Oasmia Pharmaceutical AB (publ)

Interim report for the period May - October 2013 €

Page 1-10 is a service to shareholders in the euro zone. It is not the official report in the functional currency of Oasmia, which is SEK, but the first ten pages of that report converted to EUR. The full official report will be found on pages 11-26. 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 October 31, 2013 which was 8.8025 SEK per one EUR. When occasional figures are in SEK or USD it is because the amount is very firmly denominated in that currency.

THE PRE-CLINICAL AND CLINICAL PROGRAMS FOR THE DEVELOPMENT OF NEW PHARMACEUTICALS CONTINUE

SECOND QUARTER August 1 – October 31, 2013

- Consolidated Net sales amounted to € 3 thousand (0)[1]
- Operating income amounted to € -1,974 thousand (-1,469)
- Net income after tax amounted to € -2,120 thousand (-1,655)
- Earnings per share amounted to € -0.03 (-0.03)
- Comprehensive income amounted to € -2,120 thousand (-1,655)

THE PERIOD May 1 – October 31, 2013

- Consolidated Net sales amounted to € 3 thousand (0)
- Operating income amounted to € -3,903 thousand (-3,552)
- Net income after tax amounted to € -4,190 thousand (-3,850)
- Earnings per share amounted to € -0.05 (-0.07)
- Comprehensive income amounted to € -4,190 thousand (-3,850)
- Oasmia initiated a clinical program for Paclical for treatment of breast cancer
- Oasmia initiated pre-clinical studies with OAS-19, the first pharmaceutical project with a combination of two active cytostatics in one infusion

[1] The numbers in brackets concern results from the corresponding period of the previous year

EVENTS AFTER CLOSING DAY

- Increased funding through extension of MSEK 105 loan from Nexttobe and a new MSEK 40 bank loan
- Oasmia Announces Successful FDA Pre-Approval Inspection of Its Manufacturing Facility

CEO COMMENTS:

"During the second quarter we continued to work with both pre-clinical and clinical studies of our prioritized projects. Also, we have noted a continued interest for our patented technology platform XR-17 among other pharmaceutical companies looking for an excipient for their projects with insoluble pharmaceuticals", says CEO Julian Aleksov.

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

HUMAN HEALTH

Oasmia's research and development in human health is mainly focused on the indications ovarian cancer and breast cancer.

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

Oasmia has performed a Phase III study with Paclical® for treatment of ovarian cancer, an indication with 225,000 annual new cases globally. The total number of patients in the study is 789, and the final patient was treated in the beginning of 2013. All patients are now being followed up regarding time to progression. Oasmia is now closing the study in order to evaluate the results. The results will be used for submission of marketing authorization applications for Paclical® in the EU, the US and RoW for the treatment of ovarian cancer.

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

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

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 the clinical program.

Docecal®
Docecal® is a patented formulation of the cytostatic docetaxel in combination with XR-17. Oasmia has initiated the validation process for manufacture of Docecal®, and is preparing a 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 one more dimension for pharmaceutical development of multiple active substances in one micelle where also substances with different solubility can be combined. Recent pre-clinical studies have shown promising results, and the company plans to start clinical studies with OAS-19 in 2014.

Human Health

CANDIDATE	INDICATION	PRE-CLINICAL	PHASE I	PHASE II	PHASE III	REG./ APPROVAL
Paclical® (paclitaxel)	Ovarian cancer				Ongoing	In Registration*
Doxophos® (doxorubicin)	Breast cancer		Ongoing			
Docecal® (docetaxel)	Breast/prostate cancer	Ongoing				
OAS-19 (combination)	Various cancers	Ongoing				

*Russia

> 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

Product development within Animal Health is aimed at pharmaceuticals for the treatment of cancer in dogs. The company is focusing on two common indications, mastocytoma and lymphoma, which comprise about half of all cancers in dogs. Product development has made it possible to expand the range of indications to include also mammary carcinoma and squamous cell carcinoma.

Paccal® Vet

Paccal® Vet is a patented formulation of paclitaxel, in combination with XR-17.

Oasmia has submitted an application to the American Food and Drug Administration (FDA) for market authorization of Paccal® Vet for treatment of mammary carcinoma and squamous cell carcinoma. Oasmia is expecting response from the FDA.

The indications for which an application has been submitted to the FDA have previously been granted MUMS designation (see below) by the FDA.

Oasmia has an ongoing study with Paccal® Vet for treatment of mastocytoma. The purpose of the study is to measure time to progression for dogs who has been treated four times with three-week intervals. When data have been collected and analysed, Oasmia intends to file an application for market approval for Paccal® Vet to the European authority EMA.

Doxophos® Vet

Doxophos® Vet is a patented formulation of doxorubicin in combination with XR-17. Oasmia is developing Doxophos® Vet for treatment of lymphoma (lymph node cancer), which is one of the most common cancer indications 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.

Animal Health

CANDIDATE	INDICATION	PRE-CLINICAL	PHASE I	PHASE II	PHASE III	REG./ APPROVAL
Paccal® Vet (paclitaxel)	Mastocytoma /mammary/ squamous cell					In Registration
Doxophos® Vet (doxorubicin)	Lymphoma		Ongoing			

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

Annual General Meeting 2013

At the Annual General Meeting in September 2013, the Board of Directors was re-elected and Alexander Kotsinas was elected as a new Member of the Board. Alexander Kotsinas is a member of the management of the investment company Nexttobe, the second largest shareholder in Oasmia.

Warrants

At the Annual General Meeting in September it was decided that the Board of Directors and management should have the right to purchase warrants in Oasmia Pharmaceutical AB. In October, the maximum number of warrants 1 050 000, was issued from the parent company to the subsidiary Oasmia Animal Health AB. The subsidiary has the right and the obligation to sell the warrants to the Board of Directors and to management. For further details about conditions, see communiqué from the AGM on Oasmia´s website. As per October 31, no purchases of warrants had been executed.

Share price development during 2013 (SEK)

EVENTS AFTER CLOSING DAY

Increased funding through extension of MSEK 105 loan from Nexttobe and a new MSEK 40 bank loan
The existing loan from Nexttobe was extended by one year, from December 31, 2013 to December 31, 2014. The current interest of 5 % will be 8.5 % in 2014. The interest will be paid in full on December 31, 2014. Furthermore, Oasmia was granted a new MSEK 40 bank loan with a term from December 1, 2013 to March 31, 2014.

Oasmia successfully passed an FDA Pre-Approval Inspection of Its Manufacturing Facility
The Swedish pharmaceutical company Oasmia Pharmaceutical AB (publ), listed on Nasdaq OMX in Stockholm and the Frankfurt Stock Exchange, announced on December 3, that its manufacturing facility in Uppsala, Sweden, has successfully passed a pre-approval inspection by the US Food and Drug Administration (FDA). With this inspection, the FDA confirmed that Oasmia's manufacturing facility with respect to Paccal® Vet (paclitaxel) meets the requirements of Current Good Manufacturing Practice (cGMP).

FINANCIAL INFORMATION

Consolidated Income Statement in brief

€ thousands	2013 Aug-Oct	2012 Aug-Oct	2013 May-Oct	2012 May-Oct	2012/13 May-April
Net sales	3	-	3	-	-
Capitalized development cost	816	1,976	1,591	3,088	5,525
Operating income	-1,974	-1,469	-3,903	-3,552	-7,678
Net income after tax	-2,120	-1,655	-4,190	-3,850	-8,223
Earnings per share (€), before and after dilution*	-0.03	-0.03	-0.05	-0.07	-0.12
Comprehensive income for the period	-2,120	-1,655	-4,190	-3,850	-8,223

*Recalculation of historical figures has been performed with regards to capitalization issue components in the preferential rights share issue carried out in the third quarter 2012/13.

SECOND QUARTER
August 1 – October 31, 2013

Net sales
Net sales amounted to € 3 thousand (-).

Capitalized development cost
Capitalized development cost, which concerns Phase III clinical trials, amounted to € 816 thousand (1,976). The larger part concerned Paclical® which was capitalized with € 466 thousand (1,950) and a smaller part concerning Paccal® Vet which contributed with € 350 thousand (26). The decrease compared to the same quarter in the previous year is attributable to decreased costs for clinical trials for Paclical®.

Operating expenses
Operating expenses excluding depreciation and impairment were significantly lower compared to the previous year and amounted to € 2,658 thousand (3,309). The decrease was due to that the clinical trial with Paclical for treatment of ovarian cancer was near completion.

Income for the quarter
Net income was € -2,120 thousand (-1,655). The decrease was attributable to a lower capitalization of development costs compared to the corresponding quarter the previous year.

THE PERIOD
May 1 – October 31, 2013

Net sales
Net sales amounted to € 3 thousand (-).

Capitalized development cost
Capitalized development cost, which concerns Phase III clinical trials, amounted to € 1,591 thousand (3,088). The larger part concerned Paclical® which was capitalized with € 984 thousand (3,063) and a smaller part concerning Paccal® Vet which contributed with € 607 thousand (26). The decrease compared to the same period in the previous year is attributable to decreased costs for clinical trials for Paclical®.

Other operating income
Other operating income amounted to € 494 thousand (11) and mainly concerned an insurance compensation for a production disruption amounting to € 483 thousand.

Operating expenses
Operating expenses excluding depreciation and impairment were significantly lower compared to the previous year and amounted to € 5,710 thousand (6,361). The decrease was due to that the clinical trial with Paclical for treatment of ovarian cancer was near completion.

The number of employees at the end of the period was 79 (73).

Income for the period
Net income was € -4,190 thousand (-3,850). The decrease was attributable to a lower capitalization of development costs compared to the corresponding period in the previous year.

The business activities of the Group have not been affected by seasonal variations or cyclic effects.

Cash flow and Capital expenditures
Cash flow from operating activities amounted to € -4,048 thousand (3,954).

Cash flow from investing activities amounted to € -1,871 thousand (-4,778). The decreased level of investments concerned capitalized development costs and other intangible assets and property, plant and equipment.

Of these, investments in intangible assets amounted to € 1,864 thousand (4,292), consisting of capitalized development costs € 1,591 thousand (3,088) and patents and other intangible assets € 273 thousand (1,204).

Of these, only € 7 thousand (486) were investments in property, plant and equipment.

Financing
Financing in the period was performed by liquid assets provided to the company in the preferential rights issue which was completed in November 2012. The liquid assets were strengthened by an insurance compensation.

Financial position
The consolidated liquid assets at the end of the period amounted to € 1,233 thousand (229). The interest-bearing liabilities were € 11,928 thousand (12,457).

At the end of the period, unutilized credits with bank amounted to € 568 thousand (40) and with the principal owner Alceco International S.A € 4,544 thousand (4,544).

Equity at the end of the period amounted to € 32,067 thousand (27,218), the equity/assets ratio was 69 % (63 %) and the net debt/equity ratio was 33 % (45 %).

The parent company
The parent company´s net sales amounted to € 3 thousand (0), and net income before tax amounted to € -4,190 thousand (-3,852). The parent company's liquid assets at the end of the period amounted to € 1,232 thousand (228).

Future financing
Oasmia is currently in a product development phase and has as yet no cash flow that finances its business activities. The company is thus dependent on other financing alternatives. For this reason Oasmia continuously work with various financing activities to generate funding for its business. These activities include new credit lines, new equity, licence revenues and now also potential commercial revenues is anticipated. Available consolidated cash and cash equivalent as well as unutilized credit facilities are not sufficient to fund the operations during the next 12 months. However, in light of the presented alternatives and the recent developments in the company,

the Board of Directors asses that the prospects are good for the financing of the Company´s operations during next year.

Key ratios and other information

	2013 Aug-Oct	2012 Aug-Oct	2013 May-Oct	2012 May-Oct	2012/13 May-April
Number of shares at the close of the period (in thousands), before and after dilution*	81,772	58,214	81,772	58,214	81,772
Weighted average number of shares (in thousands), before and after dilution*	81,772	58,214	81,772	58,214	68,605
Earnings per share in €, before and after dilution*	-0.03	-0.03	-0.05	-0.07	-0.12
Equity per share, €*	0.39	0.47	0.39	0.47	0.44
Equity/Assets ratio, %	69	63	69	63	72
Net debt, € thousand	10,696	12,228	10,696	12,228	4,776
Net debt/Equity ratio, %	33	45	33	45	13
Return on total assets, %	neg	neg	neg	neg	neg
Return on equity, %	neg	neg	neg	neg	neg
Number of employees at the end of the period	79	73	79	73	75

*Recalculation of historical figures has been performed with regards to capitalization issue components in the preferential rights share issue carried out in the third quarter 2012/13.

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

€ thousands	2013 Aug-Oct	2012 Aug-Oct	2013 May-Oct	2012 May-Oct	2012/13 May-April
Net sales	3	-	3	-	-
Capitalized development cost	816	1,976	1,591	3,088	5,525
Other operating income	6	7	494	11	287
Raw materials, consumables and goods for resale	-137	-231	-260	-438	-697
Other external expenses	-1,382	-2,106	-2,971	-3,701	-7,387
Employee benefit expenses	-1,139	-971	-2,480	-2,222	-4,818
Depreciation/amortization and impairment	-140	-144	-282	-289	-578
Other operating expenses	-	-	-	-	-10
Operating income	-1,974	-1,469	-3,903	-3,552	-7,678
Financial income	6	0	16	0	67
Financial expenses	-152	-185	-303	-299	-612
Financial items, net	-146	-185	-287	-298	-545
Income before taxes	-2,120	-1,655	-4,190	-3,850	-8,223
Taxes	-	-	-	-	-
Income for the period	-2,120	-1,655	-4,190	-3,850	-8,223
Income for the period attributable to:					
Shareholders of the Parent company	-2,120	-1,655	-4,190	-3,850	-8,223
Earnings per share, before and after dilution, €	-0.03	-0.03	-0.05	-0.07	-0.12

Consolidated Statement of comprehensive income

€ thousands	2013 Aug-Oct	2012 Aug-Oct	2013 May-Oct	2012 May-Oct	2012/13 May-April
Income for the period	-2,120	-1,655	-4,190	-3,850	-8,223
Comprehensive income for the period	-2,120	-1,655	-4,190	-3,850	-8,223
Comprehensive income for the period attributable to:					
Shareholders of the Parent company	-2,120	-1,655	-4,190	-3,850	-8,223
Comprehensive Earnings per share, before and after dilution, €	-0.03	-0.03	-0.05	-0.07	-0.12

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Consolidated statement of financial position

€ thousands	2013-10-31	2012-10-31	2013-04-30
ASSETS			
Non-current assets			
Property, plant and equipment	2,754	3,200	2,972
Capitalized development cost	40,083	36,055	38,492
Other intangible assets	1,386	3,230	1,169
Financial assets	0	0	0
Total Non-current assets	44,223	42,485	42,634
Current assets			
Inventories	211	101	101
Trade receivables	3	-	-
Other current receivables	310	263	263
Prepaid expenses and accrued income	317	236	425
Liquid assets	1,233	229	7,152
Total Current assets	2,073	829	7,940
TOTAL ASSETS	46,297	43,313	50,574
EQUITY			
Capital and provisions attributable to shareholders of the Parent Company			
Share capital	929	650	929
Other capital provided	65,145	52,012	65,145
Retained earnings	-34,007	-25,444	-29,817
Total Equity	32,067	27,218	36,257
LIABILITIES			
Non-current liabilities			
Long-term borrowing	-	11,928	-
Other non-current liabilities	101	2,126	101
Total Non-current liabilities	101	14,055	101
Current liabilities			
Liabilities to credit institutions	-	528	-
Short-term borrowings	11,928	-	11,928
Trade payables	460	794	805
Other current liabilities	192	171	178
Accrued expenses and prepaid income	1,548	547	1,305
Total Current liabilities	14,129	2,041	14,216
Total Liabilities	14,230	16,095	14,317
TOTAL EQUITY AND LIABILITIES	46,297	43,313	50,574

Consolidated statement of changes in equity

€ thousands	Share capital	Other capital provided	Retained earnings	Total equity
	Attributable to shareholders of the Parent company			
Opening balance as of May 1, 2012	650	52,012	-21,594	31,068
Comprehensive income for the period	-	-	-3,850	-3,850
Closing balance as of October 31, 2012	650	52,012	-25,444	27,218
Opening balance as of May 1, 2012	650	52,012	-21,594	31,068
Comprehensive income for the period	-	-	-8,223	-8,223
New share issue	279	13,656	-	13,935
Issue expenses	-	-522	-	-522
Closing balance as of April 30, 2013	929	65,145	-29,817	36,257
Opening balance as of May 1, 2013	929	65,145	-29,817	36,257
Comprehensive income for the period	-	-	-4,190	-4,190
Closing balance as of October 31, 2013	929	65,145	-34,007	32,067

Consolidated Cash flow statement

€ thousands	2013 Aug-Oct	2012 Aug-Oct	2013 May-Oct	2012 May-Oct	2012/13 May-April
Operating activities					
Operating income before financial items	-1,974	-1,469	-3,903	-3,552	-7,678
Depreciation/amortization	140	144	282	289	578
Disposals of tangible assets	-	-	-	-	10
Adjustments for income from divestiture of intangible assets	-	-	-	-	-179
Interest received	6	0	16	0	67
Interest paid	-2	-47	-2	-52	-69
Cash flow from operating activities before working capital changes	-1,830	-1,372	-3,608	-3,314	-7,272
Change in working capital					
Change in inventories	-110	-	-110	-68	-68
Change in trade receivables	-3	-	-3	-	-
Change in other current receivables	-134	-9	61	-55	-243
Change in trade payables	26	438	-345	-374	-363
Change in other current liabilities	-161	-188	-43	-144	46
Cash flow from operating activities	-2,212	-1,131	-4,048	-3,954	-7,900
Investing activities					
Investments in intangible fixed assets	-962	-2,104	-1,864	-4,292	-6,771
Divestiture of intangible fixed assets	-	-	-	-	481
Investments in property, plant and equipment	-4	-286	-7	-486	-503
Cash flow from investing activities	-966	-2,389	-1,871	-4,778	-6,793
Financing activities					
Increase in liabilities to credit institutions	-	528	-	165	-
Decrease in liabilities to credit institutions	-	-	-	-	-363
New share issue	-	-	-	-	13,935
Issue expenses	-	-	-	-	-522
New loans	-	1,704	-	9,088	9,088
Repayment of loans	-	-	-	-523	-523
Cash flow from financing activities	0	2,232	0	8,731	21,615
Cash flow for the period	-3,178	-1,288	-5,919	-1	6,922
Cash and cash equivalents at the beginning of the period	4,411	1,517	7,152	230	230
Cash and cash equivalents at the end of the period	1,233	229	1,233	229	7,152

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SECOND QUARTER August 1 – October 31, 2013

- Consolidated Net sales amounted to TSEK 24 (0) [2]
- Operating income amounted to TSEK - 17 374 (-12 934)
- Net income after tax amounted to TSEK -18 661 (-14 564)
- Earnings per share amounted to SEK -0,23 (-0,25)
- Comprehensive income amounted to TSEK -18 661 (-14 564)

THE PERIOD May 1 – October 31, 2013

- Consolidated Net sales amounted to 24 (0)
- Operating income amounted to TSEK -34 359 (-31 263)
- Net income after tax amounted to TSEK -36 885 (-33 887)
- Earnings per share amounted to SEK -0,45 (-0,58)
- Comprehensive income amounted to TSEK -36 885 (-33 887)
- Oasmia initiated a clinical program for Paclical for treatment of breast cancer
- Oasmia initiated pre-clinical studies with OAS-19, the first pharmaceutical project with a combination of two active cytostatics in one infusion

EVENTS AFTER CLOSING DAY

- Increased funding through extension of MSEK 105 loan from Nexttobe and a new MSEK 40 bank loan
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Oasmia conducts a Phase I study for Doxophos® Vet in order to establish the dose for the clinical program.

Animal Health

CANDIDATE	INDICATION	PRE-CLINICAL	PHASE I	PHASE II	PHASE III	REG./ APPROVAL
Paccal® Vet (paclitaxel)	Mastocytoma /mammary/ squamous cell					In Registration
Doxophos® Vet (doxorubicin)	Lymphoma		Ongoing			

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

Annual General Meeting 2013

At the Annual General Meeting in September 2013, the Board of Directors was re-elected and Alexander Kotsinas was elected as a new Member of the Board. Alexander Kotsinas is a member of the management of the investment company Nexttobe, the second largest shareholder in Oasmia.

Warrants

At the Annual General Meeting in September it was decided that the Board of Directors and management should have the right to purchase warrants in Oasmia Pharmaceutical AB. In October, the maximum number of warrants 1 050 000, was issued from the parent company to the subsidiary Oasmia Animal Health AB. The subsidiary has the right and the obligation to sell the warrants to the Board of Directors and to management. For further details about conditions, see communiqué from the AGM on Oasmia´s website. As per October 31, no purchases of warrants had been executed.

Share price development during 2013 (SEK)

EVENTS AFTER CLOSING DAY

Increased funding through extension of MSEK 105 loan from Nexttobe and a new MSEK 40 bank loan
The existing loan from Nexttobe was extended by one year, from December 31, 2013 to December 31, 2014. The current interest of 5 % will be 8.5 % in 2014. The interest will be paid in full on December 31, 2014. Furthermore, Oasmia was granted a new MSEK 40 bank loan with a term from December 1, 2013 to March 31, 2014.

Oasmia successfully passed an FDA Pre-Approval Inspection of Its Manufacturing Facility
The Swedish pharmaceutical company Oasmia Pharmaceutical AB (publ), listed on Nasdaq OMX in Stockholm and the Frankfurt Stock Exchange, announced on December 3, that its manufacturing facility in Uppsala, Sweden, has successfully passed a pre-approval inspection by the US Food and Drug Administration (FDA). With this inspection, the FDA confirmed that Oasmia's manufacturing facility with respect to Paccal® Vet (paclitaxel) meets the requirements of Current Good Manufacturing Practice (cGMP).

FINANCIAL INFORMATION

Consolidated Income Statement in brief

TSEK	2013 Aug-Oct	2012 Aug-Oct	2013 May-Oct	2012 May-Oct	2012/13 May-April
Net sales	24	-	24	-	-
Capitalized development cost	7 181	17 395	14 006	27 184	48 635
Operating income	-17 374	-12 934	-34 359	-31 263	-67 583
Net income after tax	-18 661	-14 564	-36 885	-33 887	-72 381
Earnings per share (SEK), before and after dilution*	-0,23	-0,25	-0,45	-0,58	-1,06
Comprehensive income for the period	-18 661	-14 564	-36 885	-33 887	-72 381

*Recalculation of historical figures has been performed with regards to capitalization issue components in the preferential rights share issue carried out in the third quarter 2012/13.

SECOND QUARTER
August 1 – October 31, 2013

Net sales
Net sales amounted to TSEK 24 (-).

Capitalized development cost
Capitalized development cost, which concerns Phase III clinical trials, amounted to TSEK 7 818 (17 395). The larger part concerned Paclical which was capitalized with TSEK 4 103 (17 169) and a smaller part concerning Paccal Vet which contributed with TSEK 3 078 (226). The decrease compared to the same quarter in the previous year is attributable to decreased costs for clinical trials for Paclical®.

Operating expenses
Operating expenses excluding depreciation and impairment were significantly lower compared to the previous year and amounted to TSEK 23 400 (29 124). The decrease was due to that the clinical trial with Paclical for treatment of ovarian cancer was near completion.

Income for the quarter
Net income was TSEK -18 661 (-14 564). The decrease was attributable to lower capitalization of development costs compared to the corresponding quarter the previous year.

THE PERIOD
May 1 – October 31, 2013

Net sales

Net sales amounted to TSEK 24 (-)

Capitalized development cost

Capitalized development cost, which concerns Phase III clinical trials, amounted to TSEK 14 006 (27 184). The larger part concerned Paclical which was capitalized with TSEK 8 661 (26 958) and a smaller part concerning Paccal Vet which contributed with TSEK 5 344 (226). The decrease compared to the same period in the previous year is attributable to decreased costs for clinical trials for Paclical®.

Other operating income

Other operating income amounted to TSEK 4 353 (96) and mainly concerned an insurance compensation for a production disruption amounting to TSEK 4 250.

Operating expenses

Operating expenses excluding depreciation and impairment were significantly lower compared to the previous year and amounted to TSEK 50 262 (55 996). The decrease was due to that the clinical trial with Paclical for treatment of ovarian cancer was near completion.

The number of employees at the end of the period was 79 (73).

Income for the period

Net income was TSEK -36 885 (-33 887). The decrease was attributable to lower capitalization of development costs compared to the corresponding period the previous year.

The business activities of the Group have not been affected by seasonal variations or cyclic effects.

Cash flow and Capital expenditures

Cash flow from operating activities amounted to TSEK -35 635 (-34 804).

Cash flow from investing activities amounted to TSEK -16 471 (-42 061). The decreased level of investments concerned capitalized development costs and other intangible assets and property, plant and equipment.

Of these, investments in intangible assets amounted to TSEK 16 408 (37 780), consisting of capitalized development costs TSEK 14 006 (27 184) and patents and other intangible assets TSEK 2 402 (10 597).

Of these, only TSEK 62 (4 281) were investments in property, plant and equipment.

Financing

Financing in the period was performed by liquid assets provided to the company in the preferential rights issue which was completed in November 2012. The liquid assets were strengthened by an insurance compensation.

Financial position

The consolidated liquid assets at the end of the period amounted to TSEK 10 851 (2 017). The interest-bearing liabilities were TSEK 105 000 (109 651).

At the end of the period, unutilized credits with bank amounted to TSEK 5 000 (349) and with the principal owner Alceco International S.A TSEK 40 000 (40 000).

Equity at the end of the period amounted to TSEK 282 268 (239 586), the equity/assets ratio was 69 % (63 %) and the net debt/equity ratio was 33 % (45 %).

The parent company

The parent company´s net sales amounted to TSEK 24 (0) and net income before tax amounted to TSEK -36 887 (-33 906). The parent company's liquid assets at the end of the period amounted to TSEK 10 842 (2 009).

Future financing

Oasmia is currently in a product development phase and has as yet no cash flow that finances its business activities. The company is thus dependent on other financing alternatives. For this reason Oasmia continuously work with various financing activities to generate funding for its business. These activities include new credit lines, new equity, license revenues and now also potential commercial revenues is anticipated. Available consolidated cash and cash equivalent as well as unutilized credit facilities are not sufficient to fund the operations during the next 12 months. However, in light of the presented alternatives and the recent developments in the company , the Board of Directors asses that the prospects are good for the financing of the Company´s operations during next year.

Key ratios and other information

	2013 Aug-Oct	2012 Aug-Oct	2013 May-Oct	2012 May-Oct	2012/13 May-April
Number of shares at the close of the period (in thousands), before and after dilution *	81 772	58 214	81 772	58 214	81 772
Weighted average number of shares (in thousands) before and after dilution*	81 772	58 214	81 772	58 214	68 605
Earnings per share in SEK, before and after dilution*	-0,23	-0,25	-0,45	-0,58	-1,06
Equity per share, SEK*	3,45	4,12	3,45	4,12	3,90
Equity/Assets ratio, %	69	63	69	63	72
Net debt, TSEK	94 149	107 634	94 149	107 634	42 044
Net debt/Equity ratio, %	33	45	33	45	13
Return on total assets, %	neg	neg	neg	neg	neg
Return on equity, %	neg	neg	neg	neg	neg
Number of employees at the end of the period	79	73	79	73	75

*Recalculation of historical figures has been performed with regards to capitalization issue components in the preferential rights share issue carried out in the third quarter 2012/13.

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	2013 Aug-Oct	2012 Aug-Oct	2013 May-Oct	2012 May-Oct	2012/13 May-April
Net sales		24	-	24	-	-
Capitalized development cost		7 181	17 395	14 006	27 184	48 635
Other operating income		53	65	4 353	96	2 524
Raw materials, consumables and goods for resale		-1 203	-2 035	-2 286	-3 858	-6 137
Other external expenses		-12 166	-18 542	-26 148	-32 577	-65 022
Employee benefit expenses		-10 030	-8 546	-21 827	-19 560	-42 408
Depreciation/amortization and impairment		-1 233	-1 270	-2 479	-2 547	-5 089
Other operating expenses		-	-	-	-	-86
Operating income		-17 374	-12 934	-34 359	-31 263	-67 583
Financial income		55	1	140	4	587
Financial expenses		-1 342	-1 631	-2 666	-2 628	-5 384
Financial items, net		-1 287	-1 630	-2 526	-2 625	-4 798
Income before taxes		-18 661	-14 564	-36 885	-33 887	-72 381
Taxes	2	-	-	-	-	-
Income for the period		-18 661	-14 564	-36 885	-33 887	-72 381
Income for the period attributable to:						
Shareholders of the Parent company		-18 661	-14 564	-36 885	-33 887	-72 381
Earnings per share before and after dilution, SEK		-0,23	-0,25	-0,45	-0,58	-1,06

Consolidated Statement of Comprehensive income

TSEK	Note	2013 Aug-Oct	2012 Aug-Oct	2013 May-Oct	2012 May-Oct	2012/13 May-April
Income for the period		-18 661	-14 564	-36 885	-33 887	-72 381
Comprehensive income for the period		-18 661	-14 564	-36 885	-33 887	-72 381
Comprehensive income for the period attributable to:						
Shareholders of the Parent company		-18 661	-14 564	-36 885	-33 887	-72 381
Comprehensive Earnings per share before and after dilution, SEK		-0,23	-0,25	-0,45	-0,58	-1,06

Consolidated statement of financial position

TSEK	Note	2013-10-31	2012-10-31	2013-04-30
ASSETS				
Non-current assets				
Property, plant and equipment		24 243	28 165	26 161
Capitalized development cost	3	352 832	317 375	338 826
Other intangible assets		12 198	28 431	10 294
Financial assets		2	2	2
Total Non-current assets		389 274	373 972	375 283
Current assets				
Inventories		1 853	887	887
Trade receivables		30	-	-
Other current receivables		2 726	2 311	2 314
Prepaid expenses and accrued income		2 792	2 080	3 737
Liquid assets		10 851	2 017	62 956
Total Current assets		18 252	7 295	69 895
TOTAL ASSETS		407 526	381 267	445 178
EQUITY				
Capital and provisions attributable to shareholders of the Parent Company				
Share capital		8 177	5 724	8 177
Other capital provided		573 439	457 832	573 439
Retained earnings		-299 348	-223 969	-262 463
Total equity		282 268	239 586	319 153
LIABILITIES				
Non-current liabilities				
Long-term borrowing		-	105 000	-
Other non-current liabilities		891	18 716	891
Total Non-current liabilities		891	123 716	891
Current liabilities				
Liabilities to credit institutions		-	4 651	-
Short-term borrowings	4	105 000	-	105 000
Trade payables		4 052	6 991	7 084
Other current liabilities		1 692	1 506	1 566
Accrued expenses and prepaid income		13 624	4 817	11 484
Total Current liabilities		124 367	17 964	125 134
Total Liabilities		125 258	141 680	126 025
TOTAL EQUITY AND LIABILITIES		407 526	381 267	445 178
Contingent liabilities	5			
Pledged assets	5			

Consolidated statement of changes in equity

	Attributable to shareholders of the Parent company			
TSEK	Share capital	Other capital provid-ed	Retained earn-ings	Total equity
Opening balance as of May 1, 2012	5 724	457 832	-190 082	273 474
Comprehensive income for the period	-	-	-33 887	-33 887
Closing balance as of October 31, 2012	5 724	457 832	-223 969	239 586
Opening balance as of May 1, 2012	5 724	457 832	-190 082	273 474
Comprehensive income for the period	-	-	-72 381	-72 381
New share issue	2 453	120 205	-	122 658
Issue expenses	-	-4 598	-	-4 598
Closing balance as of April 30, 2013	8 177	573 439	-262 463	319 153
Opening balance as of May 1, 2013	8 177	573 439	-262 463	319 153
Comprehensive income for the period	-	-	-36 885	-36 885
Closing balance as of October 31, 2013	8 177	573 439	-299 348	282 268

Consolidated Cash flow statement

TSEK		2013 Aug-Oct	2012 Aug-Oct	2013 May-Oct	2012 May-Oct	2012/13 May-April
Operating activities						
Operating income before financial items		-17 374	-12 934	-34 359	-31 263	-67 583
Depreciation/amortization		1 233	1 270	2 479	2 547	5 089
Disposals of tangible assets		-	-	-	-	86
Adjustments for income from divestiture of intangible assets		-	-	-	-	-1 579
Interest received		55	1	140	4	587
Interest paid		-19	-412	-20	-456	-611
Cash flow from operating activities before working capital changes		-16 105	-12 075	-31 759	-29 167	-64 010
Change in working capital						
Change in inventories		-966	-	-966	-597	-597
Change in trade receivables		-30	-	-30	-	-
Change in other current receivables		-1 182	-77	533	-482	-2 142
Change in trade payables		228	3 853	-3 033	-3 291	-3 197
Change in other current liabilities		-1 419	-1 658	-380	-1 266	408
Cash flow from operating activities		-19 474	-9 957	-35 635	-34 804	-69 539
Investing activities						
Investments in intangible fixed assets		-8 470	-18 517	-16 408	-37 780	-59 603
Divestiture of intangible fixed assets		-	-	-	-	4 235
Investments in property, plant and equipment		-34	-2 516	-62	-4 281	-4 428
Cash flow from investing activities		-8 504	-21 034	-16 471	-42 061	-59 795
Financing activities						
Increase in liabilities to credit institutions		-	4 651	-	1 454	-
Decrease in liabilities to credit institutions		-	-	-	-	-3 197
New share issue		-	-	-	-	122 658
Issue expenses		-	-	-	-	-4 598
New loans	4	-	15 000	-	80 000	80 000
Repayment of loans		-	-	-	-4 600	-4 600
Cash flow from financing activities		0	19 651	0	76 854	190 263
Cash flow for the period		-27 978	-11 339	-52 106	-11	60 928
Cash and cash equivalents at the beginning of the period		38 829	13 356	62 956	2 028	2 028
Cash and cash equivalents at the end of the period		10 851	2 017	10 851	2 017	62 956

Parent Company Income statement

TSEK	Note	2013 Aug-Oct	2012 Aug-Oct	2013 May-Oct	2012 May-Oct	2012/13 May-April
Net sales		24	-	24	-	-
Capitalized development cost		7 181	17 395	14 006	27 184	48 635
Other operating income		53	65	4 353	96	2 524
Raw materials, consumables and goods for resale		-1 203	-2 035	-2 286	-3 858	-6 137
Other external expenses		-12 156	-18 513	-26 123	-32 519	-64 916
Employee benefit expenses		-10 030	-8 546	-21 827	-19 560	-42 408
Depreciation/amortization and impairment of property, plant, equipment and intangible assets		-1 231	-1 266	-2 476	-2 540	-5 074
Other operating expenses		-	-	-	-	-86
Operating income		-17 362	-12 901	-34 330	-31 197	-67 461
Result from participations in Group companies	4	-30	-30	-30	-85	-145
Other interest revenues and similar revenues		55	1	140	3	587
Interest cost and similar costs		-1 342	-1 631	-2 666	-2 628	-5 384
Financial items, net		-1 317	-1 660	-2 556	-2 709	-4 942
Income after financial items		-18 679	-14 561	-36 887	-33 906	-72 404
Taxes	2	-	-	-	-	-
Income for the period		-18 679	-14 561	-36 887	-33 906	-72 404

Parent Company Balance Sheet

TSEK	Note	2013-10-31	2012-10-31	2013-04-30
ASSETS				
Non-current assets				
Intangible fixed assets				
Capitalized development cost	3	352 832	317 375	338 826
Concessions, patents, licenses, trademarks and similar rights		12 194	28 417	10 288
Property, plant and equipment				
Equipment, tools, fixtures and fittings		18 417	22 082	20 355
Construction in progress and advance payments for property, plant and equipment		5 826	6 082	5 805
Financial assets				
Participations in group companies		110	110	110
Other securities held as non-current assets		1	1	1
Total Non-current assets		389 380	374 067	375 386
Current assets				
Inventories				
Raw materials and consumables		1 656	887	887
Advance payments to suppliers		197	-	-
		1 853	887	887
Current receivables				
Trade receivables		30	-	-
Other current receivables		2 724	2 309	2 312
Prepaid expenses and accrued income		2 785	2 061	3 721
		5 540	4 370	6 033
Cash and bank balances		10 842	2 009	62 947
Total current assets		18 235	7 267	69 867
TOTAL ASSETS		407 615	381 334	445 253
EQUITY AND LIABILITIES				
Equity				
Restricted equity				
Share capital		8 177	5 724	8 177
Statutory reserve		4 620	4 620	4 620
		12 797	10 344	12 797
Non-restricted equity				
Share premium reserve		573 439	457 832	573 439
Retained earnings		-267 255	-194 851	-194 851
Income for the period		-36 887	-33 906	-72 404
		269 297	229 075	306 184
Total equity		282 095	239 419	318 981
Non-current liabilities				
Long term borrowings		-	105 000	-
Other non-current liabilities		891	18 716	891
Total non-current liabilities		891	123 716	891
Current liabilities				
Short term borrowings	4	105 000	-	105 000
Trade payables		4 052	6 991	7 084
Liabilities to Credit institutions		-	4 651	-
Liabilities to group companies		262	235	247
Other current liabilities		1 692	1 506	1 566
Accrued expenses and prepaid income		13 624	4 817	11 484
Total Current liabilities		124 630	18 199	125 381
TOTAL EQUITY AND LIABILITIES		407 615	381 334	445 253
Contingent liabilities and pledged assets				
Contingent liabilities	5	-	-	-
Pledged assets	5	8 000	8 000	8 000

Parent Company changes in equity

TSEK	Restricted equity: Share capital	Restricted equity: Statutory reserve	Non-restricted equity	Total equity
Opening balance as of May 1, 2012	5 724	4 620	262 981	273 325
Income for the period	-	-	-33 906	-33 906
Closing balance as of October 31, 2012	5 724	4 620	229 075	239 419
Opening balance as of May 1, 2012	5 724	4 620	262 981	273 325
New share issue	2 453	-	120 205	122 658
Issue expenses	-	-	-4 598	-4 598
Income for the period	-	-	-72 404	-72 404
Closing balance as of April 30, 2013	8 177	4 620	306 184	318 981
Opening balance as of May 1, 2013	8 177	4 620	306 184	318 981
Income for the period	-	-	-36 887	-36 887
Closing balance as of October 31, 2013	8 177	4 620	269 297	282 095

Note 1 Accounting policies

This report is established in accordance with IAS 34, Interim Financial Reporting and the 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 2012 – April 30 2013. The new and revised accounting policies applied by Oasmia since May 1, 2013, has not had any effect on Oasmia's financial reports. New or revised IFRS-standards or interpretations of IFRIC which have been adopted since May 1, 2013, have, beyond additional information regarding financial instruments as a result of the new IFRS 13, 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, 2013. Similar to what was the case at the end of the previous fiscal year, carried amounts are the same as actual values. The Group currently only has one operating segment and does therefore not disclose any segment information.

Note 2 Taxes

The Group has accumulated losses carried forward amounting to TSEK 336 605 (262 155) and the Parent Company has similar amounting to TSEK 327 019 (252 653). 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 3 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	2013-10-31	2012-10-31	2013-04-30
Paclical®	263 137	236 098	254 475
Paccal® Vet	89 695	81 277	84 351
Total	352 832	317 375	338 826

Note 4 Transactions with related parties

No significant transactions with related parties have been performed in the period.

As of October 31, 2013 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 October 31, 2013, this credit was completely unutilized (also as of October 31, 2012).

On October 31, 2013, Oasmia carried a loan from its second largest owner Nexttobe AB amounting to TSEK 105,000 (105 000). As of October 31, 2013, the accrued interest cost for the borrowing was TSEK 7 699 (2 452). Until December 31, the interest rate is 5 % and will be paid when the loan is due. In November 2013, the loan was extended with one year and is now due on December 31, 2014, see Events after closing day.

Oasmia has made a TSEK 30 (85) group contribution to the subsidiary Qdoxx Pharma AB, where TSEK 30 (30) was provided in the second quarter. Impairment of shares in Qdoxx amounting to TSEK 30 (85) have been made, corresponding to the group contributions, as the purpose of the group contributions was to cover losses in the subsidiary. The impairment of Participations in group companies is accounted for in the Parent company income statement on the line Result from participations in group companies.

Note 5 Contingent liabilities and Pledged assets

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

Note 6 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 2012 – April 30 2013. 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, December 5, 2013

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 code of trade in financial instruments. The information was delivered for publication on December 5, 2013 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.

Review Report

To the Board of Directors of Oasmia Pharmaceutical AB, corp id 556332-6676

Introduction
We reviewed the accompanying condensed balance sheet of Oasmia Pharmaceutical AB as of October 31, 2013 and the related condensed summary of income, changes in equity and cash-flows for the six-month period then ended. The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of this condensed interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of Review
We conducted our review in accordance with the Standard on Review Engagements, SÖG 2410, "Review of Interim Financial Statements Performed by the Independent Auditor of the Entity", issued by the Swedish Federation of Authorized Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information does not give a true and fair view of the financial position of the entity as at October 31, 2013, and its financial performance and its cash flows for the six-month period then ended, for the group in accordance with IAS 34 and the Swedish Annual Accounts Act and for the parent company in accordance with the Swedish Annual Accounts Act.

Emphasis of Matter
Without qualifying our opinion, we draw attention to the information in the interim financial statements which describes that the company is dependend on revenue, 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 risk for the companys abiltity to continue as going concern .

Uppsala December 5, 2013

Ernst & Young AB

Björn Ohlsson
Authorized Public Accountant

COMPANY INFORMATION
Oasmia Pharmaceutical AB (publ)
Corp. Reg. No: 556332-667601
Domicile: Stockholm

Address and telephone number to the Main Office
Vallongatan 1
752 28 UPPSALA, SWEDEN
+46 18 50 54 40
www.oasmia.com
info@oasmia.com

Questions concerning the report are answered by:
Mikael Widell, Vice President Communications
Phone +46 70 311 99 60
E-mail: Mikael.Widell@oasmia.com

UPCOMING REPORT DATES

Interim report May 2013 – January 2014	2014-03-06
Year-end report May 2013 – April 2014	2014-06-05
Annual report May 2013 – April 2014	2014-08-21
Interim report May – July 2014	2014-09-05
Interim report May – October 2014	2014-12-04