

DATA MODUL

Interim report as of
September 30, 2011



Dear Shareholders,

The positive trend in Data Modul's earnings has continued on from the two previous quarters of 2011. Partly, that was due to the general economic environment; however, other contributory factors including our development efforts in the field of display products based on complete electronic subassemblies, embedded computer systems and intelligent systems solutions and their global marketing have underpinned our continued success in the market. Revenue increased significantly over last year's third quarter. The EBIT for the third quarter of the current financial year amounts to 2.6 million euros (2009: 1.5 million euros) and totals 7.5 million euros for the first nine months of this year. Our leading position in the fast growing European market for innovative and energy-efficient flatbed displays for man-machine communication has contributed considerably to our success, and we have been successful in achieving our most significant goal of further increasing our earnings. Our net income for the year has risen significantly reaching the 1.6 million euros mark in the third quarter of 2011 (2010: 1.0 million euros) and totaling 5.2 million euros for the first nine months of 2011 (2010: 2.8 million euros). Earnings per share in the third quarter of the current financial year amount to 0.46 euros (2009: 0.28 euros) and are 1.47 euros in the first nine months of the current year (2010: 0.79 euros).

Interim Management Report

Due to a change in the structure of our internal organization, the composition and the description of the reportable segments have changed. The business activities now break down into the two business segments Displays and Systems. Hence, the corresponding information of previous reporting periods have been adjusted accordingly.

Key Indicators

In mio. euros	Jul 1-Sep30 2011	Jul 1-Sep30 2010	Changes	Jan1-Sep30 2011	Jan1-Sep30 2010	Changes
Total net sales	35.1	30.1	16.6 %	105.0	86.6	21.2 %
Displays	21.7	19.6	10.7 %	65.0	55.1	18.0 %
Systems	13.4	10.5	27.6 %	40.0	31.5	27.0 %
Order Entry	33.4	36.4	(8.2) %	112.4	98.2	14.5 %
Order Backlog	77.0	72.4	6.4 %	77.0	72.4	6.4 %
EBIT	2.6	1.5	73.3 %	7.5	4.6	63.0 %
EBIT yield	7.4 %	5.0 %	48.0 %	7.1 %	5.3 %	34.0 %
EBT	2.4	1.5	60.0 %	7.1	4.2	69.0 %
PAT	1.6	1.0	60.0 %	5.2	2.8	85.7
Capital investment	0.3	0.4	(25.0) %	1.2	0.9	33.3 %
Employees	299	272	9.9 %	299	272	9.9 %
Earnings per share (in euros)	0.46	0.28	64.3 %	1.47	0.79	86.1 %
Number of shares	3,526,182	3,526,182	0 %	3,526,182	3,526,182	0 %

I. General economic conditions

In the financial year 2011, the German economy has benefited greatly from the global economic recovery, although the world's economy continues to be subjected to certain stress factors. The sovereign debt crisis looks to confirm this impression, with messages proliferated by media and politics contributing a great deal to the general uncertainty and volatility of the markets. Recession fears, unresolved public budget problems, and a destabilization of the financial system have initiated a negative spiral that is gaining momentum. This downward spiral needs to be stopped to avoid a completely unnecessary recession. The situation in the markets most important to Data Modul's business is as follows: In Germany, the leading indicators have taken a distinctive plunge and, if taken by itself, are now even showing a downturn in the economic performance. However, a forecast may not be based on that alone: the mood in the business companies is always more volatile than the actual situation would suggest. The "hard" data have not yet followed that trend exactly, if one is to believe the sentiment polls. Order entry and production figures in the industry are still on the increase. The continuing sovereign debt crisis weighs more heavily on the economies of the European core countries than expected. Despite these facts, economic research institutes still forecast an increase in the economic performance in the coming year. A similar development is expected in the U.S.A. where the indicators show a continuing recovery, albeit at a lower pace. The risks are not least the result of reactions by governments and the respective central banks unwilling to accept a structurally low growth rate.

Despite all that, Data Modul has been able to notably increase its revenues for the third quarter of the current year.

II. Business results

In the third quarter of the 2011 financial year, the revenues totaled 35.1 million euros, an increase by 16.6% over the third quarter of the previous year in which revenues of 30.1 million euros were generated. The Displays business segment generated revenues of 21.7 million euros (2010: 19.6 million euros), whereas the Systems business segment saw revenues of 13.4 million euros (2010: 10.5 million euros). Total revenue in the first nine months of 2011 came to 105.0 million euros (2010: 86.6 million euros). Order entry in the third quarter was at 33.4 million euros (2010: 36.4 million euros), and totaling 112,4 million euros in the first nine months of 2011 (2010: 98.2 million euros). Order backlog amounts to 77.0 million euros (2010: 72.4 million euros). In the first nine months of 2011, the export ratio reached 35.6% (2010: 31.9%)..

III. Profitability

As a result of the positive revenue development, the EBIT, in accordance with IFRS, for the third quarter 2011 increased by 73.3% to 2.6 million euros (2010: 1.5 million euros) breaking down as follows: 2.4 million euros (2010: 2.0 million euros) from the Displays business segment and 0.2 million euros (2010: -0.4 million euros) from the Systems business segment. In the first nine months of 2011, the

EBIT came to 7.5 million euros (2010: 4.6 million euros). Our systematic efforts to expand the Systems business have continued, now accounting for a constantly growing revenue portion within the Group. As a result, the gross yield margin remained stable; we do not face a general squeeze on our margins due to our high rate of value-added activities and the great performance of our R&D efforts giving us an edge over our competitors.

Profit before tax (PBT) for the Group in the first nine months of 2011 is at 7.1 million euros (2010: 4.2 million euros), an increase of 69.0%. Net income for the year for the same period is 5.2 million euros (2010: 2.8 million euros) translating into earnings per share of 1.47 euros in the first nine months of 2011 and compared to 0.79 euros during the same period of 2010.

IV. Net assets and financial situation

At the end of the third quarter of 2011, the Group's equity ratio (in accordance with IFRS) amounts to 52.6% (December 31, 2010: 50.7%) and is 70.0% (December 31, 2010: 73.1%) for Data Modul AG (in accordance with the HGB). The operating cash flow as of September 30, 2011 amounts to - 2.9 million euros (2010: - 0.7 million euros). Due to the positive development of the business, the working capital has remained at a very high level. Following the earthquake in Japan, we have increased our inventory levels to avoid possible supply shortages. Hence, the Group continues to demonstrate its financial strength and remarkable liquidity.

V. Investments and regional offices

In the first nine months of 2011, investments amounted to 1.2 million euros (2010: 0.9 million euros). The Group does not intend to invest any large amounts into fixed assets in the current financial year; however, we shall continue to invest in research and development as well as our production and logistics center.

Data Modul AG maintains regional offices in Duesseldorf and Hamburg that serve as our regional sales offices.

VI. Employees

As of September 30, 2011, the Group had 299 employees, compared to 272 employees in the previous year. Additions to the workforce were mostly in production, R&D and sales. The Data Modul Group employs 47 staff abroad.

VII. Risks and rewards

In the financial year 2011, Data Modul continues to aim at growing its core business segments Displays and Systems. Global economy trends, the impact of exchange rate fluctuations, increasing prices of raw materials and energy, as well as imponderabilities in respect to future customer ordering behavior

constitute risks that may have a sustained impact on our business performance. We are aware of these risks and thoroughly monitor their impact on our business operation. As a result of the economic recovery and the customers' exhausted inventories there is a lack of displays leading to much longer delivery periods and price increases. Up to now, we have not seen any negative effects from the natural disaster in Japan and we have not noticed any interruptions in our suppliers' delivery chain following these events. Currently, there are no apparent risks endangering the existence of the Data Modul Group. No significant changes of the information on risks and rewards disclosed in the 2010 Annual Report have occurred since.

VIII. Subsequent events

There were no significant subsequent events during the reporting period after the reporting date of September 30, 2011.

IX. Forecast - Outlook 2011

The following disclosures regarding the future course of business of the Data Modul Group and the assumptions of the economic market and industry trends that are regarded as significant in this context are based on our assessments that we believe are currently realistic given the information available. However, these assumptions and assessments are subject to uncertainty and bear the inevitable risk that the projected developments will not actually occur, neither in respect to their trends nor in respect to their extent.

We are expecting the greatest growth potential in the industry market that forms our most important customer base. Due to market pressures, these customers had to introduce automated production processes. The interconnected production processes are highly complex and require man-machine communication (displays) to control the production lines. These integrated embedded systems are a great opportunity for growth for the Data Modul Group.

We consider the current economic situation to be stable. Although the global recovery has slowed down during the third quarter of 2011, we still notice a positive if somewhat weaker trend in Germany, Europe and the U.S.A. However, there are still some uncertainties resulting from the sovereign debt crisis in Europe and the continuing imponderabilities of the financial system.

Nonetheless, we expect a marked revenue growth and excellent earnings for Data Modul in 2011, expecting to benefit from the economic upturn in Europe and the U.S.A., our most important markets, as well as from further integration of our affiliate company Conrac. We will also focus on the development of customized systems and solutions for our customers.

Consolidated Statements of Financial Position - IFRS

ASSETS	IFRS	
	Sep 30, 2011	Dec 31, 2010
Non-current assets		
Goodwill	2,419	2,419
Intangible assets	2,413	2,645
Property, plant and equipment	7,740	7,765
Other non-current assets	1,466	1,417
Deferred tax assets	843	1,015
Total non-current assets	14,881	15,261
Current assets		
Inventories	31,615	22,880
Trade accounts receivable net of allowance for doubtful accounts (2011: EUR 466k; 2010: EUR 2.018k)	18,885	18,512
Taxes receivable	162	142
Other current assets	904	1,024
Cash and cash equivalents	2,744	6,477
Total current assets	54,310	49,035
Total assets	69,191	64,296

All figures in thousands of euros

LIABILITIES AND SHAREHOLDERS' EQUITY	IFRS	
	Sep 30, 2011	Dec 31, 2010
Shareholders' equity		
Common stock no-par-value bearer shares (shares authorized: EUR 5,289k, contingent: EUR 754k; shares issued and outstanding: 3,526,182 in 2011 and 2010)	10,579	10,579
Share-based equity	22,445	22,445
Retained earnings	4,986	1,201
Other reserves	(1,628)	(1,652)
Total shareholders' equity	36,382	32,573
Non-current liabilities		
Pension and non-current personnel liabilities	2,052	2,083
Non-current borrowings	7,375	3,500
Deferred tax liabilities	1,549	1,594
Total non-current liabilities	10,976	7,177
Current liabilities		
Trade accounts payable	8,539	10,054
Taxes payable	645	617
Accrued liabilities	1,357	872
Current borrowings	6,146	8,292
Other current liabilities	5,146	4,711
Total current liabilities	21,833	24,546
Total liabilities	32,809	31,723
Total liabilities and shareholders' equity	69,191	64,296

All figures in thousands of euros

Consolidated Statements of Income – IFRS

	IFRS			
	Jul 1 - Sep 30 2011	Jul 1 - Sep 30 2010	Jan 1 - Sep 30 2011	Jan 1 - Sep 30 2010
Revenues	35,133	30,101	104,918	86,626
Cost of sales	(26,931)	(22,905)	(80,366)	(65,729)
Gross margin	8,202	7,196	24,552	20,897
Research and development expenses	(816)	(577)	(2,033)	(1,889)
Selling, general and administrative expenses	(4,803)	(5,078)	(15,031)	(14,436)
Earnings before interest and taxes (EBIT)	2,583	1,541	7,488	4,572
Interest income	33	31	42	35
Interest expense	(200)	(94)	(439)	(374)
Income before income taxes	2,416	1,478	7,091	4,233
Income taxes	(801)	(505)	(1,896)	(1,463)
Net income	1,615	973	5,195	2,770
Earnings per share - basic	0.46	0.28	1.47	0.79
Earnings per share - diluted	0.46	0.28	1.47	0.79
Weighted average shares outstanding - basic	3,526,182	3,526,182	3,526,182	3,526,182
Weighted average shares outstanding - diluted	3,526,182	3,526,182	3,526,182	3,526,182

In thousand euros, except earnings per share, number of shares and weighted average of shares outstanding

Consolidated Statements of Cash Flow – IFRS

	IFRS	
	Jan 1 - Sep 30, 2011	Jan 1 - Sep 30, 2010
Cash flow from operating activities		
Net income	5,195	2,770
Non-cash expenses and income		
Amortization of capitalized development cost	674	821
Amortization and depreciation on other fixed assets	745	782
Deferred taxes	126	100
Provision for bad debts	(1,552)	75
Net interest	397	(340)
Other non-cash expenses and income	3,493	0
Gain on the disposal of fixed assets	0	13
Changes in operating assets and liabilities:		
Trade accounts receivable	(373)	(4,276)
Inventories	(8,735)	(5,912)
Trade accounts payable	(1,515)	3,656
Accrued liabilities	485	290
Other current assets and liabilities	194	-622
Income taxes paid	(1,697)	1,730
Interest received	8	(82)
Interest paid	(340)	337
Net cash provided by operating activities	(2,895)	(658)
Cash flow from investing activities		
Proceeds from disposal of fixed assets	0	5
Additions from capitalized development costs	(554)	(625)
Capital expenditures in other fixed assets	(609)	(317)
Net cash used in investing activities	(1,163)	(937)
Cash flow from financing activities		
Repayment of short-term borrowings	(2,146)	0
Increase in short-term borrowings	0	4,222
Repayment of non-current borrowings	0	(4,331)
Increase in non-current borrowings	3,875	0
Dividend to shareholders	(1,410)	0
Net cash used in financing activities	319	(109)
Effects of exchange rate changes on cash and cash equivalents	6	0
Net increase in cash and cash equivalents	(3,733)	(1,704)
Cash and cash equivalents at the beginning of the period	6,477	4,847
Cash and cash equivalents at the end of the period	2,744	3,143

All figures in thousands of euros

Consolidated Statements of Changes in Equity – IFRS

	Common stock		Share based equity	Retained earnings	Other reserves	Total
	Shares	Amount				
Balance as Jan 1, 2010	3,205,620	9,617	20,233	595	(1,738)	28,705
Net income	-	-	-	2,770	-	2,770
Bonus shares issued	320,562	962	2,212	(3,174)	-	
Foreign currency translation adjustment	-	-	-	-	67	67
Balance as of Sep 30, 2010	3,526,182	10,579	22,445	191	(1,671)	31,544
	-	-	-	-	-	
Balance as of Jan 1, 2011	3,526,182	10,579	22,445	1,201	(1,652)	32,573
Net income	-	-	-	5,195	-	5,195
Dividend	-	-	-	(1,410)	-	(1,410)
Foreign currency translation adjustment	-	-	-	-	24	24
Balance as of Sep 30, 2011	3,526,182	10,579	22,445	4,986	(1,628)	36,382

In thousand euros, except for number of shares

Consolidated Statements of Comprehensive Income

	IFRS	
	Jan 1 - Sep 30, 2011	Jan 1 - Sep 30, 2010
Consolidated net income for the period	5,195	2,770
Exchange differences on translation of foreign operations	24	67
Total comprehensive income	5,219	2,837

In thousand euros

Notes - Explanatory disclosures

Basis for the compilation of the financial statements

These abbreviated Consolidated Interim Report for the third quarter of 2011 does not contain all information and disclosures required when compiling consolidated financial statements and thus shall be interpreted in context with the Consolidated Financial Statements as of December 31, 2010.

The recognition and measurement methods applied to the Consolidated Financial Statements as of December 31, 2010 remained unchanged and were applied when compiling this abbreviated Consolidated Interim Report. The new IFRS to be adopted in the 2010 financial year did not affect the net assets, financial and earnings position. This Interim Report and Interim Management Report was neither audited in accordance with Sec. 317 HGB [*German Commercial Code*] nor reviewed by an auditor.

The quarterly accounts were compiled in euros (EUR). For presentation purposes, the euro values have been rounded to thousand euros (KEUR). For calculation purposes, the tables and references may contain rounding differences.

Disclaimer

These consolidated quarterly accounts contain certain disclosures regarding future events that are based on the currently foreseeable and available information, assumptions and projections by the management of Data Modul. They are provided for information purposes only and are marked by terms such as "believe", "expect", "predict", "intend", "project", "plan", "estimate" or "aim at". Hence, these statements can only apply at the date at which they are publicly disclosed. Various identified and yet unknown risks, uncertainties and other factors might result in the actual events, the financial situation, the development or the Group's performance significantly deviating from the projections provided in this report. Data Modul is not obligated to add or modify such statements predicting future events or adjust such statements based on future events or trends. Hence, the Group does not – neither conclusively nor explicitly – assume any liability or warranty for the data and information being up-to-date, accurate and complete.

Financial Calendar 2011/2012:

<u>Deutsches Eigenkapitalforum [<i>German Equity Forum</i>], Frankfurt</u>	<u>November 23, 2011</u>
<u>Annual Report 2011</u>	<u>March 2012</u>
<u>2012 Annual Shareholders' Meeting</u>	<u>May 9, 2012</u>



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