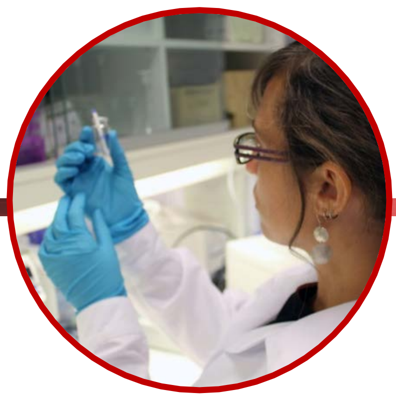
Second Quarter Report 2014

Nordic Nanovector AS



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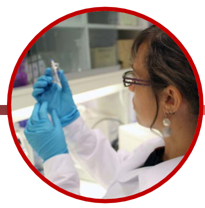


Company in brief

Nordic Nanovector AS was established in 2009 by Roy H. Larsen and Inven2 AS on behalf of the co-inventors of Betalutin™, Øyvind S. Bruland and Jostein Dahle. The Company's mission is to develop innovative radioimmunotherapeutics that target difficult to treat cancers using the Company's proprietary nanovector targeting technology. The lead product candidate Betalutin™ consists of lutetium-177, conjugated to a tumor seeking murine monoclonal antibody, HH1, against CD37 antigen, which can be used for irradiation of malignant metastasized tumors with minimal damage to nearby healthy normal tissue. Betalutin™ aims to prolong and improve the quality of life of people who suffer from non-Hodgkin Lymphoma (NHL). The product candidate is currently undergoing a phase II of a phase I/II dose-escalating clinical trial for treatment of relapsed NHL.

Highlights for second quarter 2014

- The lead product candidate Betalutin™ has been granted orphan drug designation for treatment of follicular lymphoma in Europe and in the USA.

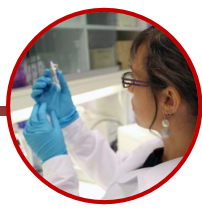
  Orphan drug designation will provide the Company several advantages, including protocol assistance and reduced costs related to the clinical development program, as well as commercial exclusivity for ten years, once the product reaches the market in Europe and seven years exclusivity in USA.

- Successful closing of NOK 250 million pre-IPO private placement.

  The private placement, which was directed towards existing shareholders as well as new institutional and professional investors, attracted strong investor interest and was increased from NOK 150 million to NOK 250 million on the basis of strong demand from institutional investors. The private placement was significantly oversubscribed. The Board of Directors allocated 10,000,000 new shares at a price of NOK 25 per share which was approved in an Extraordinary General Meeting 27 June 2014. A repair issue of up to 2,000,000 shares will be conducted in August/September.

Key figures

Amounts in NOK	Three months ended 30 June			Six months ended 30 June		
	2014	2013	Change	2014	2013	Change
Total operating revenue	118 461	56 376	62 085	236 604	167 879	68 725
Net total operating expenses	15 833 158	3 201 168	12 631 990	27 842 864	5 496 431	22 346 433
Operating profit (loss)	-15 714 697	-3 144 792	-12 569 905	-27 606 260	-5 328 552	-22 277 708
Financial items, net	496 034	70 143	425 891	1 040 241	95 255	944 986
Total comprehensive income (loss) for the period	**-15 218 663**	**-3 074 649**	**-12 144 014**	**-26 566 019**	**-5 233 297**	**-21 332 722**
Basic and diluted earnings (loss) per share	**-1,32**	**-0,44**	**-0,93**	**-2,34**	**-0,79**	**-1,55**
Man years	**13,0**	**8,0**	**5**	**13,0**	**8,0**	**5**
Net change in bank deposits, cash and equivalents	-16 046 674	59 350 664	-75 397 338	-27 922 231	55 410 333	-83 332 564
Cash and equivalents at beginning of period	67 693 445	2 729 604	64 963 841	79 569 002	6 669 935	72 899 067
Cash and equivalents at end of period	**51 646 771**	**62 080 268**	**-10 433 497**	**51 646 771**	**62 080 268**	**-10 433 497**



Operational review

The product candidate Betalutin™ is currently undergoing a phase II of a phase I/II open-label clinical trial for treatment of relapsed non-Hodgkin Lymphoma (NHL).

The Company has completed the patient inclusion in phase I of the clinical study, the phase I study will be concluded when final tests have been analysed. The phase I part of the study was a dose escalating study which objective was to define the maximum tolerable dose of Betalutin™, assess safety, toxicity, pharmacokinetics, bio distribution and efficacy of Betalutin™. The preliminary phase I data indicates that Betalutin™ can be safely administered to patients with NHL. The phase I study is expected to be finalised in Q3 2014. Approximately ten patients have been enrolled in the phase I/II trials. It is too early to know whether patients will have a significant long term benefit from Betalutin™, but it has been observed that Betalutin™ has a clinically relevant effect at all dose levels administered during phase I. The primary objective in phase II is to investigate tumour response rate in patients receiving Betalutin™. Secondary objectives include confirming the recommended dose of Betalutin™, to investigate the safety and toxicity, to measure progression free survival and to estimate overall survival.

During the second quarter of 2014, Nordic Nanovector has strengthened the organization by hiring 3 new employees. They will all start in their new positions during the third quarter.

Financial review

The financial report as of 30 June 2014 has been prepared in accordance with the International Accounting Standard (IFRS) 34 interim financial reporting.

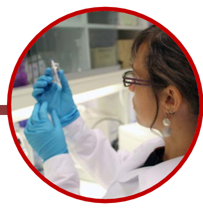
Income statement

Revenues for the second quarter and first half of 2014 amounted respectively to NOK 118,461 (2013: NOK 56,376) and NOK 236,604 (2013: 167,879). Revenues relate to incubator services and sublease of office and laboratory. Net operating expenses increased from NOK 3,201,168 in second quarter 2013 to NOK 15,833,158 in second quarter of 2014. Net operating expenses for the first half of 2014 amounted to NOK 27,842,864 compared to NOK 5,496,431 for the first half of 2013. This was driven by a larger organization and increase in clinical trial cost. Nordic Nanovector's income statement shows a net loss of NOK – 15,218,663 in second quarter of 2014 (2013: NOK - 3,074,658) and a net loss of NOK – 26,566,019 in first half of 2014 (2013: NOK – 5,233,297).

Financial position and cash flow

Property, plant and equipment decreased from NOK 659,387 end of March 2014 to NOK 622,040, reflecting investment of NOK 36,738 in IT hardware and depreciation of NOK 74,085. As of 30 June 2014, liabilities totalled NOK 6,986,448 compared to NOK 5,688,938 at end March 2014. Net cash flow from operating activities was NOK – 28,012,439 in the first half of 2014 compared to NOK – 6,834,760 in the first half of 2013. Net cash flow from investing activities was NOK – 444,792 in first half of 2014 (2013: 0).

Net cash flow from financing activities was NOK 535,000 due to an exercise of share options (employees) in Q1 2014 compared to NOK 62,245,093 for the first half of 2013. 4,203,910 new shares were issued in June 2013 after a successful rights issue. Cash and cash equivalents were NOK 51,646,771 at 30 June 2014 compared to NOK 62,080,268 at 30 June 2013. The 10,000,000 new shares from the private placement approved by the Extraordinary General Meeting 27 June 2014 were paid for 3 July 2014 and the share capital increase was registered with the Norwegian Registry of Business Enterprises on 4 July 2014. The capital increase is therefore not included in the financial position and cash flow for the first half of 2014.



Shareholders' equity was NOK 52,210,215 at 30 June 2014, an equity ratio of 88 %. At the end of 30 March 2014, shareholders' equity was NOK 67,989,720 (92 %). The total number of outstanding shares as of 30 June 2014 was 12,821,375. In addition to the private placement of 10,000,000 new shares, a further 1,666,666 shares will be issued to HealthCap VI L.P. when the second tranche is concluded (see note 8). In August/September the Company will effect a subsequent repair issue of up to 2,000,000 new shares at a subscription price of NOK 25 per share (see note 7). The total number of outstanding share options as of June 30 2014 was 173,333.

Risk and uncertainty factors for 2014

Nordic Nanovector AS is exposed to uncertainties and risk factors, which may affect some or all of the activities.

- The Company is in a relatively early stage of development and the Company's clinical studies may not prove to be successful.
- The success, competitive position and future revenues will depend in part on the Company's ability to protect intellectual property and know-how.
- The Company operates in a highly competitive industry.
- The Company relies, and will continue to rely, upon third-parties for clinical trials and manufacturing.
- The Company is reliant on key personnel and the ability to attract new, qualified personnel.

Outlook

The objectives for the next 12 months:

- Initiate the Lymrit-37-01 trial at additional Phase II study centers in EU (non-Hodgkin Lymphoma).
- Complete enrollment of 30 patients in Phase II Indolent non-Hodgkin Lymphoma study.
- Publish/present Betalutin™ Phase I results in Indolent non-Hodgkin Lymphoma.
- Establish multiple regional manufacturing sites for production of Betalutin™.
- Achieve orphan designation of aggressive lymphomas in EU and USA.
- Initiation of Phase I/II in aggressive lymphomas.

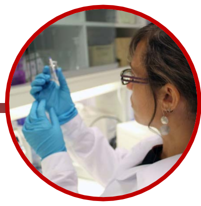
Non-Hodgkin Lymphoma (NHL) is a disease that is incurable in the majority of patients and that needs new forms of treatment. Nordic Nanovector is attempting to address the unmet medical need in the treatment of NHL by developing a product that targets a novel therapeutic receptor (CD37) on cancer cells. By attacking the CD37 receptor on the cancer cells, Nordic Nanovector hopes to successfully treat patients that fail to respond to currently approved therapies. The initial target market area for the Company is the second-line of treatment of Follicular Lymphoma (FL). The Company believes that its longer term potential lies in becoming part of the standard of care in the first-line of treatment of FL.

In the event the ongoing Phase I/II clinical trial demonstrates that Betalutin™ has a significant and lasting clinical effect on FL patients, the Company intends to pursue an accelerated approval process to bring the product to market more quickly than would normally be expected. The Company targets completion of its ongoing Phase I/II study in Q3 2015.

The Board has today appointed Mr. Luigi Costa as new CEO of Nordic Nanovector. He will take over as CEO on the 1st September 2014.

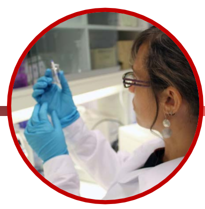
Oslo, 26 August 2014

The Board of Directors
Nordic Nanovector AS



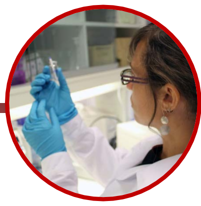
Interim statement of profit or loss and other comprehensive income

Amounts in NOK	For the three months ended 30 June		For the six months ended 30 June		For the full year ended
	2014	2013	2014	2013	2013
Continuing operations					
Revenues	**118 461**	**56 367**	**236 604**	**167 879**	**306 061**
Total operating revenue	**118 461**	**56 367**	**236 604**	**167 879**	**306 061**
Payroll and related expenses	2 845 723	977 476	5 923 805	2 233 530	5 247 252
Depreciation	74 085	40 042	140 854	173 291	236 788
Other operating expenses	12 913 350	2 183 650	21 778 205	3 089 610	12 933 131
Total operating expenses	**15 833 158**	**3 201 168**	**27 842 864**	**5 496 431**	**18 417 171**
Operating profit (loss)	**-15 714 697**	**-3 144 801**	**-27 606 260**	**-5 328 552**	**-18 111 110**
Finance income and finance expenses					
Finance income	496 099	70 143	1 040 375	95 449	1 206 884
Finance expenses	65	0	134	194	106 711
Financial items, net	**496 034**	**70 143**	**1 040 241**	**95 255**	**1 100 173**
Loss before income tax	**-15 218 663**	**-3 074 658**	**-26 566 019**	**-5 233 297**	**-17 010 937**
Income tax	0	0	0	0	0
Loss for the period	**-15 218 663**	**-3 074 658**	**-26 566 019**	**-5 233 297**	**-17 010 937**
Other comprehensive income (loss), net of income tax					
Other comprehensive income (loss), net of income tax	0	0	0	0	0
Total comprehensive income (loss) for the period	**-15 218 663**	**-3 074 658**	**-26 566 019**	**-5 233 297**	**-17 010 937**
Loss for the period attributable to owners of the company	-15 218 663	-3 074 658	-26 566 019	-5 233 297	-17 010 937
Total comprehensive income (loss) for the period attributable to owners of the company	-15 218 663	-3 074 658	-26 566 019	-5 233 297	-17 010 937
Earnings (loss) per share					
Basic and diluted earnings (loss) per share	-1,32	-0,44	-2,34	-0,79	-1,92



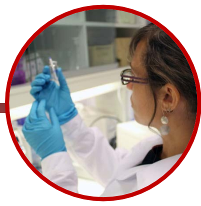
Interim statement of financial position

Amounts in NOK	30.06.2014	31.03.2014	31.12.2013
ASSETS			
Non-current assets			
Property, plant and equipment	622 040	659 387	335 949
Total property, plant and equipment	**622 040**	**659 387**	**335 949**
Receivables			
Other non-current receivables	44 800	44 800	44 800
Total non-current receivables	**666 840**	**704 187**	**380 749**
Current assets			
Receivables			
Other receivables	6 883 052	5 281 027	6 072 958
Total receivables	**6 883 052**	**5 281 027**	**6 072 958**
Cash and cash equivalents	51 646 771	67 693 445	79 569 002
Total current assets	**58 529 823**	**72 974 471**	**85 641 960**
TOTAL ASSETS	**59 196 663**	**73 678 658**	**86 022 709**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	2 564 275	2 230 942	2 214 942
Share premium	116 152 479	92 471 684	92 544 684
Other reserves	831 651	25 406 621	25 389 837
Retained earnings (accumulated losses)	-67 338 190	-52 119 527	-41 364 171
Total shareholders' equity	**52 210 215**	**67 989 720**	**78 785 292**
Liabilities			
Current liabilities			
Accounts payable	2 730 487	845 829	4 499 213
Other current liabilities	4 255 961	4 843 109	2 738 204
Total current liabilities	**6 986 448**	**5 688 938**	**7 237 417**
Total liabilities	**6 986 448**	**5 688 938**	**7 237 417**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**59 196 663**	**73 678 658**	**86 022 709**



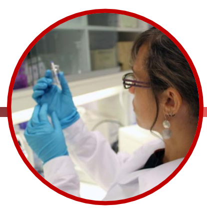
Interim condensed statement of changes in equity

For the period ended 30 June						
Amounts in NOK	**Share capital**	**Share premium reserve**	**Convertible instruments**	**Equity-settled share-based payments**	**Accumulated losses**	**Total equity**
Balance at 1 January 2013	**1 277 268**	**30 058 814**	**0**	**698 283**	**-24 353 234**	**7 681 131**
Loss for the period					-5 233 297	-5 233 297
Other comprehensive income (loss) for the period net of income tax					0	0
Total comprehensive income for the period					**-5 233 297**	**-5 233 297**
Convertible instruments			0			0
Recognition of share-based payments				65 522		65 522
Issue of ordinary shares	840 782	59 531 852				60 372 634
Issue of ordinary shares under share options	14 333	459 417				473 750
Conversion of convertible loan			0			0
Share issue costs		-2 601 291				-2 601 291
Balance at 30 June 2013	**2 132 383**	**87 448 792**	**0**	**763 805**	**-29 586 530**	**60 758 450**
Balance at 1 January 2014	**2 214 942**	**92 544 684**	**24 591 975**	**797 862**	**-41 364 171**	**78 785 292**
Loss for the period					-26 566 019	-26 566 019
Other comprehensive income (loss) for the period net of income tax					0	0
Total comprehensive income for the period					**-26 566 019**	**-26 566 019**
Convertible instruments			0			
Recognition of share-based payments				33 789		33 789
Issue of ordinary shares	0	0				0
Issue of ordinary shares under share options	16 000	519 000				535 000
Conversion of convertible loan	333 333	24 258 642	-24 591 975			0
Share issue costs	0	-577 847				-577 847
Balance at 30 June 2014	**2 564 275**	**116 152 479**	**0**	**831 651**	**-67 338 190**	**52 210 215**



Interim condensed statement of cash flows

	For the six months ended June 30		Full year
Amounts in NOK	**2014**	**2013**	**2013**
Cash flows from operating activities			
Loss for the period	**-26 566 019**	**-5 233 297**	**-17 010 937**
Adjustments for:			
Interest paid	0	0	-106 301
Interest received	0	0	1 130 824
Share option expense employees	33 789	65 522	99 579
Share option expense BoD	0	0	592 000
Depreciation	140 854	173 291	236 788
Change in trade receivables	-60 067	46 810	37 056
Change in trade payables	-1 768 726	-1 699 494	2 413 855
Changes in receivables related to grants	846 132	62 792	-1 162 204
Changes in other current assets	-1 686 688	-132 763	-2 094 180
Changes in other current liabilities	1 048 286	-117 621	1 635 344
Net cash flow from operating activities	**-28 012 439**	**-6 834 760**	**-14 228 176**
Cash flows from investing activities			
Outflows from acquisition of fixed assets	-444 792	0	-296 277
Net cash flows from investing activities	**-444 792**	**0**	**-296 277**
Cash flows from financing activities			
Proceeds from new debt	0	4 000 000	0
Proceeds from equity issue	535 000	58 245 093	87 423 519
Net cash flows from financing activities	**535 000**	**62 245 093**	**87 423 519**
Net change in bank deposits, cash and equivalents	-27 922 231	55 410 333	72 899 066
Cash and equivalents at beginning of period	79 569 002	6 669 935	6 669 935
Cash and equivalents at end of period	**51 646 771**	**62 080 268**	**79 569 001**



Nordic Nanovector AS – Notes to the condensed interim financial statements for the six months ended 30 June 2014

Note 1. General information

Nordic Nanovector AS ("the Company") is a limited company incorporated and based in Oslo, Norway. The address of the registered office is Kjelsåsveien 168 B, 0884 Oslo.

The company is developing innovative anticancer therapeutics based on a tumor targeted antibody based nanovector. The lead product candidate, Betalutin™, is a radionuclide conjugated to a tumor seeking carrier/antibody, which can be used for irradiation of malignant metastasized tumors with minimal damage to nearby healthy normal tissue. This technology aims to prolong and improve the quality of life of people who suffer from hematologic cancer. Betalutin™ is currently undergoing a Phase I/II dose-escalating clinical trial for treatment of relapsed non-Hodgkin Lymphoma.

The figures in this first half year 2014 report are non-audited figures.

These financial statements have been approved for issue by the Board of Directors on 26 August 2014.

Note 2. Basis for preparation and significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied in all periods presented. Amounts are in Norwegian kroner (NOK) unless stated otherwise. The currency of the Company is NOK.

Basis of preparation

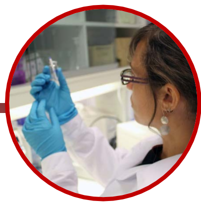
The financial statements of Nordic Nanovector AS have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and Norwegian disclose requirements listed in the Norwegian Accounting Act. The financial statements have been prepared on the historical cost basis. The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgments in applying the Company's accounting policies. Areas involving a high degree of judgment or complexity, and areas in which assumptions and estimates are significant to the financial statements are disclosed in Note 4.

With the pre-IPO private placement of NOK 250 million closed in June and the following repair issue, the Company will under current planning assumptions have adequate liquidity and equity significantly longer than 12 moths from the date of this report. The Company therefore adopts the going concern basis in preparing its condensed interim financial statements.

Revenue recognition

Revenue comprises the fair value of consideration received or due consideration for the sale of services in regular business activities. Revenue is presented net of value added tax.

The Company's products are still in the research and development phase, and it has no revenue from sales of products yet. Revenue arises from services related to incubator services, rent out of employees and income from sublease of laboratory space, instruments and services shared with other companies.



Government grants

Contributions from the government are recognized at the value of the contributions at the transaction date. Contributions are not recognized until it is probable that the conditions attached to the contribution will be achieved. The grant is recognized in the income statement in the same period as the related costs, which are presented net.

Government grants are normally related to either reimbursements of employee costs and classified as a reduction of payroll and related expenses or related to other operating activities and thus classified as a reduction of other operating expenses.

Research and development

Expenditure on research activities is recognized as an expense in the period in which it is incurred. Internal development costs related to the Company's development of products are recognized in the income statement in the year incurred unless it meets the asset recognition criteria of IAS 38 "Intangible Assets". An internally-generated asset arising from the development phase of an R&D project is recognized if, and only if, all of the following has been demonstrated:

- Technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and use or sell the intangible asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development

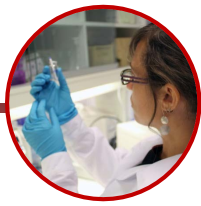
Uncertainties related to the regulatory approval process and results from ongoing clinical trials, generally indicate that the criteria are not met until the time when marketing authorization is obtained from relevant regulatory authorities. The Company has currently no development expenditure that qualifies for recognition as an asset under IAS 38.

Property, plant and equipment

Property, plant and equipment is carried at cost less accumulated depreciation and accumulated impairment losses. Acquisition cost includes expenditures that are directly attributable to the acquisition of the individual item. Property, plant and equipment are depreciated on a straight-line basis over the expected useful life of the asset. If significant individual parts of the assets have different useful lives, they are recognized and depreciated separately. Depreciation commences when the assets are ready for their intended use. The estimated useful lives of the assets are as follows:

- Office equipment: 2 years
- Laboratory equipment: 3 years
- Permanent building fixtures: 5 years (2 years before 2014)
- Furniture and fittings: 3 years

The estimated useful life of fixed assets related to the laboratory equipment, is based on the Company's assessment of operational risk. Due to scientific and regulatory reasons there is a risk of termination of the project. This has been taken into account when determining the estimated useful life of the individual assets.



Impairment of non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. Assets that are subject to amortization are tested for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized if the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of impairment testing, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (cash-generating units). An impairment loss is recognized immediately in profit or loss, reducing the carrying value to the recoverable amount.

Non-financial assets (or cash generating units) other than goodwill that have suffered impairment charges are reviewed for possible reversal of the impairment at each reporting date. A reversal is recognized immediately in profit or loss and increases the carrying amount of the asset to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years.

Financial assets

The Company’s financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets are added to the fair value of the asset. The assets are subsequently measured at amortized cost using the effective interest method, less any impairment losses. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership to another party.

The Company's financial assets consist of "trade and other receivables" and "cash and cash equivalents". Management determines the classification of its financial assets at initial recognition, and the classification of financial assets depends on the nature and purpose of the financial assets. Currently, all the Company's financial assets are categorized as loans and receivables. They are included in current assets, except where maturity is more than 12 months after the balance sheet date. These are classified as non-current assets. The Company has currently not recognized any material non-current financial assets.

Financial assets are assessed for indicators of impairment at the end of the reporting period and are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Cash and cash equivalents

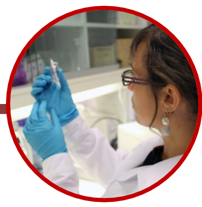
Cash and short-term deposits in the balance sheet comprise cash at bank and other short-term highly liquid investments with original maturities of three months or less.

Financial liabilities and equity instruments

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a company are recognized at the proceeds received, net of any issue costs.



The Company classifies instruments as equity if both the following conditions are met:

- The instrument includes no contractual obligation to deliver cash or another financial asset to another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Company;
- If the instrument will or may be settled in the Company's own equity instruments, it is
    - a non-derivative that includes no contractual obligation for the Company to deliver a variable number of its own equity instruments; or
    - a derivative that will be settled only by the Company exchanging a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

Transaction costs directly attributable to the issue of equity are recognized directly in equity, net of tax.

Financial liabilities

The Company's financial liabilities consist of accounts payable and other current liabilities and are classified as "other financial liabilities". Accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Accounts payable and other financial liabilities are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

Share-based payments

The Company operates an equity-settled, share-based compensation plan, under which the entity receives services from employees and members of the Board as consideration for equity instruments (options) in the Company. Equity-settled share-based payments are measured at the fair value of the equity instruments at the grant date.

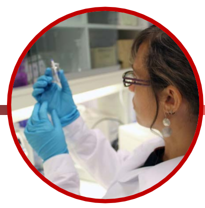
The fair value of the employee services received in exchange for the grant of the options is recognized as an expense, based on the Company's estimate of equity instruments that will eventually vest. The total amount to be expensed is determined by reference to the fair value of the options granted excluding the impact of any non-market service and performance vesting conditions. The grant date fair value of the options granted is recognized as an employee expense with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the options (vesting period).

The fair value of the options granted is measured using the Black-Scholes model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility, weighted average expected life of the instruments, expected dividends, and the risk-free interest rate.

Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

At the end of each reporting period, the company revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognizes the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are recognized as share capital (nominal value) and share premium reserve.



Current and deferred tax

Income tax expense represents the sum of taxes currently payable and deferred tax.

Deferred taxes are recognized based on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are recognized for taxable temporary differences and deferred tax assets arising from deductible temporary differences are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Currently, no deferred tax asset has been recognized in the financial statements of the Company.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

Earnings per share

Earnings per share are calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share is calculated as profit or loss attributable to ordinary shareholders of the Company, adjusted for the effects of all dilutive potential options.

Note 3. Critical accounting judgments and key sources of estimation uncertainty

Critical accounting estimates and judgments

Management makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are evaluated on an ongoing basis and are based on historical experience and other factors, including expectations of future events that are considered to be relevant.

Deferred tax

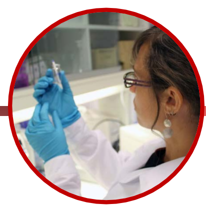
The Company considers that a deferred tax asset related to accumulated tax losses cannot be recognized in the statement of financial position until the product under development has been approved for marketing by the relevant authorities. However, this assumption is continually assessed and changes could lead to significant deferred tax asset being recognized in the future. This assumption requires significant management judgment.

Intangible assets

Research costs are recognized in the income statement as incurred. Internal development costs related to the Company's development of products are recognized in the income statement in the year in which it is incurred unless it meets the recognition criteria of IAS 38 Intangible Assets. Uncertainties related to the regulatory approval process and other factors generally means that the criteria are not met until the time when the marketing authorization is obtained with the regulatory authorities. This assessment requires significant management discretion and estimations.

Share-based payments

At the end of each reporting period, the group revises its estimates of the number of options that are expected to vest. It recognizes the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity. Changes to the estimates may significantly influence the expense recognized during a period.



Note 4. Government grants

Government grants have been recognized in profit or loss as a reduction of the related expense with the following amounts:

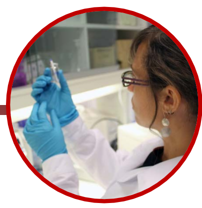
	For the three months ended 30 June		For the six months ended 30 June	
	2014	**2013**	**2014**	**2013**
Payroll and related expenses	417 452	410 896	855 015	1 254 992
Other operating expenses	723 428	987 580	1 378 531	1 212 848

1) The Company has been awarded a grant from The Research Council (program for user-managed innovation arena (BIA) of NOK 10,500,000 in total for the period 2012 through 2015. For the financial period ended 30 June 2014, the Company has recognized NOK 996,000 million (As of 30 June 2013: NOK 1,622,836) classified partly as a reduction of payroll and related expenses and partly as a reduction of other operating expenses.

2) The Research Council has awarded a grant supporting a PhD for the period 2011 through 2014 of NOK 1,940,000 in total. For the financial period ended 30 June 2014, the Company has recognized NOK 283,546 (AS of 30 June 2013: NOK 295,002) partly as a reduction of payroll and related expenses and partly as a reduction of other operating expenses.

3) R&D projects have been approved for a SkatteFUNN for the period 2012 through 2015. For the financial period ended 30 June 2014, the Company has recognized NOK 894,000 compared with NOK 550,002 as of 30 June 2013. The amount was recognized partly as a reduction of payroll and related expenses and partly as a reduction of other operating expenses.

4) In Q2 2014, the Company received NOK 60,000 in grant from The Research Council for filing a Eurostars application for a potential new R&D project.



Note 5. Share-based payments

The Company has a share option scheme for all employees of the Company. Each share option converts into one ordinary share of the Company on exercise. Options may be exercised at any time from the date of vesting until expiry. The options are equity-settled.

The following share-based payment arrangements were in existence during the current and prior periods:

	Number of options	Grant date	Expiry date	Exercise price	Fair value at grant date
Granted on 5 July 2011	150 000	5 Jul 2011	[1] 15 Jan 2015	6.25	2.61
Granted on 2 February 2012	90 000	2 Feb 2012	2 Feb 2016	6.75	3.14
Granted on 12 April 2012	40 000	12 Apr 2012	12 Apr 2016	6.75	3.14
Granted on 17 April 2012	15 000	17 Apr 2012	17 Apr 2015	6.75	2.77
Granted on 11 October 2012	50 000	11 Oct 2012	11 Oct 2016	6.75	3.15

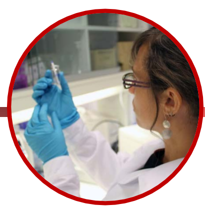
[1] Extended from 5 Jul 2014 due to lock-up agreements with the Management.

The options vest in three steps at milestones that are significant to the responsibilities of the employee. Generally 1/3 vests immediately upon grant, the remaining 2/3 vested in two portions (1/3 each time) at the achievement of defined milestones. Options may be exercised twice a year, either in the period from 15 January to 15 February or 1 August to 15 September each year from the date of vesting until expiry.

No share options were granted during 2013 or the six first months of 2014. During the first six months of 2014, 80,000 options were exercised.

	Six months ended 30 June 2014		Twelve months ended 31 December 2013	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance at 1 January	253 333	6.52	325 000	6.52
Granted during the period	0	0	0	0
Exercised during the period	-80 000	6.69	-71 667	6.47
Balance	**173 333**	**6.46**	**253 333**	**6.53**

The fair value at grant date of subscription rights grated are charged against the profit and loss over the vesting period of each tranche. The fair value of share-based awards is determined using a Black & Scholes option pricing model. Social security tax related to share-based remuneration is calculated on the balance sheet date based on the earned intrinsic value of the subscription rights, and the adjustment to the accrued amount is charged or credited to cost.



Note 6. Share capital and shareholder information

Share capital as at 30 June 2014 is NOK 2,564,275 (31 December 2013: 2,214,942), being 12,821,375 ordinary shares at a nominal value of NOK 0.20 each (31 December 2013: 11,074,708 shares at NOK 0.20 each). All shares carry equal voting rights.

The movement in the number of shares during the period was as follows:	2014	2013
Ordinary shares at 1 January	11 074 708	6 386 340
Issue of ordinary shares	0	4 203 910
Issue of ordinary shares under share options	80 000	71 667
Issue of ordinary shares from conversion of loan [1)]	1 666 667	0
Ordinary shares at 30 June	**12 821 375**	**10 661 917**

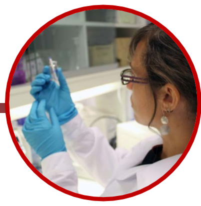
[1)] 13 May 2014, HealthCap VI L.P. converted the convertible loan in the amount of NOK 25,000,005. The conversion price for the convertible loan was NOK 15, and the Company issued 1,666,667 new shares to HealthCap VI L.P.

Note 7. Shareholder information

Nordic Nanovector AS has 272 shareholders as at 30 June 2014:

Shareholder	Number of shares	Percentage share of total shares
HealthCap VI L.P.	1 666 667	13,00 %
Inven2 AS [1)]	1 427 213	11,13 %
Sciencons Ltd. (Roy Hartvig Larsen)	1 122 000	8,75 %
Linux Solutions Norge AS	682 106	5,32 %
Radiumhospitalets Forskningsstiftelse	675 447	5,27 %
Roy Hartvig Larsen	579 949	4,52 %
Must Invest AS	330 000	2,57 %
Varak AS	307 487	2,40 %
Birk Venture AS	179 586	1,40 %
Spar Kapital Investor AS	179 000	1,40 %
OM Holding AS	160 000	1,25 %
Stenshagen Invest AS	150 000	1,17 %
Holberg Norge	135 900	1,06 %
Pedro Consulting AS [2)]	130 000	1,01 %
Syntax AS	120 000	0,94 %
Trond Larsen	118 509	0,92 %
Track AS	106 667	0,83 %
BlaBla AS	103 334	0,81 %
RO Invest AS	100 000	0,78 %
Lucellum AS	98 764	0,77 %
Thomas M. Andersen	98 627	0,77 %
Remaining 252 shareholders	4 350 119	33,93 %
Total	**12 821 375**	**100,00 %**

[1)] Co-founder and CSO Jostein Dahle is the beneficial owner of and has the right to acquire 250,358 shares from Inven2 AS at an average price of approx. NOK 3 per share, while inventor Øyvind Bruland is the beneficial owner of and has the right to acquire 125,180 shares from Inven2 at the same price.
[2)] Pedro Consulting AS controls Diatec, a company that supplies antibodies to Nordic Nanovector.



An Extraordinary General Meeting held on 27 September 2013 approved a rights issue of NOK 50 million to HealthCap VI L.P. The investment is made in two tranches, each of NOK 25 million. The first tranche was issued in October 2013 as an interest-free loan that is convertible into 1,666,667 ordinary shares in the Company at a price per share of NOK 15. HealthCap VI L.P. converted the loan into shares 13 May 2014. The second tranche of 1,666,667 shares will be issued and fully paid before or on 15 October 2014. The issue price per share is NOK 15 also for the second tranche.

Private placement, registered 4 July 2014	10 000 000
Repair issue August/September 2014	2 000 000
HealthCap VI L.P.'s subscription of shares within 15 October 2014	1 666 666
Total shares which are not registered per 30 June 2014	**13 666 666**

Note 8. Transactions with related parties

Details of transactions between the Company and related parties are disclosed below:

	Sales (included in revenue)		Purchases (included in other operating expenses)	
	Six months ended 30 June		Six months ended 30 June	
Amounts in NOK	**2014**	**2013**	**2014**	**2013**
Companies controlled by the Chairman of the Board	234 227	72 697	322 608	0

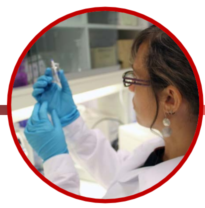
Nordic Nanovector bought consulting services of NOK 322,608 from the chairman of the Board and shareholder Roy H. Larsen through his 100% owned company Sciencons AS.

Note 9. Earnings per share

The calculation of basic and diluted earnings per share attributable to the ordinary shareholders of the parent is based on the following data:

	Six months ended 30 June	
Amounts in NOK	**2014**	**2013**
Loss for the period attributable to owners of the Company	-26 566 019	-5 233 297
Average number of outstanding shares during the period	11 330 721	6 663 370
Earnings (loss) per share - basic and fully diluted	-2,34	-0,79

Share options issued have a potential dilutive effect on earnings per share. No dilutive effect has been recognized as potential ordinary shares only shall be treated as dilutive if their conversion to ordinary shares would decrease earnings per share or increase loss per share from continuing operations. As the Company is currently loss-making an increase in the average number of shares would have anti-dilutive effects.



Note 10. Events after the reporting date

At the extraordinary general meeting held in Nordic Nanovector AS 27 June 2014, it was resolved to conduct a subsequent share issue of up to 2 million new shares at a price of NOK 25, raising gross proceeds of up to NOK 50 million. The subsequent share issue will be directed towards the shareholders of the Company as of 27 June 2014 except for (i) shareholders participating in the Private Placement, and (ii) shareholders in jurisdictions other than Norway and where an offer to participate in the share issue is not allowed or would require approval or registration of a prospectus or similar measures.

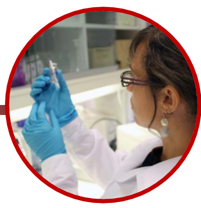
If not all subscription rights are used by the eligible holders, then the remaining shares may be subscribed to by the shareholders of the Company as of 27 June 2014. The Company will prepare a prospectus in connection with the subsequent share issue. The subscription period in the subsequent share issue will not commence until the prospectus is approved by the Financial Supervisory Authority of Norway (the "NFSA") and the prospectus has been published.

The Company expects that the prospectus will be approved by the NFSA in late August 2014. Eligible holders will receive the prospectus and a subscription form by mail when the prospectus has been approved.

1 July 2014, Vidar Hansson decided to step down from the Board of Directors of Nordic Nanovector AS.

7 July 2014, the shares of Nordic Nanovector AS were registered in the Norwegian OTC system (NOTC), under the symbol "NANO".

26 August 2014, the Board has today appointed Mr. Luigi Costa as new CEO of Nordic Nanovector. He will take over as CEO on the 1st September 2014.



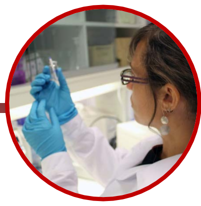
Note 11. Transition to IFRS

These financial statements has been prepared in accordance with IFRS. The accounting principles described in note 2 have been utilized in the preparation of the Company's financial statements for the period ended 31 March 2014 and for the comparative figures for the period ended 31 March 2013. The Company has prepared financial statements for the year ended 31 December 2013 which will be available from the Company on request. These financial statements include information of the IFRS opening statement of financial position as at 1 January 2012, which is the date of transition to IFRS from Norwegian generally accepted accounting principles for small companies (NGAAP). The tables below show the implementation effects for the year ended 31 December 2013 and for the three months ended 30 June 2013.

Reconciliation of Statement of financial position:				
	31 December 2013			
	NGAAP	**Reclassification**	**Implementation effects**	**IFRS**
Assets				
Property, plant and equipment	335 949			335 949
Other long-term receivables	0		44 800	44 800
Other short-term receivables	6 117 758		-44 800	6 072 958
Cash and cash equivalents	79 569 002			79 569 002
Total assets	**86 022 708**	**0**	**0**	**86 022 708**
Shareholders' equity and liabilities				
Shareholders' equity				
Share capital	2 214 942			2 214 942
Share premium reserve	91 952 684			91 952 684
Other reserves	0		25 389 837	25 389 837
Retained earnings (accumulated losses)	-39 813 041		-959 131	-40 772 172
Total shareholders' equity	**54 354 585**	**0**	**24 430 706**	**78 785 291**
Liabilities				
Accounts payable	4 499 213			4 499 213
Unpaid duties and charges	576 474	-576 474		0
Short term borrowings	24 591 975		-24 591 975	0
Other current liabilities	2 000 462	576 474	161 269	2 738 204
Total liabilities	**31 668 123**	**0**	**-24 430 706**	**7 237 417**
Total shareholders' equity and liabilities	**86 022 708**	**0**	**0**	**86 022 708**

Reclassification

Reclassifications are management determined and do not entail differences in accounting principles between NGAAP and IFRS. The reclassification of NOK 576,474 at 31 March 2013 from unpaid duties and charges to other current liabilities is based on a decision to present current liabilities that are not classified as trade paybles as one line item.



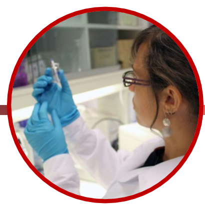
Implementation effects

NOK 44,800 classified as current assets under NGAAP in 2013 related to amounts falling due in more than one year from the reporting date. This amount has been classified as non-current under IFRS.

Share-based payments were not recognized under previous GAAP (small companies exemption under NGAAP). Under IFRS, NOK 797,862 is the effect of the difference to IFRS 2 Share-based payments at 31 December 2013. This represents the cost recognized as at the reporting date, and the total equity effect is nil (corresponding effect on retained earnings (accumulated losses). The related social security tax recognized as a liability is NOK 161,269 and impacts retained earnings.

A convertible loan with a balance of NOK 24,591,975, which under NGAAP has been classified as a liability is classified as equity under IFRS. The arrangement is on a fixed for fixed basis with no alternative to conversion.

Reconciliation of Statement of profit or loss and other comprehensive income:				
	Three months ended 30 June 2013			
	NGAAP	**Reclassification**	**Implementation effects**	**IFRS**
Continuing operations				
Revenue	56 367			56 367
Total operating revenue	**56 367**	**0**	**0**	**56 367**
Cost of goods sold	656	-656		0
Payroll and related expenses	905 455		72 021	977 476
Depreciation	40 042			40 042
Other operating expenses	2 183 228	656	-233	2 183 650
Total operating expenses	**3 129 381**	**0**	**71 787**	**3 201 168**
Operating profit (loss)	**-3 073 014**	**0**	**-71 787**	**-3 144 801**
Financial income and financial expenses				
Finance income	75 229		-5 086	70 143
Finance expense	4 852		4 852	0
Financial items, net	**70 377**	**0**	**-234**	**70 143**
Loss before income tax	**-3 002 638**	**0**	**-72 021**	**-3 074 658**
Income tax	0			0
Loss for the period	**-3 002 638**	**0**	**-72 021**	**-3 074 658**
Other comprehensive income (loss), net of income tax				
Other comprehensive income, net of income tax	0			0
Total comprehensive income (loss) for the period	**-3 002 638**	**0**	**-72 021**	**-3 074 658**



Reclassification

Reclassifications are management determined and do not entail differences in accounting principles between NGAAP and IFRS. The NOK 656 classified as cost of goods sold under NGAAP is reclassified to other operating expenses in the IFRS financial statements as the amount does not warrant separate presentation due to materiality.

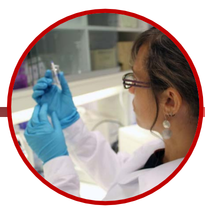
Implementation effects

Share-based payments were recognised as a payroll and related expense at NOK 32,761 in the second quarter of 2013. The corresponding amount was recognised as a reserve in equity. A social security expense of NOK 39,260 related to share options was recognised and presented as payroll and related expense.

Foreign exchange gains or losses were presented as finance income/expense under NGAAP. As these effects solely relate to operating items, the net foreign exchange gain has been reclassified to other operating expenses under IFRS.

Impact on cash flows

The Company did not present a statement of cash flows under previous GAAP. The transition to IFRS has had no effect on items presented as cash and cash equivalents in the statement of financial position.



Responsibility statement 30 June 2014 (unaudited)

We confirm, that to the best of our knowledge, the condensed consolidated interim financial statements for the period 1 January to 30 June 2014 have been prepared in accordance with IAS 34 - Interim Financial Reporting and gives a true and fair view of Nordic Nanovector's assets, liabilities, financial position and result as a whole. We also confirm to the best of our knowledge that the report of the interim report gives a true and fair view of important events that have occurred during the first six months of the financial year and their impact on the condensed consolidated interim financial statements, a description of the principal risks and uncertainties for the remaining six months of the financial year.

Oslo, 26 August 2014 - The Board of Directors and Chief Executive Officer of Nordic Nanovector AS

Roy Hartvig Larsen
Chairman of the Board

Jonas Einarsson

Alexandra Morris

Björn Odlander

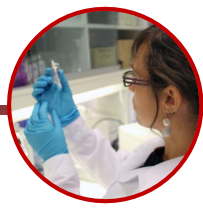
Theresa Comiskey Olsen

Bente-Lill B. Romøren

Ludvik Sandnes

Olav Steinnes

Jan A. Alfheim
CEO



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