Asetek A/S

Half Year Report

Three months and 1st Half Year ended June 30, 2013

Published August 14, 2013

Highlights

- Asetek achieved a record level of revenues in the second quarter. The desktop segment generated revenues of $5.3 million, an increase of 13% over the second quarter of 2012 and 8% over the first quarter of 2013. Total revenues for the first half were $10.3 million, representing growth of 7% over the first half of 2012. Gross margins for the first half 2013 were in line with prior year and consistent with management expectations.
- Operating profits from the desktop segment were $1.1 million this quarter, on par with the second quarter of 2012 and first quarter of 2013. Operating losses from the datacenter segment increased to $2.0 million from $1.1 million in the second quarter of 2012 and $1.3 million in the first quarter of 2013, reflecting increased investment in development and marketing of the datacenter product line, including increased engineering personnel, business development resources and equipment/tools.
- Asetek continued its mission as the leading supplier of liquid cooling solutions for high-end computing, shipping 114,000 units of its patented sealed loop liquid cooling system in the second quarter of 2013. This represents growth of 13% over the second quarter of 2012 and 9% over the first quarter of 2013.
- A leading enterprise data center OEM began their internal process of productizing RackCDU by building the business case with engineering, marketing, supply chain and manufacturing.
- Performance evaluations of Asetek's datacenter cooling solution RackCDU™ are progressing at industry leading technology companies and laboratories. Asetek completed installation and initiated testing of RackCDU™ at a major European telecommunications company, a hyperscale internet company and two U.S. Department of Energy labs during the quarter.
- In addition to being selected as one of the World's Top 40 Most Innovative Companies of 2012 (the "i40") by The New Economy magazine and as a finalist in the 2013 American Business Awards, in Q2 Asetek was selected as a finalist for the Data Center Dynamics award for 'Future Thinking and Design Concepts'.

Key figures

Figures in USD (000's)	Q2 2013	Q2 2012	H1 2013	H1 2012	2012
	Unaudited	*Unaudited*	*Unaudited*	*Unaudited*	
Total Company:					
Revenue	**5 335**	4 741	**10 260**	9 617	18 681
Gross profit	**2 000**	1 775	**3 878**	3 643	6 788
Gross margin	**37,5%**	37,4%	**37,8%**	37,9%	36,3%
EBITDA (unaudited)	**(1 524)**	(328)	**(2 475)**	(113)	(2 820)
Operating profit (loss)	**(1 880)**	(821)	**(3 379)**	(1 045)	(4 872)
Total comprehensive income (loss)	**(2 318)**	(1 478)	**(2 631)**	(2 185)	(8 491)
Purchases of property and equipment	**182**	22	**199**	66	88
Sealed loop cooling units shipped (000's)	**114**	101	**219**	207	414
By Segment (Unaudited):					
Desktop:					
Desktop revenue	***5 335***	*4 741*	***10 224***	*9 617*	*18 681*
Desktop gross profit	***2 000***	*1 775*	***3 862***	*3 643*	*6 788*
Desktop gross margin (adjusted)*	***38,4%***	*38,2%*	***38,7%***	*38,6%*	*37,1%*
Desktop EBITDA	***1 097***	*1 085*	***2 197***	*2 291*	*3 724*
Datacenter:					
Datacenter revenue	**-**	-	***36***	-	-
Datacenter gross profit	**-**	-	***16***	-	-
Datacenter gross margin (adjusted)*	**-**	-	***44,4%***	-	-
Datacenter EBITDA	***(2 004)***	*(1 137)*	***(3 347)***	*(1 864)*	*(4 663)*
Headquarters:					
*Headquarters costs***	***(617)***	*(276)*	***(1 325)***	*(540)*	*(1 881)*

**Adjusted gross margins are computed excluding depreciation costs that are normally classified as cost of goods sold.*
***Headquarters costs include intellectual property defense, financing and headquarters admin costs.*

Financial review

The figures below relate to the consolidated accounts for the second quarter and first half year 2013, which comprise activities within the two segments Desktop and Datacenter. The quarterly and six month figures are unaudited.

Income Statement (Consolidated)

In the second quarter of 2013, Asetek reported record revenues of $5.3 million, representing growth of 13% over the same period of 2012, and 8% over first quarter of 2013.

Sales unit volumes for the second quarter increased by 13% from the same period of 2012, due principally to sales growth to the company's top do-it-yourself ("DIY") channel partners. Average selling prices remained level with the second quarter of 2012.

Total revenues for the first half of 2013 were $10.3 million, a 7% increase over the same period of 2012.

Gross margin was 37.5% for the second quarter of 2013, in line with the second quarter last year (37.4%) and the first quarter of 2013 (38.1%).

The gross margin for the first half of 2013 was 37.8%, more or less unchanged from 37.9% for the first half of 2012.

Operating costs increased compared with the second quarter of 2012, reflecting expanded activities associated with development and marketing of the company's datacenter solutions. In addition, Asetek incurred increased legal costs related to intellectual property protection, resulting in an increase in general and administrative expenses over the same period of 2012 and first quarter of 2013. Asetek incurred an operating loss of $1.9 million in the second quarter of 2013, compared with an operating loss of $0.8 million in the second quarter of 2012.

The U.S. dollar strengthened against the Norwegian krone (NOK) during the second quarter of 2013, resulting in finance costs (foreign exchange loss) of $0.5 million on cash deposits held in NOK.

For the first half of 2013, activities associated with reorganization and the company's initial public offering (IPO) resulted in increased legal and administrative costs compared with the same period of 2012.

Financial income in the first half of 2013 included $1.5 million of gains associated with the valuation of outstanding debt instruments that were converted to equity at the time of the IPO. Based on the initial trading price of the common shares, the company recognized $0.8 million income on the convertible option on preferred shares and $0.7 million income on the convertible loan upon revaluation.

In the first half of 2012, the revaluation of preferred shares resulted in finance costs of $0.9 million.

Segment Breakdown

Beginning from January 2013, the company is reporting on two distinct segments; the **Desktop** segment and the **Datacenter** segment.

The two segments are identified by their specific sets of products and specific sets of customers. The splitting of operating expenses between segments is based on the company's best judgment, and done by using the company's employee/project time tracking system and project codes from the accounting system. Operating expenses that are not divisible by nature (rent, telecommunication expenses, etc.) have been split according to actual time spent on the two businesses, and the company's best estimate for attribution. Costs incurred for intellectual property defense, foreign exchange and headquarters administration have been classified separately as headquarters costs and excluded from segment operating expenses as indicated.

Unaudited breakdown of the income statement

Q2 2013

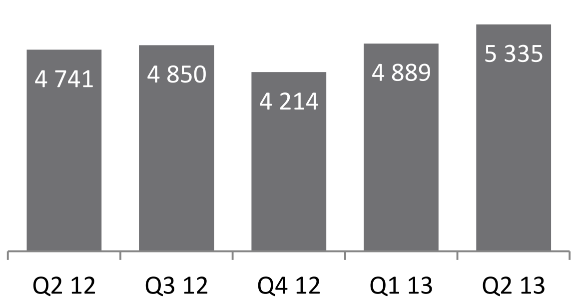
Figures in USD (000's)	Desktop			Datacenter		
	Q2 2013	Q2 2012	FY 2012	**Q2 2013**	Q2 2012	FY 2012
Revenues	**5,335**	4,741	18,681	**-**	-	-
Cost of sales	**3,288**	2,930	11,748	**-**	-	-
Gross Profit, adjusted	**2,047**	1,811	6,933	**-**	-	-
Gross Margin, adjusted	**38.4%**	38.2%	37.1%	**N/A**	N/A	N/A
Total operating expenses**	**950**	726	3,209	**2,004**	1,137	4,663
EBITDA, adjusted	**1,097**	1,085	3,724	**(2,004)**	(1,137)	(4,663)
EBITDA margin	**20.6%**	22.9%	19.9%	**N/A**	N/A	N/A

H1 2013

Figures in USD (000's)	Desktop			Datacenter		
	H1 2013	H1 2012	FY 2012	**H1 2013**	H1 2012	FY 2012
Revenues	**10,224**	9,617	18,681	**36**	-	-
Cost of sales	**6,271**	5,902	11,748	**20**	-	-
Gross Profit, adjusted	**3,953**	3,715	6,933	**16**	-	-
Gross Margin, adjusted	**38.7%**	38.6%	37.1%	**44.4%**	N/A	N/A
Total operating expenses**	**1,756**	1,424	3,209	**3,363**	1,864	4,663
EBITDA, adjusted	**2,197**	2,291	3,724	**(3,347)**	(1,864)	(4,663)
EBITDA margin	**21.5%**	23.8%	19.9%	**N/A**	N/A	N/A

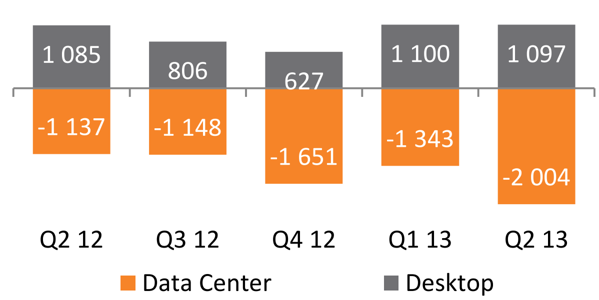
**Operating expenses by segment exclude headquarters costs of $0.6 million, $0.3 million and $1.9 million, for Q2 2013, Q2 2012 and FY 2012, respectively. Significant components of headquarters costs include intellectual property defense of $0.4 million in Q2 2013 and $0.4 million in FY 2012.

Desktop revenue development USD (000's)



Asetek achieved a record level of revenue in the second quarter of 2013, with an increase of 13% over the second quarter of 2012 and 8% over the first quarter of 2013. For the first half of 2013, revenues increased 7% over the first half of 2012.

EBITDA development USD (000's)



Asetek increased its investments in the Datacenter market in mid-2012, representing principally technology and prototype development, tradeshow promotion and product marketing. The company has also continued to incur costs to defend its intellectual property.

Balance Sheet

Asetek's total assets at June 30, 2013 amounted to $21.6 million, a reduction of $5.4 million from March 31, 2013. The principal change in assets related to payment of $2.8 million of fees associated with the company's IPO, and operating expenses associated with the company's development and marketing of the company's datacenter solutions. During the quarter, the company used $0.5 million of funds to pay off a note payable. Trade receivables at June 30, 2013 were reduced by $0.6 million from March 31, 2013 due to revenues occurring in a more linear fashion in the second quarter of 2013 than in the first quarter.

In the first half of 2013, total assets increased as a result of the company's IPO, which raised $21.4 million in net proceeds. All of the company's preferred shares outstanding, carried at approximately $37.1 million at December 31, 2012, converted to common shares at the IPO in March 2013.

Of the $4.4 million in convertible debt held by Asetek at the beginning of 2013, $3.1 million was converted to common shares and $0.6 million was repaid. The remaining $0.7 million was recognized as a gain at the IPO date, based on the initial trading price of the common shares.

As a result of the above transactions, total liabilities decreased from $48.8 million at December 31, 2012, to $3.9 million at June 30, 2013.

Cash Flow

Net cash used by operating activities was $1.9 million in the first half of 2013, compared with $2.6 million used in the first half of 2012.

Cash used by investing activities in the first half of 2013 was $1.0 million, related principally to additions in capitalized development costs.

Cash provided by financing activities was $17.3 million in the first half of 2013, compared with $1.1 million provided by financing activities in the same period of 2012. The change reflects $21.4 million of net proceeds raised in the company's successful IPO in the first quarter of 2013, offset by payments of $4.1 million of outstanding debt, interest and line of credit.

Net change in cash and cash equivalents was $13.8 million in the first half of 2013, compared with ($2.2) million in the same period of 2012.

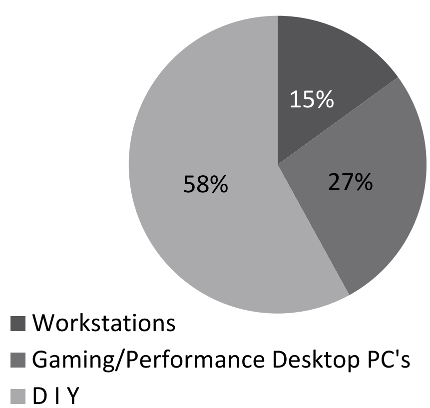
Operational review and market update

Desktop

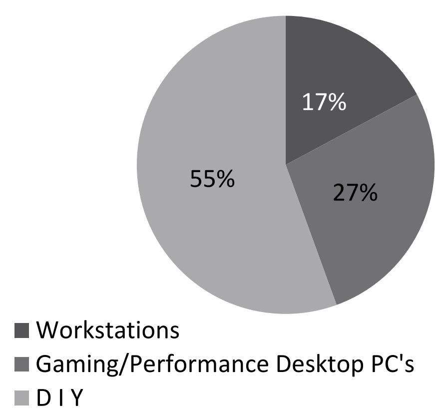
During the second quarter of 2013, Asetek's revenue growth continued to reflect the positive effects of recent product releases from Corsair, its largest DIY customer. In the first quarter, Corsair launched the Hydro Series H90 and H110 low-noise, high-performance liquid CPU coolers. The second quarter was also positively impacted by sales to Intel and Thermaltake, as each launched refreshes of their existing offerings in the DIY market with Asetek cooling products. DIY products are typically sold to computer enthusiasts at traditional retail stores or through online retailers.

In the OEM markets, two recently launched products continue to drive revenue growth – cooling systems for the single processor HP Z820 workstation, and the Lenovo Erazer X700 high-end gaming computer for the North American market. Both of these products are key elements in Asetek's goal to increase desktop revenues by 10% in 2013. In addition to Corsair's releases, highlights from the first half year included Asetek's successful new product launch with Dell, a cooling upgrade on the Alienware Aurora high-end gaming machine. This new product has a higher average sales price than the previous product, generating potential uplift in both revenue and margins.

Revenue split, Q2-2013
Percent



Revenue split, H1-2013
Percent



Datacenter

In the second quarter, a leading enterprise data center OEM began their internal process of productizing RackCDU by building the business case with engineering, marketing, supply chain and manufacturing.

A hyperscale Internet company received RackCDU server prototypes and completed successful performance evaluations. This company is expected to purchase a rack-scale test platform in the second half of 2013.

A major European telecom and Internet provider began rack-scale testing of RackCDU™ in conjunction with a leading OEM provider of enterprise data center servers. The tests are proceeding according to plan in Q2.

Asetek completed a RackCDU installation on the 'Skynet' cluster at the National Renewable Energy Laboratory (NREL). This is the first time a RackCDU system has been under the control of real world users running production workloads. The installation also demonstrates a 2-to-1 server density increase.

Asetek installed and initiated testing on a RackCDU™ system at Lawrence Berkeley National Laboratory (LBNL) in collaboration with Cisco and Intel. Lawrence Berkeley Labs expects to present the results of this testing at the Silicon Valley Leadership Group (SVLG) Data Center Efficiency Summit in the second half.

The company's previously announced design win with the U.S. Department of Defense (DOD) at Redstone Arsenal has progressed well, and in the second quarter the company received pre-award authorization to begin billable work on the project.

The company showcased its latest data center energy efficient solutions at International Supercomputing Conference 2013 in Leipzig, Germany. A Cray CS300-LC liquid cooled clustered system and prototype RackCDU cooling systems for servers from Intel, Cisco, HP and Fujitsu were on display.

In addition to being selected as one of the World's Top 40 Most Innovative Companies of 2012 (the "i40") by The New Economy magazine and as a finalist in the 2013 American Business Awards, in Q2 Asetek was selected as a finalist for the Data Center Dynamics award for 'Future Thinking and Design Concepts'.

In the first quarter, the U.S. Department of Defense selected the company's RackCDU In-Server Air Conditioning (ISAC™) product to participate in the Departments' TROPEC program. TROPEC focus on game-changing energy efficiency applications for military forward operations.

Also in the first quarter, Asetek shipped its first RackCDU™ products to Cray Inc. In addition, the company completed a for-revenue Engineering development project for a tier-1 server OEM.

Competition and Intellectual Property

Asetek holds a sizable portfolio of intellectual property rights including patents providing competitive advantages and high barriers to entry for competitors. In the second quarter of 2013, Asetek continued to build and protect the company's IP portfolio, filing seven national and international applications for patents for technologies used for both desktop PCs and datacenter servers. Currently the group has more than two dozen pending patent and utility model applications worldwide, with additional applications under preparation.

In 2012 and 2013, Asetek filed lawsuits against two competitors, Cooler Master USA Inc. ("Cooler Master") and CoolIT Systems Inc. ("CoolIT") for infringing Asetek's U.S. patents relating to integrated pump technology, as well as utility model rights in Germany relating to CPU cooling by water. Asetek is vigorously pursuing its suits against CoolIT and Cooler Master in the United States District Court for the Northern District of California, in which Asetek has alleged willful infringement of its patents by both CoolIT and Cooler Master. The court previously denied motions by CoolIT to dismiss and stay the litigation against CoolIT. The cases are proceeding normally under the Court's patent case rules, and the Court has set a patent claim construction hearing for both cases on November 4 and 5, 2013. No trial dates have been set, but Asetek expects that trial will likely proceed in 2014. CoolIT recently filed a motion for partial summary judgment, arguing that it has a right to manufacture and sell its infringing products to Corsair. Asetek believes that CoolIT's arguments are meritless as a matter of law, and will oppose CoolIT's motion at the hearing on September 19, 2013.

Some other companies have introduced and demonstrated products that attempt to imitate proprietary Asetek cooling designs and may be infringing Asetek intellectual property. Asetek is aware of at least two companies that have recently refrained from selling their products in the U.S., likely due to the risk of infringing Asetek's patents. Asetek continues to closely review and assess all competitive offerings for infringement of its patents and is currently evaluating legal action against certain competitors.

Risk Factors

To date the company has incurred operating losses and is in the development stages of its data center business. The company's revenue growth is dependent on the market acceptance of its new data center products and the release of new products from server OEM customers to facilitate its trial system deployments. Revenue growth in the desktop segment is dependent, in part, on the popularity and new releases of end user products by Asetek's customers.

Asetek relies upon suppliers and partners to supply products and services at competitive prices. Asetek's products are assembled by a single contract manufacturer which may be difficult to substitute in the short term if the need should arise.

Asetek has filed lawsuits against competitors for patent infringement. Litigation is pending, may proceed for an extended period, and could potentially lead to an unfavorable outcome to Asetek. Asetek has incurred significant legal costs to proceed with this litigation and may continue to do so in the future to the extent management believes it is necessary to protect intellectual property.

Asetek operates internationally in Denmark, USA, China, and Taiwan and is subject to foreign exchange risk. As of June 30, 2013, its principal cash holdings are maintained in deposit accounts in Norwegian krone, U.S. dollars, and Danish krone.

A more thorough elaboration on risk factors can be found in the prospectus issued in connection with the initial public offering in March 2013. The document can be downloaded from the company's website; www.asetek.com.

Transactions with related parties

The company's chairman is a member of the board of directors of Corsair, a customer of the company. During the six months ended June 30, 2013 and 2012, Asetek had sales of inventory to Corsair of $2.6 million and $0.2 million, respectively. As of June 30, 2013 Asetek had outstanding trade receivables from Corsair of $0.3 million.

Board of directors update

Mr. Henri Richard, a member of the company's board of directors since November 2007, is stepping down from his position effective August 13, 2013, due to other commitments. Mr. Richard will continue in an advisor role for the company.

Outlook

Desktop

Asetek expects to achieve 10% year-over-year growth in 2013, although in the short-term it anticipates that desktop revenue may decrease from the second to the third quarter of 2013. Antec and Zalman have each pursued development of in-house liquid cooling solutions, and it is Asetek policy to not compete with its customers. As such Asetek will no longer sell to Antec and Zalman. This transition is expected to have a short-term negative impact on revenue. However the negative impact is expected to be partially offset by increased revenues from the continuing DIY customers, through increased shipments of current products as well as new product offerings.

In addition, in August 2013, Asetek announced that the company has secured new orders for PC graphics cooling products that are expected to drive revenue of more than USD 1.0 million in the second half of 2013.

Gross margins are expected to be in line with the levels experienced for the first half of 2013.

In the OEM markets, two recently launched products continue to drive revenue growth – cooling systems for the single processor HP Z820 workstation, and the Lenovo Erazer X700 high-end gaming computer for the North American market. Both of these products are key elements in Asetek's goal to increase desktop revenues by 10% in 2013.

Datacenter

The company is currently working to secure an established global provider of data center energy solutions, HVAC equipment and control systems as Asetek's first certified installation and channel partner. Asetek also expects to secure a global third party warranty company to enable warranties to be extended on servers (of any manufacturer) installed with RackCDU™ cooling systems.

Asetek anticipates that a hyperscale internet company will deploy a rack-scale RackCDU™ test platform in the second half of 2013.

Asetek expects to begin work with the U.S. Department of Defense (DoD) on the Redstone Arsenal datacenter in Q3 2013. Initial installation and revenue recognition is expected in the second half of 2013 with full and complete installation in Q2 2014.

In addition, the company has made significant progress in executing its tier-1 OEM design-in strategy for RackCDU and expects to announce an agreement with at least one of these OEMs by year-end. The company is developing additional liquid cooling models to broaden its product line for Cray.

The company is continuing its efforts to build its infrastructure to secure the ability to efficiently scale its R&D, marketing, sales and manufacturing abilities in the Datacenter segment.

Interim Financial Statements

Consolidated Statement of Comprehensive Income

Figures in USD (000's)	Q2 2013	Q2 2012	H1 2013	H1 2012	2012
	Unaudited	*Unaudited*	*Unaudited*	*Unaudited*	
Revenue	**$ 5,335**	$ 4,741	**$ 10,260**	$ 9,617	$ 18,681
Cost of sales	**3,335**	2,966	**6,382**	5,974	11,893
Gross profit	**2,000**	1,775	**3,878**	3,643	6,788
Research and development	**1,234**	1,010	**2,230**	1,746	3,717
Selling, general and administrative	**2,666**	1,671	**5,036**	2,999	7,878
Foreign exchange loss (gain)	**(20)**	(85)	**(9)**	(57)	65
Total operating expenses	**3,880**	2,596	**7,257**	4,688	11,660
Operating loss	**(1,880)**	(821)	**(3,379)**	(1,045)	(4,872)
Finance income	**43**	-	**1,593**	-	-
Finance costs	**(549)**	(596)	**(781)**	(1,132)	(3,693)
Total financial income (expenses)	**(506)**	(596)	**812**	(1,132)	(3,693)
Loss before tax	**(2,386)**	(1,417)	**(2,567)**	(2,177)	(8,565)
Income tax	**-**	-	**-**	2	7
Loss for the period	**(2,386)**	(1,417)	**(2,567)**	(2,175)	(8,558)
Other comprehensive income items that may be reclassified to profit or loss in subsequent periods:					
Foreign currency translation adjustments	**68**	(61)	**(64)**	(10)	67
Total comprehensive loss	**$ (2,318)**	$ (1,478)	**$ (2,631)**	$ (2,185)	$ (8,491)
Loss per share (in USD):					
Basic	**$ (0.17)**	$ (0.90)	**$ (0.30)**	$ (1.38)	$ (5.43)
Diluted	**$ (0.17)**	$ (0.90)	**$ (0.30)**	$ (1.38)	$ (5.43)

These financial statements should be read in conjunction with the accompanying notes.

Consolidated Balance Sheet

Figures in USD (000's)	30 June 2013	31 Mar 2013	31 Dec 2012
ASSETS	*Unaudited*	*Unaudited*	
Non-current assets			
Property and equipment	**$ 489**	$ 367	$ 440
Intangible assets	**1,454**	1,428	1,448
Total non-current assets	**1,943**	1,795	1,888
Current assets			
Inventory	**938**	1,019	1,055
Trade receivables and other	**3,616**	4,203	3,971
Cash and cash equivalents	**15,073**	19,929	1,248
Total current assets	**19,627**	25,151	6,274
Total assets	**$ 21,570**	$ 26,946	$ 8,162
EQUITY AND LIABILITIES			
Equity			
Share capital	**$ 239**	$ 239	$ 2
Share premium	**64,608**	64,577	3,935
Accumulated deficit	**(46,785)**	(44,398)	(44,218)
Translation reserves	**(425)**	(493)	(361)
Total equity	**17,637**	19,925	(40,642)
Non-current liabilities			
Long-term debt	**4**	5	7,451
Total non-current liabilities	**4**	5	7,451
Current liabilities			
Redeemable preferred shares	**-**	-	29,510
Convertible option on preferred shares	**-**	-	7,612
Short-term debt	**253**	527	314
Accrued liabilities	**446**	3,113	1,393
Accrued compensation and employee benefits	**540**	506	534
Trade payables	**2,690**	2,870	1,990
Total current liabilities	**3,929**	7,016	41,353
Total liabilities	**3,933**	7,021	48,804
Total equity and liabilities	**$ 21,570**	$ 26,946	$ 8,162

These financial statements should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

Unaudited

Figures in USD (000's)	Share capital	Share premium	Translation reserves	Accumulated deficit	Total
Equity at January 1, 2013	$ 2	$ 3,935	$ (361)	$ (44,218)	$ (40,642)
Total comprehensive income - six months ended June 30, 2013					
Loss for the period	-	-	-	(2,567)	(2,567)
Foreign currency translation adjustments	-	-	(64)	-	(64)
Total comprehensive income - six months ended June 30, 2013	2	3,935	(425)	(46,785)	(43,273)
Transactions with owners in the first six months of 2013					
Shares issued	70	24,794	-	-	24,864
Less: issuance costs		(3,423)	-	-	(3,423)
Equity conversion to Denmark parent	25	(25)	-	-	-
Conversion of debt	9	3,110	-	-	3,119
Conversion of preferred shares	133	36,140	-	-	36,273
Share based payment expense	-	77	-	-	77
Transactions with owners - six months ended June 30, 2013	237	60,673	-	-	60,910
Equity at June 30, 2013	**$ 239**	**$ 64,608**	**$ (425)**	**$ (46,785)**	**$ 17,637**

Figures in USD (000's)	Share capital	Share premium	Translation reserves	Accumulated deficit	Total
Equity at January 1, 2012	$ 2	$ 3,792	$ (428)	$ (35,660)	$ (32,294)
Total comprehensive income - six months ended June 30, 2012					
Loss for the period	-	-	-	(2,175)	(2,175)
Foreign currency translation adjustments	-	-	(10)	-	(10)
Total comprehensive income - six months ended June 30, 2012	2	3,792	(438)	(37,835)	(34,479)
Transactions with owners - six months ended June 30, 2012					
Shares issued	-	-	-	-	-
Share based payment expense	-	40	-	-	40
Transactions with owners - six months ended June 30, 2012	-	40	-	-	40
Equity at June 30, 2012	$ 2	$ 3,832	$ (438)	$ (37,835)	$ (34,439)

These financial statements should be read in conjunction with the accompanying notes.

Consolidated Cash Flow Statement

Figures in USD (000's)	H1 2013	H1 2012	2012
	Unaudited	*Unaudited*	
Cash flows from operating activities			
Loss for the period	**$ (2,567)**	$ (2,177)	$ (8,558)
Depreciation and amortization	**904**	932	2,052
Finance costs (income)	**(812)**	1,132	3,693
Income tax expense (income)	**-**	-	(7)
Impairment of intangible assets	**-**	-	74
Cash payments for income tax	**-**	-	(2)
Share based payments expense	**77**	40	140
Changes in trade receivables, inventories, other assets	**448**	(1,701)	(2,070)
Changes in trade payables and accrued liabilities	**24**	(817)	1,045
Net cash used in operating activities	**(1,926)**	(2,591)	(3,633)
Cash flows from investing activities			
Additions to intangible assets	**(773)**	(720)	(1,165)
Purchase of property and equipment	**(199)**	(66)	(88)
Net cash used in investing activities	**(972)**	(786)	(1,253)
Cash flows from financing activities			
Proceeds from debt issuance	**-**	-	3,306
Cash payments on long-term debt	**(3,621)**	-	-
Funds drawn (paid) against line of credit	**(63)**	730	-
Cash payments for interest on debt	**(461)**	-	(322)
Proceeds from issuance of share capital	**24,835**	-	3
Cash paid for fees related to IPO	**(3,394)**	-	-
Proceeds from issuance of convertible preferred shares	**-**	367	366
Principal and interest payments on finance leases	**(3)**	(25)	(35)
Net cash provided by financing activities	**17,293**	1,072	3,318
Effect of exchange rate changes on cash and cash equivalents	**(570)**	85	148
Net changes in cash and cash equivalents	**13,825**	(2,220)	(1,420)
Cash and cash equivalents at beginning of period	**1,248**	2,668	2,668
Cash and cash equivalents at end of period	**$ 15,073**	$ 448	$ 1,248

These financial statements should be read in conjunction with the accompanying notes.

Notes to the quarterly financial statements

1. General information

Asetek A/S ('the Company'), and its subsidiaries (together, 'Asetek Group', 'the Group' or 'Asetek') designs, develops and markets thermal management solutions used in computers and datacenter servers. The Group's core products utilize liquid cooling technology to provide improved performance, acoustics and energy efficiency. The Company is based in Brønderslev, Denmark with offices in USA and China. The Company's shares trade on the Oslo Stock Exchange under the symbol 'ASETEK'.

In the first quarter of 2013, Asetek Group reorganized as follows: Asetek Holdings, Inc. was the parent company of the Asetek Group from August 2008 until February 2013. Asetek A/S was incorporated in December 2012 and acquired by Asetek Holdings, Inc. in January 2013. Asetek A/S became 100% owner of the Asetek Group through the purchase of all outstanding shares of Asetek Holdings, Inc. from the shareholders, in exchange for new shares in Asetek A/S in February 2013. This reorganization of Asetek Group has no effect on the Group's operating results.

These condensed consolidated financial statements for the quarter and six months ended June 30, 2013 have been prepared on a historical cost convention in accordance with International Accounting Standard 34 (IAS 34) 'Interim Financial Reporting' and do not include all of the information and disclosure required in the annual consolidated financial statements. These statements should be read in conjunction with the Asetek Holdings, Inc. 2012 Annual Report.

The accounting policies adopted in preparation of these condensed consolidated financial statements are consistent with those followed in the preparation of the Company's annual consolidated financial statements for the year ended December 31, 2012.

The Group operates in an industry where seasonal or cyclical variations in total sales are not normally experienced during the financial year.

2. Initial public offering, conversion of shares and debt repayment

In March 2013, the Company completed an initial public offering (IPO) of 4.0 million new common shares offered by the Company on the Oslo Stock Exchange at an offering price per share of 36.00 Norwegian kroner (approximately $6.20 USD per share). The Company raised funds totaling $21.4 million, after deduction of $3.4 million of offering costs. At the time of the IPO, all of the Company's preferred shares outstanding, carried as current liabilities of $37.1 million at December 31, 2012, converted to common shares.

The Company had $4.4 million carrying value of convertible debt at December 31, 2012, of which $0.7 million gain was recognized at the IPO date, $3.1 million converted to common shares, $0.6 million was repaid in the first half of 2013. During the first half of 2013, the Company used $4.1 million of its IPO proceeds to pay off a note payable, related interest, and part of a line of credit with Sydbank. A revolving line of credit with no outstanding balance that Asetek USA maintained with Comerica Bank expired in March 2013 and was not renewed.

Financial income of $1.6 million in the first half of 2013 includes non-cash gains associated with the revaluation of outstanding debt instruments at the time of the IPO. The company recognized $0.8 million income on the convertible option on preferred shares and $0.7 million income on the convertible loan upon the revaluation of these instruments based on the initial trading price of the common shares.

3. Common shares

Common share activity in the first half of 2013 is as follows (in thousands):

Common shares outstanding at December 31, 2012	1,578
Offering of new shares in IPO	4,000
Conversion of preferred shares	7,660
Conversion of debt	493
Shares issued in reorganization - exercised options	64
Common shares outstanding at June 30, 2013	13,795
Shares issued in reorganization - in treasury	1,086
Common shares issued at June 30, 2013	14,881

The shares included in treasury may be used to fulfill share options and warrants outstanding totaling approximately 1.0 million at June 30, 2013. In addition, the board of directors is authorized to issue options or warrants granting rights to up to 300,000 incremental common shares with a corresponding increase in share capital.

4. Finance cost and post balance sheet event

During the second quarter of 2013, the U.S. dollar (USD) strengthened against the Norwegian krone (NOK), resulting in foreign exchange loss of $0.5 million on cash deposits held in NOK. This charge was recorded as finance cost on the income statement. Subsequent to June 30 2013, the NOK has generally strengthened against the USD. In August 2013, the Company's cash holdings in NOK were converted to USD, resulting in a foreign exchange gain of $0.3 million which will be reflected as finance income in the third quarter of 2013.

5. Intangible assets

The Group's business includes a significant element of research and development activity. Under IAS 38, there is a requirement to capitalize and amortize development spend to match costs to expected benefits from projects deemed to be commercially viable. Costs capitalized are recorded on the balance sheet as intangible assets, net of amortization. In the first half of 2013, the Company capitalized approximately $0.8 million of development costs and recorded amortization of approximately $0.8 million (capitalized costs of $0.7 million and amortization of $0.8 million in the first half of 2012).

6. Earnings (losses) per share

The Company completed a public offering of its common shares in March 2013 and its shares have since been trading publicly on the Oslo Stock Exchange. IAS 33 requires disclosure of basic and diluted earnings per share for entities whose shares are publicly traded.

Basic earnings per share is calculated by dividing the profit or loss attributable to equity holders of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings per share is calculated by adjusting the number of common shares outstanding used in the Basic calculation for the effect of dilutive equity instruments, which include options, warrants and debt or preferred shares that are convertible to common shares, to the extent their inclusion in the calculation would be dilutive.

Second Quarter

	Q2 2013	Q2 2012	FY 2012
Loss attributable to equity holders of the Company (USD 000's)	$ (2,386)	$ (1,417)	$ (8,558)
Weighted average number of common shares outstanding (000's)	13,793	1,574	1,575
Basic loss per share	$ (0.17)	$ (0.90)	$ (5.43)
Diluted loss per share	$ (0.17)	$ (0.90)	$ (5.43)

First Half

	H1 2013	H1 2012	FY 2012
Loss attributable to equity holders of the Company (USD 000's)	$ (2,567)	$ (2,175)	$ (8,558)
Weighted average number of common shares outstanding (000's)	8,529	1,574	1,575
Basic loss per share	$ (0.30)	$ (1.38)	$ (5.43)
Diluted loss per share	$ (0.30)	$ (1.38)	$ (5.43)

Potential dilutive instruments are not included in the calculation of diluted loss per share for the periods presented because the effect of including them would be anti-dilutive and reduce the loss per share. Losses per share in the current periods presented may not be comparable to prior periods, due to the significant increase in common shares outstanding from the issuance of new shares and conversion of preferred shares and convertible debt in the first quarter of 2013.

7. Transactions with related parties

The company's chairman is a member of the board of directors of Corsair, a customer of the company. During the six months ended June 30, 2013 and 2012, Asetek had sales of inventory to Corsair of $2.6 million and $0.2 million, respectively. As of June 30, 2013 Asetek had outstanding trade receivables from Corsair of $0.3 million.

8. Segment reporting

Unaudited breakdown of the income statement

Q2 2013

Figures in USD (000's)	Desktop			Datacenter		
	Q2 2013	Q2 2012	FY 2012	**Q2 2013**	Q2 2012	FY 2012
Revenues	**5,335**	4,741	18,681	**-**	-	-
Cost of sales	**3,288**	2,930	11,748	**-**	-	-
Gross Profit, adjusted	**2,047**	1,811	6,933	**-**	-	-
Gross Margin, adjusted	**38.4%**	38.2%	37.1%	**N/A**	N/A	N/A
Total operating expenses**	**950**	726	3,209	**2,004**	1,137	4,663
EBITDA, adjusted	**1,097**	1,085	3,724	**(2,004)**	(1,137)	(4,663)
EBITDA margin	**20.6%**	22.9%	19.9%	**N/A**	N/A	N/A

H1 2013

Figures in USD (000's)	Desktop			Datacenter		
	H1 2013	H1 2012	FY 2012	**H1 2013**	H1 2012	FY 2012
Revenues	**10,224**	9,617	18,681	**36**	-	-
Cost of sales	**6,271**	5,902	11,748	**20**	-	-
Gross Profit, adjusted	**3,953**	3,715	6,933	**16**	-	-
Gross Margin, adjusted	**38.7%**	38.6%	37.1%	**44.4%**	N/A	N/A
Total operating expenses**	**1,756**	1,424	3,209	**3,363**	1,864	4,663
EBITDA, adjusted	**2,197**	2,291	3,724	**(3,347)**	(1,864)	(4,663)
EBITDA margin	**21.5%**	23.8%	19.9%	**N/A**	N/A	N/A

**Operating expenses by segment exclude headquarters costs of $1.1 million, $0.3 million and $1.9 million, for Q2 2013, Q2 2012 and FY 2012, respectively. Significant components of headquarters costs include intellectual property defense of $0.4 million in Q2 2013 and $0.4 million in FY 2012.

Statement by the Board of Directors and Management

The Board of Directors and the Management have considered and adopted the Interim Report of Asetek A/S for the period 1 January – 30 June 2013. The Interim Report is presented in accordance with the International Accounting Standard IAS 34 on Interim Financial Reporting and additional Danish disclosure requirements. The accounting policies applied in the Interim Report are unchanged from those applied in the Group's Annual Report for 2012.

We consider the accounting policies appropriate, the accounting estimates reasonable and the overall presentation of the Interim Report adequate. Accordingly, we believe that the Interim Report gives a true and fair view of Asetek's financial position, results of operations and cash flows for the period.

In our opinion, the Interim Report includes a true and fair account of the matters addressed and describes the most significant risks and elements of uncertainty facing Asetek. The Interim Report has not been audited or reviewed by the auditors.

Asetek A/S
Oslo, 13 August 2013

Management:

André Eriksen CEO	Peter Dam Madsen CFO

Board of Directors:

Sam Szteinbaum Chairman	Alexander Wong Member	Bengt Olof Thuresson Member
Chris J. Christopher Member	Henri Richard Member	Jørgen Smidt Member
	Knut Øversjøen Member	

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