Oasmia Pharmaceutical AB (publ)

Interim report for the period May – July 2014

PACCAL VET®-CA1 INTRODUCED IN THE US

FIRST QUARTER May 1 – July 31, 2014

- Consolidated Net sales amounted to TSEK 994 (0)[1]
- Operating income amounted to TSEK -30,351 (-16,985)
- Net income after tax amounted to TSEK -32,989 (-18,224)
- Earnings per share amounted to SEK -0.38 (-0.22)
- Comprehensive income amounted to TSEK -32,989 (-18,224)

- The Swedish Medical Products Agency extended Oasmia's production license to also include sales of human pharmaceuticals within the EU
- Paccal Vet-CA1 was introduced on the US market by Abbott Animal Health
- Paclical successfully met the endpoints in a large-scale Phase III study
- Oasmia expanded its production agreement with Baxter
- Oasmia signed research agreement for the XR-17 technology
- Oasmia completed a MSEK 50 directed share issue

EVENTS AFTER THE CLOSING DAY

- The right of the Board of Directors and company management to acquire warrants during the period January 1 to August 15, 2014 has not been utilized
- Oasmia's bank loan of MSEK 40 has been extended and expires September 30, 2014
- Anders Blom has been appointed Executive Vice President in Oasmia. He is succeeding Hans Sundin who is nominated to become a new member of the Board of Directors of Oasmia

CEO COMMENTS:

"During the first quarter we reached some very important milestones for the company, and over this period, we could announce a number of exciting news, including the launch of Paccal Vet-CA1 in the US by our partner Abbott Animal Health and positive top line results from our pivotal phase III clinical study of Paclical", commented Julian Aleksov, CEO and President of Oasmia.

[1] The numbers in parentheses show the results from the corresponding period of the previous year

Oasmia Pharmaceutical AB develops a new generation of drugs within human and veterinary oncology. The 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. The product development is based on in-house research within nanotechnology and company patents. The company share is listed at NASDAQ OMX in Stockholm and at the Frankfurt Stock Exchange.

BUSINESS ACTIVITIES

In July 2014, Paccal Vet CA-1 was launched on the US market. The product is manufactured at Oasmia's facility in Uppsala and delivered to Abbott Animal Health in the USA. Oasmia's revenues from the product consist of an invoiced price per vial upon delivery and a royalty calculated on Abbott's net sales of the product. Altogether, these revenues amounted to TSEK 982 (-) in the first quarter.

PRODUCT DEVELOPMENT

HUMAN HEALTH

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

Oasmia has performed a Phase III study with Paclical for treatment of ovarian cancer, an indication with 225,000 new annual cases globally. The total number of patients in the study was 789, and all patients have been followed up regarding progression free survival. In June 2014, Oasmia announced that the primary endpoint for the study had been met. The endpoint was to demonstrate that Paclical and Taxol, both in combination with carboplatin, have the same progression free survival. Oasmia aims to complete a study report in the autumn of 2014.

In September 2012, Oasmia submitted an application for market authorization for Paclical in Russia, which is currently being processed by the local pharmaceutical authorities.

Oasmia started a clinical dose-finding study with Paclical for weekly treatment of breast cancer in the summer of 2013.

Oasmia has also initiated a study to compare the amount of paclitaxel in the blood after administration for either Abraxane or Paclical. The study has started and about half of the 28 patients have been treated.

Doxophos
Doxophos is a patented formulation of doxorubicin in combination with XR-17. Doxorubicin is one of the most efficient and used substances for treatment of cancer. Oasmia has compiled documentation for this product candidate and is now planning a clinical Phase I study.

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

OAS-19
OAS-19 is the first oncology product candidate to apply a dual cytostatic agent encapsulation and release mechanism in one infusion. It is the unique properties in XR-17 that make this combination possible. This concept provides Oasmia with another dimension for pharmaceutical development of multiple active substances in one micelle, where also substances with different solubility can be combined. Pre-clinical studies performed in 2013 have shown promising results. The company still intends to start validation of the production of OAS-19 during this fiscal year.

Human Health

CANDIDATE	INDICATION	PRE-CLINICAL	PHASE I	PHASE II	PHASE III	REG./ APPROVAL	RIGHTS	
							GEOGRAPHY	PARTNER
Paclical (paclitaxel)	Ovarian cancer				Ongoing		Global (ex-RUS/CIS)	oasmia
						In Registration	RUS/CIS	PHARMASYNTEZ
	Metastatic breast cancer		Ongoing				Global	oasmia
Doxophos (doxorubicin)	Breast cancer		Planned				Global	oasmia
Docecal (docetaxel)	Breast cancer	Ongoing					Global	oasmia
OAS-19 (combination)	Various cancers	Ongoing					Global	oasmia

Additional partners: Paclical partnered with Medison Pharma in Turkey & Israel.

***Orphan drug designation** is granted for minor indications and entails market exclusivity for seven (EU) and ten (USA) years on the indication, when the drug is approved for market.*

ANIMAL HEALTH

Paccal Vet®

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

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

Oasmia was granted conditional approval in the US by the FDA of Paccal Vet-CA1 for treatment of mammary carcinoma and squamous cell carcinoma in February 2014. In order to apply for a full approval for these indications, Oasmia is planning a Phase III study for each indication.

The company is conducting a complementary study on Paccal Vet for the treatment of mastocytoma. The purpose of the study is to measure time to progression for dogs that have been treated four times with three-week intervals. All 50 randomized dogs were treated in the quarter that ended in April 2014. If the result corresponds to the expectations, Oasmia will consider submitting an application for market approval to the European Medicines Agency (EMA) and the FDA.

Doxophos Vet

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

Oasmia conducts a Phase I study for Doxophos Vet in order to establish the dose for the clinical program. 12 dogs have been treated in May 2014 and Oasmia aims to publish a study report in the autumn of 2014.

Animal Health

CANDIDATE	INDICATION	PRE-CLINICAL	PHASE I	PHASE II	PHASE III	REG./ APPROVAL	RIGHTS	
							GEOGRAPHY	PARTNER
Paccal Vet® (paclitaxel)	Mammary / squamous cell				Planned for full approval	Conditionally approved	Global (ex-RUS/JAP)	Abbott Animal Health
	Mast cell				Ongoing		Global (ex-RUS/JAP)	Abbott Animal Health
Doxophos Vet (doxorubicin)	Lymphoma		Ongoing	Planned			Global	Abbott Animal Health

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

***MUMS designation** (minor use/minor species) is granted by the FDA either for a small area of use within a common species such as dogs, or for treatment of a less common species. The most interesting aspect of MUMS is the eligibility to apply for conditional market approval with seven years market exclusivity. Conditional market approval enables the manufacturer to make the product available before all necessary efficacy data have been obtained. However, safety data must prove that the product is safe.*

THE COMPANY

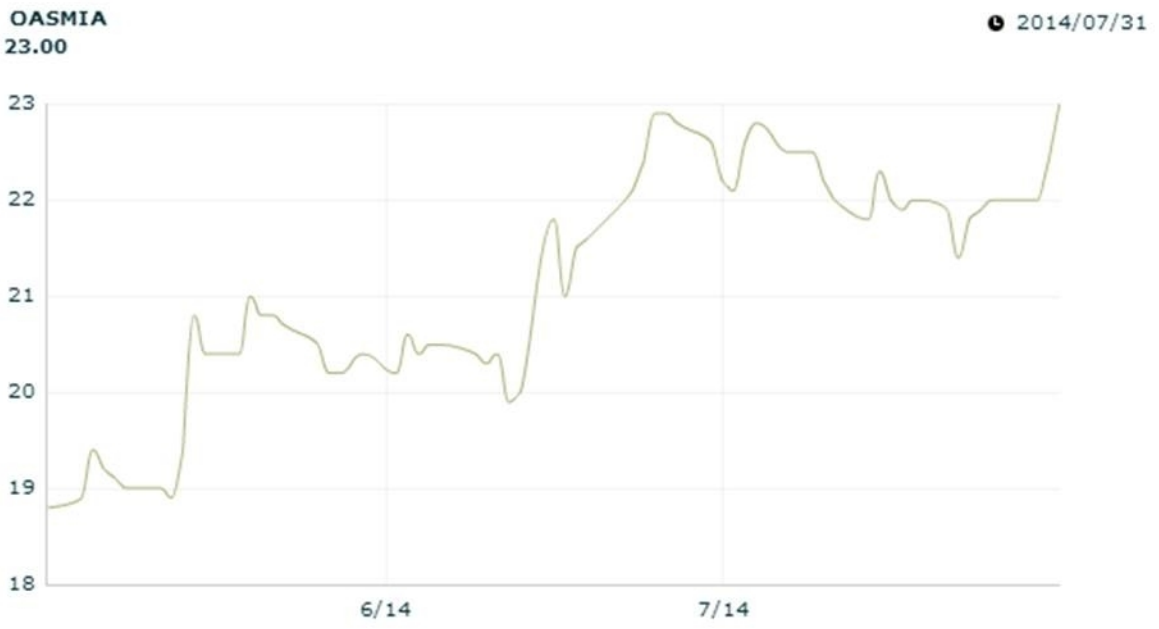
Oasmia completed a MSEK 50 directed share issue
In July, the company performed a MSEK 50 directed share issue that provided the company with MSEK 47 after issue expenses. It was directed at a number of international institutional investors and investors in Sweden. In total, 2,500,000 shares were issued to a price of SEK 20 per share. The total number of shares and votes amounted to 88,072,330 afterwards. The increase in number of shares was about 3 %.

Oasmia expanded its production agreement with Baxter
In June, Oasmia and Baxter expanded its production collaboration to also include future products from Oasmia, in addition to Paclical and Paccal Vet. These products are today in preclinical or clinical phase. The agreement ensures large-scale manufacture of high quality products for Oasmia's customers.

Oasmia signed research agreement for the XR-17 technology
In June, Oasmia signed a research agreement with a multinational pharmaceutical company. Under the terms of the agreement, Oasmia shall perform initial experimental tests of XR-17 together with a substance specified by the partner.

The Swedish Medicinal Products Agency approved Oasmia's production facility
In May, the Swedish Medicinal Products Agency approved Oasmia's production facility concerning manufacture for sales of human pharmaceuticals in the EU. Oasmia has previously a GMP license for veterinary pharmaceuticals. Thus, Oasmia has now a fully approved production facility for manufacture of cytostatics for the EU market.

Share price development during the period (SEK)



EVENTS AFTER CLOSING DAY

Warrants
At the Annual General Meeting in September 2013, a resolution was made to offer the Board of Directors and company management the right to acquire warrants in Oasmia Pharmaceutical AB. Subscription of shares supported by warrants should be made during the period January 1 to August 15, 2014. No acquisitions of warrants have been made.

Extended bank loan financing
Oasmia's bank loan of MSEK 40 has been extended and expires September 30, 2014.

Changes in Senior Executives team
Anders Blom has been appointed Executive Vice President in Oasmia. He is succeeding Hans Sundin who is nominated to become a new member of the Board of Directors of Oasmia.

FINANCIAL INFORMATION

Consolidated Income Statement in brief

TSEK	2014 May-July	2013 May-July	2013/14 May-April
Net sales	994	-	60
Capitalized development cost	4,501	7,286	29,464
Operating income	-30,351	-16,985	-98,091
Net income after tax	-32,989	-18,224	-105,112
Earnings per share (SEK), before and after dilution	-0.38	-0.22	-1.28
Comprehensive income for the period	-32,989	-18,224	-105,112

FIRST QUARTER
May 1 – July 31, 2014

Net sales
Net sales amounted to TSEK 994 (-) and mainly included sales of Paccal Vet-CA1.

Capitalized development cost
Capitalized development costs, which concerns Phase III clinical trials, amounted to TSEK 4,501 (7,286). Of the capitalization, Paclical comprised TSEK 2,959 (4,456) and Paccal Vet comprised TSEK 1,542 (2,830).

Other operating income
Other operating income amounted to TSEK 92 (4,299). During the corresponding period previous year, an insurance compensation amounting to TSEK 4,250 was received.

Operating expenses
Operating expenses excluding depreciation and impairment loss was significantly higher compared to the corresponding quarter previous year and amounted to TSEK 34,606 (27,323). The nature of the operating expenses has changed. The costs for clinical trials have decreased, but costs related to preparations for the commercial phase Oasmia is planning for have increased more. The latter costs refer to, among other things, method development in production at Oasmia and its contract manufacturers, as well as increased personnel and administration expenses.

The number of employees at the end of the period was 75 (76).

Income for the quarter
Net income after tax was TSEK -32,989 (-18,224). The decrease between these two quarters was attributable to significantly increased operating expenses and a decreased capitalization of development costs in Phase III.

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

Cash flow and Capital expenditures
Cash flow from operating activities amounted to TSEK -31,058 (-15,700). The decrease compared to the corresponding period previous year is attributable to a significant decrease in operating income and a slight increase in working capital.

Cash flow from investing activities amounted to TSEK -5,927 (-8,428).

Of these, investments in intangible assets amounted to TSEK 4,501 (8,400), consisting of capitalized development costs TSEK 4,501 (7,286) and of patents TSEK 0 (1,114).

Of these, TSEK 1,426 (28) were investments in property, plant and equipment, mostly production equipment.

Financing
During the period May – July 2014, financing was covered by liquid assets provided to the company in the directed share issues which were completed in March 2014 and July 2014 respectively.

Financial position
The consolidated liquid assets at the end of the quarter amounted to TSEK 58,088 (38,829). The interest-bearing liabilities were TSEK 145,000 (105,000).

At the end of the quarter, unutilized credits with banks amounted to TSEK 5,000 (5,000) and with the principal owner Alceco International S.A TSEK 40,000 (40,000).

Equity at the end of the period was TSEK 295,750 (300,929), the equity/assets ratio was 61 % (69 %), and the net debt/equity ratio was 29 % (22 %).

The parent company
The parent company´s net sales amounted to TSEK 994 (-) and net income before tax amounted to TSEK -32,985 (-18,207). The parent company's liquid assets at the end of the quarter amounted to TSEK 58,085 (38,819).

Future financing
Oasmia has now one product approved in one country, but this does not create a sufficient cash flow from operations. For this reason, Oasmia continuously work with various financing alternatives. Available consolidated cash and cash equivalents as well and unutilized credit facilities, as of July 31, are not sufficient to fund the operations during the next 12 months. In light of available financing alternatives and the recent developments in the company, the Board of Directors assesses that the prospects are good for the financing of the Company´s operations during the next 12 months.

Key ratios and other information

	2014 May-July	2013 May-July	2013/14 May-April
Number of shares at the close of the period (in thousands), before and after dilution	88,072	81,772	85,572
Weighted average number of shares (in thousands) before and after dilution	86,197	81,772	82,272
Earnings per share in SEK, before and after dilution	-0.38	-0.22	-1.28
Equity per share, SEK	3.36	3.68	3.29
Equity/Assets ratio, %	61	69	60
Net debt, TSEK	86,912	66,171	96,759
Net debt/Equity ratio, %	29	22	34
Return on total assets, %	neg	neg	neg
Return on equity, %	neg	neg	neg
Number of employees at the end of the period	75	76	78

Definitions
Earnings per share: The income for the period attributable to the shareholders of the parent company divided by a weighted average number of shares, before and after dilution.
Equity per share: Equity divided by the number of shares at the end of the period
Equity/assets ratio: Equity as a percentage of the balance sheet total.
Net debt: Total borrowing (containing the balance sheet items Short-term and Long-term borrowings and liabilities to credit institutions) with deduction for liquid funds
Net debt/Equity ratio: Net debt in relation to equity.
Return on total assets: Income before deduction of interest expenses in relation to the average balance sheet total.
Return on equity: Income after financial items in relation to the average equity.

Consolidated Income statement

TSEK	Note	2014 May-July	2013 May-July	2013/14 May-April
Net sales		994	-	60
Capitalized development cost	2	4,501	7,286	29,464
Other operating income		92	4,299	4,454
Raw materials, consumables and goods for resale		-4,249	-1,083	-6,835
Other external expenses	2	-17,185	-14,443	-75,189
Employee benefit expenses		-13,173	-11,797	-45,101
Depreciation/amortization and impairment		-1,331	-1,247	-4,941
Other operating expenses		-	-	-3
Operating income		**-30,351**	**-16,985**	**-98,091**
Financial income		8	85	192
Financial expenses		-2,647	-1,324	-7,213
Financial items, net		**-2,638**	**-1,239**	**-7,021**
Income before taxes		**-32,989**	**-18,224**	**-105,112**
Taxes	3	-	-	-
Income for the period		**-32,989**	**-18,224**	**-105,112**
Income for the period attributable to:				
Shareholders of the Parent company		-32,989	-18,224	-105,112
Earnings per share before and after dilution, SEK		-0.38	-0.22	-1.28

Consolidated Statement of Comprehensive income

TSEK	Note	2014 May-July	2013 May-July	2013/14 May-April
Income for the period		-32,989	-18,224	-105,112
Comprehensive income for the period		**-32,989**	**-18,224**	**-105,112**
Comprehensive income for the period attributable to:				
Shareholders of the Parent company		-32,989	-18,224	-105,112
Comprehensive Earnings per share before and after dilution, SEK		-0.38	-0.22	-1.28

Consolidated statement of financial position

TSEK	Note	2014-07-31	2013-07-31	2014-04-30
ASSETS				
Non-current assets				
Property, plant and equipment		24,783	25,182	24,401
Capitalized development cost	2,4	380,876	354,197	376,376
Other intangible assets		13,041	11,168	13,328
Financial assets		2	2	2
Total Non-current assets		**418,702**	**390,550**	**414,106**
Current assets				
Inventories		2,717	887	1,656
Trade receivables		1,036	-	49
Other current receivables		3,183	1,946	2,729
Prepaid expenses and accrued income		1,287	2,390	1,601
Liquid assets		58,088	38,829	48,241
Total Current assets		**66,310**	**44,052**	**54,276**
TOTAL ASSETS		**485,013**	**434,601**	**468,383**
EQUITY				
Capital and provisions attributable to shareholders of the Parent Company				
Share capital		8,807	8,177	8,557
Other capital provided		687,506	573,439	640,924
Retained earnings		-400,564	-280,687	-367,574
Total equity		**295,750**	**300,929**	**281,907**
LIABILITIES				
Non-current liabilities				
Other non-current liabilities		891	891	891
Total Non-current liabilities		**891**	**891**	**891**
Current liabilities				
Liabilities to credit institutions		40,000	-	40,000
Short-term borrowings	5	105,000	105,000	105,000
Trade payables		17,125	3,823	17,503
Other current liabilities		1,621	1,615	1,594
Accrued expenses and prepaid income	2,5	24,625	22,344	21,488
Total Current liabilities		**188,372**	**132,781**	**185,584**
Total Liabilities		**189,263**	**133,672**	**186,476**
TOTAL EQUITY AND LIABILITIES		**485,013**	**434,601**	**468,383**

Contingent liabilities and Pledged assets are presented in note 6

Consolidated statement of changes in equity

	Attributable to shareholders of the Parent company			
TSEK	Share capital	Other capital provided	Retained earnings	Total equity
Opening balance as of May 1, 2013	**8,177**	**573,439**	**-262,463**	**319,153**
Comprehensive income for the period	-	-	-18,224	-18,224
Closing balance as of July 31, 2013	**8,177**	**573,439**	**-280,687**	**300,929**
Opening balance as of May 1, 2013	**8,177**	**573,439**	**-262,463**	**319,153**
Comprehensive income for the period	-	-	-105,112	-105,112
New share issue	380	71,820	-	72,200
Issue expenses	-	-4,335	-	-4,335
Closing balance as of April 30, 2014	**8,557**	**640,924**	**-367,574**	**281,907**
Opening balance as of May 1, 2014	**8,557**	**640,924**	**-367,574**	**281,907**
Comprehensive income for the period	-	-	-32,989	-32,989
New share issue	250	49,750	-	50,000
Issue expenses	-	-3,168	-	-3,168
Closing balance as of July 31, 2014	**8,807**	**687,506**	**-400,564**	**295,750**

Consolidated Cash flow statement

TSEK	Note	2014 May-July	2013 May-July	2013/14 May-April
Operating activities				
Operating income before financial items		-30,351	-16,985	-98,091
Depreciation/amortization		1,331	1,247	4,941
Disposals of tangible and intangible assets		-	-	3
Interest received		8	85	192
Interest paid		-132	-1	-617
Cash flow from operating activities before working capital changes		**-29,143**	**-15,654**	**-93,571**
Change in working capital				
Change in inventories		-1,060	-	-769
Change in trade receivables		-988	-	-49
Change in other current receivables		-139	1,715	1,721
Change in trade payables		-378	-3,261	10,419
Change in other current liabilities	2	651	1,500	-4,650
Cash flow from operating activities		**-31,058**	**-15,700**	**-86,899**
Investing activities				
Investments in intangible fixed assets	2	-4,501	-8,400	-33,545
Investments in property, plant and equipment		-1,426	-28	-2,138
Cash flow from investing activities		**-5,927**	**-8,428**	**-35,682**
Financing activities				
Increase in liabilities to credit institutions		-	-	80,000
Decrease in liabilities to credit institutions		-	-	-40,000
New share issue		50,000	-	72,200
Issue expenses		-3,168	-	-4,335
Cash flow from financing activities		**46,832**	**0**	**107,865**
Cash flow for the period		**9,847**	**-24,128**	**-14,716**
Cash and cash equivalents at the beginning of the period		**48,241**	**62,956**	**62,956**
Cash and cash equivalents at the end of the period		**58,088**	**38,829**	**48,241**

Parent Company Income statement

TSEK	Note	2014 May-July	2013 May-July	2013/14 May-April
Net sales		994	-	60
Capitalized development cost	2	4,501	7,286	29,464
Other operating income		92	4,299	4,454
Raw materials, consumables and goods for resale		-4,249	-1,083	-6,835
Other external expenses	2	-17,181	-14,428	-75,129
Employee benefit expenses		-13,173	-11,797	-45,101
Depreciation/amortization and impairment of property, plant, equipment and intangible assets		-1,331	-1,245	-4,938
Other operating expenses		-	-	0
Operating income		**-30,347**	**-16,968**	**-98,025**
Result from participations in Group companies		-	-	-80
Other interest revenues and similar revenues		8	85	192
Interest cost and similar costs		-2,647	-1,324	-7,213
Financial items, net		**-2,638**	**-1,239**	**-7,101**
Income after financial items		**-32,985**	**-18,207**	**-105,126**
Taxes	3	-	-	-
Income for the period		**-32,985**	**-18,207**	**-105,126**

Parent Company Balance Sheet

TSEK	Note	2014-07-31	2013-07-31	2014-04-30
ASSETS				
Non-current assets				
Intangible fixed assets				
Capitalized development cost	2,4	380,876	354,197	376,376
Concessions, patents, licenses, trademarks and similar rights		13,041	11,164	13,328
Property, plant and equipment				
Equipment, tools, fixtures and fittings		22,350	19,377	22,988
Construction in progress and advance payments for property, plant and equipment		2,433	5,805	1,413
Financial assets				
Participations in group companies		110	110	110
Other securities held as non-current assets		1	1	1
Total Non-current assets		**418,811**	**390,654**	**414,215**
Current assets				
Inventories				
Raw materials and consumables		2,717	887	1,656
		2,717	887	1,656
Current receivables				
Trade receivables		1,036	-	49
Other current receivables		3,181	1,945	2,727
Prepaid expenses and accrued income		1,281	2,374	1,592
		5,498	4,319	4,368
Cash and bank balances		58,085	38,819	48,238
Total current assets		**66,300**	**44,025**	**54,263**
TOTAL ASSETS		**485,111**	**434,679**	**468,478**
EQUITY AND LIABILITIES				
Equity				
Restricted equity				
Share capital		8,807	8,177	8,557
Statutory reserve		4,620	4,620	4,620
		13,427	12,797	13,177
Non-restricted equity				
Share premium reserve		687,506	573,439	640,924
Retained earnings		-372,380	-267,255	-267,255
Income for the period		-32,985	-18,207	-105,126
		282,141	287,977	268,544
Total equity		**295,568**	**300,774**	**281,721**
Non-current liabilities				
Other non-current liabilities		891	891	891
Total non-current liabilities		**891**	**891**	**891**
Current liabilities				
Short term borrowings	5	105,000	105,000	105,000
Trade payables		17,125	3,823	17,500
Liabilities to Credit institutions		40,000	-	40,000
Liabilities to group companies		281	232	285
Other current liabilities		1,621	1,615	1,594
Accrued expenses and prepaid income	2,5	24,625	22,344	21,488
Total Current liabilities		**188,653**	**133,014**	**185,866**
TOTAL EQUITY AND LIABILITIES		**485,111**	**434,679**	**468,478**
Contingent liabilities and pledged assets				
Contingent liabilities	6	-	-	-
Pledged assets	6	8,000	8,000	8,000

Parent Company changes in equity

	Restricted equity			
TSEK	Share capital	Statutory reserve	Non-restricted equity	Total equity
Opening balance as of May 1, 2013	**8,177**	**4,620**	**306,184**	**318,981**
Income for the period	-	-	-18,207	-18,207
Closing balance as of July 31, 2013	**8,177**	**4,620**	**287,977**	**300,774**
Opening balance as of May 1, 2013	**8,177**	**4,620**	**306,184**	**318,981**
New share issue	380	-	71,820	72,200
Issue expenses	-	-	-4,335	-4,335
Income for the period	-	-	-105,126	-105,126
Closing balance as of April 30, 2014	**8,557**	**4,620**	**268,544**	**281,721**
Opening balance as of May 1, 2014	**8,557**	**4,620**	**268,544**	**281,721**
New share issue	250	-	49,750	50,000
Issue expenses	-	-	-3,168	-3,168
Income for the period	-	-	-32,985	-32,985
Closing balance as of July 31, 2014	**8,807**	**4,620**	**282,141**	**295,568**

Note 1 Accounting policies

This report is established in accordance with IAS 34, Interim Financial Reporting and the Swedish Securities market Act. The consolidated accounts have been established in accordance with the International Financial Reporting Standards (IFRS) such as they have been adopted by the EU and interpretations by the International Financial Reporting Interpretations Committee (IFRIC), RFR 1, Complementary accounting regulations for Groups and the Annual Accounts Act. The Parent Company accounts are established in accordance with RFR 2, Accounting for legal entities and the Annual Accounts Act. The Group and Parent company accounting policies and calculation methods are unchanged compared to the ones described in the Annual Report for the fiscal year May 1 2013 – April 30 2014. The new and revised accounting policies applied by Oasmia since May 1, 2014, has not had any effect on Oasmia's financial reports. Scope and character of financial assets and liabilities are in essence the same as of April 30, 2014. Similar to what was the case at the end of the previous fiscal year, carrying amounts are the same as fair values. The Group currently only has one operating segment and does therefore not disclose any segment information.

Note 2 Restatements

Oasmia has in the previous fiscal year improved the method for the determination of accrued costs for clinical trials when preparing the financial statement. This has led to restatements of historical figures of the costs for clinical trials which have been capitalized. The changes are called Restatements in accordance with IAS 8. The changes have no effect on the company net income or equity. The effects of the restatements are disclosed below.

Consolidated Income Statement

TSEK	2013 May-July According to previous reporting	Restatements	2013 May-July According to the Income Statement
Capitalized development cost	6,824	461	7,286
Other external expenses	-13,982	-461	-14,443

Consolidated statement of financial position

TSEK	2013-07-31 According to previous reporting	Restatements	2013-07-31 According to the Statement of financial position
Assets			
Non-current assets			
Capitalized development cost	345,651	8,547	354,197
Total non-current assets	**382,003**	**8,547**	**390,550**
Total assets	**426,055**	**8,547**	**434,601**
Current liabilities			
Accrued expenses and prepaid income	13,797	8,547	22,344
Total current liabilities	**124,235**	**8,547**	**132,781**
Total liabilities	**125,126**	**8,547**	**133,672**
Total equity and liabilities	**426,055**	**8,547**	**434,601**

Consolidated Cash flow statement

TSEK	2013 May-July According to previous reporting	Restatements	2013 May-July According to the Cash flow statement
Change in working capital			
Change in other current liabilities	1,039	461	1,500
Cash flow from operating activities	**-16,161**	**461**	**-15,700**
Investing activities			
Investments in intangible fixed assets	-7,938	-461	-8,400
Cash flow from investing activities	**-7,967**	**-461**	**-8,428**

Parent company income statement

TSEK	2013 May-July According to previous reporting	Restatements	2013 May-July According to the Income statement
Capitalized development cost	6,824	461	7,286
Other external expenses	-13,967	-461	-14,428

Parent company balance sheet

TSEK	2013-07-31 According to previous reporting	Restatements	2013-07-31 According to the Balance sheet
Assets			
Non-current assets			
Capitalized development cost	345,651	8,547	354,197
Total non-current assets	**382,107**	**8,547**	**390,654**
Total assets	**426,132**	**8,547**	**434,679**
Current liabilities			
Accrued expenses and prepaid income	13,797	8,547	22,344
Total current liabilities	**124,467**	**8,547**	**133,014**
Total equity and liabilities	**426,132**	**8,547**	**434,679**

Note 3 Taxes

The Group has accumulated losses carried forward amounting to TSEK 437,205 (317,975) and the Parent Company has similar amounting to TSEK 428,002 (308,400). Of the total losses carried forward for the Group, TSEK 17,881 (17,881) are restricted for use through group contributions. This limitation will end by the 2014 tax assessment. The future tax effect of these losses carried forward has not been marked with a value and no deferred tax asset has been considered in the Balance Sheet.

Note 4 Capitalized development cost

Capitalized development cost consists of the company's investments in clinical Phase III trials. The capitalization means that such costs are capitalized as an intangible asset. The accumulated assets per product candidate are disclosed below.

TSEK	2014-07-31	2013-07-31	2014-04-30
Paclical	283,878	265,698	280,919
Paccal Vet	96,998	88,499	95,457
Total	380,876	354,197	376,376

Note 5 Transactions with related parties

No significant transactions with related parties have been performed during the period, other than remunerations to employees.

As of July 31, 2014 Oasmia had a credit facility of TSEK 40,000 (40,000) provided by the principal owner of the company, Alceco International SA. The interest rate on utilized credits is 5 %. As of July 31, 2014, this credit was completely unutilized (also as of July 31, 2013).

On July 31, 2014, Oasmia carried a loan from its second largest owner Nexttobe AB amounting to TSEK,105,000 (105,000). During 2014, the loan carries an 8.5 % interest, from a previous 5 % interest. The interest will be paid when the loan is due on December 31, 2014. As of July 31, 2014 the accrued interest cost for the loan amounted to TSEK 13,761 (6,376).

Note 6 Contingent liabilities and Pledged assets

The parent company has made a floating charge of TSEK 8,000 to a bank as security for a TSEK 5,000 bank overdraft and limit for a TSEK 3,000 exchange derivative.

Note 7 Risk factors

The Group is subjected to a number of different risks through its business. By creating awareness of the risks involved in the activities these risks can be limited, controlled and managed and at the same time as business opportunities can be utilized to increase earnings. The risks to Oasmia's business activities are described in the Annual report for the fiscal year May 1 2013 – April 30 2014. No additional risks beyond those described therein have been judged significant.

The Board of Directors and CEO of Oasmia Pharmaceutical AB ensures that this interim report gives a correct overview of the Parent Company and Group activities, position and result and describes essential risks and uncertainty factors that the Parent Company and the companies that are part of the Group face.

Uppsala, September 4, 2014

Joel Citron, Chairman

Bo Cederstrand, Member	Prof. Dr. Horst Domdey, Member	Alexander Kotsinas, Member
Jan Lundberg, Member	Martin Nicklasson, Member	Julian Aleksov, Member and CEO

The information in this interim report is such that Oasmia Pharmaceutical (publ) must publish according to the Swedish Securities Markets Act. The information was delivered for publication on September 5, 2014 at 9.00.

This report has been prepared in both Swedish and English. In the event of any discrepancy in the content of the two versions, the Swedish version shall take precedence.

This report has not been reviewed by the company auditors.

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UPCOMING REPORT DATES

Interim report May – October 2014	2014-12-04
Interim report May 2014 – January 2015	2015-03-05
Year-end report May 2014 – April 2015	2015-06-04
Interim report May – July 2015	2015-09-03

Key figures in EUR (additional information)

Key figures are translated into EUR as additional information as a service to shareholders in the euro zone. It is not the official report in the functional currency of Oasmia, which is SEK. The conversion of currency has been made by use of a convenience rate for all figures including those from previous periods. This rate is the closing rate as per July 31, 2014 which was 9.2284 SEK per one EUR (source: Swedish Central Bank).

€ thousand if nothing else is stated	2014 May-July	2013 May-July	2013/14 May-April
Key ratios and other information			
Number of shares at the close of the period (in thousands), before and after dilution	88,072	81,772	85,572
Weighted average number of shares (in thousands) before and after dilution	86,197	81,772	82,272
Earnings per share in € , before and after dilution	-0.04	-0.02	-0.14
Equity per share, €	0.36	0.40	0.36
Equity/Assets ratio, %	61	69	60
Net debt, € thousand	9,418	7,170	10,485
Net debt/Equity ratio, %	29	22	34
Number of employees at the end of the period	75	76	78
Consolidated income statement in brief			
Net sales	108	-	7
Capitalized development cost	488	789	3,193
Operating income	-3,289	-1,841	-10,629
Financial items, net	-286	-134	-761
Income before taxes	-3,575	-1,975	-11,390
Income for the period	-3,575	-1,975	-11,390
Consolidated statement of financial position in brief			
Total non-current assets	45,371	42,320	44,873
Total current assets	7,185	4,773	5,881
Total assets	52,557	47,094	50,754
Total equity	32,048	32,609	30,548
Total non-current liabilities	97	97	97
Total current liabilities	20,412	14,388	20,110
Total liabilities	20,509	14,485	20,207
Total equity and liabilities	52,557	47,094	50,754
Consolidated cash flow statement in brief			
Operating income before financial items	-3,289	-1,841	-10,629
Cash flow from operating activities before working capital changes	-3,158	-1,696	-10,139
Cash flow from operating activities	-3,365	-1,701	-9,416
Cash flow from investing activities	-642	-913	-3,867
Cash flow from financing activities	5,075	-	11,688
Cash flow for the period	1,067	-2,615	-1,595
Cash and cash equivalents at the end of the period	6,295	4,208	5,227