oasmia

Annual Report

May 2012-April 2013

Oasmia Pharmaceutical AB
Reg.no 556332-6676

The year in review

Oasmia has evolved during the year and has strengthened its position in a number of areas.

The company secured financing through a new share issue conducted during the autumn. The issue was fully underwritten by the company's largest shareholders Alceco and Nexttobe and was subscribed to 75% through subscription rights, suggesting that there is confidence in the company.

Two important agreements were signed during the fiscal year. Within Animal Health, the global rights to Paccal® Vet and Doxophos® Vet have been licensed to Abbott. Russia and CIS countries are excluded from the agreement and Nippon Zenyaku Kogyo has the rights to Paccal® Vet in Japan. This is a milestone in the company's history and allows the company to focus on product development. Within Human Health, the company signed an agreement with Phamasyntez regarding Paclical®. Pharmasyntez has extensive knowledge of the Russian market and will be hugely beneficial in the future. An application for marketing authorization was submitted and is under consideration by the Russian regulatory authorities.

During the first half of 2013, the company's management was reorganized and strengthened. For new members were added to the management group. Oasmia is now well-equipped to face the challenges that lie ahead.

The company's second largest shareholder Nexttobe AB increased its holdings in Oasmia.

In May, we introduced our newest product candidate, OAS-19. It is a unique concept, whereby two chemotherapy drugs can now be given in a single infusion due to the properties of XR-17. We believe very much in this candidate because we see that it has the potential to not only streamline current combination therapies, but it may also be helpful for patients who today would not be considered for combination therapy. Furthermore, we have now demonstrated that it is possible to combine several active ingredients into one product, which creates tremendous opportunities for new product candidates.

Contents

The share

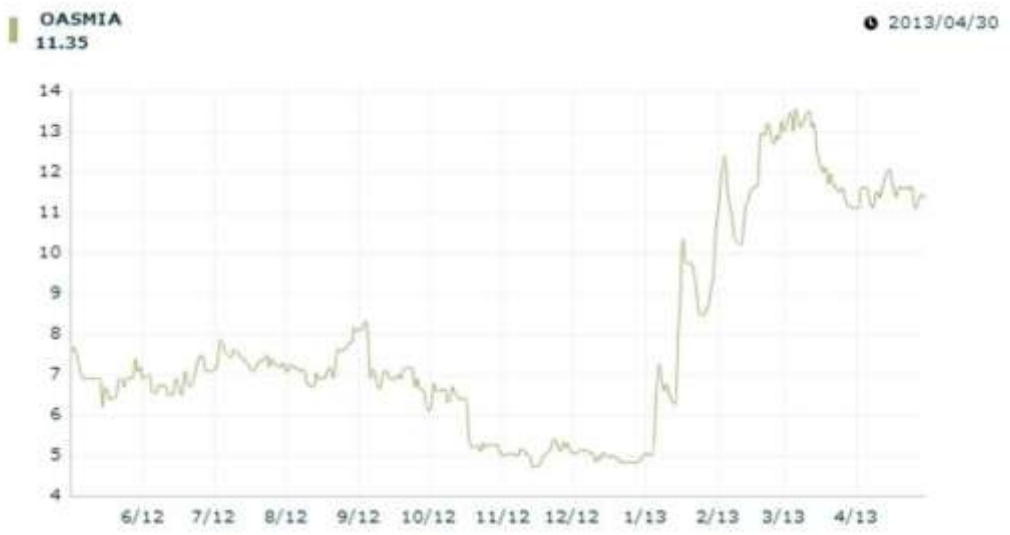
Listing and trading

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 a completed preparation for the future when Oasmia is in the commercial phase on the international pharmaceutical market.

The total turnover of Oasmia shares during the financial year was 17,853,000 in Stockholm and 231,000 in Frankfurt.

Price trend

The company's market capitalization at beginning of the financial year was 446 million SEK, and was 928 million SEK at its close.
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 previous financial year or to commit to a fixed dividend rate.

Appropriations

At the Annual General Meeting, September, 24 2012, two authorizations were submitted to the Board, effective until the next meeting on September 30, 2013. One authorization referred to a new share issue of a maximum of 25,000,000 shares. It was utilized during the year for a new share issue of approximately 24.5 million shares. The second authorization related to an opportunity for the Company to buy back its own shares, up to a maximum of 10 percent, and to transfer such shares on market conditions. This authorization has not been utilized to any extent.

Share capital

The total number of shares on April 30, 2013 was 81,772,330. Each share has a nominal value of 0.10 SEK and the share capital on April 30, 2013 was 8,177,233 SEK. According to the Articles of Association, the share capital shall be no less than 3 350 000 SEK and no more than 13,400,000 SEK divided into a minimum of 33 500 000 shares and a maximum of 134 000 000 shares.

Changes in share capital

Year	Event	Nominal value	Increase in number of shares	Increase in share capital (SEK)	Total number of shares	Total share capital (SEK)
1988	Incorporation	100,00	500	50 000,00	500	50 000,00
1999	New share issue[1]	100,00	500	50 000,00	1 000	100 000,00
1999	Split	0,10	999 000	-	1 000 000	100 000,00
1999	New share issue[1]	0,10	30 000 000	3 000 000,00	31 000 000	3 100 000,00
2006	New share issue[1]	0,10	851 310	85 131,00	31 851 310	3 185 131,00
2007	New share issue[1]	0,10	1 523 690	152 369,00	33 375 000	3 337 500,00
2008	New share issue[1]	0,10	125 000	12 500,00	33 500 000	3 350 000,00
2009	Preferential rights issue	0,10	2 392 858	239 285,80	35 892 858	3 589 285,80
2009	New share issue[2]	0,10	1 720 000	172 000,00	37 612 858	3 761 285,80
2010	Preferential rights issue	0,10	14 466 483	1 446 648,30	52 079 341	5 207 934,10
2011	New share issue[2]	0,10	5 161 290	516 129	57 240 631	5 724 063,10
2012	Preferential rights issue	0,10	24 531 699	2 453 169,90	81 772 330	8 177 233,00

[1] Direct issue to Alceco International S.A. (formerly Oasmia S.A.)
[2] Directed issue to a limited number of institutional actors and other major investors.

Shareholders

The company had 3,300 shareholders as of April 30, 2013. The ten largest shareholders are listed in the table below.

Shareholders	Shares of votes and capital (%)
Alceco International S.A.	42.47
Nexttobe AB	21.57
Avanza Pension	4.70
Svenska Handelsbanken S.A.	1.87
Nordnet Pensionsförsäkring AB	1.77
Briban Invest AB	1.28
Banque Öhman S.A.	1.17
Christer Ericsson (held personally and through company)	1.13
Banque Carnegie Luxembourg S.A.	1.06
Skandinaviska Enskilda Banken S.A.	0.70
Other	22.28

The largest shareholders

Alceco International S. A. is a holding company based in Luxembourg, which is owned and controlled by Bo Cederstrand and Julian Aleksov. Alceco International S. A. conducts no business and exists only for financial management. Nexttobe AB is an investment company headquartered in Uppsala, which is owned and controlled by Bengt Ågerup.

On the Oasmia share and shareholder rights

Oasmia shares are issued in one series. Oasmia's Articles of Association contain a so-called record date provision and the Company's shares are connected to the electronic securities system of Euroclear (Euroclear Sweden AB, Box 191, SE-101 23 Stockholm) as central securities administrator, which means that Euroclear administers the Company's share register. Shareholders do not receive physical share certificates, and share transactions are conducted by electronic means through registration in the Euroclear system by authorized banks and other investment managers. All shares are denominated in SEK. Shares are regulated by the Companies Act (2005:551) and the right of shareholders may only be amended in accordance with the provisions thereof. At the Annual General Meeting, each share is entitled to one vote. Shareholders are entitled to vote pursuant to the full extent of shares held without any restrictions in voting rights. All shares carry the same rights to the company's assets and earnings and are freely transferable. Shareholders, under the Companies Act (2005:551), have preferential rights to the subscription of shares, warrants and convertible debt, but this right can be waived by decision of the Annual General Meeting. The shares in Oasmia are not subject to compulsory offers, redemption rights or purchase obligation. No public offers have been made with respect to the Company's shares in the current or previous fiscal year.

Our technology

Nano - do great things by small means

Nanotechnology is often called "atomic crafts." A nanometer is one billionth of a meter. As a comparison, most atoms are between 0.1 and 0.2 nanometers large, a strand of DNA is two nanometers wide, red blood cell is about 7,000 nanometers in diameter and a human hair is 70,000 nanometers 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 a variety of ways. A common method is to connect the active drug molecule to a larger carrier molecule, e.g. a protein, and allowing 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.

XR-17 – Make good drugs better

Oasmia is applying a type of nanotechnology where insoluble substances 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. It forms micelles that are between 20 and 60 nanometers in size. One property that makes XR-17 special is that it 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 novel drug candidate OAS-19.

Clinical Development

Oasmia's department for clinical development works with the clinical trials the company is undertaking to investigate the efficacy and safety of the product candidates. Safety and efficacy data form the basis for potential market approvals in the future.
The studies are conducted in collaboration with contract research organizations, known as CROs. Since many of Oasmia's studies are conducted in several different countries, the company collaborates with many CROs.

Human Health

Patient recruitment for the large phase III study in ovarian cancer has been completed and the final study treatment was carried out in February 2013. Now, the patients are to be observed in order to obtain data on the time to progression.

Oasmia has also started a clinical program to investigate and then register the weekly treatment of metastatic breast cancer with Paclical®. An advantage of weekly therapies is that patients receive milder side effects, specifically fewer effects on white blood cells, meaning that the patient is less susceptible to infections. Additionally, with weekly treatments, it is more likely that the cancer cells will be affected. Oasmia is now conducting a study to determine the correct dosage level. Two other drugs containing paclitaxel, Taxol and Abraxane, are given every week. The formulation of Paclical® with XR-17 however have milder side effects compared to conventional paklitaxel treatment and can therefore be given in a higher dose and has a considerably shorter infusion time.

Animal Health

Paccal® Vet

Oasmia is conducting a study to examine the time to progression for dogs with mast cell tumors, as requested by the EMA. As the amount of time to progression varies, it is difficult to make a judgment as to how long the study will last.

Doxophos® Vet

Oasmia is conducting a phase-I study for the treatment of lymphoma which will comprise approximately 15 dogs.

Market

Human Health

Cancer market at-large

Cancer is a serious and widespread disease. According to the WHO, about 7.6 million people died of cancer in 2008 and this number is expected to increase in the upcoming years. 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 the chemotherapy 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 in the United States, where the market was $ 366 million in 2010.

Breast cancer

Breast cancer is one of the most common cancers. According to WHO, 1.38 million people are diagnosed with breast cancer each year. Roughly 458,000 people worldwide die from the disease annually. In Sweden, 7,950 people were affected in 2010. 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.[2]

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. For example, the number of households with a dog in the United States increased from 37% in 1988 to 39% 20 years later. Households are becoming increasingly inclined to spend money on their pets. Since 2001, the average increase of expenditure was 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. Concerning treatment of cancer, the principal part of the market consists of products intended for humans where the treatment has been adapted for animals. This makes 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 treatments.

Mastocytoma

Mastocytoma is a type of skin cancer that arises when so called mast cells start dividing uncontrollably. The normal treatment for mastocytoma is by surgery, but in many cases a tumor can be inoperable. Chemotherapy must be used in these instances. Today, there are two registered products for the treatment of mastocytoma, Masivet and Palladia. These two products inhibit a specific protein (tyrosine kinase) and 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.

[1]Cancerfondsrapporten 2012
[2]Oncology Therapeutics Market to 2017, GBI Research 2011

Lymphoma

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

Market drivers

Human Health

Positive
- Great need for improved treatments for patients.
- Quickly expanding market for targeting treatments for new tumor types, where there is a major need.
- Improved diagnosis, which means that cancer is discovered earlier, which increases the number of patients.

Negative
- 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 EU-5.

Animal Health

Positive
- In the USA and Europe, the number of pets is growing at the same rate as 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.
- Increased access to oncology specialist and increased willingness on the part of veterinarians to provide a referral to a specialist.

Negative
- 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.

Employees within Oasmia

The competence and experience of our employees are some of Oasmia's most important assets.
Drug development is a complex process in which many specialist skills are required. 72% of Oasmia's employees have a university degree and over one third of these also have a Ph.D.
Many nationalities are represented among the employees, creating a positive, challenging and dynamic work environment. This also provides an advantage in the form of in-house linguistic skills within Oasmia.

Oasmia strives to continually improve and ensure a healthy work environment with high security.
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 with a flat and efficient organizational structure with short decision paths.

At the end of 2012/13, the Group had 75 employees, of whom 49% are women and 51% men. The gender breakdown between managers at Oasmia is 30% female and 70% men. Oasmia's management team consisted of 37% women and 63% men during the same period.

Administration report

The Group comprises the parent company Oasmia Pharmaceutical AB and 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.

Human Health

Paclical®

Paclical ® is a patented formulation of the substance paclitaxel, which is widely used in cancer treatment. 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 with Paclical ® for ovarian cancer, which is an indication with 225,000 new cases worldwide, annually. There were 790 patients in the study and the last patient was treated during the fiscal fourth quarter. All patients are now being followed up in time to progression. When the time to progression has been evaluated, Oasmia intends to apply for market authorization for Paclical ® for the treatment of ovarian cancer in the EU and in the U.S.

During the fiscal year Oasmia submitted the application for market authorization for Paclical® in Russia. The application is currently under consideration by the pharmaceutical authority in Russia.

Oasmia has also started collaboration with the Russian pharmaceutical company Pharmasyntez. The two companies have collaboration for joint product development and an agreement for the distribution of Paclical ® in Russia and CIS.

Doxophos®

Doxophos ® is a proprietary formulation of doxorubicin, one of the most effective and commonly used substances for the treatment of cancer. During the year, documentation of the product candidate was compiled in order to take the next step in the clinical program.

Docecal®

Docecal ® is a patented formulation of the substance docetaxel. Oasmia began the validation process for production of Docecal® and is preparing a clinical program for the product candidate.

Status as an Orphan drug (Orphan drug designation) granted for minor indications and entails seven (EU) and ten (U.S.) years of marketing exclusivity once market approval is granted.

Animal Health

Product development within veterinary medicine concerns treatments for cancer in dogs. The main focus of Oasmia is on the two most common indications, mastocytoma and lymphoma, which together represent about half of all cancers in dogs. Product development has made it possible to widen the range to include the mammary carcinoma and squamous cell carcinoma indications.

During the fiscal year, Oasmia and Abbott extended their partnership to include a large part of the world and to include both product candidates Paccal® Vet and Doxophos® Vet. Russia and the CIS countries are exempt from the agreement with Abbott. Additionally, the rights to Paccal® Vet in Japan are licensed to Nippon Zenyaku Kogyo.

Paccal® Vet

Paccal ® Vet is a patented formulation of the substance paclitaxel.
Oasmia has an application with the FDA for marketing authorization for Paccal ® Vet for the treatment of mastocytoma, mammary carcinoma and squamous-cell carcinoma. The process with the FDA is progressing in a positive manner. All three indications for which the application was submitted have previously been granted MUMS Designation (see below).
Pursuant to advice from the EMA, Oasmia began a new study comprising of 50 dogs. A parameter in the study is time to progression. Once such data is collected and processed, Oasmia will submit an application for marketing authorization from the EMA for Paccal® Vet .

Doxophos® Vet

Doxophos ® Vet is a patented formulation of doxorubicin which Oasmia is developing for the treatment of lymphoma, the most common cancer in dogs. Oasmia is conducting a Phase-I study of Doxophos® Vet which will comprise of about 15 dogs.

During the year, the FDA granted Oasmia MUMS Designation for Doxophos ® Vet regarding the indication lymphoma.

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 approval with seven years of market exclusivity. Conditional marketing authorization 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

Nexttobe AB increased its commitment in Oasmia

During the fiscal year, Nexttobe increased its commitment in Oasmia, both through ownership and pledged credit. Ownership was increased from 10.1% at the beginning of the year to 21.6% at year-end. Credit provided increased from 25 MSEK at the beginning of the year to 105 MSEK at year-end. The increase in ownership was achieved partly through participation in the rights issue and partly through the purchase of shares from the Company's largest shareholder Alceco International S.A. During the year, the percentage of ownership of Alceco International S.A. decreased from 46.8% to 42.5%.

Rights issue

During the year, Oasmia conducted a rights issue of 123 MSEK before issue expenses and 118 MSEK after such expenses. The issue price was 5 SEK per share. The issue was fully guaranteed by subscription and guarantee commitments from Oasmia's two main shareholders, Alceco International S.A. and Nexttobe AB.

Financial information

Net sales

Oasmia had no sales during the year (891).

Capitalized development costs

Capitalized development costs amounted to 48,635 TSEK (63,282) of which the majority pertained to Paclical®, but a capitalization of Paccal®Vet amounting to 3,299 TSEK, pertaining to the study performed to supplement the application with the EMA, was included. The decline in capitalization is due to the phase-III study with Paclical® for the treatment of ovarian cancer nearing completion.

Other operating income

Other operating income amounted to 2,524 TSEK (104) and consisted primarily of capital gains in connection with the signing of a new agreement with Abbott and an insurance compensation.

Operating expenses

Operating expenses excluding depreciation and amortization was 113,654 TSEK (124,751). This decrease of 9% compared to the same period last year is due to lower costs for clinical trials of Paclical®. For the above operating costs, 43% (51) of such costs are recognized as capitalized development costs.

Income for the year

Income for the year amounted to -72,381 TSEK (-65,670). The decrease in loss is attributable to interest expenses and a decrease of capitalization of development costs. The Group's operations have not been affected by seasonal variations or cyclical effects.

Cash flow and investments

Cash flow from operating activities was -69,539 TSEK (-52,439). Cash flow from investing activities was -59,795 TSEK (-76,090) of which 59,603 TSEK (73,176) were intangible assets. 48,635 TSEK (63,282) consisted of capitalized development costs and 10,967 TSEK (9,894) consisted of patents and other intangible assets. Disposal of intangible assets provided the Company with 4 235 TSEK (-).Of the investments, 4,428 TSEK (2914) consisted of tangible assets, which primarily related to the purchase of production equipment located at Baxter in Germany.

Financing

Funding during the period of May to November 2012 was through borrowing from Nexttobe AB and, to a lesser extent, through the utilization of bank credit. Funding during the period of November 2012 to fiscal year end was through own liquidity which the Company raised in the rights issue which was completed in November 2012.

Financial position

Consolidated cash and cash equivalents at year-end were 62,956 TSEK (2028). Interest-bearing debt was 105,000 TSEK (32 797). At year-end, unutilized credit from a bank and from the principal shareholder Alceco International SA amounted to 5,000 TSEK (1,803) and 40 000 TSEK (20,400) respectively. On April 30, 2013, Oasmia had a SEDA agreement (standby equity distribution agreement) that amounted to 75,000 TSEK, which was unutilized. This agreement expired on July 21, 2013. At year-end, equity amounted to 319,153 TSEK (273 474), the equity/asset ratio was 72% (78) and the debt/equity ratio was 13% (11).

The Parent Company

The parent company's net sales amounted to 0 TSEK (891) and the profit before tax was -72,404 TSEK (-65,823). Cash and cash equivalents at the end of the financial year was 62,947 TSEK (2,020).

Key data and other information

For key definitions, see note 33

	2012-05-01 -2013-04-30	2011-05-01 -2012-04-30
Number of shares, basic and diluted, in thousands *	81 772	58 214
Weighted average number of shares, basic and diluted, in thousands *	68 605	55 589
Earnings per share before and after dilution, SEK *	-1,06	-1,18
Equity per share, SEK *	3,90	4,70
Equity ratio, %	72	78
Net debt, TSEK	42 044	30 769
Debt/equity ratio, %	13	11
Return on total assets, %	neg	neg
Return on Equity, %	neg	neg
Number of employees at end of period	75	77

*Translation of historical values has taken the bonus element of the rights issue implemented during the third quarter of 2012/13 into account.

The Share

Oasmia's share capital at year-end amounted to 8,177,233 SEK divided into 81,772,330 shares with a par value of 0.10 SEK 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 2013, shareholders numbered approximately 3,300, which was an increase of about 400 shareholders. The largest shareholder was Alceco International S.A. with 42.47% of votes and shares, followed by Nexttobe AB with 21.57%. The ten largest shareholders together held 77.72% of the total voting rights and shares.

Legal Issues

Oasmia is not, and has not during the past fiscal 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 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 Kemstationen, Uppsala Vatten & Avfall AB 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 fiscal year was 72 (71). Of these, 35 (37) are women and 37 (34) are men. The number of employees at year-end was 75 (77). Salaries and benefits totaled 33,097 TSEK (31 827). For more information, see Note 11. For information on the guidelines for remuneration to senior executives adopted at the 2012 Annual General Meeting, please refer to the Corporate Governance Report on page 16. Regarding compensation paid to

executive officers for fiscal year 2012/2013, see Note 11.

Events after the financial year end

Oasmia has developed the first compound with two active cytotoxic agents in one infusion

In May 2013, Oasmia announced that the Company has developed a unique new combination therapy for the treatment of cancer through the use of its patented technology, XR-17. In combination therapies, which are the standard treatments for many cancers including breast, prostate and lung cancer, the patient receives several active cytotoxic agents through various infusions. Oasmia has successfully developed the drug candidate OAS-19, a unique combination of two of the world's most widely used chemotherapy drugs. Today, the market for combination therapies exceeds 8 billion dollars.

Oasmia has initiated a clinical program for the treatment of breast cancer with Paclical ®

The Company announced in May 2013 that it intends to expand the therapeutic area for Paclical® in the future and it has initiated a clinical program for the treatment of breast cancer. This market reached 8.6 billion dollars in 2011. The program will include three clinical studies: a *dosefinding*-study, a Phase-II trial and a Phase-III trial. The first two studies began in May 2013. The number of patients in the Phase II study will be determined by the dose-limiting toxicity (DLT) observed during the first course of the study.

SEDA agreement has not been extended

Oasmia had a standby equity distribution agreement with YA Global Master SPV Ltd that terminated on July 21, 2013. The agreement was never utilized.

2013 Annual General Meeting

The Annual General Meeting of Oasmia Pharmaceutical AB (publ) will be held on Monday, September 30th, 2013 at company headquarters in Uppsala.

Proposal for Annual General Meeting 2013

The Board's complete proposals for the 2013 Annual General Meeting will be submitted in combination with the notice.

Dividend

The Board does not intend to propose a dividend for the fiscal year 2012/2013.

Guidelines for remuneration to senior executives

The Board proposes that the 2013 Annual General Meeting adopt the following guidelines which will apply from the 2013 Annual General Meeting to the 2014 Annual General Meeting:

Salary and other benefits

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

Notice and severance pay

Upon termination by the Company, the 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 programs

Decisions regarding any potential shares and share-based incentive schemes for members of the board and for senior executives shall be decided 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 is 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, expansion and therefore the financial position of the Company.
The risk management measures can be classified in the 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 and the risk of both delays and failure exist. Below are some stages in the process where such risks are evident.
The development of pharmaceuticals requires pre-clinical 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 unfavorable 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. The analysis 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 causes the estimated time for approval to be uncertain. Additions to applications and the withdrawal and resubmission of an application may be necessary. It also cannot be ignored that approval may not be granted at all.
Oasmia seeks to reduce the risks associated with the development and registration of drugs by: use of already well-known compounds (cytostatics) and the use of the same excipient (XR-17) in each product candidate and 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, commercialization and sale of products. The Company is therefore highly dependent on the establishment of such collaborations and on its partners' success in penetrating markets.
A risk with partnerships is if the principal does not have an alternative in place in case a partnership does not function satisfactorily or if the partner is unsuccessful.
Oasmia seeks to reduce risks associated with collaborations and partnerships by being the manufacturer of drugs for clinical trials, seeking partnerships with well-established companies and identify 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 application do not lead to patents
- approved patents do not offer sufficient protection
- another patent supersedes an own patent
- one uses substances or processes 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 actor, 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 pharmaceuticals 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 anticancer 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 commer-

cialization and market introduction of its pharmaceutical candidates.

Key personnel and recruitment

Oasmia is highly dependent on key employees and skilled labor. If Oasmia would lose key employees and/or fail to recruit such additional skilled employees at a desired rate for future need, 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 a part of Sweden most densely populated with people possessing the competencies needed in the pharmaceutical industry, thereby making the recruitment risk as low as possible the lowest it can be.

Corporate governance report 2012/2013

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 Company Registration Office on September 22, 1988. Oasmia Pharmaceutical AB is the parent company in the Oasmia group. The company owns 100% of 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 for Corporate Governance ("the Code" which is available on www.bolagsstyrning.se) as of July 1, 2008. The code compliments the external regulations that affect corporate governance, mainly constituted by the Companies Act, 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 2012/2013:

The majority of Nomination Committee members consist of Board Members. The reason for this is that the company regards close cooperation between the Board and the Nomination Committee essential to the company's future development.

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, 2013 amounted to 81,772,330 and each share carries one vote at the Annual General Meeting. The number of shareholders was 3,300 and Alceco International S.A. was the principal shareholder (42.47%), followed by Nexttobe AB (21.57%). The ten largest shareholders owned approximately 77.72% of the total shares. For additional information on the ownership structure, see section The share page 3.

The Annual General Meeting

The Annual General Meeting will be held within six months after the end of the fiscal year. Notice of the Annual General Meeting shall be published in Post- och Inrikestidningar 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, and notify the company no later than the date specified in the notice.

Annual General Meeting 2012

The 2012 Annual General Meeting was held on September 24 on Oasmia's premises in Uppsala. Among other things, the following were decided:
Adoption of the income statement and balance sheet for the fiscal year 2011/2012, a decision on the allocation of non-resticted equity and discharge of the Board and CEO from liability.
The board shall consist of six members without deputies. Re-election of Board members Joel Citron, Martin Nicklasson, Jan Lundberg, Horst Domdey, Bo Cederstrand and Julian Aleksov. Joel Citron was elected chairman. Remuneration to Board members who are not employees of the company shall be 150,000 SEK per annum, the Chairman's remuneration shall be 175,000 SEK per annum and that the auditors' fees shall be paid as invoiced. Criteria for the Nomination Committee for the 2013 Annual General Meeting. 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 own shares. Authorization for the Board to decide on new shares and convertible bonds for cash and/or in kind or offsets.

Annual General Meeting 2013

The Annual General Meeting 2013 will be held on Monday, September 30 at Company headquarters in Uppsala. Notice of the Annual General Meeting shall take place 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 to have sufficient time to consider all matters, the notice will request that all matters to be taken up at the Annual General Meeting reach the company no later than seven weeks before the meeting.
Requests to bring a matter before the meeting should be addressed to the Board and mailed to the address below.

Oasmia Pharmaceutical AB
Att. The Board
Vallongatan 1
752 28 Uppsala

The Nomination Committee

The main task of the nomination committee is to present candidates for the Board of Directors, Chairman of the Board and to decide their fees. The nomination committee also presents proposals to the Annual General Meeting of possible 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 was adopted at the 2012 Annual General Meeting. The criteria's were as follows: one member shall represent the largest shareholders; one member shall be independent of major shareholders, the Company's management and Board of Directors; and one member shall be the chairman (convener). The nomination committee's mandate extends to when the next nomination has been made public. If a member leaves the committee before its work is complete, the remaining members shall appoint a replacement. The Nomination Committee members for the 2013 Annual General Meeting consist of Bo Cederstrand (Chairman), Joel Citron and Christer Ericsson. The full proposal for the 2013 Annual General Meeting will be presented in the Annual General Meeting notice. Bo Cederstrand was appointed by Alcecco International S.A.

The Board of Directors

Oasmia's Board consists of six members, including the chairman. Board assignments are 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 fiscal year 2012/2013 of all meetings

	Independent*	Board meetings	Audit Committee	Remuneration Committee
Joel Citron	Yes/Yes	9/10	1/4	1/1
Martin Nicklasson	Yes/Yes	10/10	1/4	1/1
Jan Lundberg	Yes/Yes	10/10	4/4	1/1
Horst Domdey	Yes/Yes	10/10		1/1
Bo Cederstrand	No/No	10/10		1/1
Julian Aleksov	No/No	9/10		

* Independent of the company and its management and independent of major shareholder

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 are satisfactory and that the information regarding financial performance and developments are 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 to ensure that Board members regularly receive the information needed to fulfill 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 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 fiscal year.

The Board's procedure

In accordance with the Swedish Companies Act, Oasmia's Board has adopted written rules and related CEO instructions that are reviewed once a year or as needed. These rules govern 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. CEO instructions contain, among other things, restrictions regarding decisions on investments and acquisitions. Reporting instructions, which complement the Board's 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 performance

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

The Boards work during the fiscal year

During the fiscal year 2012/13, the Board held 5 ordinary meetings and met on 5 additional occasions. On these occasions the Board has mainly addressed issues relating to the continued funding of the Group's businesses, negotiations for/signing of new partnership agreements and has carefully monitored liquidity forecasts and development costs / Phase-III studies.

The Audit Committee

The Audit Committee consists of Joel Citron, Jan Lundberg and Martin Nicklasson. 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 four meetings.

The 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 as well as make proposals for resolutions regarding option plans and other reward or compensatory matters that are intended to be directed to a broader group of employees within the company. The Committee had one meeting in 2012 and consists of Joel Citron, Martin Nicklasson, Jan Lundberg, Horst Domdey and Bo Cederstrand.

Remuneration to Board and senior executives

The Board

At the 2012 Annual General Meeting, it was decided that the remuneration to a Board Member who is not an employee of the Company shall amount to 150,000 SEK per year. Remuneration to the Chairman shall be 175 000 SEK 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 pension insurance.

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 Program

Oasmia does not currently have an incentive program. 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.

Auditors

According to the Articles of Association, the Company shall have one or two external auditors. The accounting firm Ernst & Young was re-elected at the 2012 Annual General Meeting for four years. Certified 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 an 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 performance 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 regulations, the organizational structure and the internal guidelines control environment.

Risk assessment

The goal of risk assessment is to identify areas of high risk within the business and define the controls needed to manage these risks. Balance sheets and income statement 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 certification 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, the capital market, the community and the media. 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 insider policy and logbook policy.

Remarks

The Disciplinary Committee of NASDAQ OMX Stockholm decided 2013-07-11 to impose a fine on Oasmia corresponding to four times the company's annual fee for breach of the disclosure terms according to Exchange's Rulebook for Issuers.

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 a MA in Economics and a Bachelor 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, Max-Planck-Institut für Biochemie, the Swiss Institute for Experimental Cancer Research (ISREC), University of California and California Institute of Technology. Has also worked as Associate Professor in biochemistry at the Ludwig Maximilians University of Munich.
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 since 1977. Has a MSc in Mechanics as well as Industrial Economics and Management at KTH in Stockholm.
Shareholding: 76 426 through company

Bo Cederstrand (born1939)

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 mid-sized businesses, mainly within trade. Extensive experience in international trade and production. Has been very active within trade branch associations. Deputy Member of the Board for the last 5 years in Fruges AB (on-going) and Member of the Board in the Arken stores (ended)
Shareholding: 126 000 personally and 34 477 272 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. During Martin's leadership Nexium was developed and launched, with current annual sales of more than USD 5bn. 1989-1991 Head of research and development in KABI. Is a certified pharmacist and since 1982 Pharmacy Doctor at Uppsala University. Is since 1985 also Associate Professor at Uppsala University's Faculty of Pharmacy.
Shareholding: -

Julian Aleksov (born1965)

Memberer 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 34 477 272 shares through the company Alceco International S.A.

Auditors

Ernst & Young AB
Stationsgatan 12
Box 1448
75144 Uppsala
Phone 018-19 42 00

Principal auditor:
Björn Ohlsson
Born 1960
Certified Public Accountant and member of FAR SRS

Management

1. Julian Aleksov

Chief Executive Officer
Born1965
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 34,477,272 shares held through the company Alceco International S.A.

2. Weine Nejdemo

Chief Financial Officer
Born1948
Weine Nejdemo holds an MBA and has been an employee of Oasmia since 2009. He has extensive international experience at senior management levels from several life science companies, including county governments, 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

3.Hans Sundin

Executive Vice President
Born1945
Hans Sundin is a Pharmacist and has been an employee at Oasmia since 2008. He has extensive international experience at senior management levels from several pharmaceutical companies regarding manufacturing, quality control and project management, including companies with pharmaceutical companies as clients.
Shareholding: 5 000 shares held personally

4.Annette Ljungmark

Head of Accounting and Human Resources
Born1950
Annette Ljungmark holds a degree from Stockholms Handelsreal and has been an employee at Oasmia since 2005. She has extensive experience in auditing and pharmaceutical industry in terms of finance, accounting, pensions and personnel issues.

Shareholding: -

5. Margareta Eriksson

Vice President Clinical Development
Born1952
Margareta has a BSc in Chemistry and Biology, 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: -

6.Ingela Hägglund

Vice President Operations
Born1964
Ingela has a PhD in Analytical Chemistry and has 18 years of experience within international pharmaceutical industry as manager and project leader in research and development of pharmaceutical products.

Shareholding: -

7. Mikael Asp

Head of Quality Assurance
Born1962
Mikael has a Master of Science in Chemical Engineering and has 25 years of experience from several companies within international pharmaceutical industry in research and development, production, quality assurance and as Qualified Person (QP)

Shareholding: 4 050 shares held personally

8,John Cosby

Head of Regulatory Affairs
Born1962
John has a BSc in Chemistry from the University of Maryland, USA. 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.

2013 Annual General Meeting

The Annual General Meeting of Oasmia Pharmaceutical AB (publ) will be held on Monday, September 30th, 2013 at company headquarters in Uppsala.

Proposal for 2013 Annual General Meeting

The notice and the complete proposal for the 2013 Annual General Meeting will be provided together.

Dividend

The Board does not propose a dividend for the fiscal year 2012/2013.

Guidelines for remuneration to senior executives

The Board proposes that the 2013 Annual General Meeting adopt the following guidelines which will apply from the 2013 Annual General Meeting to the 2014 Annual General Meeting.

Salary and other benefits

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

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 Program

Decisions on any shares and share-based incentive scheme for members of the board and for senior executives shall be decided by the Annual General Meeting.

Policy

The principles for determining the salaries for the CEO and other senior executives will be contained within a Board-established policy.

Deviation in individual cases

The Board of Directors 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.

Financial Statements

Consolidated income statement, The Group

TSEK	Note	2012-05-01 -2013-04-30	2011-05-01 -2012-04-30
Net sales	5	-	891
Capitalized development cost	6	48 635	63 282
Other operating income	7	2 524	104
Raw materials, consumables	8	-6 137	-10 127
Other external expenses	9,10	-65 022	-73 481
Employee benefit expenses	11	-42 408	-41 144
Depreciation/amortization and impairment	12,13	-5 089	-5 062
Other operating expenses	13	-86	-
Operating income	14,15	-67 583	-65 536
Financial income		587	363
Financial expenses		-5 384	-497
Financial income and expenses, net	14,16	-4 798	-135
Income before taxes		-72 381	-65 670
Income Taxes	17	-	-
Income for the period		-72 381	-65 670
Income for the period attributable to:			
Parent company shareholders		-72 381	-65 670
Earnings per share before and after dilution, SEK	18	-1,06	-1,18

Consolidated statement of comprehensive income, The Group

TSEK	Note	2012-05-01 -2013-04-30	2011-05-01 -2012-04-30
Income for the period		-72 381	-65 670
Comprehensive income for the period		-72 381	-65 670
Comprehensive income for the period attributable to:			
Parent company shareholders		-72 381	-65 670
Comprehensive earnings per share, before and after dilution, SEK		-1,06	-1,18

Consolidated statement of financial position, The Group

TSEK	Note	2013-04-30	2012-04-30
Assets			
Fixed assets			
Property, plant and equipment	12	26 161	25 988
Capitalized development costs	6	338 826	290 191
Other intangible assets	13	10 294	27 400
Financial fixed assets		2	2
Total fixed assets		375 283	343 581
Current assets			
Inventories	8	887	290
Other current receivables	21	2 314	1 747
Prepaid expenses and accrued income	20	3 737	2 161
Liquid assets	22	62 956	2 028
Total current assets		69 895	6 227
TOTAL ASSETS		445 178	349 807
EQUITY			
Equity attributable to equity holders in the Parent Company			
Share capital	23	8 177	5 724
Other capital provided		573 439	457 832
Retained earnings		-262 463	-190 082
Total equity		319 153	273 474
LIABILITIES			
Non-current liabilities			
Other non-current liabilities	24	891	16 264
Total non-current liabilities		891	16 264
Current liabilities			
Liabilities to credit institutions	26	-	3 197
Borrowings	27	105 000	29 600
Accounts payable		7 084	10 281
Other current liabilities	28	1 566	10 811
Accrued expenses and prepaid income	29	11 484	6 180
Total current liabilities		125 134	60 069
Total liabilities		126 025	76 334
TOTAL EQUITY AND LIABILITY		445 178	349 807
Contingent liabilities	30		
Pledged assets	30		

Statement of changes in Equity, The Group

		Attributable to parent company shareholders			
TSEK	Note	Share capital	Other capital contributions	Retained earnings	Total equity
Opening balance as of May 1, 2011		5 208	413 375	-124 411	294 171
Comprehensive income for the year		-	-	-65 670	-65 670
New share issue	23	516	47 484	-	48 000
Issue expenses		-	-3 027	-	-3 027
Closing balance as of April 30, 2012		5 724	457 832	-190 082	273 474
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

Consolidated cash flow statement, The Group

TSEK	Note	2012-05-01 -2013-04-30	2011-05-01 -2012-04-30
Operating activities			
Operating income before financial items		-67 583	-65 536
Depreciation and amortization	12,13	5 089	5 062
Disposal of tangible assets	8	86	-
Adjustment for income from disposal of intangible assets	13	-1 579	-
Interest received	16	587	363
Interest paid	16	-611	-497
Cash flow from operations before working capital changes		-64 010	-60 609
Change in working capital			
Change in inventories	8	-597	-290
Changes in other current receivables	20,21	-2 142	1 085
Change in accounts payable		-3 197	6 450
Changes in other current liabilities	28,29	408	924
Cash flow from operating activities		-69 539	-52 439
Investing activities			
Investments in intangible assets	6,13	-59 603	-73 176
Disposal of intangible assets	13	4 235	-
Investments in tangible fixed assets	12	-4 428	-2 914
Cash flow from investing activities		-59 795	-76 090
Financing activities			
Increase in liabilities to credit institutions	26	-	3 197
Decrease in liabilities to credit institutions	26	-3 197	-
Increase in non-current liabilities	24	-	891
New share issue	23,31	122 658	48 000
Issue expenses	23,31	-4 598	-3 027
New loans	27,31	80 000	29 600
Amortization of loans	27,31	-4 600	-
Cash flow from financing activities		190 263	78 662
Cash flow for the period		60 928	-49 867
Cash and cash equivalents at beginning of year		2 028	51 895
Cash and cash equivalents at end of year	22	62 956	2 028

Income statement, Parent Company

TSEK	Note	2012-05-01 -2013-04-30	2011-05-01 -2012-04-30
Net sales	5	-	891
Capitalized development cost	6	48 635	63 282
Other operating income	7	2 524	104
Raw materials and consumables		-6 137	-10 124
Other external expenses	9,10	-64 916	-73 323
Employee benefit expenses	11	-42 408	-41 144
Depreciation/amortization for tangible			
And intangible assets	12,13	-5 074	-4 987
Other operating expenses	12	-86	-
Operating income		-67 461	-65 300
Income from participation in Group companies	32	-145	-390
Other interest receivable and similar income	14,16	587	362
Interest and similar expenses	14,16	-5 384	-495
Financial income and expenses - net		-4 942	-523
Income before taxes		-72 404	-65 823
Income taxes	17	-	-
Income for the period		-72 404	-65 823

Statement of comprehensive income, Parent Company

TSEK	Note	2012-05-01 -2013-04-30	2011-05-01 -2012-04-30
Income for the period		-72 404	-65 823
Comprehensive income for the period		-72 404	-65 823

Balance sheet, Parent Company

TSEK	Note	2013-04-30	2012-04-30
ASSETS			
Non-current assets			
Intangible fixed assets			
Capitalized development costs	6	338 826	290 191
Concessions, patents, licenses, trademarks and similar rights	13	10 288	27 378
Tangible fixed assets			
Equipment, tools and installations	12	20 355	24 149
Construction in progress and advance payments for tangible fixed assets	12	5 805	1 839
Financial fixed assets			
Participation in Group companies	32	110	110
Other securities held as non-current assets		1	1
Total non-current assets		375 386	343 668
Current assets			
Inventories			
Raw materials and consumables	8	887	290
		887	290
Current receivables			
Receivables from group companies	31	-	55
Other current receivables	21	2 312	1 746
Prepaid expenses and accrued income	20	3 721	2 084
		6 033	3 885
Cash and bank balances	22	62 947	2 020
Total current assets		69 867	6 195
TOTAL ASSETS		445 253	349 863
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital	23	8 177	5 724
Statutory reserve		4 620	4 620
		12 797	10 344
Unrestricted equity			
Share premium reserve		573 439	457 832
Retained earnings		-194 851	-129 028
Profit for the year		-72 404	-65 823
		306 184	262 981
Total equity		318 981	273 325
Long-term liabilities			
Other long-term liabilities	24	891	16 264
Total long-term liabilities		891	16 264
Current liabilities			
Borrowings	27,31	105 000	29 600
Accounts payable		7 084	10 281
Liabilities to credit institutions	26	-	3 197
Liabilities to Group companies	31	247	205
Other current liabilities	28	1 566	10 811
Accrued expenses and deferred income	29	11 484	6 180
Total current liabilities		125 381	60 274
TOTAL EQUITY AND LIABILITIES		445 253	349 863
Contingent liabilities and pledged assets			
Contingent liabilities	30	-	-
Pledged assets	30	8 000	8 000

Change in equity, Parent Company

		Restricted equity			
TSEK	Note	Share capital	Statutory reserve	Unrestricted equity	Total equity
Opening balance as of May 1, 2011		5 208	4 620	284 347	294 175
New share issue	23	516	-	47 484	48 000
Issue expenses		-	-	-3 027	-3 027
Total comprehensive income for year		-	-	-65 823	-65 823
Closing balance as at April 30, 2012		5 724	4 620	262 981	273 325
Opening balance as of May 1, 2012		5 724	4 620	262 981	273 325
New share issue	23	2 453	-	120 205	122 658
Issue expenses		-	-	-4 598	-4 598
Total comprehensive income for year		-	-	-72 404	-72 404
Closing balance as of April 30, 2013		8 177	4 620	306 184	318 981

Cash Flow Statement, Parent Company

TSEK	Note	2012-05-01 -2013-04-30	2011-05-01 -2012-04-30
Operating activities			
Operating income before financial items		-67 461	-65 300
Depreciation/amortization	12,13	5 074	4 987
Disposal of tangible assets	12	86	-
Adjustments for income from divestiture of intangible assets	13	-1 579	-
Interest received	16	587	362
Interest paid	16	-610	-495
Cash flow from operating activities before changes in working capital		-63 903	-60 446
Change in working capital			
Change in inventories	8	-597	-290
Change in other current assets	20,21,31	-2 203	917
Change in accounts payable		-3 197	6 463
Change in other current liabilities	28,29,31	360	919
Cash flow from operating activities		-69 540	-52 437
Investing activities			
Investments in intangible assets	6,13	-59 603	-73 176
Disposal of intangible assets	13	4 235	-
Investments in tangible fixed assets	12	-4 428	-2 914
Cash flow from investing activities		-59 795	-76 090
Financing activities			
Increase in liabilities to credit institutions	26	-	3 197
Decrease in liabilities to credit institutions	26	-3 197	-
Increase in non-current liabilities	24	-	891
New share issue	23,31	122 658	48 000
Issue expenses	23,31	-4 598	-3 027
New loans	27,31	80 000	29 600
Amortization of loans	27,31	-4 600	-
Cash flow from financing activities		190 263	78 662
Cash flow for the year		60 927	-49 865
Cash and cash equivalents at beginning of year		2 020	51 884
Cash and cash equivalents at end of year	22	62 947	2 020

Notes to the financial statements

Note 1 General Information

Oasmia (Reg. No. 556332-6676 and the parent company of Oasmia Group) is a 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 Frankfurt Stock Exchange. The Group's operations are described in the Directors' Report on pages 9-20. The annual report for Oasmia Pharmaceutical AB for the fiscal year ending April 30, 2013 has been approved for publication by the Board on August 22, 2013. The Group and Parent Company financial statements will be submitted to the Annual General Meeting on September 30, 2013 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 principles as the Group except in the cases listed below under "Parent Company". 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 Security 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 judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

The Group's accounting policies

Changes in accounting policies

New policies 2012/13
None of the standards and interpretations required for the first time for the fiscal year that began May 1, 2012 had a material impact on the consolidated financial statements.

New IFRS standards and interpretations effective fiscal year 2013/14 or later
IAS 1 Presentation of Financial Statements (revised)
The amendment is adopted by the EU. Effective for annual periods beginning 1 January 2013 or later.
The change concerns that items in other comprehensive income be presented in two groups. The distribution is based on whether the items may be reclassified to the income statement or not. Oasmia applies the amendment from the fiscal year starting on May 1, 2013, but the change does not affect current consolidated financial statements.

IFRS 9 Financial Instruments
The standard has not yet been adopted by the EU. IFRS 9 is intended to replace IAS 39 Financial instruments beginning in 2013 at the latest. The elements of IFRS 9 published so far concern the classification and assessment of financial instruments, whereby today's four categories are replaced by the two categories "accrued acquisition value" and "fair value". Early application of the published elements is permitted. Oasmia intends to apply the new standard no later than the fiscal year beginning on May 1, 2015.

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 Consolidate 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 2010/11 financial year 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 how far 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 intra-Group transactions.

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 is available. Furthermore, the operating results of the segment are reviewed on a regular basis by the company's chief executive officer as the basis for the decision on allocation of resources to the segment and the evaluation of its result. The Group management has identified the chief executive officer as the decision maker. The Group currently has only one segment and therefore does not include segment information 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 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 5 years
- Production equipment 12-15 years
- Improvement expenses for third party's property 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 disposals 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 improved products are capitalized to the extent that they are expected to generate future economic benefits. Depreciation is made 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 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 amortization periods applied are as follows:

- Patents 20 years
- Sales rights 5 years

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 sold or disposed of is determined as the difference between the settlements received and the carrying amount and are 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 depreciated, 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 of 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 depreciated 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, liquid assets, borrowing, 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. Significant 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.

Liquid assets
Liquid assets 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 accrued acquisition value and any difference between the amount received (net after transaction costs) and the repaid amount is recognized in the income statement, distributed 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 accrued acquisition value 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 the amortized acquisition costs, is calculated as the present value of future cash flow, discounted at the effective interest rate which applied with 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 services 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 entity. The Group has no legal or constructive obligations to pay further contributions if the fund 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 cash refund or a reduction in future payments are available to the Group.

Severance pay
Severance pay is awarded when notice is given to an employee by the Group before normal pension date, or when an employee accepts 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 is received or will be received for sold goods and services in the activities of the Group. Revenue is recognized without value added tax, and after elimination of inter-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 proprietary medicines
The Parent Company Oasmia Pharmaceutical AB conducts sales of pharmaceuticals before they are registered. It is called compassionate use, but consists of delivery and invoicing of products according to a price list. Delivery and invoicing is performed at the same time and the revenue is recognized at this time. Sales of pharmaceuticals before they are registered can occur in the following two cases. In the first case, the buyer is a hospital pharmacy or veterinary clinic where our clinical trials are conducted. In the second case the buyer is a clinic which has decided to test a pharmaceutical (in cancer treatment) which is not yet approved, because the registered pharmaceuticals have not performed well.

b) License revenue
The Parent Company Oasmia Pharmaceutical AB conducts sales of pharmaceuticals before they are registered. It is called compassionate use, but consists of delivery and invoicing of products according to a price list. Delivery and invoicing is performed at the same time and the revenue is recognized at this time. Sales of pharmaceuticals before they are registered can occur in the following two cases. In the first case, the buyer is a hospital pharmacy or veterinary clinic where our clinical trials are conducted. In the second case the buyer is a clinic which has decided to test a pharmaceutical (in cancer treatment) which is not yet approved, because the registered pharmaceuticals have not performed well.

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 the 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 fiscal years beginning 1 January 2013 or later. Early application is permitted.
This change means that companies applying RFR 2 must choose between a rule and an alternative rule for reporting of group contributions and then apply it consistently. Under the main rule, parent Group 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 presentation forms
The Parent Company uses the terms Balance Sheet, Changes in Equity and Cash Flow Analysis for the reports that in the Consolidated Accounts are named the Report on Financial Position, Report on Changes in Equity, and Report on Cash Flows. 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 Report, 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 are reported as an increase in participation in Group companies in the Parent company accounts.
Group contributions from subsidiary to parent are accounted for as financial revenue in the parent company.

Note 3 Financial risk management

The Group is exposed to various financial risks. In the Group's finance policy, continuous identification and management of these risks are included. The Group is also exposed to operational risks, which is more closely described in the Administration Report, pages 12-14.

The main financial risks are:

- Financing and liquidity risks
- Capital risks
- Currency risks
- Commodity price risks
- Interest rate risk
- Credit and counterparty risks

Below the extent of the Group's exposure to these risks and how the risks are managed are described.

Financing and liquidity risk
Financing risk is the risk that financing of Oasmia's capital requirement and refinancing of utilized credit facilities become difficult, impossible or more expensive. Liquidity risks concern situations where liquid assets 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 activity level within the areas of financing via equity, agreements on credit lines and licensing. Short term liquidity is secured by a liquidity reserve, the unutilized part of confirmed credit lines, and the unutilized part of standby equity distribution agreements (SEDA).

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

	2013-04-30			2012-04-30		
Counter party Bank	Credit limit	Unutilized amount	Liquidity reserve	Credit limit	Unutilized amount	Liquidity reserve
	5 000	0	5 000	5 000	3 197	1 803

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

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	-	-	-	-
Accounts payable and other liabilities[1]	20 134	-	-	-
Borrowings[2]	105 000	-	-	-

As of April, 30 2012	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
Liabilities to credit institutions	3 197	-	-	-
Accounts payable and other liabilities[1]	27 272	-	-	-
Borrowings[2]	29 600	-	-	-

[1] Trade payables and other liabilities consist of Trade payables, Other current liabilities and Accrued expenses and prepaid income.
[2] Borrowings consisted of loans from Nexttobe AB and credit utilized by Oasmia's principal owner (note 27).

The Group recognizes Other non-current liabilities of 891 TSEK (16 264), 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, 2013 was 11 % (11).

The table below shows the Group's debt/equity ratio (definitions, note 33) on the closing date.

	2013-04-30	2012-04-30
Total borrowing [1]	105 000	32 797
Deducted liquid assets	-62 956	-2 028
Net liability	42 044	30 769
Total equity	319 153	273 474
Debt/equity ratio	13%	11%

[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, USD and CZK, but only very few payments have been received in these currencies during the last two financial years. 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 on 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 would as of April 30, 2013 would have been TSEK 0 (32) lower/higher, as a result of recalculated utilized bank credits. The credit facility available to Oasmia from Alceco International S.A carries a fixed interest rate of 5% on utilization, and therefore does 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 risks
Credit and counterparty risks are connected to the risk of loss if counterparty does not fulfill its obligations. Group revenues are received from only a few customers and partners, where sales are mainly to Pharmacies in Sweden and license 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 be 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 fiscal year's capitalized development costs amounted to 48 635 TSEK (63 282) and the Group's capitalized development costs, as of April 30, 2013, amounted to 338 826 TSEK (290 191). The company annually performs an assessment of whether there is a need for impairment of the capitalized development cost. Oasmia has made the judgment that there is no need for impairment since registration of the two pharmaceutical candidates that are capitalized lies within the foreseeable future, and the expected future profits motivate the value of the assets. If these products are not approved, or the probability of approval is diminished, the capitalized expenditures would be carried as expenses. As of April 30, 2013 the capitalized expenditures amounted to 106 % (106) 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 principles 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 presently 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 judgments 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 judgments that all capitalization criteria are no longer fulfilled, these assets would be written off against the Group profit.

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 profits.

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

	The Group		Parent Company	
	2012-05-01	2011-05-01	2012-05-01	2011-05-01
TSEK	-2013-04-30	-2012-04-30	-2013-04-30	-2012-04-30
License revenues	-	891	-	891
Total	0	891	0	891

The Group is headquartered in Sweden. Revenue from external customers in Sweden amounted to 0 TSEK (106). Revenue from external customers in other countries amounted to 0 TSEK (891) and concerned the licensing revenue from an individual customer.

Current assets located in Sweden amounted to 369,478 TSEK (341 892) and current assets located in another country amounted to 5 805 TSEK(1 689).

Note 6 Capitalized development costs

	2012-05-01 - 2013-04-30		
TSEK	Paclical®	Paccal® Vet	Total
Opening balance acquisition value	209 140	81 051	290 191
Capitalized expenditures for the year	45 336	3 299	48 635
Closing balance accumulated acquisition value	254 475	84 351	338 826
Opening balance accumulated depreciation	-	-	0
Depreciation for the year	-	-	0
Closing balance accumulated depreciation	0	0	0
Closing balance carrying amounts	254 475	84 351	338 826

Research and development costs which are not capitalized amounted to 43 380 TSEK (38 748)

	2011-05-01 - 2012-04-30		
TSEK	Paclical®	Paccal® Vet	Total
Opening balance acquisition value	145 858	81 051	226 909
Capitalized expenditures for the year	63 282	0	63 282
Closing balance accumulated acquisition value	209 140	81 051	290 191
Opening balance accumulated depreciation	-	-	0
Depreciation for the year	-	-	0
Closing balance accumulated depreciation	0	0	0
Closing balance carrying amounts	209 140	81 051	290 191

Note 7 Other operating income

	The Group		Parent Company	
	2012-05-01	2011-05-01	2012-05-01	2011-05-01
TSEK	-2013-04-30	-2012-04-30	-2013-04-30	-2012-04-30
Gain on disposal of intangible assets (Note 13)	1 579	-	1 579	-
Insurance compensation	750	-	750	-
State support (new start jobs)	196	110	196	110
Exchange rate losses on account receivables	-	-6	-	-6
Total	2 524	104	2 524	104

Note 8 Inventories

	The Group		Parent Company	
TSEK	2013-04-30	2012-04-30	2013-04-30	2012-04-30
Acquisition value				
Raw materials	887	290	887	290
Total	887	290	887	290

There have been no inventory expenses nor have there been write-offs of inventory during the year.

Note 9 Remuneration to auditors

	The Group		Parent Company	
	2012-05-01	2011-05-01	2012-05-01	2011-05-01
TSEK	-2013-04-30	-2012-04-30	-2013-04-30	-2012-04-30
Ernst & Young AB				
Auditing	325	325	325	325
Audit activities in addition to auditing	43	75	43	75
Tax consulting	15	4	15	4
Other services	-	3	-	3
Total	383	407	383	407

Audit concerns reviews of the Annual Report, accounting records, and the management by the Board of Directors and CEO, and other tasks that the company's auditors are required to undertake. Audit activities in addition to auditing include review of interim reports and quality assurance services in connection with share issues and stock-exchange prospectus.

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):

Fiscal year	Operational leasing
2013/2014	4 475
2014/2015	4 475
2015/2016	4 475
2016/2017	4 475
2017/2018	4 475
Total	22 376

Leasing costs (minimum lease payments) were 4 263 TSEK (4 229) for the fiscal year.

Note 11 Employees and remuneration

Average number of employees	The Group		Parent Company	
	2012-05-01	2011-05-01	2012-05-01	2011-05-01
	-2013-04-30	-2012-04-30	-2013-04-30	-2012-04-30
Women	35	37	35	37
Men	37	34	37	34
Total	72	71	72	71

Salaries and benefits	The Group		Parent Company	
TSEK	2012-05-01 -2013-04-30	2011-05-01 -2012-04-30	2012-05-01 -2013-04-30	2011-05-01 -2012-04-30
The Board	1 159	864	1 159	864
CEO and other senior executives	4 477	3 303	4 477	3 303
Other employees	26 942	27 660	26 942	27 660
Defined contribution pension plans	518	-	518	-
Defined medical benefits	2	-	2	-
Total salary and remuneration	33 097	31 827	33 097	31 827
Social security contributions by law and agreement	9 500	9 141	9 500	9 141
Special payroll tax pension expenses	126	-	126	-
Total salaries, remuneration and social security	42 598	40 968	42 598	40 968

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; Martin Nicklasson is invoiced through wholly owned Nicklasson Life Science AB; and Björn Björnsson is invoiced through wholly owned Björn Björnsson Konsult AB, in accordance with the Annual General Meeting and by special agreement with Oasmia Pharmaceutical AB. Except what is described in Transactions with senior management in note 31, no other remuneration such as salary, pension premium or other benefits have 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 deposit an annual amount corresponding to 20% of the CEO pensionable annual salary to any chosen company that has been utilized, retroactively, as of January 1, 2011. Regarding the period 2011-01-01 - 2012-04-30 this cost amounted to 283 TSEK and for the period 1 May 2012 - 30 April 2013, the cost amounted to 235 TSEK. 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. Salaries are reviewed annually on April 1.

Remuneration to Board and senior executives

2012-05-01 - 2013-04-30	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	-
Chief Executive Officer Julian Aleksov	1 181	518
Other senior executives (7 persons) [1]	2 583	-
Total	4 777	518

[1] On February 11, 2013 the management team added 4 people

2011-05-01 - 2012-04-30	Base salary/ Board Fees	Pension
Chairman of the Board Joel Citron [1]	125	-
Board Member, Jan Lundberg [2]	125	-
Board Member, Bo Cederstrand	125	-
Board Member, Martin Nicklasson [2]	125	-
Board Member, Horst Domdey [2]	125	-
Chairman of the Board Björn Björnsson [3]	83	-
Board Member, Peter Ström [4]	50	-
Board member, Claes Piehl [4]	50	-
Chief Executive Officer Julian Aleksov	1 116	-
Other senior executives (3 persons)	1 838	-
Total	3 761	-

[1] Elected Chairman of the Board September 30, 2011
[2] Elected Board Member September 30, 2011
[3] Resigned from the post of Chairman of the Board September 30, 2011
[4] Resigned from the post of Board member September 30, 2011

Gender distribution in management

	2013-04-30		2012-04-30	
	Number on balance sheet date	Of which are men	Number on balance sheet date	Of which are men
The Group				
Board Members	6	6	6	6
Chief Executive officer and other				
Senior executives	8	5	4	3
Parent Company				
Board Members	6	6	6	6
Chief Executive Officer and other				
senior executives	8	5	4	3

Health care and medical care

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

Note 12 Tangible fixed assets

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

The Group 2012-05-01 - 2013-04-30

TSEK	Vehicles	Equipment	Production-plant	Leasehold improvements	Advanced payments for machinery and equipment	Total
Opening balance acquisition value	148	18 696	16 613	8 185	1 839	45 481
Investments for the year	-	134	-	177	4 116	4 428
Reclassifications	-	-	-	150	-150	0
Disposals	-	-414	-178	-	-	-592
Closing balance accumulated acquisition value	148	18 416	16 435	8 512	5 805	49 316
Opening balance accumulated depreciation	-148	-10 924	-6 766	-1 655	0	-19 493
Depreciation for the year	-	-2 790	-982	-397	-	-4 169
Disposals	-	387	118	-	-	506
Closing balance accumulated depreciation	-148	-13 326	-7 630	-2 051	0	-23 156
Closing balance carrying amounts	0	5 090	8 805	6 461	5 805	26 161

The Group 2011-05-01 - 2012-04-30

TSEK	Vehicles	Equipment	Production-plant	Leasehold improvements	Advanced payments for machinery and equipment	Total
Opening balance acquisition value	148	17 695	16 613	8 112	-	42 567
Investments for the year	-	1 001	-	73	1 839	2 914
Closing balance accumulated acquisition value	148	18 696	16 613	8 185	1 839	45 481
Opening balance accumulated depreciation	-148	-8 127	-5 785	-1 265	-	-15 325
Depreciation for the year	-	-2 796	-982	-390	-	-4 168
Closing balance accumulated depreciation	-148	-10 924	-6 766	-1 655	0	-19 493
Closing balance carrying amounts	0	7 772	9 846	6 530	1 839	25 988

Parent Company 2012-05-01 - 2013-04-30

TSEK	Vehicles	Equipment	Production plant	Leasehold improvements	Advanced payments for machinery and equipment	Total
Opening balance acquisition value	148	18 696	16 613	8 185	1 839	45 481
Investments for the year	-	134	-	177	4 116	4 428
Reclassification	-	-	-	150	-150	0
Disposals	-	-414	-178	-	-	-592
Closing balance accumulated acquisition value	148	18 416	16 435	8 512	5 805	49 316
Opening balance accumulated depreciation	-148	-10 924	-6 766	-1 655	0	-19 493
Depreciation for the year	-	-2 790	-982	-397	-	-4 169
Disposals	-	387	118	-	-	506
Closing balance accumulated depreciation	-148	-13 326	-7 630	-2 051	0	-23 156
Closing balance carrying amounts	0	5 090	8 805	6 461	5 805	26 161

Parent Company 2011-05-01 - 2012-04-30

TSEK	Vehicles	Equipment	Production plant	Leasehold improvements	Advanced payments for machinery and equipment	Total
Opening balance acquisition value	148	17 695	16 613	8 112	-	42 567
Investments for the year	-	1 001	-	73	1 839	2 914
Closing accumulated acquisition value	148	18 696	16 613	8 185	1 839	45 481
Opening balance accumulated depreciation	-148	-8 127	-5 785	-1 265	-	-15 325
Depreciation for the year	-	-2 796	-982	-390	-	-4 168
Closing balance accumulated depreciation	-148	-10 924	-6 766	-1 655	0	-19 493
Closing balance carrying amounts	0	7 772	9 846	6 530	1 839	25 988

Note 13 Other intangible assets

Other intangible assets consist of the costs of patents and sales rights. In the year, Company held license and distributions rights were disposed.

	The Group		Parent Company	
	2012-05-01	2011-05-01	2012-05-01	2011-05-01
TSEK	-2013-04-30	-2012-04-30	-2013-04-30	-2012-04-30
Opening balance acquisition value	35 946	17 048	35 078	16 060
Capitalized expenditures for the yea	1 844	19 018	1 844	19 018
Divestments	-18 029	-	-18 029	-
Disposals	-792	-120	-	-
Closing balance accumulated acquisition value	18 968	35 946	18 893	35 078
Opening balance accumulated depreciation	-8 546	-7 772	-7 699	-6 880
Depreciation for the year	-921	-893	-905	-819
Disposals	792	120	-	-
Closing balance accumulated depreciation	-8 674	-8 546	-8 605	-7 699
Closing balance carrying amounts	10 294	27 400	10 288	27 378

Disposal of Company held licensing and distribution rights
In January 2013, one reacquired license and distribution right for Paccal ® Vet was sold to Abbott Laboratories. There was previously an agreement with Abbott regarding Paccal® Vet in USA & Canada which was replaced with an agreement for Paccal ® Vet and Doxophos ® Vet for most of the world. In the new agreement, terms from the previous Paccal® Vet agreement with Abbott concerning repayment of previously received payments were omitted, which meant that no repayment risk exists for previous payments entered as liabilities amounting to 15,373 TSEK. The net effect of the sale, is recognized as Other operating income, and amounts to 1 579 TSEK.

Disposals of marketing authorizations
Disposals amounting to 792 TSEK (120) have been made in the subsidiary Qdoxx Pharma AB regarding fully depreciated marketing authorizations for some parallel imported pharmaceuticals. Since the marketing authorizations were fully depreciated the disposals had no impact on earnings.

Note 14 Currency differences - net

Currency differences are recognized in the income statement as follow:

	The Group		Parent Company	
	2012-05-01	2011-05-01	2012-05-01	2011-05-01
TSEK	-2013-04-30	-2012-04-30	-2013-04-30	-2012-04-30
Other operating income	-	-6	-	-6
Raw materials, consumables and goods for resale	-638	-258	-638	-258
Financial items - net	-53	27	-52	27
Total	-691	-237	-691	-237

Not 15 Operating income

Operating income for the fiscal year 2012-05-01 - 2013-04-30 was -67,583 TSEK (-65,536). Of the Group's recognized operation expenses of 118,743 TSEK (129,813), 48,635 TSEK (63,282) was recognized as capitalized development costs.

Note 16 Financial income and expenses

	The Group		Parent Company	
	2012-05-01	2011-05-01	2012-05-01	2011-05-01
TSEK	-2013-04-30	-2012-04-30	-2013-04-30	-2012-04-30
Financial revenues:				
Interest revenues in bank accounts	555	331	555	331
Currency differences in bank accounts	32	32	32	32
Total	587	363	587	362
Financial expenses:				
Interest expenses on utilized credits and other interest expenses	-5 300	-492	-5 300	-491
Currency differences for bank accounts	-84	-5	-84	-5
Total	-5 384	-497	-5 384	-495

Note 17 Income taxes

All Group companies have their fiscal domicile in Sweden, where the tax rate for the 2012/13 fiscal year is 26,3 % (26,3 %). The income tax on Group earnings before tax is shown in the table below:

	The Group		Parent Company	
	2012-05-01	2011-05-01	2012-05-01	2011-05-01
TSEK	-2013-04-30	-2012-04-30	-2013-04-30	-2012-04-30
Income before taxes	-72 381	-65 670	-72 404	-65 823
Non-taxable revenues	-2	-1	-1	-1
Non-deductible expenses	173	141	173	141
Write-down of participation in Group companies	-	-	145	390
Income tax according to current tax rates in Sweden	-18 991	-17 234	-18 959	-17 172
Taxable deficits for which no deferred tax is recognized *	18 991	17 234	18 959	17 172
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 the profit attributable to equity holders in the Parent Company by a weighted number of ordinary shares outstanding during the period. Earnings per share are calculated before and after dilution, since there are no potential ordinary shares outstanding that would lead to a dilution effect.

	The Group	
	2012-05-01	2011-05-01
	-2013-04-30	-2012-04-30
Earnings contributable to equity holders in the Parent Company (TSEK)	-72 381	-65 670
Weighted average number of ordinary shares outstanding (thousands*	68 605	55 589
Earnings per share (SEK per share)*	-1,06	-1,18

* Recalculation of historical values has been made with respect to capitalization issue elements in the rights issues 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:

The Group April 30, 2013

TSEK	Loans and accounts receivable	Other financial liabilities	Total
Financial assets			
Other current receivables	2 314	-	2 314
Accrued income	206	-	206
Liquid assets	62 956	-	62 956
Total financial assets	65 477	0	65 477
Financial liabilities			
Borrowings	-	105 000	105 000
Accounts payable	-	7 084	7 084
Other current liabilities	-	1 566	1 566
Accrued expenses and deferred income	-	11 484	11 484
Total financial liabilities	0	125 134	125 134

The Group April 30, 2012

TSEK	Loans and accounts receivable	Other financial liabilities	Total
Financial assets			
Other current receivables	2 141	-	2 141
Accrued income	23	-	23
Liquid assets	2 028	-	2 028
Total financial assets	4 191	0	4 191
Financial liabilities			
Borrowings	-	29 600	29 600
Liabilities to credit institutions	-	3 197	3 197
Accounts payable	-	10 281	10 281
Other current liabilities	-	10 811	10 811
Accrued expenses and deferred income	-	6 180	6 180
Total financial liabilities	0	60 069	60 069

Note 20 Accounts receivable and prepaid expenses and accrued income

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

	The Group		Parent Company	
TSEK	2013-04-30	2012-04-30	2013-04-30	2012-04-30
Accounts receivable	-	-	-	-
Prepaid expenses and accrued income	3 737	2 161	3 721	2 084
Total	3 737	2 161	3 721	2 084

Prepaid expenses and accrued income consist of the following:

	The Group		Parent Company	
TSEK	2013-04-30	2012-04-30	2013-04-30	2012-04-30
Prepaid rent	690	690	690	690
Prepaid leasing fees	10	11	10	11
Prepaid insurance premiums	211	296	211	296
Other prepaid expenses	2 620	1 143	2 604	1 066
Accrued interest income	206	23	206	23
Total	3 737	2 161	3 721	2 084

Note 21 Other current receivables

	The Group		Parent Company	
TSEK	2013-04-30	2012-04-30	2013-04-30	2012-04-30
Tax account	35	32	34	31
VAT receivable	2 275	1 694	2 274	1 694
Receivable on employer	4	21	4	21
Total	2 314	1 747	2 312	1 746

Not 22 Liquid assets

Cash and cash equivalents consist of bank balances.

Not 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 2013-04-30 was 81 772 330 type A (57 240 631 as of 2012-04-30) with a quota value of 0.10 SEK per share. All issued shares are fully paid. The development in the number of shares since 2011-05-01 is shown below.

	Number of shares	Share capital, SEK
IB 2011-05-01	52 079 341	5 207 934
2011 Directed share issue *	5 161 290	516 129
UB 2012-04-30	57 240 631	5 724 063
2012 Rights Issue	24 531 699	2 453 170
UB 2013-04-30	81 772 330	8 177 233

* Directed share issue to a limited number of investors

Note 24 Other non-current liabilities

The Group and Parent Company reports other non-current liabilities of 891 TSEK (16 264), which for the year consists 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, TEUR100, 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, 2013 amounting to 300 546 TSEK (228 336). These are not subject to limitations in time and are deductible against future gains. Of the total losses carried forward for the Group, 17 881 TSEK (17 881) are prohibited to be 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 290 988 (218 900) as of April 30, 2013.

Note 26 Liabilities to credit institutions

Approved credit facilities amount to TSEK 5 000 (5 000) in the Group and the Parent Company.
Utilized credits are described in the table below.

	The Group		Parent Company	
TSEK	2013-04-30	2012-04-30	2013-04-30	2012-04-30
Committed credit lines	-	3 197	-	3 197
Total	0	3 197	0	3 197

Not 27 Borrowing

	The Group		Parent Company	
TSEK	2013-04-30	2012-04-30	2013-04-30	2012-04-30
Short term				
Utilized credit	-	4 600	-	4 600
Loan	105 000	25 000	105 000	25 000
Total	105 000	29 600	105 000	29 600

Utilized credit consists of the utilized portion of the credit provided by Alceco International S.A. The interest rate on the utilized amount is 5 %.
The loan relates to loans obtained from Nexttobe AB that are subject to a 5% interest rate, see note 31.

Note 28 Other current liabilities

	The Group		Parent Company	
TSEK	2013-04-30	2012-04-30	2013-04-30	2012-04-30
Employee withholding tax / social security contributions	1 566	1 688	1 566	1 688
Repurchase of licensing and distribution rights	-	9 123	-	9 123
Total	1 566	10 811	1 566	10 811

Note 29 Accrued expenses and deferred income

	The Group		Parent Company	
TSEK	2013-04-30	2012-04-30	2013-04-30	2012-04-30
Accrued vacation pay	4 798	4 475	4 798	4 475
Accrued social security contributions	1 507	1 406	1 507	1 406
Estimated accrued payroll tax on pension costs	126	-	126	-
Accrued interest expenses (note 31)	5 053	298	5 053	298
Total	11 484	6 180	11 484	6 180

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 8 000 TSEK (8 000), to a bank as security for an overdraft facility of 5 000 TSEK (5 000) and as the limit for a foreign currency derivative of 3 000 TSEK (3 000).

	The Group		Parent Company	
TSEK	2013-04-30	2012-04-30	2013-04-30	2012-04-30
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 subsidiaries Qdoxx Pharma (formerly Oasmia Global Supplies Ltd) and Oasmia Animal Health Ltd (formerly GlucoGene Pharma 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.

Intercompany sales
Over the past two fiscal 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 40 000 TSEK (25 000) available to Oasmia. The credit facility is valid until December 2013, 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 %. As of April 30, 2012 Oasmia has utilized 4 600 TSEK (-) of this credit facility.

During the year, the company's second largest main shareholder, Nexttobe AB, increased its loans to Oasmia from 25 000 TSEK to 105 000 TSEK. In October 2012, the total amount of 105 000 TSEK was consolidated into a single loan with a term until December 31, 2013. The interest rate is 5% and is payable in full at maturity. As of April 30, 2013, the accrued interest expense on the loan amounted to 5,053 TSEK (279).

During the fiscal year, Oasmia has contributed capital and group contribution to subsidiaries Qdoxx Pharma AB and Oasmia Animal Health AB. As of the closing date, Oasmia's debt to Qdoxx Pharma AB amounted to 48 TSEK (previous year Oasmia had debt of around 55 TSEK) and debt to Oasmia Animal Health AB amounted to 199 TSEK (205).

Group contributions from Oasmia to Qdoxx Pharma AB
In fiscal year 2011/2012 Group contributions totaled 145 TSEK (175). See note 32.

Group contributions from Oasmia to Oasmia Animal Health AB
In fiscal year 2012/2013, Group contributions totaled - TSEK (215). See note 32.

Other transactions with related parties
Reimbursement for warranties in connection to the rights issue which was conducted in November 2012, amounted to 668 TSEK for Alceco International S.A. and 629 TSEK for Nexttobe AB.

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	Org.nr	Domicile	Owner-ship %	Votes %	Book value 2013-04-30	Book value 2012-04-30
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	2013-04-30	2012-04-30
Opening balance acquisition value	110	110
Group contributions	145	390
Closing accumulated acquisition value	255	500
Amortization	-145	-390
Closing balance carrying amounts	110	110

During the fiscal year, amortization of shares in subsidiary Qdoxx Pharma AB corresponded to 145 TSEK (175) and amortization of shares in subsidiary Oasmia Animal Health AB corresponded to - TSEK (215). The purpose of the Group's contributions this year was to cover losses of the subsidiary. The impairment losses are recognized in the consolidated income statement under the heading, Income from shares in Group companies.

Note 33 Key Definitions

Earnings per share: Income for the period attributable to the equity holders of the Parent Company 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 institutions) with deduction of liquid funds

Debt/equity ratio: Net liability as a ratio of equity..

Return on total capital: Income before interest expenses pertaining to the average balance sheet total.

Return on equity: Income before tax as a ratio of average equity.

Proposal for allocation of non-restricted equity

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

Share premium reserve	573 438 611 SEK
Retained earnings	-194 851 071 SEK
Income for the period	-72 403 512 SEK
Total	306 184 028 SEK

The Board of Directors proposes that the 2013 Annual General Meeting adopts a resolution to dispose of the above amounts as follow:

Carry forward of 306 184 028 SEK.

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 principles 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 development in the Group and Parent Company's activities, position and result, 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 30, 2013.

Uppsala August, 22 2013

Joel Citron, Chairman of the Board

Martin Nicklasson, Member

Jan Lundberg, Member

Horst Domdey, Member

Bo Cederstrand, Member

Julian Aleksov, Member and CEO

Our audit report was submitted on August 22, 2013
Ernst & Young

Björn Ohlsson
Certified Public Accountant

Auditor´s report

To the shareholders of Oasmia Pharmaceutical AB (publ) org.nr. 556332-6676

Report on the annual and consolidated accounts

We have audited the annual accounts and consolidated accounts of Oasmia Pharmaceutical AB for the financial year 2012-05-01 - 2013-04-30, excluding the Corporate Governance Report on page 14-19 The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 9-44.

Board and CEO's responsibility for the annual accounts and consolidated accounts

The Board of Directors and the CEO are responsible for the preparation and fair presentation, of the 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 for such internal control as the Board of Directors and the CEO determine is necessary to enable the preparation of annual accounts and consolidated a counts 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 judgment, 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 opinion.

Opinion

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 April 30, 2013 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act, and 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 April 30, 2013 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 opinion does not address the Corporate Governance Report on pages 14-19The 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 balance sheet for the parent company and the Group.

Report on other legal and regulatory requirements

In addition to our audit of the annual accounts and consolidated accounts, we have examined the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the CEO of Oasmia Pharmaceutical AB (publ). We have also conducted a statutory review of the Corporate Governance Report.

Board and Chief Executive Officer

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 on pages 14-19 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 CEO is liable to the company. We also examined whether any member of the Board of Directors or the CEO 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 we have obtained is sufficient and appropriate to provide a basis for our opinion.

Additionally, we studied the Corporate Governance Report and, based on this and our knowledge of the Company and the Group, we believe that we have sufficient basis for our opinion. This means that our statutory review of the Corporate Governance Report has a different focus and is considerably less extensive than the focus and scope of an audit conducted accordance with International Standards on Auditing and 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 CEO be discharged from liability for the fiscal year.

The corporate governance report has been prepared and its statutory content is consistent with the annual accounts and consolidated financial statements.

Uppsala August 22, 2013

Ernst & Young AB

Björn Ohlsson

Certified Public Accountant

Quarterly data

TSEK		Q 1 May-Jul	Q 2 Aug-Oct	Q 3 Nov-Jan	Q 4 Feb-Apr	Year May-Apr
Net sales	2012/13	-	-	-	-	-
	2011/12	891	-	-	-	891
Capitalized development cost	2012/13	9 789	17 395	10 626	10 826	48 635
	2011/12	20 084	14 336	14 529	14 332	63 282
Operating expenses	2012/13	-28 149	-30 394	-27 421	-32 779	-118 743
	2011/12	-36 385	-27 721	-31 910	-33 798	-129 813
Operating income	2012/13	-18 329	-12 934	-14 401	-21 920	-67 583
	2011/12	-15 368	-13 384	-17 365	-19 419	-65 536
Income after tax	2012/13	-19 323	-14 564	-15 540	-22 953	-72 381
	2011/12	-15 260	-13 435	-17 238	-19 737	-65 670
Earnings per share, SEK*	2012/13	-0,33	-0,25	-0,20	-0,28	-1,06
	2011/12	-0,29	-0,25	-0,30	-0,34	-1,18
Weighted average number of shares, in thousands *	2012/13	58 214	58 214	76 651	81 772	68 605
	2011/12	52 965	53 022	58 214	58 214	55 589
Equity per share, SEK*	2012/13	4,37	4,12	4,18	3,90	3,90
	2011/12	5,27	5,34	5,04	4,70	4,70
Equity/asset ratio, %	2012/13	68	63	74	72	72
	2011/12	91	91	91	78	78
Net liability	2012/13	76 644	107 634	12 662	42 044	42 044
	2011/12	-20 112	-41 696	-4 930	30 769	30 769
Debt/equity ratio, %	2012/13	30	45	4	13	13
	2011/12	-	-	-	11	11
Number of employees at year-end	2012/13	76	73	77	75	75
	2011/12	70	78	80	77	77

*Recalculation of historical values has been made with respect to capitalization issue elements in the rights issue carried out in the third quarter of 2012/13.

Five-year highlights

TSEK	2012/13	2011/12	2010/11	2009/10	2008/09
Net Sales	-	891	106	30 741	79 357
Capitalized development costs	48 635	63 282	86 049	80 643	36 057
Operating expenses	-118 743	-129 813	-150 778	-126 345	-122 794
Operating income	-67 583	-65 536	-64 353	-14 961	-7 156
Income after tax	-72 381	-65 670	-65 960	-17 054	-7 105
Earnings per share, SEK*	-1,06	-1,18	-1,47	-0,46	-0,20
Weighted average number of shares, in thousands*	68 605	55 589	44 802	37 157	34 945
Equity per share, SEK*	3,90	4,70	5,55	3,63	1,75
Equity/asset ratio, %	72	78	92	79	63
Net liability	42 044	30 769	-51 895	9 467	25 844
Debt/equity ratio, %	13	11	-	7	42
Number of employees at year-end	75	77	68	64	55

*Recalculation of historical values has been made with respect to capitalization issue elements in the rights issue carried out in the second quarter of 2009/10, the third quarter of 2010/13, and the third quarter of 2012/13.

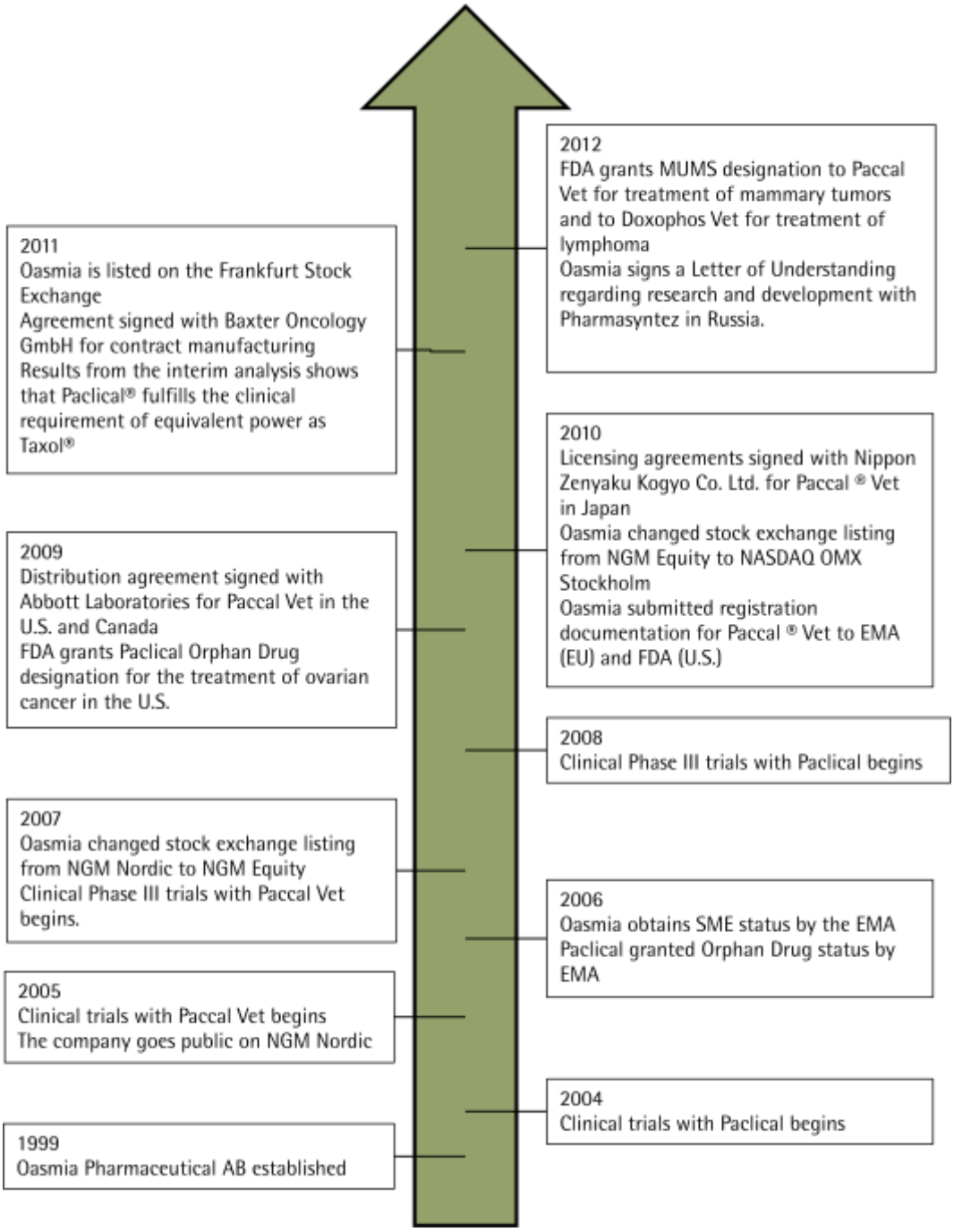
Dictionary

Cytostatics	Cytotoxins, drugs against tumor disease.
Cytotoxins	Toxic to cells.
CIS	Commonwealth of Independent States. Consists of Russia, Azerbaijan, Kazakhstan, Belarus, Moldavia, Armenia, Tajikistan, Uzbekistan, and Kirgizstan.
EMA	European Medical Agency, Europeiska läkemedelsverket.
EU-5	France, Germany, Italy, Spain, United Kingdom.
Excipient	Platform, carrier molecule.
Pharmacokinetics	The study of the distribution and metabolism over time of a drug or other substance in the body..
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.
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.
Chemotherapy	Treatment of cancer using cytostatics (cyto-toxins).
Malignant melanoma	A serious and metastasizing form of skin cancer.
Mastocytoma	A form of skin cancer.
Lymphoma	Lymph node 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.
Nanometer	One billionth of a meter. Similar in size to molecules and molecular structures.
Nanoparticle	A particle whose size is measured in nanome-ters, 10^{-9} m.
NSCLC	Non-small cell lung carcinoma.
Oncology	The branch of science dealing with tumor 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.
Pre-clinical phase	Selection of drug candidates. The selected candidate is tested with respect to specificity, efficacy and safety.
SME	Small and Medium Enterprises
Surfactant	Molecule consisting of one polar water so-

	luble 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 tumor diseases today.
Toxic	Poisonous.
WHO	World Health Organization, the UN agency for global health.

History


2012
FDA grants MUMS designation to Paccal Vet for treatment of mammary tumors and to Doxophos Vet for treatment of lymphoma
Oasmia signs a Letter of Understanding regarding research and development with Pharmasyntez in Russia.
2011
Oasmia is listed on the Frankfurt Stock Exchange
Agreement signed with Baxter Oncology GmbH for contract manufacturing
Results from the interim analysis shows that Paclical® fulfills the clinical requirement of equivalent power as Taxol®
2010
Licensing agreements signed with Nippon Zenyaku Kogyo Co. Ltd. for Paccal ® Vet in Japan
Oasmia changed stock exchange listing from NGM Equity to NASDAQ OMX Stockholm
Oasmia submitted registration documentation for Paccal ® Vet to EMA (EU) and FDA (U.S.)
2009
Distribution agreement signed with Abbott Laboratories for Paccal Vet in the U.S. and Canada
FDA grants Paclical Orphan Drug designation for the treatment of ovarian cancer in the U.S.
2008
Clinical Phase III trials with Paclical begins
2007
Oasmia changed stock exchange listing from NGM Nordic to NGM Equity
Clinical Phase III trials with Paccal Vet begins.
2006
Oasmia obtains SME status by the EMA
Paclical granted Orphan Drug status by EMA
2005
Clinical trials with Paccal Vet begins
The company goes public on NGM Nordic
2004
Clinical trials with Paclical begins
1999
Oasmia Pharmaceutical AB established

Contact information

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