr 30, 2013
Operating activities			
Operating income before financial items		-98,025	-67,461
Depreciation/amortization	12,13	4,938	5,074
Disposal of tangible assets	12	0	86
Adjustments for income from divestment of intangible assets	13	-	-1,579
Interest received	16	192	587
Interest paid	16	-617	-610
Cash flow from operating activities before changes in working capital		**-93,511**	**-63,903**
Changes in working capital			
Change in inventories	8	-769	-597
Change in accounts receivable – trade	20	-49	-
Change in other current receivables	20,21	1,714	-2,203
Change in accounts payable		10,416	-3,197
Change in other current liabilities	28,29,31,33	-4,692	-2,047
Cash flow from operating activities		**-86,892**	**-71,947**
Investing activities			
Investments in intangible assets	6,13,33	-33,545	-57,196
Divestment of intangible assets	13	-	4,235
Investments in property, plant and equipment	12	-2,138	-4,428
Cash flow from investing activities		**-35,682**	**-57,388**
Financing activities			
Increase in liabilities to credit institutions	26	80,000	-
Decrease in liabilities to credit institutions	26	-40,000	-3,197
New share issues	23	72,200	122,658
Issue expenses	23	-4,335	-4,598
New loans	27,31	-	80,000
Repayment of loans	27,31	-	-4,600
Cash flow from financing activities		**107,865**	**190,263**
Cash flow for the year		**-14,709**	**60,927**
Cash and cash equivalents at beginning of year		**62,947**	**2,020**
Cash and cash equivalents at end of year	22	**48,238**	**62,947**

Notes

NOTE 1 GENERAL INFORMATION

Oasmia Pharmaceutical AB (Reg. No. 556332-6676 and the Parent Company of the Oasmia Group) is a limited company domiciled in Stockholm, Sweden. The address of the Company is Vallongatan 1, Uppsala, where the Parent Company has its office, manufacturing facility and conducts research.

The Company is listed on NASDAQ OMX Stockholm and the Frankfurt Stock Exchange. The Group's operations are described in the Administration Report on pages 13-17. The annual report for Oasmia Pharmaceutical AB for the financial year ending April 30, 2014 has been ap-proved for publication by the Board on August 21, 2014. The Group and Parent Company financial statements will be submitted to the Annual General Meeting on September 29, 2014 for adoption.

NOTE 2 ACCOUNTING POLICIES

The principal accounting policies applied in these financial statements are set out below.

Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) as adopted by the EU. Furthermore, the recommendation RFR 1, Supplementary accounting regulations for Groups, issued by the Swedish Financial Reporting Board, has been applied.

The Parent Company applies the same accounting policies as the Group except in the cases listed below under "Parent Company account-ing policies". The differences between the Parent Company and the Group are a result of limitations in the application of IFRS in the Parent Company as a result of the Swedish Annual Accounts Act and the Swedish Pension Obligations Vesting Act, and in some cases for tax reasons.

The preparation of financial statements in conformity with IFRS requires the use of certain critical estimates for accounting purposes. It also requires management to exercise its judgment in applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

Restatements of historical values
During the past financial year Oasmia has improved the method in the financial statements for determining accrued costs for clinical trials. This has given rise to restatements of historical figures for the costs for clinical trials which have been capitalized. The effects of the restatements are disclosed in Note 33.

The Group's accounting policies

Changes in accounting policies

New policies 2013/14
None of the standards and interpretations required for the first time for the financial year that began on May 1, 2013 had a material impact on the consolidated financial statements. The introduction of IFRS 13 Fair Value Measurement has led to increased requirements for information disclosed related to financial instruments.

New IFRS standards and interpretations effective financial year 2014/15 or later

IFRS 9 Financial Instruments
This standard has not yet been adopted by the EU. IFRS 9 is intended to replace IAS 39 Financial instruments. The elements of IFRS 9 published so far concern the classification and assessment of financial instruments, whereby today's four categories are replaced by two categories, "amortized cost" and "fair value". Early application of the published elements is permitted. Oasmia intends to apply the new standard no later than the financial year beginning May 1, 2015.

IFRS 10 Consolidated Financial Statements
The standard outlines the requirements for the preparation and presentation of consolidated financial statements, requiring entities to consolidate entities it controls and will replace IAS 27 Consolidated and Separate Financial Statements and SIC 12 Consolidation – Special Purpose Entities. The standard is not expected to have a material impact on financial reports.

IFRS 12 Disclosure of Interests in Other Entities
This is a standard on requirements for disclosures about an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated 'structured entities'. The standard is expected to increase the level of information disclosed in Oasmia annual report.

None of the other standards and interpretations which have not yet come into force are expected to have a material impact on the Group.

Subsidiaries
Subsidiaries are companies where the Group has the right to design financial and operative strategies in a way which is customary for a shareholding equivalent to more than half of the votes. Subsidiaries are included in the Consolidated Accounts as from the day on which the controlling interest is transferred to the Group. They are excluded from the Consolidated Accounts as from the day on which the controlling interest ends.

The acquisition method is applied to the recognition of the Group's acquisitions of subsidiaries. Acquisitions made before 2010/11 are recognized in accordance with the previous acquisition method. As from the financial year 2010/11 the Group applies (revised) IFRS 3 Business Combinations, where one of the amendments is that acquisition-related costs are carried as costs instead of being included in acquisition value.

Identifiable acquired assets and liabilities in an operational acquisition are initially assessed at fair value on the date of acquisition. For each acquisition the Group determines whether a non-controlling interest in the acquired company is recognized at fair value or at the holding's proportional share of the net assets of the acquired company. The excess, as the difference between the acquisition value and the fair value of the Group's share of identifiable acquired assets, liabilities and contingent liabilities, is recognized as goodwill. If the acquisition value is less than the fair value of the acquired subsidiary's assets, liabilities and contingent liabilities, the difference is recognized directly in the income statement.

Eliminations are made for intra-Group transactions and balance-sheet items, and for unrealized gains on transactions between Group companies.

Segment reporting
An operating segment is a part of a company that conducts business activities from which revenues can be generated and costs can be incurred, and for which independent financial information isavailable. Furthermore, the operating results of the

segment are reviewed on a regular basis by the company's chief operating decision maker as the basis forthe decision on allocation of resources to the segment and the evaluation of its result. The Group management has been identified as the chief operating decision maker. The Group management view operations in total as one segment. For this reason the Group does not include information by segment in the accounts. Disclosures according to IFRS 8 Operating Segments p32-34 are provided in Note 5.

Translation of foreign currencies
The Group companies use SEK as their functional currency and reporting currency. Transactions in foreign currency are translated to the functional currency according to the exchange rates on the transaction date. Translation profits or losses arising from payments for such transactions and from translation of monetary assets and liabilities in foreign currency at the exchange rates on the closing date are recognized to operations. Currency gains and losses arising from the translation of bank accounts in foreign currencies are recognized under Net financial items.

Tangible fixed assets
Property, plant and equipment are recognized at acquisition cost, with deductions for depreciation. The acquisition cost includes expenses directly attributable to the acquisition of the asset.

Additional expenses are added to the carrying amount of the asset or are recognized as a separate asset, depending on what is most suitable, only when it is probable that the future economic benefits connected with the asset will prove beneficial to the Group and the acquisition cost of the asset can be measured in a reliable way. The carrying amount of the replaced part will be removed from the Balance Sheet. All other types of repairs and maintenance are recognized as expenses in the Income Statement in the period in which they arise.

Tangible fixed assets which are acquired by conditional sale are recognized at acquisition cost, i.e. the total discounted amount of all future payments. A liability is recognized at the same time concerning the purchase sum not yet paid. The liability is initially valued at its fair value and thereafter at amortized cost with application of the effective interest method. The liability is divided into a non-current part and a current part and is recognized in the item Borrowings.

The Group applies component depreciation, which means that every part of an asset related to property, plant and equipment with a significant acquisition cost in relation to the total acquisition cost of the asset is depreciated separately. Component depreciation is mostly applied to the Group's production equipment.

Assets are depreciated on a straight-line basis in order to distribute their acquisition cost on the calculated residual value over the calculated utilization period, as follows:

• Vehicles	3 years
• Inventories and production equipment	5-15 years
• Leasehold improvements	20 years

The residual values and utilization period of the assets are reviewed at every balance-sheet date and are adjusted as required. A carrying amount of an asset is immediately depreciated to its recoverable amount if the carrying amount exceeds its estimated recoverable amount. Profits and losses from divestments are established by a comparison between the sales revenue and the carrying amount and are recognized in Other operating income or Other operating expenses.

Intangible assets
Capitalized development costs
Expenditures for research are written off immediately. Development costs which are attributable to production and tests of novel or im-proved products are capitalized to the extent that they are expected to generate future economic benefits. Amortization is carried out on a straight-line basis over the period that the expected benefits are expected to generate earnings for the Company, which is from the date that commercial sale to final customers is commenced. The utilization period for such capitalized development costs is estimated to be at most 10 years.

Pharmaceuticals in development pass through two stages, the preclinical stage and the clinical stage. In the preclinical stage, pharmaceutical candidates are selected from possible future pharmaceuticals. The priorities which govern the selection are demand and profitability. Furthermore, the production process for the novel pharmaceutical to a test version and studies of the pharmaceutical for specificity, efficacy and safety are included. The work in this phase is concluded with submission of an IND (Investigative New Drug) application to the authorities in order to obtain permission to test the pharmaceutical on humans. When an application has been approved, the process continues in the clinical stage. This stage can be divided into four phases: in Phase I, the pharmaceutical is tested on healthy volunteers; in Phase II, the pharmaceutical is tested on a group of people with the disease the pharmaceutical is intended to treat; and in Phase III, the pharmaceutical is tested on a larger group of patients whereby both efficacy and safety and studied. Corresponding methods are used for pharmaceuticals for veterinary use. After market launch of the final product, rare side-effects are studied in Phase IV.

The Company has adopted the principle of capitalizing development costs in Phase III for two pharmaceutical candidates, Paclical and Paccal Vet, for which all conditions for capitalization have been fulfilled. Other development costs are written off as they arise. Development costs previously written off are not carried forward as assets in later periods.

Other intangible assets
The Group capitalizes fees to authorities for patents and sales rights to the extent they are expected to generate future economic benefits. They are recognized at acquisition cost, reduced by the accumulated amortizations. Amortization is performed on a straight-line basis in order to distribute the cost over the estimated utilization period. The estimated utilization period is 5 years for sales rights and a maximum of 20 years for patents.

The capitalized patent expenses comprise registration costs such as initial expenses for e.g. authorities and legal fees. Sales rights comprise fees to authorities for the right to sell parallel-imported pharmaceuticals. The gain or loss arising when an intangible asset is divested or disposed of is determined as the difference between the settlements received and the carrying amount and is recognized in Other operating income or Other operating expenses.

Inventories
The inventory is recognized at the lowest of acquisition cost and net realizable value. The acquisition cost is established by using the first in, first out method (FIFO). The acquisition cost consists of purchase costs and costs of own work. The net realizable value is the estimated sales price in the operating activities, with deductions for applicable variable sales expenses.

Impairment of non-financial assets
The capitalized development costs which are not yet current are not amortized, but are instead evaluated annually for any impairment needs. The Group performs an estimation of the expected utilization period of the assets at every financial statement. If there are indications that an asset's value has diminished, the Group establishes the recoverable amount of the asset. This amount is the highest net realizable value of the asset, with deductions for sales costs and its value in use. The asset is amortized by the amount by which the carrying amount of the asset exceeds the recoverable amount. In order to establish the impairment need, the assets are grouped into cash generating units, which is the smallest group of assets that enables positive cash flows that are essentially independent of the cash flow from other assets or groups of assets. The Group presently has no assets with indeterminable utilization periods.

Financial instruments
The Group's financial instruments comprise trade receivables, other current receivables, certain accrued income, cash and cash equivalents, borrowings, liabilities to credit institutions, trade payables, other current liabilities and certain accrued expenses. All of Oasmia's financial instruments are recognized at acquisition cost with the addition of transaction costs. The classification of the items in the balance sheet is disclosed in note 19.

Accounts receivable
Accounts receivable are initially recognized at fair value and thereafter at amortized cost with application of the effective interest method, reduced by any impairment provision. A provision for impairment of accounts receivable is made when there is objective evidence that the Group will not be able to receive all amounts which are due according to the initial terms of the claims. Signifi-

cant financial difficulties of the debtor, a risk that the debtor will become bankrupt or undergo a financial reconstruction, and cancelled or delayed payments (more than 30 days overdue) are considered to be indicators that there is need to write down a trade receivable. The size of the provision is determined by the difference between the carrying amount of the asset and the present value of future estimated cash flow, discounted at the original effective interest rate. The recognized value of the asset is reduced by the utilization of a depreciation account and the loss is recognized in the income statement in the item Other external expenses. When an account receivable cannot be collected, it is written off against the depreciation account for account receivables. Recycling of amounts previously written off is credited to Other operating income in the income statement.

Cash and cash equivalents
Cash and cash equivalents include cash and bank balances. Utilized credit facilities are recognized as Liabilities to credit institutions in the balance sheet.

Borrowings
Borrowings are initially recognized at fair value, net after transaction costs. Borrowings are thereafter recognized at amortized cost and any difference between the amount received (net after transaction costs) and the repaid amount is recognized in the income statement, dis-tributed over the term of the loan, by applying the effective interest rate method. Borrowings are classified as current liabilities unless the Group has an unconditional right to postpone payment of the liability for at least 12 months after the balance-sheet date. The Group has a credit line from the principal owner Alceco International S.A. The utilized part of this is recognized as a current liability.

Accounts payable
Accounts payable are initially recognized at fair value and thereafter at amortized cost by applying the effective interest rate method.

Impairment of financial assets
The value of financial assets is reviewed as of every reporting date. If there are indications that an asset has depreciated in value, the recoverable amount is tested. The recoverable amount for assets belonging to the category "Loan receivables and trade receivables", which are recognized at amortized cost, is calculated as the present value of future cash flow, discounted at the effective interest rate which applied when the asset was recognized for the first time. Assets with a short term to maturity are not discounted. An impairment write-down will affect the income statement.

Share capital
Common stock is classified as equity. Transaction costs which can be attributed directly to new share issues or options are recognized, net after tax, in equity as a deduction of the issue payment.

Deferred income tax
Deferred taxes are recognized according to the balance sheet method on temporary differences which arise between the taxation value of assets and liabilities and their carrying amounts in the consolidated accounts. The deferred tax is not recognized if it arises as a result of a transaction which comprises the first recognition of an asset or liability which is not a business combination and which, at the time of the transaction, does not affect the recognized or fiscal result. Deferred income tax is calculated by applying tax rates (and tax laws) which have been decided or announced as of the balance-sheet date and which are expected to apply when the deferred tax asset concerned is realized or the deferred tax liability is paid. Deferred tax assets are recognized to the extent that there are convincing reasons that a future fiscal surplus will be available, against which the temporary differences can be used.

Employee benefits
Current remuneration
Current remuneration to employees is calculated without discounting and is recognized as an expense when the services concerned are obtained.

Pension obligations
The Group has defined contribution pension plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate legal entity. The Group has no legal or constructive obligations to pay further contributions if this legal entity does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions are recognized as employee benefit expenses when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available to the Group.

Severance pay
Severance pay is awarded when notice is given to an employee by the Group before the normal pension date, or when an employee ac-cepts voluntary resignation in exchange for such payments. The Group recognizes severance pay when it is obliged either to give notice to the employee according to a detailed formal plan without the possibility of recall, or to pay remuneration when notice is given as a result of an offer made to encourage voluntary resignation. Benefits which are due more than 12 months after the balance-sheet date are discounted to the present value.

Revenue recognition
Revenues comprise the fair value of what has been received or will be received for sold goods, services and necessities as a result of the Group's business operations. Revenue is recognized without value added tax, and after elimination of intra-Group sales. The Group recognizes revenue when the amount can be measured in a reliable way, it is likely that future economic benefits will accrue to the Company and certain criteria have been fulfilled for each of the business activities of the Group described below.

a) Sales of goods
Revenues from sales of goods are recognized at the time when they are delivered to customers, licensees or distributors. This is the time when ownership rights are transferred to the recipient of the goods.

In addition to sales of registered pharmaceuticals, sales may be conducted before a drug has been registered, in the following two cases. In the first case, the purchaser is a hospital pharmacy or veterinary clinic where the Company's clinical trials are ongoing. In the second case, the purchaser is a treating clinic that has decided to test a drug that has not yet been approved, as registered drugs have not had the desired effect. Both cases are called compassionate use and the Parent Company has had such sales. In such cases delivery and invoicing of the product are performed at the same time and the revenue is recognized at this time.

(b) Contract assignments
Contract assignments carried out are recognized as revenue to the extent that they have been completed at the end of the reporting period, that is by gradual revenue recognition.

(c) Sale of necessities
Oasmia sells necessities, in the form of sterile water that has been produced in the Company's facility, to another company. The resulting revenues are recognized upon delivery.

(d) Royalties
Royalty revenues arise when a licensee recognizes sales in its market. Royalty revenues are recognized in the same period as the licensee's sales.

(e) Milestone payments
Milestone payments are received from licensees. They are recognized as revenues when a licensing agreement has been entered into and when other criteria pursuant to the agreement have been met by Oasmia or by the licensee. Such agreement criteria are the time of regis-tration of Oasmia's pharmaceuticals and sales levels achieved by the licensee. Each such item is assessed on its own merits regarding any uncertainty factors that may entail a risk of repayment, wholly or partly, given that the licensing agreement in question may contain such a clause. When it is assessed that such an uncertainty factor exists, the amount for which there is a risk of repayment is recognized as de-ferred income, long-term or short-term. When such an uncertainty factor no longer exists, the amount is recognized as revenue.

Leasing
Leasing whereby a significant part of the risks and benefits of ownership is retained by the lessor is classified as operational leasing. Payments made during the lease term (after deduction of any incentives from the lessor) are carried as an expense in the income statement on a straight-line basis over the term of the lease. The Company has no financial leasing.

Dividends
Dividends paid to Parent Company's shareholders are recognized as liabilities in the consolidated financial statements in the period in which the dividends are approved by Parent Company shareholders.

Cash flow
Cash flow statements are prepared using the indirect method.

Parent Company accounting policies

The Parent Company's accounts are presented in accordance with the Annual Accounts Act (1995:1554) and recommendation RFR 2, Accounting for Legal Entities, issued by the Swedish Financial Reporting Board. RFR 2 states that in the annual report for the legal entity the Parent Company shall apply all IFRS and announcements adopted by the EU as far as possible within the framework of the Annual Accounts Act, and with regard to the connection between accounting and taxation. The recommendation lists which exceptions and additions are to be made from IFRS.

The differences between the accounting policies of the Group and the Parent Company are described below. In accordance with p. 3 of RFR 2 concerning IAS 39, the Company has chosen not to apply the Annual Accounts Act chapter 4, 14§ sections a-e, which allows for an estimation of certain financial instruments at fair values. The accounting policies stated below for the Parent Company have been applied consistently to all periods presented in the Parent Company's financial statements, unless otherwise stated.

Changes in accounting policies
Group contributions (amendment)
The change regarding reporting of Group contributions was decided in September 2012 by the Council for Financial Reporting and is mandatory for financial years beginning 1 January 2013 or later. Early application is permitted. This change means that companies applying RFR 2 must choose between a main rule and an alternative rule for reporting of group contributions and then apply it consistently. Under the main rule, Parent Company contributions to a subsidiary must be reported as an increase in participation in Group companies. Group contributions received from subsidiaries are reported as financial income. Under the alternative rule, the entity recognizes all Group contributions as an appropriation. Oasmia has chosen to report Group contributions according to the main rule. The change has had no impact on the financial reports.

Classification and forms of presentation
The Parent Company uses the terms Balance Sheet, Changes in Equity and Cash Flow Statement for the reports that in the Consolidated Accounts are named the Statement of Financial Position, Statement of Changes in Equity, and Cash Flow Statement. The form of presentation of the Parent Company's income statement and balance sheet is based on the table presented in the Annual Accounts Act, which entails differences compared to the consolidated financial statements, as the presentations based on IAS 1, Presentation of Financial Statements, are mainly applicable to the classification of equity and the naming of certain items.

Revenues
Dividends
Dividend revenue is recognized when the right to receive payment is judged to be safe.

Group and shareholder contributions for legal entities
Shareholder contributions are accounted for as equity by the recipient and as an increase of participations in Group companies by the donor. Group contributions made by the Parent Company to a subsidiary are reported as an increase in participation in Group companies in the Parent Company accounts. Group contributions from a subsidiary to the Parent Company are accounted for as financial revenue in the Parent Company.

NOTE 3 FINANCIAL RISK MANAGEMENT

The Group is exposed to various financial risks. The Group's finance policy includes the continuous identification and management of these risks. The Group is also exposed to operational risks, which are described in more detail in the Administration Report pages 13-17.

The main financial risks are:
- Financing and liquidity risk
- Capital risk
- Currency risk
- Commodity price risk
- Interest rate risk
- Credit and counterparty risk

The extent to which the Group is exposed to these risks and how these risks are managed are described below.

Financing and liquidity risk
Financing risk is the risk that financing of Oasmia's capital requirements and refinancing of utilized credit facilities become difficult, impossible or more expensive. Liquidity risks concern situations where cash and cash equivalents may not be sufficient for the operations that the Company has planned. The Group is exposed to these risks because the current business activities have a very fluctuating cash flow, from operations and from investments. The Group manages these risks via a continuous high level of activity within the areas of financing via equity, loans, agreements on credit lines and licensing. Short-term liquidity is secured by a liquidity reserve, loans, and the unutilized part of confirmed credit lines.

The table below shows the utilized credit amounts with the Bank as of the balance-sheet date (TSEK).

	Apr 30, 2014			Apr 30, 2013		
Counterparty Bank	Credit limit	Unutilized amount	Liquidity reserve	Credit limit	Unutilized amount	Liquidity reserve
	5,000	0	5,000	5,000	0	5,000

The table below shows the financial liabilities of the Group, divided up according to the time remaining from the balance-sheet date to the agreed due date (TSEK).

As of April 30, 2014	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
Liabilities to credit institutions[1]	40,000	-	-	-
Accounts payable and other liabilities[2]	40,584	-	-	-
Borrowings[3]	105,000	-	-	-

As of April 30, 2013	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
Liabilities to credit institutions[1]	-	-	-	-
Accounts payable and other liabilities[2]	28,219	-	-	-
Borrowings[3]	105,000	-	-	-

1 Liabilities to credit institutions consist of a bank loan (Note 26).

2 Trade payables and other liabilities consist of Trade payables, Other current liabilities and Accrued expenses and deferred income.

3 Borrowings consists of loans from Nexttobe AB and credit utilized from Oasmia's principal owner (Note 27).

The Group recognizes Other non-current liabilities of TSEK 891 (891), which is deferred income related to a licensing and distribution agreement. The amount may be refunded if Oasmia does not receive market authorization for Paclical in the EU by the end of 2015 (Note 24).

Capital risk
Capital risk is connected to situations where the capital structure is different to what is optimal. With an optimal structure, the cost of capital is kept at low level and a return can be generated to shareholders. The Group is exposed to such risk because of a very fluctuating cash flow. The capital structure can be judged from the debt/equity ratio. The debt/equity ratio as of April 30, 2014 was 34 % (13).

The table below shows the Group's net liability and debt/equity ratio (definitions, Note 34) on the closing date.

	Apr 30, 2014	Apr 30, 2013
Total borrowings [1]	145,000	105,000
Deducted cash and cash equivalents	-48,241	-62,956
Net liability	**96,759**	**42,044**
Total equity	281,907	319,153
Debt/equity ratio	**34 %**	**13 %**

1 Containing balance sheet items borrowings and liabilities to credit institutions.

Currency risk
Currency risks arise when future business transactions or recognized assets or liabilities are expressed in a currency which is not the functional currency of the Company, which is SEK. The Group makes current payments in EUR and USD, but only very few payments have been received in these currencies during the last two financial years. Account payables in foreign currencies at year end were 1,139 TEUR (392) and 336 TUSD (212) and other liabilities in foreign currencies were 299 TEUR (100) and 44 TUSD (0). Currency risks are handled by limiting the number of trading currencies and seeking to minimize the net exposure in each currency as far as possible. Both of these situations can be affected by Oasmia's choice of contract currency with business partners. There is no regular forward hedging as the currency exposure is dominated by the purchased product development services, which are very irregular and difficult to plan.

Commodity price risk
A commodity price risk is the risk of changes in purchase prices from suppliers of such materials used in the production of pharmaceuticals. The vast majority of the raw materials are purchased in EUR and USD, where the underlying prices may change. Oasmia usually has several alternative suppliers of these raw materials to choose between and uses the opportunities to exert price pressure that are available in the current competitive situation.

Interest rate risk
Interest rate risk is connected to changes in market rates that have an influence on the Group´s net financials. The Group has an interest rate risk when utilizing credit facilities where the utilized amount is exposed to variable interest rates. The Group does not continuously utilize such credit facilities, and does so only for relatively small amounts. If the variable interest rates had been 1.0 percent higher/lower with all other variables constant, net income as of April 30, 2014 would have been TSEK 165 (0) lower/higher, as a result of higher/lower interest rates for unutilized bank credit and bank loans with a variable interest rate.

The credit facility available to Oasmia from Alceco International S.A carries a fixed interest rate of 5% on utilization and the loan that Oasmia has raised from Nexttobe AB carries a fixed interest rate of 8.5%. They therefore do not entail any interest rate risk. The Group does not have any significant interest-bearing assets so that there is no such interest rate risk.

Credit and counterparty risk
Credit and counterparty risks are connected to the risk of loss if the counterparty does not fulfil its obligations. Group revenues are re-ceived from only a few customers and partners, where sales are mainly to pharmacies in Sweden and licence revenues are received from a few corporations selected by Oasmia. These counterparties have good credit ratings, so that the credit and counterparty risks are assessed to be very low.

NOTE 4 SIGNIFICANT ESTIMATES AND ASSUMPTIONS FOR ACCOUNTING PURPOSES

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the current circumstances.

Significant estimates and assumptions for accounting purposes
The Group makes estimates and assessments about the future. The resulting estimates for accounting purposes will by definition seldom correspond to the actual result. The estimates and assessments that entail a considerable risk of significant adjustments in the carrying amounts for assets and liabilities in the next financial year are listed below.

(a) Impairment tests for intangible assets
The Group capitalizes development costs for two drug candidates. The financial year's capitalized development costs amounted to TSEK 29,464 (46,229) and the Group's capitalized development costs, as of April 30, 2014, amounted to TSEK 376,376 (346,911). The Company annually performs an assessment of whether there is a need for impairment of the capitalized development costs. Oasmia's impairment tests show that there is no need for impairment. For one of the products, Paccal Vet, conditional market approval has been received in the USA for the indications mammary carcinoma and squamous cell carcinoma in dogs. In Oasmia's assessment, more market approvals can be expected in the foreseeable future and expected future profits justify the value of the assets. If the other market approvals were not to be received, or the likelihood of receiving approval were to decrease, parts of the capitalized expenditure would be carried as expenses. As of April 30, 2014 capitalized expenditure amounted to 134 % (109) of the equity at the same time. The Group annually evaluates whether a need for impairment exists for all intangible assets, in accordance with the accounting policies described in Note 2.

(b) Licensing revenues
The Parent Company enters into licensing and distribution agreements with other companies. Such agreements include certain milestone payments with a risk of repayment, depending on success in product development and registration. The Parent Company continuously evaluates whether such conditions have changed, been eliminated or been realized, in accordance with the accounting policies described in Note 2.

(c) Income taxes
The Group is required to pay tax in Sweden. The Group's companies have so far showed negative fiscal results, as significant fiscal deficit exists in the Group. There are at present no convincing reasons that fiscal surpluses will exist in the future to defend a capitalization of the deficits. Accumulated fiscal deficits in the Group are described in Note 25.

Important judgements when applying the Company's accounting policies
The Group capitalizes development costs for two pharmaceutical candidates for which the Group assesses that all criteria for capitalization are fulfilled. If the Group should make the judgment that all capitalization criteria are no longer fulfilled, these assets would be written off against Group income.

The Group capitalizes expenditures for patents and sales rights because they are expected to generate future economic benefits. If the Group should make the judgment that they will no longer generate future economic benefits, these assets would be written off against the Group's income.

NOTE 5 SEGMENT INFORMATION

The Group currently has only one segment and therefore reports no information by segment. Below is company-wide information.

Revenue breakdown

	Group		Parent Company	
TSEK	May 1, 2013 –Apr 30, 2014	May 1, 2012 –Apr 30, 2013	May 1, 2013 –Apr 30, 2014	May 1, 2012 –Apr 30, 2013
Sales of necessities	60	-	60	-
Total	**60**	**0**	**60**	**0**

The Group is headquartered in Sweden. Revenue from external customers in Sweden amounted to TSEK 60 (0) and consisted of sales of necessities to one customer. Revenue from external customers in other countries amounted to TSEK 0 (0).

Non-current assets located in Sweden amounted to TSEK 408,523 (377,563) and non-current assets located in another country amounted to TSEK 5,584 (5,805).

NOTE 6 CAPITALIZED DEVELOPMENT COSTS

Joint costs for Group and Parent Company

	May 1, 2013 – Apr 30, 2014			May 1, 2012 – Apr 30, 2013		
TSEK	Paclical	Paccal Vet	Total	Paclical	Paccal Vet	Total
Opening balance acquisition value	261,242	85,669	346,911	219,631	81,051	300,683
Capitalized expenditure for the year	19,677	9,788	29,464	41,611	4,618	46,229
Closing balance accumulated acquisition value	**280,919**	**95,457**	**376,376**	**261,242**	**85,669**	**346,911**
Opening balance accumulated amortization	-	-	0	-	-	0
Amortization for the year	-	-	0	-	-	0
Closing balance accumulated amortization	**0**	**0**	**0**	**0**	**0**	**0**
Closing balance carrying amounts	280,919	95,457	376,376	261,242	85,669	346,911

Research and development costs which are not capitalized amounted to TSEK 71,162 (50,216).

NOTE 7 OTHER OPERATING INCOME

	Group		Parent Company	
TSEK	May 1, 2013 –Apr 30, 2014	May 1, 2012 –Apr 30, 2013	May 1, 2013 –Apr 30, 2014	May 1, 2012 –Apr 30, 2013
Gain on divestment of intangible assets	-	1,579	-	1,579
Insurance compensation	4,250	750	4,250	750
State support (new start jobs)	204	196	204	196
Total	**4,454**	**2,524**	**4,454**	**2,524**

NOTE 8 INVENTORIES

	Group		Parent Company	
TSEK	Apr 30, 2014	Apr 30, 2013	Apr 30, 2014	Apr 30, 2013
Valued at acquisition value				
Raw materials	1,656	887	1,656	887
Total	**1,656**	**887**	**1,656**	**887**

There have been no inventory expenses and no impairment of inventory during the year.

NOTE 9 REMUNERATION TO AUDITORS

	Group		Parent Company	
TSEK	May 1, 2013 –Apr 30, 2014	May 1, 2012 –Apr 30, 2013	May 1, 2013 –Apr 30, 2014	May 1, 2012 –Apr 30, 2013
Ernst & Young AB				
Auditing	425	325	425	325
Auditing activities in addition to auditing	4,930	43	4,930	43
Tax consulting	-	15	-	15
Total	**5,355**	**383**	**5,355**	**383**

Auditing involves reviews of the Annual Report, the accounting records, and the management of the Board of Directors and CEO, and other tasks that the Company's auditors are required to undertake. Auditing activities in addition to auditing include review of interim reports and quality assurance services.

NOTE 10 LEASING

The Group has no financial leasing agreements, but has operational leasing agreements that primarily consist of leases for facilities. There are no variable fees. The future minimum lease payments for operational leases are as follows (TSEK):

Financial year	Operational leasing (TSEK)
2014/2015	4,996
2015/2016	4,996
2016/2017	4,996
2017/2018	4,996
2018/2019	4,996
Total	**24,980**

Leasing costs (minimum lease payments) were TSEK 4,272 (4,263) for the financial year.

NOTE 11 EMPLOYEES AND REMUNERATION

Average number of employees

	Group		Parent Company	
TSEK	May 1, 2013 –Apr 30, 2014	May 1, 2012 –Apr 30, 2013	May 1, 2013 –Apr 30, 2014	May 1, 2012 –Apr 30, 2013
Women	37	35	37	35
Men	37	37	37	37
Total	**74**	**72**	**74**	**72**

All personnel are employed and perform their duties in Sweden.

Salaries and benefits

	Group		Parent Company	
TSEK	May 1, 2013 –Apr 30, 2014	May 1, 2012 –Apr 30, 2013	May 1, 2013 –Apr 30, 2014	May 1, 2012 –Apr 30, 2013
Board	941	1,159	941	1,159
CEO and other senior executives	7,288	4,477	7,288	4,477
Other employees	26,846	26,942	26,846	26,942
Defined contribution pension plans	371	518	371	518
Defined medical benefits	4	2	4	2
Total salary and remuneration	**35,449**	**33,097**	**35,449**	**33,097**
Social security contributions by law and agreement	9,462	9,500	9,462	9,500
Special payroll tax pension expenses	90	126	90	126
Total salaries, remuneration and social security	**45,002**	**42,723**	**45,002**	**42,723**

Benefits for Senior Executives

Board of Directors and Board committees
Remuneration of the Chairman of the Board of Directors and Board members is decided by the Annual General Meeting. There is no remuneration for participation in the Nomination Committee. Board fees for Joel Citron are invoiced through wholly owned Miankoma Partners; Jan Lundberg is invoiced through wholly owned Rekonstructa AB and Martin Nicklasson is invoiced through wholly owned Nicklasson Life Science AB in accordance with the Annual General Meeting and by special agreement with Oasmia Pharmaceutical AB. Except for what is described in Transactions with senior management in Note 31, no other remuneration such as salary, pension premium or other benefits has been paid.

Chief Executive Officer
Remuneration of the CEO consists of a fixed salary. The remuneration is reviewed annually on April 1. According to the CEO's agreement regarding individual health insurance and pension insurance, the Company shall pay an annual amount corresponding to 20% of the CEO's pensionable annual salary to any chosen pension company. If a termination notice is given by the employer, a 24-month term of notice applies. If a termination notice is given by the CEO, the term of notice is 3 months.

Terms of employment for other senior executives
Remuneration to other senior executives consists only of fixed salary and pension insurance corresponding to 4.5% of the pensionable annual salary. Salaries are reviewed annually on April 1.

Remuneration to Board and senior executives

	May 1, 2013 – Apr 30, 2014	
TSEK	Base salary/ Board fees	Pension
Chairman of the Board, Joel Citron	175	-
Board member, Jan Lundberg	150	-
Board member, Bo Cederstrand	150	-
Board member, Martin Nicklasson	150	-
Board member, Horst Domdey	150	-
Board member, Alexander Kotsinas*	0	-
Board member and CEO, Julian Aleksov	1,267	253
Other senior executives (8 persons) **	5,178	17
Total	**7,220**	**271**

* Elected as Board member September 30, 2013.

** Two members of the management team left the company in November 2013 and April 2014 respectively

	May 1, 2012 – Apr 30, 2013	
TSEK	Base salary/ Board fees	Pension
Chairman of the Board, Joel Citron	213	-
Board member, Jan Lundberg	200	-
Board member, Bo Cederstrand	200	-
Board member, Martin Nicklasson	200	-
Board member, Horst Domdey	200	-
Board member and CEO, Julian Aleksov	1,181	518
Other senior executives (7 persons)*	2,583	-
Total	**4,777**	**518**

* In February 2013 the mangement team was increased by 4 people.

Gender distribution on the Board and in management

	Apr 30, 2014		Apr 30, 2013	
	Number on balance sheet date	Number of men	Number on balance sheet date	Number of men
Group				
Board members	7	7	6	6
Chief Executive Officer and other senior executives	7	5	8	5
Parent Company				
Board members	7	7	6	6
Chief Executive Officer and other senior executives	7	5	8	5

Health care and medical care
Oasmia offers its employees free medical care up to the cost ceiling and free medicines up to the cost ceiling. Oasmia has also signed an agreement with a provider of occupational health services.

Pension
As from April 1, 2014, all personnel are entitled to pension insurance corresponding to 4.5% of their pensionable annual salary.

NOTE 12 TANGIBLE FIXED ASSETS

Property, plant and equipment consists of vehicles, inventory and production equipment, and leasehold improvements.

TSEK	Vehicles	Inventories and production equipment	Leasehold improvements	Construction in progress and advance payments for machinery and equipment	Total
Group May 1, 2013 – Apr 30, 2014					
Opening balance acquisition value	148	34,851	8,512	5,805	49,316
Investments for the year	-	725	-	1,413	2,138
Reclassifications	-	5,805	-	-5,805	0
Disposals	-	-2,942	-	-	-2,942
Closing balance accumulated acquisition value	**148**	**38,439**	**8,512**	**1,413**	**48,512**
Opening balance accumulated depreciation	-148	-20,956	-2,051	0	-23,156
Depreciation for the year	-	-3,488	-409	-	-3,897
Disposals	-	2,941	-	-	2,941
Closing balance accumulated depreciation	**-148**	**-21,503**	**-2,460**	**0**	**-24,111**
Closing balance carrying amounts	0	16,936	6,052	1,413	24,401
Group May 1, 2012 – Apr 30, 2013					
Opening balance acquisition value	148	35,309	8,185	1,839	45,481
Investments for the year	-	134	177	4,116	4,428
Reclassifications	-	-	150	-150	0
Disposals	-	-592	-	-	-592
Closing balance accumulated acquisition value	**148**	**34,851**	**8,512**	**5,805**	**49,316**
Opening balance accumulated depreciation	-148	-17,690	-1,655	0	-19,493
Depreciation for the year	-	-3,772	-397	-	-4,169
Disposals	-	506	-	-	506
Closing balance accumulated depreciation	**-148**	**-20,956**	**-2,051**	**0**	**-23,156**
Closing balance carrying amounts	0	13,895	6,461	5,805	26,161

TSEK	Vehicles	Inventories and production equipment	Leasehold improvements	Construction in progress and advance payments for machinery and equipment	Total
Parent Company May 1, 2013 – Apr 30, 2014					
Opening balance acquisition value	148	34,851	8,512	5,805	49,316
Investments for the year	-	725	-	1,413	2,138
Reclassifications	-	5,805	-	-5,805	0
Disposals	-	-2,942	-	-	-2,942
Closing balance accumulated acquisition value	**148**	**38,439**	**8,512**	**1,413**	**48,512**
Opening balance accumulated depreciation	-148	-20,956	-2,051	0	-23,156
Depreciation for the year	-	-3,615	-409	-	-4,024
Disposals	-	3,068	-	-	3,068
Closing balance accumulated depreciation	**-148**	**-21,503**	**-2,460**	**0**	**-24,111**
Closing balance carrying amounts	0	16,936	6,052	1,413	24,401
Parent Company May 1, 2012 – Apr 30, 2013					
Opening balance acquisition value	148	35,309	8,185	1,839	45,481
Investments for the year	-	134	177	4,116	4,428
Reclassifications	-	-	150	-150	0
Disposals	-	-592	-	-	-592
Closing balance accumulated acquisition value	**148**	**34,851**	**8,512**	**5,805**	**49,316**
Opening balance accumulated depreciation	-148	-17,690	-1,655	0	-19,493
Depreciation for the year	-	-3,772	-397	-	-4,169
Disposals	-	506	-	-	506
Closing balance accumulated depreciation	**-148**	**-20,956**	**-2,051**	**0**	**-23,156**
Closing balance carrying amounts	0	13,895	6,461	5,805	26,161

NOTE 13 OTHER INTANGIBLE ASSETS

Other intangible assets consist of the costs of patents and sales rights.

	Group		Parent Company	
TSEK	May 1, 2013 –Apr 30, 2014	May 1, 2012 –Apr 30, 2013	May 1, 2013 –Apr 30, 2014	May 1, 2012 –Apr 30, 2013
Opening balance acquisition value	18,937	35,914	18,893	35,078
Capitalized expenditure for the year	4,080	1,844	4,080	1,844
Divestments	-	-18,029	-	-18,029
Disposals	-44	-792	-	-
Closing balance accumulated acquisition value	**22,973**	**18,937**	**22,973**	**18,893**
Opening balance accumulated amortization	-8,643	-8,515	-8,605	-7,699
Amortization for the year	-1,044	-921	-1,041	-905
Disposals	42	792	-	-
Closing balance accumulated amortization	**-9,645**	**-8,643**	**-9,645**	**-8,605**
Closing balance carrying amounts	13,328	10,294	13,328	10,288

Disposals of marketing authorizations
Disposals amounting to TSEK 44 (792) have been made in the subsidiary Qdoxx Pharma AB regarding marketing authorizations for some parallel imported pharmaceuticals. Since the marketing authorizations were almost fully amortized the disposals only had an impact of TSEK 3 (0) on income. These are recognized under the item Other operating expenses in the income statement.

NOTE 14 CURRENCY DIFFERENCES – NET

Currency differences are recognized in the income statement as follows:

	Group		Parent Company	
TSEK	May 1, 2013 –Apr 30, 2014	May 1, 2012 –Apr 30, 2013	May 1, 2013 –Apr 30, 2014	May 1, 2012 –Apr 30, 2013
Raw materials, consumables and goods for resale	-636	-638	-636	-638
Financial items – net	15	-53	15	-52
Total	**-621**	**-691**	**-621**	**-691**

NOTE 15 OPERATING INCOME

Operating income for the financial year May 1, 2013 – April 30, 2014 was TSEK -98,091 (-67,583). Of the Group's recognized operating expenses of TSEK 132,069 (116,336), TSEK 29,464 TSEK (46,229) was recognized as capitalized development costs.

NOTE 16 FINANCIAL INCOME AND EXPENSES

	Group		Parent Company	
TSEK	May 1, 2013 –Apr 30, 2014	May 1, 2012 –Apr 30, 2013	May 1, 2013 –Apr 30, 2014	May 1, 2012 –Apr 30, 2013
Financial revenues:				
Interest revenues in bank accounts	176	555	176	555
Currency differences for bank accounts	16	32	16	32
Total	**192**	**587**	**192**	**587**
Financial expenses:				
Interest expenses on loans, credit and other interest expenses	-7,212	-5,300	-7,212	-5,300
Currency differences for bank accounts	-1	-85	-1	-84
Total	**-7,213**	**-5,384**	**-7,213**	**-5,384**

NOTE 17 INCOME TAXES

All Group companies have their fiscal domicile in Sweden, where the tax rate for the 2013/14 financial year is 22 % (26.3 %).
The income tax on Group earnings before tax is shown in the table below:

	Group		Parent Company	
TSEK	May 1, 2013 –Apr 30, 2014	May 1, 2012 –Apr 30, 2013	May 1, 2013 –Apr 30, 2014	May 1, 2012 –Apr 30, 2013
Income before taxes	-105,112	-72,381	-105,126	-72,404
Non-taxable revenues	0	-2	0	-1
Non-deductible expenses	973	173	973	173
Impairment of participation in subsidiaries	-	-	80	145
Income tax according to current tax rates in Sweden	-22,911	-18,991	-22,896	-18,959
Taxable deficits for which no deferred tax is recognized*	22,911	18,991	22,896	18,959
Tax expenses	0	0	0	0

*The Group's accumulated deficit is reported in Note 25.

NOTE 18 EARNINGS PER SHARE

Earnings per share are calculated by dividing earnings attributable to Parent Company shareholders by a weighted number of ordinary shares outstanding during the period. There are no potential ordinary shares outstanding that would lead to a dilution effect.

	Group	
	May 1, 2013 –Apr 30, 2014	May 1, 2012 –Apr 30, 2013
Earnings attributable to Parent Company shareholders (TSEK)	-105,112	-72,381
Weighted average number of ordinary shares outstanding (thousands)*	82,272	68,605
Earnings per share (SEK per share)*	-1.28	-1.06

* Historical values have been recalculated taking into account capitalization issue elements in the rights issue carried out in the third quarter of 2012/13.

NOTE 19 FINANCIAL INSTRUMENTS BY CATEGORY

The accounting policies for financial instruments have been applied to the items below:

	Group 30 april 2014		
TSEK	Loans and accounts receivable	Other financial liabilities	Total
Financial assets			
Accounts receivable	49	-	49
Other current receivables	2,729	-	2,729
Accrued income	28	-	28
Cash and cash equivalents	48,238	-	48,238
Total financial assets	**51,044**	**0**	**51,044**
Financial liabilities			
Borrowings	-	105,000	105,000
Liabilities to credit institutions	-	40,000	40,000
Accounts payable	-	17,503	17,503
Other current liabilities	-	1,594	1,594
Accrued expenses and deferred income	-	21,488	21,488
Total financial liabilities	**0**	**185,584**	**185,584**

	Group 30 april 2013		
TSEK	Loans and accounts receivable	Other financial liabilities	Total
Financial assets			
Other current receivables	2,314	-	2,314
Accrued income	206	-	206
Cash and cash equivalents	62,956	-	62,956
Total financial assets	**65,477**	**0**	**65,477**
Financial liabilities			
Borrowings	-	105,000	105,000
Liabilities to credit institutions	-	7,084	7,084
Other current liabilities	-	1,566	1,566
Accrued expenses and deferred income	-	19,569	19,569
Total financial liabilities	**0**	**133,219**	**133,219**

NOTE 20 ACCOUNTS RECEIVABLE, PREPAID EXPENSES AND ACCRUED INCOME

The book value of accounts receivable represents the fair value, since no reservations have been necessary for uncertain accounts receivable.

	Group		Parent Company	
TSEK	Apr 30, 2014	Apr 30, 2013	Apr 30, 2014	Apr 30, 2013
Accounts receivable	49	-	49	-
Prepaid expenses and accrued income	1,601	3,737	1,592	3,721
Total	**1,650**	**3,737**	**1,641**	**3,721**

The Group's accounts receivable in foreign currency amounted to TSEK 0 (0) on the balance sheet date April 30, 2014. Accounts receivable due for payment amounted to TSEK 49 (0) on the balance sheet date April 30, 2014. These had fallen due recently and it is assessed that there is no need for impairment.

Prepaid expenses and accrued income consist of the following:

	Group		Parent Company	
TSEK	Apr 30, 2014	Apr 30, 2013	Apr 30, 2014	Apr 30, 2013
Prepaid rent	690	690	690	690
Prepaid leasing fees	13	10	13	10
Prepaid insurance premiums	91	211	91	211
Other prepaid expenses	778	2,620	769	2,604
Accrued interest income	28	206	28	206
Total	**1,601**	**3,737**	**1,592**	**3,721**

NOTE 21 OTHER CURRENT RECEIVABLES

	Group		Parent Company	
TSEK	Apr 30, 2014	Apr 30, 2013	Apr 30, 2014	Apr 30, 2013
Tax account	19	35	17	34
VAT receivable	2,697	2,275	2,696	2,274
Receivable from supplier	9	-	9	-
Receivable from employee	5	4	5	4
Total	**2,729**	**2,314**	**2,727**	**2,312**

NOTE 22 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of bank balances.

NOTE 23 SHARE CAPITAL

Specifications of changes in equity are presented in this report for the Group and the Parent Company, after their respective statements of financial position. The total number of shares as of April 30, 2014 was 85,572,330 type A (81,772,330 as of April 30, 2013) with a quota value of SEK 0.10 per share. All issued shares have been fully paid for. The development of the number of shares since May 1, 2012 is shown below.

	Number of shares	Share capital, SEK
Opening balance, May 1, 2012	57,240,631	5,724,063
2012 Rights issue	24,531,699	2,453,170
Closing balance, Apr 30, 2013	81,772,330	8,177,233
2014 Directed new share issue*	3,800,000	380,000
Closing balance Apr 30, 2014	85,572,330	8,557,233

* Directed share issue to a limited number of investors.

NOTE 24 OTHER NON-CURRENT LIABILITIES

The Group and Parent Company report other non-current liabilities of TSEK 891 (891), which for the year consist of deferred income related to a signed licensing and distribution agreement. The agreement was signed in May 2011 with Medison Pharma Ltd. regarding Paclical in Israel and Turkey. Under the agreement, TEUR 100, equivalent to TSEK 891, of the TEUR 200 obtained in a first milestone payment, would be recovered if Oasmia did not receive marketing approval for Paclical in the EU by the end of 2015.

NOTE 25 DEFERRED INCOME TAX

The Group has accumulated losses for tax purposes as of April 30, 2014 amounting to TSEK 404,260 (300,546). These are not subject to limitations in time and are deductible against future gains. Of the total losses carried forward for the Group, TSEK 17,881 (17,881) is prohibited from being utilized via Group contributions. This prohibition will lapse as from the 2014 tax return. There are currently no arguments convincing enough that there will be future profits for tax purposes to justify the capitalization of tax losses carried forward as an asset. Accumulated losses for tax purposes carried forward in the Parent Company amounted to TSEK 395,061 (290,988) as of April 30, 2014.

NOTE 26 LIABILITIES TO CREDIT INSTITUTIONS

Approved credit facilities amount to TSEK 5,000 (5,000) in the Group and the Parent Company. Utilized credit is described in the table below. Oasmia also has a bank loan of TSEK 40,000 that runs from April – August 2014. The loan replaced a previous bank loan of TSEK 40,000 which ran from December 2013 – March 2014.

	Group		Parent Company	
TSEK	Apr 30, 2014	Apr 30, 2013	Apr 30, 2014	Apr 30, 2013
Committed credit lines	-	-	-	-
Bank loans	40,000	-	40,000	-
Total	**40,000**	**0**	**40,000**	**0**

NOTE 27 BORROWINGS

The loan is a loan received from Nexttobe AB. The interest rate was 5 % up until December 31, 2013. As from January 1, 2014 the loan has an interest rate of 8.5%. See note 31.

	Group		Parent Company	
TSEK	Apr 30, 2014	Apr 30, 2013	Apr 30, 2014	Apr 30, 2013
Short-term				
Loan	105,000	105,000	105,000	105,000
Total	**105,000**	**105,000**	**105,000**	**105,000**

NOTE 28 OTHER CURRENT LIABILITIES

	Group		Parent Company	
TSEK	Apr 30, 2014	Apr 30, 2013	Apr 30, 2014	Apr 30, 2013
Employee withholding tax/social security contributions	1,594	1,566	1,594	1,566
Total	**1,594**	**1,566**	**1,594**	**1,566**

NOTE 29 ACCRUED EXPENSES AND DEFERRED INCOME

	Group		Parent Company	
TSEK	Apr 30, 2014	Apr 30, 2013	Apr 30, 2014	Apr 30, 2013
Accrued vacation pay	5,329	4,798	5,329	4,798
Accrued social security contributions on vacation liability	1,674	1,507	1,674	1,507
Accrued pension costs	117	-	117	-
Estimated accrued payroll tax on pension costs	216	126	216	126
Accrued interest expenses	11,649	5,053	11,649	5,053
Other items	2,502	8,085	2,502	8,085
Total	**21,488**	**19,569**	**21,488**	**19,569**

NOTE 30 CONTINGENT LIABILITIES AND PLEDGED ASSETS

Contingent liabilities
The Group and the Parent Company had no contingent liabilities during the period.

Pledged assets
The Parent Company is subject to a mortgage charge of TSEK 8,000 (8,000) to a bank as security for an overdraft facility of TSEK 5,000 (5,000) and as the limit for a foreign currency derivative of TSEK 3,000 (3,000).

	Group		Parent Company	
TSEK	Apr 30, 2014	Apr 30, 2013	Apr 30, 2014	Apr 30, 2013
Chattel mortgage	8,000	8,000	8,000	8,000
Total	**8,000**	**8,000**	**8,000**	**8,000**

NOTE 31 TRANSACTIONS WITH RELATED PARTIES

Group companies

The Group consists of the Parent Company Oasmia Pharmaceutical AB and the subsidiaries Qdoxx Pharma AB and Oasmia Animal Health AB. The subsidiaries are under the control of the Parent Company and are regarded as related parties. The Parent Company's investments in the subsidiaries are disclosed in Note 32.

Intra-Group sales

Over the past two financial years there have been no sales between the Parent Company and its subsidiaries.

Transactions with senior management

With regard to salaries and allowances for Board members and senior executives, see Note 11.

Financial loan transactions with related parties

The principal owner Alceco International S.A. has made a credit facility of TSEK 40,000 (40,000) available to Oasmia. The credit facility is valid until December 2014 and is renewed automatically for 12 months, unless terminated by one party at the latest 3 months before expiry. The interest on utilized credit is 5 %. At the end of the financial year this credit had not been utilized (as was the case at April 30, 2013).

Oasmia has a loan from the Company's second largest main shareholder, Nexttobe AB, amounting to TSEK 105,000 (105,000). In November 2013 the loan was extended by a year so that it will now mature on December 31, 2014. During 2014 the interest rate on the loan is 8.5%. Previously the interest rate on the loan was 5%. The interest is to be paid when the loan matures. As of April 30, 2014, the accrued interest expense on the loan amounted to TSEK 11,511 (5,053).

During the financial year, Oasmia has contributed operating capital to the subsidiaries Qdoxx Pharma AB and Oasmia Animal Health AB. As of the closing date, Oasmia's debt to the subsidiary Qdoxx Pharma AB amounted to TSEK 87 (48) and the debt to Oasmia Animal Health AB amounted to TSEK 197 (199).

Group contributions from Oasmia to Qdoxx Pharma AB

During the financial year year 2013/2014 Group contributions totalled TSEK 80 (145). See Note 32.

Other transactions with related parties

Ardenia Investment LTD is the owner and proprietor of the patents which form the basis for the activities of the Parent Company. By an agreement between Ardenia and Oasmia, closed in 2001, the rights to these patents have been transferred to Oasmia. Oasmia has no obligation to Ardenia.

NOTE 32 HOLDINGS IN GROUP COMPANIES

Parent Company	Reg. No.	Domicile	Ownership %	Votes %	Book value Apr 30, 2014	Book value Apr 30, 2013
Qdoxx Pharma AB	556609-0154	Uppsala	100	100	100	100
Oasmia Animal Health AB	556519-8818	Uppsala	100	100	10	10
Total					**110**	**110**

	Parent Company	
TSEK	Apr 30, 2014	Apr 30, 2013
Opening balance acquisition value	110	110
Group contributions	80	145
Closing accumulated acquisition value	**190**	**255**
Impairment	-80	-145
Closing balance carrying amounts	**110**	**110**

During the financial year, impairment of shares in the subsidiary Qdoxx Pharma AB was carried out in the amount of TSEK 80 (145), corresponding to the Group contributions, as the purpose of the Group contributions was to cover losses in the subsidiary. The impairment losses are recognized in the Parent Company income statement under the item Income from participation in Group companies.

NOTE 33 CORRECTION OF ERRORS

During the past financial year Oasmia has improved the method in the financial statements for determining accrued costs for clinical trials. This has given rise to adjustments in historical figures for the costs for clinical trials which have been capitalized. The earliest period that has been adjusted is the financial year 2011/2012, which was the earliest period for which restatement was feasible. The changes are called Correction of Errors, pursuant to IAS 8. The adjustments have no effect on the Company's income or equity. The effects of the ad-justments are shown below.

Consolidated income statement

TSEK	May 1, 2012 –Apr 30, 2013		May 1, 2012 –Apr 30, 2013	2011-05-01 -2012-04-30		2011-05-01 -2012-04-30
	According to previous reporting	Correction of error	According to income statement	According to previous reporting	Correction of error	According to income statement
Capitalized development costs	48,635	-2,407	46,229	63,282	-1,318	61,963
Other external costs	-65,022	2,407	-62,616	-73,481	1,318	-72,162

Consolidated statement of financial position

TSEK	Apr 30, 2013		Apr 30, 2013	Apr 30, 2012		Apr 30, 2012
	According to previous reporting	Correction of error	According to statement of financial position	According to previous reporting	Correction of error	According to statement of financial position
Assets						
Fixed assets						
Capitalized development costs	338,826	8,085	346,911	290,191	10,492	300,683
Total fixed assets	**375,283**	**8,085**	**383,368**	**343,581**	**10,492**	**354,073**
Total assets	**445,178**	**8,085**	**453,263**	**349,807**	**10,492**	**360,299**
Current liabilities						
Accrued expenses and deferred income	11,484	8,085	19,569	6,180	10,492	16,671
Total current liabilities	**125,134**	**8,085**	**133,219**	**60,069**	**10,492**	**70,561**
Total liabilities	**126,025**	**8,085**	**134,110**	**76,334**	**10,492**	**86,825**
Total equity and liabilities	**445,178**	**8,085**	**453,263**	**349,807**	**10,492**	**360,299**

TSEK	OB May 1, 2011		OB May 1, 2011
	According to previous reporting	Correction of error	According to statement of financial position
Assets			
Fixed assets			
Capitalized development costs	226,909	11,810	238,720
Total fixed assets	**263,430**	**11,810**	**275,240**
Total assets	**320,319**	**11,810**	**332,129**
Current liabilities			
Accrued expenses and deferred income	5,545	11,810	17,355
Total current liabilities	**10,775**	**11,810**	**22,585**
Total liabilities	**26,148**	**11,810**	**37,958**
Total equity and liabilities	**320,319**	**11,810**	**332,129**

Consolidated cash flow statement

TSEK	May 1, 2012 –Apr 30, 2013		May 1, 2012 –Apr 30, 2013	May 1, 2011 –Apr 30, 2012		May 1, 2011 –Apr 30, 2012
	According to previous reporting	Correction of error	According to cash flow statement	According to previous reporting	Correction of error	According to cash flow statement
Change in working capital						
Change in other current liabilities	408	-2,407	-1,999	924	-1,318	-394
Cash flow from operating activities	**-69,539**	**-2,407**	**-71,946**	**-52,439**	**-1,318**	**-53,758**
Investing activities						
Investments in intangible assets	-59,603	2,407	-57,196	-73,176	1,318	-71,858
Cash flow from investing activities	**-59,795**	**2,407**	**-57,388**	**-76,090**	**1,318**	**-74,772**

Parent Company income statement

TSEK	May 1, 2012 –Apr 30, 2013		May 1, 2012 –Apr 30, 2013	May 1, 2011 –Apr 30, 2012		May 1, 2011 –Apr 30, 2012
	According to previous reporting	Correction of error	According to income statement	According to previous reporting	Correction of error	According to income statement
Capitalized development cost	48,635	-2,407	46,229	63,282	-1,318	61,963
Other external expenses	-64,916	2,407	-62,509	-73,323	1,318	-72,004

Parent Company balance sheet

TSEK	Apr 30, 2013		Apr 30, 2013	Apr 30, 2012		Apr 30, 2012
	According to previous reporting	Correction of error	According to balance sheet	According to previous reporting	Correction of error	According to balance sheet
Assets						
Fixed assets						
Capitalized development costs	338,826	8,085	346,911	290,191	10,492	300,683
Total fixed assets	**375,386**	**8,085**	**383,471**	**343,668**	**10,492**	**354,160**
Total assets	**445,253**	**8,085**	**453,339**	**349,863**	**10,492**	**360,355**
Current liabilities						
Accrued expenses and deferred income	11,484	8,085	19,569	6,180	10,492	16,671
Total current liabilities	**125,381**	**8,085**	**133,466**	**60,274**	**10,492**	**70,766**
Total equity and liabilities	**445,253**	**8,085**	**453,339**	**349,863**	**10,492**	**360,355**

TSEK	OB May 1, 2011		OB May 1, 2011
	According to previous reporting	Correction of error	According to balance sheet
Assets			
Fixed assets			
Capitalized development costs	226,909	11,810	238,720
Total fixed assets	**263,448**	**11,810**	**275,258**
Total assets	**320,309**	**11,810**	**332,120**
Current liabilities			
Accrued expenses and deferred income	5,545	11,810	17,355
Total current liabilities	**10,761**	**11,810**	**22,572**
Total equity and liabilities	**320,309**	**11,810**	**332,120**

Parent Company cash flow statement

TSEK	May 1, 2012 –Apr 30, 2013		May 1, 2012 –Apr 30, 2013	May 1, 2011 –Apr 30, 2012		May 1, 2011 –Apr 30, 2012
	According to previous reporting	Correction of error	According to cash flow statement	According to previous reporting	Correction of error	According to cash flow statement
Change in working capital						
Change in other current liabilities	360	-2,407	-2,047	919	-1,318	-399
Cash flow from operating activities	**-69,540**	**-2,407**	**-71,947**	**-52,437**	**-1,318**	**-53,755**
Investing activities						
Investments in intangible assets	-59,603	2,407	-57,196	-73,176	1,318	-71,858
Cash flow from investing activities	**-59,795**	**2,407**	**-57,388**	**-76,090**	**1,318**	**-74,772**

KEY DEFINITIONS

Earnings per share:	Income for the period attributable to Parent Company shareholders divided by the weighted average number of shares, before and after dilution, in the period.
Equity per share:	Equity as a ratio of the number of shares at the end of the period.
Equity/asset ratio:	Equity as a ratio of total assets.
Net liability:	Total borrowing (comprising the balance sheet items Short-term and Long-term borrowings and Liabilities to credit insti-tutions) with deduction of cash and cash equivalents.
Debt/equity ratio:	Net liability as a ratio of equity.
Return on total assets:	Income before interest expenses as a percentage of the average balance sheet total.
Return on equity:	Income before tax as a ratio of average equity.

SIGNING OF THE ANNUAL REPORT

The Board of Directors and Chief Executive Officer ensure that the Consolidated Accounts have been presented in accordance with international financial reporting standards, IFRS, as they have been adopted by the EU, and give a true and fair view of the financial position and result of the Group. The Annual Report is presented in accordance with generally accepted accounting princi-ples and gives a true and fair view of the financial position and result of the Parent Company. The Administration Report for the Group and Parent Company gives a true and fair view of the devel-opment of the Group and the Parent Company's activities, position and results, and describes significant risks and uncertainty factors to which the Parent Company and the companies that are part of the Group are subject.

Income statements and balance sheets will be presented for adoption by the Annual General Meeting on September 29, 2014.

Uppsala, August 21, 2014

Joel Citron
Chairman of the Board

Martin Nicklasson
Board member

Jan Lundberg
Board member

Horst Domdey
Board member

Bo Cederstrand
Board member

Alexander Kotsinas
Board member

Julian Aleksov
Board member and CEO

Our audit report was submitted on August 21, 2014

Ernst & Young AB

Björn Ohlsson
Authorized Public Accountant

Auditor's report

TRANSLATION FROM THE SWEDISH ORIGINAL

To the annual meeting of the shareholders of Oasmia Pharmaceutical AB (publ), corporate identity number 556332-6676

Report on the annual accounts and consolidated accounts

We have audited the annual accounts and consolidated accounts of Pharmaceutical AB (publ) for the financial year 2013-05-01 – 2014-04-30 except for the corporate governance statement on pages 18-21. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 13-50.

Responsibilities of the Board of Directors and the Managing Director for the annual accounts and consolidated accounts

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these annual accounts in accordance with the Annual Accounts Act and of the consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Managing Director, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 30 April 2014 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 30 April 2014 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 18-21. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and the balance sheet for the parent company and the income statement and statement of financial position for the group.

Emphasis of Matter

Without qualifying our opinion, we draw attention to the information in the administration report which describes that the company is dependend on capital contribution or other financing to be able to continue as going concern. If the company not obtains financing as the board of directors expect there is a significant risk for the companys abiltity to continue as going concern

Report on other legal and regulatory requirements

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Managing Director of Oasmia Pharmaceutical AB (publ) for the financial year 2013-05-01 – 2014-04-30. We have also conducted a statutory examination of the corporate governance statement.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. The Board of Directors and the Managing Director are responsible for administration under the Companies Act and that the corporate governance statement has been prepared in accordance with the Annual Accounts Act.

Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the Managing Director is liable to the company. We also examined whether any member of the Board of Directors or the Managing Director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

We believe that the audit evidence which we have obtained is sufficient and appropriate in order to provide a basis for our opinions.

Furthermore, we have read the corporate governance statement and based on that reading and our knowledge of the company and the group we believe that we have obtained a sufficient basis for our opinion. This means that our statutory examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

Opinions

We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

A corporate governance statement has been prepared, and its statutory content is consistent with the other parts of the annual accounts and the consolidated accounts.

Uppsala, August 21, 2014
Ernst & Young AB

Björn Ohlsson
Authorized Public Accountant

Five-year highlights
Group

As from the fourth quarter of the financial year 2013/14 Oasmia improved the method in the financial statements for determining accrued costs for clinical trials. This has given rise to adjustments in historical figures for the costs for clinical trials which have been capitalized. The earliest period that has been adjusted is the financial year 2011/2012, which was the earliest period for which restatement was feasible. The adjustments have no effect on the Company's income or equity and the effects of the ad-justments are shown in note 33. In the Five-year highlights, the figures for 2012/13 and 2011/12 have been adjusted. In the Quarterly data, the figures for Q1, Q2 and Q3 including comparative data have been adjusted and for Q4 and the Full year only comparative data have been adjusted.

TSEK	2013/14	2012/13	2011/12	2010/11	2009/10
Net sales	60	-	891	106	30,741
Capitalized development costs	29,464	46,229	61,963	86,049	80,643
Operating expenses	-132,069	-116,336	-128,494	-150,778	-126,345
Operating income	-98,091	-67,583	-65,536	-64,353	-14,961
Income after tax	-105,112	-72,381	-65,670	-65,960	-17,054
Earnings per share, SEK*	-1.28	-1.06	-1.18	-1.47	-0.46
Weighted average number of shares, in thousands*	82,272	68,605	55,589	44,802	37,157
Equity per share, SEK*	3.29	3.90	4.70	5.55	3.63
Equity/assets ratio, %	60	70	76	92	79
Net liability	96,759	42,044	30,769	-51,895	9,467
Debt/equity ratio,%	34	13	11	-	7
Number of employees at year-end	78	75	77	68	64

* Historical values have been recalculated taking into account capitalization issue elements in the rights issues carried out in the third quarter of 2010/11 and during the third quarter of 2012/13

Quarterly data
Group

TSEK		Q1 May-Jul	Q2 Aug-Oct	Q3 Nov-Jan	Q4 Feb-Apr	Full year
Net sales	2013/14	-	24	16	20	60
	2012/13	-	-	-	-	-
Capitalized development costs	2013/14	7,286	8,198	5,613	8,367	29,464
	2012/13	14,241	12,244	10,995	8,748	46,229
Operating expenses	2013/14	-28,570	-25,649	-34,189	-43,661	-132,069
	2012/13	-32,601	-25,243	-27,791	-30,701	-116,336
Operating income	2013/14	-16,985	-17,374	-28,492	-35,239	-98,091
	2012/13	-18,329	-12,934	-14,401	-21,920	-67,583
Income after tax	2013/14	-18,224	-18,661	-30,436	-37,790	-105,112
	2012/13	-19,323	-14,564	-15,540	-22,953	-72,381
Earnings per share, SEK*	2013/14	-0.22	-0.23	-0.37	-0.45	-1.28
	2012/13	-0.33	-0.25	-0.20	-0.28	-1.06
Weighted average number of shares, in thousands*	2013/14	81,772	81,772	81,772	83,822	82,272
	2012/13	58,214	58,214	76,651	81,772	68,605
Equity per share, SEK*	2013/14	3.68	3.45	3.08	3.29	3.29
	2012/13	4.37	4.12	4.18	3.90	3.90
Equity/asset ratio, %	2013/14	69	68	59	60	60
	2012/13	66	61	72	70	70
Net liability	2013/14	66,171	94,149	126,632	96,759	96,759
	2012/13	76,644	107,634	12,662	42,044	42,044
Debt/equity ratio, %	2013/14	22	33	50	34	34
	2012/13	30	45	4	13	13
Number of employees at year-end	2013/14	76	79	78	78	78
	2012/13	76	73	77	75	75

* Historical values have been recalculated taking into account capitalization issue elements in the rights issue carried out in the third quarter of 2012/13.

Dictionary

Chemotherapy	Treatment of cancer using cytostatics (cytotoxins).
CIS	Commonwealth of Independent States. Consists today of Armenia, Azerbaijan, Belarus, Kazakhstan, Kyrgyzstan, Moldavia, Russia, Tajikistan, and Uzbekistan.
Clinical phase	Tests of a drug candidate in humans (in a veterinary context, in animals).
Clinical phase I	During clinical development of a drug the drug is tested in humans for the first time in phase I. The efficacy and safety of the drug is studied in a limited group (25-100 people) of healthy volunteers. The compounds for treatment of cancer that Oasmia is working on constitute an important exception. These candidates are also tested on volunteers but on a patient group that has the disease concerned.
Clinical phase II	A developed study in patients (50-300 people) with the disease against which the intended drug will be used. Study of efficacy and safety.
Clinical phase III	The final phase comprises a larger patient group (300-3,000 people) and the aim is to verify the efficacy and safety and identify any previously observed side effects.
Clinical phase IV	After the market launch the finished drug is monitored with respect mainly to rare side effect symptoms.
Cytostatics	Cytotoxins, drugs against tumour disease.
Cytotoxins	Toxic to cells.
EMA	European Medical Agency.
Excipient	Platform, carrier molecule.
FDA	Food and Drug Administration. The US drug regulator.
Incidence	Number of diagnosed cases of disease in one year.
Infusion	A route of administering a drug in liquid form. Infusion is often intravenous, i.e. the drug is administered into a vein.
Lymphoma	Lymph node cancer.
Malignant melanoma	A serious and metastasizing form of skin cancer.
Mastocytoma	A form of skin cancer.
Micelle	Spherical structures with the ability to form aggregates.
MUMS	Minor Uses / Minor species. FDA-designation that provides an incentive to develop drug candidates intended to treat rare diseases or diseases in a limited number of species.
Nanometre	One billionth of a metre. Similar in size to molecules and molecular structures.
Nanoparticle	A particle whose size is measured in nanometres, 10-9 m.
NSCLC	Non-small cell lung carcinoma.
Oncology	The branch of science dealing with tumour diseases.
Orphan Drug	Pharmaceutical for treatment of a disease with a small patient group.
Paclitaxel	The first taxane to be isolated from a yew tree. One of the most common cytostatics used today.
Pharmacokinetics	The study of the distribution and metabolism over time of a drug or other substance in the body.
Pre-clinical phase	Selection of drug candidates. The selected candidate is tested with respect to specificity, efficacy and safety.
Retinoid	Vitamin A like acid.
SME	Small and Medium Enterprises.
Surfactant	Molecule consisting of one polar water-soluble component and one non-polar lipid-soluble component.
Taxane	A group of chemicals originally derived from a yew tree. The group is one of the most commonly used compounds against tumour diseases today.
Toxic	Poisonous.
WHO	World Health Organization, the UN agency for global health.

The way forward...

1999
- Oasmia Pharmaceutical AB founded

2004
- Clinical trials on Paclical initiated

2005
- Clinical trials on Paccal Vet® initiated
- Company listed on NGM Nordic

2006
- Oasmia obtains SME status from EMA
- Paclical granted orphan drug status by the European authority European Medicines Agency (EMA)

2007
- Oasmia changes Stock Exchange listing from NGM Nordic to NGM Equity
- Clinical phase III studies on Paccal Vet initiated

2008
- Clinical phase III studies on Paclical initiated

2009
- Distribution agreement entered into with Abbott Laboratories for Paccal Vet in the USA and Canada
- The US Food and Drug Administration (FDA) grants Paclical orphan drug status for the treatment of ovarian cancer in the USA

2010
- Licensing agreement entered into with Nippon Zenyaku Kogyo Co. Ltd. for Paccal Vet in Japan
- Oasmia changes trading platform from NGM Equity to Nasdaq OMX Stockholm
- Oasmia submits registration documentation for Paccal Vet to EMA

2011
- Oasmia listed on Frankfurt Stock Exchange
- Agreement entered into with Baxter Oncology GmbH for contract manufacturing
- Results from interim analysis demonstrate that Paclical meets the clinical requirement of non-inferiority vis-à-vis Taxol

2012
- FDA grants MUMS status (minor use minor species) to Paccal Vet for the treatment of mammary carcinoma and squamous cell carcinoma, and to Doxophos Vet for the treatment of lymphoma
- Oasmia and the Russian pharmaceutical company Pharmasyntez sign a Letter of Understanding regarding research and development

2013
- Preclinical studies initiated on OAS-19, the first drug candidate with two active cytostatics in one infusion

2014
- Paccal Vet obtains conditional approval from the FDA. The product is given the name Paccal Vet-CA1
- Oasmia's production facility approved by both the FDA and EMA
- Oasmia's collaboration partner Abbott Animal Health launches Paccal Vet-CA1
- Paclical has successfully met the study objectives of a comprehensive phase III study
- Oasmia expands its production agreement with Baxter

Oasmia Pharmaceutical AB

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