Oasmia Pharmaceutical AB (publ)

Interim report for the period May - October 2012 €

THE MARKET AUTHORIZATION PROCESS FOR PACLICAL® HAS BEGUN

Page 1-8 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 eight pages of that report converted to EUR. The full official report will be found on pages 9-21. 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, 2012 which was 8.6192 SEK per one EUR. Some figures are in SEK because these are very firmly denominated in SEK.

THE PERIOD May 1 – October 31, 2012

- Consolidated Net sales amounted to € 0 thousand (103) [1]
- Operating income amounted to € -3,627 thousand (-3,336)
- Net income after tax amounted to € -3,932 thousand (-3,329)
- Earnings per share amounted to € -0.07 (-0.06)
- Comprehensive income amounted to € -3,932 thousand (-3,329)

SECOND QUARTER August 1 – October 31, 2012

- Consolidated Net sales amounted to € 0 thousand (0)
- Operating income amounted to € -1,501 thousand (-1,553)
- Net income after tax amounted to € -1,690 thousand (-1,559)
- Earnings per share amounted to € -0.03 (-0.03)
- Comprehensive income amounted to € -1,690 thousand (-1,559)

- Oasmia has initiated the market authorization process for Paclical® with Russia as the first country of submission.
- Oasmia initiates collaboration with Pharmasyntez in Russia
- The company announces fully underwritten preferential rights share issue of SEK 123 million

EVENTS AFTER CLOSING DAY

- The rights issue is completed

[1] The numbers in parentheses concern 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 Frankfurt Stock Exchange.

BUSINESS ACTIVITIES IN THE PERIOD

HUMAN HEALTH

Paclical®

Paclical® is a novel patented formulation of the well-known substance paclitaxel which is frequently used within treatment of cancer.

Paclical® is designated as an orphan drug by EMA (EU) and FDA (USA) for the indication ovarian cancer. This status is granted for minor indications and entails seven (EU) and ten (USA) years market exclusivity respectively on the indication, when a market approval is granted.

Oasmia has performed a Phase III study with Paclical® for treatment of ovarian cancer. The patient enrolment is now completed and Oasmia has initiated the application process for market authorization. The first submission was in Russia and the application was filed in September 2012.

In September 2012, Oasmia also initiated a collaboration concerning joint product development with Pharmasyntez in Russia. The company was founded in 1997 and is now one of the ten largest pharmaceutical companies in Russia. Pharmasyntez cooperates with a number of leading institutes and universities in Russia.

ANIMAL HEALTH

The product development within Animal Health is aimed at pharmaceuticals for the treatment of cancer in dogs, especially the two major indications, mastocytoma and lymphoma which together comprises about half of all cancers in dogs.

Paccal® Vet

Paccal® Vet is a novel patented formulation of the well-known substance paclitaxel.

In June 2012, Oasmia announced that the collaboration with Orion concerning Paccal® Vet had been terminated and that Oasmia has re-acquired all rights.

Oasmia has already partners in USA, Canada and Japan for Paccal® Vet. The company is now in negotiations with licensees for all other territories, including both products Paccal® Vet and Doxophos® Vet.

Oasmia intends to complement its application to EMA (EU) for market authorization of Paccal® Vet for treatment of mastocytoma based on the concern EMA had regarding the risk/benefit-ratio. Oasmia has requested and received scientific advice from EMA concerning the design of a new study comprising 50 dogs.

Oasmia's application to the FDA (USA) for market approval of Paccal® Vet for treatment of mastocytoma in dogs is currently being processed and Oasmia is now awaiting information from the authority.

Oasmia has filed conditional market authorization applications for Paccal® Vet for treatment of both mammary tumors and squamous cell carcinoma in dogs.

All three indications have previously been granted MUMS designation by the FDA.

Doxophos® Vet

Doxophos® Vet is a novel patented formulation of doxorubicin, which Oasmia is developing for treatment of lymphoma (lymph node cancer), which is the most common cancer indication in dogs. Oasmia is currently conducting a Phase I study for Doxophos® Vet comprising 15 dogs. Initial dose have been well tolerated.

In July 2012, Doxophos® Vet was granted MUMS designation for the indication lymphoma by the FDA.

MUMS (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 has been obtained. However, safety data must prove that the product is safe.

THE COMPANY

Nexttobe AB increases its commitment in Oasmia through further financing

In May 2012, Nexttobe AB increased its commitment in Oasmia through an additional loan of MSEK 65, and in October 2012 by another MSEK 15. The total amount lent from Nexttobe to Oasmia is thus MSEK 105 and the interest rate is 5 %.

Preferential rights issue

In October 2012, the company announced a new share issue with preferential rights of MSEK 123. The share issue is completely underwritten by subscription and guarantee commitments from the two principal owners of Oasmia, Alceco International S.A. and Nexttobe AB. The issue share price was SEK 5 per new share.

EVENTS AFTER THE CLOSING DAY

Preferential rights share issue completed

In November 2012, the fully underwritten preferential rights issue was completed. It provided MSEK 123 before issue expenses. The share capital increased with SEK 2 453 170 to SEK 8 177 233. The number of shares increased with 24 531 699 to 81 772 330. The share issue lead to that Oasmia's second largest owner Nexttobe AB increased its ownership from 10.1 % to 17.4 % and that the principal owner Alceco International S.A. increased its ownership from 46.8 % to 46.9 %.

FINANCIAL INFORMATION

Consolidated Income Statement in brief

€ thousands	2012 Aug-Oct	2011 Aug-Oct	2012 May-Oct	2011 May-Oct	2011/12 May-April
Net sales	-	-	-	103	103
Capitalized development cost	2,018	1,663	3,154	3,993	7,342
Operating income	-1,501	-1,553	-3,627	-3,336	-7,603
Net income after tax	-1,690	-1,559	-3,932	-3,329	-7,619
Earnings per share (€), before and after dilution*	-0.03	-0.03	-0.07	-0.06	-0.14
Comprehensive income for the period	-1,690	-1,559	-3,932	-3,329	-7,619

*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.

The period May 1 – October 31, 2012

Net sales

Net sales amounted to € 0 thousand (103).

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. This amounted to € 3,154 thousand (3,993). The majority concerned Paclical®. However, a capitalization of Paccal® Vet amounting to € 26 thousand was also included since a study to complement the EMA filing is currently being carried out. The drop in capitalization is due to the near completion of the Paclical® Phase III study in ovarian cancer.

Operating expenses

Operating expenses excluding depreciation and impairment amounted to € 6,497 thousand (7,144). This 9 % decrease compared to the same period previous year is attributable to lower expenses for Paclical® clinical trials.

Of these operating expenses about 49 % (56), were recorded as Capitalized development cost.

The number of employees was 73 (78) at the end of the period.

Income for the period

Net income was € -3,932 thousand (-3,329). The decrease is due to zero net sales for the period, and that capitalization of operating expenses decreased more than the reduction in operating expenses and finally due to interest expenses attributable to borrowing in the current fiscal year.

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

Financial position

The consolidated liquid assets at the end of the period amounted to € 234 thousand (4,838). The interest-bearing liabilities were € 12,722 thousand (0). These liabilities consisted of a € 12,182 thousand loan from Nexttobe and an unutilized bank credit of € 540 thousand.

At the end of the period, unutilized credits with bank and the principal owner Alceco International S.A amounted to TSEK 349 and TSEK 40 000 respectively. The latter credit facility was increased in October 2012 from TSEK 25 000 to TSEK 40 000.

Furthermore, Oasmia holds a SEDA agreement (Standby Equity Distribution agreement) amounting to TSEK 75 000, which was completely unutilized on October 31, 2012.

Equity at the end of the period amounted to € 27,797 thousand (36,055), the equity/assets ratio was 63 % (91) and the net debt/equity ratio was 45 % (0).

Cash flow and Capital expenditures

Cash flow from operating activities amounted to € -4,038 thousand (-2,653).

Cash flow from investing activities amounted to € -4,880 thousand (-4,202).

Investments in intangible assets amounted to € 4,383 thousand (4,011), consisting of capitalized development costs € 3,154 thousand and patents and other intangible assets € 1,229 thousand.

Investments in property, plant and equipment amounted to € 497 thousand (191) and in general concerned acquisition of production equipment placed at Baxter in Germany.

Financing

Financing during the period was performed by borrowing from Nexttobe AB. During the period, Oasmia has increased borrowing from TSEK 25 000 to TSEK 105 000. In October 2012, the entire amount of TSEK 105 000 was rewritten as one loan with a tenor ending December 31, 2013. The interest rate is still 5 % and is paid when due.

The parent company

The parent company net sales in the period amounted to € 0 thousand (103) and net income before tax amounted to € -3,934 thousand (-3,326). The parent company liquid assets at the end of the period amounted to € 233 thousand (4,836).

Second quarter August 1 – October 31, 2012

Net sales
Net sales amounted to € 0 thousand (0).

Capitalized development cost
Capitalized development cost amounted to € 2,018 thousand (1,663) and mainly concerned Paclical®, although Paccal® Vet was included with € 26 thousand. The increase compared to the same quarter previous year is attributable to increased costs for clinical trials in Phase III.

Operating expenses
Operating expenses excluding depreciation and impairment amounted to € 3,379 thousand (3,069). This increase compared to the same quarter previous year is attributable to increased expenses for Paclical® clinical trials.

Income for the quarter
Net income was € -1,690 thousand (-1,559). The decrease is attributable to interest expenses.

Key ratios and other information

	2012 Aug-Oct	2011 Aug-Oct	2012 May-Oct	2011 May-Oct	2011/12 May-April
Number of shares at the close of the period (in thousands), before and after dilution*	58,214	58,214	58,214	58,214	58,214
Weighted average number of shares (in thousands) before and after dilution*	58,214	53,022	58,214	52,993	55,589
Earnings per share in €, before and after dilution*	-0.03	-0.03	-0.07	-0.06	-0.14
Equity per share, €*	0.48	0.62	0.48	0.62	0.55
Equity/Assets ratio, %	63	91	63	91	78
Net debt, € thousand	12,488	-4,838	12,488	-4,838	3,570
Net debt/Equity ratio, %	45	0	45	0	11
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	73	78	73	78	77

* 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	2012 Aug-Oct	2011 Aug-Oct	2012 May-Oct	2011 May-Oct	2011/12 May-April
Net sales	-	-	-	103	103
Capitalized development cost	2,018	1,663	3,154	3,993	7,342
Other operating income	8	-	11	5	12
Raw materials, consumables and goods for resale	-236	-233	-448	-657	-1,175
Other external expenses	-2,151	-1,859	-3,780	-4,347	-8,525
Employee benefit expenses	-992	-977	-2,269	-2,140	-4,773
Depreciation/amortization and impairment	-147	-147	-296	-293	-587
Other operating cost	-	-	-	-	-
Operating income	-1,501	-1,553	-3,627	-3,336	-7,603
Financial income	0	0	0	15	42
Financial expenses	-189	-6	-305	-9	-58
Financial items, net	-189	-6	-305	6	-16
Income before taxes	-1,690	-1,559	-3,932	-3,329	-7,619
Taxes	-	-	-	-	-
Income for the period	-1,690	-1,559	-3,932	-3,329	-7,619
Income for the period attributable to:					
Shareholders of the Parent company	-1,690	-1,559	-3,932	-3,329	-7,619
Earnings per share					
Before dilution, €	-0.03	-0.03	-0.07	-0.06	-0.14
After dilution, €	-0.03	-0.03	-0.07	-0.06	-0.14

Consolidated Statement of Comprehensive income

€ thousands	2012 Aug-Oct	2011 Aug-Oct	2012 May-Oct	2011 May-Oct	2011/12 May-April
Income for the period	-1,690	-1,559	-3,932	-3,329	-7,619
Comprehensive income for the period	-1,690	-1,559	-3,932	-3,329	-7,619
Comprehensive income for the period attributable to:					
Shareholders of the Parent company	-1,690	-1,559	-3,932	-3,329	-7,619
Comprehensive earnings per share					
Before dilution, €	-0.03	-0.03	-0.07	-0.06	-0.14
After dilution, €	-0.03	-0.03	-0.07	-0.06	-0.14

Consolidated statement of financial position

€ thousands	2012-10-31	2011-10-31	2012-04-30
ASSETS			
Non-current assets			
Property, plant and equipment	3,268	3,111	3,015
Capitalized development cost	36,822	30,319	33,668
Other intangible assets	3,299	1,042	3,179
Financial assets	0	0	0
Total Non-current assets	43,388	34,472	39,862
Current assets			
Inventories	103	34	34
Other current receivables	268	166	203
Prepaid expenses and accrued income	241	278	251
Liquid assets	234	4,838	235
Total Current assets	846	5,316	722
TOTAL ASSETS	44,235	39,788	40,585
EQUITY			
Equity attributed to shareholders of the Parent Company			
Share capital	664	664	664
Other capital provided	53,118	53,154	53,118
Retained earnings	-25,985	-17,763	-22,053
Total Equity	27,797	36,055	31,728
LIABILITIES			
Non-current liabilities			
Long-term borrowings	12,182	-	-
Other non-current liabilities	2,171	1,887	1,887
Total non-current liabilities	14,354	1,887	1,887
Current liabilities			
Liabilities to credit institutions	540	-	371
Short-term borrowings	-	-	3,434
Trade payables	811	832	1,193
Other current liabilities	175	175	1,254
Accrued expenses and prepaid income	559	839	717
Total Current liabilities	2,084	1,847	6,969
Total liabilities	16,438	3,733	8,856
TOTAL EQUITY AND LIABILITIES	44,235	39,788	40,585

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, 2011	604	47,960	-14,434	34,130
Comprehensive income for the period	-	-	-3,329	-3,329
New share issue	60	5,509	-	5,569
Issue expenses	-	-315	-	-315
Closing balance as of October 31, 2011	664	53,154	-17,763	36,055
Opening balance as of May 1, 2011	604	47,960	-14,434	34,130
Comprehensive income for the period	-	-	-7,619	-7,619
New share issue	60	5,509	-	5,569
Issue expenses	-	-351	-	-351
Closing balance as of April 30, 2012	664	53,118	-22,053	31,728
Opening balance as of May 1, 2012	664	53,118	-22,053	31,728
Comprehensive income for the period	-	-	-3,932	-3,932
Closing balance as of October 31, 2012	664	53,118	-25,985	27,797

Consolidated Cash flow statement

€ thousands	2012 Aug-Oct	2011 Aug-Oct	2012 May-Oct	2011 May-Oct	2011/12 May-April
Operating activities					
Operating income before financial items	-1,501	-1,553	-3,627	-3,336	-7,603
Depreciation/amortization	147	147	296	293	587
Interest received	0	0	0	15	42
Interest paid	-48	-6	-53	-9	-58
Cash flow from operating activities before working capital changes	-1,401	-1,412	-3,384	-3,036	-7,032
Change in working capital					
Change in inventories	0	-34	-69	-34	-34
Change in other current receivables	-9	-11	-56	135	126
Change in trade payables	447	247	-382	387	748
Change in other current liabilities	-192	-174	-147	-106	107
Cash flow from operating activities	-1,155	-1,384	-4,038	-2,653	-6,084
Investing activities					
Investments in intangible fixed assets	-2,148	-1,663	-4,383	-4,011	-8,490
Investments in property, plant and equipment	-292	-17	-497	-191	-338
Cash flow from investing activities	-2,440	-1,681	-4,880	-4,202	-8,828
Financing activities					
Increase in liabilities to credit institutions	540	-	169	-	371
Increase in long-term liabilities	-	-	-	103	103
New share issue	-	5,569	-	5,569	5,569
Issue expenses	-	-	-	-	-351
New loans	1,740	-	9,282	-	3,434
Repayment of loans	-	-	-534	-	-
Cash flow from financing activities	2,280	5,569	8,917	5,672	9,126
Cash flow for the period	-1,316	2,504	-1	-1,183	-5,786
Cash and cash equivalents at the beginning of the period	1,550	2,333	235	6,021	6,021
Cash and cash equivalents at the end of the period	234	4,838	234	4,838	235

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THE MARKET AUTHORIZATION PROCESS FOR PACLICAL® HAS BEGUN

THE PERIOD May 1 – October 31, 2012

- Consolidated Net sales amounted to TSEK 0 (891) [2]
- Operating income amounted to TSEK –31 263 (-28 752)
- Net income after tax amounted to TSEK –33 887 (-28 696)
- Earnings per share amounted to SEK -0,58 (-0,54)
- Comprehensive income amounted to TSEK -33 887 (-28 696)

SECOND QUARTER August 1 – October 31, 2012

- Consolidated Net sales amounted to TSEK 0 (0)
- Operating income amounted to TSEK –12 934 (-13 384)
- Net income after tax amounted to TSEK –14 564 (-13 435)
- Earnings per share amounted to SEK -0,25 (-0,25)
- Comprehensive income amounted to TSEK -14 564 (-13 435)

- Oasmia has initiated the market authorization process for Paclical® with Russia as the first country of submission.
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- The company announces fully underwritten preferential rights share issue of SEK 123 million

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Preferential rights issue
In October 2012, the company announced a new share issue with preferential rights of MSEK 123. The share issue is completely underwritten by subscription and guarantee commitments from the two principal owners of Oasmia, Alceco International S.A. and Nexttobe AB. The issue share price was SEK 5 per new share.

EVENTS AFTER THE CLOSING DAY

Preferential rights share issue completed

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FINANCIAL INFORMATION

Consolidated Income Statement in brief

TSEK	2012 Aug-Oct	2011 Aug-Oct	2012 May-Oct	2011 May-Oct	2011/12 May-April
Net sales	-	-	-	891	891
Capitalized development cost	17 395	14 336	27 184	34 420	63 282
Operating income	-12 934	-13 384	-31 263	-28 752	-65 536
Net income after tax	-14 564	-13 435	-33 887	-28 696	-65 670
Earnings per share (SEK), before and after dilution *	-0,25	-0,25	-0,58	-0,54	-1,18
Comprehensive income for the period	-14 564	-13 435	-33 887	-28 696	-65 670

*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.

The period May 1 – October 31, 2012

Net sales
Net sales amounted to TSEK 0 (891).

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. This amounted to TSEK 27 184 (34 420). The majority concerned Paclical®. However, a capitalization of Paccal® Vet amounting to TSEK 226 was also included since a study to complement the EMA filing is currently being carried out. The drop in capitalization is due to the near completion of the Paclical® Phase III study in ovarian cancer.

Operating expenses

Operating expenses excluding depreciation and impairment amounted to TSEK 55 996 (61 578). This 9 % decrease compared to the same period previous year is attributable to lower expenses for Paclical® clinical trials.

Of these operating expenses about 49 % (56), were recorded as Capitalized development cost.

The number of employees was 73 (78) at the end of the period.

Income for the period

Net income was TSEK -33 887 (-28 696). The decrease is due to zero net sales for the period, and that capitalization of operating expenses decreased more than the reduction in operating expenses and finally due to interest expenses attributable to borrowing in the current fiscal year.

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

Financial position

The consolidated liquid assets at the end of the period amounted to TSEK 2 017 (41 696). The interest-bearing liabilities were TSEK 109 651 (0). These liabilities consisted of a TSEK 105 000 loan from Nexttobe and an unutilized bank credit of TSEK 4 651.

At the end of the period, unutilized credits with bank and the principal owner Alceco International S.A amounted to TSEK 349 and TSEK 40 000 respectively. The latter credit facility was increased in October 2012 from TSEK 25 000 to TSEK 40 000.

Furthermore, Oasmia holds a SEDA agreement (Standby Equity Distribution agreement) amounting to TSEK 75 000, which was completely unutilized on October 31, 2012.

Equity at the end of the period amounted to TSEK 239 586 (310 761), the equity/assets ratio was 63 % (91) and the net debt/equity ratio was 45 % (0).

Cash flow and Capital expenditures

Cash flow from operating activities amounted to TSEK -34 804 (-22 869).

Cash flow from investing activities amounted to TSEK -42 061 (-36 221).

Investments in intangible assets amounted to TSEK 37 780 (34 575), consisting of capitalized development costs TSEK 27 184 and patents and other intangible assets TSEK 10 597.

Investments in property, plant and equipment amounted to TSEK 4 281 (1 646) and in general concerned acquisition of production equipment placed at Baxter in Germany.

Financing

Financing during the period was performed by borrowing from Nexttobe AB. During the period, Oasmia has increased borrowing from TSEK 25 000 to TSEK 105 000. In October 2012, the entire amount of TSEK 105 000 was rewritten as one loan with a tenor ending December 31, 2013. The interest rate is still 5 % and is paid when due.

The parent company

The parent company net sales in the period amounted to TSEK 0 (891) and net income before tax amounted to TSEK -33 906 (-28 670). The parent company liquid assets at the end of the period amounted to TSEK 2 009 (41 682).

Second quarter August 1 – October 31, 2012

Net sales

Net sales amounted to TSEK 0 (0).

Capitalized development cost

Capitalized development cost amounted to TSEK 17 395 (14 336) and mainly concerned Paclical®, although Paccal® Vet was included with TSEK 226. The increase compared to the same quarter previous year is attributable to increased costs for clinical trials in Phase III.

Operating expenses

Operating expenses excluding depreciation and impairment amounted to TSEK 29 124 (26 455). This increase compared to the same quarter previous year is attributable to increased expenses for Paclical® clinical trials.

Income for the quarter

Net income was TSEK -14 564 (-13 435). The decrease is attributable to interest expenses.

Key ratios and other information

	2012 Aug-Oct	2011 Aug-Oct	2012 May-Oct	2011 May-Oct	2011/12 May-April
Number of shares at the close of the period (in thousands), before and after dilution *	58 214	58 214	58 214	58 214	58 214
Weighted average number of shares (in thousands) before and after dilution*	58 214	53 022	58 214	52 993	55 589
Earnings per share in SEK, before and after dilution*	-0,25	-0,25	-0,58	-0,54	-1,18
Equity per share, SEK*	4,12	5,34	4,12	5,34	4,70
Equity/Assets ratio, %	63	91	63	91	78
Net debt, TSEK	107 634	-41 696	107 634	-41 696	30 769
Net debt/Equity ratio, %	45	0	45	0	11
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	73	78	73	78	77

* 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	2012 Aug-Oct	2011 Aug-Oct	2012 May-Oct	2011 May-Oct	2011/12 May-April
Net sales		-	-	-	891	891
Capitalized development cost		17 395	14 336	27 184	34 420	63 282
Other operating income		65	-	96	42	104
Raw materials, consumables and goods for resale		-2 035	-2 012	-3 858	-5 663	-10 127
Other external expenses		-18 542	-16 027	-32 577	-37 469	-73 481
Employee benefit expenses		-8 546	-8 417	-19 560	-18 445	-41 144
Depreciation/amortization and impairment		-1 270	-1 265	-2 547	-2 527	-5 062
Other operating expenses		-	-	-	-	-
Operating income		-12 934	-13 384	-31 263	-28 752	-65 536
Financial income		1	1	4	133	363
Financial expenses		-1 631	-53	-2 628	-77	-497
Financial items, net		-1 630	-51	-2 625	56	-135
Income before taxes		-14 564	-13 435	-33 887	-28 696	-65 670
Taxes	2	-	-	-	-	-
Income for the period		-14 564	-13 435	-33 887	-28 696	-65 670
Income for the period attributable to:						
Shareholders of the Parent company		-14 564	-13 435	-33 887	-28 696	-65 670
Earnings per share						
Before dilution, SEK		-0,25	-0,25	-0,58	-0,54	-1,18
After dilution, SEK		-0,25	-0,25	-0,58	-0,54	-1,18

Consolidated Statement of Comprehensive income

TSEK	Note	2012 Aug-Oct	2011 Aug-Oct	2012 May-Oct	2011 May-Oct	2011/12 May-April
Income for the period		-14 564	-13 435	-33 887	-28 696	-65 670
Comprehensive income for the period		-14 564	-13 435	-33 887	-28 696	-65 670
Comprehensive income for the period attributable to:						
Shareholders of the Parent company		-14 564	-13 435	-33 887	-28 696	-65 670
Comprehensive Earnings per share						
Before dilution, SEK		-0,25	-0,25	-0,58	-0,54	-1,18
After dilution, SEK		-0,25	-0,25	-0,58	-0,54	-1,18

Consolidated statement of financial position

TSEK	Note	2012-10-31	2011-10-31	2012-04-30
ASSETS				
Non-current assets				
Property, plant and equipment		28 165	26 814	25 988
Capitalized development cost	3	317 375	261 330	290 191
Other intangible assets		28 431	8 977	27 400
Financial assets		2	2	2
Total Non-current assets		373 972	297 123	343 581
Current assets				
Inventories		887	290	290
Other current receivables		2 311	1 432	1 747
Prepaid expenses and accrued income		2 080	2 400	2 161
Liquid assets		2 017	41 696	2 028
Total Current assets		7 295	45 818	6 227
TOTAL ASSETS		381 267	342 941	349 807
EQUITY				
Equity attributed to shareholders of the Parent Company				
Share capital		5 724	5 724	5 724
Other capital provided		457 832	458 144	457 832
Retained earnings		-223 969	-153 107	-190 082
Total equity		239 586	310 761	273 474
LIABILITIES				
Non-current liabilities				
Long-term borrowings		105 000	-	-
Other non-current liabilities		18 716	16 264	16 264
Total Non-current liabilities		123 716	16 264	16 264
Current liabilities				
Liabilities to credit institutions		4 651	-	3 197
Short-term borrowings	4	-	-	29 600
Trade payables		6 991	7 170	10 281
Other current liabilities		1 506	1 511	10 811
Accrued expenses and prepaid income		4 817	7 234	6 180
Total Current liabilities		17 964	15 916	60 069
Total Liabilities		141 680	32 180	76 334
TOTAL EQUITY AND LIABILITIES		381 267	342 941	349 807
Contingent liabilities	5			
Pledged assets	5			

Consolidated statement of changes in equity

TSEK	Share capital	Other capital provided	Retained earnings	Total equity
	Attributable to shareholders of the Parent company			
Opening balance as of May 1, 2011	5 208	413 375	-124 411	294 171
Comprehensive income for the period	-	-	-28 696	-28 696
New share issue	516	47 484	-	48 000
Issue expenses	-	-2 714	-	-2 714
Closing balance as of October 31, 2011	5 724	458 144	-153 107	310 761
Opening balance as of May 1, 2011	5 208	413 375	-124 411	294 171
Comprehensive income for the period	-	-	-65 670	-65 670
New share issue	516	47 484	-	48 000
Issue expenses	-	-3 027	-	-3 027
Closing balance as of April 30, 2012	5 724	457 832	-190 082	273 474
Opening balance as of May 1, 2012	5 724	457 832	-190 082	273 474
Comprehensive income for the period	-	-	-33 887	-33 887
Closing balance as of October 31, 2012	5 724	457 832	-223 969	239 586

Consolidated Cash flow statement

TSEK	2012 Aug-Oct	2011 Aug-Oct	2012 May-Oct	2011 May-Oct	2011/12 May-April
Operating activities					
Operating income before financial items	-12 934	-13 384	-31 263	-28 752	-65 536
Depreciation/amortization	1 270	1 265	2 547	2 527	5 062
Interest received	1	1	4	133	363
Interest paid	-412	-53	-456	-77	-497
Cash flow from operating activities before working capital changes	-12 075	-12 170	-29 167	-26 168	-60 609
Change in working capital					
Change in inventories	-	-290	-597	-290	-290
Change in other current receivables	-77	-95	-482	1 162	1 085
Change in trade payables	3 853	2 126	-3 291	3 339	6 450
Change in other current liabilities	-1 658	-1 501	-1 266	-912	924
Cash flow from operating activities	-9 957	-11 930	-34 804	-22 869	-52 439
Investing activities					
Investments in intangible fixed assets	-18 517	-14 336	-37 780	-34 575	-73 176
Investments in property, plant and equipment	-2 516	-149	-4 281	-1 646	-2 914
Cash flow from investing activities	-21 034	-14 486	-42 061	-36 221	-76 090
Financing activities					
Increase in liabilities to credit institutions	4 651	-	1 454	-	3 197
Increase in long-term liabilities	-	-	-	891	891
New share issue	-	48 000	-	48 000	48 000
Issue expenses	-	-	-	-	-3 027
New loans	15 000	-	80 000	-	29 600
Repayment of loans	-	-	-4 600	-	-
Cash flow from financing activities	19 651	48 000	76 854	48 891	78 662
Cash flow for the period	-11 339	21 585	-11	-10 199	-49 867
Cash and cash equivalents at the beginning of the period	13 356	20 112	2 028	51 895	51 895
Cash and cash equivalents at the end of the period	2 017	41 696	2 017	41 696	2 028

Parent Company Income statement

TSEK	Note	2012 Aug-Oct	2011 Aug-Oct	2012 May-Oct	2011 May-Oct	2011/12 May-April
Net sales		-	-	-	891	891
Capitalized development cost		17 395	14 336	27 184	34 420	63 282
Other operating income		65	-	96	42	104
Raw materials, consumables and goods for resale		-2 035	-2 012	-3 858	-5 663	-10 124
Other external expenses		-18 513	-15 987	-32 519	-37 393	-73 323
Employee benefit expenses		-8 546	-8 417	-19 560	-18 445	-41 144
Depreciation/amortization and impairment of property, plant, equipment and intangible assets		-1 266	-1 244	-2 540	-2 478	-4 987
Operating income		-12 901	-13 323	-31 197	-28 626	-65 300
Result from participations in Group companies	4	-30	-100	-85	-100	-390
Other interest revenues and similar revenues		1	1	3	133	362
Interest cost and similar costs		-1 631	-53	-2 628	-77	-495
Financial items, net		-1 660	-151	-2 709	-44	-523
Income after financial items		-14 561	-13 474	-33 906	-28 670	-65 823
Taxes	2	-	-	-	-	-
Income for the period		-14 561	-13 474	-33 906	-28 670	-65 823

Parent Company Balance Sheet

TSEK	Note	2012-10-31	2011-10-31	2012-04-30
ASSETS				
Non-current assets				
Intangible fixed assets				
Capitalized development cost	3	317 375	261 330	290 191
Concessions, patents, licenses, trademarks and similar rights		28 417	8 931	27 378
Property, plant and equipment				
Equipment, tools, fixtures and fittings		22 082	25 460	24 149
Construction in progress and advance payments for property, plant and equipment		6 082	1 355	1 839
Financial assets				
Participations in group companies		110	110	110
Receivables from group companies		-	6	-
Other securities held as non-current assets		1	1	1
Total Non-current assets		374 067	297 192	343 668
Current assets				
Inventories				
Raw materials and consumables		887	290	290
		887	290	290
Current receivables				
Receivables from group companies	4	-	2	55
Other current receivables		2 309	1 431	1 746
Prepaid expenses and accrued income		2 061	2 375	2 084
		4 370	3 807	3 885
Cash and bank balances		2 009	41 682	2 020
Total current assets		7 267	45 779	6 195
TOTAL ASSETS		381 334	342 971	349 863
EQUITY AND LIABILITIES				
Equity				
Restricted equity				
Share capital		5 724	5 724	5 724
Statutory reserve		4 620	4 620	4 620
		10 344	10 344	10 344
Non-restricted equity				
Share premium reserve		457 832	458 144	457 832
Retained earnings		-194 851	-129 028	-129 028
Income for the period		-33 906	-28 670	-65 823
		229 075	300 447	262 981
Total equity		239 419	310 791	273 325
Non-current liabilities				
Long-term borrowings		105 000	-	-
Other non-current liabilities		18 716	16 264	16 264
Total non-current liabilities		123 716	16 264	16 264
Current liabilities				
Short term borrowings	4	-	-	29 600
Trade payables		6 991	7 170	10 281
Liabilities to Credit institutions		4 651	-	3 197
Liabilities to group companies	4	235	-	205
Other current liabilities		1 506	1 511	10 811
Accrued expenses and prepaid income		4 817	7 234	6 180
Total Current liabilities		18 199	15 916	60 274
TOTAL EQUITY AND LIABILITIES		381 334	342 971	349 863
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, 2011	5 208	4 620	284 347	294 175
New share issue	516	-	47 484	48 000
Issue expenses	-	-	-2 714	-2 714
Income for the period	-	-	-28 670	-28 670
Closing balance as of October 31, 2011	5 724	4 620	300 447	310 791
Opening balance as of May 1, 2011	5 208	4 620	284 347	294 175
New share issue	516	-	47 484	48 000
Issue expenses	-	-	-3 027	-3 027
Income for the period	-	-	-65 823	-65 823
Closing balance as of April 30, 2012	5 724	4 620	262 981	273 325
Opening balance as of May 1, 2012	5 724	4 620	262 981	273 325
Income for the period	-	-	-33 906	-33 906
Closing balance as of October 31, 2012	5 724	4 620	229 075	239 419

Note 1 Accounting policies

This interim 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 2011 – April 30 2012. The new and revised accounting policies applied by Oasmia since May 1, 2012, has not had any effect on Oasmia's financial reports. 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 262 155 (191 471) and the Parent Company has similar amounting to TSEK 252 653 (182 147). 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

TSEK	2012-10-31	2011-10-31	2012-04-30
Paclical®	236 098	180 278	209 140
Paccal® Vet	81 277	81 051	81 051
Total	317 375	261 330	290 191

Note 4 Transactions with related parties

On October 31, a credit facility of MSEK 40 was provided to Oasmia by the principal owner of the company, Alceco International SA. The interest rate on utilized credits is 5 %. As of October 31, 2012, this credit was completely unutilized (also as of October 31, 2011).
Oasmia has made a TSEK 85 (100) group contribution to Oasmia Global Supplies AB in the period where TSEK 30 (100) were provided in the second quarter. Impairment of shares in the subsidiary amounting to TSEK 85 (100) have been made in the period corresponding to the group contributions, as the purpose of the group contributions was to cover losses in the subsidiary. The impairment is accounted for in the Parent company income statement in the item Result from participation 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 2011 – April 30 2012. 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 6, 2012

Joel Citron, Chairman	Martin Nicklasson, Member
Jan Lundberg, Member	Prof. Dr. Horst Domdey, Member
Bo Cederstrand, Member	Julian Aleksov, Member and Chief Executive Officer

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 6, 2012 at 08.30.

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, 2012 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, 2012, 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.

Uppsala December 6, 2012

Ernst & Young AB

Björn Ohlsson
Authorized Public Accountant

COMPANY INFORMATION

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Questions concerning the report are answered by:
Johan Edin, acting Head of PR & Communications +46 18 50 54 40

UPCOMING REPORT DATES

Interim report May 2012 – January 2013	2013-03-01
Year-end report May 2012 – April 2013	2013-06-07
Annual Report May 2012 – April 2013	2013-08-22
Interim report May 2013 – July 2013	2013-09-06