oasmia

OASMIA PHARMACEUTICAL AB
ANNUAL REPORT 2015/2016

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Oasmia has decided not to print and distribute the Annual Report, for environmental reasons. It may be ordered via Oasmia's website.

YEAR IN BRIEF

FINANCIAL YEAR MAY 1, 2015 – APRIL 30, 2016

- Consolidated net sales amounted to TSEK 6,373 (2,070).
- Operating income was TSEK -132,691 (-108,225).
- Net income after tax amounted to TSEK -141,539 (-117,497).
- Earnings per share were SEK -1.39 (-1.28).
- Comprehensive income amounted to SEK -141,557 (-117,497).
- Final positive results for Paclical from a comparative study using Abraxane were confirmed.
- American NASDAQ listing completed.
- Paclical launched commercially in Russia and CIS.
- Docecal approved for clinical trials.
- Applied for market approval for Doxophos in Russia.
- Applied for marketing authorization from European Medicines Agency for the cancer drug Apealea® (Paclical).
- Reported positive results from clinical study on proprietary nanotechnology XR17.
- Carried out a private placement of convertible instruments and shares totaling MSEK 45.5.
- Presented positive overall survival data from phase III study on Paclical/Apealea for treatment of ovarian cancer.

EVENTS AFTER CLOSING DAY

- The company's existing bank loan of MSEK 20 extended and falls due for payment on September 30, 2016.
- The company issued 42 convertible instruments at a nominal price of SEK 1,000,000 per convertible instrument, which generated MSEK 42 for the company before deductions for issue expenses.

KEY FIGURES

MSEK 1,388

COMPANY'S MARKET CAPITALIZATION AT END OF FINANCIAL YEAR

SEK -1.39

EARNINGS PER SHARE

OASMIA'S EMPLOYEES

- Men 53%
- Women 47%

EDUCATION

- Other academic education 45%
- Other education 27%
- Ph.D. 28%

HISTORY

1999
Oasmia Pharmaceutical AB founded.

2004
Clinical trials on Paclical initiated.

2005
Clinical trials on Paccal Vet® initiated.

2006
Oasmia obtains SME status from EMA.

Paclical granted orphan drug status by EMA.

2007
Clinical phase III studies on Paccal Vet initiated.

2008
Clinical phase III studies on Paclical initiated.

2009
Distribution agreement entered into with Abbott Laboratories for Paccal Vet in the USA and Canada.

The US Food and Drug Administration (FDA) grants Paclical orphan drug status for the treatment of ovarian cancer in the USA.

2010
Licensing agreement entered into with Nippon Zenyaku Kogyo Co. Ltd. for Paccal Vet in Japan.

Oasmia changes trading platform from NGM Equity to NASDAQ Stockholm.

Oasmia submits registration documentation for Paccal Vet to EMA (EU) and FDA (USA).

2011
Oasmia listed on Frankfurt Stock Exchange.

Agreement entered into with Baxter Oncology GmbH for contract manufacturing.

Results from interim analysis demonstrate that Paclical meets the clinical requirement of non-inferiority vis-à-vis Taxol®.

2012
FDA grants MUMS designation to Paccal Vet for the treatment of mammary carcinoma and to Doxophos Vet for the treatment of lymphoma.

2013
Development of OAS-19 initiated, the first drug candidate with two active cytostatics in one infusion.

Oasmia and Pharmasyntez sign an agreement regarding the rights to Paclical in Russia and the CIS.

2014
Paccal Vet obtains conditional approval from the FDA.

Oasmia's production facility approved by both the FDA and EMA.

Oasmia moves to the Mid Cap segment of NASDAQ Stockholm.

2015
Paclical receives market approval for and launched on market in Russia and CIS.

Oasmia listed on NASDAQ Capital Market in New York.

2016
Oasmia applies for market approval for Apealea (Paclical) in EU.

The Company received positive clinical results for XR17.

Oasmia applies for market approval for Doxophos in Russia.

Clinical trials on Docecal initiated.

MANY INTERNATIONAL SUCCESSES ENABLE OASMIA TO SPREAD ITS WINGS

MIKAEL ASP
M.Sc. in Chemical Engineering. Assumed role of CEO in 2015 having worked at Oasmia since 2013.

DEAR SHAREHOLDER,

Now that the financial year 2015/2016 is behind us, I would like to take this opportunity of drawing your attention to why the milestones we reached over the past twelve months are so important.

When we started our Paclical Phase III study, Paclical as treatment for ovarian cancer, we understood that it would require time and patience to complete the study, but not how much. After having treated 789 patients at around 80 clinics in 16 countries – and three endpoints later – we are very proud that Paclical was able to achieve the study objectives. Data for the third and final endpoint (Overall Survival, OS) was very satisfactory and we believe that this is a important milestone in the history of the company.

As you know, our work on developing Paclical has led to market approval in Russia and the submission of an application for market approval to the European Medicines Agency, EMA. The application concers Apealea, the alternative trademark for Paclical. Now that we have overall survival data available, we will prepare an application for market approval from the US Food and Drug Administration, FDA.

One of the reasons why the above-mentioned news is so positive for Paclical is the large market potential that lies ahead of us. We have clearly shown that Paclical and its competitor Abraxane have practically identical levels of paclitaxel in patients' blood plasma, which opens up great opportunities for future additional indications for Paclical. This comparative study is also a considerable milestone for Oasmia regarding future development of the drug, which we believe will position the company so that it can take market share once we have established the product on the market.

We also took a big step forward with Docecal, our product for treatment of cancer based on a unique combination of XR17 and docetaxel, when the first clinical study started in March 2016. This study is expected to demonstrate similarities to and potential advantages over Taxotere, the successful cancer drug that is marketed by the global pharmaceutical company Sanofi-Aventis. As docetaxel is used for treatment of a number of different cancer indications, we believe that Docecal has a large potential in the international oncology market.

"After many years' hard work of all those involved at Oasmia, we have finally obtained this important market approval whereby Paclical can be sold in Russia and the CIS."

Oasmia has also announced that we have submitted an application for marketing approval in Russia for Doxophos, a nanoparticle formulation of doxorubricin, one of the most used anti-cancer substances in the world.

XR17, our proprietary platform that together with new and existing insoluble molecules forms water-soluble nanoparticulate formulations, continues to be the core of Oasmia's business. We completed clinical trials in April 2016 which demonstrated that XR17 can be used to improve the solubility of other active substances than cytostatics. This creates a potential flow of revenues for Oasmia as we are continuing to develop the product to create opportunities for licensing and partnerships within the entire pharmaceutical sector, not just within oncology.

As you know, we also successfully listed Oasmia on the NASDAQ Capital Market in New York, in order to come closer to American investors and our primary market. Despite the fact that the listing involved a temporary fall in the price of Oasmia's shares, we are convinced that it will result in better future opportunities for the company in the longer term.

Finally, I would like to thank all the fantastic employees and strategic partners who have contributed to our successfully achieving this year's successes and laying the foundation for the future development of the company in both the short and long term. This work and this dedication have built a company which we believe will improve the treatment of cancer and by extension create value for you, our committed shareholders.

MIKAEL ASP
CEO

THE SHARE

LISTING AND TRADING

The Oasmia share has been listed on NASDAQ Stockholm since 2010 (ticker OASM), on the Frankfurt Stock Exchange since 2011 (ticker OMAX) and on the NASDAQ Capital Market in New York since October 2015 (ticker OASM). Most of the turnover of shares takes place in Stockholm, while the listings in Frankfurt and New York are part of the preparations for Oasmia's launch of commercial products on the international pharmaceutical market. The total turnover of Oasmia shares during the financial year was 34,042,237 on NASDAQ Stockholm, 31,352 on the Frankfurt Stock Exchange and 2,656,566 ADS, which corresponds to 7,969,698 shares, on the NASDAQ Capital Market since the listing on October 23, 2015.

PRICE TREND

The company's market capitalization decreased from MSEK 1,878 to MSEK 1,388 during the financial year. The chart below shows the share price on NASDAQ Stockholm throughout the financial year and on the last day of the year.

DIVIDEND POLICY

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

AUTHORIZATIONS

At the Annual General Meeting held on September 28, 2015, an authorization was granted to the Board, effective until the next Annual General Meeting, to be held on September 26, 2016. The authorization referred to the issuing of shares, warrants and convertible instruments whereby the share capital would not increase by more than SEK 2,000,000. It was utilized during the year in the form of a private placement of 7,684,500 shares in connection with the listing of the company on the NASDAQ Capital Market in October 2015, and a private placement of 1,666,666 shares and a convertible loan of SEK 28,000,000 which upon full conversion involves an increase in the number of Oasmia shares to the tune of 2,393,162 shares in April 2016.

NEW SHARE ISSUE IN CONNECTION WITH LISTING ON THE NASDAQ CAPITAL MARKET

In connection with the listing of Oasmia on the NASDAQ Capital Market in New York, American Depositary Shares were issued at a price of USD 4.06 per ADS. One ADS corresponds to three common Oasmia shares. For each ADS subscribed for, investors were given the opportunity to subscribe for a warrant at a price of USD 0.0025, which can be converted to a further ADS at a strike price of USD 4.06 per ADS. A total of 7,684,500 shares and 1,280,750 warrants were issued. Furthermore, 140,352 warrants were issued as part-payment to banks and financial advisors. Each of these warrants can be converted to one common share at a strike price of USD 1.69 per share.

PRIVATE PLACEMENT AND CONVERTIBLE LOAN

On April 15, 2016 Oasmia announced a private placement and a convertible loan corresponding to 1,666,666 new shares at a price of SEK 10.50 kronor per share and 28 convertible instruments at a price of SEK 1,000,000 each to a number of long-term institutional investors in Sweden. The convertibles can be converted to shares to a price of SEK 11.70 until April 2017.

SHARE CAPITAL

The total number of shares at April 30, 2016 was 107,209,310. Each share has a nominal value of SEK 0.10 and the share capital at April 30, 2016 was SEK 10,720,931. The increase in the number of shares and votes is attributable to the private placement of 7,684,500 shares in connection with the listing on the NASDAQ Capital Market and to the private placement of 1,666,666 shares carried out in April 2016. Full conversion of the convertible debt instruments will increase the number of shares by 2,393,162 to a total of 109,602,472. According to the Articles of Association, the share capital shall be no less than SEK 8,500,000 and no more than SEK 20,000,000, divided into a minimum of 85,500,000 shares and a maximum of 200,000,000 shares.

OASMIA'S SHARE PRICE MAY 2015 – APRIL 2016

PRODUCTION

Oasmia has approval from the Swedish Medical Products Agency and the US FDA to manufacture drugs for both clinical sales and trials. Manufacturing approval requires the maintenance of cGMP (current Good Manufacturing Practice). GMP ensures that the patient is given drugs that are safe and of the right quality. The authorities carry out regular inspections to ensure cGMP. The inspections at Oasmia have been successful and this means that the quality system and processes are satisfactory and meet cGMP. Work is constantly ongoing at Oasmia to secure and improve the quality system.

The production facility in Uppsala is dimensioned for manufacturing of all the company's products on a small scale, including chemical synthesis of the excipient XR17 and manufacture of the oncology products Paclical, Paccal Vet, Doxophos and Docecal. So as to be able to supply the pharmaceutical market worldwide for both human and veterinary use, a successful scaling up of the manufacturing process for Paclical and Paccal Vet has been initiated at Baxter Oncology GmbH in Germany. Manufacturing of XR17 is also being scaled so as to be able to meet larger production volumes.

Manufacture of Oasmia's oncology products is done by mixing the company's patented and proprietary XR17 with the active substance and a water solution of the product is prepared. In the water solution micelles are formed where the excipient encloses the active substance. The water solution is sterile filtered, filled in vials and freeze-dried. All manufacturing processes are carried out in premises classified as clean rooms, and are constantly monitored to secure the aseptic process and a product of high quality. All labeling, storage and distribution of the finished products also takes place in Uppsala.

XR17

– NEXT-GENERATION FORMULATION TECHNOLOGY

A large problem in today's pharmaceutical industry is that many promising substances are insoluble in water. As the human body consists of approximately 60% water, insoluble substances must be made water-soluble in order to achieve the desired effect and not cause undesirable adverse effects. In many cases the promising substance is scrapped when it is seen that it is insoluble or that different additives must be used in the form of polymers, for example. These additives can at worst give rise to severe adverse effects. This is a common problem in oncology, where many proven effective substances are insoluble and additives are required for these to have an effect. Adverse effects caused by the additives have been accepted as these substances are effective and the alternative would otherwise be that the patient dies.

Oasmia's patented nanotechnology XR17 is able to make insoluble substances soluble in water. This is done through the formation of nanoparticles in the magnitude of 20 to 60 nanometers. By way of comparison, it can be mentioned that a strand of DNA is two nanometers wide, a red blood cell approximately 7,000 nanometers and a human hair approximately 70,000 nanometers. As XR17 in itself is non-toxic, treatments can be made more effective and adverse effects eliminated. This leads to reduced costs for the healthcare service, as the time the patient needs to spend in hospital can be reduced, and also to a health benefit for the patient, as adverse effects are mitigated.

Nanoparticles such as XR17 form so-called micelles and have a water-soluble exterior and a fat-soluble interior, which means that molecules that are insoluble in water are enclosed in the micelle and the result is a water solution of nanoparticles. This flexibility means that XR17 can be used for a number of different pharmaceutical substances and furthermore a formulation of XR17 can contain more than one active substance.

RESEARCH, DEVELOPMENT AND PROJECT PORTFOLIO

HUMAN HEALTH

PACLICAL/APEALEA

Paclical/Apealea is a water-soluble formulation of XR17 and paclitaxel. Paclitaxel is one of the most widely used anti-cancer substances in the world and is included in the standard treatment of a variety of cancers such as lung cancer, breast cancer and ovarian cancer. Paclical consists of a freeze-dried powder dissolved in a conventional solution for infusion. The product is approved for the treatment of ovarian cancer in Russia. Furthermore, it has orphan drug status in the EU and the US for the indication of ovarian cancer. In Russia Paclical is distributed by Oasmia's partner Pharmasyntez. In Turkey and Israel Medison Pharma owns the distribution rights.

During the financial year Oasmia applied for market approval for Apealea, the alterative branded name for Paclical, in the EU for the treatment of ovarian cancer based on published positive results concerning Progression Free Survival and a positive risk/benefit profile. In April 2016 the company presented overall survival data for the product which were in line with the previously published results for progression-free survival and these results enable an application for marketing approval to the FDA for the US market and will also be added to the EU application. Furthermore, the company has also published results from a study on patients with breast cancer which show that Paclical and the approved drug Abraxane display largely identical pharmacokinetics.

DOXOPHOS

Doxophos is a patented formulation of XR17 and doxorubicin. Doxorubicin has been used in the treatment of cancer since the 1950s. It is used, amongst other things, to treat leukemia, breast cancer and lymphoma. An application for market approval of Doxophos in Russia and the CIS has been submitted to the Russian pharmaceutical authorities.

DOCECAL

A patented formulation of XR17 and docetaxel. Docetaxel is a further development of paclitaxel and is widely used, above all in the treatment of prostate cancer, lung cancer and breast cancer. The market for docetaxel is estimated to be twice the size of the paclitaxel market. Clinical trials on Docecal were initiated at the beginning of 2016.

OAS-19

A unique formulation of two very widely used and effective cytostatics together with XR17 and can be given in an infusion. It is a completely new concept and has the potential to make today's combination treatments more effective and also to become a new choice of therapy for indications and patient groups that today have not been the subject of combination therapies.

PROJECT PORTFOLIO HUMAN HEALTH

Candidate	Indication	Preclinical	Phase I	Phase II	Phase III	Registration/ Approval	Rights	
							Region	Partner
Paclical/ Apealea (paklitaxel)	Ovarian cancer					Preparing submission	USA	Oasmia
	Ovarian cancer					Application submitted*	EU	Oasmia
	Ovarian cancer					Approved**	RUS/CIS	Pharmasyntez
	Metastatic breast cancer		Ongoing				Global	Oasmia
Doxophos (doxorubicin)	Breast cancer		Hybrid application			Application submitted RUS	Global	Oasmia
Docecal (docetaxel)	Breast cancer	Ongoing	Ongoing				Global	Oasmia
OAS-19 (combination)	Various cancers	Ongoing					Global	Oasmia

Additional partners: Paclical partnered with Medison Pharma in Turkey & Israel.
*EU EMA
**Russia and the CIS countries

ANIMAL HEALTH

PACCAL VET

Paccal Vet-CA1 is a patented formulation of the well-known substance paclitaxel and XR17. There is no pharmaceutical like Paccal Vet in veterinary medicine, but instead veterinarians use drugs for humans where the doses have been adapted to animals. It has not been possible to give paclitaxel to dogs previously due to the very strong adverse effects. Paccal Vet-CA1 has received conditional approval from the FDA for the treatment of mammary carcinoma and squamous cell carcinoma in the USA. Furthermore, the product also has MUMS designation for the treatment of mastocytoma. In Japan the rights are owned by Nippon Zenyaku Kogyo. During the financial year the company revised the treatment strategy for Paccal Vet. The company plans to change the product from a treatment focused on use in specialized oncologies to a more easily handled product that can be used by a larger number of veterinary clinics. One step in this direction is the introduction of a lower dose which has less severe adverse effects and which can thus be used by a broader market.

DOXOPHOS VET

Doxophos Vet is a patented formulation of doxorubicin and XR17 which Oasmia is developing for the treatment of lymphoma, the most common cancer in dogs. Doxophos Vet has been granted MUMS designation by the FDA for the treatment of lymphoma in dogs. The product candidate is at present in clinical phase I. The company is waiting for safety data from a study in dogs and the results will be included in an application to the FDA for conditional approval.

PROJECT PORTFOLIO ANIMAL HEALTH

Candidate	Indication	Preclinical	Phase I	Phase II	Phase III	Registration/ Approval	Rights	
							Region	Partner
Paccal Vet (paclitaxel)	Mammary				Ongoing for full approval	Conditionally approved*	Global (ex-JAP)	Oasmia
	Squamous cell				Planned for full approval	Conditionally approved*	Global (ex-JAP)	Oasmia
	Mast cell				Ongoing		Global (ex-JAP)	Oasmia
Doxophos Vet (doxorubicin)	Lymphoma			Ongoing			Global	Oasmia

Additional partners: Paccal Vet partnered with Nippon Zenyaku Kogyo in Japan.
*US FDA

INFOBOX

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

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

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

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

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

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

MARKET FOR HUMAN HEALTH

CANCER MARKET – AN OVERVIEW

Cancer is a serious and widespread disease. According to WHO, about 8.2 million people died of cancer in 2012 and an increasing number of people are affected each year[1]. In 2030, 13.1 million people are expected to die from the disease. In particular, it is the increased life expectancy worldwide which contributes most to the increase in cancer rates. The market for cancer drugs exceeds $100 billion and in terms of value is the largest segment in the pharmaceutical industry. The market is expected to amount to almost $150 billion in 2018[2]. Cytostatics comprise around 40% of the market for cancer drugs. Despite the development and introduction of new drugs for the treatment of cancer, cytostatics are still, in combination with other treatments such as surgery and radiation treatment, the primary form of treatment for cancer worldwide. Cytostatics usually work by preventing the division of cells. The reproduction of cancer cells is thus inhibited and the growth of tumors is suppressed. Many new drugs for the treatment of cancer which have been approved for sale are used together with one or more cytostatics. Furthermore, many drug candidates under development are not water-soluble and require innovative formulations to be able to be used intravenously.

COMPETITION

The main competitor for Oasmia's product Paclical is Abraxane, which is marketed by Celgene. Abraxane contains human albumin bound to paclitaxel and generated revenues of MUSD 967.5 in 2015[3]. The active substance in Docecal is docetaxel, whose patent started to expire in 2010. At present competition comes from a number of generic preparations together with the original product Taxotere. Before the patent expired the product had sales of just under $3 billion in 2009.

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. It is often discovered too late. Just over 700 cases are reported each year in Sweden[4]. The global market for ovarian cancer treatment was $ 551 million in 2010, and it has an expected annual growth rate of 13.6% until 2017. The largest regional market in terms of money is the USA, which is expected to have just over 22,200 cases in 2016[5].

BREAST CANCER

Breast cancer is one of the most common cancers. According to WHO, 1.38 million women are diagnosed with breast cancer each year. Roughly 458,000 women worldwide die from the disease annually. In Sweden, 7,950 women were affected in 2010[6]. The total market for the treatment of breast cancer during the same year amounted to $ 9.8 billion, with a projected annual growth rate of 3.4% until 2017[7].

1) WHO, GLOBOCAN 2012 (IARC), http://globocan.iarc.fr/Pages/fact_sheets_cancer.aspx, (June 23, 2014)
2) IMS Institute for Healthcare Informatics 2013
3) Celgene's Annual Report 2015
4) Cancerfonden
5) NIH, National Cancer Institute
6) Oncology Therapeutics Market to 2017, GBI Research 2011
7) Oncology Therapeutics Market to 2017, GBI Research 2011

MARKET DRIVERS

+

AGING POPULATION WITH INCREASED INCIDENCE OF CANCER

•

IMPROVED DIAGNOSTIC AND TREATMENT POSSIBILITIES

•

RAPIDLY GROWING GLOBAL MIDDLE CLASS

•

INCREASE IN THE NUMBER OF CANCER CASES IN DEVELOPING COUNTRIES

–

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

•

MANY NEW MOLECULES ARE EXPECTED TO BE LAUNCHED IN UPCOMING YEARS, WHICH WILL INCREASE COMPETITION, BUT MOST NEW DRUGS ARE USED IN COMBINATION WITH EXISTING CYTOSTATICS

•

CHANGES ARE EXPECTED IN THE HEALTH AND MEDICAL CARE SYSTEMS IN THE EU

MARKET FOR ANIMAL HEALTH

VETERINARY MEDICINE

The overall market for veterinary medicinal products is more than $ 22 billion. With a growing middle class, more and more households acquire a pet. In the USA the number of dogs has increased from 68 million to 83.3 million between 2000 and 2014[8]. The total market for veterinary services in the USA is estimated to be just over $15.7 billion in 2015[9]. An estimated 60 million dogs are kept as pets in the EU[10] and around 15 million dogs in Japan. Households are also becoming increasingly inclined to spend money on their pets. An example of this is that in a study in 2011 the majority of American dog owners considered their dog to be a member of the family[11]. Over the past ten years households' average increase in animal-related expenditure has been 3-4% per year. Dogs in particular are given veterinary medical treatment to a greater and greater extent. According to American Pet Products, almost 80 percent of all dog owners have their dogs treated with drugs, compared to about 50 percent in 1998.

CANCER IN ANIMALS

According to the Center for Cancer Research and CanineCancer.com an estimated six million dogs are diagnosed with cancer each year in the USA. Approximately one third of these have skin cancer. 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. Most existing cytostatics for intravenous use have been designed for humans and have not been optimized or clinically tested for animals. This means that it is difficult to make an accurate assessment of the overall market and to predict its growth. Among veterinarians, there is a strong interest in pursuing new methods of treatment specifically adapted to animals. When more drugs are approved for use in animals, this is expected to contribute positively to the development of the market. Improved knowledge about diagnosing cancer and about the treatment of cancer is leading to more dogs receiving treatment. In addition, access to oncology specialists is improving, and veterinarians tend to be more and more willing to refer to specialists.

MASTOCYTOMA

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

LYMPHOMA

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

8) Statista, Number of dogs in the US from 2000 – 2014, http://www.statista.com/statistics/198100/dogs-in-the-united-states-since-2000/, (2014-06-23)
9) American Pet Products Association (www.americanpetproducts.org/press_industrytrends.asp)
10) The European Pet Food Industry Federation 2012 Facts & Figures
11) AVMA – American Veterinary Medical Association, U.S. pet ownership & demographics sourcebook, Schaumburg, Ill.: American Veterinary Medical Association, 2012

MARKET DRIVERS

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AGING POPULATION

•

STRONGER RELATIONSHIP BETWEEN DOGS AND THEIR OWNERS

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INCREASED AWARENESS IN VETERINARIANS

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MORE DRUGS APPROVED FOR USE IN ANIMALS

•

NUMBER OF INSURED ANIMALS INCREASING

–

PET OWNERS HAVE A NEGATIVE PERCEPTION OF CANCER TREATMENT FOR ANIMALS DUE TO THE FACT THAT THERE HAVE NOT BEEN ANY GOOD DRUG

•

ACCESS TO CYTOSTATICS THAT CAN BE USED IN DOGS IS STILL EXTREMELY LIMITED

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EXTENSIVE TREATMENTS ASSOCIATED WITH HIGH COSTS

•

UNDEVELOPED MARKET – MORE EDUCATION IS NEEDED

PHARMACEUTICALS AND AUTHORITIES

GENERAL RULES

If a pharmaceutical is to be approved for sale in a market, for example in a country, it must first be approved by the country's regulatory authority. As pharmaceuticals are meant for use in people or animals, it is necessary that the pharmaceuticals are safe and have the intended effect. The authorities therefore place high demands on pharmaceuticals and pharmaceutical companies must ensure that their products can meet these demands. The demands are extensive and include how a pharmaceutical is developed and produced, preclinical and clinical studies, marketing and follow-up of safety.

Orphan drugs: If a sufficiently small number of people contract a disease and a pharmaceutical displays considerable benefits in the treatment of the disease, a pharmaceutical may be approved as a so-called orphan drug. The aim is to support the development of pharmaceuticals for less common diseases (minor indications) where the number of patients is low. Applications for orphan drug status in the EU are handled in a central EU procedure while orphan drug status in the USA is handled by the FDA. If a pharmaceutical has obtained orphan drug status, this means:

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

Paclical (Apealea) has orphan drug status for the treatment of ovarian cancer in both the EU and the USA.

Off-label prescription: Off-label prescription means that a doctor prescribes a pharmaceutical to be used for a medical purpose which deviates from use in accordance with the approved product information. Off-label prescription is common in veterinary medicine, for example due to the fact that there are considerably fewer approved veterinary pharmaceuticals for a certain indication compared to human pharmaceuticals for the corresponding indication. This type of prescription presupposes, however, that there is scientific support for this.

RULES FOR THE EU

In general approval may be applied for using the central procedure (administrated by the European Medicines Agency, EMA) for the whole of the EU or in the form of national applications in selected EU countries via the decentralized procedure, the mutual recognition procedure or national procedures. Approval via the central procedure is issued by the European Commission and is valid for all EU countries, while approval via the other procedures is national and issued by the respective country's pharmaceutical authority. The national pharmaceutical authorities provide the centralized and non-centralized approval procedures with assessment resources and carry out controls after approval, for example via inspections and by following up safety. The Medical Products Agency is the responsible national authority in Sweden.

Oasmia's human product Apealea is at present in the first 120-day phase of EU's centralized application procedure. If CHMP's (Committe for Medicinal Products for Human Use) assessment is positive, the product information is then translated into all of EU's official languages and the matter proceeds to the European Commission for approval.

RULES FOR THE USA

In the USA it is the FDA that regulates the pharmaceuticals market. The authority is responsible for control of everything related to pharmaceuticals for humans and animals. That part of the FDA which handles pharmaceutical applications is to be found in the Center for Drug Evaluation and Research (CDER) (for non-biotechnological human pharmaceuticals), the Center for Veterinary Medicine CVM (for veterinary pharmaceuticals) and the Center for Biologics Evaluation and Research (CBER) (for biotechnological pharmaceuticals). The FDA has somewhat differing application procedures for pharmaceuticals depending on the type of pharmaceutical and the area of use.

Minor use/minor species (MUMS): MUMS status for veterinary pharmaceuticals is similar to orphan drug status for human pharmaceuticals. "Minor use" means when a pharmaceutical is intended for treatment of a "major species" (e.g. horses, dogs, pigs, chickens etc.) for a disease that is non-frequent, is found in a limited area or only affects a few animals each year. Minor species are all animals apart from humans that are not a "major species", e.g. aquarium fish, sheep, guinea pigs, bees etc. A company that has applied for and obtained MUMS designation for its pharmaceutical gains certain advantages such as seven years of exclusive marketing rights and being able to apply for conditional approval. Paccal Vet-CA1 has MUMS status for the treatment of mammary carcinoma and squamous cell carcinoma in dogs, and MUMS designation for mastocytoma.

Conditional approval: Conditional approval can only be given to a pharmaceutical that has previously been granted MUMS designation. This type of approval can be given to a pharmaceutical before all the clinical requirements have been met. The requirements that

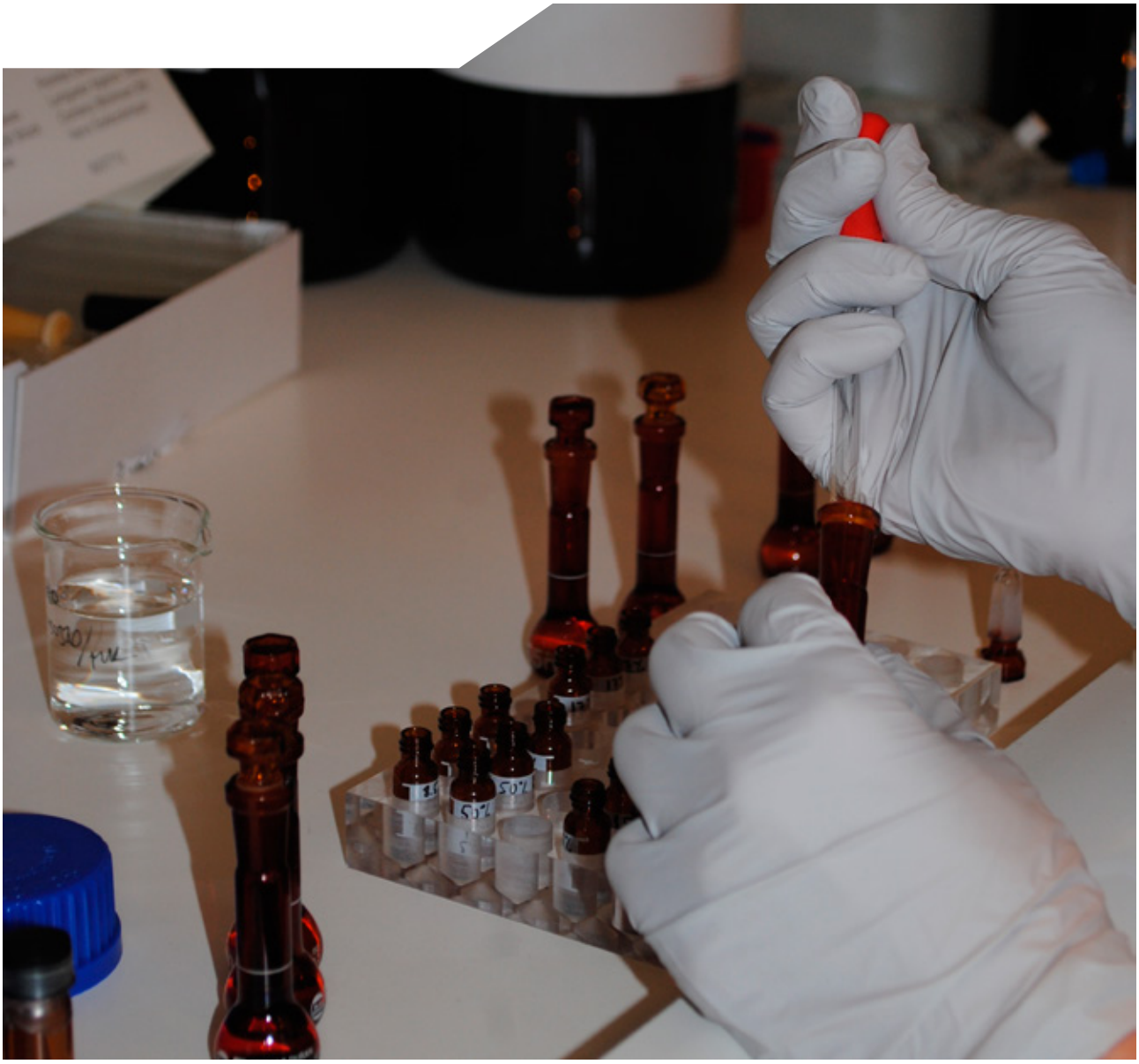
must have been met are primarily those concerning safety. Approval is also restricted to a certain indication and the pharmaceutical may not be used outside this indication. Conditional approval is valid for five years, by which time the company must have applied for normal approval to be able to continue selling the product.

Paccal Vet-CA1 is conditionally approved by the FDA for the treatment of certain types of mammary carcinoma and squamous cell carcinoma in dogs.

RULES FOR RUSSIA

Approval of a pharmaceutical in Russia is granted by the Russian Ministry of Health and results in a registration certificate. The application procedure in Russia begins with an application dossier being sent to a national group of experts that has the task of scientifically reviewing the application. If the FGU experts on quality, safety and efficacy are positive to the application, the final dossier is sent in the next step for final assessment, approval and issuance of a registration certificate. The timetable for an application up until approval is officially 18 months but can vary.

Paclical is approved in Russia for the treatment of epithelial ovarian cancer in humans.



COMPETENCE AND EXPERIENCE

The competence and experience of our employees are among Oasmia's most important assets. Drug development is a complex process which requires many specialist competencies. A total of 73% of Oasmia's employees have a university degree and a third of these also have a Ph.D. Many nationalities are represented among the employees, creating a positive, challenging and dynamic work environment. Oasmia strives to continually improve and ensure a healthy and safe work environment. Oasmia will continue to be a safe, healthy and pleasant workplace.

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

At the end of the financial year 2015/16, the Group had 75 employees, of whom 47% are women and 53% men. The gender breakdown between managers at Oasmia is 30% women and 70% men. Oasmia's management team consists of men.

EDUCATION

- Other academic education 45%
- Other education 27%
- Ph.D. 28%

OASMIA'S MANAGERS

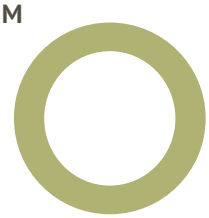
- Men 70%
- Women 30%

OASMIA'S EMPLOYEES

- Men 53%
- Women 47%

OASMIAS MANAGEMENT TEAM

- Men 100%



ADMINISTRATION REPORT

The Group consists of the Parent Company Oasmia Pharmaceutical AB (publ), the subsidiaries Oasmia Animal Health AB and Qdoxx Pharma AB, and the American subsidiary Oasmia Pharmaceutical Inc. The Parent Company develops, produces, markets and sells a new generation of drugs within human and veterinary oncology. 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. The Swedish subsidiaries do not currently conduct any operations, while the purpose of the American subsidiary is to market Paccal Vet-CA1 in the USA.

Oasmia has two approved products: Paclical, which has been approved in Russia for the treatment of ovarian cancer, and Paccal Vet-CA1, which has conditional market approval in the USA for the treatment of mammary carcinoma and squamous cell carcinoma in dogs.

HUMAN HEALTH

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

Paclical / Apealea

After having received market approval from the Russian Ministry of Health in April 2015, Paclical was launched in Russia. Oasmia's Russian distributor, Pharmasyntez, markets the product in both Russia and the Commonwealth of Independent States (CIS). The first consignment intended for commercial sales was delivered in December 2015. During the third quarter the company reported revenues from both sales of goods and royalties based on Pharmasyntez sales to Russian end customers.

Oasmia has completed a phase III study on Paclical for ovarian cancer, which is an indication with just under 250,000 new cases worldwide per year, which makes it the seventh largest indication for women in terms of the number of women affected. A total of 789 patients were included in the study, and the last patient completed treatment at the beginning of 2013. All patients have subsequently been followed up regarding progression free survival (PFS).

In June 2014 the primary objective of the study was achieved, which was to demonstrate that Paclical and Taxol, which both contain paclitaxel and both in combination with carboplatin, display a similar time to progression. In October 2014 the company reported the results from the study. These show that Paclical has a positive risk/benefit profile compared with standard treatment.

The final report for the phase III study which was completed in the third quarter was included in the application for market approval in the EU which was submitted to the EMA in February 2016. In the application for marketing authorization that was submitted to the EMA the name of the drug is Apealea.

In April 2016 the company presented positive overall survival data (OS) from the study. This will be added to the EU application and will form the basis of an application to the FDA for market approval in the USA.

Paclical is a proprietary formulation of paclitaxel in combination with Oasmia's patented XR17 technology. Paclical has orphan drug status (see "Pharmaceuticals and Authorities") and is the first entirely water-soluble cancer drug incorporating paclitaxel.

Doxophos

Doxophos is a proprietary formulation of the cytostatic doxorubicin in combination with XR17. Doxorubicin is one of the most effective and commonly used substances for the treatment of cancer. During the year Oasmia planned a clinical phase I study for the indication metastatic breast cancer but has decided to wait for safety data from the ongoing study on Doxophos Vet. The company has submitted an application for market approval for Doxophos in Russia.

Docecal

Docecal is a proprietary formulation of the cytostatic docetaxel in combination with XR17 for the treatment of metastatic breast cancer. Docecal has now entered the clinical phase and the company is planning for a clinical phase I study and a safety and tolerance study has been initiated.

In the planned clinical phase I study, an application to start the study has been submitted in two countries. Patient recruitment will begin shortly and the first patient is planned to be treated when approval to start the study has been received. The first patient in the safety and tolerance study was treated in March 2016.

OAS-19

OAS-19 is the first cancer drug with two active cytostatics in a single infusion. It is the unique properties of XR17 that make this combination possible. This concept gives Oasmia a further dimension for the development of drugs with several active substances in one micelle, where substances with or without water solubility can also be combined. Preclinical studies have shown promising results.

ANIMAL HEALTH

Product development within veterinary medicine concerns treatments for cancer in dogs. Oasmia has two drug candidates in the area, Paccal Vet and Doxophos Vet.

Paccal Vet

Paccal Vet is a proprietary formulation of paclitaxel in combination with XR17 intended for use in dogs. In July 2014 Paccal Vet-CA1, the first injectable chemotherapeutic product for the treatment of solid tumors in dogs in the USA, was launched by Oasmia's American partner at the time, Abbott Animal Health. At the beginning of 2015 Abbot Animal Health was acquired by Zoetis, a veterinary drug company that was spun off from Pfizer in 2013. In July 2015 Oasmia announced that Zoetis had terminated the companies' collaboration agreement and that Oasmia had reclaimed the exclusive global rights to Paccal Vet, excluding Japan, and Doxophos Vet. Oasmia took over responsibility for marketing and sales of Paccal Vet-CA1 and set up its own sales company in the USA, Oasmia Pharmaceutical Inc.

During the financial year the company revised the treatment strategy for Paccal Vet. The company plans to change the product from a treatment focused on use in specialized oncologies to a more easily handled product that can be used by a larger number of veterinary clinics. One step in this direction is the introduction of a lower dose which has less severe adverse effects and which can thus be used by a broader market.

Oasmia is conducting a supplementary study on Paccal Vet for the treatment of mastocytoma. The aim of the study is to measure the time to progression in dogs treated four times at three-weekly intervals and all of the 50 dogs included in the study have completed treatment. The results of the study are being analyzed and, depending on the results of the study, the company will make a decision on a changed treatment strategy involving a lower dose for this indication as well. If the results of the study are on a par with expectations, the company will apply for marketing authorization from the European Medicines Agency, EMA. Oasmia will also make a decision on whether to apply for market approval from the FDA.

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

Doxophos Vet

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

Oasmia has conducted a phase-I study on Doxophos Vet to determine the dosage for the coming clinical program. Oasmia has completed the study report for the phase I study, which will be part of the application for conditional approval from the FDA.

In February 2015 a phase II study was begun whose primary objective is response frequency in the treated dogs. The study was ongoing during the financial year and will continue throughout 2016. The phase II study will form the basis of an application for conditional approval in the USA for the treatment of lymphoma in dogs. The dogs will be followed to progression in a follow-up study. All of the dogs have been treated with at least one dose and the recruitement have been completed.

IMPORTANT EVENTS DURING THE FINACIAL YEAR

Oasmia confirmed final positive results for Paclical from a comparative study using Abraxane

A final analysis of the pharmacokinetic study showed that the water-soluble and solvent-free cancer drug Paclical and Abraxane, a drug approved in the USA, displayed largely identical concentration curves for total and free paclitaxel after intravenous infusion of 260 mg/m^2, which suggests that both drugs have similar efficacy. The study was performed on women suffering from metastatic breast cancer.

American NASDAQ listing completed

In October 2015 Oasmia completed the introduction on the NASDAQ Stock Exchange in New York, whereby Oasmia's shares have been traded on the NASDAQ Stock Exchange in New York since October 23, in addition to the stock exchanges in Stockholm and Frankfurt. They are traded on the NASDAQ Stock Exchange in the form of so-called American Depository Shares (ADS). Each ADS corresponds to three of Oasmia's common shares and each ADS was issued at a price of USD 4.06. For every two ADS subscribed for investors could also subscribe for a warrant at a price of USD 0.0025 per warrant. The introduction on the NASDAQ Stock Exchange involved the issue of 2,339,200 ADS, which corresponded to 7,017,600 common shares, and 1,169,600 warrants, corresponding to 3,508,800 common shares. The warrants have a duration of 10 years and in this time period entitle warrant holders to exchange each warrant for an ADS at a price of USD 4.06.

The issue was guaranteed by a number of investors. These guarantors were also given the opportunity to oversubscribe, whereby within a period of 45 days after the introduction they were able to further subscribe for up to 350,880 ADS and an additional 175,440 warrants. This opportunity was partly taken advantage of and a further 222,300 ADS and 111,150 warrants were subscribed and paid for. In addition to the above-mentioned warrants, 140,352 warrants were issued and given to financial advisors in part payment for their work. These warrants correspond to one of Oasmia's common shares.

The gross issue amount was TUSD 10,403, corresponding to TSEK 88,723, which after deductions for issue expenses provided the company with net proceeds of TSEK 75,357.

Oasmia's Chairman of the Board, Julian Aleksov, opened NASDAQ in New York on Monday, January 11, 2016 to commemorate the listing of the company on the NASDAQ Capital Market.

Paclical launched commercially in Russia and the CIS; first commercial orders received

In October 2015 the first delivery of Paclical for commercial use was shipped to the company's strategic partner, Pharmasyntez. This marked the start of the launch of the company's leading cancer product in Russia and the CIS (Commonwealth of Independent States).

During the latter part of October the company received a total of two commercial orders for Paclical from Pharmasyntez and the price for the end customer totaled approximately MUSD 9.

Nexttobe extended loan to Oasmia

In October 2015 Nexttobe AB extended its loan of MSEK 87 to Oasmia. Accrued interest of MSEK 7.4 as of December 30 2015 was added to the loan. The new loan, which replaced the existing loan when it matured, thus totaled MSEK 94.4 and falls due for payment on December 30, 2016.The interest for the period January 1, 2016 to December 30, 2016 is set at 8.5%, with an option for Nexttobe to renegotiate the rate of interest. Nexttobe is Oasmia's second largest owner after Alceco International S.A., with approximately 18% of the shares in the company.

Docecal approved for clinical trials

Oasmia's nanoparticulate and water-soluble docetaxel-based drug Docecal obtained approval to start the first clinical trials.

Oasmia has applied for market approval of Doxophos in Russia

Oasmia has applied for market approval of Doxophos in Russia and the Commonwealth of Independent States (CIS). The company expects notice of market approval at the end of 2016. Doxorubicin is the active substance in well-known drugs such as Adriamycin, Caelyx and Doxil, which generated revenues amounting to MUSD 600 during 2013.

Oasmia has applied for marketing authorization from the European Medicines Agency (EMA) for the cancer drug Apealea (Paclical)

Oasmia has applied for marketing authorization from the European Medicines Agency (EMA) for Oasmia's cancer drug Apealea (also known as Paclical). The indication applied for for Apealea is treatment of epithelial ovarian cancer in combination with carboplatin.

Oasmia has strengthened and adapted the organization for the coming commercial phase

Oasmia has strengthened its team with Dr Ulf Jungnelius as Senior Medical Advisor in order to strengthen the company's clinical research and commercial development of both approved and coming oncology products. Dr Jungnelius has a solid background in the field of clinical oncology and development, and has held leading positions within international companies such as Eli Lilly, Pfizer and Celgene.

The company's senior management team consists of Executive Chairman Julian Aleksov, CEO Mikael Asp, Executive Vice President Anders Blom and Chief Operating Officer Amir Tatarevic. A new CFO is being recruited to replace Anders Lundin, who left the role of CFO on March 31, 2016 to take on new challenges.

Positive results from clinical study on the proprietary nanotechnology XR17

Oasmia reported positive results from a controlled study in healthy volunteers using the company's nanotechnology platform XR17, which the company believes shows the technology's enormous potential for treatment of several indications outside the cytostatic market.

The company completed a single-center, randomized, single-blind, placebo-controlled study to investigate the pharmacokinetics, safety and tolerance of XR17 and XMeNa (a component of XR17) after performing single ascending doses in 48 healthy volunteers. XR17 has been previously used in a number of clinical studies without being able to relate any adverse effects to the substance, and this was confirmed in this study.

Oasmia carried out a private placement of convertible instruments and shares totaling MSEK 45.5

Oasmia carried out the placement of a convertible loan of MSEK 28, with an annual rate of interest of 8.5%, and 1,666,666 new shares through private placements with international institutional investors and qualified investors in Sweden. The issue of convertible instruments brought in TSEK 28,000 to the company and the share issue TSEK 17,500 before deductions for issue expenses. After deductions for issue expenses, the issue of new shares and convertible instruments generated liquidity of TSEK 42,092 for Oasmia in April 2016.

Oasmia presented positive survival data from phase III study on Paclical/Apealea for treatment of ovarian cancer

Overall Survival data (OS) from the phase III study showed that the study objective of non-inferiority with regard to overall survival was more than achieved for Paclical/Apealea. The results will form the basis of the application for market approval in the USA, which is planned for the end of the financial year 2016/2017.

FINANCIAL INFORMATION

Net sales

Net sales amounted to TSEK 6,373 (2,070) and essentially consisted of revenues from Paclical. Of the total Paclical revenues of TSEK 6,019, TSEK 1,172 consisted of sales of goods and TSEK 4,847 of royalty revenues. During the financial year the collaboration agreement with Zoetis was terminated and Oasmia reclaimed the exclusive global rights to Paccal Vet-CA1. There were no sales of Paccal Vet-CA1. During the previous financial year net sales essentially consisted of revenues from Paccal Vet-CA1. Of the total Paccal Vet-CA1 revenues of TSEK 2,002, TSEK 1,880 was sales of goods and TSEK 122 royalty revenues.

Change in inventories of products in progress and finished goods

The change in inventories of products in progress and finished goods, which amounted to TSEK 9,509 (0), derives from production of goods that are planned to be sold in the Russian market during the coming months and for which there are orders. This production has meant that both raw material inventories and inventories of finished and semi-finished goods have been built up.

Capitalized development costs

Capitalized development costs, which concern clinical trials in phase III for the product candidates Paclical and Paccal Vet, amounted to TSEK 16,727 (16,797). Paclical accounted for TSEK 9,979 (9,189) of the capitalization and Paccal Vet accounted for TSEK 6,747 (7,608). The increase in capitalized development costs for Paclical is primarily due to increased regulatory expenses in connection with the application for market approval in the EU.

Other operating income

Other operating income amounted to TSEK 2 (221).

Operating expenses

Operating expenses including depreciation, amortization and impairment were higher than the previous year and amounted to TSEK 165,301 (127,313). Costs for clinical studies initiated during the financial year increased, primarily studies on Docecal and XR17. Furthermore, expenses for the purchase of raw materials and necessities for Oasmia's and contract manufacturers' production increased so as to be able to meet the need for products for sale and for clinical studies. Personnel costs increased as the average number of employees during the year was higher than during the previous financial year.

The number of employees at the end of the financial year was 75 (79).

Income for the year

Income after tax was TSEK -141,539 (-117,497). The deterioration in income compared with the previous year is mainly attributable to the increased operating expenses. This was partly compensated for by higher net sales and financial income during this year.

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

Inventories

Inventories were TSEK 16,638 at the end of the financial year, compared with TSEK 5,341 at the same time last year. This increase is due to the fact that Oasmia has increased production of the goods that it plans to sell in the Russian market during the coming months and for which there are orders. This production has meant that both raw material inventories and inventories of finished and semi-finished products have been built up.

Cash flow and investments

Cash flow from operating activities was TSEK -128,126 (-107,665). Operating income was lower than the corresponding period the previous year but this was partly counteracted by positive changes in operating capital.

Cash flow from investing activities was TSEK 10,066 (-69,755). Divestment of short-term investments in a fixed income fund generated proceeds of TSEK 30,000 (30,000). During the same period the previous year, the company invested surplus liquidity of TSEK 80,000 in short-term investments. Of investments during the period, TSEK 17,960 (17,406) was in intangible assets and consisted of capitalized investment costs of TSEK 16,727 (16,797) and patents of TSEK 1,233

(609). Investments in tangible assets were TSEK 1,974 (3,621), mainly in production equipment.

Cash flow from financing activities amounted to TSEK 117,449 (156,017). In October 2015 a new share issue was completed in connection with the listing of the company's shares on NASDAQ in the USA. After the guarantors of the share issue took advantage of their opportunity to oversubscribe in November 2015, the new share issue generated liquidity totaling TSEK 75,357 for the company after deductions for issue expenses of TSEK 13,366. In addition, proceeds of TSEK 27 were received in connection with the issue of warrants. Issue expenses essentially comprised remuneration of financial advisors, law firms and audit companies.

In April 2016 a new share issue and a convertible loan were placed. For more information, see the "Financing" section below. After deductions for issue expenses, this generated proceeds of TSEK 42,092 for the company.

Financing

In October 2015 the company's loan from Nexttobe AB was renegotiated and extended. The previous loan of TSEK 87,000 and the accrued interest of TSEK 7,395 at maturity on December 30, 2015 were replaced at maturity by a new loan of TSEK 94,395 in total which falls due for payment on December 30, 2016. The interest for the period January 1, 2016 to December 30, 2016 is set at 8.5%, with an option for Nexttobe to renegotiate the rate of interest.

In February 2016 the company had the bank loan of TSEK 20,000, which previously matured on March 31, 2016, extended until June 30, 2016 with otherwise unchanged terms and conditions. After the end of the financial year, the loan was extended to September 30, 2016.

In October 2015 Oasmia completed a listing of the company on the NASDAQ Capital Market in New York, and in connection with this a new share issue was carried out whereby the number of shares increased by 7,684,500. In addition, 1,280,750 warrants were issued. Each of these can be converted to three common shares at a strike price of USD 1.35 per share. USD 0.0025 was paid for each of these warrants, and this generated TSEK 27 for the company. Furthermore, 140,352 warrants were issued as part payment to banks and financial advisors. Each of these warrants can be converted to one common share at a strike price of USD 1.69 per share. The gross issue amount was TSEK 88,723, which after deductions for issue expenses, amounting to TSEK 13,366, provided the company with net proceeds of TSEK 75,357.

In April 2016 a private placement was carried out where a further 1,666,666 shares were issued. The issue price was SEK 10.50 per share and gross funds of TSEK 17,500 were generated for the company.

In connection with the above-mentioned new share issue, a convertible loan of 28 convertible instruments, each with a value of SEK 1,000,000, was issued, and this gave the company gross funds of TSEK 28,000. After deductions for issue expenses of TSEK 3,408, the issue of new shares and convertible instruments in April 2016 generated funds of TSEK 42,092 for Oasmia.

The convertible loan falls due on April 14, 2017 unless conversion takes place at an earlier date. The loan carries interest of 8.5% and can be converted at a price of SEK 11.70 per share. Full conversion would mean that 2,393,162 new shares are issued.

Compared to a bond loan, a convertible loan includes not only an entitlement to receive interest but also the opportunity to receive a certain number of shares instead of repayment of the loan. This additional advantage means that the rate of interest of the convertible loan is lower than market interest rates for a corresponding bond loan. The fair value of the benefit to Oasmia due to this lower rate of interest is booked, after deductions for issue expenses, directly against equity. The pure loan part of the convertible instruments, that is to say excluding the above-mentioned equity part, is recognized, with deductions for issue expenses, at its fair value as a liability in the balance sheet when it is first booked. Interest expenses are subsequently calculated in accordance with the effective interest method and are charged to the income statement.

Outstanding warrants and convertible instruments

At April 30, 2016 the following instruments were outstanding:

	NUMBER OF WARRANTS AND CONVERTIBLES	TOTAL POSSIBLE NUMBER OF SHARES
Warrants that can be converted to three shares	1,280,750	3,842,250
Warrants that can be converted to one share	140,352	140,352
Convertible instruments	28	2,393,162
Total possible number of shares		**6,375,764**

At April 30, 2016 these do not entail any dilution effect, but may do so in the future.

Financial position

Consolidated cash and cash equivalents at the end of the period were TSEK 26,208 (26,837). The company has TSEK 20,006 (50,153) invested in fixed income funds, of which TSEK 20,000 (20,000) is frozen as security for bank loan. Interest-bearing debt was TSEK 139,944 and consists of loan from Nexttobe, bank loan and a convertible loan. The corresponding figure the previous year was TSEK 107,000 and consisted of loan from Nexttobe and bank loan.

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

At the end of the period equity amounted to TSEK 326,053 (375,710), the equity/assets ratio was 63 % (73 %) and the debt/equity ratio was 29 % (8 %).

Parent Company

The Parent Company's net sales for the financial year amounted to TSEK 6,373 (2,070) and income before taxes was TSEK -141,673 (-117,541). At the end of the financial year the Parent Company had cash and cash equivalents of TSEK 26,053 (26,833) and short-term investments of TSEK 20,006 (50,153).

Future financing

Oasmia has two products approved, but this does not allow the company's business operations to generate sufficient cash flow. Work is therefore continuously conducted on finding other financing alternatives. This works includes the company engaging in discussions with potential collaboration partners and the licensing of distribution and sales rights, negotiations with new and existing investors, financiers and lenders, and the company securing resources so that future forecast revenue flows from regions where the company's products are registered materialize.

The Group's available cash and cash equivalents and unutilized credit facilities at April 30, 2016 do not provide the liquidity necessary to run the planned business operations in the coming 12 months. In the light of the ongoing work on possible financing alternatives and the recent development of the company, it is the Board's assessment that the outlook is good for financing the company's business operations during the coming year. If sufficient financing is not obtained, there is a risk that it may not be possible to continue operations.

Key ratios and other information

For definitions of key ratios, see note 27

	MAY 1, 2015 -APR 30, 2016	MAY 1, 2014 -APR 30, 2015
Number of shares at end of period, before and after dilution, in thousands	107,209	97,858
Weighted average number of shares, before and after dilution, in thousands*	101,753	91,655
Earnings per share, before and after dilution, SEK*	-1.39	-1.28
Equity per share, SEK*	3.04	3.84
Equity/assets ratio, %	63	73
Net liability, TSEK	93,730	30,010
Debt/equity ratio, %	29	8
Return on total assets, %	neg	neg
Return on equity, %	neg	neg
Number of employees at end of period	75	79

* Recalculation of historical values has been made taking into account capitalization issue elements in the rights issue carried out in the third quarter of 2014/15.

Five-year highlights – Group

TSEK	2015/16	2014/15	2013/14	2012/13	2011/12
Net sales	6,373	2,070	60	-	891
Change in inventories of products in progress and finished goods	9,509	-	-	-	-
Capitalized development costs	16, 727	16, 797	29,464	46,229	61,963
Operating expenses	-165,301	-127,313	-132,069	-116,336	-128,494
Operating income	-132,691	-108,225	-98,091	-67,583	-65,536
Income after tax	-141,539	-117,497	-105,112	-72,381	-65,670
Earnings per share, SEK*	-1.39	-1.28	-1.27	-1.05	-1.17
Weighted average number of shares, in thousands*	101,753	91,655	82,848	69,082	55,972
Equity per share, SEK	3.04	3.84	3.27	3.88	4.67
Equity/assets ratio, %	63	73	60	70	76
Net liability	93,730	30,010	96,759	42,044	30,769
Debt/equity ratio,%	29	8	34	13	11
Number of employees at year-end	75	79	78	75	77

* Recalculation of historical values has been made taking into account capitalization issue elements in the rights issue carried out in the financial year 2012/2013 and in the third quarter of 2014/15.

THE SHARE

Oasmia's shares have previously been listed on the Mid Cap list of NASDAQ Stockholm and on the Frankfurt Stock Exchange. During the financial year the company's shares were also listed on the NASDAQ Capital Market in New York. The share capital at the end of the financial year amounted to SEK 10,720,931 divided into 107,209,310 shares with a par value of SEK 0.10 per share. Each share has one vote and all shares have equal rights to the company's assets and earnings. There are no restrictions on the transfer of shares, voting rights or the right to attend the Annual General Meeting. There are no agreements to which the company is a party that would come into effect, be altered or be terminated if control of the company changes following a takeover bid. In connection with the listing on the NASDAQ Capital Market, Alceco International S.A. and Nexttobe AB entered into a so-called lock-up agreement where they pledged not to sell any shares for 180 days from the carrying out of the transaction. Otherwise, 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 Board members 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, 2016, shareholders numbered 4,464. The largest shareholder was Alceco International S.A. with 31.13% of the votes and shares, followed by Nexttobe AB with 18.28%. The ten largest shareholders together held 69.42% of the total voting rights and shares.

LEGAL ISSUES

Oasmia is not, and has not during the past financial year, been involved in a legal dispute that has had a material impact on the company's financial position. Together with its insurance company Oasmia has filed to sue a supplier of WFI-equipment regarding delivered equipment that the company considers to be faulty. Should the legal action be successful, Oasmia is demanding approximately TSEK 9,500. Apart from this dispute there are no circumstances known to the Board that could lead to legal proceedings or that could otherwise materially affect the company's financial position.

ENVIRONMENTAL ACTIVITIES

Oasmia's business activities include research, development and production at the facility in Uppsala, where large quantities of chemicals are handled.

The activities are subject to registration in accordance with the regulation (1998:899) on environmentally hazardous activities and protection of health. The Environmental Office of Uppsala Municipality has made the assessment that there are no objections to the activities, subject to the condition that the activities are conducted in accordance with the information disclosed in the registration.

The impact of the company's activities on the wider environment is minimal. Chemicals and solvents used in the activities do not seep into the surroundings from ventilation systems or via sewage. The ventilation in the building's laboratories is not connected to the general ventilation plant. The processes are closed to a high degree and residual chemicals and solvents are managed by the recycling company Ragn Sells for final destruction and recycling.

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

PERSONNEL

The average number of employees during the financial year was 75 (75). Of these, 35 (37) are women and 40 (38) are men. The number of employees at year-end was 75 (79). Salaries, benefits and social security expenses totaled TSEK 56,840 (50,236). For more information, see Note 10.

For information on the guidelines for remuneration to senior executives adopted at the 2015 Annual General Meeting, please refer to the Corporate Governance Report on pages 26-29. Regarding compensation paid to senior executives for the financial year 2015/2016, see Note 10.

EVENTS AFTER THE END OF THE FINANCIAL YEAR

Extended bank loan

Nordea AB extended the company's existing bank loan of MSEK 20. After the extension, the loan falls due for payment on September 30, 2016. The other terms and conditions of the loan were unchanged.

New convertible issue

Oasmia has in June 2016 issued 42 convertibles at a nominal price of SEK 1,000,000 per convertible bond, which provided the company with MSEK 42 million before deducting issue costs. The convertible loan matures June 9, 2017, unless conversion takes place before then. The loan bears 8.5 percent interest rate and can be converted at a price of SEK 12.00 per share. Full conversion would mean 3.5 million new shares.

ANNUAL GENERAL MEETING 2016

The Annual General Meeting of Oasmia Pharmaceutical AB (publ) will be held on Monday, September 26, 2016 at the company's headquarters in Uppsala.

Proposals for 2016 Annual General Meeting

The Board's proposed agenda for the 2016 Annual General Meeting will be submitted in combination with the notice.

Dividend

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

Guidelines for remuneration to senior executives

The Board proposes that the 2016 Annual General Meeting adopt the following guidelines for remuneration to senior executives at Oasmia, which will apply from the 2016 Annual General Meeting to the 2017 Annual General Meeting. By senior executives is meant the CEO and other members of the management team at Oasmia, as well as members of the Board to the extent they receive remuneration for other work than their Board assignment.

Salary and other benefits

Remuneration to senior executives shall consist of a salary in line with market rates, pension provisions and health insurance.

Notice and severance pay

Upon termination by the company, notice for the CEO shall be no more than 12 months. The CEO's term of notice shall not exceed three months. For other senior 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 share and share-based incentive schemes for members of the Board and for senior executives shall be made by the Annual General Meeting.

Policy

The more detailed principles for salary payment for senior executives are to 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 risk and risk management is an important part of decision making at all levels. The risks entailed by Oasmia's activities can be divided into financial and operational risks. The most significant operational risks and, when appropriate, their management are described below. The financial risks and their management are described in Note 18.

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

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

Development and registration of drugs

Oasmia's future growth is dependent on the ability to develop new products and further develop existing products.

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

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

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

Patients must be recruited for clinical studies via clinics and hospitals and various pharmaceutical companies compete for access to these patients. It is common for recruited patients to withdraw, requiring them to be replaced with other patients. Both of these factors can entail that a study takes longer and is more expensive than anticipated. The result of a study may be 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 geographic territory. Application for market approval includes very extensive documentation. The company must be able to prove that the products are safe and effective. Drug authorities have broad discretion regarding processing times. In different territories, there are different procedures and interpretations of data. This review process concerns both the product and its production.

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

Oasmia seeks to reduce the risks associated with the development and registration of drugs by using already well-known compounds (cytostatics) and the same excipient (XR17) in each product candidate and by operating with the same product content for both dogs and humans.

Collaborations and partnerships

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

The company is responsible for the manufacture and supply of Paccal Vet, Paclical and our other product candidates for our commercial partners and for use in clinical trials. Manufacture of our products and product candidates requires compliance with the FDA, EMA and international cGMP and other international legal requirements. Problems in our manufacturing process, failure to follow current regulations when manufacturing or unexpected increases in our manufacturing costs can harm our business, results and financial position.

During the financial year Oasmia began commercial sales on a larger scale than previously. This in turn means that the value of inventories has increased compared with previously regarding both raw materials and finished and semi-finished goods. The risk of obsolescence thereby naturally increases. There is always a risk that the goods will not be sold or further refined before their shelf life expiration date. The agreement with contract manufacturers obliges the company to order certain minimum volumes in the years ahead. If the expected volumes of sold goods are not achieved, the obsolescence risk increases and the shelf life expiration date may be exceeded.

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

Intellectual property protection and patent risk

Oasmia has patent protection for its technology. In the pharmaceutical industry there are a number of risks associated with intellectual property and patents.

There is a risk that:

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

Oasmia has reduced the risks above by use of the technical platform XR17 for each product candidate. XR17 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. So far Oasmia has not been involved in any patent or trademark dispute. This is a risk that Oasmia accepts because the company believes that its patents have full protection in all relevant markets.

Market risks

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

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

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

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

Key personnel and recruitment

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

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

Oasmia is located in Uppsala, where there are many people with the competencies needed in the pharmaceutical industry, thereby making the recruitment risk as low as it possibly can be.

PROPOSAL FOR ALLOCATION OF NON-RESTRICTED EQUITY

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

Share premium reserve	SEK 941,960,675
Retained earnings	SEK -489, 921,393
Income for the year	SEK -141,673,259
Total	**SEK 310,366,023**

The Board of Directors proposes that the 2016 Annual General Meeting adopt a resolution to dispose of the above amounts as follows: Carry forward of SEK 310,366,023.

CORPORATE GOVERNANCE REPORT 2015/2016

Oasmia Pharmaceutical AB (publ) ("Oasmia" or "the company") is the Parent Company of the wholly-owned subsidiaries Qdoxx Pharma AB and Oasmia Animal Health AB, which are at present dormant companies, and Oasmia Pharmaceutical Inc. Oasmia is a public limited liability company listed on NASDAQ Stockholm, the NASDAQ Capital Market and the Frankfurt Stock Exchange and is governed by a number of laws and regulations. The most important of these are the Swedish Companies Act, the Swedish Annual Accounts Act, NASDAQ Stockholm's Rule Book for Issuers and the Swedish Corporate Governance Code.

Management, guidance and internal control are divided between the shareholders (via the Annual General Meeting), the Board of Directors, the CEO and corporate management. Oasmia also works in accordance with the internal instructions and guidelines adopted by Oasmia's Board and management team. In addition, Oasmia's auditors are responsible for the external control of the company.

This report has been drawn up in accordance with the Swedish Annual Accounts Act and the Swedish Corporate Governance Code.

SWEDISH CORPORATE GOVERNANCE CODE

The Swedish Corporate Governance Code is based on the principle of "comply or explain", which means that companies applying the Code may choose to deviate from individual rules, but must then report the deviation and the reason for this. Oasmia chose to make the following deviations from the Code during the financial year 2015/2016:

i) Code rule 2.4. The majority of Nomination Committee members consist of Board Members. The reason for this is that the principal owners considered themselves best represented by their representatives on the company's Board.

ii) Code rule 4.3. Two members of the company's Board who have been elected by the general meeting of shareholders work in the company's management team. The reason for this is that the company needs the company-specific industrial knowledge that Julian Aleksov and Hans Sundin possess both on the Board and in the management team. This enables the company to make both the operational and the long-term strategic decisions necessary in the phase that the company is currently in. In February 2016 Oasmia's senior management team was reorganized and Hans Sundin is no longer part of this team.

THE SHARE AND SHAREHOLDERS

Oasmia's share has been listed on NASDAQ Stockholm since June 24, 2010, on the Frankfurt Stock Exchange since January 24, 2011 and on the NASDAQ Capital Market since October 23, 2015. The total number of shares on April 30, 2016 amounted to 107,209,310 and each share carries one vote at the general meeting of shareholders. The number of shareholders was 4,464 and Alceco International S.A. was the principal shareholder 31.13%, followed by Nexttobe AB 18.28%. The ten largest shareholders owned 69.24% of the total shares. For additional information on the ownership structure, see "The Share" section on page 23.

THE ANNUAL GENERAL MEETING

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

ANNUAL GENERAL MEETING 2015

The 2015 Annual General Meeting was held on September 28 on Oasmia's premises in Uppsala. The resolutions adopted included the following:

- Adoption of the income statement and balance sheet for the financial year 2014/2015, a resolution on the allocation of non-restricted equity and discharge of the Board and CEO from liability.
- The Board shall consist of seven members without any deputies.
- Election of the Board members Julian Aleksov, Bo Cederstrand, Horst Domdey, Alexander Kotsinas, Hans Sundin, Lars Bergkvist and Hans Liljeblad. Julian Aleksov was elected Chairman.
- Remuneration to Board members who are not employees of the company shall be SEK 150,000 per annum, the Chairman's remuneration shall be SEK 175,000 per annum and the auditors' fees shall be paid as invoiced.
- Criteria for the composition of the Nomination Committee for the 2016 Annual General Meeting.
- Change in the Articles of Association.
- Guidelines for the determination of salary and other remuneration for the CEO and other members of Oasmia's management.
- Authorization for the Board to repurchase and transfer the company's own shares.
- Authorization for the Board to adopt a resolution to issue new shares and convertible bonds, to be paid for in cash and/or in kind or by offsets.

EXTRAORDINARY GENERAL MEETING 2015

The company held an Extraordinary General Meeting on May 28, 2015 on Oasmia's own premises in Uppsala. The following resolutions were adopted:

- Election of the Board members Julian Aleksov, Bo Cederstrand, Horst Domdey, Alexander Kotsinas, Hans Sundin, Lars Bergkvist and Hans Liljeblad. Julian Aleksov was elected Chairman.
- Authorization for the Board to make a decision to issue new shares and convertible bonds, to be paid for in cash and/or in kind or by offsets.

ANNUAL GENERAL MEETING 2016

The 2016 Annual General Meeting will be held on Monday, September 26, 2016 at Oasmia's headquarters in Uppsala. Notice of the Annual General Meeting shall be published no earlier than six and no later than four weeks before the meeting. Shareholders are entitled to have matters considered at the meeting. In order for the company to be certain that it has sufficient time to include all matters in the notice, any request for a matter to be considered at the Annual General Meeting should reach the Board no later than 7 weeks before the meeting. Requests to have a matter considered at the meeting should be addressed to the Board and mailed to the address below.

Oasmia Pharmaceutical AB
Att. Styrelsen
Vallongatan 1
752 28 Uppsala

NOMINATION COMMITTEE

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

The Nomination Committee's proposal regarding the selection criteria for the Nomination Committee for the next Annual General Meeting was adopted at the 2015 Annual General Meeting. The criteria were as follows: one member shall be the Chairman of the Board (convener) and two members shall be appointed by the two shareholders who have the largest shareholding in Oasmia Pharmaceutical AB on September 30, 2015 in terms of the number of votes. The Nomination Committee's mandate extends to when the next Nomination Committee has been appointed. The Nomination Committee members for the 2016 Annual General Meeting consist of Bo Cederstrand (Chairman), Julian Aleksov and Alexander Kotsinas. The full proposal for the 2016 Annual General Meeting will be presented in the Annual General Meeting notice. Bo Cederstrand was appointed by Alceco International S.A. and Alexander Kotsinas was appointed by Nexttobe AB.

BOARD OF DIRECTORS

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

ATTENDANCE, FINANCIAL YEAR 2015/2016

	INDEPENDENT*	BOARD MEETINGS	AUDIT COMMITTEE	REMUNERATION COMMITTEE
Julian Aleksov	No/No	15/15		
Bo Cederstrand	Yes/No	14/15		1/1
Horst Domdey	Yes/Yes	13/15	4/5	1/1
Alexander Kotsinas	Yes/No	15/15		1/1
Hans Sundin	No/Yes	15/15		
Lars Bergkvist	Yes/Yes	13/14**	5/5	1/1
Hans Liljeblad	Yes/Yes	12/14**	4/5	1/1
Joel Citron	Yes/Yes	1/1**		

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

**Joel Citron resigned in connection with the Extraordinary General Meeting held on May 28 at the same time as Lars Bergkvist and Hans Liljeblad were elected as members of the Board. Lars Bergkvist and Hans Liljeblad replaced Joel Citron and Alexander Kotsinas on the Audit Committee.

Board duties

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

Chairman of the Board

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

Board procedures

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

complement the Board's formal work plan and the CEO's instructions, regulate the CEO's regular reporting to the Board and the Board's external reporting.

Evaluation of the Board's work

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

Board's work during the financial year

During the financial year 2015/16, the Board met on 15 occasions. On these occasions the Board mainly addressed issues relating to the continued funding of the Group's business operations and negotiations for/the signing of new partnership agreements, and has carefully monitored liquidity forecasts and development costs/phase III studies.

Audit Committee

From the beginning of the financial year up until the Extraordinary General Meeting held on May 28, 2015, the Audit Committee consisted of Joel Citron, Horst Domdey and Alexander Kotsinas. Joel Citron stepped down in connection with the Extraordinary General Meeting and he and Alexander Kotsinas were replaced by Lars Bergkvist and Hans Liljeblad. 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 shall also monitor the auditors' work and the choice of auditing firm and scrutinize the auditors' objectiveness and independence and that the costs for services over and above the auditing assignment are at an appropriate level in relation to the auditing fee so as to not run the risk of impacting independence. The Audit Committee's responsibilities and tasks appear in specially prepared internal instructions. During the financial year, the Audit Committee held 5 meetings, with the auditors in attendance. In addition to this, the company had quarterly contact with the auditors during the financial year.

Remuneration Committee

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

REMUNERATION TO THE BOARD AND SENIOR EXECUTIVES

Board

At the 2015 Annual General Meeting, it was decided that the remuneration to a Board Member who is not an employee of the company shall amount to SEK 150,000 per year. Remuneration to the Chairman shall be SEK 175,000 per year. If a special agreement is made with Oasmia, Board Member fees may be paid through invoice from a company wholly-owned by a Board Member. In such case, the invoice amount shall be increased by social security and VAT.

Salaries and other benefits

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

Terms of notice and severance pay

If notice is given by the company, the term of notice for the CEO will be no more than 12 months. If notice is given by the CEO, the term of notice shall be no more than three 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 any incentive program. Decisions on any incentive scheme for senior executives are to be made 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 EY was re-elected at the 2015 Annual General Meeting. Authorized Public Accountant Oskar Wall 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 do 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 controls concerning financial reporting is the overall control environment. The control environment requires that the organizational structure, decision-making processes and authorities are clearly defined and communicated in the form of internal policy documents such as policies, guidelines, manuals and codes. The control environment also includes laws and external regulations.

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

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

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

Risk assessment

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

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

Control activities

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

Information and communication

Information that it is assessed will affect the company's share price (price-sensitive information) is made public in a rapid and non-discriminatory manner. Company publications are done through press releases sent simultaneously to the Stock Exchange, established news agencies and newspapers. The information will also be simultaneously published on the company website. Oasmia is represented publicly in all matters primarily by the CEO. The CEO has delegated certain responsibilities to the Communications Officer. The CEO and Communications Officer may, on behalf of the company, inform/comment on matters relating to the company's operations.

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

Oasmia is listed on the NASDAQ Stock Exchange in New York on October 23, 2015.

THE BOARD OF DIRECTORS

JULIAN ALEKSOV
(born 1965)
Executive Chairman of the Board since 2015.
Board member since 1999.
Executive Chairman of Oasmia since 2015 and one of the founders of the company. Extensive experience in coordination of research projects and strategic development of global intellectual property. Chairman of the Board of Oasmia Animal Health AB and Qdoxx Pharma AB.
Shareholding: 149,796 shares personally and 33,373,350 shares through the company Alceco International S.A.

BO CEDERSTRAND
(born 1939)
Chairman 2000-2011.
Board member since 2011.
About 40 years' experience as CEO and partner in a number of small and medium-sized businesses, mainly within trade. Extensive experience in international trade and production. Has been very active within trade associations. Deputy Member of the Board of Fruges AB (ongoing) and former Member of the Board of Arken Hemdjurshallarna.
Shareholding: 126,000 shares personally and 33,373,350 shares through the company Alceco International S.A.

HORST DOMDEY
(born 1951)
Board member since 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. Member of the supervisory board of MediGene AG. Has previously held various positions at, for instance, the Max-Planck-Institut für Biochemie, the Swiss Institute for Experimental Cancer Research (ISREC), the University of California and the California Institute of Technology. Has also worked as Associate Professor in biochemistry at the Ludwig Maximilians University of Munich.
Shareholding: –

ALEXANDER KOTSINAS
(born 1967)
Board member since 2013.
Vice President and CFO at Q-Med from 2008-2011. Alexander has also served as CFO at Life Europe AB and the mobile provider 3. He has been Vice President at Investor AB and has worked at Ericsson. He has an MSc from the Royal Institute of Technology in Stockholm and a BSc from the Stockholm School of Economics. Currently partner at Nexttobe AB.
Shareholding: –

HANS SUNDIN
(born 1945)
Board member since 2014.
Over 30 years' experience of manufacturing, quality assurance and project management. Extensive international experience in the business, has held upper management positions in Swedish pharmaceutical companies and companies with pharmaceutical companies as clients.
Shareholding: 6,000 shares held personally

HANS LILJEBLAD
(born 1957)
Board member since 2015.
Partner at KLA Advokatbyrå since 2008 and a member of both the Swedish and the international Bar Association. He has great experience of intellectual property law, capital markets law, corporate law, contract law and negotiations.
Shareholding: –

LARS BERGQVIST
(born 1964)
Board member since 2015.
Lars is a business administration graduate and has previously worked in managerial positions in a number of successful companies. He has amongst other things worked as CEO of Arken Zoo and Hidden Dinosaur. He also has many years' experience of Board work from FDT AB, Master Design AB, Svensk Franchise and other companies.
Shareholding: –

MANAGEMENT

JULIAN ALEKSOV

Executive Chairman of the Board since 2015. Board member since 1999.

(born 1965)

Executive Chairman of Oasmia since 2015 and one of the founders of the company. Extensive experience in coordination of research projects and strategic development of global intellectual property. Chairman of the Board of Oasmia Animal Health AB and Qdoxx Pharma AB.

Shareholding: 149,796 shares personally and 33,373,350 shares through the company Alceco International S.A.

ANDERS BLOM

Executive Vice President

(born 1969)

Employee since 2014. Anders has more than 15 years' experience of international strategic business development and financing from Q-Med, Galderma and Pharmacia. He is a business administration graduate from Uppsala University. Most recent employment was as CEO of Nexttobe AB.

Shareholding: 30,000

MIKAEL ASP

Chief Executive Officer

(born 1962)

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

Shareholding: 4,500 shares held personally

AMIR TATAREVIC

Chief Operating Officer

(born 1971)

Employee of Oasmia since 2005, appointed COO in 2016 with 20 years' experience of logistics and purchasing. Previously worked at the pharmaceutical companies Meda, Pharmalink, etc. Worked at Oasmia as Production Manager, Purchasing Manager and Logistics Manager. Amir is also CEO of the subsidiary QDOXX.

Shareholding: -

CONSOLIDATED INCOME STATEMENT

TSEK	NOTE	MAY 1, 2015 - APR 30, 2016	MAY 1, 2014 - APR 30, 2015
Net sales	4	6,373	2,070
Change in inventories of products in progress and finished goods	7	9,509	-
Capitalized development costs	5	16,727	16,797
Other operating income	6,13	2	221
Raw materials, consumables and goods for resale	7,13	-4,733	-10,062
Other external expenses	8,9,13	-98,104	-60,740
Employee benefit expenses	10	-57,661	-50,530
Depreciation, amortization and impairment	11,12	-4,804	-5,190
Other operating expenses	11	-	-792
Operating income	14	**-132,691**	**-108,225**
Financial income		786	210
Financial expenses		-9,634	-9,482
Financial income and expenses - net	13,15	**-8,848**	**-9,272**
Income before taxes		**-141,539**	**-117,497**
Income taxes	16	-	-
Income for the year		**-141,539**	**-117,497**
Income for the year attributable to:			
Parent Company shareholders		-141,539	-117,497
Earnings per share before and after dilution, SEK	17	-1.39	-1.28

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

TSEK	NOTE	MAY 1, 2015 - APR 30, 2016	MAY 1, 2014 - APR 30, 2015
Income for the year		**-141,539**	**-117,497**
Other comprehensive income			
Items that may subsequently be transferred to the income statement:			
Translation differences		-19	-
Total other comprehensive income		**-19**	**-**
Comprehensive income for the year		**-141,557**	**-117,497**
Comprehensive income for the year attributable to:			
Parent Company shareholders		-141,557	-117,497
Comprehensive earnings per share, before and after dilution, SEK		-1.39	-1.28

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

TSEK	NOTE	APR 30, 2016	APR 30, 2015
ASSETS			
Non-current assets			
Property, plant and equipment	11	21,172	22,852
Capitalized development costs	5	409,900	393,173
Other intangible assets	12	11,936	11,852
Financial non-current assets		2	2
Total non-current assets		**443,010**	**427,879**
Current assets			
Inventories	7	16,638	5,341
Accounts receivable - trade	18	4,903	105
Other current receivables	18,20	1,929	2,566
Prepaid expenses and accrued income	18,19	2,885	1,687
Short-term investments	18,24	20,006	50,153
Cash and cash equivalents	18	26,208	26,837
Total current assets		**72,570**	**86,690**
TOTAL ASSETS		**515,579**	**514,569**
EQUITY			
Equity and reserves attributable to Parent Company shareholders			
Share capital	21	10,721	9,786
Other capital provided		941,961	850,996
Reserves		-19	-
Retained earnings, including income for the year		-626,610	-485,071
Total equity		**326,053**	**375,710**
LIABILITIES			
Current liabilities			
Liabilities to credit institutions	18,24	20,000	20,000
Convertible loan	17,18	25,549	-
Other borrowings	18,25	94,395	87,000
Accounts payable	18	27,236	14,017
Other current liabilities	22	2,068	1,796
Accrued expenses and deferred income	18,23	20,278	16,045
Total current liabilities		**189,527**	**138,858**
Total liabilities		**189,527**	**138,858**
TOTAL EQUITY AND LIABILITIES		**515,579**	**514,569**

Any contingent liabilities and pledged assets are reported in note 24.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS				
TSEK	NOTE	SHARE CAPITAL	OTHER CAPITAL PROVIDED	RESERVES*	RETAINED EARNINGS	TOTAL EQUITY
Opening balance as of May 1, 2014		**8,557**	**640,924**	-	**-367,574**	**281,907**
Comprehensive income for the year		-	-	-	-117,497	-117,497
New share issue	21	1,229	224,916	-	-	226,145
Issue expenses		-	-14,844	-	-	-14,844
Closing balance as of April 30, 2015		**9,786**	**850,996**	-	**-485,071**	**375,710**
Opening balance as of May 1, 2015		**9,786**	**850,996**	-	**-485,071**	**375,710**
Income for the year		-	-	-	-141,539	-141,539
Other comprehensive income		-	-	-19	-	-19
Comprehensive income for the year		**0**	**0**	**-19**	**-141,539**	**-141,557**
Warrants		-	27	-	-	27
Equity part from issue of convertible loan	18	-	382	-	-	382
New share issues	21	935	105,261	-	-	106,196
Issue expenses		-	-14,706	-	-	-14,706
Closing balance as of April 30, 2016		**10,721**	**941,961**	**-19**	**-626,610**	**326,053**

*Translation differences

CONSOLIDATED CASH FLOW STATEMENT

TSEK	NOTE	MAY 1, 2015 - APR 30, 2016	MAY 1, 2014 - APR 30, 2015
Operating activities			
Operating income before financial items		-132,691	-108,225
Adjustments for non-cash items			
Depreciation and amortization	11,12	4,804	5,190
Income from divestment/disposal of tangible assets	11	0	792
Interest received	15	786	56
Interest paid	15	-1,664	-1,384
Cash flow from operating activities before changes in working capital		**-128,766**	**-103,570**
Changes in working capital			
Change in inventories	7	-11,297	-3,684
Change in accounts receivable - trade	18	-4 798	-56
Change in other current receivables	18,19,20	-561	77
Change in accounts payable	18	13,218	-3,486
Change in other current liabilities	18,22,23,25	4,077	3,055
Cash flow from operating activities		**-128,126**	**-107,665**
Investing activities			
Investments in intangible assets	5,12	-17,960	-17,406
Divestment of intangible assets	12	-	1,200
Investments in property, plant and equipment	11	-1,974	-3,621
Divestment of property, plant and equipment	11	0	72
Investments in short-term investments	18	-	-80,000
Divestment of short-term investments	18	30,000	30,000
Cash flow from investing activities		**10,066**	**-69,755**
Financing activities			
Decrease in liabilities to credit institutions	18	-	-20,000
Loans raised	25	35	-
Loans repaid	25	-35	-
Convertible loan	18	28,000	-
Warrants	17	27	-
New share issues	21	106,196	190,861
Issue expenses	21	-16,774	-14,844
Cash flow from financing activities		**117,449**	**156,017**
Cash flow for the period		**-610**	**-21,404**
Translation differences		**-19**	**-**
Cash and cash equivalents at beginning of year		**26,837**	**48,241**
Cash and cash equivalents at end of year	18	**26,208**	**26,837**

PARENT COMPANY INCOME STATEMENT

TSEK	NOTE	MAY 1, 2015 - APR 30, 2016	MAY 1, 2014 - APR 30, 2015
Net sales	4	6,373	2,070
Change in inventories of products in progress and finished goods	7	9,509	-
Capitalized development costs	5	16,727	16,797
Other operating income	6, 13	2	221
Raw materials and consumables	7	-4,733	-10,062
Other external expenses	8, 9, 13	-97,748	-60,709
Employee benefit expenses	10	-57,004	-50,530
Depreciation, amortization and impairment of tangible and intangible assets	11, 12	-4,804	-5,190
Other operating expenses	11	0	-792
Operating income		**-131,678**	**-108,194**
Income from holdings in Group companies	25, 26	-1,148	-75
Other interest income and similar income	13, 15	786	210
Interest expenses and similar expenses	13, 15	-9,633	-9,482
Financial income and expenses - net		**-9,995**	**-9,347**
Income before taxes		**-141,673**	**-117,541**
Income taxes	16	-	-
Income for the year		**-141,673**	**-117,541**

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

TSEK	NOTE	MAY 1, 2015 - APR 30, 2016	MAY 1, 2014 - APR 30, 2015
Income for the year		-141,673	-117,541
Comprehensive income for the year		**-141,673**	**-117,541**

PARENT COMPANY BALANCE SHEET

TSEK	NOTE	APR 30, 2016	APR 30, 2015
ASSETS			
Non-current assets			
Intangible non-current assets			
Capitalized development costs	5	409,900	393,173
Concessions, patents, licenses, trademarks and similar rights	12	11,936	11,852
Tangible non-current assets			
Equipment, tools and installations	11	21,072	21,611
Construction in progress and advance payments for property, plant and equipment	11	100	1,241
Financial non-current assets			
Holdings in Group companies	26	110	110
Other securities held as non-current assets		1	1
Total non-current assets		**443,119**	**427,988**
Current assets			
Inventories			
Raw materials and necessities	7	7,129	5,341
Work in progress	7	4,137	-
Finished goods	7	5,372	-
		16,638	5,341
Current receivables			
Accounts receivable - trade	18	4,903	105
Other current receivables	18, 20	1,928	2,565
Prepaid expenses and accrued income	18, 19	2,876	1,678
		9,707	4,348
Short-term investments	18, 24	20,006	50,153
Cash and bank balances	18	26,053	26,833
Total current assets		**72,403**	**86,675**
TOTAL ASSETS		**515,522**	**514,663**

PARENT COMPANY BALANCE SHEET

TSEK	NOTE	APR 30, 2016	APR 30, 2015
EQUITY AND LIABILITIES			
Equity			
Restricted reserve			
Share capital	21	10,721	9,786
Statutory reserve		4,620	4,620
		15,341	14,406
Unrestricted equity			
Share premium reserve		941,961	850,996
Retained earnings		-489,921	-372,380
Income for the year		-141,673	-117,541
		310,366	361,075
Total equity		**325,707**	**375,480**
Current liabilities			
Liabilities to credit institutions	18, 24	20,000	20,000
Convertible loan	17, 18	25,549	-
Other borrowings	18, 25	94,395	87,000
Accounts payable	18	27,221	14,017
Liabilities to Group companies	25	304	324
Other current liabilities	22	2,068	1,796
Accrued expenses and deferred income	23	20,278	16,045
Total current liabilities		**189,815**	**139,183**
TOTAL EQUITY AND LIABILITIES		**515,522**	**514,663**
Contingent liabilities and pledged assets			
Contingent liabilities	24	-	-
Pledged assets	24	28,000	28,000

PARENT COMPANY CHANGES IN EQUITY

		RESTRICTED EQUITY			
TSEK	NOTE	SHARE CAPITAL	STATUTORY RESERVE	UNRESTRICTED EQUITY	TOTAL EQUITY
Opening balance as of May 1, 2014		**8,557**	**4,620**	**268,544**	**281,721**
New share issue	21	1,229	-	224,916	226,145
Issue expenses		-	-	-14,844	-14,844
Comprehensive income for the year		-	-	-117,541	-117,541
Closing balance as of April 30, 2015		**9,786**	**4,620**	**361,075**	**375,480**
Opening balance as of May 1, 2015		**9,786**	**4,620**	**361,075**	**375,480**
Warrants		-	-	27	27
Equity part from issue of convertible loan	18	-	-	382	382
New share issues	21	935	-	105,261	106,196
Issue expenses		-	-	-14,706	-14,706
Income for the year		-	-	-141,673	-141,673
Closing balance as of April 30, 2016		**10,721**	**4,620**	**310,366**	**325,707**

PARENT COMPANY CASH FLOW STATEMENT

TSEK	NOTE	MAY 1, 2015 - APR 30, 2016	MAY 1, 2014 - APR 30, 2015
Operating activities			
Operating activities before financial items		-131,678	-108,194
Adjustments for non-cash items			
Depreciation and amortization	11,12	4,804	5,190
Income from divestment/disposal of tangible assets	11	0	792
Interest received	15	786	56
Interest paid	15	-1,664	-1,384
Cash flow from operating activities before changes in working capital		**-127,752**	**-103,539**
Changes in working capital			
Change in inventories	7	-11,297	-3,684
Change in accounts receivable - trade	18	-4,798	-56
Change in other current receivables	18,19,20	-560	76
Change in accounts payable	18	13,204	-3,483
Change in other current liabilities	22,23,25	4,057	3,020
Cash flow from operating activities		**-127,147**	**-107,667**
Investing activities			
Capital contribution provided	25,26	-1,148	-
Investments in intangible assets	5,12	-17,960	-17,406
Divestment of intangible assets	12	-	1,200
Investments in property, plant and equipment	11	-1,974	-3,621
Divestment of property, plant and equipment	11	-	72
Investments in short-term investments	18	-	-80,000
Divestment of short-term investments	18	30,000	30,000
Cash flow from investing activities		**8,918**	**-69,755**
Financing activities			
Decrease in liabilities to credit institutions	18	-	-20,000
Loans raised	25	35	-
Loans repaid	25	-35	-
Convertible loan	17,18	28,000	-
Warrants	17	27	-
New share issues	21	106,196	190,861
Issue expenses	21	-16,774	-14,844
Cash flow from financing activities		**117,449**	**156,017**
Cash flow for the year		**-780**	**-21,406**
Cash and cash equivalents at beginning of year		**26,833**	**48,238**
Cash and cash equivalents at end of year	18	**26,053**	**26,833**

NOTES

NOTE 1 GENERAL INFORMATION

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

The company's shares are listed on NASDAQ Stockholm, NASDAQ Capital Market and on the Frankfurt Stock Exchange. The Group's operations are described in the Administration Report on pages 17-25. The annual report for Oasmia Pharmaceutical AB for the financial year ending April 30, 2016 was approved for publication by the Board on July 7, 2016. The Group and Parent Company financial statements will be submitted to the Annual General Meeting on September 26, 2016 for adoption.

NOTE 2 ACCOUNTING POLICIES

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

Basis of preparation

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

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

The preparation of financial statements in conformity with IFRS requires the use of certain critical estimates for accounting purposes. It also requires management to exercise its judgment in applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

The Group's accounting policies
Changes in accounting policies

New policies 2015/16

None of the standards and interpretations required for the first time for the financial year that began on May 1, 2015 had a material impact on the consolidated financial statements.

New IFRS standards and interpretations effective financial year 2016/17 or later that may impact Oasmia's financial reporting:

IFRS 15 Revenue from Contracts with Customers

This standard comes into force on January 1, 2018 and will thus be applied by Oasmia as from the financial year 2018/2019.

The standard will first and foremost replace IAS 18 Revenue, which is the standard that regulates the reporting of revenues at the present time. Under IFRS 15 the basic principle for when a revenue may be recognized is when the acquiring party can use a good or can draw benefit from a service, while IAS 18 concentrates more on when risk is transferred from the vendor to the purchaser. IFRS 15 also requires considerably more disclosures than IAS 18. IFRS 15 is expected to impact Oasmia's financial reporting. However, it is still difficult to decide the extent of the impact, as this is very much dependent on how Oasmia's revenue situation develops in the two years up until the time when IFRS 15 comes into force.

IFRS 9 Financial instruments

This standard will come into force on January 1, 2018, that is to say that it will be applied by Oasmia as from the financial year 2018/2019.

IFRS 9 will replace IAS 39 Financial Instruments and as regards the classification and assessment of financial instruments will involve simplifications compared to IAS 39. The introduction of this standard is not assessed to have any material impact on Oasmia's financial reports.

IFRS 16 Leases

This standard will come into force on January 1, 2019, which means that it will be applied by Oasmia as from the financial year 2019/2020.

IFRS 16 states that at the beginning of a leasing agreement the lessee shall recognize the right to use the leased assets in the balance sheet and at the same time a leasing liability shall be recognized. Depreciation shall be applied to the assets during the time they are used and leasing rates will be recognized both as part-payment of the leasing liability and as an interest expense in the income statement. The leasing liability may also be revalued during the duration of the contract depending on whether certain circumstances, such as new leasing terms and conditions, are introduced. However, there will be two exceptions. Leased assets of a low value and short-term leasing (with a duration of no more than 12 months) will be exempted from the obligation to capitalize the right to use an asset and to enter the expected leasing payments as a liability.

The introduction of IFRS 16 is expected to impact Oasmia's financial reporting. The extent of the impact is being investigated by the company.

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

Subsidiaries

Subsidiaries are companies where the Parent Company has a controlling interest. The Parent Company has a controlling interest in a company when it is exposed to or is entitled to variable return from its holding in the company and is able to affect the return through its controlling interest in the company.

Subsidiaries are included in the consolidated accounts as from the day on which the controlling interest is transferred to the Group. They are excluded from the consolidated accounts as from the day on which the controlling interest ends.

The acquisition method is applied to the recognition of acquisitions of subsidiaries. This means that acquired assets and liabilities are initially measured at fair value. If a deviation then arises against the acquisition cost, this is recognized as goodwill in the consolidated balance sheet when the deviation is positive and as an expense in the income statement if it is negative.

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

Translation of foreign currencies

The Parent Company uses SEK as its 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 closing day exchange rates are recognized in operations. Currency gains and losses arising from the translation of bank accounts in foreign currencies are recognized under Net financial items.

Individual subsidiaries have another functional currency than SEK. In the presentation of the consolidated balance sheet the current rate method is used, whereby assets and liabilities are translated to the closing day rate of exchange while revenues and expenses are translated using the average exchange rate for the year. The translation differences that thus arise are recognized in other comprehensive income.

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 operating decision maker as the basis for the decision on allocation of resources to the segment and the evaluation of its result. The Group management has been identified as the chief operating decision maker. Group management assesses the business as a whole, that is as one segment, and therefore does not include information by segment in the accounts. Note 4 reports the division of revenues into product groups and geographic markets as well as the value of non-current assets in Sweden and in other countries. Information is also provided about the customer structure in the same note.

Property, plant and equipment

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.

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

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

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

Intangible assets

Capitalized development costs

Expenditures for research are expensed 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. Oasmia capitalizes development costs consisting of the company's work on clinical trials in phase III for the product candidates Paclical/Apealea and Paccal Vet and for which all the preconditions for capitalization pursuant to IAS 38 have been met.

It is the assessment of the company that it is technically possible to complete the product candidates and make them available for sale, and that the beginning of a phase III study is the earliest time when all criteria for capitalization can be met. This assessment is made in the light of several factors.

Both products are based on a well-known and well-documented substance, paclitaxel, and Oasmia's own excipient XR17. The company can therefore reuse data for both product candidates when applying for market approval and this can potentially lead to a shorter path to approval.

The company has both the resources and the competence to itself produce these two products for our clinical studies preceding a phase III study. Production takes place in approved premises with employed personnel.

The company both intends and is able to sell these products in various markets, both through existing distributors or through its own sales channels.

The oncology markets for both humans and pets are both large and growing, which means that the company assesses that it is possible that these products will be able to generate considerable economic benefits in the future.

Other development costs are recognized as an expense as and when they arise. Development costs previously recognized as an expense are not capitalized as an asset in subsequent periods. Straight-line amortization is applied to capitalized development costs over the period in which the expected benefits are expected to accrue to the company, and is begun when a normal level of commercial sales to end customers has been achieved.

Other intangible assets

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

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

Inventories

Inventories are 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 for Raw materials and necessities consists of the purchase price invoiced by the supplier. The acquisition cost for Work in progress and for Finished goods consist of the costs for the constituent raw materials, with a mark-up for manufacturing costs and quality control costs.

The net realizable value is the estimated sales price in the operating activities, with deductions for applicable variable selling expenses.

Impairment of non-financial assets

The capitalized development costs which are not yet current are not amortized, but are instead evaluated annually for any impairment needs. Group management performs an estimation of the expected utilization period of the assets at every financial statement. If there are indications that an asset's value has diminished, the Group establishes the recoverable amount of the asset. This amount is the highest net realizable value of the asset, with deductions for selling expenses and its value in use. The asset is amortized down to the recoverable amount via the income statement. 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

Financial instruments are agreements that give rise to a financial asset or liability. Financial assets are cash, equity instruments in other companies and such agreements that give entitlement to cash or other financial assets. Financial liabilities are agreements that oblige the company to pay cash or other financial assets to another company.

This means that there are several receivables and liabilities that are not financial instruments. For example receivables or liabilities that can be expected to be settled other than in cash or through other financial assets are not dealt with in accordance with the accounting principles that apply to financial instruments. The same applies to receivables or liabilities that are not based on agreements.

Financial instruments are recognized in the statement of financial position when Oasmia is one of the parties in the conditions of the agreement governing the instrument. A financial asset is removed from the statement of financial position when the rights in the agreement are terminated, as they have been realized or Oasmia loses control of them. A financial liability is removed from the statement of financial position when the obligation in the agreement has been fulfilled or in some other way ceases to apply.

Each time a report is drawn up an assessment is made as to whether there are circumstances indicating that a financial asset needs to be written down. If there is a need for impairment, the amount written down is identified in the income statement.

Oasmia's financial instruments are reported at fair value or at amortized cost:

- Fair value is the price that would be obtained if an asset were sold or paid in the settling of a liability in an orderly transaction between knowledgeable and independent parties.
- Amortized cost is the value at which the asset or liability was valued when it was acquired plus or minus certain adjustments in value.

Financial instruments are divided into different categories depending on their nature and the method used in their valuation. Oasmia reports its financial instruments in three such categories:

- **Financial assets and liabilities valued at fair value in the income statement**
  Changes in fair value are recognized in the income statement.
  This category includes:
  - *Short-term investments in fixed income funds.*
- **Loans receivable and accounts receivable**
  This category includes:
  - *Cash and cash equivalents valued at nominal value. Where they are denominated in a currency other than SEK, they are translated at the closing day rate of exchange.*
  - *Accounts receivable, other current receivables and accrued revenues are valued at amortized cost.*
- **Financial liabilities valued at amortized cost**
  This category includes:
  - *Borrowings and liabilities to credit institutions which are valued at nominal value as they have a short duration.*
  - *A convertible loan*
  - *Accounts payable and accrued expenses valued at the value they are expected to be paid at.*

For further disclosures on Oasmia's financial instruments, please see Note 18 Financial instruments and financial risks.

Share capital

Common shares are 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 from the funds generated by the issue.

Income tax

Tax revenues and expenses are constituted by current and deferred tax. Current tax is the tax calculated on the taxable income of each legal entity in the Group for the current or a previous period. Deferred tax is tax on temporary differences between assets' and liabilities' carrying amount and tax base. A deferred tax revenue also arises to the extent that the tax effect of loss carry-forward is entered as a deferred tax asset. However, a deferred tax asset is only recognized to the extent that there are convincing reasons that a future taxable surplus will be available, against which the deferred tax asset can be offset. As it is not yet possible to reliably calculate when Oasmia will achieve such a surplus, no deferred tax assets have been recognized.

Employee benefits

Current remuneration

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

Pension obligations

The Group has defined contribution pension plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions to a separate legal entity. The Group has no legal or constructive obligations to pay further contributions if this legal entity does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. Defined contribution pension plan obligations are recognized as employee benefits as and when they are earned by employees carrying out services for the company in any given period. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available to the Group.

Severance pay

Severance pay is awarded when notice is given to an employee by Oasmia before the 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 closing day are discounted to the present value.

Revenue recognition

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

(a) Sales of goods

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

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

(b) Contract assignments

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

(c) Sale of necessities

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

(d) Royalties

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

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. Oasmia has no financial leasing.

Dividends

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

Cash flow

Cash flow statements are prepared using the indirect method.

Parent Company accounting policies

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

The differences between the accounting policies of the Group and the Parent Company are described below. 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.

Classification and forms of presentation

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

Revenues

Dividends

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

Group and shareholder contributions for legal entities

Shareholder contributions are accounted for as equity by the recipient and as an increase in holdings in Group companies by the donor.

Group contributions made by the Parent Company to a subsidiary are reported as an increase in holdings in Group companies in the Parent Company accounts.

Group contributions from a subsidiary to the Parent Company are accounted for as financial revenue in the Parent Company.

NOTE 3 SIGNIFICANT ESTIMATES AND ASSUMPTIONS FOR ACCOUNTING PURPOSES

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

Significant estimates and assumptions for accounting purposes

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

(a) Impairment tests for intangible assets

The Group capitalizes development costs for two drug candidates Paclical and Paccal Vet. The financial year's capitalized development costs amounted to TSEK 16,727 (16,797) and the Group's capitalized development costs, as of April 30, 2016, amounted to TSEK 409,900 (393,173). An assessment is performed annually of whether there is a need for impairment of the capitalized development costs. Oasmia's impairment tests show that there is no need for impairment. Market approval has been received for Paclical in Russia for the indication of ovarian cancer in humans and conditional market approval has been received for Paccal Vet in the USA for the indications of mammary carcinoma and squamous cell carcinoma in dogs. In Oasmia's assessment, more market approvals can be expected in the foreseeable future and expected future profits justify the value of the assets. If the other market approvals were not to be received, if a considerably lower price than expected was received per treatment, if the market share was lower, or if the likelihood of receiving approval were to decrease, parts of the capitalized expenditure would be carried as expenses. As of April 30, 2016 capitalized expenditure amounted to 126 % (105) of the equity at the same time. The Group annually evaluates whether a need for impairment exists for all intangible assets, in accordance with the accounting policies described in Note 2.

(b) Licensing revenues

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

(c) Income taxes

The Group is required to pay tax in Sweden. The Group's companies have so far showed negative taxable income, and as a result significant taxable deficits exist in the Group. There are at present no sufficiently convincing indications as to when loss carry-forward will be able to be utilized against future profits, and thus no deferred tax asset has been taken into consideration in the balance sheet.

Accumulated taxable deficits in the Group are described in Note 16.

(d) Contingent assets

The company has filed to sue a supplier of WFI-equipment regarding delivered equipment that the company considers to be faulty. The total estimated loss that this faulty equipment has caused the company amounted to TSEK 14,500, and Oasmia has so far received insurance compensation of TSEK 4,250. Should the legal action be successful, Oasmia is demanding approximately TSEK 9,500. The trial has not yet begun and it is therefore not practically possible to state when any payment will be received. The company's legal counsel has advised management that it is likely that the legal action will be successful, but as this is uncertain no asset has been recognized in the Statement of Financial Position.

Important judgements when applying the company's accounting policies

The Group capitalizes development costs for two pharmaceutical candidates, Paclical/Apealea and Paccal Vet. The company assesses that the beginning of a phase III study is the earliest time when all criteria for capitalization can be fulfilled. It is at this time that the company can assess whether it is technically possible to complete the intangible asset so that it can be used or sold. If the Group should make the judgment that all capitalization criteria are no longer fulfilled, these assets would be written off against Group income.

At least once a year, normally when the annual financial statements are prepared, the Group's tangible and intangible assets are tested to see if there is a need for impairment. Tests may also be carried out if management assesses that there have been significant changes in the assumptions that can affect the result of the tests. The question is whether the recoverable amount of the asset is greater than its carrying amount. Usually these Group assets have no stated market value, and the company therefore applies the value in use method. One of the important assets that are the subject of impairment testing is the item capitalized development costs for Paccal Vet and Paclical/Apealea. The impairment testing is based on management's forecasts for the future economic development of the products Paccal Vet and Paclical/Apealea. These forecasts are partly based on available statistics, primarily on the incidence of cancer per type of cancer, but also on management's assessment of future development that cannot be supported by external statistics or comparative data. The result of the impairment testing consists of seeing if the value in use is greater than the carrying amount of the assets. If this is the case, no impairment is performed. If on the other hand the value in use is less than the carrying amount, the asset is written down to its recoverable amount.

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

NOTE 4 SEGMENT INFORMATION

The Group currently has only one segment and therefore reports no information by segment.

The Group has its registered office in Sweden. All net sales derive from sales to external customers, and are shown below divided up into product categories and geographic area.

Net sales per product category

	GROUP		PARENT COMPANY	
TSEK	MAY 1, 2015 - APR 30, 2016	MAY 1, 2014 - APR 30, 2015	MAY 1, 2015 - APR 30, 2016	MAY 1, 2014 - APR 30, 2015
Sales of necessities	96	68	96	68
Sales of goods and royalty revenues	6,077	2,002	6,077	2,002
Contract assignments	200	-	200	-
Total	**6,373**	**2,070**	**6,373**	**2,070**

Net sales per geographic area

	GROUP		PARENT COMPANY	
TSEK	MAY 1, 2015 - APR 30, 2016	MAY 1, 2014 - APR 30, 2015	MAY 1, 2015 - APR 30, 2016	MAY 1, 2014 - APR 30, 2015
Russia	6,019	-	6,019	-
Sweden	125	68	125	68
Other countries	229	2,002	229	2,002
Total	**6,373**	**2,070**	**6,373**	**2,070**

Net sales in Russia derive from one specific customer with its registered office in Russia.

Non-current assets located in Sweden amount to TSEK 437,297 (421 973) and non-current assets located in another country amount to TSEK 5,713 (5,905).

NOTE 5 CAPITALIZED DEVELOPMENT COSTS

Common to Group and Parent Company

	MAY 1, 2015 – APR 30, 2016			MAY 1, 2014 – APR 30, 2015		
TSEK	PACLICAL	PACCAL VET	TOTAL	PACLICAL	PACCAL VET	TOTAL
Opening acquisition cost	290,108	103,065	393,173	280,919	95,457	376,376
Capitalized expenditure for the year	9,980	6,747	16,727	9,189	7,608	16,797
Closing accumulated acquisition cost	300,088	109,812	409,900	290,108	103,065	393,173
Opening accumulated amortization	-	-	0	-	-	0
Amortization for the year	-	-	0	-	-	0
Closing accumulated amortization	0	0	0	0	0	0
Closing carrying amount	**300,088**	**109,812**	**409,900**	**290,108**	**103,065**	**393,173**

Capitalized development costs amounted to TSEK 16,727 (16,797) for the financial year and research and development costs which were not capitalized amounted to TSEK 96,884 (74,028), in total TSEK 113,611 (90,825).

NOTE 6 OTHER OPERATING INCOME

	GROUP		PARENT COMPANY	
TSEK	MAY 1, 2015 - APR 30, 2016	MAY 1, 2014 - APR 30, 2015	MAY 1, 2015 - APR 30, 2016	MAY 1, 2014 - APR 30, 2015
Insurance compensation	-	26	-	26
State support (new start jobs)	-	153	-	153
Exchange-rate differences	2	42	2	42
Total	**2**	**221**	**2**	**221**

NOTE 7 INVENTORIES

	GROUP		PARENT COMPANY	
TSEK	APR 30, 2016	APR 30, 2015	APR 30, 2016	APR 30, 2015
Raw materials and necessities	7,129	5,341	7,129	5,341
Work in progress	4,137	-	4,137	-
Finished goods	5,372	-	5,372	-
Total	**16,638**	**5,341**	**16,638**	**5,341**

During the year goods of TSEK 2,383 (2,439) were carried as an expense and goods valued at TSEK 229 (0) have been written down.

The change in the items "Work in progress" and "Finished goods" during the year are recognized in the income statement in "Change in inventories of products in progress and finished goods".

NOTE 8 REMUNERATION TO AUDITORS

	GROUP		PARENT COMPANY	
TSEK	MAY 1, 2015 - APR 30, 2016	MAY 1, 2014 - APR 30, 2015	MAY 1, 2015 - APR 30, 2016	MAY 1, 2014 - APR 30, 2015
Ernst & Young AB				
Auditing	1,390	1,405	1,390	1,405
Auditing activities in addition to auditing	2,459	1,363	2,459	1,363
Tax consulting	32	35	32	35
Other services	131	112	131	112
Total	**4,012**	**2,915**	**4,012**	**2,915**

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

NOTE 9 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. Leasing costs (minimum lease payments) were TSEK 5,930 (5,303) for the financial year. The future minimum lease payments for operational leases are as follows (TSEK):

	OPERATIONAL LEASING (TSEK)	
FINANCIAL YEAR	APR 30, 2016	APR 30, 2015
2015/2016	-	5,294
2016/2017	6,362	3,943
2017/2018	6,013	895
2018/2019	5,878	545
2019/2020	4,522	192
2020/2021	985	-
Total	**23,760**	**10,869**

NOTE 10 EMPLOYEES AND REMUNERATION

Average number of employees

	GROUP		PARENT COMPANY	
	MAY 1, 2015 - APR 30, 2016	MAY 1, 2014 - APR 30, 2015	MAY 1, 2015 - APR 30, 2016	MAY 1, 2014 - APR 30, 2015
Women	35	37	35	37
Men*	40	38	40	38
Total*	**75**	**75**	**75**	**75**

* The comparative figure has been adjusted compared to last year's financial statements.

All employees have their employment and carry out their main duties in Sweden.

Salaries and benefits

	GROUP		PARENT COMPANY	
TSEK	MAY 1, 2015 - APR 30, 2016	MAY 1, 2014 - APR 30, 2015	MAY 1, 2015 - APR 30, 2016	MAY 1, 2014 - APR 30, 2015
Board	3,169	1,495	3,169	1,495
CEO and other senior executives	6,171	6,891	6,171	6,891
Other employees	32,160	28,786	32,160	28,786
Defined contribution pension plans, incl. Fora	2,668	2,043	2,668	2,043
Defined medical benefits	276	39	276	39
Total salary and remuneration	**44,445**	**39,256**	**44,445**	**39,256**
Social security contributions by law and agreement	11,677	10,492	11,677	10,492
Special employer's contribution, pension expenses	717	488	717	488
Total salaries, remuneration and social security	**56,840**	**50,236**	**56,840**	**50,236**

NOTE 10 *cont.* →

NOTE 10 (CONT.) EMPLOYEES AND REMUNERATION

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, Hans Liljeblad is invoiced through wholly-owned Advokatfirman Liljeblad & Co KB and Lars Bergkvist is invoiced through wholly-owned Axli AB in accordance with the decision of the Annual General Meeting and by special agreement with Oasmia Pharmaceutical AB. Except for what is described in Transactions with key people in senior positions in Note 25, no other remuneration such as salary, pension premium or other benefits has been paid.

The Chairman of the Board is entitled to health insurance and pension insurance pursuant to an agreement whereby the company shall pay an amount corresponding to 25 percent of the pensionable annual salary to any chosen pension insurance company.

CEO

Remuneration of the CEO consists of a fixed salary. The remuneration is reviewed annually on April 1. According to the CEO's agreement regarding individual health insurance and pension insurance, the company shall pay an annual amount corresponding to 4.5 percent of the CEO's pensionable annual salary. If a termination notice is given by the employer, a 12-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 of fixed salary and pension insurance corresponding to 4.5 % of the pensionable annual salary. Salaries are reviewed annually on April 1.

Remuneration to Board and senior executives

Common to Group and Parent Company.

	MAY 1, 2015 – APR 30, 2016			
TSEK	BASE SALARY/ BOARD FEES	SOCIAL SECURITY INCL. SPECIAL EMPLOYER'S CONTRIBUTION	PENSION/ SICKNESS BENEFITS	VARIABLE REMUNERATION
Chairman of the Board Joel Citron[1)]	26	-	-	-
Chairman of the Board Julian Aleksov[2)]	1,635	582	422	35
Board member, Bo Cederstrand	150	20	-	-
Board member, Horst Domdey	150	47	-	-
Board member, Alexander Kotsinas[3)]	-	-	-	-
Board member, Hans Sundin	883	99	-	-
Board member, Hans Liljeblad[4)]	200	62	-	-
Board member, Lars Bergkvist[4)]	125	39	-	-
CEO Mikael Asp[5)]	1,299	470	55	1
Other senior executives (4 persons)[6)]	4,792	1,544	615	79
Total	**9,260**	**2,863**	**1,092**	**115**

[1)] Resigned in May 2015
[2)] Elected Chairman of the Board in May 2015. Julian Aleksov is the Executive Chairman of the Board and is paid a salary
[3)] Mr. Kotsinas has waived his right to receive remuneration for his service as a Director
[4)] Elected as Board member in May 2015
[5)] Appointed new CEO in May 2015
[6)] In February 2016 management was increased by one person. Three senior executives resigned in February and March 2016

	MAY 1, 2014 – APR 30, 2015			
TSEK	BASE SALARY/ BOARD FEES	SOCIAL SECURITY INCL. SPECIAL EMPLOYER'S CONTRIBUTION	PENSION/ SICKNESS BENEFITS	VARIABLE REMUNERATION
Chairman of the Board Joel Citron	175	-	-	-
Board member, Jan Lundberg	75	8	-	-
Board member, Bo Cederstrand	150	15	-	-
Board member, Martin Nicklasson	75	24	-	-
Board member, Horst Domdey	150	47	-	-
Board member, Alexander Kotsinas	-	-	-	-
Board member, Hans Sundin	870	89	17	-
Board member and CEO, Julian Aleksov	1,455	477	279	25
Other senior executives (6 persons)	5,279	1,492	467	132
Total	**8,229**	**2,151**	**762**	**157**

NOTE 10 (CONT.) EMPLOYEES AND REMUNERATION

Gender distribution on the Board and in management

	APR 30, 2016		APR 30,2015	
	NUMBER ON CLOSING DAY	NUMBER OF MEN	NUMBER ON CLOSING DAY	NUMBER OF MEN
Group				
Board members	7	7	5	5
CEO and other senior executives	4	4	7	5
Parent Company				
Board members	7	7	5	5
CEO and other senior executives	4	4	7	5

Health care and medical care

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

NOTE 11 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consists of vehicles, inventory and production equipment, leasehold improvements, and construction in progress and advance payments for machinery and equipment.

	GROUP MAY 1, 2015 – APR 30, 2016				
TSEK	VEHICLES	INVENTORIES AND PRODUCTION EQUIPMENT	LEASEHOLD IMPROVEMENTS	CONSTRUCTION IN PROGRESS AND ADVANCE PAYMENTS FOR MACHINERY AND EQUIPMENT	TOTAL
Opening acquisition cost	148	40,557	8,205	1,241	50,151
Investments for the year	-	1,802	172	-	1,974
Reclassifications	-	1,141	-	-1,141	0
Sales/disposals	-148	-	-	-	-148
Closing accumulated acquisition cost	**0**	**43,500**	**8,378**	**100**	**51,977**
Opening depreciation	-148	-24,667	-2,484	0	-27,299
Depreciation for the year	-	-3,231	-423	-	-3,654
Sales/disposals	148	-	-	-	148
Closing accumulated depreciation	**0**	**-27,898**	**-2,907**	**0**	**-30,805**
Closing carrying amount	**0**	**15,602**	**5,471**	**100**	**21,172**

Sales/disposals of non-current assets have not had any impact on earnings, TSEK 0 (792).

TSEK	GROUP MAY 1, 2014 – APR 30, 2015				
Opening acquisition cost	148	38,439	8,512	1,413	48,512
Investments for the year	-	2,005	175	1,441	3,621
Reclassifications	-	852	-	-852	0
Sales/disposals	-	-739	-482	-761	-1,982
Closing accumulated acquisition cost	**148**	**40,557**	**8,205**	**1,241**	**50,151**
Opening depreciation	-148	-21,503	-2,460	0	-24,111
Depreciation for the year	-	-3,893	-412	-	-4,305
Sales/disposals	-	729	388	-	1,117
Closing accumulated depreciation	**-148**	**-24,667**	**-2,484**	**0**	**-27,299**
Closing carrying amount	**0**	**15,890**	**5,721**	**1,241**	**22,852**

NOTE 11 cont. →

NOTE 11 (CONT.) PROPERTY, PLANT AND EQUIPMENT

	PARENT COMPANY MAY 1, 2015 – APR 30, 2016				
TSEK	VEHICLES	INVENTORIES AND PRODUCTION EQUIPMENT	LEASEHOLD IM-PROVEMENTS	CONSTRUCTION IN PROGRESS AND ADVANCE PAYMENTS FOR MACHINERY AND EQUIPMENT	TOTAL
Opening acquisition cost	148	40,557	8,205	1,241	50,151
Investments for the year	-	1,802	172	-	1,974
Reclassifications	-	1,141	-	-1,141	0
Sales/disposals	-148	-	-	-	-148
Closing accumulated acquisition cost	**0**	**43,500**	**8,378**	**100**	**51,977**
Opening depreciation	-148	-24,667	-2,484	0	-27,299
Depreciation for the year	-	-3,231	-423	-	-3,654
Sales/disposals	148	-	-	-	148
Closing accumulated depreciation	**0**	**-27,898**	**-2,907**	**0**	**-30,805**
Closing carrying amount	**0**	**15,602**	**5,471**	**100**	**21,172**

Sales/disposals of non-current assets have not had any impact on earnings, TSEK 0 (792).

	PARENT COMPANY MAY 1, 2014 – APR 30, 2015				
TSEK	VEHICLES	INVENTORIES AND PRODUCTION EQUIPMENT	LEASEHOLD IM-PROVEMENTS	CONSTRUCTION IN PROGRESS AND ADVANCE PAYMENTS FOR MACHINERY AND EQUIPMENT	TOTAL
Opening acquisition cost	148	38,439	8,512	1,413	48,512
Investments for the year	-	2,005	175	1,441	3,621
Reclassifications	-	852	-	-852	0
Sales/disposals	-	-739	-482	-761	-1,982
Closing accumulated acquisition cost	**148**	**40,557**	**8,205**	**1,241**	**50,151**
Opening depreciation	-148	-21,503	-2,460	0	-24,111
Depreciation for the year	-	-3,893	-412	-	-4,305
Sales/disposals	-	729	388	-	1,117
Closing accumulated depreciation	**-148**	**-24,667**	**-2,484**	**0**	**-27,299**
Closing carrying amount	**0**	**15,890**	**5,721**	**1,241**	**22,852**

NOTE 12 OTHER INTANGIBLE ASSETS

Other intangible assets consist of the costs of patents.

	GROUP		PARENT COMPANY	
TSEK	MAY 1, 2015 - APR 30, 2016	MAY 1, 2014 - APR 30, 2015	MAY 1, 2015 - APR 30, 2016	MAY 1, 2014 - APR 30, 2015
Opening acquisition cost	22,382	22,973	22,382	22,973
Investments for the year	1,233	609	1,233	609
Divestments	-	-1,200	-	-1,200
Disposals	-	-	-	-
Closing accumulated acquisition cost	**23,615**	**22,382**	**23,615**	**22,382**
Opening accumulated amortization	-10,529	-9,645	-10,529	-9,645
Amortization for the year	-1,150	-884	-1,150	-884
Disposals	-	-	-	-
Closing accumulated amortization	**-11,679**	**-10,529**	**-11,679**	**-10,529**
Closing carrying amount	**11,936**	**11,852**	**11,936**	**11,852**

NOTE 13 CURRENCY DIFFERENCES – NET

Currency differences are recognized in the income statement as follows:

	GROUP		PARENT COMPANY	
TSEK	MAY 1, 2015 - APR 30, 2016	MAY 1, 2014 - APR 30, 2015	MAY 1, 2015 - APR 30, 2016	MAY 1, 2014 - APR 30, 2015
Other operating income	2	42	2	42
Raw materials, consumables and goods for resale	-	-1,249	-	-1,249
Other external expenses	478	-	478	-
Financial items - net	-480	-11	-480	-11
Total	**0**	**-1,218**	**0**	**-1,218**

NOTE 14 OPERATING INCOME

Operating income for the financial year May 1, 2015 – April 30, 2016 was TSEK -132,691 (-108,225). Of the Group's recognized operating expenses of TSEK 165,273 (127,313), TSEK 16,727 TSEK (16,797) was recognized as capitalized development costs.

NOTE 15 FINANCIAL INCOME AND EXPENSES

	GROUP		PARENT COMPANY	
TSEK	MAY 1, 2015 - APR 30, 2016	MAY 1, 2014 - APR 30, 2015	MAY 1, 2015 - APR 30, 2016	MAY 1, 2014 - APR 30, 2015
Financial income:				
Interest revenues from bank accounts, short-term investments and alike	1	170	1	170
Exchange-rate differences	785	40	785	40
Total	**786**	**210**	**786**	**210**
Financial expenses:				
Interest expenses on loans, credit and other interest expenses	-8,234	-9,431	-8,233	-9,431
Other financial expenses	-135	-	-135	-
Exchange rate differences	-1,265	-51	-1,265	-51
Total	**-9,634**	**-9,482**	**-9,633**	**-9,482**

NOTE 16 INCOME TAXES

The Parent Company and two subsidiaries have their fiscal domicile in Sweden, where the tax rate for the 2015/16 financial year is 22 % (22 %). In addition, a subsidiary has its fiscal domicile in the USA.

The income tax on Group earnings before tax is shown in the table below:

	GROUP		PARENT COMPANY	
TSEK	MAY 1, 2015 - APR 30, 2016	MAY 1, 2014 - APR 30, 2015	MAY 1, 2015 - APR 30, 2016	MAY 1, 2014 - APR 30, 2015
Income before taxes	-141 539	-117 497	-141 673	-117 541
Issue expenses not included in earnings	-14 706	0	-14 706	0
Non-taxable revenues	0	-1	0	-1
Non-deductible expenses	607	366	607	366
Impairment of holdings in subsidiaries	-	-	1 148	75
Taxable income	**-155 638**	**-117 132**	**-154 624**	**-117 101**
Income tax according to current tax rates in Sweden	34 240	25 769	34 017	25 762
Taxable deficits for which no deferred tax asset is recognized	-34 240	-25 769	-34 017	-25 762
Tax expense	**0**	**0**	**0**	**0**

During the year the Parent Company requested the Swedish Tax Agency for a review of previous years' income tax returns. This has increased the loss carry-forward by TSEK 46,204.

At April 30, 2016 the Group had accumulated loss carry-forward from previous years and from the financial year amounting to TSEK 723,234 (521,391) and the Parent Company had such loss carry-forward of TSEK 713,065 (512,237). There are at present no sufficiently convincing reasons to assume that loss carry-forward will be able to be utilized against future profits, and thus no deferred tax asset has been recognized in the balance sheet.

NOTE 17 EARNINGS PER SHARE

Earnings per share are calculated by dividing earnings attributable to Parent Company shareholders by a weighted number of common shares outstanding during the period.

	GROUP	
	MAY 1, 2015 - APR 30, 2016	MAY 1, 2014 - APR 30, 2015
Earnings attributable to Parent Company shareholders (TSEK)	-141,539	-117,497
Weighted average number of common shares outstanding (thousands)*	101,753	91,655
Earnings per share (SEK per share)*	-1.39	-1.28

*Historical values have been recalculated taking into account capitalization issue elements in the rights issue carried out in the third quarter of 2014/15.

The following instruments outstanding have not given rise to any dilution effect at April 30, 2016, but may do so in the future:

	NUMBER OF WARRANTS AND CONVERTIBLES	TOTAL POSSIBLE NUMBER OF SHARES
Warrants that can be converted to three shares	1,280,750	3,842,250
Warrants that can be converted to one share	140,352	140,352
Convertible instruments	28	2,393,162
Total possible number of shares		**6,375,764**

NOTE 18 FINANCIAL INSTRUMENTS AND FINANCIAL RISKS

Financial risks

Oasmia's business, like all business activities, is subjected to a large number of risks. In general these may be divided into such risks that directly affect the Group's financial situation (financial risks) and such risks that only affect the financial situation indirectly (operational risks). What operational risks Oasmia is subjected to and how these are managed is described in the Administration Report.

Financial risks can be divided up into such risks that affect the Group's financial instruments and other financial risks. The latter affect other assets and liabilities and equity.

The financial risks that Oasmia's financial instruments are to varying extents subjected to are primarily:

- **Credit risk,** meaning the risk that a debtor does not pay its liability to Oasmia.
- **Liquidity risk,** meaning the risk that Oasmia does not have sufficient funds to pay a liability when it falls due for payment or that a lack of liquidity significantly limits Oasmia in its business operations.
- **Market risk,** meaning the risk that values that are dependent on the development of the financial markets affect the value of Oasmia's financial instruments negatively.

The market risks that affect Oasmia's financial instruments are primarily:

- *Market price risk: the market price of the fixed income funds that Oasmia has invested in.*
- *Currency risk: exchange rates for the currencies that Oasmia's financial instruments are denominated in.*
- *Interest-rate risk: Stockholm Interbank Offered Rate (Stibor), which the interest on Oasmia's bank loans is tied to.*

The following sensitivity analysis shows the effect in TSEK if each parameter were to change by 1 percent, and, in the case of the interest-rate risk, if the percentage level were to change by 1 percent:

		MARKET PRICE RISK		CURRENCY RISK		INTEREST-RATE RISK	
FINANCIAL INSTRUMENT	PARAMETER	APR 30, 2016	APR 30, 2015	APR 30, 2016	APR 30, 2015	APR 30, 2016	APR 30, 2015
Short-term investments	Market price +/- 1 percent	200	500	-	-	-	-
Financial liabilities	Interest rate +/- 1 percentage point	-	-	-	-	30	100
Accounts payable and other current liabilities	Currency rate +/- 1 percent	-	-	250	100	-	-

These risks, how they are managed and what financial instruments are affected by them are discussed further below in the sections "Financial risk management" and "Financial instruments".

Two main Other financial risks for Oasmia can be identified at present:

- **Financing risk:** Oasmia does not yet find itself in a commercialization stage, which means that revenues and cash flows generated from sales are not yet sufficient to cover the Group's capital and liquidity requirements. The financing risk therefore entails the risk that Oasmia cannot manage to find existing and new owners who are willing to contribute equity and creditors who are prepared to give loans to a sufficient extent until the company's own sales have reached a sufficient size.

- **Impairment risk:** As is described in Note 3 "Significant estimates and assumptions for accounting purposes" the value of "Capitalized development costs" has been tested in a comprehensive impairment test. This test is based on a number of assumptions concerning the time for regulatory market approval and the future development of above all market size, market penetration, demand and price structure in different markets. There is a risk that these parameters later develop in a negative way that could not be foreseen when the testing was performed and that an impairment requirement thereby then arises for all or parts of the intangible assets. Bearing in mind that in the Statement of Financial Position at April 30, 2016 these constitute 80% (76) of the total assets, such impairment may have considerable consequences for the Group's financial position.

Financial risk management

The Group financial policy determined by the Board regulates how management should identify financial risks and, when possible and necessary, take measures to limit risk.

Risk consists of two components:

- **The risk that a negative events occurs**
- **The risk that there are great consequences if a negative event were to occur**

A correct assessment of risk, and thus a decision on appropriate risk management measures, is based on a true assessment of both these components. Obviously there can be situations where it is not profitable to actively take measures to prevent a negative event even if there is a risk that it may occur, if at the same time the consequences of such a negative event are small. In such a case it is probably best to accept the risk.

In other cases, where the consequences of a negative event may be more extensive, risk management can consist of taking certain measures to try to minimize both components. Depending on the nature of the risk, these measures can be directed more at one or the other of them. In certain cases, above all where market risk is concerned, the individual company can often not influence the risk parameters at all. In those cases risk management is directed entirely at reducing the consequences of negative events.

Credit and liquidity risks are mainly largely governed by events that can be managed through active preventive work.

The dominant financial risks for Oasmia are financing and consequently liquidity risks, as described above. This means that most of the financial risk management work is directed at these two risks. In practice, this means that company management is constantly working on finding and developing different financing opportunities, through both creditors and owners.

Financial instruments

Oasmia's financial instruments can be divided into the following categories:

- **Financial assets valued at fair value**
- **Loans receivable and accounts receivable**
- **Financial liabilities valued at amortized cost**

NOTE 18 cont. →

NOTE 18 (CONT.) FINANCIAL INSTRUMENTS AND FINANCIAL RISKS

Financial instruments by category

GROUP, April 30, 2016

TSEK	FINANCIAL ASSETS VALUED AT FAIR VALUE	LOANS RECEIVABLE AND ACCOUNTS RECEIVABLE	FINANCIAL LIABILITIES VALUED AT AMORTIZED COST	TOTAL
Financial assets				
Accounts receivable	-	4,903	-	4,903
Other current receivables	-	24	-	24
Accrued income	-	0	-	0
Short-term investments	20,006	-	-	20,006
Cash and cash equivalents	-	26,208	-	26,208
Total financial assets	**20,006**	**31,135**	**0**	**51,141**
Financial liabilities				
Liabilities to credit institutions	-	-	20,000	20,000
Convertible loan	-	-	25,549	25,549
Other borrowings	-	-	94,395	94,395
Accounts payable	-	-	27,236	27,236
Accrued expenses	-	-	11,693	11,693
Total financial liabilities	**0**	**0**	**178,873**	**178,873**

GROUP, April 30, 2015

TSEK	FINANCIAL ASSETS VALUED AT FAIR VALUE	LOANS RECEIVABLE AND ACCOUNTS RECEIVABLE	FINANCIAL LIABILITIES VALUED AT AMORTIZED COST	TOTAL
Financial assets				
Accounts receivable	-	105	-	105
Other current receivables	-	30	-	30
Short-term investments	50,153	-	-	50,153
Cash and cash equivalents	-	26,837	-	26,837
Total financial assets	**50,153**	**26,972**	**0**	**77,125**
Financial liabilities				
Borrowings	-	-	87,000	87,000
Liabilities to credit institutions	-	-	20,000	20,000
Accounts payable	-	-	14,017	14,017
Accrued expenses	-	-	8,053	8,053
Total financial liabilities	**0**	**0**	**129,070**	**129,070**

NOTE 18 (CONT.) FINANCIAL INSTRUMENTS AND FINANCIAL RISKS

Financial assets valued at fair value

These consist of fixed income funds to the tune of TSEK 20,006 (50,153) that invest in safe fixed income securities and other fixed income instruments. Most of the securities in these funds mature after more than 3 months and they have therefore been reported in the Statement of Financial Position as Short-term investments.

The fixed income funds are traded in an active financial market and can be realized in one to two banking days. An official market price is made public each trading day, and this constitutes the funds' fair value.

Of the fixed income funds, TSEK 20,000 (20,000) is pledged (frozen) as collateral for bank loans. Please see "Liabilities to credit institutions" under the heading "Financial liabilities valued at amortized cost" below and Note 24 "Contingent liabilities and pledged assets". The changes in value during the year amounted TSEK -49 (153) and these have been reported in the Income Statement as financial expenses.

These fixed income funds are affected by a market price risk, which means the risk that the market value falls. However, as these funds invest in short-term securities from safe issuers, it is assessed that the market risk is low.

Loans receivable and accounts receivable

- Cash and cash equivalents to the tune of TSEK 26,209 (26,837) consist of bank balances of TSEK 26,054 (26,837) in Swedish commercial banks and of a bank balance of TSEK 155 (0) in an American commercial bank. Of cash and cash equivalents, TSEK 195 (39) is balances in foreign currency. These have been translated using the Swedish Riksbank's end-of-month quotation at closing day. That part of the liquid assets which are in other currencies than SEK has an underlying currency risk, which means that there is a risk that the exchange rates for these currencies develop negatively. As the absolute values are small, it is assessed that this risk is negligible.

- Accounts receivable of TSEK 4,903 (105).

- Other current receivables of TSEK 24 (30).

	GROUP		PARENT COMPANY	
TSEK	APR 30, 2016	APR 30, 2015	APR 30, 2016	APR 30, 2015
Accounts receivable	4,903	105	4,903	105
Other current receivables	24	30	24	30
Total	**4,927**	**135**	**4,927**	**135**

Accounts receivable

Accounts receivable divided up by currency:

	APR 30, 2016		APR 30, 2015	
Currency	Value in currency	Recognized in SEK	Value in currency	Recognized in SEK
EUR	531	4,863	-	-
USD	1	5	-	-
SEK	35	35	105	105
Total		**4,903**		**105**

Age of accounts receivable relative to due date:

	APR 30, 2016	APR 30, 2015
Not yet due	35	105
Past due date:		
1- 30 days	-	-
31-60 days	4,868	-
Total	**4,903**	**105**

Accounts receivable are recognized at the value at which they are estimated they will be received. Accounts receivable in foreign currency have been translated at the closing day exchange rate. Accounts receivable include both a currency risk and a credit risk. No provisions have been made for bad debt losses as the amounts due are expected to be received shortly.

Of Other current receivables, TSEK 24 (30), TSEK 24 (30) was overdue at closing day. The entire amount of TSEK 24 (30) is denominated in foreign currency.

These financial instruments are reported at amortized cost, which in this case means the value which it is estimated will be received. This value equals the fair value of these financial instruments. They include a credit risk and a currency risk.

NOTE 18 cont. →

NOTE 18 (CONT.) FINANCIAL INSTRUMENTS AND FINANCIAL RISKS

Financial liabilities valued at amortized cost

- Borrowings to the tune of TSEK 94,395 (87,000) comprise a loan from Nexttobe AB, Oasmia's second largest shareholder. The fair value of the loan amounts to TSEK 93,510.
  The loan carries interest of 8.5%, which is to be paid when the loan matures on December 30, 2016. During the year interest expenses for this loan amounting to TSEK 7,616 (8,324) were reported in the income statement as financial expenses. As the interest rate is fixed up until maturity, there is no interest-rate risk, but there is a liquidity risk.
  In addition to this loan, Oasmia also has a loan commitment of TSEK 40,000 (40,000) from the largest shareholder, Alceco International S.A. None of this loan commitment has been made use of.

	GROUP		PARENT COMPANY	
TSEK	APR 30, 2016	APR 30, 2015	APR 30, 2016	APR 30, 2015
Loan	94,395	87,000	94,395	87,000
Total	**94,395**	**87,000**	**94,395**	**87,000**

- The convertible loan of TSEK 25,549 (0) comprises 28 convertible instruments of SEK 1,000,000 each. In this case, the amortized cost equals fair value.
  The convertible loan falls due on April 14, 2017 unless conversion takes place at an earlier date. The loan carries interest of 8.5% and can be converted at a price of SEK 11.70 per share. Full conversion would mean that 2,393,162 new shares are issued.
  Compared to a bond loan, a convertible loan includes not only an entitlement to receive interest but also the opportunity to receive a certain number of shares instead of repayment of the loan. This additional advantage means that the rate of interest of the convertible loan is lower than market interest rates for a corresponding bond loan. The fair value of the benefit to Oasmia due to this lower rate of interest, TSEK 382, is booked, after deductions for issue expenses, directly against equity. The pure loan part of the convertible instruments, that is to say excluding the above-mentioned equity part, is recognized, with deductions for issue expenses, at its fair value as a liability in the balance sheet when it is first booked. Interest expenses are subsequently calculated in accordance with the effective interest method and are charged to the income statement.

As the interest rate up until maturity is pursuant to a written agreement, there is a liquidity risk but no interest-rate risk.

	GROUP		PARENT COMPANY	
TSEK	APR 30, 2016	APR 30, 2015	APR 30, 2016	APR 30, 2015
Convertible loan	25,549	-	25,549	-
Total	**25,549**	**0**	**25,549**	**0**

- Liabilities to credit institutions to the tune of TSEK 20,000 (20,000) comprise a bank loan that matures on September 30, 2016. The amortized cost equals fair value. The interest rate is tied to Stibor and there is thus both an interest-rate risk and a liquidity risk attached to this loan. During the year interest of TSEK 364 (1,056) for this loan was recognized as financial expenses in the income statement.

	GROUP		PARENT COMPANY	
TSEK	APR 30, 2016	APR 30, 2015	APR 30, 2016	APR 30, 2015
Bank loan	20,000	20,000	20,000	20,000
Total	**20,000**	**20,000**	**20,000**	**20,000**

Oasmia has pledged fixed income funds amounting to TSEK 20,000 (20,000) as collateral for this loan, with the creditor as beneficiary. See "Financial assets valued at fair value" above.
In addition to this loan, Oasmia also has a granted but unutilized overdraft facility amounting to TSEK 5,000 (5,000). A chattel mortgage has been taken out with the bank as collateral for this overdraft facility. See Note 24 "Contingent liabilities and pledged assets".

- Accounts payable to the tune of TSEK 27,236 (14,017) and Accrued expenses and deferred income of TSEK 11,693 (8,053), in total TSEK 38,929 (22,070), comprise small liabilities to a large number of suppliers and accrued interest for the above-mentioned loan. Amortized cost equals fair value. Of this figure, TSEK 23,026 (11,137) is liabilities in a currency other than SEK. These involve a currency risk. In addition to this currency risk, there is also a liquidity risk attached to these liabilities.

NOTE 19 PREPAID EXPENSES AND ACCRUED INCOME

	GROUP		PARENT COMPANY	
TSEK	APR 30, 2016	APR 30, 2015	APR 30, 2016	APR 30, 2015
Prepaid rent	1,036	854	1,036	854
Prepaid insurance premiums	578	116	578	116
Other prepaid expenses	1,271	717	1,262	708
Total	**2,885**	**1,687**	**2,876**	**1,678**

NOTE 20 OTHER CURRENT RECEIVABLES

	GROUP		PARENT COMPANY	
TSEK	APR 30, 2016	APR 30, 2015	APR 30, 2016	APR 30, 2015
VAT receivable	1,897	2,532	1,897	2,532
Other current receivables	32	35	30	33
Total	**1,929**	**2,566**	**1,927**	**2,565**

NOTE 21 SHARE CAPITAL

Specifications of changes in equity are presented in this report for the Group immediately after the statement of financial position and for the Parent Company immediately after the balance sheet. The total number of shares as of April 30, 2016 was 107,209,310 type A (97,858,144 as of April 30, 2015) with a quota value of SEK 0.10 per share. All issued shares have been fully paid for. The development of the number of shares since May 1, 2014 is shown below.

	NUMBER OF SHARES	SHARE CAPITAL, SEK
Opening balance, May 1, 2014	**85,572,330**	**8,557,233**
2014 Private placement *	2,500,000	250,000
2014 Rights issue	9,785,814	978,581
Closing balance, Apr 30, 2015	**97,858,144**	**9,785,814**
2015 New share issue	7,684,500	768,450
2016 Private placement*	1,666,666	166,667
Closing balance, Apr 30, 2016	**107,209,310**	**10,720,931**

*Private placement to a limited number of investors.

NOTE 22 OTHER CURRENT LIABILITIES

	GROUP		PARENT COMPANY	
TSEK	APR 30, 2016	APR 30, 2015	APR 30, 2016	APR 30, 2015
Employee withholding tax/social security contributions	2,068	1,796	2,068	1,796
Total	**2,068**	**1,796**	**2,068**	**1,796**

NOTE 23 ACCRUED EXPENSES AND DEFERRED INCOME

	GROUP		PARENT COMPANY	
TSEK	APR 30, 2016	APR 30, 2015	APR 30, 2016	APR 30, 2015
Accrued personnel costs	8,585	7,992	8,585	7,992
Accrued costs for clinical trials	5,030	2,844	5,030	2,844
Accrued interest expenses	2,890	2,463	2,890	2,463
Other accrued expenses	2,856	1,819	2,856	1 819
Deferred income	917	927	917	927
Total	**20,278**	**16,045**	**20,278**	**16,045**

NOTE 24 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 has TSEK 20,000 (20,000) invested in a frozen fixed income account as collateral for a bank loan in the corresponding amount. The Parent Company has taken out a chattel mortgage of TSEK 8,000 (8,000) with a bank as collateral for an overdraft facility of TSEK 5,000 (5,000) and as the limit for a foreign currency derivative of TSEK 3,000 (3,000).

NOTE 25 TRANSACTIONS WITH RELATED PARTIES

Group companies
The Group consists of the Parent Company Oasmia Pharmaceutical AB, the Swedish subsidiaries Qdoxx Pharma AB and Oasmia Animal Health AB and the American subsidiary Oasmia Pharmaceutical, Inc. The subsidiaries are 100% owned and thus under the control of the Parent Company. For further information on the Group, please refer to Note 26 Holdings in Group companies.

Intra-Group transactions
There has been no sale of goods between the Parent Company and the subsidiaries during the year.

Oasmia Pharmaceutical AB contributed operating capital of TSEK 17 (31) to Qdoxx Pharma AB during the financial year and TSEK 4 (4) to Oasmia Animal Health AB. KUSD 135, recognized as TSEK 1,148 (0), was paid as share capital and a shareholder's contribution to Oasmia Pharmaceutical Inc. Apart from this, there were no transactions between the Parent Company and Oasmia Pharmaceutical, Inc and there were no intra-Group balances at closing day.

Oasmia Pharmaceutical AB's debt to Qdoxx Pharma AB amounted to TSEK 99 (116) at closing day and its debt to Oasmia Animal Health AB amounted to TSEK 205 (208).

Group contributions from Oasmia Pharmaceutical AB to the subsidiaries
No Group contributions were paid during the 2015/2016 financial year. During the previous financial year the Parent Company paid a Group contribution of TSEK 60 to Qdoxx Pharma AB and TSEK 15 to Oasmia Animal Health AB.

Transactions with key people in senior positions
For salaries and remuneration to the Board and senior executives, please refer to Note 10. Companies associated with some the Board members invoiced Oasmia during the year for advisory and legal services rendered. The fees in this connection were in line with market rates and totaled TSEK 251 (0).

Financial loan transactions with related parties
On April 30, 2016 there was a credit facility of TSEK 40,000 (40,000) available to Oasmia from Alceco International S.A., the company's largest shareholder. If the facility is utilized the interest rate is 5%. This credit facility was utilized to the tune of TSEK 35 during part of the financial year but at April 30, 2016 this credit facility was completely unused, as was the case at April 30, 2015.

On April 30, 2016 Oasmia had a loan from Nexttobe AB, Oasmia's second largest shareholder, amounting to TSEK 94,395 (87,000). The loan carries interest of 8.5%, which is to be paid when the loan matures on December 30, 2016. At April 30, 2016 the accrued interest expense for the loan amounted to TSEK 2,653 (2,431).

Other transactions with related parties
Ardenia Investment Ltd, which is equally controlled by Oasmia's founders Bo Cederstrand and Julian Aleksov, is registered as the applicant for and the holder of the underlying patents for Oasmia's business. Pursuant to an agreement between Ardenia and Oasmia, the rights to these patents have been transferred to Oasmia. Ardenia re-charged for administrative expenses for these patents during the year. These invoices amounted to TSEK 2,233 (1,404). Oasmia has no obligations to Ardenia at closing day.

NOTE 26 HOLDINGS IN GROUP COMPANIES

PARENT COMPANY	REG. NO.	DOMICILE	OWNERSHIP %	VOTES %	BOOK VALUE APR 30, 2016	BOOK VALUE APR 30, 2015
Qdoxx Pharma AB	556609-0154	Uppsala	100	100	100	100
Oasmia Animal Health AB	556519-8818	Uppsala	100	100	10	10
Oasmia Pharmaceutical, Inc	E0300362015-6	Nevada, USA	100	100	0	0
Total					**110**	**110**

	PARENT COMPANY	
TSEK	MAY 1, 2015 - APR 30, 2016	MAY 1, 2014 - APR 30, 2015
Opening acquisition cost	9,854	9,779
Investments during the year	1,148	-
Group contributions provided	-	75
Closing accumulated acquisition cost	**11,002**	**9,854**
Opening impairment	-9,744	-9,669
Impairment for the year	-1,148	-75
Closing accumulated impairment	**-10,892**	**-9,744**
Closing carrying amount	**110**	**110**

Impairment for the year, TSEK -1,148 (-75), is recognized in the Parent Company income statement under the item Income from holdings in Group companies.

NOTE 27 KEY DEFINITIONS

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

The key figures above are assessed to be relevant to the type of business activities conducted by Oasmia and contribute to an increased understanding of the financial report.

SIGNING OF THE ANNUAL REPORT

The Board of Directors and Chief Executive Officer hereby provide assurance 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 results 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 results of the Parent Company. The Administration Report for the Group and Parent Company gives a true and fair view of the development of the Group's and the Parent Company's activities, position and results, and describes significant risks and uncertainty factors to which the Parent Company and the companies that are part of the Group are subject.

Income statements and balance sheets will be presented for adoption by the Annual General Meeting on September 26, 2016.

Uppsala, July 7, 2016

JULIAN ALEKSOV
Board member and Chairman

BO CEDERSTRAND
Board member

HORST DOMDEY
Board member

HANS SUNDIN
Board member

ALEXANDER KOTSINAS
Board member

HANS LILJEBLAD
Board member

LARS BERGKVIST
Board member

MIKAEL ASP
CEO

Our modified audit opinion was submitted on July 7, 2016

ERNST & YOUNG AB

OSKAR WALL
Authorized Public Accountant

AUDITOR'S REPORT

TO THE ANNUAL MEETING OF THE SHAREHOLDERS OF OASMIA PHARMACEUTICAL AB, CORPORATE IDENTITY NUMBER 556332-6676

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

We have audited the annual accounts and consolidated accounts of Oasmia Pharmaceutical AB for the financial year 2015-05-01 – 2016-04-30, except for the corporate governance statement on pages 26-29. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 17-58.

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

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

Auditor's responsibility

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

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

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

Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 30 April 2016 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 30 April 2016 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 26-29. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

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

Emphasis of matter

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Managing Director of Oasmia Pharmaceutical AB for the financial year 2015-05-01 – 2016-04-30. We have also conducted a statutory examination of the corporate governance statement.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. The Board of Directors and the Managing Director are responsible for administration under the Companies Act and that the corporate governance statement on pages 26-29 has been prepared in accordance with the Annual Accounts Act.

Auditor's responsibility

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

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

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

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

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

Opinions

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

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

Uppsala July 7, 2016
ERNST & YOUNG AB

OSKAR WALL
Authorized Public Accountant

QUARTERLY DATA – GROUP

TSEK		Q1 MAY-JUL	Q2 AUG-OCT	Q3 NOV-JAN	Q4 FEB-APR	FULL YEAR MAY-APR
Net sales	2015/16	219	52	6,043	59	6,373
	2014/15	994	558	482	36	2,070
Change in inventories of products in progress and finished goods	2015/16	-	-	6,407	3,102	9,509
	2014/15	-	-	-	-	0
Capitalized development costs	2015/16	5,539	4,641	4,980	1,567	16,727
	2014/15	4,501	5,427	2,670	4,199	16,797
Operating expenses	2015/16	-43,578	-45,701	-40,742	-35,280	-165,301
	2014/15	-35,937	-30,192	-28,699	-32,485	-127,313
Operating income	2015/16	-37,819	-41,008	-23,245	-30,619	-132,691
	2014/15	-30,351	-24,145	-25,479	-28,250	-108,225
Income after tax	2015/16	-39,818	-43,397	-25,342	-32,982	-141,539
	2014/15	-32,989	-26,715	-27,713	-30,081	-117,497
Earnings per share, SEK*	2015/16	-0.41	-0.44	-0.24	-0.30	-1.39
	2014/15	-0.38	-0.30	-0.30	-0.31	-1.28
Weighted average number of shares, in thousands*	2015/16	97,858	98,011	105,521	105,709	101,753
	2014/15	86,801	88,689	93,473	97,858	91,655
Equity per share, SEK	2015/16	3.43	3.44	3.25	3.04	3.04
	2014/15	3.33	3.03	4.15	3.84	3.84
Equity/assets ratio, %	2015/16	69	67	67	63	63
	2014/15	61	59	75	73	73
Net liability	2015/16	61,444	21,601	67,247	93,730	93,730
	2014/15	86,912	117,865	1,439	30,010	30,010
Debt/equity ratio, %	2015/16	18	6	20	29	29
	2014/15	29	44	0	8	8
Number of employees at year-end	2015/16	80	79	79	75	75
	2014/15	75	75	79	79	79

* Historical values have been recalculated taking into account capitalization issue elements in the rights issue carried out in the third quarter of 2014/15.

GLOSSARY

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

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