Asetek A/S

Half Year Report

Second Quarter and Six Months Ended June 30, 2015

Published August 12, 2015

Key figures

Figures in USD (000's)	Q2 2015	Q2 2014	1H 2015	1H 2014	2014
Total Company:	*Unaudited*	*Unaudited*	*Unaudited*	*Unaudited*	
Revenue	8,010	5,405	13,548	10,805	20,847
Cost of sales - *Q2'15 includes one-time cost $0.8 million (Note 1)*	5,816	3,192	9,326	6,348	12,137
Gross profit	2,194	2,213	4,222	4,457	8,710
Gross margin	*27.4%*	*40.9%*	*31.2%*	*41.2%*	*41.8%*
Operating profit	(2,086)	(2,422)	(4,245)	(4,184)	(9,510)
Reconciliation from IFRS to EBITDA adjusted:					
Operating profit	(2,086)	(2,422)	(4,245)	(4,184)	(9,510)
Add: Depreciation and amortization	525	403	1,011	816	1,771
Add: Share based compensation	57	272	150	601	940
EBITDA adjusted (unaudited)	(1,504)	(1,747)	(3,084)	(2,767)	(6,799)
By Segment (Unaudited):					
Desktop:					
Desktop revenue	*7,679*	*4,830*	*13,066*	*9,691*	19,318
Desktop gross margin (Note 1)*	*26.7%*	*41.7%*	*30.7%*	*42.6%*	*42.4%*
Desktop EBITDA adjusted	*772*	*743*	*1,532*	*1,844*	*3,414*
Datacenter:					
Datacenter revenue	*331*	*575*	*482*	*1,114*	*1,529*
*Datacenter gross margin**	*42.9%*	*37.9%*	*43.6%*	*33.0%*	*37.5%*
Datacenter EBITDA adjusted	*(1,626)*	*(1,309)*	*(3,114)*	*(2,629)*	*(5,366)*
Headquarters:					
*Headquarters costs***	*(650)*	*(1,181)*	*(1,502)*	*(1,982)*	*(4,847)*

**Segment gross margins are computed excluding depreciation costs that are normally classified as cost of goods sold.*

***Headquarters costs include intellectual property defense, HQ admin costs. Excludes share based compensation.*

Note 1: *Desktop cost of sales includes a one-time quality cost of $0.8 million in Q2'15. Details included in 'Desktop operations and market update'*

Note 2 *: In 2015, FX loss/gain is classified as finance expense. In prior periods, FX loss/gain was included as a part of operating expense. Prior period results have been reclassified for comparative purposes.*

Highlights

Summary	• **Record quarterly and first half year revenues driven by DIY desktop product sales** • **Data center segment delivered first revenues from a significant OEM purchase agreement in the second quarter 2015, a strategic milestone for the company** • **Gross margins down due to increase in lower margin DIY product sales and a one-time charge related to product quality assurance within the desktop segment** • **IP portfolio strength demonstrated via patent infringement lawsuit settlement of $1.9 million** • **Expecting significant revenue growth in the desktop segment in the third quarter** • **While OEM adoption has taken longer than anticipated, expecting significant revenue growth within the data center segment in 2016**
Financial results	• Asetek reported record total revenues of $8.0 million in the second quarter of 2015, up 48% versus the same period of 2014 ($5.4 million). The development reflects record revenues from the desktop DIY market, as well as $0.3 million in revenues from the emerging data center segment. First half 2015 revenues amounted to $13.5 million, up 25% versus the comparable period of 2014.
By segment	• Operating profits from the desktop segment were $0.8 million for the second quarter and $1.5 million for the first half year, below expectations due to lower margins and the one-time charge. • While Asetek continued to invest in its data center segment, operating losses from the segment amounted to $1.6 million for the second quarter and $3.1 million for the first half. Expenditures relates to technology development, product marketing and business development activities with data center partners and OEM customers.
Operations	• In June, Asetek shipped $0.2 million of RackCDU Direct to Chip™ products of the total $0.5 million first order received from Fujitsu, under an OEM purchase agreement executed in the first quarter 2015. The balance of the order is expected to be fulfilled in second half 2015. • Asetek executed a purchase agreement with CIARA, a leading supplier of high performance servers and expects to generate future revenues of $1.0 million annually from this agreement. • The European Patent Office (EPO) agreed to allow Asetek's patent claims on the Company's All-In-One liquid cooling system designed for cooling CPUs and GPUs.
Intellectual Property	• Asetek settled a significant patent infringement lawsuit with CoolIT Systems. The U.S. District Court awarded damages to be paid to the Company totaling $1.9 million. This income will be recorded upon receipt and is therefore not included in first half 2015 results. $0.5 million was received in July 2015 and the remainder is expected to be received by the end of 2015.

Financial review

The figures below relate to the consolidated accounts for the second quarter and first half 2015, which comprise activities within the two segments Desktop and Data Center. The quarterly figures are unaudited.

Income Statement (Consolidated)

Asetek reported total revenues of $8.0 million in the second quarter of 2015, reflecting growth of 48% over the same period of 2014 ($5.4 million). Total revenues in the first half 2015 was $13.5 million, an increase of 25% over the same period of 2014 ($10.8 million). The increases reflect growth in shipments of desktop do-it-yourself ("DIY") products compared with last year.

Desktop sales unit volumes for the second quarter 2015 were 163,000, representing a 49% increase from the same period of last year (109,000). Unit shipments for the first half 2015 represented a 31% increase compared with first half 2014. The increase in unit shipments resulted from strong demand in the DIY market. Average selling prices per unit in the quarter and for the first half year increased compared with the same periods of 2014, resulting principally from higher sales values associated with the shipment of new product offerings.

Gross margin was 27.4% for the second quarter of 2015, a significant decrease from 40.9% in the same period last year. Gross margin for the first half of 2015 decreased to 31.2% from 41.2% in the first half 2014. The large decrease in gross margin in both periods reflects the significant increase in shipment of lower margin DIY products, as well as a one-time charge explained by a cost of $0.8 million incurred when Asetek decided to recall, rework and reship a bulk of DIY products as a quality assurance measure.

Operating costs decreased 8% and 2% in the second quarter and first half, respectively, when compared with the same periods of 2014, reflecting principally the decline in spending related to the defense of intellectual property (IP). Legal costs incurred associated with defense of existing IP and securing new IP were $0.5 million and $1.1 million in the second quarter and first half of 2015 ($0.9 million and $1.5 million in the same periods of 2014), respectively. In addition, a decline in stock compensation expense also contributed to the reduction in operating expense. Stock compensation expense was $56,000 and $0.1 million in the second quarter and first half of 2015 ($0.3 million and $0.6 million in the same periods of 2014), respectively.

Finance expenses during the second quarter include net foreign exchange gain of $0.6 million resulting from the strengthening of the Danish krone by 4% against the U.S. dollar (net $0.2 million gain in the first half 2015). The currency fluctuation also resulted in a negative $0.3 million translation adjustment included in other comprehensive income in the second quarter (net positive $0.4 million translation adjustment in the first half 2015).

Asetek incurred total comprehensive loss of $1.7 million and $3.7 million for the second quarter and first half of 2015, compared with comprehensive loss of $2.4 million and $4.2 million in the same periods of 2014.

Balance Sheet (Consolidated)

Asetek's total assets at June 30, 2015 amounted to $21.9 million, an increase of $9.1 million from December 31, 2014. The increase in assets resulted principally from $12.1 million net proceeds from equity offerings during the first half of 2015. During the first half, inventory, trade receivables and payables increased in line with the Company's revenue growth. Total cash and cash equivalents was $11.7 million at June 30, 2015.

Cash Flow (Consolidated)

Net cash used by operating activities was $3.7 million for the first half 2015 ($2.4 million used in first half 2014). The operating cash usage was mainly attributed to the net loss and investments in inventory and trade receivables.

Cash used by investing activities was $1.0 million, related principally to additions in capitalized development costs. The figure compares with $1.3 million for the first half 2014.

Cash provided by financing activities in the first half 2015 was $11.9 million, compared with $0.2 million provided in the first half 2014. The activity in first half 2015 represents principally funds raised through the private and public offerings of common stock, net of financing costs.

Net change in cash and cash equivalents was positive $7.5 million in first half 2015, compared with negative $3.6 million in the same period last year. Not including equity offering transactions, the net change in cash in the first half of 2015 was negative $4.6 million.

Segment breakdown

*The Company reports on two distinct segments; the **Desktop** segment and the **Data Center** segment.*

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

Unaudited breakdown of the income statement

Second Quarter

Figures in USD (000's)	Desktop		Data center	
	Q2 2015	Q2 2014	Q2 2015	Q2 2014
Revenues	7,679	4,830	331	575
Cost of sales	5,627	2,816	189	357
Gross Profit*	2,052	2,014	142	218
Gross Margin	26.7%	41.7%	42.9%	37.9%
Total operating expenses**	1,280	1,271	1,768	1,527
EBITDA adjusted	772	743	(1,626)	(1,309)
EBITDA margin	10.1%	15.4%	N/A	N/A

Year-to-date

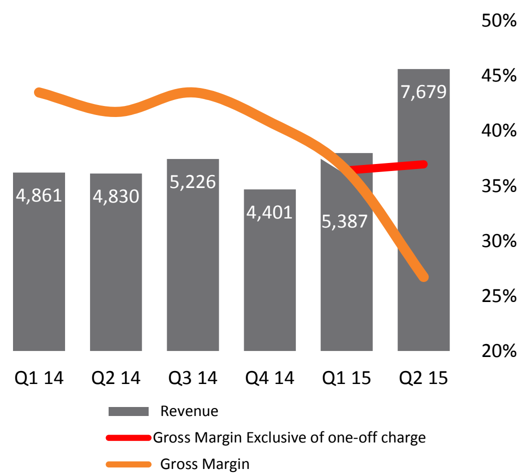
Figures in USD (000's)	Desktop		Data center	
	1H 2015	1H 2014	1H 2015	1H 2014
Revenues	13,066	9,691	482	1,114
Cost of sales	9,054	5,564	272	746
Gross Profit*	4,012	4,127	210	368
Gross Margin	30.7%	42.6%	43.6%	33.0%
Total operating expenses**	2,480	2,283	3,324	2,997
EBITDA, adjusted	1,532	1,844	(3,114)	(2,629)
EBITDA margin	11.7%	19.0%	N/A	N/A

**Gross margins are computed excluding depreciation costs that are normally classified as cost of goods sold.*

***Operating expenses by segment exclude headquarters costs of $0.7 million and $1.2 million for Q2 2015 and Q2 2014, and $1.6 million and $2.1 million for H1 2015 and H1 2014, respectively. Operating expenses also exclude share based compensation of $0.1 million and $0.3 million in Q2 2015 and Q2 2014, and $0.1 million and $0.6 million for H1 2015 and H1 2014, respectively. Significant components of headquarters costs include intellectual property defense of $0.5 million and $0.9 million in Q2 2015 and Q2 2014, and $1.1 million and $1.5 million in 1H 2015 and 1H 2014, respectively.*

Desktop financials

Desktop revenue and margin development
USD (000's)

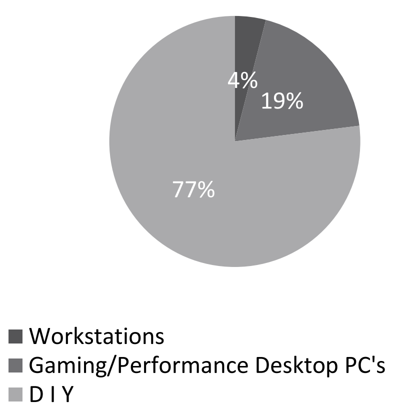


Asetek's desktop revenues in the second quarter and first half 2015 increased significantly from the respective period of 2014 as well as recent periods due to strong demand for do-it-yourself (DIY) products.

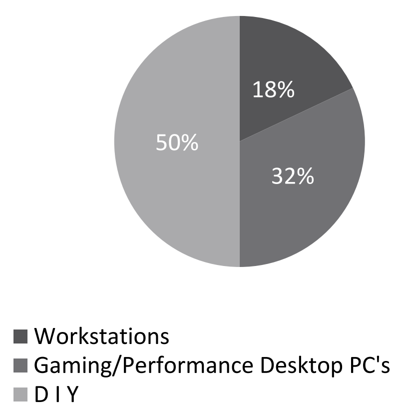
Gross margin decreased in 2015 compared with the first half 2014 due to the significant increase in shipment of lower margin DIY products and a one-time cost of $0.8 million incurred when the Company decided to recall, rework and reship a bulk of DIY products as a quality assurance measure (further detail included in the "Desktop operations and market update" section below).

Adjusted for the one-time charge, gross margins stabilized when compared with the first quarter 2015.

Revenue split, H1-2015
Percent



Revenue split, H1-2014
Percent



The change in revenue split by market segment reflects the strong demand in the DIY market in the second quarter 2015.

Desktop operations and market update

In the second quarter of 2015, Asetek's desktop revenue increased 59% from the second quarter of 2014. As expected, the increase resulted from significant demand in the DIY market compared with modest demand in the second quarter 2014. Second quarter revenues in the Gaming/ Performance Desktop PC market remained level with the same period of last year. Revenues in the Workstation market declined.

In first half 2015, desktop revenues increased 35% from first half 2014 due to strong growth in the DIY market. Gaming/Performance Desktop PC revenues decreased in the first half 2015 due to the fulfillment of a significant graphics cooling order in the first quarter of 2014. Revenues in the Workstation market declined.

Gross margins in the second quarter and first half 2015 declined from the same periods of the prior year due to two factors – a one-time cost incurred for quality measures, and a significant increase in lower margin DIY revenues.

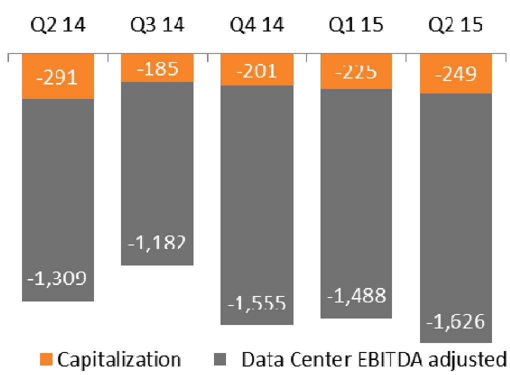
The one-time cost totaling $0.8 million was incurred when the Company decided to proactively recall, rework and reship a bulk of DIY products as a quality assurance measure. Asetek took this action when the product's noise performance did not meet certain parameters when it was placed in one, specific position. Due to the Company's commitment to product quality and timely delivery, Asetek implemented this relatively minor product adjustment despite incremental costs of $0.4 million for air shipment and $0.4 million for remanufacturing. In order to prevent recurrence of this issue in the future, the Company's development guidelines have been subsequently revised.

During the quarter, Asetek began shipping one new DIY product while the Company prepared for the shipment of multiple new desktop products planned for the third quarter 2015.

Data center financials

Financial development

USD (000's)



Asetek's data center revenues were $0.3 million in the second quarter and $0.5 million in the first half of 2015, compared with $0.6 million and $1.1 million in the second quarter and first half of 2014, respectively.

The data center segment delivered its first revenues from a significant OEM purchase agreement in the second quarter 2015, a strategic milestone for the company. While Asetek continues the implementation of its data center strategy, costs are driven by investments in technology development, product marketing, and business development with data center partners and OEM customers.

The Company expects revenues and operating results to fluctuate as it builds partnerships with large OEMs and develops the market for liquid cooling of data centers.

Data center operations and market update

In the second quarter, Asetek shipped $0.2 million of RackCDU Direct to Chip™ products to Fujitsu Technology Solutions GmbH (Fujitsu). This is partial fulfillment of a $0.5 million first order received under the OEM purchase agreement executed in the first quarter 2015. Fujitsu will use Asetek's liquid cooling to remove heat from processors and other high power components in servers to ensure Fujitsu HPC clusters deliver maximum energy efficiency and performance while keeping operating costs at a minimum. Asetek expects to fulfill the balance of the order in the second half of 2015.

In June, Asetek was selected by CIARA, a leading supplier of high performance servers, to liquid cool its high frequency server line. High frequency trading requires extreme computing performance to execute high volume financial transactions. Asetek's solutions will liquid cool the world's first 2U-2 Nodes high frequency server, CIARA's ORION HF 320D.

Also in June, Asetek joined the OpenPOWER Foundation, an open development community based on the POWER microprocessor architecture. Through this membership, Asetek plans to establish its liquid cooling initiative for the POWER architecture and expand its customer base.

Progress on Asetek's three-year contract with the U.S. Department of Defense (DoD) at the Redstone Arsenal has paused temporarily while the DoD works to relocate the project to a different site. As part of this process, Asetek has engaged with multiple DoD sites that are being considered for the project. The Stage 2 server installation, originally expected to be completed in the second quarter, is expected to resume in the fourth quarter 2015. The Company does not expect this change to affect the total contract value to Asetek.

Intellectual Property

Asetek holds a sizable portfolio of intellectual property (IP) rights including patents providing competitive advantages and high barriers to entry for competitors. As part of the Company's efforts to build and maintain its market share, the Company continues to closely review and assess all competitive offerings for infringement of its patents. Currently the Company has pending patent and utility model applications worldwide, with additional applications under preparation.

In February 2015, a patent case with CoolIT Systems Inc. ("CoolIT") was settled, with Asetek agreeing to dismiss the case. In June 2015, the U.S. District Court of Northern California determined that CoolIT shall pay damages to Asetek totaling $1.87 million. This ruling is not appealable by either party. Asetek expects to receive the full settlement within six months of the court ruling, and will recognize the payments in the financial statements when received. In July 2015, Asetek received an initial payment of $0.47 million from CoolIT, representing the first installment of this settlement and expects to receive the remainder of the settlement by the end of 2015.

A patent case with PhD Research Group, Inc. was settled in February 2015, with Asetek acquiring the two asserted patents.

In February 2015, in an ongoing patent case with Asia Vital Components Co. Ltd. ("AVC"), the court granted Asetek's motion to dismiss the case. AVC appealed the trial court's dismissal in June 2015. Asetek expects to file its responsive appeal brief in October 2015.

Corporate Matters

The Company's annual general meeting was held on April 30, 2015, where the following matters occurred or were reported:

The meeting approved the annual report 2014 as published and proposed by the Board of Directors.

Board member Bengt Olof Thuresson stepped down from the Board. Joergen Smidt, former Board member and representative of significant venture capital interests in Asetek, was elected to the Board.

Thomas Vogt stepped down from the Nomination Committee. Scott Pagel was elected to the Nomination Committee.

The Board was authorized to issue warrants and acquire the Company's own shares.

Risk factors

To date the Company has incurred operating losses and is in the development stages of its data center business.

The Company's revenue growth is dependent on the market acceptance of its new data center products and the release of new products from server OEM customers to facilitate its trial system deployments. Revenue in the desktop segment is subject to fluctuation and is dependent, in part, on the popularity and new releases of end user products by Asetek's customers.

Asetek relies upon suppliers and partners to supply products and services at competitive prices. Asetek's desktop products have been historically assembled by a single contract manufacturer which may be difficult to substitute in the short term if the need should arise. The Company is currently in the process of adding a new contract manufacturer. Asetek also mitigates this risk with Company-owned supplemental manufacturing lines which can be utilized if necessary.

Asetek has filed and defended lawsuits against competitors for patent infringement. While some of the recent cases have been settled or dismissed, some may continue, and new cases may be initiated. Such cases may proceed for an extended period and could potentially lead to an unfavorable outcome to Asetek. Asetek has incurred significant legal costs associated with litigation and may continue to do so in the future to the extent management believes it is necessary to protect intellectual property.

Asetek operates internationally in Denmark, USA, China, and Taiwan and is subject to foreign exchange risk. As of June 30, 2015, its principal cash holdings are maintained in deposit accounts in U.S. dollars and Danish krone.

A more thorough elaboration on risk factors can be found in the Company's prospectus dated March 23, 2015, available from the Company's website: www.asetek.com.

Outlook

Desktop

Desktop revenues in the third quarter of 2015 are expected to increase significantly over the revenues achieved in the third quarter 2014, and surpass the revenue level of the second quarter 2015 as well, principally due to significant growth in the DIY market.

In the third quarter of 2015, six new Asetek DIY products and two new products in the Gaming/Performance market are expected to begin shipping.

Asetek expects third quarter 2015 revenues in the Gaming/Performance Desktop PC market to increase, while revenues in the Workstation market are expected to decline, when compared with their respective performance levels in the third quarter of 2014.

Gross margins in the third quarter are expected to approximate the level achieved in the first quarter 2015 (36.4%), representing a decline from the margins achieved in third quarter 2014 (43.5%). The expected decline is due to the substantial growth of lower margin DIY product shipments compared with third quarter 2014.

Data center

Asetek expects to fulfill the balance of its first order from Fujitsu, $0.3 million remaining of the total $0.5 million order, in the second half of 2015.

Asetek's project with the California Energy Commission, valued at $3.5 million, was formally approved by the Commission in the second quarter.

The Company finalized the first installation site in July 2015 and anticipates completing preparation of the site in the second half of 2015. Initial shipments and revenues are expected to begin fourth quarter 2015.

As a result of the agreement with CIARA announced in June, Asetek expects to begin shipping three new SKU's in the third quarter. The new product offerings will liquid cool CIARA's high frequency server line. Asetek expects to generate future revenues of $1.0 million annually from this agreement.

Due to a pending change in site location initiated by the government, normal progress on the U.S. Department of Defense program has been delayed by approximately six months. Asetek expects to finalize a new site location in the third quarter 2015, and begin Stage 2 installation in the fourth quarter 2015. This stage involves retrofitting and installing three racks of liquid-cooled servers.

Asetek has teamed with multiple OEM vendors in a bid on a large federal multi-laboratory procurement. The award announcement is anticipated in the second half of 2015. If Asetek's bid is successful, potential future revenue from this project is estimated at two million dollars.

The July 2015 International Supercomputing Conference (ISC'15) held in Frankfurt highlighted the broadening acceptance of liquid cooling in the HPC market, and high-power technologies such as Intel's Xeon Phi processor are helping to accelerate this trend. Working closely with ecosystem partners such as Intel, and large OEM's such as Fujitsu, has enabled Asetek to connect with a wide array of companies and institutions exploring the Company's liquid cooling solutions.

Furthermore, the significant cost savings and efficiency of Asetek's RackCDU installations in large scale deployments is garnering attention from decision makers across the industry.

The emerging OEM adoption within the data center segment has enabled the Company to streamline resources in order to reduce future operating expenses. At the end of June, management reorganized the data center sales and marketing operations to reduce the cost base and prioritize efforts toward near term revenue opportunities. Sales and marketing efforts will thus focus on existing OEM customers, rather than continued investments in building market demand at the end user level.

While OEM adoption has taken longer than anticipated, Asetek sees continued progress within the data center segment and a growing pipeline of opportunities. Management is excited about the development and expects significant revenue growth from the segment in 2016.

Interim financial statements

Consolidated Statement of Comprehensive Income

Figures in USD (000's)	Q2 2015	Q2 2014	1H 2015	1H 2014	2014
	Unaudited	*Unaudited*	*Unaudited*	*Unaudited*	
Revenue	$ 8,010	$ 5,405	$ 13,548	$ 10,805	$ 20,847
Cost of sales	5,816	3,192	9,326	6,348	12,137
Gross profit	2,194	2,213	4,222	4,457	8,710
Research and development	1,067	895	2,084	1,681	3,556
Selling, general and administrative	3,213	3,740	6,383	6,960	14,664
Total operating expenses	4,280	4,635	8,467	8,641	18,220
Operating income	(2,086)	(2,422)	(4,245)	(4,184)	(9,510)
Foreign exchange (loss) gain	610	(12)	232	8	(298)
Finance costs	(17)	(20)	(32)	(41)	(87)
Total financial income (expenses)	593	(32)	200	(33)	(385)
Income before tax	(1,493)	(2,454)	(4,045)	(4,217)	(9,895)
Income tax (expense) benefit	(6)	-	(11)	(4)	1,138
Income for the period	(1,499)	(2,454)	(4,056)	(4,221)	(8,757)
Other comprehensive income items that may be reclassified to profit or loss in subsequent periods:					
Foreign currency translation adjustments	(250)	60	378	(27)	335
Total comprehensive income	$ (1,749)	$ (2,394)	$ (3,678)	$ (4,248)	$ (8,422)
Income per share (in USD):					
Basic	$ (0.06)	$ (0.17)	$ (0.16)	$ (0.30)	$ (0.62)
Diluted	$ (0.06)	$ (0.17)	$ (0.16)	$ (0.30)	$ (0.62)

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

Consolidated Balance Sheet

Figures in USD (000's)		30 June 2015		31 Dec 2014
ASSETS		*Unaudited*		
Non-current assets				
Intangible assets	$	2,250	$	2,334
Property and equipment		780		730
Other assets		268		292
Total non-current assets		3,298		3,356
Current assets				
Inventory		1,680		1,102
Trade receivables and other		5,251		4,186
Cash and cash equivalents		11,664		4,170
Total current assets		18,595		9,458
Total assets	$	21,893	$	12,814
EQUITY AND LIABILITIES				
Equity				
Share capital	$	416	$	264
Share premium		76,421		64,451
Accumulated deficit		(61,213)		(57,307)
Translation and other reserves		393		14
Total equity		16,017		7,422
Non-current liabilities				
Long-term debt		247		309
Total non-current liabilities		247		309
Current liabilities				
Short-term debt		147		300
Accrued liabilities		627		1,255
Accrued compensation & employee benefits		909		882
Trade payables		3,946		2,646
Total current liabilities		5,629		5,083
Total liabilities		5,876		5,392
Total equity and liabilities	$	21,893	$	12,814

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

Statement of Changes in Equity

Unaudited

Figures in USD (000's)	Share capital	Share premium	Translation reserves	Other reserves	Accumulated deficit	Total
Equity at January 1, 2015	$ 264	$ 64,451	$ 26	$ (12)	$ (57,307)	$ 7,422
Total comprehensive income - six months ended June 30, 2015						
Loss for the period	-	-	-	-	(4,056)	(4,056)
Foreign currency translation adjustments	-	-	378	-	-	378
Total comprehensive income - six months ended June 30, 2015	-	-	378	-	(4,056)	(3,678)
Transactions with owners - six months ended June 30, 2015						
Shares issued	152	12,799	-	1	-	12,952
Less: issuance costs	-	(829)	-	-	-	(829)
Share based payment expense	-	-	-	-	150	150
Transactions with owners - six months ended June 30, 2015	152	11,970	-	1	150	12,273
Equity at June 30, 2015	$ 416	$ 76,421	$ 404	$ (11)	$ (61,213)	$ 16,017

Unaudited

Equity at January 1, 2014	$ 264	$ 64,357	$ (309)	$ (14)	$ (49,490)	$ 14,808
Total comprehensive income - six months ended June 30, 2014						
Loss for the period	-	-	-	-	(4,221)	(4,221)
Foreign currency translation adjustments	-	-	(27)	-	-	(27)
Total comprehensive income - six months ended June 30, 2014	-	-	(27)	-	(4,221)	(4,248)
Transactions with owners - six months ended June 30, 2014						
Shares issued	1	56	-	1	-	58
Share based payment expense	-	-	-	-	601	601
Transactions with owners - six months ended June 30, 2014	1	56	-	1	601	659
Equity at June 30, 2014	$ 265	$ 64,413	$ (336)	$ (13)	$ (53,110)	$ 11,219

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

Consolidated Cash Flow Statement

Figures in USD (000's)	1H 2015	1H 2014	2014
	Unaudited	*Unaudited*	
Cash flows from operating activities			
Income (loss) for the period	$ (4,056)	$ (4,221)	$ (8,757)
Depreciation and amortization	1,011	816	1,771
Finance costs (income)	32	42	87
Income tax expense (income)	11	4	(1,138)
Impairment of intangible assets	-	36	36
Cash receipt (payment) for income tax	(5)	(4)	204
Share based payments expense	150	601	940
Changes in trade receivables, inventories, other assets	(1,957)	801	1,264
Changes in trade payables and accrued liabilities	1,071	(508)	(230)
Net cash used in operating activities	(3,743)	(2,433)	(5,823)
Cash flows from investing activities			
Additions to intangible assets	(755)	(1,207)	(1,873)
Purchase of property and equipment	(277)	(82)	(172)
Net cash used in investing activities	(1,032)	(1,289)	(2,045)
Cash flows from financing activities			
Cash received for leasing of previously purchased equipment	-	279	279
Funds drawn (paid) against line of credit	(131)	(104)	(141)
Proceeds from issuance of share capital	12,951	58	96
Cash paid for fees related to financing	(829)	-	-
Principal and interest payments on finance leases	(43)	(70)	(145)
Net cash provided by financing activities	11,948	163	89
Effect of exchange rate changes on cash and cash equivalents	321	(64)	286
Net changes in cash and cash equivalents	7,494	(3,623)	(7,493)
Cash and cash equivalents at beginning of period	4,170	11,663	11,663
Cash and cash equivalents at end of period	$ 11,664	$ 8,040	$ 4,170

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

Notes to the quarterly financial statements

1. General information

Asetek A/S ('the Company'), and its subsidiaries (together, 'Asetek Group', 'the Group' or 'Asetek') designs, develops and markets thermal management solutions used in computers and data center 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 and China. The Company's shares trade on the Oslo Stock Exchange under the symbol 'ASETEK'.

These condensed consolidated financial statements for the quarter and six months ended June 30, 2015 have been prepared on a historical cost convention in accordance with International Accounting Standard 34 (IAS 34) 'Interim Financial Reporting' as adopted by the European Union (EU) and do not include all of the information and disclosure required in the annual consolidated financial statements. These statements should be read in conjunction with the Asetek A/S 2014 Annual Report.

The accounting policies adopted in preparation of these condensed consolidated financial statements are consistent with those followed in the preparation of the Company's annual consolidated financial statements for the year ended December 31, 2014.

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

2. Private placement and subsequent public offering

In March 2015, the Company raised $12.4 million in gross proceeds through a private placement of 10 million new common shares, each with a par value of DKK 0.10, at a price of NOK 10.00 per share. In April 2015, the Company raised $0.6 million in gross proceeds through the public issuance of an additional 480 thousand new shares, each with a par value of DKK 0.10, at a price of NOK 10.00 per share.

As of June 30, 2015, there are 24.7 million common shares outstanding and 0.7 million shares in treasury. Treasury shares may be used to fulfill share options and warrants outstanding totaling approximately 1.3 million. Share based payment expense associated with total warrants and options outstanding was $0.2 million and $0.6 million in the six months ended June 30, 2015 and 2014, respectively.

3. Intangible assets

The Group's business includes a significant element of research and development activity. Under IAS 38, there is a requirement to capitalize and amortize development spend to match costs to expected benefits from projects deemed to be commercially viable. Costs capitalized are recorded on the balance sheet as intangible assets, net of amortization. In the first half of 2015, the Company capitalized approximately $0.8 million of development costs and recorded amortization of approximately $0.8 million (capitalized costs of $1.2 million and amortization of $0.6 million in the first half of 2014).

4. Earnings (losses) per share

IAS 33 requires disclosure of basic and diluted earnings per share for entities whose shares are publicly traded. Basic earnings per share is calculated by dividing the profit or loss attributable to equity holders of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings per share is calculated by adjusting the number of common shares outstanding used in the Basic calculation for the effect of dilutive equity instruments, which include options, warrants and debt or preferred shares that are convertible to common shares, to the extent their inclusion in the calculation would be dilutive.

Second Quarter

	Q2 2015	Q2 2014
Loss attributable to equity holders of the Company (USD 000's)	$ (1,499)	$ (2,454)
Weighted average number of common shares outstanding (000's)	24,696	14,119
Basic loss per share	$ (0.06)	$ (0.17)
Diluted loss per share	$ (0.06)	$ (0.17)

First Half

	1H 2015	1H 2014
Loss attributable to equity holders of the Company (USD 000's)	$ (4,056)	$ (4,221)
Weighted average number of common shares outstanding (000's)	24,679	14,097
Basic loss per share	$ (0.16)	$ (0.30)
Diluted loss per share	$ (0.16)	$ (0.30)

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.

5. Foreign exchange loss (gain) presentation

Beginning in 2015, foreign exchange loss (gain) is included as a component of financial income (expenses). Previously foreign exchange loss (gain) was included as a component of operating expenses. Prior year results have been reclassified for comparative purposes.

6. Transactions with related parties

In addition to the Company's grant of warrants referenced in Note 2, the following represent additional transactions with related parties. The Company's chairman is a member of the board of directors of Corsair, a customer of the company. During the six months ended June 30, 2015 and 2014, Asetek had sales of inventory to Corsair of $8.0 million and $3.6 million, respectively. As of June 30, 2015 and 2014, Asetek had outstanding trade receivables from Corsair of $2.2 million and $0.9 million, respectively.

The Company's CEO serves as Chairman of the Board for a vendor that supplies services to the Company. In the six months ended June 30, 2015 and 2014, the Company purchased services totaling approximately $0.1 million and $0.1 million, respectively, from this vendor.

7. IFRS accounting compared with U.S. GAAP

Since 2011, the Company's annual consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). Previously, the Company's consolidated financial statements were prepared in accordance with U.S. generally accepted accounting principles (GAAP). The following represent the principal effects to Asetek's financial statements as a result of this change:

Intangible assets. Capitalization of costs associated with product development is required under IFRS but is not required under GAAP. Intangible assets of $2.25 million on the Company's balance sheet at June 30, 2015 represent the capitalization of product development costs, net of amortization. The associated amortization over the products' lifecycle is charged as an operating expense.

Share based compensation. IFRS requires that each installment of a share based payment award be treated as a separate grant and separately measured and attributed to expense over the vesting period.

As a result, calculation of share based payment expense under IFRS generally results in recognition of a greater amount of expense earlier in the life of the option grant than the comparable calculation under GAAP.

8. Segment reporting

Unaudited breakdown of the income statement

Second Quarter

Figures in USD (000's)	Desktop		Data center	
	Q2 2015	Q2 2014	Q2 2015	Q2 2014
Revenues	7,679	4,830	331	575
Cost of sales	5,627	2,816	189	357
Gross Profit*	2,052	2,014	142	218
Gross Margin	26.7%	41.7%	42.9%	37.9%
Total operating expenses**	1,280	1,271	1,768	1,527
EBITDA adjusted	772	743	(1,626)	(1,309)
EBITDA margin	10.1%	15.4%	N/A	N/A

Year-to-date

Figures in USD (000's)	Desktop		Data center	
	1H 2015	1H 2014	1H 2015	1H 2014
Revenues	13,066	9,691	482	1,114
Cost of sales	9,054	5,564	272	746
Gross Profit*	4,012	4,127	210	368
Gross Margin	30.7%	42.6%	43.6%	33.0%
Total operating expenses**	2,480	2,283	3,324	2,997
EBITDA, adjusted	1,532	1,844	(3,114)	(2,629)
EBITDA margin	11.7%	19.0%	N/A	N/A

**Gross margins are computed excluding depreciation costs that are normally classified as cost of goods sold.*

***Operating expenses by segment exclude headquarters costs of $0.7 million and $1.2 million for Q2 2015 and Q2 2014, and $1.6 million and $2.1 million for H1 2015 and H1 2014, respectively. Operating expenses also exclude share based compensation of $0.1 million and $0.3 million in Q2 2015 and Q2 2014, and $0.1 million and $0.6 million for H1 2015 and H1 2014, respectively. Significant components of headquarters costs include intellectual property defense of $0.5 million and $0.9 million in Q2 2015 and Q2 2014, and $1.1 million and $1.5 million in 1H 2015 and 1H 2014, respectively.*

Statement by the board of directors and management

The Board of Directors and the Management have considered and adopted the Half Year Report of Asetek A/S for the period 1 January – 30 June 2015. The Interim Report is presented in accordance with the International Accounting Standard IAS 34 on Interim Financial Reporting as adopted by the European Union and additional Danish disclosure requirements. The accounting policies applied in the Interim Report are unchanged from those applied in the Group's Annual Report for 2014.

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

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

Asetek A/S
Aalborg, 12 August 2015

Management:

André S. Eriksen
CEO

Peter Dam Madsen
CFO

Board of Directors:

Sam Szteinbaum
Chairman

Joergen Smidt
Member

Chris J. Christopher
Member

Knut Øversjøen
Member

Jim McDonnell
Member

Peter Gross
Member

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