

Oasmia Pharmaceutical AB (publ)

Interim report for the period May – October 2014

POSITIVE RISK/BENEFIT PROFILE IN PACLICAL STUDY

SECOND QUARTER August 1 – October 31, 2014

- Consolidated Net sales amounted to TSEK 558 (24)¹
- Operating income amounted to TSEK -24,145 (-17,374)
- Net income after tax amounted to TSEK -26,715 (-18,661)
- Earnings per share amounted to SEK -0.30 (-0.23)
- Comprehensive income amounted to TSEK -26,715 (-18,661)

THE PERIOD May 1 – October 31, 2014

- Consolidated Net sales amounted to TSEK 1,552 (24)
- Operating income amounted to TSEK -54,496 (-34,359)
- Net income after tax amounted to TSEK -59,704 (-36,885)
- Earnings per share amounted to SEK -0.69 (-0.45)
- Comprehensive income amounted to TSEK -59,704 (-36,885)

- The full report from the clinical trial with Oasmia's product Paclical for treatment of ovarian cancer shows that Paclical has a positive risk/benefit profile compared to standard treatment.
- Anders Blom was appointed Executive Vice President in Oasmia, succeeding Hans Sundin who was elected as a new member of the Board.

EVENTS AFTER THE CLOSING DAY

- On November 11, Oasmia announced a fully committed and underwritten rights issue of approximately SEK 176 million.
- On November 17, Oasmia published the prospectus for the rights issue.

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



CEO COMMENTS:

"Oasmia has had a very successful year so far, and we have achieved a number of important milestones, including the launch in the US of our first veterinary product Paccal Vet-CA1[®]. This quarter, we were able to announce the full results from our pivotal Phase III clinical study of Paclical, for the treatment of ovarian cancer. The results showed, among other things, that Paclical has a positive risk/benefit profile compared to the standard treatment, and that the benefits exceed the risks. The results will provide a basis for a Marketing Authorisation Application in Europe to the European Medicines Agency (EMA) in 2015.", commented Julian Aleksov, CEO and President of Oasmia



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 Stockholm and at the Frankfurt Stock Exchange.

BUSINESS ACTIVITIES

In July 2014, Paccal Vet CA-1 was launched on the US market. The product is manufactured at Oasmia's facility in Uppsala and delivered to Oasmias partner Abbott Animal Health. Oasmia's revenues from the product consist of an invoiced price per vial upon delivery and a royalty calculated on Abbott's net sales of the product. Altogether, these revenues amounted to TSEK 542 (-) in the second quarter and TSEK 1,524 (-) during the period.

PRODUCT DEVELOPMENT

HUMAN HEALTH

Paclical

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

Oasmia has performed a Phase III study with Paclical for treatment of ovarian cancer, an indication with 225,000 annual cases globally. The total number of patients in the study was 789, and all patients have been followed up regarding progression free survival. In June 2014, Oasmia announced that the primary endpoint for the study had been met. The endpoint was to demonstrate that Paclical and Taxol, both in combination with carboplatin, have the same progression free survival. In October 2014, the company announced the results from the study which shows that Paclical has a positive risk/benefit profile compared to standard treatment. A final report for the clinical study is estimated to be completed in the fourth quarter of 2014. This data will constitute the foundation for a submission of a Marketing Authorization Application to the EMA in 2015.

In September 2012, Oasmia submitted an application for market authorization for Paclical in Russia, which is currently being processed by the Russian pharmaceutical authorities. Oasmia expects a notice in the first calendar quarter of 2015.

Doxophos

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

Docecal

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

OAS-19

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



Human Health

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

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

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

ANIMAL HEALTH

Paccal Vet®

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

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

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

The company is conducting a complementary study on Paccal Vet for the treatment of mastocytoma. The purpose of the study is to measure time to progression for dogs that have been treated four times with three-week intervals. All 50 dogs were treated in the quarter that ended in April 2014. If the result is in line with the expectations, Oasmia intends to submit an application for market approval to the European Medicines Agency (EMA) in the first half of 2015. Oasmia will also consider submitting an application of market approval to the FDA.

Doxophos Vet

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

Oasmia conducts a Phase I study for Doxophos Vet in order to establish the dose for the upcoming clinical program and 12 dogs have been treated in May 2014. Oasmia aims to finalize a study report in the first half of 2015, which is a delay from the previous estimation autumn 2014. The cause for the delay is that it has taken somewhat longer time to collect data from the study.

Animal Health

CANDIDATE	INDICATION	PRE-CLINICAL	PHASE I	PHASE II	PHASE III	REG./ APPROVAL	RIGHTS	
							GEOGRAPHY	PARTNER
Paccal Vet® - CA1 (paclitaxel)	Mammary / squamous cell				Planned for full approval	Conditionally approved	Global (ex-RUS/JAP)	
	Mast cell				Ongoing		Global (ex-RUS/JAP)	
Doxophos Vet (doxorubicin)	Lymphoma		Ongoing	Planned			Global	

Additional partners: Paccal Vet partnered with Nippon Zensyaku Kagyo in Japan.



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

THE COMPANY

Annual General Meeting 2014

In September, the Annual General Meeting made a resolution that the Board shall consist of six regular members without deputies. The Annual General Meeting re-elected the Board members Joel Citron, Horst Domdey, Alexander Kotsinas, Bo Cederstrand, and Julian Aleksov. The meeting also elected Hans Sundin as a new regular Member of the Board until the next Annual General Meeting. Joel Citron was elected as Chairman of the Board.

Oasmia considers secondary listing on NASDAQ USA

Oasmia consider a secondary listing of ADR's (American Depositary Receipts) on the United States NASDAQ stock market. The company has initiated the application process, as well as filed a registration statement with the United States Securities and Exchange Commission under the JOBS Act. The company's shares are currently listed on NASDAQ Stockholm and the Frankfurt Stock Exchange.

Oasmia receives a new MSEK 40 bank loan

Oasmia has received a new MSEK 40 bank loan, with a term from October 1 to December 30, 2014. The loan replaced a previous bank loan which was due on September 30, 2014.

Anders Blom appointed Executive Vice President

Anders Blom was appointed Executive Vice President, succeeding Hans Sundin. Anders Blom will continue as CEO of Nexttobe AB.

Share price development during the period (SEK)



EVENTS AFTER CLOSING DAY

Oasmia announced a fully committed and underwritten rights issue of approximately SEK 176 million on November 11.

The rights issue is fully committed and underwritten by a combination of subscription and guarantee commitments. Certain larger shareholders, including Alceco International S.A. and Nexttobe AB, have undertaken to subscribe for their *pro rata* shares in the rights issue. Additionally, certain larger shareholders, including Alceco International S.A., have committed to subscribe and pay for any remaining part of the rights issue not subscribed for through subscription with or without preferential rights. The subscription price is SEK 18.0 per new share.

Oasmia published a prospectus, containing new financial information, for the company's preferential rights issue on November 17.

The Board of Directors in Oasmia has prepared a prospectus regarding the preferential rights issue that was announced on November 11, 2014. The prospectus has been approved and registered by the Swedish Finance Inspection Agency (FI). The company has published liabilities, equity, and net debt in the prospectus as of September 30, 2014.

FINANCIAL INFORMATION

Consolidated Income Statement in brief

TSEK	2014 Aug-Oct	2013 Aug-Oct	2014 May-Oct	2013 May-Oct	2013/14 May-April
Net sales	558	24	1,552	24	60
Capitalized development cost	5,427	8,198	9,928	15,484	29,464
Other operating income	61	53	153	4,353	4,454
Operating expenses	-30,192	-25,649	-66,129	-54,219	-132,069
Operating income	-24,145	-17,374	-54,496	-34,359	-98,091
Net income after tax	-26,715	-18,661	-59,704	-36,885	-105,112
Earnings per share (SEK), before and after dilution	-0.30	-0.23	-0.69	-0.45	-1.28
Comprehensive income for the period	-26,715	-18,661	-59,704	-36,885	-105,112

SECOND QUARTER

August 1 – October 31, 2014

Net sales

Net sales amounted to TSEK 558 (24) and consisted almost entirely of Paccal Vet-CA1 sales revenue.

Capitalized development cost

Capitalized development costs, which refers to Phase III clinical trials for the product candidates Paclical and Paccal Vet, amounted to TSEK 5,427 (8,198). Of the capitalization, Paclical comprised TSEK 2,403 (5,956) and Paccal Vet comprised TSEK 3,025 (2,242).

Other operating income

Other operating income amounted to TSEK 61 (53).

Operating expenses

Operating expenses including depreciation, amortization and impairments was significantly higher compared to the corresponding quarter previous year and amounted to TSEK 30,192 (25,649). The increased operating expenses were mainly attributable to method development in the production at Oasmia and its contract manufacturers, increased administration expenses and consumable equipment costs.

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

Net income for the quarter

Net income after tax amounted to TSEK -26,715 (-18,661). The decrease in net income between these two quarters was attributable to significantly increased operating expenses, increased interest expenses and a decreased capitalization of development costs.

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

THE PERIOD

May 1 – October 31, 2014

Net sales

Net sales amounted to TSEK 1,552 (24) and consisted mainly of Paccal Vet-CA1 sales revenue.

Capitalized development cost

Capitalized development costs, which concerns Phase III clinical trials for the product candidates Paclical and Paccal Vet, amounted to TSEK 9,928 (15,484). Of the capitalization, Paclical comprised TSEK 5,362 (10,412) and Paccal Vet comprised TSEK 4,566 (5,072).



Other operating income

Other operating income amounted to TSEK 153 (4,353). During the corresponding period previous year, an insurance compensation amounting to TSEK 4,250 was received.

Operating expenses

Operating expenses including depreciation, amortization and impairments was significantly higher compared to the corresponding period previous year and amounted to TSEK 66,129 (54,219). The costs for clinical trials have decreased somewhat, but costs related to the commercial phase Oasmia has entered have increased significantly more. The latter costs refer to, among other things, method development in production at Oasmia and its contract manufacturers, increased purchases of raw materials and supplies for production as well as increased personnel and administration expenses.

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

Net Income for the period

Net income after tax was TSEK -59,704 (-36,885). The decrease in net income compared to the corresponding period previous year was attributable to significantly increased operating expenses, a decreased capitalization of development costs, decreased other operating income and increased interest expenses for loans.

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

Cash flow and Capital expenditures

Cash flow from operating activities amounted to TSEK -55,695 (-34,157). The decrease compared to the corresponding period previous year is attributable to a significant decrease in operating income.

Cash flow from investing activities amounted to TSEK -12,243 (-17,949). Of these, investments in intangible assets amounted to TSEK 10,230 (17,887), consisting of capitalized development costs TSEK 9,928 (15,484) and of patents TSEK 301 (2,403). Of these, TSEK 2,014 (62) was investments in property, plant and equipment, mainly production equipment.

Financing

During the period May – October 2014, financing was covered by liquid assets provided to the company in the directed share issues which were completed in March 2014 and July 2014 respectively. In the period Oasmia received a MSEK 40 bank loan, with a term from October 1 – December 30, 2014. The loan replaced a previous bank loan which was due on September 30, 2014.

Financial position

The consolidated liquid assets at the end of the period amounted to TSEK 27,135 (10,851). The interest-bearing liabilities were TSEK 145,000 (105,000).

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

Equity at the end of the period was TSEK 269,035 (282,268), the equity/assets ratio was 59 % (68 %), and the net debt/equity ratio was 44 % (33 %).

The parent company

The parent company's net sales amounted to TSEK 1,552 (24) and net income before tax amounted to TSEK -59,695 (-36,887). The parent company's liquid assets at the end of the period amounted to TSEK 27,132 (10,842).

Future financing

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

Key ratios and other information

	2014 Aug-Oct	2013 Aug-Oct	2014 May-Oct	2013 May-Oct	2013/14 May-April
Number of shares at the close of the period (in thousands), before and after dilution	88,072	81,772	88,072	81,772	85,572
Weighted average number of shares (in thousands) before and after dilution	88,072	81,772	87,135	81,772	82,272
Earnings per share in SEK, before and after dilution	-0.30	-0.23	-0.69	-0.45	-1.28
Equity per share, SEK	3.05	3.45	3.05	3.45	3.29
Equity/Assets ratio, %	59	68	59	68	60
Net debt, TSEK	117,865	94,149	117,865	94,149	96,759
Net debt/Equity ratio, %	44	33	44	33	34
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	75	79	75	79	78

Definitions

Earnings per share: The income for the period attributable to the shareholders of the parent company divided by a weighted average number of shares, before and after dilution.

Equity per share: Equity divided by the number of shares at the end of the period.

Equity/assets ratio: Equity as a percentage of the balance sheet total.

Net debt: Total borrowing (containing the balance sheet items Short-term and Long-term borrowings and liabilities to credit institutions) with deduction for liquid assets.

Net debt/Equity ratio: Net debt in relation to equity.

Return on total assets: Income before deduction of interest expenses in relation to the average balance sheet total.

Return on equity: Income after financial items in relation to the average equity.

Consolidated Income statement

TSEK	Note	2014 Aug-Oct	2013 Aug-Oct	2014 May-Oct	2013 May-Oct	2013/14 May-April
Net sales		558	24	1,552	24	60
Capitalized development cost	2	5,427	8,198	9,928	15,484	29,464
Other operating income		61	53	153	4,353	4,454
Raw materials, consumables and goods for resale		-1,318	-1,203	-5,567	-2,286	-6,835
Other external expenses	2	-17,582	-13,183	-34,767	-27,627	-75,189
Employee benefit expenses		-10,162	-10,030	-23,335	-21,827	-45,101
Depreciation, amortization and impairment		-1,129	-1,233	-2,461	-2,479	-4,941
Other operating expenses		-	-	-	-	-3
Operating income		-24,145	-17,374	-54,496	-34,359	-98,091
Financial income		8	55	16	140	192
Financial expenses		-2,577	-1,342	-5,224	-2,666	-7,213
Financial items, net		-2,569	-1,287	-5,208	-2,526	-7,021
Income before taxes		-26,715	-18,661	-59,704	-36,885	-105,112
Taxes	3	-	-	-	-	-
Income for the period		-26,715	-18,661	-59,704	-36,885	-105,112
Income for the period attributable to:						
Shareholders of the Parent company		-26,715	-18,661	-59,704	-36,885	-105,112
Earnings per share before and after dilution, SEK		-0.30	-0.23	-0.69	-0.45	-1.28

Consolidated Statement of Comprehensive income

TSEK	Note	2014 Aug-Oct	2013 Aug-Oct	2014 May-Oct	2013 May-Oct	2013/14 May-April
Income for the period		-26,715	-18,661	-59,704	-36,885	-105,112
Comprehensive income for the period		-26,715	-18,661	-59,704	-36,885	-105,112
Comprehensive income for the period attributable to:						
Shareholders of the Parent company		-26,715	-18,661	-59,704	-36,885	-105,112
Comprehensive Earnings per share before and after dilution, SEK		-0.30	-0.23	-0.69	-0.45	-1.28

Consolidated statement of financial position

TSEK	Note	2014-10-31	2013-10-31	2014-04-30
ASSETS				
Non-current assets				
Property, plant and equipment		24,282	24,243	24,401
Capitalized development cost	2,4	386,304	362,395	376,376
Other intangible assets		12,101	12,198	13,328
Financial assets		2	2	2
Total Non-current assets		422,689	398,838	414,106
Current assets				
Inventories		2,768	1,853	1,656
Trade receivables		550	30	49
Other current receivables		3,732	2,726	2,729
Accrued expenses and prepaid income		1,550	2,792	1,601
Liquid assets		27,135	10,851	48,241
Total Current assets		35,735	18,252	54,276
TOTAL ASSETS		458,424	417,090	468,383
EQUITY				
Capital and provisions attributable to shareholders of the Parent Company				
Share capital		8,807	8,177	8,557
Other capital provided		687,506	573,439	640,924
Retained earnings		-427,278	-299,348	-367,574
Total Equity		269,035	282,268	281,907
LIABILITIES				
Non-current liabilities				
Other non-current liabilities		891	891	891
Total Non-current liabilities		891	891	891
Current liabilities				
Liabilities to credit institutions		40,000	-	40,000
Short-term borrowings	5	105,000	105,000	105,000
Trade payables		16,367	4,052	17,503
Other current liabilities		1,645	1,692	1,594
Accrued expenses and prepaid income	2,5	25,486	23,187	21,488
Total Current liabilities		188,498	133,931	185,584
Total Liabilities		189,389	134,822	186,476
TOTAL EQUITY AND LIABILITIES		458,424	417,090	468,383

Contingent liabilities and Pledged assets are presented in note 6

Consolidated statement of changes in equity

TSEK	Attributable to shareholders of the Parent company			Total equity
	Share capital	Other capital provided	Retained earnings	
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
Opening balance as of May 1, 2013	8,177	573,439	-262,463	319,153
Comprehensive income for the period	-	-	-105,112	-105,112
New share issue	380	71,820	-	72,200
Issue expenses	-	-4,335	-	-4,335
Closing balance as of April 30, 2014	8,557	640,924	-367,574	281,907
Opening balance as of May 1, 2014	8,557	640,924	-367,574	281,907
Comprehensive income for the period	-	-	-59,704	-59,704
New share issue	250	49,750	-	50,000
Issue expenses	-	-3,168	-	-3,168
Closing balance as of October 31, 2014	8,807	687,506	-427,278	269,035

Consolidated Cash flow statement

TSEK	Note	2014	2013	2014	2013	2013/14
		Aug-Oct	Aug-Oct	May-Oct	May-Oct	May-April
Operating activities						
Operating income before financial items		-24,145	-17,374	-54,496	-34,359	-98,091
Depreciation, amortization		1,129	1,233	2,461	2,479	4,941
Disposals of tangible and intangible assets		-	-	-	-	3
Interest received		8	55	16	140	192
Interest paid		-479	-19	-612	-20	-617
Cash flow from operating activities before working capital changes		-23,488	-16,105	-52,631	-31,759	-93,571
Change in working capital						
Change in inventories		-51	-966	-1,111	-966	-769
Change in trade receivables		487	-30	-501	-30	-49
Change in other current receivables		387	-1,182	247	533	1,721
Change in trade payables		-758	228	-1,136	-3,033	10,419
Change in other current liabilities	2	-1,213	-402	-562	1,098	-4,650
Cash flow from operating activities		-24,637	-18,457	-55,695	-34,157	-86,899
Investing activities						
Investments in intangible assets	2	-5,729	-9,487	-10,230	-17,887	-33,545
Investments in property, plant and equipment		-587	-34	-2,014	-62	-2,138
Cash flow from investing activities		-6,316	-9,521	-12,243	-17,949	-35,682
Financing activities						
Increase in liabilities to credit institutions		-	-	-	-	80,000
Decrease in liabilities to credit institutions		-	-	-	-	-40,000
New share issue		-	-	50,000	-	72,200
Issue expenses		-	-	-3,168	-	-4,335
Cash flow from financing activities		0	0	46,832	0	107,865
Cash flow for the period		-30,954	-27,978	-21,106	-52,106	-14,716
Cash and cash equivalents at the beginning of the period		58,088	38,829	48,241	62,956	62,956
Cash and cash equivalents at the end of the period		27,135	10,851	27,135	10,851	48,241

Parent Company Income statement

TSEK	Note	2014 Aug-Oct	2013 Aug-Oct	2014 May-Oct	2013 May-Oct	2013/14 May-April
Net sales		558	24	1,552	24	60
Capitalized development cost	2	5,427	8,198	9,928	15,484	29,464
Other operating income		61	53	153	4,353	4,454
Raw materials, consumables and goods for resale		-1,318	-1,203	-5,567	-2,286	-6,835
Other external expenses	2	-17,578	-13,173	-34,758	-27,601	-75,129
Employee benefit expenses		-10,162	-10,030	-23,335	-21,827	-45,101
Depreciation, amortization and impairment of property, plant, equipment and intangible assets		-1,129	-1,231	-2,461	-2,476	-4,938
Other operating expenses		-	-	-	-	0
Operating income		-24,140	-17,362	-54,487	-34,330	-98,025
Result from participations in Group companies		-	-30	-	-30	-80
Other interest revenues and similar revenues		8	55	16	140	192
Interest cost and similar costs		-2,577	-1,342	-5,224	-2,666	-7,213
Financial items, net		-2,569	-1,317	-5,208	-2,556	-7,101
Income after financial items		-26,710	-18,679	-59,695	-36,887	-105,126
Taxes	3	-	-	-	-	-
Income for the period		-26,710	-18,679	-59,695	-36,887	-105,126

Parent Company Balance Sheet

TSEK	Note	2014-10-31	2013-10-31	2014-04-30
ASSETS				
Non-current assets				
Intangible fixed assets				
Capitalized development cost	2,4	386,304	362,395	376,376
Concessions, patents, licenses, trademarks and similar rights		12,101	12,194	13,328
Property, plant and equipment				
Equipment, tools, fixtures and fittings		22,684	18,417	22,988
Construction in progress and advance payments for property, plant and equipment		1,598	5,826	1,413
Financial assets				
Participations in group companies		110	110	110
Other securities held as non-current assets		1	1	1
Total Non-current assets		422,798	398,944	414,215
Current assets				
Inventories				
Raw materials and consumables		2,768	1,656	1,656
Advance payments to suppliers		-	197	-
		2,768	1,853	1,656
Current receivables				
Trade receivables		550	30	49
Other current receivables		3,731	2,724	2,727
Prepaid expenses and accrued income		1,548	2,785	1,592
		5,829	5,540	4,368
Cash and bank balances				
		27,132	10,842	48,238
Total current assets		35,729	18,235	54,263
TOTAL ASSETS		458,527	417,179	468,478
EQUITY AND LIABILITIES				
Equity				
Restricted equity				
Share capital		8,807	8,177	8,557
Statutory reserve		4,620	4,620	4,620
		13,427	12,797	13,177
Non-restricted equity				
Share premium reserve		687,506	573,439	640,924
Retained earnings		-372,380	-267,255	-267,255
Income for the period		-59,695	-36,887	-105,126
		255,431	269,297	268,544
Total equity		268,858	282,095	281,721
Non-current liabilities				
Other non-current liabilities		891	891	891
Total non-current liabilities		891	891	891
Current liabilities				
Short term borrowings	5	105,000	105,000	105,000
Trade payables		16,367	4,052	17,500
Liabilities to Credit institutions		40,000	-	40,000
Liabilities to group companies		280	262	285
Other current liabilities		1,645	1,692	1,594
Accrued expenses and prepaid income	2,5	25,486	23,187	21,488
Total Current liabilities		188,778	134,193	185,866
TOTAL EQUITY AND LIABILITIES		458,527	417,179	468,478
Contingent liabilities and pledged assets				
Contingent liabilities	6	-	-	-
Pledged assets	6	8,000	8,000	8,000

Parent Company changes in equity

TSEK	Restricted equity		Non-restricted equity	Total equity
	Share capital	Statutory reserve		
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
Opening balance as of May 1, 2013	8,177	4,620	306,184	318,981
New share issue	380	-	71,820	72,200
Issue expenses	-	-	-4,335	-4,335
Income for the period	-	-	-105,126	-105,126
Closing balance as of April 30, 2014	8,557	4,620	268,544	281,721
Opening balance as of May 1, 2014	8,557	4,620	268,544	281,721
New share issue	250	-	49,750	50,000
Issue expenses	-	-	-3,168	-3,168
Income for the period	-	-	-59,695	-59,695
Closing balance as of October 31, 2014	8,807	4,620	255,431	268,858

Note 1 Accounting policies

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

Note 2 Restatements

In the fiscal year 2013/14, Oasmia improved the method for the determination of accrued costs for clinical trials. This has led to restatements of historical figures of the costs for clinical trials which have been capitalized. The changes are called Restatements in accordance with IAS 8. The changes have no effect on the company net income or equity. The effects of the restatements are disclosed below.

Consolidated Income Statement

TSEK	2013 Aug-Oct		2013 Aug-Oct		2013 May-Oct	
	According to previous reporting	Restatements	According to the Income Statement	According to Previous reporting	Restatements	According to the Income Statement
Capitalized development cost	7,181	1,017	8,198	14,006	1,478	15,484
Other external expenses	-12,166	-1,017	-13,183	-26,148	-1,478	-27,627

Consolidated statement of financial position

TSEK	2013-10-31		2013-10-31	
	According to previous reporting	Restatements	According to the Statement of financial position	
Assets				
Non-current assets				
Capitalized development cost	352,832	9,564	362,395	
Total non-current assets	389,274	9,564	398,838	
Total assets	407,526	9,564	417,090	
Current liabilities				
Accrued expenses and prepaid income	13,624	9,564	23,187	
Total current liabilities	124,367	9,564	133,931	
Total liabilities	125,258	9,564	134,822	
Total equity and liabilities	407,526	9,564	417,090	

Consolidated Cash flow statement

TSEK	2013		2013		2013	
	Aug-Oct		Aug-Oct	May-Oct		May-Oct
	According to previous reporting	Restatements	According to the Cash flow statement	According to previous reporting	Restatements	According to the Cash flow statement
Change in working capital						
Change in other current liabilities	-1,419	1,017	-402	-380	1,478	1,098
Cash flow from operating activities	-19,474	1,017	-18,457	-35,635	1,478	-34,157
Investing activities						
Investments in intangible fixed assets	-8,470	-1,017	-9,487	-16,408	-1,478	-17,887
Cash flow from investing activities	-8,504	-1,017	-9,521	-16,471	-1,478	-17,949

Parent company income statement

TSEK	2013		2013		2013	
	Aug-Oct		Aug-Oct	May-Oct		May-Oct
	According to previous reporting	Restatements	According to the Income statement	According to previous reporting	Restatements	According to the Income statement
Capitalized development cost	7,181	1,017	8,198	14,006	1,478	15,484
Other external expenses	-12,156	-1,017	-13,173	-26,123	-1,478	-27,601

Parent company balance sheet

TSEK	2013-10-31		2013-10-31	
	According to previous reporting	Restatements	Balance sheet	
Assets				
Non-current assets				
Capitalized development cost	352,832	9,564	362,395	
Total non-current assets	389,380	9,564	398,944	
Total assets	407,615	9,564	417,179	
Current liabilities				
Accrued expenses and prepaid income	13,624	9,564	23,187	
Total current liabilities	124,630	9,564	134,193	
Total equity and liabilities	407,615	9,564	417,179	

Note 3 Taxes

The Group has accumulated losses carried forward, related to previous years and the period, amounting to TSEK 463,864 (336,605) and the Parent Company has similar amounting to TSEK 454,656 (327,019). The future tax effect of these losses carried forward has not been marked with a value and no deferred tax asset has been considered in the Balance Sheet.

Note 4 Capitalized development cost

Capitalized development cost consists of the company's investments in clinical Phase III trials for the product candidates Paclical and Paccal Vet. The capitalization means that such costs are capitalized as an intangible asset. Amortization is carried out on a straight-line basis over the period that the expected benefits are expected to generate earnings for the Company, which is from the date that commercial sale to final customers is commenced. This point in time occurs in most cases after receiving full approval for the indication (eg, a cancer-type) of a product candidate in a specific market. The accumulated assets per product candidate are disclosed below.

TSEK	2014-10-31	2013-10-31	2014-04-30
Paclical	286,281	271,654	280,919
Paccal Vet	100,023	90,741	95,457
Total	386,304	362,395	376,376

Note 5 Transactions with related parties

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

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

On October 31, 2014, Oasmia carried a loan from its second largest shareholder Nexttobe AB amounting to TSEK 105,000 (105,000). During 2014, the loan carries an 8.5 % interest, from a previous 5 % interest. The interest will be paid when the loan is due on December 31, 2014. As of October 31, 2014 the accrued interest cost for the loan amounted to TSEK 16,010 (7,699).



Note 6 Contingent liabilities and Pledged assets

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

Note 7 Risk factors

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

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

Uppsala, December 3, 2014

Joel Citron, Chairman

Bo Cederstrand, Member

Prof. Dr. Horst Domdey, Member

Alexander Kotsinas, Member

Hans Sundin, Member

Julian Aleksov, Member and CEO

The information in this interim report is such that Oasmia Pharmaceutical (publ) must publish according to the Swedish Securities Markets Act. The information was delivered for publication on December 4, 2014 at 8.15.

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

THIS IS A TRANSLATION FROM THE SWEDISH ORIGINAL

Review report

Oasmia Pharmaceutical AB, corporate identity number 556332-6676

Introduction

We have reviewed the condensed interim report for Oasmia Pharmaceutical AB as at October 31, 2014 and for the six months period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements, ISRE 2410 Review of Interim Financial Statements Performed by the Independent Auditor of the Entity. A review 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 and other generally accepted auditing standards in Sweden. The procedures performed in a review do 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 interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act regarding the Group, and in accordance with the Swedish Annual Accounts Act regarding the Parent Company.

Uppsala the 4th of December 2014

Ernst & Young AB

Björn Ohlsson
Authorized Public Accountant



COMPANY INFORMATION

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Domicile: Stockholm

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Questions concerning the report are answered by:

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UPCOMING REPORT DATES

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

Key figures in EUR (additional information)

Key figures are translated into EUR as additional information as a service to shareholders in the euro zone. It is not the official report in the functional currency of Oasmia, which is SEK. The conversion of currency has been made by use of a convenience rate for all figures including those from previous periods. This rate is the closing rate as per October 31, 2014 which was 9.2364 SEK per one EUR (source: Swedish Central Bank).

€ thousand if nothing else is stated	2014 Aug-Oct	2013 Aug-Oct	2014 May-Oct	2013 May-Oct	2013/14 May-April
Key ratios and other information					
Number of shares at the close of the period (in thousands), before and after dilution	88,072	81,772	88,072	81,772	85,572
Weighted average number of shares (in thousands), before and after dilution	88,072	81,772	87,135	81,772	82,272
Earnings per share in €, before and after dilution	-0.03	-0.02	-0.07	-0.05	-0.14
Equity per share, €	0.33	0.37	0.33	0.37	0.36
Equity/Assets ratio, %	59	68	59	68	60
Net debt, € thousand	12,761	10,193	12,761	10,193	10,476
Net debt/Equity ratio, %	44	33	44	33	34
Number of employees at the end of the period	75	79	75	79	78
Consolidated income statement in brief					
Net sales	60	3	168	3	6
Capitalized development cost	588	888	1,075	1,676	3,190
Operating income	-2,614	-1,881	-5,900	-3,720	-10,620
Financial items, net	-278	-139	-564	-274	-760
Income before taxes	-2,892	-2,020	-6,464	-3,993	-11,380
Income for the period	-2,892	-2,020	-6,464	-3,993	-11,380
Consolidated statement of financial position in brief					
Total non-current assets	45,763	43,181	45,763	43,181	44,834
Total current assets	3,869	1,976	3,869	1,976	5,876
Total assets	49,632	45,157	49,632	45,157	50,711
Total equity	29,128	30,560	29,128	30,560	30,521
Total non-current liabilities	96	96	96	96	96
Total current liabilities	20,408	14,500	20,408	14,500	20,093
Total liabilities	20,505	14,597	20,505	14,597	20,189
Total equity and liabilities	49,632	45,157	49,632	45,157	50,711
Consolidated cash flow statement in brief					
Operating income before financial items	-2,614	-1,881	-5,900	-3,720	-10,620
Cash flow from operating activities before working capital changes	-2,543	-1,744	-5,698	-3,438	-10,131
Cash flow from operating activities	-2,667	-1,998	-6,030	-3,698	-9,408
Cash flow from investing activities	-684	-1,031	-1,326	-1,943	-3,863
Cash flow from financing activities	-	-	5,070	-	11,678
Cash flow for the period	-3,351	-3,029	-2,285	-5,641	-1,593
Cash and cash equivalents at the end of the period	2,938	1,175	2,938	1,175	5,223