ASETEK

ANNUAL REPORT 2013

(January 1st - December 31st 2013)

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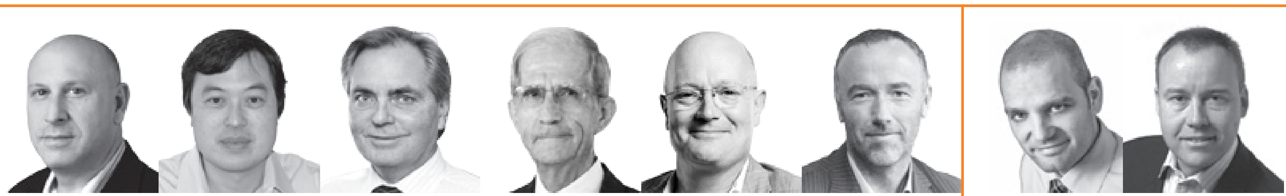
ISIN-Number	DK0060477263

Listed on Oslo Børs since March 20, 2013



Samuel Szteinbaum — Alexander Wong — Bengt Thuresson — Chris Christopher — Jørgen Smidt — Knut Øversjøen — André Eriksen — Peter Madsen

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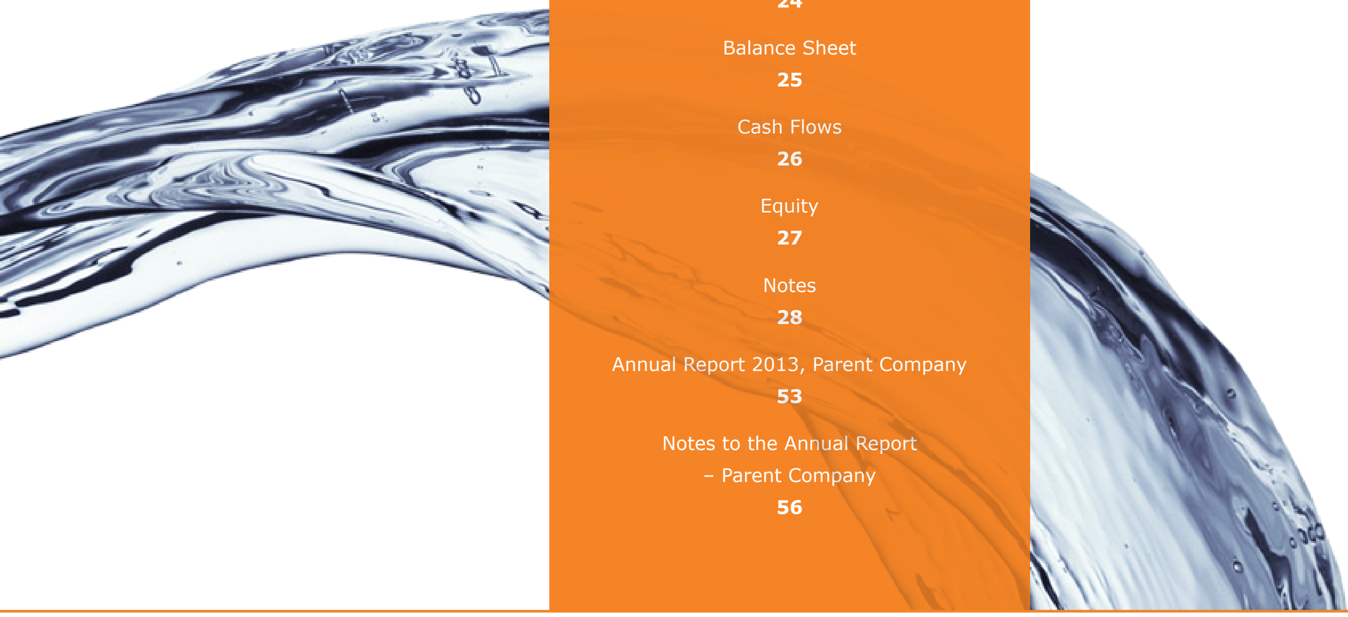

Board of Directors
Samuel Szteinbaum, Chairman
Chris J. Christopher
Alexander Wong
Jørgen Smidt
Bengt Olof Thuresson
Knut Øversjøen

Nomination Committee
Ib Sønderby
Samuel Szteinbaum

Audit Committee
Alexander Wong
Knut Øversjøen

Compensation Committee
Samuel Szteinbaum
Alexander Wong
Joergen Smidt

Executive Management
André Sloth Eriksen, CEO
Peter Dam Madsen, CFO

Auditor
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DEAR READER,


Photo: Kim Dahl Hansen / Nordjyske

I think 2013 has been the most exciting year for the company since I founded it back in 2000. First and foremost we delivered our best revenues and result ever – even in a year where we had a lot of focus on going public and operated in a desktop PC market with fiercer competition than ever.

We were able to grow revenues 11% year over year and increased our gross margins, despite growing manufacturing costs in China and an increasing number of imitators entering the market.

Most importantly though, we have worked hard on our venture into the data center market and see a promising response from the market. One thing in particular I am happy about is the test results from Lawrence Berkeley National Labs that validated our claims and essentially confirmed our value proposition 100%. I think it is an important and essential milestone.

The IPO

Many people doubted our IPO because the market for IPOs was slow, at best. However, we successfully took the company public and saw the share price increase a healthy 15% since the listing in March 2013. Personally I am not in doubt we opened the IPO window for other tech companies.

In March, after some months of deliberations and vetting the financial markets and our own organization, we took Asetek public in Norway. It is a draining process, but we felt that the organization was mature enough for life in public view. And we saw a strong need for us to position ourselves properly for significant future growth.

We based the investment case on our proven track record in our desktop PC liquid cooling business as well as on the compelling value proposition of our data center plans.

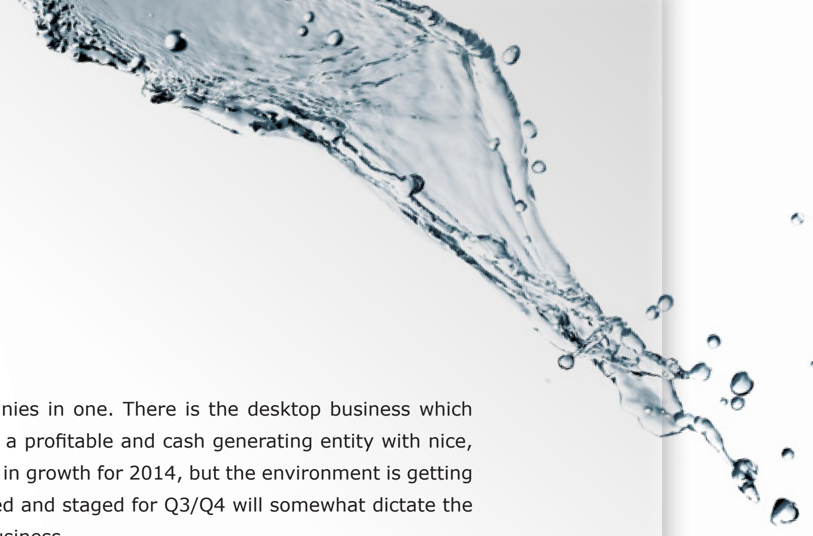
During the roughly nine months period since the IPO we have delivered to all the expectations from the hectic time around the IPO. You can read more about that in this annual report.

It has been a great personal satisfaction for me to meet our diverse group of investors over the recent months. 2013 as a whole makes me proud and it is great to once again see the company move to a new level.

As a part of the IPO we relocated the corporate headquarters to Denmark where we have better and larger facilities to establish mass manufacturing for our data center products. We believe it is important to be in 100% control over research and development, manufacturing and quality in this critical stage of the data center business unit's life cycle.

As such, after almost seven years in the U.S., I have decided to move to Denmark during 2014 to be closer to the operation. Beyond the obvious benefit of being close to our operations and R&D, I will also be closer to the financial markets, where I feel I have been a bit handicapped due to the nine-hour time difference.

I was expatriated to the US to build up a strong organization as well as a close relationship to our big OEM customers. I think I have fulfilled that task now and rest assured, dear reader, that I will not lose focus on our U.S. operations or our U.S. based customers. I will be as much in the U.S. as required!



What's to come?

We sometimes think of Asetek as two companies in one. There is the desktop business which we have grown from zero in 2000. It is today a profitable and cash generating entity with nice, albeit modest, growth prospects. I still believe in growth for 2014, but the environment is getting tougher so the IP related lawsuits we have filed and staged for Q3/Q4 will somewhat dictate the future growth opportunities for the desktop business.

As we see more PC's disappear from our homes and offices we face even bigger needs for compute power in data centers. Roughly 2% of all the power in the World is going into datacenters today, and a substantial share of this energy is wasted because the datacenters are cooled inefficiently by air.

So in many ways the cannibalism of PCs we see to smartphones and tablets are a big part of the fuel for Asetek's data center business.

We do not believe the World can stand back and continue to use an archaic technology in these days where focus is on the environment as well as cost to operate data centers. A new, more efficient approach is needed.

Asetek has that technology – and it is ready to roll out!

As I mentioned many times during our IPO as well as on our earnings calls – introducing and obtaining a solid market share with a new technology is a long haul. We know because we have done it before with the desktop business. This is not going to be different since the customers are the same. As such we still think we are looking at 2-3 year total (from the IPO) until we see a meaningful business.

We believe we are on the right path as we already landed deals within the High Performance Computing space as well as military applications. Despite being small deals, they are important to validate the business. At this point, we do not worry about the deal value. We focus on the strategic value.

There is no doubt that by targeting and selling to more end users directly, we could have established higher revenues sooner. However, we fundamentally believe that in order to build a scalable business we need the buy-in, adoption and support from the big server OEMs. And we believe we will achieve that – we see all the right signals, they just do not work at the same speed as we do.

Our focus for 2014 is to establish more design wins and even closer relations to the OEM players. The way to do that is by stimulating and creating end user demand from customers that the OEMs listen to and create products for. Hand in hand we approach the OEM's and build business cases for mass adoption. It sometimes feels like running in water, but as we already saw in 2013, there is light at the end of the tunnel and we are making progress with the big players. We are confident we will soon be at a tipping point.

We invite you to join us on the journey!

Thank you for your interest and support.

André Sloth Eriksen
Chief Executive officer

SHAREHOLDER INFORMATION

Asetek's shares have been listed on Oslo Børs since March 20 2013. 4,000,000 new shares were issued and sold during the initial public offering. A total of 14,881,311 shares are issued, each with a nominal value of DKK 0.1.

The share is classified in the "Information Technology" sector by the stock exchange, and the ticker mark is ASETEK.

The total market capitalization value at the end of 2013 was NOK 584m (approximately USD 96m) which is 15% higher than the initial market value following the IPO.

816,828 shares are held by the Company as treasury shares, primarily to support an employee stock option program.

Each share provides one vote. The shares are marketable securities and no restrictions have been set for the shares' negotiability. The share register is maintained by DNB Bank ASA - Verdipapirservice, Postboks 1600 Sentrum, 0021 Oslo, Norway.

Ownership

At the end of 2013, Asetek A/S had 324 shareholders, some of whom are nominee accounts covering several individual investors. 290 shareholders were registered by name, together representing 47.7% of the total share capital. Members of Asetek A/S's Board of Directors and Executive Board owned or represented a total of 31.2% of the share capital at the end of 2013.

At the day of listing 20 March 2013

Issued at NOK 36.00 the Asetek share closed at NOK 34.80 the first day of trading.

31 December 2013

The Asetek share closed at NOK 41.50, an increase of 15% since the IPO. The growth is at par with the Oslo Stock Exchange Benchmark Index and outperforming the Technology Index by 2%.

The following shareholders have informed Asetek A/S of possessions of 5% or above of the share capital:

	Number of Shares	%
Sunstone Technology Ventures Fund I, Denmark	1,666,341	11.2%
D. E. Shaw Composite Side Pocket Series 12, L.L.C., USA	1,143,469	7.7%
D. E. Shaw Composite Side Pocket Series 13, L.L.C., USA	1,124,410	7.6%

Investor Relations

Asetek aims to provide a high and consistent level of information to its shareholders and other interested parties.

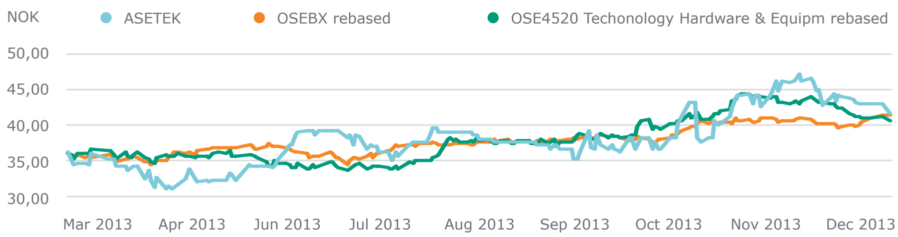
It is Asetek's intention to conduct an active dialogue with shareholders, analysts, the press and the public as a whole. Communication with interested parties takes place via the ongoing publication of notifications, investor presentations and individual meetings.

The website www.asetek.com is the primary source of information for interested parties. It is updated continuously with information about Asetek's activities and strategy. Shareholders, analysts, investors, stockbrokers as well as other interested parties who have questions regarding Asetek are requested to inquire via the email address investor.relations@asetek.com, which is monitored by the CFO.

Dividends. Asetek is investing its capital in the development and marketing of its cooling products and values the flexibility to be able to pursue strategic opportunities if they should arise. Asetek will therefore retain within the Company any surplus cash that it generates.

Reporting Calendar for 2014

Q1 2014 Report:	April 22, 2014
Annual General Meeting:	April 23, 2014
Q2 2014 Report:	August 13, 2014
Q3 2014 Report:	October 22, 2014



Stock Exchange Notices Issued in 2013

Issue Date	Headline
December 19, 2013	Financial Calendar 2014
December 16, 2013	Mandatory Notification of Trade
November 29, 2013	Mandatory Notification of Trade
November 22, 2013	Asetek Receives Order of RackCDU Liquid Cooling System for Use in Japanese University
November 20, 2013	Q3 2013 Reaching Operational Milestones and Maintains Growth Target
November 13, 2013	Invitation to Presentation of Third Quarter Results 2013
November 6, 2013	Additional OEM Business Secured Through 2016
November 5, 2013	Asetek Awarded Continued OEM Business in Desktop Market
October 30, 2013	California Energy Commission Study Validates Energy Savings Claims
October 24, 2013	Mandatory Notification of Trade
October 23, 2013	Asetek Executes MOU with Major Defense Systems Integration Prime Contractor
October 23, 2013	Asetek Commences Work on Major Department of Defense Data Center
October 23, 2013	Asetek Allowed U.S. Patent on ISACT Data Center Liquid Cooling Technology
October 8, 2013	Issuance of Warrants
October 3, 2013	Cray to Install Asetek Liquid-Cooled Cray CS300 Cluster Supercomputer at Mississippi State University
September 18, 2013	Asetek and STG Agreement Expands Market for Data Center Liquid Cooling
September 18, 2013	Asetek Named Winner of American Business Awards for "Best New Product or Service-Hardware-Computer"
September 17, 2013	Mandatory Notification of Trade
September 16, 2013	Asetek Receives First Order of RackCDU Liquid Cooling System
August 15, 2013	Outcome of extraordinary general meeting
August 14, 2013	Q2 2013 Continued Growth and Record Level Revenues
August 9, 2013	Significant Order of Graphics Cooling Solutions for PCs
August 9, 2013	Presentation of Financial Results for Second Quarter and First Half of 2013
July 23, 2013	Notice of Extraordinary General Meeting
July 23, 2013	Change in Financial Calendar

Issue Date	Headline
July 11, 2013	Asetek Liquid Cools Lenovo's Foray into US High End Gaming PC Market
June 20, 2013	Mandatory Notification of Trade
June 3, 2013	Mandatory Notification of Trade
May 24, 2013	Q1 2013 Reaching Major Milestones
May 21, 2013	Presentation of Financial Results For First Quarter 2013
May 14, 2013	HP Expands Liquid Cooling Availability Inside Z820 Workstations
April 22, 2013	Entering Into Marketmaking Agreement
April 22, 2013	End of Stabilization
April 5, 2013	Asetek to Install Liquid Cooling at World's Most Energy Efficient Data Center
March 28, 2013	Financial Calendar 2013
March 20, 2013	Disclosure of Shareholdings and Mandatory Notification of Trade
March 19, 2013	Stabilization and Over-Allotment Option Notice
March 18, 2013	Successful Completion of the Initial Public Offering
March 4, 2013	Asetek A/S Launches Initial Public Offering
March 4, 2013	Approved Prospectus
February 25, 2013	Asetek Pilot Award to Cool Down the University of Tromsø
February 21, 2013	Patents for Laptop and Integrated Liquid Cooling Technologies Issued in US and China
February 15, 2013	Annual Report and Fourth Quarter 2012
February 14, 2013	Extraordinary General Meeting
January 31, 2013	Asetek A/S Applies for Listing on the Oslo Stock Exchange

LIQUID COOLING DONE RIGHT

Asetek has been in the liquid cooling business since 2000. Our team has over 250 years of combined experience developing and manufacturing liquid cooling products.

The initial years were spent on developing high-end liquid cooling kits for PCs and workstations. By 2006, the technology was ready for mass adoption and today we are the world leader in PC and data center liquid cooling products. Our customers range from the premier brands of consumer PCs to the smaller brands making custom PCs.

Since almost 2% of all of the world's electricity is going into data centers – half of which is spent on cooling – there is a large potential market. Data centers are being cooled by technologies that have not changed in many years and are not acceptable with today's power efficiency and physical density requirements.

Since the company's origin, it has been on our business plan to enter the data center market. However, we would not enter before we were ready and had a solid foundation to stand on. Since 2012 we have been investing heavily in this segment.

DATA CENTER COOLING – OUR FUTURE

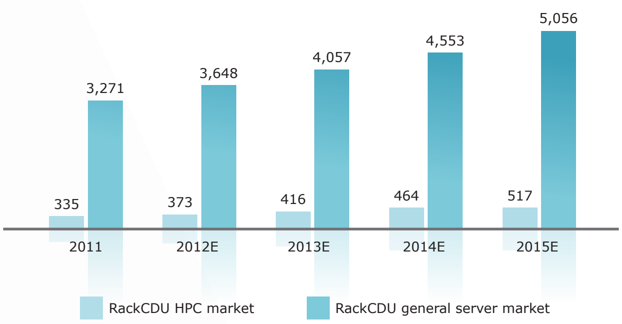
Energy Savings

With the explosive growth of cloud computing, data center cooling is one of the world's fastest-growing energy problems. Global data center electricity consumption is equivalent to 100 times the average annual energy production of the Hoover Dam. In fact, up to 50 percent of the energy consumed by data centers is just for cooling. Federal and State incentives (and mandates) are driving increased data center energy efficiency and renewable energy deployment. In addition, the European Commission has announced an initiative to reduce EU greenhouse gas emissions by 40% by 2030.

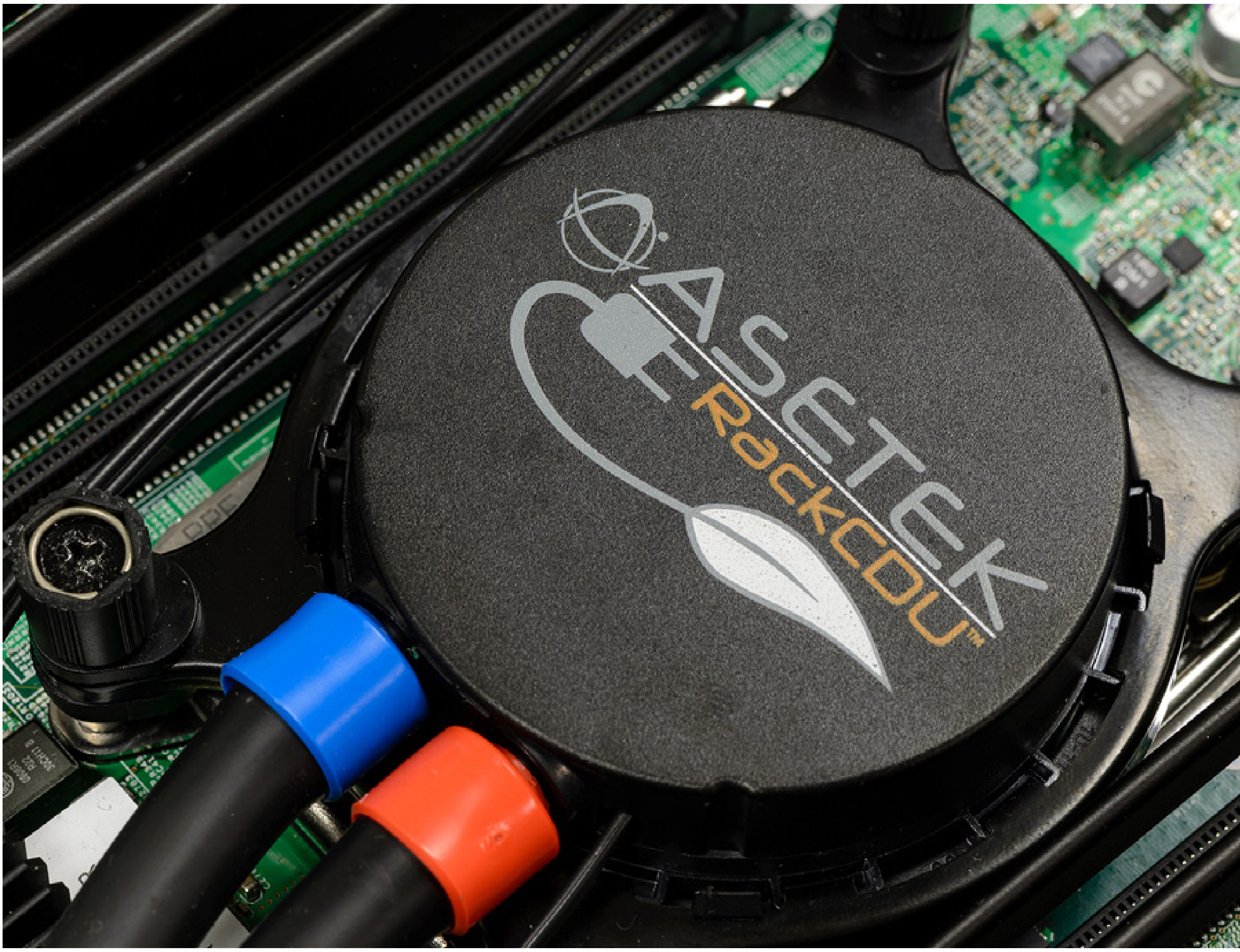
Cost Savings

Asetek is changing the paradigm of liquid cooling for data centers by making it cost-effective for all data centers, not just the small handful of enormous supercomputers that use it today. No matter how good for the environment a given technology might be, the fact is that most data centers are being asked to reduce costs. The cost of an Asetek data center liquid cooling system can typically be repaid within a period of less than 12 months through a combination of energy, equipment and maintenance savings.

Total addressable market in USDm



Source: IDC, Global Data Center Cooling Solutions Market Report



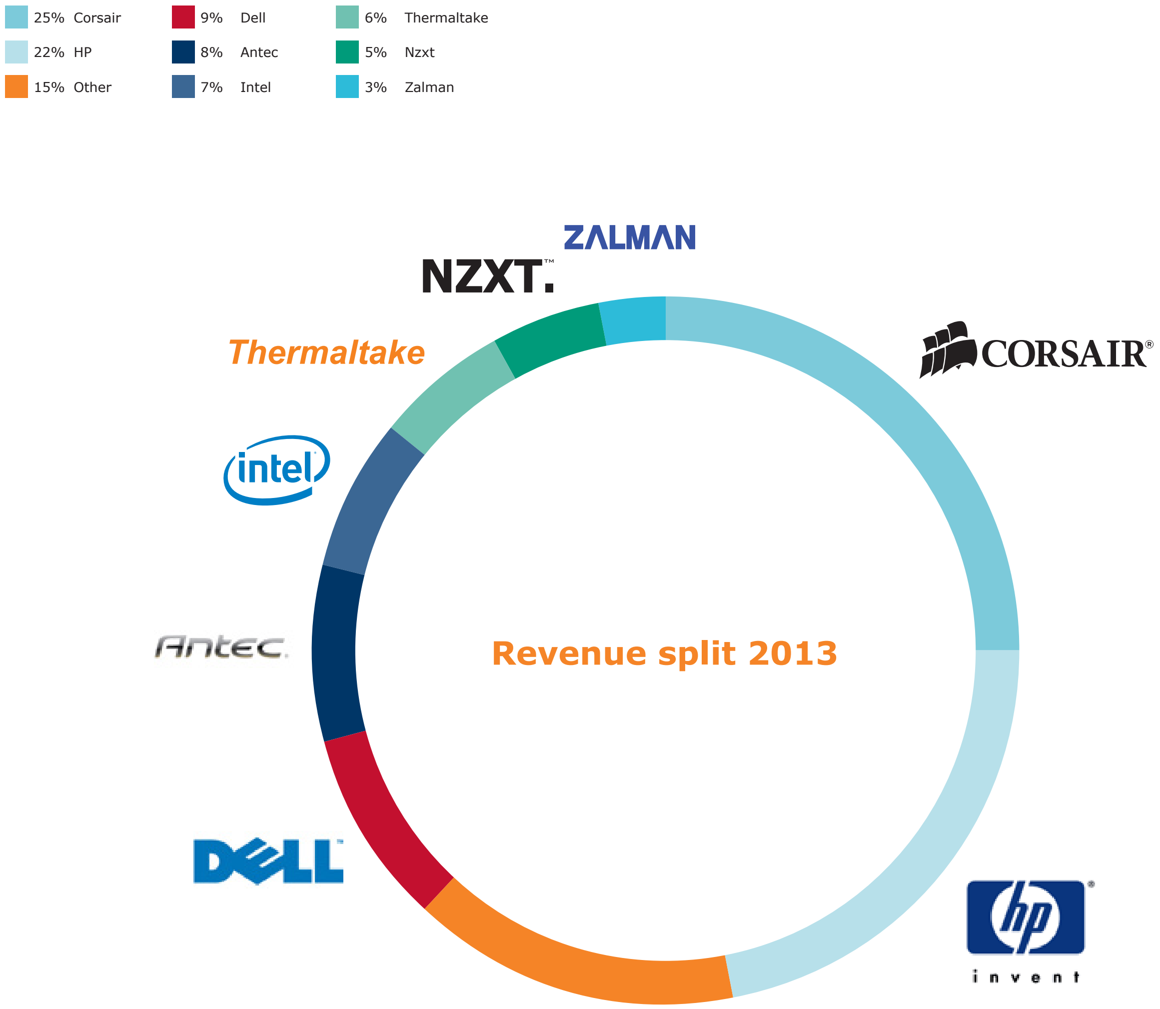
Density Increases

Increasing the density per rack, and for the data center as a whole, enables a data center operator to obtain the most compute power in as little space as possible. Asetek makes deploying high density racks more practical at a data center scale while simultaneously reducing data center cooling energy consumption. Density is particularly important in HPC and supercomputing applications where large numbers of servers work simultaneously on the same problem. Maintaining short communication paths between servers is critical to the overall performance of these supercomputers. Data centers are frequently being mandated and incentivized to consolidate their servers within their existing infrastructure. By increasing the server density within the cluster, floor-space and rack infrastructure requirements also reduced.

Noise Reduction

It has been well established in the workstation market that reduced noise leads to increased productivity. What many don't realize is that noise level should also be a concern for data center operators. As more and more servers are added to the data center, the number of fans to keep them cool also increases. Unfortunately, with fans comes noise – often at levels creating an ineffective workplace.

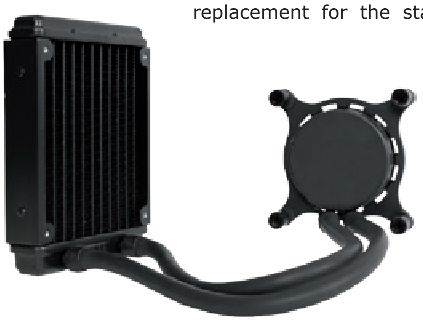
With Asetek's data center liquid cooling solutions, data centers that were previously above noise thresholds can now operate within safe noise levels. This is possible because Asetek's efficient liquid cooling enables fans to spin much slower (leading to 8-10% power savings in the process). Slower fans translate into lower noise, making data centers quieter, safer and more productive places to work.



DESKTOP COOLING – OUR LEGACY AND INCOME SOURCE

How Simply it Works

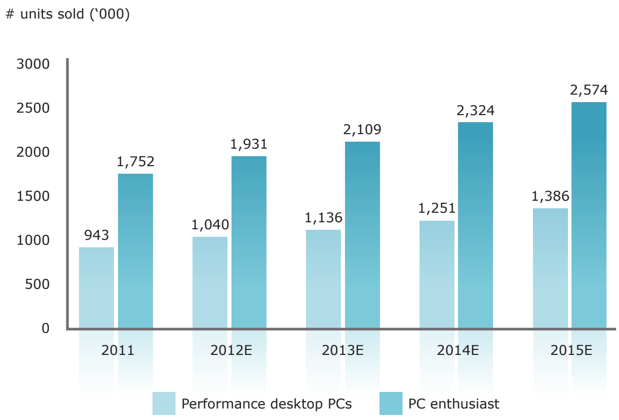
Asetek liquid cooling systems have three basic elements: a highly efficient integrated pump, reservoir and cold plate unit; a heat exchanger (radiator); and connecting tubes to transport the liquid. The integrated pump and cold plate unit is a direct replacement for the standard CPU air cooled heat sink. The specialized heat exchanger is mounted behind the rear chassis fan(s) with the tubes connecting the pump and heat exchanger together.



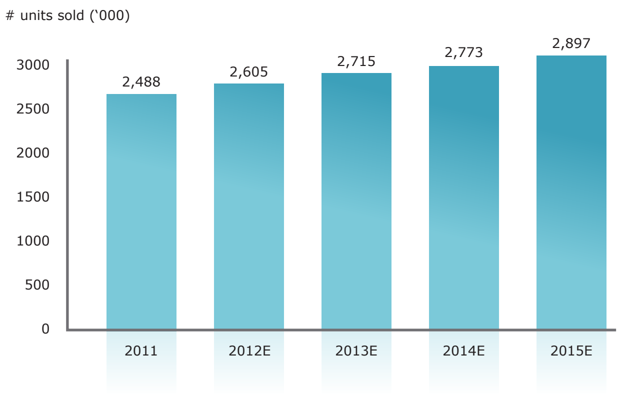
The cold plate transfers heat from the CPU into the cooling liquid. The integrated pump assembly pushes warm liquid to the heat exchanger and draws cool liquid back to the cold plate. Asetek's liquid cooling delivers what is equivalent to 3 metric tons of liquid per minute for every square meter of die area. This flow rate in conjunction with Asetek's enhanced heat transfer cold plate heat exchanger can remove heat from the surface of the processor very effectively.

Finally, the system fan(s) blow air across the heat exchanger exhausting CPU heat totally outside of the chassis, benefiting all of the other components on the motherboard.

Gaming & performance desktops, and DYI PCs



Enterprise workstations



Source: IDC, Global Data Center Cooling Solutions Market Report

Our Customers

In broad terms, we split our sales equally between two main groups: The Do It Yourself (DIY) and the Original Equipment Manufacturers (OEM's) markets. In each of these markets we work with the top tier players.

Gaining market shares in growing market

The mainstream desktop pc market is in decline. It is related to the rapid sales growth for tablet PCs and smartphones. However, Asetek's market, high performance desktop computers, is growing. Furthermore, PC vendors need differentiation in their high end system to keep/increase their margins - liquid cooling is such a differentiator.

Asetek primarily sells into high end performance markets where the PC is not likely to be exchanged for a tablet type device. The typical end user is either a PC enthusiast or a user of an engineering workstation PC.

Asetek's penetration in the workstations segment is still at a relatively early stage, but acoustic noise and performance requirements are increasing.

MANAGEMENT REPORT

The Year 2013 Outlined

- Asetek continued its success as the leading supplier of liquid cooling solutions for high-end computing.
- Shipped 426,000 units of its patented sealed liquid cooling units in 2013.
  - Total shipments since Asetek's inception in 2000 have exceeded 1.6 million units.
- Revenues in 2013 totaled $20.7 million, an 11% increase over 2012 ($18.7 million). Product gross margin of 38.8% increased from 2012 (36.3%) as a result of improved cost management and a richer mix of sales of high end desktop cooling products.
- Operating losses of $7.8 million ($4.9 million) increased due to continued investment in the datacenter business, and legal expenses associated with defending intellectual property.
- Successful IPO, raising $21.4 million through the issuance of four million common shares in March 2013.
- Made significant progress with its datacenter business in 2013:
  - Began implementation of its first major data center retrofit with RackCDU, for the U.S. Department of Defense at the Redstone Arsenal datacenter. The three year contract carries a total value of over $2 million, including $0.8 million of revenue recognized in 2013.
  - The first commercial orders for RackCDU were received in second half of 2013, including five systems for a Cray Inc. supercomputer installation at Mississippi State University and additional five systems for a high performance computing installation at a university in Japan.
  - Asetek announced that RackCDU Liquid Cooling solutions will be available from HP as a Third Party Option kit for certain HP Proliant Servers.
  - An independent study performed by Lawrence Berkeley National Labs validated Asetek's claims of 50% energy savings achieved with its RackCDU liquid cooling solution.
  - The Company partnered with industry experts – Johnson Controls (integration, installation) and Signature Technology Group (warranty, service) – to provide important services to end customers in the delivery of datacenter cooling solutions.
  - Asetek received numerous awards and public recognition in 2013 from prestigious technology industry organizations and publications.
- Operating losses in the datacenter segment were $6.7 million due to continued investment in development and marketing, including increased engineering personnel, business development resources and equipment/tools. The development activities ensue into 2014.
- The desktop segment had EBITDA operating profits of $3.8 million in 2013. The desktop business has experienced increased revenues and improved gross margins in 2013.
- The result for the year, a net loss of $6.3 million ($8.6 million), is considered satisfactory considering the stage of the product and marketing development efforts. Total revenue for 2013 is consistent with the expectations for annual revenue growth published in the Quarterly Report for the third quarter ended September 30, 2013.

VP Engineering & Quality. Ole Madsen (right) receiving the 2013 DatacenterDynamics award for Future Thinking & Design Concepts on behalf of Asetek in London, December 2013


DatacenterDynamics
AWARDS
EMEA 2013
FUTURE THINKING
& DESIGN CONCEPTS

ASETEK'S BUSINESS

Asetek is the world leading provider of energy efficient liquid cooling systems for data centers, servers, workstations, gaming and high performance PCs. Its products are used for reducing power and green house emissions, lowering acoustic noise, and achieving maximum performance by leading OEMs and channel partners around the globe.

Asetek's products are based upon its patented all-in-one liquid cooling technology with more than 1.6 million liquid cooling units deployed in the field. Founded in 2000, Asetek is headquartered in Denmark with offices in USA, China and Taiwan.

FINANCIAL POSITION AND OPERATING RESULTS FOR 2013

Profit and loss

In 2013, the Company had revenue of $20.7 million compared to $18.7 million in 2012. Average selling prices and sales volumes for desktop liquid cooling units each increased about 3% from 2012 due to increased focus on sales to the high end markets. Gross margin increased to 38.8% in 2013 (36.3%), principally as a result of improved cost management and a richer mix of sales of high end desktop cooling products. The increase in desktop margin was partially offset by lower profit margins on the sale of third party datacenter equipment supplied on a contract with the U.S. Department of Defense.

In 2013, operating expenses were $15.8 million, a 35% increase over 2012 ($11.7 million). At mid-2012 and subsequent to the IPO in March 2013, Asetek increased investment in development and marketing of the datacenter business. Operating expenses also reflect $1.7 million ($0.4 million in 2012) of legal costs associated with lawsuits filed by the Company against competitors (CoolIT Systems Inc. and Coolermaster USA Inc.) for infringing Asetek's intellectual property patents. Share based compensation expense associated with employee option grants represented $0.5 million of the increase.

Finance income in 2013 included $1.6 million of gains associated with the valuation of outstanding debt instruments 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 $0.8 million income on the convertible loan upon revaluation.

Finance costs in 2013 include foreign exchange loss of $0.5 million on cash deposits held in NOK in the second quarter, plus $0.3 million of interest charges on debt paid or converted to shares during 2013. In 2012, the revaluation of preferred shares and a convertible loan resulted in finance costs of $3.2 million, plus interest charges on outstanding debt of $0.5 million.

Balance sheet

Asetek's total assets at the end of 2013 were $21.0 million, compared with $8.2 million at the end of 2012. The large increase is principally the result of the company's IPO, which raised $21.4 million in net proceeds. Cash and cash equivalents on hand at December 31, 2013 was $11.7 million.

The most significant increases in specific assets for 2013 were as follows: cash and cash equivalents increased by $10.4 million associated with the net IPO funds received, partly offset by debt repayment and funding of operations. Trade receivables and other assets increased by $1.0 million due to a 50% increase in revenues in the last month of 2013 versus the same period of 2012. Property and equipment increased by $0.7 million and Intangible assets increased by $0.4 million, principally due to equipment acquired and capitalized costs associated with growth in the datacenter business.

Current liabilities, which include preferred shares and their embedded convertible option from 2012, decreased from $41.4 million in 2012 to $5.7 million in 2013. At the time of the IPO, all of Asetek's outstanding preferred shares, valued at $37.1 million at 2012, converted to common shares. Trade payables increased by $1.5 million in 2013, principally due to higher inventory purchases to support the increase in sales. Accrued compensation and benefits increased $0.5 million due to incremental incentive compensation earned in 2013.

Long-term debt decreased by $7.0 million in 2013 due to repayment of $3.0 million in notes payable and extinguishment of convertible debt at the IPO. Of the $4.4 million in convertible debt held at the beginning of 2013, $3.1 million was converted to common shares and $0.6 million was repaid. The remaining $0.8 million was recognized as a gain at the IPO date, based on the initial trading price of the common shares. Included in long-term debt are $0.3 million of finance leases for equipment acquired in 2013.

Statement of cash flows

Net cash used by operating activities was $4.6 million for 2013, compared with $3.6 million used in 2012. The change was mainly attributed to the increased operating loss.

Cash used by investing activities was $3.1 million, related principally to additions in capitalized development costs and property and equipment.

Cash provided by financing activities was $17.9 million in 2013, compared with $3.3 million provided in 2012. The change reflects $21.4 million of net proceeds raised in the company's successful IPO in the first quarter of 2013, and payments of $4.0 million of outstanding debt, interest and line of credit, net of draws. The change also includes $0.2 million received on deposit from a sub-lessee of the Company's new facilities in Denmark.

Net change in cash and cash equivalents was $10.4 million in 2013, compared with ($1.4) million in 2012.

Liquidity and financing

Asetek has incurred losses and negative cash flows from operations since its inception. During this time, Asetek has financed operations principally through the issuance of convertible preferred shares and most recently through its initial public offering (IPO) of common shares on the Oslo Stock Exchange in March 2013. From the IPO, the Company raised net proceeds of $21.4 million and used a portion of it to repay long-term debt. As of December 31, 2013, the Company has working capital of $12.0 million and non-current liabilities of $0.5 million.

While there is no assurance that the Company will generate sufficient revenues or operating profits in the future, Asetek's management estimate that the Company's current capital resources are sufficient to fund the current of operating activities through the first half of 2015, based on financial forecasts. The management will consider meeting Asetek's future funding requirements through a combination of debt and equity offerings, depending on cost of capital and the status of the financial markets at that time.

Historical financial review

Accounting principles of preparation:	*IFRS*	*IFRS*	*IFRS*	*IFRS*	*U.S. GAAP*
Fiscal Year	**2013**	**2012**	**2011**	**2010**	**2009**
Financial highlights: ($000's)					
Revenue	20,729	18,681	15,574	15,749	4,737
Gross profit	8,049	6,788	5,703	4,823	(966)
Gross margin %	38.8%	36.3%	36.6%	30.6%	-20.4%
EBITDA	(5,729)	(2,820)	(1,918)	(3,170)	(10,452)
Operating loss	(7,759)	(4,872)	(3,707)	(4,215)	(10,800)
Finance income (expenses)	1,035	(3,693)	1,838	(2,274)	142
Net income (loss)	(6,281)	(8,558)	(1,877)	(6,499)	(10,653)
Purchases of property and equipment	952	88	386	183	102
Sealed loop units shipped (000's)	**426**	**414**	**333**	**354**	**103**
Year-end values ($000's):					
Total assets	20,983	8,162	8,503	8,751	11,266
Total equity	14,808	(40,642)	(32,294)	(30,613)	(29,437)
Total liabilities	6,175	48,804	40,797	39,364	40,703
Employees at end of year	**69**	**60**	**51**	**58**	**52**
Key ratios:					
Average selling price per desktop unit ($)	46.8	45.1	46.8	44.5	46.0
Revenue per employee ($000's)	300	311	305	272	91
Days sales outstanding	75	65	48	55	250
Inventory turns per year	11.9	12.6	8.1	6.2	4.0

The financial report for 2009 was not prepared under IFRS accounting principles. The following are some of the significant accounting adjustments that would be required to report 2009 under IFRS:

- Capitalization (and amortization) of intangible assets related to internal development projects;
- Revaluation of convertible option on preferred shares;
- Reclassification of foreign currency gains from equity to operating expenses; and
- Accounting for share based payments under IFRS 2

The above adjustments have not been quantified and other additional adjustments may be required.

EXPECTATIONS FOR 2014

Data center: The future performance of Asetek is most importantly dependent upon the Company's ability to create profitable revenue from the datacenter markets.

Predicting revenues from the datacenter markets is inherently difficult, as these markets are new to commercial liquid cooling solutions. During the later months of 2013, Asetek delivered the initial commercial orders in this segment, and continue to work with customers in various stages of proof-of-concept designs. Our focus in 2014 is to establish more design wins and build closer relationships with the leading OEM companies. At the same time, we plan to continue to drive end-user demand at large customers, so they will influence their suppliers to provide products using our liquid cooling solutions. The market response has been very positive through 2013 and Asetek's management expects to reach new commercial milestones during 2014.

ASETEK DATA CENTER COOLING – BEATING WORLD RECORDS

New benchmark

The National Renewable Energy Laboratory (NREL) in Boulder, Colorado, USA, is home of the world's most energy efficient data center and site of Asetek's first RackCDU installation. At NREL, data center sustainability requires a three dimensional optimization: 1) increasing Power Usage Effectiveness (PUE), decreasing the overall power needed to run a data center, 2) increasing computational power efficiency (increasing performance per Watt) and 3) improving Energy Reuse Effectiveness (ERE), lowering the percentage of un-used data center waste heat. Asetek's installation helps substantially improve all three of these factors.

Now, in 2014, the University of Tromsø (UiT) "the Arctic University of Norway" is setting out to demonstrate the practical reuse of data center waste heat by using a district heating application at their high performance computing facility. As the world's northernmost university, situated in Tromsø Norway, the UiT Campus and surrounding city have a continuous requirement for building heating.

UiT began installing Asetek's RackCDU hot water, data center liquid cooling in January. Unlike chilled water liquid cooling systems, cooling with hot water enables effective reuse of the heat produced by the servers. UiT pumps hot water returning from cooling the servers into the university campus' building heating system. Ultimately the plan is to use the surplus hot water to heat the hospital next door as well, which is quite convenient given the city of Tromsø holds an annual average outdoor temperature of only four degrees Celsius (39 Fahrenheit).

Reuse of surplus heat with Asetek's liquid cooling isn't limited to arctic environments where all buildings need year-round heating. It can also be used to heat household water. That's needed all over the world, and in warm months the heat can be used to operate absorption chillers.

Hot water efficiency

All the energy used by a server is returned to the data center in the form of heat. The inefficiency of air as a cooling medium makes it impractical to reuse this heat when removed from servers with air. In contrast, a liter of water carries 4000 times more heat than a liter of air and requires ten times less energy to move to distant buildings. With Asetek RackCDU D2C™ (Direct-to-Chip) liquid cooling, UiT is able to use in excess of 50% of the heat generated by servers in their district heating project.

Paving the way

Data center sustainability is a critical issue for our customers and solving painful customer problems is essential to maintaining our position as the world's leading liquid cooling company. We strive to be at the forefront of ground breaking data center projects. Our patented technology and products give data centers cost and energy savings, greenhouse gas and noise reduction, and contribute to a greener technology world. Combined with density increases enabling data center consolidation, these performance improvements and cost savings are the main reasons research institutions like NREL in the U.S. and UiT in Europe are switching from air cooling to liquid cooling and Asetek RackCDU.

David Garcia,
VP & GM, Data Center Business

Desktop: Asetek is continuously working with new and existing customers to take new products to market. The Company is primarily working in the high end segment of the desktop PC market, and expect to see an overall better performance than the general PC market. The management therefore foresee modest revenue growth in this segment.

The Company plans to continue to invest in the data center business with a focus on long-term growth and scalability. In the short-term, management expects to incur losses while the Company focuses on design wins to gain traction with key data center OEMs. Overall, the Company expects modest revenue growth for 2014, with comparable levels of spending and continued investment in the datacenter business. As such, management expects that the Company will report a loss for 2014 comparable to the loss incurred in 2013.

RISK EXPOSURE AND MANAGEMENT

Asetek's potential to realize the company's strategic and operational objectives are subject to a number of commercial and financial risks. Asetek is continuously working on identifying risks that can negatively impact the company's future growth, activities, financial position and results. To the largest extent possible, Asetek tries to accommodate and limit the risks which the company can affect through its own actions.

Below, some of the risk factors management considers as being of special importance to the Group are described in no specific order. Asetek conducts its business with significant focus on continuous risk monitoring and management. The overall goal of risk management is to ensure that the company is run with a level of risk, which is in a sensible ratio to the activity level, the nature of the business, and the company's expected earnings and equity.

Insurance. It is the company's policy to cover all relevant risk areas with commercially available insurance products. This currently includes insurance for product liability, operating material and inventory as well as compulsory coverage, which varies from country to country. Management assessments indicate that the necessary and relevant precautions have been taken to thoroughly cover insurance issues. Asetek's insurance policies and overall coverage approach are reviewed at least annually.

Liquidity risk. Reference is made to the Liquidity and Financing discussion in the Financial Position and Operating Results for 2013.

Credit risk. The credit risk is the risk of a counterpart neglecting to fulfill its contractual obligations and in so doing imposing a loss on Asetek. The Group's credit risk originates mainly from receivables from the sale of products as well as deposits in financial institutions. Receivables from the sale of products are split between many customers and geographic areas. A systematic credit evaluation of all customers is conducted, and the rating forms the basis for the payment terms offered to the individual customer. The credit risk is monitored centrally.

Foreign exchange rates. Substantially all of Asetek's revenue is billed in USD. However, significant portions of the overhead expenses are paid in either DKK or CNY. In the area of currency risk, Asetek strives to match expenses against income and liabilities against assets. Furthermore, as many expenses and liabilities as possible are denominated in USD. The actual currency risk is therefore limited to the cash flow that is not in USD. Despite this, greater fluctuations in DKK vs. USD will have an influence on the financial position. An amount equivalent to approximately 20% of the revenue is exposed to a risk on the DKK vs. USD exchange rate. The Group has not entered into any forward exchange transactions.

Product innovation and market development. The company's future success, including the opportunities to ensure growth, depends on the ability to continue developing new solutions and products adapted to the latest technology and the clients' needs as well as improving existing solutions and market position. Asetek has in recent years increased its focus and investments on building the market for datacenter liquid cooling products.

Projects and contracts. It is of significant importance to Asetek's overall success that development projects are executed at high quality and at predetermined timeframes and cost prices. Risks are attached to the sale, analysis and design, development and initial manufacturing phases. Asetek has carefully defined the individual phases and the activities contained therein, with a view to active risk management and efficient implementation. Through project reviews and ongoing analyses before, during, and after initiation, Asetek works to ensure that agreements are adhered to and that revenue and margins are as planned.

Employee relations. Asetek is a knowledge-intensive company and in order to continuously offer optimal solutions, develop innovative products, and ensure satisfactory financial results, it is necessary to attract and develop the right employees. Asetek has the goal of being an attractive workplace and achieves this through various programs including an option incentive program, and attractive working conditions. The company seeks to support a company culture founded on individual responsibility and performance as well as team accomplishments.

ASETEK SALES
– GLOBAL PRESENCE, GLOBAL REACH

With its global reach, Asetek's Sales organization keeps our doors open for business 24/7.

Since the commercial launch of the first mass adoption desktop product in 2007, we have steadily increased our product portfolio and our customer list. The sales organization reflects our strategy to sell to a select group of high-end Do-It-Yourself/Enthusiast Brands and Original Equipment Manufacturers.

From individual contributors up through executive management, our sales team is capable of working closely with our customers at all levels. The team identifies opportunities, brings them to market and manages the customers' requirements on an ongoing basis.

Working in an industry with abundant growth potential means that we often find ourselves in a role where we are the technology experts. The sales team plays an integral part coordinating the customers' teams with Asetek's own internal teams: presenting product roadmaps, defining products, agreeing schedules and working supply plans.

John Hamill,VP Global Sales

John Hamill, Vice President of World Wide Sales, heads the sales team from our office in Austin, Texas. Asetek also has Sales personnel in Munich, Germany, Chicago, USA, San Jose, USA and Taipei, Taiwan.

STATUTORY REPORT ON CORPORATE SOCIAL RESPONSIBILITY

Code of conduct. Asetek's Code of Business Conduct Ethics is the general ethical guideline for business conduct to ensure that Asetek on a global level is dedicated to promote ethical business practices and protect Asetek against corruption and other unethical business behavior. The business conduct guidelines can be found at http://asetek.com/investor-relations/corporate-governance/ethical-guidelines.aspx

Transparency and credibility. Asetek is committed to show complete openness towards shareholders, customers, employees, suppliers and other stakeholders. It is essential that their understanding of the business and products is accurate, updated and truthful.

Anti-corruption. Asetek will not tolerate corruption, money laundering, bribery or other illegal or unethical business activity. The Company's performance and competitiveness are strengthened solely through lawful conduct. The group's anti-corruption position has been clearly communicated to all employees. Furthermore, Asetek has implemented an Ethics Website operated by a third party company. Via the website, all stakeholders can keep themselves informed about Asetek's policies as well as report any concern to the company's leadership.

Internal environment and knowledge resources. Asetek recognizes that its employees are its key assets and it is committed to maintaining a stimulating working environment that offers opportunity for both personal and professional development. The Company maintains a team-oriented culture where all employees have the opportunity to contribute significantly to the success of the Company. This is also necessary to continue to attract and retain highly qualified employees within the computer industry. Asetek welcomes applications for employment from all sectors of the community and strives to promote equal opportunity of employment to all. The Group maintains a positive working environment and sick leave and turnaround is not significant. No working accidents or injuries occurred in 2013.

Equal Opportunities. The Board of Directors decided in October 2013 that it is Asetek's goal to have at least 15% female representation at board and management level by 2016. Since the goal is new, any change in female representation cannot currently be evaluated. Women are actively encouraged to apply for open positions in the Company.

External environment. Asetek Group operations' effect on the environment is minimal and is typical for a supplier of computer components. The manufacturing operations are outsourced to a commercial manufacturer in China, which is continuously monitored on various factors relating to the environment and other social responsibilities. The principal source of strain on the environment from the business is related to shipment of inventory, which is conducted in accordance with normal routine commerce.

Adherence to Human Rights Principles. Asetek supports the fundamental principles of EICC (Electronic Industry Citizenship Coalition) on human rights, employees' rights, child labor, health and safety, environment and anticorruption. Asetek requires that its suppliers respect and conform to the same principles. Asetek periodically reviews via its supplier review and evaluation process that its suppliers conform to the principles. The principles can be found at http://www.eicc.info/eicc_code.shtml

Social responsibility program. While the Company has not at this point developed a formal program of CSR policies, Asetek complies with the laws and regulations in each of the countries in which it operates.

CORPORATE GOVERNANCE

The work of the board of directors

Asetek's management model and organization are adapted continuously to ensure the Company is equipped to manage all obligations to shareholders, customers, employees, authorities and other stakeholders to the utmost. In this process, Asetek uses the corporate governance recommendations from NASDAQ OMX Copenhagen as an important source of inspiration. The recommendations can be found at www.corporategovernance.dk. The Board of Directors is fundamentally in full agreement with NASDAQ OMX Copenhagen's recommendations about good company governance. Asetek endeavors to follow the relevant recommendations for the company, which support the business and ensure value for the company's stakeholders. The statutory report on Corporate Governance, cf. section 107b of the Danish Financial Statements Act, is available on the Company's website: http://asetek.com/media/8366/cg.pdf

Dialogue between the company and its shareholders. The communication between Asetek and shareholders primarily takes place at the company's annual general meeting and via company announcements. Asetek shareholders are encouraged to subscribe to the e-mail service to receive company announcements, interim management statements, interim reports and annual reports as well as other news via e-mail.

The general meeting. The general meeting has the final authority over the company. The Board of Directors emphasize that the shareholders are given detailed information and an adequate basis for the decisions to be made by the general meeting.

The general meeting elects the Board of Directors, which currently consists of six members. The board members are elected for one year at a time with the option for re-election.

Amendment of Articles of Association. Unless otherwise required by the Danish Companies Act, resolutions to amend the Articles of Association must be approved by at least 2/3 of the votes cast as well as at least 2/3 of the voting share capital represented at the General Meeting.

Board responsibilities. The Board of Directors' main tasks include participating in developing and adopting the Company's strategy, performing the relevant control functions and serving as an advisory body for the executive management. The Board reviews and adopts the Company's plans and budgets. Items of major strategic or financial importance for the Company are items processed by the Board. The Board is responsible for hiring the CEO and defining his or her work instructions as well as setting of his or her compensation. The Board periodically reviews the Company's policies and procedures to ensure that the Group is managed in accordance with good corporate governance principles, upholding high ethics.

Financial reporting. The Board of Directors receives regular financial reports on the Company's business and financial status.

Notification of meetings and discussion of items. The Board schedules regular meetings each year. Ordinarily, the Board meets 4-6 times a year. The meetings are typically conducted in either the facility in Aalborg, Denmark or in San Jose, California. Additional meetings may be convened on an ad hoc basis.

ASETEK OPERATIONS – LIQUID COOLING PRECISION

Asetek's patented, energy efficient products are designed by our R&D Center in Denmark and developed in close collaboration with our customers.

Our main desktop operations are based in China. Its location has brought us close to our sources of supply, therefore we could setup an efficient and responsive supply chain with the added benefit of lower labor costs than in the EU and the U.S.

The operations function is directly involved in product qualifications, supplier development, sourcing, quality control, material planning, and order management activities while manufacturing itself is outsourced to an experienced Contract Manufacturer (CM). Outsourcing manufacturing helps us to focus on our core competencies and leverage the CM's expertise in large scale, repetitive production.

A critical part of the development process is the transition from the engineering team to the manufacturing team in China. Our Chinese team works with our vendors and with our contract manufacturers to build work instructions. This team also owns the tooling development tasks, where plastic molds and manufacturing jigs etc. are being developed.

At Asetek, we manufacture and ship approximately 40,000 liquid cooling units – or 15 container loads – each month. Each of those units go through a series of tests to ensure supreme quality on every single product we ship.

To ensure no interruption in supply we adhere to a multi-sourcing policy wherever feasible. We also own the critical production equipment. That provides agility and safeguards us from significant losses, should one supplier experience a stoppage.

We employ around 25 fulltime employees in our Chinese entity. In addition to this, we estimate that we create the foundation for an additional 150 full time positions at our core suppliers.

Csaba Vesei,
Snr. Director, Operations

All Board members receive regular information about the Company's operational and financial progress in advance of the scheduled Board meetings.

The Board members also regularly receive operations reports and participate in strategy reviews. The Company's business plan, strategy and risks are regularly reviewed and evaluated by the Board. The Board Members are free to consult the Company's senior executives as needed. Ordinarily, the Chairman of the Board proposes the agenda for each Board meeting. Besides the Board Members, Board meetings are attended by the Executive Board. Other participants are summoned as needed. The Board approves decisions of particular importance to the Company including the strategies and strategic plans, the approval of significant investments, and the approval of business acquisitions and disposals.

Conflicts of interest. In a situation involving a member of the Board personally, this member will exclude him or herself from the discussions and voting on the issue.

Use of Committees. Currently, the Company has a Nomination Committee, an Audit Committee and a Compensation Committee.

- The Nomination Committee is elected directly by the General Meeting. The Committee consists of three members and must be independent from the Board of Directors and the management, however, it is recommended that the chairman of the Board of Directors is a member. The tasks include proposing candidates for the Board of Directors, propose remuneration for the Board of Directors as well as perform the annual assessment of the Board of Directors. members: Ib Sønderby (chairman) and Samuel Szteinbaum (one seat is vacant).
- The Audit Committee is elected among the members of the Board of Directors and has responsibilities related to financial reporting, the independent auditor, internal reporting and risk management. The Committee consists of two shareholder-elected Board Members. The other Board Members are entitled to attend if they so desire. Members: Alexander Wong (Chairman) and Knut Øversjøen.
- The Compensation Committee has responsibilities related to developing proposals for the applicable remuneration policy and execution of the Management Board. Members: Samuel Szteinbaum (Chairman), Alexander Wong (Member) and Jørgen Smidt (Member).

The Board's self-evaluation. The Board's composition, competencies, working methods and interaction are discussed on an ongoing basis and evaluated formally on an annual basis. In this connection, the Board also evaluates its efforts in terms of corporate governance.

The composition of The Board is considered appropriate in terms of professional experience and relevant special competences to perform the tasks of the Board of Directors. The Board of Directors continuously assesses whether the competences and expertise of members need to be updated. At least half of the members elected by the general meeting are independent persons, and none of The Board members participates in the day-to-day operation of the Company.

A comprehensive list of other management positions held by the Board members can be found in note 24.

Risk management. Refer to the Risk Exposure and Management section of the Management Report as well as Note 3 of the consolidated financial statements.

The board's authorization to issue shares

At the general meeting held on August 13, 2013 the Board was authorized to issue shares with a nominal value of up to DKK 80,000 for the period until August 14, 2018 in connection with employee warrant programs.

At the Board of Directors meeting on October 8, 2013 warrants permitting subscription of up to 670,728 shares of a nominal value of DKK 0.10 and at an exercise price of NOK 36.50 per share were issued. The exercise price was established as the share price ("closing price") for the Company's share as of that day. The warrants were issued to employees and Board members.

In addition to the above, the Board is authorized to sell treasury shares, currently held by the company to fulfill employee option obligations as described in note 7.

Remuneration of the board of directors

Board members representing their Company's ownership interests are not compensated for their services. Independent board members received share option grants in lieu of cash remuneration in 2013. Please see note 24 for further details.

Remuneration of the executive staff

The Remuneration Committee recommends to the Board, and the Board sets, the terms of employment of the members of the Management Board. Each year, the Remuneration Committee undertakes a review of salary and other remuneration to the CEO as well as for other members of the Management Board.

A summary of the agreements between the Company and its management board members pertaining to termination can be found in note 6.

The option program and the allocation of options to the employees and Board members are decided upon by the Board of Directors.

STATEMENT BY MANAGEMENT

The Executive Board and the Board of Directors have today considered and adopted the Annual Report of Asetek A/S for the financial year January 1 to December 31, 2013. The annual report is prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for listed companies.

In our opinion, the Consolidated Financial Statements and Financial Statements give a true and fair view of the financial position at December 31, 2013 of the Group and the Parent company and of the results of the Group and Parent company operations and cash flows for 2013.

In our opinion, Management's Report includes a true and fair account of the development in the operations and financial circumstances of the Group and the Parent company as well as a description of the most significant risks and elements of uncertainty facing the Group and the Parent company.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Aalborg, Denmark
February 25, 2014

Executive Board

André Sloth Eriksen
Chief Executive Officer

Peter Dam Madsen
Chief Financial Officer

Board of Directors

Samuel Szteinbaum, Chairman

Chris J. Christopher

Jørgen Smidt

Bengt Olof Thuresson

Alexander Wong

Knut Øversjøen

AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Asetek A/S

Report on Consolidated Financial Statements and Parent Company Financial Statements

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Asetek A/S for the financial year 1 January to 31 December 2013, which comprise income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including summary of significant accounting policies, for the Group as well as for the Parent Company. The Consolidated Financial Statements and the Parent Company Financial Statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies.

Management's Responsibility for the Consolidated Financial Statements and the Parent Company Financial Statements

Management is responsible for the preparation of Consolidated Financial Statements and Parent Company Financial Statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies, and for such internal control as Management determines is necessary to enable the preparation of Consolidated Financial Statements and Parent Company Financial Statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the Consolidated Financial Statements and the Parent Company Financial Statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the Consolidated Financial Statements and the Parent Company Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Consolidated Financial Statements and the Parent Company Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated Financial Statements and the Parent Company Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of Consolidated Financial Statements and Parent Company Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the Consolidated Financial Statements and the Parent Company Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

The audit has not resulted in any qualification.

Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the Group's and the Parent Company's financial position at 31 December 2013 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January to 31 December 2013 in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies.

Statement on Management's Report

We have read Management's Report in accordance with the Danish Financial Statements Act. We have not performed any procedures additional to the audit of the Consolidated Financial Statements and the Parent Company Financial Statements. On this basis, in our opinion, the information provided in Management's Report is consistent with the Consolidated Financial Statements and the Parent Company Financial Statements.

Aalborg, February 25, 2014
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab

Henrik Trangeled Kristensen
State Authorised Public Accountant

Michael Stenskrog
State Authorised Public Accountant

PROFIT & LOSS

Asetek A/S
Consolidated Statement of Comprehensive Income
For the years ended December 31, 2013 and 2012

USD 000's	Note	2013	2012
Revenue	4	20,729	18,681
Cost of sales	8	(12,680)	(11,893)
Gross profit		8,049	6,788
Research and development		(4,492)	(3,717)
Selling, general and administrative		(11,236)	(7,878)
Foreign exchange (loss)/gain		(80)	(65)
Total operating expenses	8	(15,808)	(11,660)
Operating income		(7,759)	(4,872)
Finance income	9	1,865	-
Finance costs	9	(830)	(3,693)
Total financial income (expenses)		1,035	(3,693)
Income before tax		(6,724)	(8,565)
Income tax	10, 11	443	7
Income for the year		**(6,281)**	**(8,558)**
Other comprehensive income items that may be reclassified			
to profit or loss in subsequent periods:			
Foreign currency translation adjustments		52	67
Total comprehensive income		**(6,229)**	**(8,491)**
Income per share: (in USD)			
Basic		(0.46)	(0.62)
Diluted		(0.46)	(0.62)

All operations are continuing.

The Notes on the following pages are an integral part of these consolidated financial statements.

BALANCE SHEET

Asetek A/S
Consolidated Balance Sheet
As of December 31, 2013 and 2012

USD 000's	Note	2013	2012
ASSETS			
Non-current assets			
Intangible assets	14	1,823	1,448
Property and equipment	15	1,096	440
Other assets		330	-
Total non-current assets		**3,249**	**1,888**
Current assets			
Inventory	17	1,074	1,055
Trade receivables and other	16	4,997	3,971
Cash and cash equivalents		11,663	1,248
Total current assets		**17,734**	**6,274**
Total assets		**20,983**	**8,162**
EQUITY AND LIABILITIES			
Equity			
Share capital	18	264	2
Share premium		64,357	3,935
Accumulated deficit		(49,490)	(44,218)
Translation and other reserves		(323)	(361)
Total equity		**14,808**	**(40,642)**
Non-current liabilities			
Long-term debt	18, 19	243	7,451
Other long-term liabilities		232	-
Total non-current liabilities		**475**	**7,451**
Current liabilities			
Redeemable preferred shares	18, 19	-	29,510
Convertible option on preferred shares	18, 19	-	7,612
Short-term debt	19	420	314
Accrued liabilities		802	1,393
Accrued compensation and employee benefits		995	534
Trade payables		3,483	1,990
Total current liabilities		**5,700**	**41,353**
Total liabilities		**6,175**	**48,804**
Total equity and liabilities		**20,983**	**8,162**

The Notes on the following pages are an integral part of these consolidated financial statements.

CASH FLOWS

Asetek A/S
Consolidated Cash Flow Statement
For the years ended December 31, 2013 and 2012

USD 000's	Note	2013	2012
Cash flows from operating activities			
Income for the year		(6,281)	(8,558)
Depreciation and amortization	14, 15	2,030	2,052
Finance costs (income)	9	(1,035)	3,693
Income tax expense (income)	10, 11	(443)	(7)
Impairment of intangible assets		62	74
Cash receipt (payment) for income tax		222	(2)
Share based payments expense	7	593	140
Changes in trade receivables, inventories, other assets		(1,109)	(2,070)
Changes in trade payables and accrued liabilities		1,406	1,045
Net cash used in operating activities		**(4,555)**	**(3,633)**
Cash flows from investing activities			
Additions to intangible assets	14	(2,128)	(1,165)
Additions to other assets		(314)	-
Purchase of property and equipment	15	(631)	(88)
Net cash used in investing activities		**(3,073)**	**(1,253)**
Cash flows from financing activities			
Proceeds from debt issuance		-	3,306
Long-term deposit received from sub-lessee		234	-
Cash payments on long-term debt	18, 19	(3,621)	(322)
Funds drawn (paid) against line of credit		57	**-**
Cash payments for interest on long-term debt		(461)	-
Proceeds from issuance of share capital	18	25,099	-
Cash paid for fees related to IPO	18	(3,405)	3
Proceeds from issuance of convertible preferred shares		-	366
Principal and interest payments on finance leases		(42)	(35)
Net cash provided by financing activities		**17,861**	**3,318**
Effect of exchange rate changes on cash and cash equivalents		**182**	**148**
Net changes in cash and cash equivalents		**10,415**	**(1,420)**
Cash and cash equivalents at beginning of period		**1,248**	**2,668**
Cash and cash equivalents at end of period		**11,663**	**1,248**
Supplemental disclosure - non-cash transactions			
Property and equipment acquired on finance leases	15	321	-

All operations are continuing.

The Notes on the following pages are an integral part of these consolidated financial statements

EQUITY

Asetek A/S
Consolidated Statement of Changes in Equity
For the years ended December 31, 2013 and 2012

(USD 000's)	Share capital	Share premium	Translation reserves	Other reserves	Accumulated deficit	Total
Equity at January 1, 2012	2	3,792	(428)	-	(35,660)	(32,294)
Total comprehensive income for 2012						
Income for the year	-	-	-	-	(8,558)	(8,558)
Foreign currency translation adjustments	-	-	67	-		67
Total comprehensive income for 2012	-	-	67	-	(8,558)	(8,491)
Transactions with owners in 2012						
Shares issued	-	3	-	-	-	3
Reclass of prior years share based payment expense	-	(276)	-	-	276	-
Share based payment expense	-	-	-	-	140	140
Transactions with owners in 2012	**-**	(273)	-	-	416	143
Equity at December 31, 2012	**2**	**3,519**	**(361)**	**-**	**(43,802)**	**(40,642)**
Total comprehensive income for 2013						
Income for the year	-	-	-	-	(6,281)	(6,281)
Foreign currency translation adjustments	-	-	52	-	-	52
Total comprehensive income for 2013	**-**	**-**	**52**	**-**	**(6,281)**	**(6,229)**
Transactions with owners in 2013						
Shares issued	75	24,955	-	-	-	25,030
Less: issuance costs	-	(3,423)	-	-	-	(3,423)
Equity exchange to Asetek A/S	25	(25)	-	-	-	-
Issuance of treasury shares	14	-	-	(14)	-	-
Conversion of debt	9	3,110	-	-	-	3,119
Conversion of preferred shares	139	36,221	-	-	-	36,360
Share based payment expense	-	-	-	-	593	593
Transactions with owners in 2013	262	60,838	-	(14)	593	61,679
Equity at December 31, 2013	**264**	**64,357**	**(309)**	**(14)**	**(49,490)**	**14,808**

All operations are continuing.

The Notes on the following pages are an integral part of these consolidated financial statements.

NOTES

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 Aalborg, Denmark with offices in USA, China and Taiwan. 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 did not have a material effect on the Group's operating results or consolidated equity. The Group's results for 2012 and 2013 are therefore presented on a comparative basis in this report.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1. Basis of preparation

The consolidated financial statements have been prepared on a historical cost convention, in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and the supplementary Danish information requirements for class D publicly listed companies.

2.2. Consolidation

The consolidated financial statements comprise the Company and its consolidated subsidiaries. Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. Intercompany transactions, balances, income and expenses on transactions between Group companies are eliminated. Profits and losses resulting from the intercompany transactions that are recognized in assets are also eliminated. Accounting policies of subsidiaries are consistent with the policies adopted by the Group.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognized and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly in the income statement.

2.3. Foreign currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The functional currency of the Company's operations in the United States of America, Denmark and China are the U.S.

dollar, Danish kroner, and Chinese Yuan Renminbi, respectively. The consolidated financial statements are presented in U.S. dollars, which is the Group's presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized as operating expense in the income statement in foreign exchange (loss)/gain. Group companies that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- Income and expenses for each income statement are translated at average exchange rates;
- All resulting exchange differences are recognized in other comprehensive income

2.4. Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any replaced part is derecognized. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation is provided over the estimated useful lives of the depreciable assets, generally three to five years, using the straight-line method. The assets' useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized as operating expenses in the consolidated income statement. Property and equipment is grouped as follows:

Group	Estimated Useful Life
Leasehold improvements	Lesser of 5 years or lease term
Plant and machinery	5 years
Tools, equipment, fixtures	3 to 5 years

2.5. Research and development

Research costs are expensed as incurred. Costs directly attributable to the design and testing of new or improved products to be held for sale by the Group are recognized as intangible assets within development projects when all of the following criteria are met:

- It is technically feasible to complete the product so that it will be available for sale;
- management intends to complete the product and use or sell it;
- there is an ability to use or sell the product;
- it can be demonstrated how the product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the product are available; and
- the expenditure attributable to the product during its development can be reliably measured.

Directly attributable costs that are capitalized as part of the product include the employee costs associated with development and an appropriate portion of relevant overheads. Other development expenditures that do not meet these criteria are recognized as expense when incurred. Development costs previously recognized as expense are not recognized as an asset in a subsequent period. Development costs recognized as assets are amortized on a straight-line basis over their estimated useful lives, which generally range between three and forty-eight months. Amortization expense related to capitalized development costs is included in research and development expense.

2.6. Impairment of non-financial assets

Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of 1) an asset's fair value less costs to sell or 2) its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that previously suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.7. Financial assets

Recognition and Measurement. The Group determines the classification of its financial assets at initial recognition. Financial assets within the scope of IAS 39 are classified as follows:

- 'Financial assets at fair value through profit or loss' are financial assets held for trading, and are classified as current if they are expected to be settled within twelve months.
- 'Loans and receivables' are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are classified as current assets except when they have maturities of twelve months or more from the balance sheet date.
- 'Available-for-sale financial assets' are all others that are designated in this category or not classified in the other categories.

For all years presented, the Group's financial assets include only 'loans and receivables'.

Impairment of financial assets. For financial assets carried at amortized cost, the Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognized in the consolidated income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in the consolidated income statement. As of December 31, 2013, the Company has not incurred any impairment losses on financial assets.

2.8. Financial liabilities

Recognition and measurement. Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or other liabilities. The Group determines the classification of its financial liabilities at initial recognition. Financial liabilities are recognized initially at fair value less, in the case of other liabilities, directly attributable transaction costs. The measurement of financial liabilities depends on their classification as follows:

- 'Financial liabilities at fair value through profit or loss' are liabilities entered into that do not meet the hedge accounting criteria as defined by IAS 39. Gains or losses on liabilities held for trading are recognized in profit and loss.
- 'Other liabilities' – After initial recognition, interest bearing debt is subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the income statement when the liabilities are derecognized as well as through the amortization process. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of the effective interest rate.
- 'Trade payables' are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. Trade payables are classified as current liabilities if payment is due within one year or less.
- Redeemable convertible preferred shares and convertible debt are accounted for as specified in Note 2.14

Offsetting of financial instruments. Financial assets and financial liabilities are offset and the net amount reported in the consolidated balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

2.9. Inventories

Inventories are stated at the lower of actual cost or net realizable value. Cost is determined using the first-in, first-out (FIFO) method. Net realizable value is the estimated selling price in the ordinary course of business less estimated costs necessary to make the sale. Adjustments to reduce the cost of inventory to its net realizable value, if required, are made for estimated excess, obsolescence, or impaired balances.

2.10. Trade receivables

Trade receivables are amounts due from customers for product sold in the ordinary course of business. Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less any provision for impairment. If collection is expected in one year or less, trade receivables are classified as current assets.

2.11. Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits with banks, overdrafts and other short-term highly liquid investments with original maturities of three months or less.

2.12. Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.13. Share-based payments

The Company issues options (or warrants) that allow management and key personnel to acquire shares in the Company. Through equity-settled, share-based compensation plans the Company receives services from employees as consideration for equity instruments options to purchase shares in the Company at a fixed exercise price. The fair value of the employee services received in exchange for the grant of the options is recognized as an expense. 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 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, taking into account the terms and conditions as set forth in the share option program. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on historical volatility of comparable companies with publicly available share prices), weighted average expected life of the instruments (based on historical experience and general option holder behavior), expected dividends, and the risk-free interest rate (based on the U.S. Treasury yield curve). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value. At each reporting date, the Company revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. The impact of the revision to original estimates, if any, is recognized in the Statement of Comprehensive Income, with a corresponding adjustment to equity.

2.14. Redeemable convertible preferred shares and convertible debt

In 2012 the Company had redeemable convertible preferred shares and convertible debt outstanding that was converted to share capital in the Company's initial public offering of common shares ('IPO') in March 2013. See Note 18.

Redeemable convertible preferred shares. The redeemable preferred shares were recognized initially upon issuance at the difference between the net proceeds of the instrument as a whole and the fair value of the equity conversion option. Because the holders' ability to redeem these shares upon change in control generates an unavoidable obligation to deliver cash, the host instrument and equity conversion option were each classified as a current liability on the balance sheet prior to their conversion. Due to the financial protection provided to its holders with regard to subsequent offerings, the equity conversion component was accounted for as a derivative liability and carried at fair value prior to its conversion at the IPO. Changes in the fair value of the equity conversion component were recorded as finance income or cost.

Convertible debt. The Company's convertible debt included terms allowing the holders to convert their portion of the loan to common shares at a discount below the share price in the event of an initial public offering, therefore making it a financial instrument with embedded derivative features. As a result, the Company designated this financial instrument in its entirety to be valued at fair value through profit or loss as allowed under IAS 39. Changes in the fair value of the convertible debt were recorded as finance income or cost.

2.15. Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Management establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.16. Revenue recognition

Revenue represents sale of the Group's products to customers which are principally resellers and original equipment manufacturers. Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts, sales tax, returns and after eliminating sales within the Group.

The Group recognizes revenue when shipment or delivery has occurred, the amount of revenue can be reliably measured, and it is probable that future economic benefits will flow to the entity. Customer purchase orders and/or contracts are used as evidence of an arrangement. Delivery occurs when products are shipped to the specified location and the risks of obsolescence and loss have been transferred to the customer. For certain customers with vendor-managed inventory, delivery does not occur until product is acquired by the customer from the vendor-managed inventory location. The Company assesses collectability based primarily on the creditworthiness of the customer as determined by credit checks and customer payment history. Customers do not generally have a right of return.

The Company enters into contracts with the United States government to deliver products and services under time and materials and costs-plus arrangements. Revenue under such contracts is recorded as costs are incurred and includes estimated earned fees in proportion that costs incurred-to-date bear to total estimated costs. The Company also periodically receives funding awards from government agencies to assist with the development and testing of specific technologies. Such awards are recognized over the period that the costs are incurred and are recorded as an offset to research and development expense.

2.17. Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight line basis over the period of the lease.

The Group leases certain property and equipment. Leases of property and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases and the asset is accounted for as if it has been purchased outright. The amount initially recognized as an asset is the lower of the fair value of the leased property and the present value of the minimum lease payments over the term of the lease.

Finance lease payments are allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in other long-term payables. Amounts due within one year are classified as current liabilities. The interest element of the finance cost is charged to the statement of comprehensive income over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

2.18. Provisions

A provision is recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. If the impact of time value is significant, the provision is calculated by discounting anticipated future cash flow using a discount rate before tax that reflects the market's pricing of the present value of money and, if relevant, risks specifically associated with the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

2.19. Contingent liabilities

Contingent liabilities are not recognized in the financial statements. Significant contingent liabilities are disclosed, with the exception of contingent liabilities where the probability of the liability occurring is remote.

2.20. Segment reporting

Business segmentation. Beginning in January 2013, the Group is reporting on two distinct segments: Desktop and Datacenter. 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. The CEO is the Group's chief operating decision-maker. The CEO assesses the performance of each segment principally on measures of revenue, gross margins, and EBITDA.

Geographical segmentation. Each of the Group's offices in its three principal geographies fulfills a particular function that serves the Asetek Group as a whole. The majority of costs incurred in each of the geographies are generally incurred for the benefit of the entire Group and not to generate revenue in the respective geography. As a result, the financial results of the Group are not divided between multiple geographical segments for key operating decision-making. Revenue and assets by geography is measured and reported in Note 4, Geographical information.

2.21. Cash flow statement

The cash flow statement is prepared using the indirect method.

2.22. Critical accounting estimates and assumptions

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. Areas where significant judgment has been applied are:

- Capitalization of development costs: 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. The application of this policy involves the ongoing consideration by management of the forecasted economic benefit from such projects compared to the level of capitalized costs, together with the selection of amortization periods appropriate to the life of the associated revenues from the product. If customer demand for products or the useful lives of products vary from management estimates, impairment charges on intangibles could increase.

- Valuation of deferred tax assets: deferred income tax assets are recognized to the extent that the realization of the tax benefit to offset future tax liabilities is considered to be probable. Due to historical losses and uncertainty regarding future taxable profits, the group has not recognized deferred income tax assets since inception. In future periods, management will continue to assess the probability of realization of the assets' value and record or adjust the valuation in accordance with IAS 12.
- Provision for excess/obsolete inventory: management's forecast of revenue by product is a factor in determination of inventory reserves. If future customer demand or ordering patterns vary from management estimates, inventory may be overstated.
- Share based compensation: expenditures related to share based compensation are sensitive to assumptions used in calculation of fair value. If the volatility, expected life or risk-free interest rates differ materially from management's assumptions, the share based compensation expense could fluctuate.

2.23. Defined contribution plan

In 2008, the Company established a defined contribution savings plan (the "Plan") in the U.S. that meets the requirements under Section 401(k) of the U.S. Internal Revenue Code. This Plan covers substantially all U.S. employees who meet the minimum age and service requirements and allows participants to defer a portion of their annual compensation on a pre-tax basis. Company contributions to the Plan may be made at the discretion of the board of directors. Through December 31, 2013, there have been no contributions made to the Plan by the Company.

2.24. Changes in accounting policy and disclosures

Applied new standards and amendments included in Annual Report for 2013. A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after January 1, 2013, and have been applied in preparing these consolidated financial statements. None of these have a significant effect on the consolidated financial statements of the Group.

New standards and amendments ***not*** applied in the Annual Report for 2013. A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after January 1, 2013, and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group:

EU Endorsed as of December 31, 2013

Standard	Content	Effective date
Amendment to IAS 32, Financial instruments, presentation	The amendment introduces additional application guidance in respect of when to offset financial assets and liabilities in the balance sheet.	**Jan 1 2014**
Amendment to IAS 36, Impairment of assets	The amendment rolls back the requirement to disclose value in use for cash generating units to which a significant amount of goodwill has been allocated. Further, it introduces additional disclosures if the basis of impairment is fair value less costs to sell.	**Jan 1 2014**
Amendment to IAS 39, recognition and measurement: Novation of derivatives	Novation of a derivative as a result of compliance with existing legislation or as a result of new legislation (for instance the EMIR regulation) is not a settlement of the hedging instrument in respect of hedge accounting.	**Jan 1 2014**

Not endorsed by EU as of December 31, 2013

Standard	Content	Effective date*
IFRIC 21 Levies	IFRIC 21, 'Levies', sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation addresses what the obligating event is that gives rise to pay a levy and when should a liability be recognised.	**Jan 1 2014**
IFRS 9, Financial instruments	Financial assets are classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. Changes in fair value of non-derivative financial liabilities which are designated at fair value are recognized in other comprehensive income. The standard introduces a new hedge accounting model that is designed to be more closely aligned with risk management activities. Among other amendments, it introduces the possibility to hedge portions of non-financial items, the possibility to defer recognition of option premiums in cash flows hedges and an option to designate commodity contracts at fair value through profit or loss if this eliminates or significantly reduces and accounting mismatch.	**Not yet decided**
Amendment to IAS 19: Defined benefit Plans: Employee contributions	The amendment sets out more detailed guidance in respect of measurement of defined benefit plans with employee contributions	**July 1 2014**
Annual Improvements 2010-2012 cycle	Introduces minor amendments to IFRS 2 Share-based Payment, IFRS 3, Business combinations, IFRS 8, Operating segments, IFRS 13 Fair Value Measurement, IAS 16, Property, plant and equipment, IAS 24, Related party disclosures, IAS 38, Intangible assets	**July 1 2014**
Annual improvements 2011-2013 cycle	Introduces minor amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 3, Business combination, IFRS 13 Fair Value Measurement, IAS 40 Investment Property	**July 1 2014**

**) The mandatory effective date for IFRS 10 – 12 on consolidation and joint arrangements and disclosures about interests in other entities per the EU endorsement is January 1, 2014 with the possibility of early adoption. Per the standard as issued by IASB, the effective date is January 1, 2013. The description of IFRS 10-12 is not included above as we would generally expect adoptions per the IASB effective date.*

3. RISK MANAGEMENT AND DEBT

The group's activities expose it to a variety of risks: liquidity risk, market risk (including foreign exchange risk and interest rate risk) and credit risk. The primary responsibility for Asetek's risk management and internal controls in relation to the financial reporting process rests with executive management. Asetek's internal control procedures are integrated in the accounting and reporting systems and include procedures with respect to review, authorization, approval and reconciliation. Management is in charge of ongoing efficient risk management, including the identification of material risks, the development of systems for risk management, and that significant risks are routinely reported to the board of directors.

Liquidity risk. The Group has incurred losses from operations and negative cash flows from operations since inception. In 2013, the Group secured liquidity through its initial public offering of common shares. Previously the Group has issued convertible preferred shares, convertible debt and notes payable to shareholders, and continues to secure bank lines of credit and trade receivables financing. The Group's corporate finance team monitors risk of a shortage of funds through regular updates and analysis of cash flow projections and maturities of financial assets and liabilities. The finance teams also review liquidity, balance sheet ratios (such as days' sales outstanding, inventory turns) and other debt covenant metrics on a regular basis to ensure compliance both on a short- and long-term basis.

The following are contractual maturities of financial liabilities, including estimated interest payments on an undiscounted basis.

Debt Maturities

As of December 31, 2013

(USD 000's)	On Demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
Line of credit	(364)	-	-	-	(364)
Finance leases	-	(14)	(42)	(243)	(299)
Lease deposit				(232)	(232)
Trade payables and accrued liabilities	-	(4,880)	(399)	-	(5,280)
	(364)	**(4,894)**	**(441)**	**(475)**	**(6,175)**

As of December 31, 2012

(USD 000's)	On Demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
Redeemable preferred shares (1)	(29,510)	-	-	-	(29,510)
Convertible option on preferred shares (1)	(7,612)	-	-	-	(7,612)
Note payable	-	-	-	(3,001)	(3,001)
Convertible loan	-	-	-	(4,443)	(4,443)
Line of credit	(306)	-	-	-	(306)
Finance leases	-	(2)	(6)	(7)	(15)
Trade payables and accrued liabilities	-	(3,612)	(305)	-	(3,917)
	(37,428)	**(3,614)**	**(311)**	**(7,451)**	**(48,804)**

(1) Redeemed on demand, upon change in control of the Company

Market risk factors. The Group's current principal financial liabilities consist of short-term debt on revolving lines of credit. The Group's financial assets mainly comprise trade receivables, cash and deposits. The Group's operations are exposed to market risks, principally foreign exchange risk and interest rate risk.

(a) Foreign exchange risk. With few exceptions, the Group's inventory purchase and sale transactions are denominated in U.S. dollars. The Group operates internationally and is exposed to foreign exchange risk arising from currency exposures, principally with respect to the Danish kroner. Foreign exchange risk arises from operating results and net assets associated with Denmark-based operations where the Danish krone is the functional currency. The Company's Denmark entity has a revolving line of credit available totaling 2 million Danish kroner ($0.4 million). The Group does not enter into derivatives or other hedging transactions to manage foreign exchange risk. Management mitigates this exposure through timely settlement of intercompany operating liabilities.

The ending exchange rate at December 31, 2013 was 5.41 Danish kroner to one U.S. dollar (5.66 to the U.S. dollar at December 31, 2012). The effect of a 10% strengthening (weakening) of the Danish kroner against the U.S. dollar for the reporting period would have resulted in an increase (decrease) in post-tax loss for fiscal year 2013 of $287,000 and comparable increase in 2012 of $127,000.

(b) Interest rate risk. As of December 31, 2013, Asetek had the following debt outstanding that is subject to interest rate risk:

- Line of credit with Sydbank – 2 million Danish kroner revolving line of credit available to Asetek A/S (approximately $370 thousand outstanding at December 31, 2013). The line carries interest at the Danish CIBOR 3 rate plus 4.5 percentage points, which in total was 4.8% at December 31, 2013. Based on the line's revolving, short-term nature, interest rate risk is not significant.

Capital and debt management. Because the Company is in the relatively early stages of developing its market, its primary focus has been to support its product development initiatives, maintain liquidity through use of financing alternatives, and maximize shareholder value. The Group manages its capital and debt structure with consideration of economic conditions. In March 2013, the Company completed an initial public offering on the Oslo Stock Exchange, raising net $21.4 million, to support its market strategies and liquidity needs. With regard to future capital needs, the Company will continue to consider both equity and debt financing strategies.

Credit risk factors. Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group is exposed to credit risk primarily through trade receivables and cash deposits. Management mitigates credit risk through standard review of customer credit-worthiness and maintaining its liquid assets principally with reputable banks, principally Comerica Bank in the U.S. and Sydbank in Denmark. The carrying amount of the financial assets represents the maximum credit exposure. Trade receivables that are deemed uncollectible are charged to expense with an offsetting allowance recorded against the trade receivable. In 2013, three customers accounted for 26%, 22% and 10% of revenues, respectively. In 2012, two customers accounted for 24% and 19% of revenues, respectively. At December 31, 2013, one customer represented 24% of outstanding trade receivables. At December 31, 2012, one customer represented 28% of outstanding trade receivables. The reserve for uncollectible trade accounts was $441,000 at December 31, 2013 (2012: $162,000). The aged trade receivables and bad debt reserve balances for all years presented are provided in Note 16.

The maximum exposure to credit risk at the reporting dates was:

(USD 000's)	2013	2012
Cash and cash equivalents	11,663	1,248
Trade receivables and other	4,997	3,971
Other assets	330	-
Maximum credit exposure	**16,990**	**5,219**

4. GEOGRAPHICAL INFORMATION

The Group operates internationally in several geographical areas mainly in Asia, Europe and the Americas.

The following table presents the Group's revenue and assets in each of the principal geographical areas:

(USD 000's)		2013	
	Revenue	Current assets	Non-current assets
Asia	15,801	3,967	19
Americas	2,464	1,450	537
Europe	2,464	12,317	2,693
Total	**20,729**	**17,734**	**3,249**

(USD 000's)		2012	
	Revenue	Current assets	Non-current assets
Asia	10,841	2,627	129
Americas	3,384	1,955	82
Europe	4,456	1,692	1,677
Total	**18,681**	**6,274**	**1,888**

Revenue in Denmark (country of domicile) was $0.1 million in 2013 ($0 in 2012). Non-current assets in Denmark were $2.7 million in 2013 ($1.7 million in 2012).

For the purpose of the above presentation, the information pertaining to revenue and current assets is calculated based on the location of the customers, whereas information pertaining to non-current assets is based on the physical location of the assets. The information pertaining to current assets is calculated as a summation of assets such as trade receivables and finished goods inventories reasonably attributable to the specific geographical area.

5. SEGMENT INFORMATION

From Company inception to December 2012, all Asetek operations were considered to be one segment: Desktop. Beginning in January 2013, the Group added a second segment: Datacenter. There has been no significant operational activity that would have been classified as Datacenter prior to January 1, 2013. The Desktop and Datacenter segments are identified by their specific sets of products and specific sets of customers. The CEO is the Group's chief operating decision-maker. The CEO assesses the performance of each segment principally on measures of revenue, gross margins, and EBITDA. The following table represents the results by operating segment in 2013.

Year ended December 31, 2013

(USD 000's)	Desktop	Datacenter	Headquarters or not allocable to divisions	Total
Condensed income statement				
Revenue	19,925	804	-	20,729
Cost of goods sold	12,041	639	-	12,680
Gross profit	**7,884**	**165**	**-**	**8,049**
Operating expenses	4,056	6,857	4,895	15,808
Financial income (expenses)	-	-	1,035	1,035
Income (loss) before tax	**3,828**	**(6,692)**	**(3,860)**	**(6,724)**
Condensed balance sheet at December 31, 2013				
Total investment	3,050	2,022	9,736	14,808
Total assets	5,585	2,974	12,424	20,983
Total liabilities	**2,536**	**952**	**2,687**	**6,175**
Changes in intangible assets in 2013				
Beginning balance, intangible assets	**1,360**	**88**	**-**	**1,448**
Gross additions	580	1,548	-	2,128
Amortization and other	(1,338)	(415)	-	(1,753)
Ending balance, intangible assets	**602**	**1,221**	**-**	**1,823**

6. SALARY COSTS AND REMUNERATIONS

(USD 000's)	2013	2012
Salaries	6.515	4.905
Retirement fund contributions	93	53
Social cost	247	339
Share based payment	593	140
Other expenses	18	39
Total personnel expenses before capitalization	**7,465**	**5,476**
Capitalized as development cost	(1,518)	(659)
Total personnel expenses in statement of income	**5,947**	**4,817**
Average number of employees	**65**	**51**

The staff costs are specified as follows:

(USD 000's)	2013	2012
Research and development	2,788	1,873
Selling, general and administrative	4,677	3,603
Total personnel expenses before capitalization	**7,465**	**5,476**

Compensation to the Board of Directors and Officers in 2013

(USD 000's)	Remuneration	Options	Total
Board of Directors	-	145	145
Officers	1,019	99	1,118
	1,019	**244**	**1,264**

Compensation to the Board of Directors and Officers in 2012

(USD 000's)	Remuneration	Options	Total
Board of Directors	-	24	24
Officers	622	32	654
	622	**56**	**678**

The figures listed above include incentive based compensation for management and staff. Incentive based compensation is based on a combination of quarterly cash based rewards and periodic grants of options to buy the Company's common shares. The bonus plan for the CEO is approved by the Board of Directors at the beginning of the year and the bonus payments for the CEO and the upper management are reviewed by the Board of Directors on an annual basis. All bonus plans are structured to include an absolute dollar cap.

The Company's CEO has an agreement of eight months' severance pay in case of termination or termination in connection with change of control, and paid relocation to Denmark. The Company's CFO has an agreement of six months' severance pay in case of termination and paid relocation to Denmark. Except for the Company's CEO and CFO, no member of the administrative, management or supervisory bodies has contracts with the Company or any of its subsidiaries providing for benefits upon termination of employment.

As of December 31, 2013, The Company's CEO, André Eriksen, held 386,862 common shares of the Company and 14,688 options exercisable at $0.96 per share and 96,167 warrants exercisable at NOK36.50 per share. The Company's CFO, Peter Dam Madsen, held 64,441 common shares of the Company and 14,221 options exercisable at $0.96 or $0.94 per share and 37,800 warrants exercisable at NOK36.50 per share.

7. SHARE BASED PAYMENT

Asetek's Equity Incentive Plan ('the Plan') is a share option program where the employees and other parties that deliver services to the Group have been granted share options (or warrants). The options, if vested and executed, will be settled in common shares of the Company.

The options are granted at the time of employment and, at the discretion of the Board of Directors, under other circumstances. The options are granted with exercise prices equaling the fair market value of the underlying security. Prior to initial public offering (IPO) of the Company's shares on the Oslo Stock Exchange, the fair market value of the shares was estimated based on valuations prepared periodically by external valuation experts. Subsequent to the IPO, the exercise prices of option grants are determined based on the closing market price of the shares on the day of the grant. Share based compensation expense was $593,000 for the year ended December 31, 2013.

The Plan was adopted by the Board of Directors in 2008 and has the following purpose:

- To attract and retain the best available personnel for positions of substantial responsibility;
- to provide additional incentive to Employees and Directors and Consultants, and
- to promote the success of the Company's business.

As of December 31, 2013 there is a total of 1,950,000 common shares authorized under the Plan.

Date of authorization	Number of options
March 2013	1,150,000
August 2013	800,000
Total number of options authorized	**1,950,000**

In October 2013, 670,728 warrants were granted with exercise prices of NOK 36.50 ($6.11) per share. In January 2013, 20,000 options were granted with exercise prices of $0.96 per share. In June 2012, 178,267 options were granted with exercise prices of $0.96 per share. Movements in the number of share options outstanding and their related weighted average exercise price are as follows:

		Weighted Average Exercise		Weighted Average Exercise
Option activity - exercise prices of $0.94 and $0.96	**2013**	**Price**	**2012**	**Price**
Outstanding on January 1	946,783	0.95	805,422	0.94
Options/warrants granted	20,000	0.96	178,267	0.96
Options/warrant adjustment to granted	(33,500)	0.96	-	-
Options/warrants exercised	(333,172)	0.94	(3,381)	0.94
Options/warrants forfeited	(2,650)	0.94	(33,525)	0.96
Outstanding on December 31	**597,461**	**0.95**	**946,783**	**0.95**
Exercisable on December 31	**476,960**	**0.95**	**655,074**	**0.94**

		Weighted Average Exercise		Weighted Average Exercise
Option activity - exercise prices of $6.11 and $7.12	**2013**	**Price**	**2012**	**Price**
Outstanding on January 1	-	-	-	-
Adjustment for beginning outstanding	39,146	7.12	-	-
Options/warrants granted	670,728	6.11	-	-
Options/warrants exercised	-	-	-	-
Options/warrants forfeited	(18,000)	7.12	-	-
Outstanding on December 31	**691,874**	**6.14**	**-**	**-**
Exercisable on December 31	**83,213**	**6.37**	**-**	**-**

Of the options and warrants outstanding at December 31, 2013, 373,042 have an exercise price of $0.94 per share, 224,419 options have an exercise price of $0.96 per share, 670,728 warrants have an exercise price of $6.11 per share and 21,146 have an exercise price of $7.12 per share. The weighted average remaining contractual term is 5.33 years. The Company calculated the fair value of each option award on the date of grant using the Black-Scholes option pricing model. The options and warrants granted in 2013 have an estimated total value of $1,311,000. The following weighted average assumptions were used for the period indicated.

Valuation assumptions	2013	2012
Risk-free interest rate	0.9% - 1.3%	0.5% - 0.7%
Dividend yield	0.0%	0.0%
Expected life of options (years)	3.5 - 4.6	3.5 - 4.6
Expected volatility	45% - 57%	50% - 57%

Prior to the Company's IPO in March 2013, the fair value of common shares underlying the share options and equity awards has historically been determined by management with input from independent third-party valuation firms. All options are intended to be exercisable at a price per share not less than the per share fair market value of the common shares underlying those options on the date of grant.

Prior to the issuance of financial statements for the year ended December 31, 2012, management decided to revise its estimates of the fair value of the Company's common shares, solely for reporting purposes, as of the date of the option grants that occurred in June 2012. Based on analysis of relevant metrics in 2012 such as expected Company performance and the likelihood of Asetek achieving a liquidity event, management estimated the fair value of common shares for financial reporting purposes as of the date of the option grants in June 2012 to be $2.24 per share. Options granted in June 2012 have an exercise price of $0.96 per share. As a result of Management's revision in the fair market value of common shares, share based compensation expense increased by $63,000 for the year ended December 31, 2012.

8. EXPENSES BY NATURE

(USD 000's)	2013	2012
Inventories recognized as cost of sales (Note 17)	12,532	11,748
Personnel expenses (Note 6)	7,465	5,476
Depreciation and amortization	2,030	2,052
Legal, patent, consultants and auditor	4,158	1,956
Facilities and infrastructure	1,218	933
Other expenses	3,213	2,553
Total operating expenses before capitalization	**30,616**	**24,718**
Less: capitalized costs for development projects (Note 14)	**(2,128)**	**(1,165)**
Total expenses	**28,488**	**23,553**

Depreciation and amortization expense by classification on the income statement is as follows:

(USD 000's)	2013	2012
Depreciation and amortization included in:		
Cost of sales	148	145
Research and development	1,689	1,863
Selling, general and administrative	193	44
Total	**2,030**	**2,052**

9. FINANCE COSTS AND INCOME

(USD 000's)	2013	2012
Income (loss) on fair value of convertible preferred shares	848	(1,845)
Income (loss) on fair value of convertible loan	821	(1,389)
Non-cash items included in finance costs and income	**1,670**	**(3,234)**
Interest cost on note payable	(369)	(300)
Income (loss) on foreign currency translation of cash deposits, net	(267)	-
Interest cost on convertible loan	-	(54)
Interest cost on finance lease	(3)	(3)
Interest income, other bank interest and fees, net	4	(102)
Total finance (costs) / income	**1,035**	**(3,693)**

The income (loss) on fair value of convertible preferred shares and the loss on convertible loan are non-cash transactions resulting from recording the instruments at fair value at period end.

During 2012, the Company developed and expanded the datacenter cooling strategy and business plan, resulting in an increase in value of the conversion option liability and recognized loss. Income on the conversion of the preferred shares and convertible loan was recognized as a result of the Company's IPO in March 2013.

10. INCOME TAXES

Tax on profit/loss for the year is specified as follows:

(USD 000's)	2013	2012
Current income tax benefit	(443)	(7)
Deferred income tax	-	-
Tax benefit	**(443)**	**(7)**

The tax benefit on the group's loss before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

(USD 000's)	2013	2012
Loss before tax	**(6,724)**	**(8,565)**
Tax benefit calculated at domestic rates applicable to profits/losses in respective countries	(2,154)	(3,066)
Tax effects of:		
Expenses not deductible for tax purposes	107	1,309
Tax losses for which no asset was recognized	2,490	1,750
Tax benefit	**(443)**	**(7)**

11. DEFERRED INCOME TAX

Deferred income tax assets are recognized to the extent that the realization of the related tax benefit is probable. Due to uncertainty in realizability, the group did not recognize deferred income tax assets of $14,762 thousand (2012: $13,142 thousand), in respect of losses amounting to $67,124 thousand (2012: $56,795 thousand) that can be carried forward against future taxable income. Losses of the U.S. parent company and the U.S. subsidiary will begin to expire in 2017 and losses of the Denmark subsidiary do not expire.

The group did not recognize deferred tax liabilities resulting to temporary differences of $322 thousand (2012: $128 thousand) in respect of costs deducted in taxation but not in bookkeeping amounting to $1,717 thousand (2012: $365 thousand).

In accordance with IAS 12, because of the history of recent losses, the Company recognizes deferred tax assets arising from unused tax losses or tax credits only to the extent that the entity has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which the unused tax losses or unused tax credits can be utilized by the Company. As of December 31, 2013 and 2012, no deferred tax assets have been recorded by the Company.

12. EARNINGS (LOSS) 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.

	2013	2012
Loss attributable to equity holders of the Company (USD 000's)	(6,281)	(8,558)
Weighted average number of common shares outstanding (000's)	13,795	13,729
Basic loss per share	**(0.46)**	**(0.62)**
Diluted loss per share	**(0.46)**	**(0.62)**

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.

In accordance with IAS 33, weighted average shares outstanding for 2012 has been adjusted to reflect the issuance and conversion of shares that occurred in 2013.

13. FINANCIAL INSTRUMENTS CATEGORY AND FAIR VALUE ESTIMATION

The Company uses the following valuation methods for fair value estimation of its financial instruments:

- Quoted prices (unadjusted) in active markets (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

All of the Company's financial assets as of December 31, 2013 are classified as 'loans and receivables' having fixed or determinable payments that are not quoted in an active market (Level 3). As of December 31, 2013, all of the Company's financial liabilities are carried at amortized cost.

Assets as per balance sheet: (USD 000's)	Loans and receivables
Trade receivables and other	4,997
Cash and cash equivalents	11,663
	16,660

The Company believes that book value approximates fair value for all financial instruments as of December 31, 2013. The values of the Group's assets and liabilities are as follows:

As of December 31, 2013

(USD 000's)	Liabilities at fair value through profit and loss	Other financial liabilities at amortized cost	Total
Liabilities as per balance sheet:			
Long-term debt	-	243	243
Other long-term liabilities	-	232	232
Short-term debt	-	420	420
Trade payables and accrued liabilities	-	5,280	5,280
	-	**6,175**	**6,175**

14. INTANGIBLE ASSETS

The Group routinely incurs costs directly attributable to the design and testing of new or improved products to be held for sale. These costs are capitalized as intangible assets and amortized over the estimated useful lives of the products, typically three to forty eight months. The following table presents a summary of these development projects.

Impairment tests are performed on completed assets whenever there are indications of a need for write-offs and for assets still in development regardless of whether there have been indications for write downs. If the value of expected future free cash flow of the specific development project is lower than the carrying value, the asset is written down to the lower value. The booked value includes capitalized salary expenses and other net assets for the cash flow producing project. Expected future free cash flow is based on budgets and anticipations prepared by management. The main parameters are the development in revenue, EBIT and working capital.

(USD 000's)	2013	2012
Cost:		
Balance at January 1	4,171	3,798
Additions	2,128	1,165
Deletions - completion of useful life	(384)	(665)
Impairment loss	(304)	(127)
Balance at December 31	**5,611**	**4,171**
Accumulated amortization and impairment losses:		
Balance at January 1	(2,723)	(1,659)
Amortization for the year	(1,692)	(1,782)
Amortization associated with deletions	384	665
Amortization associated with impairment losses	243	53
Balance at December 31	**(3,788)**	**(2,723)**
Carrying amount	**1,823**	**1,448**

15. PROPERTY AND EQUIPMENT

The following table presents a summary of property and equipment activity.

(USD 000's)	Leasehold improvements	Machinery	Other fixtures, fittings, tools, equipment	Total
Cost:				
Balance at January 1, 2012	80	1,194	378	1,652
Additions	52	11	25	88
Disposals	-	(10)	(48)	(58)
Exchange rate difference	1	10	4	15
Balance at December 31, 2012	**133**	**1,205**	**359**	**1,697**
Balance at January 1, 2013	133	1,205	359	1,697
Additions	170	659	125	954
Disposals	(35)	(28)	(34)	(97)
Exchange rate difference	7	56	16	79
Balance at December 31, 2013	**275**	**1,892**	**466**	**2,633**
Acccumulated depreciations				
Balance at January 1, 2012	(38)	(696)	(278)	(1,012)
Disposals	-	10	48	58
Depreciations for the year	(20)	(210)	(60)	(290)
Exchange rate differences	(1)	(9)	(3)	(13)
Balance at December 31, 2012	**(59)**	**(905)**	**(293)**	**(1,257)**
Balance at January 1, 2013	(59)	(905)	(293)	(1,257)
Disposals	35	28	34	97
Depreciations for the year	(34)	(255)	(50)	(339)
Exchange rate differences	(1)	(26)	(11)	(38)
Balance at December 31, 2013	**(59)**	**(1,158)**	**(320)**	**(1,537)**
Carrying amount at December 31, 2012	**74**	**300**	**66**	**440**
Carrying amount at December 31, 2013	**216**	**734**	**146**	**1,096**

At December 31, 2013, property and equipment includes leased equipment at a gross value of approximately $352,000 which had accumulated amortization of $31,000. (2012: gross value of $29,000 and accumulated amortization of $15,000).

16. TRADE RECEIVABLES AND OTHER

Trade receivables are non-interest bearing and are generally on payment terms of Net 30 days.

(USD 000's)	2013	2012
Gross trade receivables	4,721	3,467
Provision for uncollectible accounts	(441)	(162)
Net trade receivables	**4,280**	**3,305**
Other receivables and assets	717	666
Total trade receivables and other	**4,997**	**3,971**

The aging of trade receivables as of the reporting date is as follows:

(USD 000's)	Total	0 to 30 days	31 to 60 days	61 to 90 days	Over 90 days
December 31, 2013	4,721	3,304	1,174	193	50
December 31, 2012	3,467	1,877	1,082	179	329

The trade receivables of Asetek Danmark A/S carry a lien of 6 million Danish krone ($1.1 million), representing collateral on Sydbank's engagement with the Company. The carrying amount of trade receivables is approximately equal to fair value due to the short term to maturity. Regarding credit risks, refer to Note 3.

A summary of the activity in the provision for uncollectible accounts is as follows:

(USD 000's)	2013	2012
Balance at January 1	(162)	(5)
Additions	(441)	(219)
Reversals	162	62
Balance at December 31	**(441)**	**(162)**

Other receivables. Included in other receivables is an award from the Danish government of 1.82 million Danish krone ($336,000) at December 31, 2013. (At December 31, 2012: 1.8 million Danish krone = $321,000). This receivable represents a subsidy awarded to fund the development and testing of a prototype solution for sealed server cooling and is governed by standard terms which under special circumstances may result in a demand for repayment. Amounts received under this grant are recorded as a reduction to research and development expense. The project concluded on April 30, 2013 and is awaiting final approval.

17. INVENTORIES

(USD 000's)	2013	2012
Raw materials	572	249
Work in process	-	-
Finished goods	597	904
Total gross inventories	**1,169**	**1,153**
Less: provision for inventory reserves	(95)	(98)
Total net inventories	**1,074**	**1,055**
(USD 000's)	**2013**	**2012**
Inventories recognized as cost of sales during the period	(12,532)	(11,748)
Write-down of inventories to net realizable value	(95)	(98)

A summary of the activity in the provision for inventory reserves is as follows:

(USD 000's)	2013	2012
Balance at January 1	(98)	(56)
Additions	(95)	(98)
Write-offs	98	56
Balance at December 31	**(95)**	**(98)**

18. SHARE CAPITAL, REORGANIZATION, INITIAL PUBLIC OFFERING AND DEBT CONVERSION

In February 2013, Asetek Group reorganized when 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. The reorganization resulted in a $25 thousand increase in par value of common shares and corresponding decrease in share premium at the exchange date.

In March 2013, the Company completed an initial public offering (IPO) of 4.0 million new common shares offered by Asetek A/S 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.

Conversion of preferred shares. In March 2013, 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 recognized $0.8 million income on the revaluation of the preferred shares at the time of conversion. After conversion of these shares, the Company now has one class of shares outstanding.

Conversion of loan. In October 2012, the Company entered into an unsecured convertible loan agreement with seven investors to raise $3.0 million to be used for working capital in preparation for an IPO. Interest accrued from the loan date at a stated annual rate of 10% and was due to be paid quarterly beginning in September 2014. At the time of the IPO in March 2013, $2.4 million of the principal value of the loan was converted to common shares at a discount of 20% below the IPO share price. In the first half of 2013, the remaining $0.6 million of principal was repaid by the Company, plus interest and a 5% repayment fee. As a result of these transactions, the Company recognized $0.8 million non-cash income on conversion of the loan.

As of December 31, 2013, there are 14,064 thousand common shares outstanding with a nominal value of 0.10 DKK per share. At the time of the reorganization, the Company reserved 1,150 thousand shares (8% of total shares, nominal value DKK 115 thousand) for future exercises of options. In 2013, a total of 333 thousand options (2% of total shares, nominal value DKK 33 thousand) were exercised resulting in $0.3 million funds received by the Company. As of December 31, 2013, there were 817 thousand shares (5% of total shares, nominal value DKK 82 thousand) held in treasury.

The following table summarizes common share activity in the years presented:

(000's)	2013	2012
Common shares outstanding - January 1	1,578	1,574
Exchange of outstanding Asetek Holdings, Inc. shares	(1,578)	-
Issuance of Asetek A/S shares	2,728	-
Treasury shares	(1,150)	-
Conversion of preferred shares	7,660	-
Conversion of debt	493	-
Offering of new shares in IPO	4,000	-
Options exercised	333	4
Common shares outstanding - December 31	**14,064**	**1,578**
Par value per common share for Asetek Holdings, Inc - 2012 in USD	-	$0.001
Par value (0.10 DKK) per common share for Asetek A/S - 2013 in USD	$0.019	-
Share capital on balance sheet (USD 000's)	**264**	**2**

Refer to 'Shareholder information' in this report for information on the composition of Asetek shareholders.

19. NOTE PAYABLE, LINES OF CREDIT, OTHER DEBT

The following is a summary of the Company's outstanding and net debt:

(USD 000's)	2013	2013
Redeemable preferred shares	-	(29,510)
Convertible option on preferred shares	-	(7,612)
Line of credit	(364)	(306)
Finance leases - due within one year	(56)	(8)
Debt included in current liabilities	**(420)**	**(37,436)**
Long-term convertible loan	-	(4,443)
Note payable to shareholder	-	(3,001)
Sublease deposit	(232)	-
Finance leases - due after one year	(243)	(7)
Total debt	**(895)**	**(44,887)**
Less: cash and equivalents	11,663	1,248
Net debt	**10,768**	**(43,639)**

Note payable. In 2010, the Company executed a promissory note to a preferred shareholder in return for $3.0 million of operating funds. The promissory note had a stated interest rate of 10%, with interest payments due annually on December 31, and was collateralized by the total assets of the Company. At December 31, 2012, the promissory note had a book value of $3.0 million, which approximated fair value, and a maturity date of February 28, 2014. Accrued interest of $300,000 related to the promissory note was included in accrued liabilities at December 31, 2012. The Note, including accrued interest and fees, was paid in full by the Company in March 2013.

Asetek A/S Danmark line of credit. In September 2012, the Company entered into a revolving line of credit agreement with Sydbank. The line is collateralized by the trade receivables of Asetek Danmark A/S and is payable on demand. At December 31, 2013, the total line was 2.0 million Danish kroner, which equates to $370 thousand at December 31, 2013. Interest on the line is payable monthly at the Danish CIBOR 3 rate plus 4.5 percentage points, which in total was 4.75% at December 31, 2013. As of December 31, 2013, the Company had 1.97 million Danish kroner ($364,000) outstanding on the line. (1.8 million Danish kroner outstanding at December 31, 2012).

20. LEASES

Operating leases. The Company leases some of its facilities under noncancelable operating leases. In August 2013, the Company entered into a lease agreement for new office space in Aalborg, Denmark for occupancy to August 2020 or later. The Company subleases a portion of this facility to another tenant and under the sublease agreement receives 0.1 million Danish kroner per month in rent until December 31, 2014. In November 2013, the Company renewed and extended the lease for its San Jose, California office through December 2018. Future minimum operating lease payments are as follows as of the balance sheet date:

(USD 000's)	2013	2012
Minimum operating lease payments due:		
In the following year	556	114
In the second year	565	-
In the third year	570	-
In the fourth year	572	-
In the fifth year and thereafter	1,273	-
	3,535	**114**

Finance leases. The Company has finance leases outstanding for manufacturing, engineering and test equipment and the leases generally have terms of 60 months. There are no lease commitments beyond five years. Future minimum lease payments under finance leases are as follows as of the respective balance sheet date:

(USD 000's)	2013	2012
Minimum finance lease payments as of December 31	334	16
Less: Amount representing interest	(35)	(1)
Total obligations under finance leases	**299**	**15**
Obligations under finance leases due within one year	56	8
Obligations under finance leases due after one year	243	7
	299	**15**

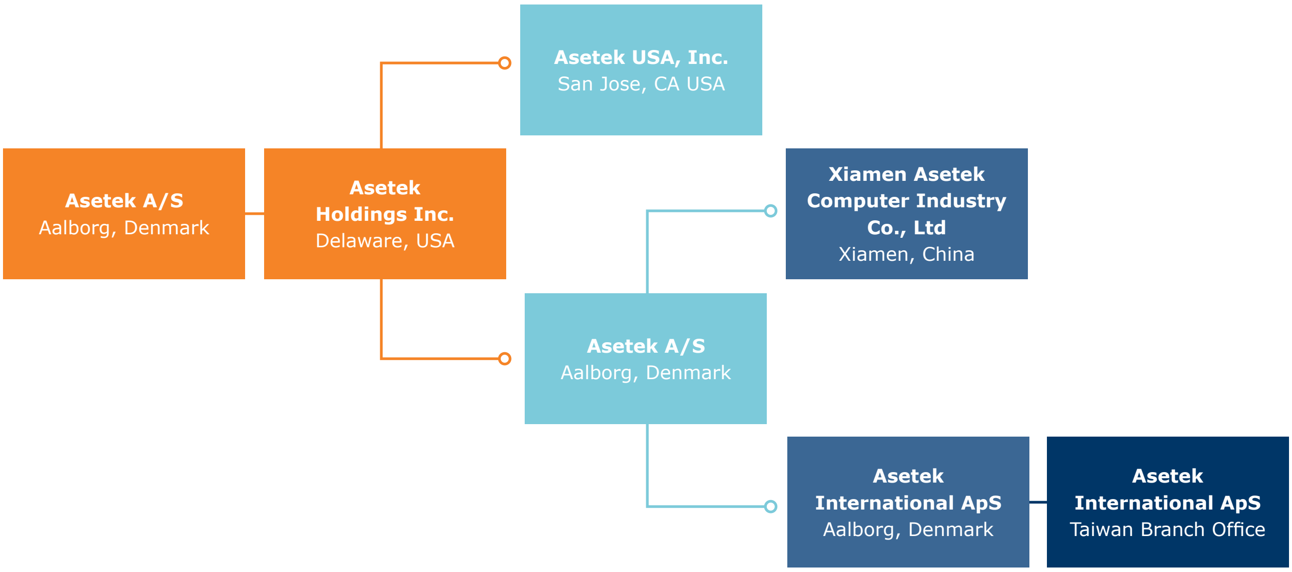
21. TRANSACTIONS WITH RELATED PARTIES

The Company's chairman is a member of the board of directors of a reseller of Company products. During the years ended December 31, 2013 and 2012, the Company had sales of inventory to the reseller of $5.5 million and $1.2 million, respectively. As of December 31, 2013 and 2012, the Company had outstanding trade receivables from the reseller of $1.0 million and $0.5 million, respectively.

22. SUBSIDIARIES

The following subsidiaries are included in the consolidated accounts:

Company	Domicile	Stake	Voting Share	Activity
Asetek Holdings, Inc.	USA	100%	100%	Inactive
Asetek USA, Inc.	USA	100%	100%	Trading
Asetek Danmark A/S	Denmark	100%	100%	Trading
Xiamen Asetek Computer Industry Co., Ltd.	China	100%	100%	Trading
Asetek International ApS	Denmark	100%	100%	Trading
Asetek International ApS - Branch Office	Taiwan	100%	100%	Trading



23. AUDIT FEES

The Group's principal auditors perform audits for all of Asetek's entities except for the Xiamen, China subsidiary, which is audited by a local firm. The Group's principal auditors received a total fee of $354,000 and $463,000 in 2013 and 2012, respectively. The fee is distributed between these services:

(USD 000's)	2013	2012
Statutory audit	150	222
Other assurance services	31	15
Tax services	91	103
Other services	82	123
Total	**354**	**463**

24. BOARD OF DIRECTORS

The members of the Board of Directors have reported, that they had the below listed other director positions at December 31, 2013. For the year 2013, the board members have been compensated as listed below.

Name	Position	Compensation for 2013
Samuel Szteinbaum	Corsair Inc. - Board member The Wonder Years Inc. – Chairman and CEO	12,822 warrants to buy shares at a price of NOK36.50. The warrants are vesting over 12 months and are exercisable for 7 years. Also holds 1,000 shares, 33,000 options at $0.94 per share and 21,600 options at $0.96 per share from grants in prior years.
Chris Christopher	SmartMove LLC – Board member Innosphere – Board member Clean Engines International, Inc. (CEII) – Board member	12,822 warrants to buy shares at a price of NOK36.50. The warrants are vesting over 12 months and are exercisable for 7 years. Also holds 1,840 shares and 17,760 options at $0.96/share granted in 2012.
Jørgen Smidt	**Board member in the following companies:** CloudMade Ltd., Sunstone TV Management A/S, Sunstone TV General Partner I ApS, Sunstone TV General Partner II ApS, Sunstone TV Invest II ApS, Sunstone TV Special Limited Partner II ApS, Sunstone Capital A/S, Sunstone TV GP I Holding ApS, Sunstone TV Invest II Holding ApS, Sunstone TV Partners & Co. Holding ApS, Sunstone TV Partners Holding ApS, Sunstone TV Special LP II Holding ApS. RDYN 17.9.2012 A/S, Microtask OY **Member of executive management in the following companies:** Sunstone LSV (TV) Special Limited Partner III ApS, Sunstone TV General Partner III ApS, Sunstone TV Invest III ApS, Sunstone TV Special Limited Partner III ApS, Sunstone TV & Co. Invest III Holding ApS, Sunstone TV & Co. Special Limited Partner III Holding ApS, Sunstone TV Invest III Holding ApS, Sunstone Special Limited Partner III Holding ApS, Sunstone TV Partners & Co. Holding III ApS, Sunstone TV Partners Holding III ApS, Altamont Holding ApS	No compensation paid.
Alexander Wong	Cervel Neurotech Inc. - Board member Kanjoya Inc. - Board member Natrix Separation Inc. - Board member Tapjoy Inc. - Board member	No compensation paid.
Bengt Olof Thuresson	Nevion Europe AS – Chairman Protan AS – Chairman ICTEC AS – Chairman Pearl Consulting AS – Chairman Pexip AS – Chairman Aktivhus Gruppen AS – Chairman Likida Invest AS – Chairman Cinevation AS – Board member	12,822 warrants to buy shares at a price of NOK36.50. The warrants are vesting over 12 months and are exercisable for 7 years.
Knut Øversjøen	Nli Subsea – Chairman ARD Group – Board member Kov Invest Holding, Chairman and Owner Scandec Systems, Chairman Falcon Seismic, Chairman Scandec Systems, Chairman	12,822 warrants to buy shares at a price of NOK36.50. The warrants are vesting over 12 months and are exercisable for 7 years. Also holds 291 shares.

25. POST BALANCE SHEET EVENTS

The Company has evaluated the period after December 31, 2013 up through the date of the Statement by Management and determined that there were no subsequent events or transactions that required recognition or disclosure in the Company's financial statements.

26. CONTINGENT LIABILITIES

Letter of credit. As of December 31, 2013, the Company had an outstanding letter of credit for $0.5 million issued to its principal manufacturer.

The Danish group enterprises are jointly and severally liable for tax on group income subject to joint taxation, as well as for Danish withholding taxes by way of dividend tax, royalty tax, tax on unearned income and any subsequent adjustments to these.

Other significant commitments of the Company are referenced within the respective Notes to these consolidated financial statements.

ANNUAL REPORT 2013, PARENT COMPANY

For period from December 6, 2012 (inception) to December 31, 2013

ASETEK

CVR-number 3488 0522

Comprehensive Income Statement, Parent Company

USD 000's	Note	Period from December 6, 2012 (inception) to December 31, 2013
Revenue		-
Cost of sales		-
Gross profit		**-**
Research and development	3, 4, 5	(114)
Selling, general and administrative	3, 4, 5	(1,297)
Total operating expenses		**(1,411)**
Operating Income		**(1,411)**
Finance income	6	513
Finance costs	6	(339)
Total financial income (expenses)		**174**
Income before tax		**(1,237)**
Income tax	7	-
Income for the year		**(1,237)**
Other comprehensive income items that may be reclassified		
to profit or loss in subsequent periods:		
Foreign currency translation adjustments		-
Total comprehensive income		**(1,237)**

All operations are continuing.

Balance Sheet, Parent Company

USD 000's	Note	December 31, 2013
ASSETS		
Non-current assets		
Investments in subsidiaries	8	1,500
Receivables from subsidiaries	9	8,853
Total non-current assets		**10,353**
Current assets		
Other assets		9
Cash and cash equivalents		10,788
Total current assets		**10,797**
Total assets		**21,151**
EQUITY AND LIABILITIES		
Equity		
Share capital	10	264
Share premium		21,445
Accumulated deficit		(644)
Translation and other reserves		(14)
Total equity		**21,051**
Current liabilities		
Accrued liabilities		100
Total current liabilities		**100**
Total liabilities		**100**
Total equity and liabilities		**21,151**

Statement of Cash Flows, Parent Company

USD 000's	Note	Period from December 6, 2012 (inception) to December 31, 2013
Cash flows from operating activities		
Income for the year		(1,237)
Share based payments expense	4	593
Changes in other current assets		(9)
Changes in trade payables and accrued liabilities		100
Net cash used in operating activities		**(553)**
Cash flows from investing activities		
Investment in subsidiaries	8	(1,500)
Net loans to subsidiaries	9	(8,853)
Net cash used in investing activities		**(10,353)**
Cash flows from financing activities		
Proceeds from issuance of share capital	10	25,100
Cash paid for fees related to IPO	10	(3,406)
Net cash provided by financing activities		**21,694**
Net changes in cash and cash equivalents		**10,788**
Cash and cash equivalents at beginning of period		-
Cash and cash equivalents at end of period		**10,788**

Statement of Changes in Equity, Parent Company

(USD 000's)	Share capital	Share premium	Translation reserves	Other reserves	Accumulated deficit	Total
Equity at December 6, 2012	**-**	**-**	**-**	**-**	**-**	**-**
Total comprehensive income for the period:						
Income for the period	-	-	-	-	(1,237)	(1,237)
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**(1,237)**	**(1,237)**
Transactions with owners in the period:						
Issuance of shares at inception	88	-	-	-	-	88
Share capital reduction	(70)	70	-	-	-	-
Exchange of shares with Asetek Holdings, Inc.	157	(157)	-	-	-	-
Issuance of treasury shares	14	-	-	(14)	-	-
Shares issued in IPO	75	24,955	-	-	-	25,030
Less: issuance costs	-	(3,423)	-	-	-	(3,423)
Share based payment expense	-	-	-	-	593	593
Transactions with owners in the period	**264**	**21,445**	**-**	**(14)**	**593**	**22,288**
Equity at December 31, 2013	**264**	**21,445**	**-**	**(14)**	**(644)**	**21,051**

ASETEK A/S
NOTES TO THE ANNUAL REPORT – PARENT COMPANY

1. GENERAL INFORMATION

Asetek A/S was incorporated on December 6, 2012 and acquired by Asetek Holdings, Inc. in January 2013. Asetek A/S became the parent and 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The 2013 financial statements for Asetek A/S have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by IASB and adopted by the EU.

The financial statements are presented in U.S. Dollars (USD), which is the functional currency.

The accounting policies for the Parent Company are the same as for the Asetek Group, as per Note 2 to the consolidated financial statements, with the exception of the items listed.

2.1. Dividends on investments in subsidiaries, joint ventures and associates.

Dividends on investments in subsidiaries, joint ventures and associates are recognized as income in the income statement of the Parent Company in the financial year in which the dividend is declared.

2.2. Investments in subsidiaries, joint ventures and associates.

Investments in subsidiaries, joint ventures and associates are measured at the lower of cost, which equals book value, or recoverable amount.

3. TOTAL OPERATING EXPENSES

(USD 000's)	Period from December 6, 2012 (inception) to December 31, 2013
Personnel expenses (Note 4)	770
Legal, consultants and auditor	563
Other expenses	78
Total expenses	**1,411**

4. PERSONNEL EXPENSES

(USD 000's)	Period from December 6, 2012 (inception) to December 31, 2013
Salaries	177
Share based payment	593
Total personnel expenses	**770**

(USD 000's)	Period from December 6, 2012 (inception) to December 31, 2013
Research and development	114
Selling, general and administrative	656
Total personnel expenses	**770**

The figures listed above include a portion of the executive management's cash compensation based on an estimate of the actual resources allocated to the management of the parent company. Also, the figures include incentive based compensation in the form of share options and warrants granted to employees in the Asetek Group.

Remuneration of the Group Board of Directors is specified in Note 6 to the Consolidated Financial Statements.

The company's share based incentive pay program is described in Note 7 of the Consolidated Financial Statements.

5. AUDIT FEES

(USD 000's)	Period from December 6, 2012 (inception) to December 31, 2013
Statutory audit	36
Other assurance services	141
Tax services	-
Other services	-
Total	**177**

6. FINANCIAL INCOME AND COST

(USD 000's)	Period from December 6, 2012 (inception) to December 31, 2013
Interest income on loans to subsidiaries	429
Interest from bank accounts	84
Total finance income	**513**
Interest cost on loans from subsidiaries	58
Net foreign exchange loss on deposits	264
Interest cost on notes payable	10
Other finance expense	7
Total finance cost	**339**

7. INCOME TAX

Reference is made to Note 11 to the Consolidated Financial Statements.

8. INVESTMENT IN SUBSIDIARIES

(USD 000's)	Investment in Asetek Holdings, Inc.
Balance at December 6, 2012	-
Additions	1,500
Balance at December 31, 2013	**1,500**
Carrying amount at December 6, 2012	-
Carrying amount at December 31, 2013	**1,500**

Asetek A/S acquired 100% of Asetek Holdings, Inc. through the exchange of shares in February 2013. At the time of acquisition, Asetek Holdings, Inc. had negative net equity, resulting in the initial investment to be valued at zero. Asetek Holdings, Inc. represents Asetek A/S's only direct investment in subsidiaries.

9. RECEIVABLES FROM SUBSIDIARIES

(USD 000's)	December 31, 2013
Asetek Danmark A/S	9,337
Asetek USA, Inc.	(2,600)
Asetek Holdings, Inc.	2,116
Net receivables from subsidiaries	**8,853**

%	December 31, 2013
Average effective interest rate	**5%**

The fair value of receivables corresponds in all material respects to the carrying amount.

10. EQUITY

Reference is made to Note 18 to the Consolidated Financial Statements.

11. TRANSACTIONS WITH RELATED PARTIES

Reference is made to Note 21 to the Consolidated Financial Statements.

12. EVENTS AFTER THE REPORTING PERIOD

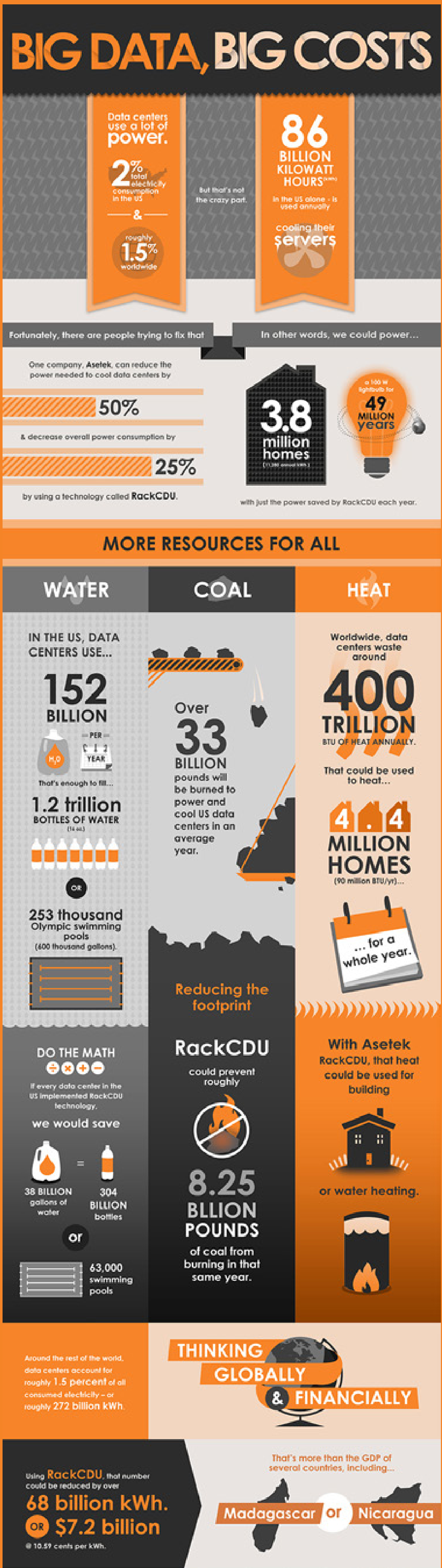
Reference is made to Note 25 to the Consolidated Financial Statements.

13. CONTINGENT LIABILITIES

The Danish group enterprises are jointly and severally liable for tax on group income subject to joint taxation, as well as for Danish withholding taxes by way of dividend tax, royalty tax, tax on unearned income and any subsequent adjustments to these.

Asetek A/S has issued a declaration of support to Asetek Danmark A/S confirming its intention and commitment of financial support in the form of loans or capital contributions to the extent necessary to finance its cash obligations through February 2015.

Reference is made to Note 26 to the Consolidated Financial Statements.



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