

DATA MODUL

Half-yearly Financial Reports
as of June 30, 2014



Dear stockholders,

DATA MODUL's second quarter results for 2014 were above target, resulting in a very positive earnings situation for the first half of the current fiscal year. Revenue increased by 9.7% in the first half-year, ultimately forming the basis for the marked increase in earnings over the past six month. Thus EBIT for the period was 4.2 million euros (previous year: 1.0 million euros) with net income amounting to 2.8 million euros (previous year: 0.2 million euros). As a result, we recorded much improved earnings per share of 0.83 euros (previous year: 0.07 euros). The Company's continued strong order entry figures lead us to expect additional growth over the next few months. This is thanks to our increased investment in R&D which amounted to 2.8 million euros (previous year: 2.5 million euros).

Interim Report for the Group

I. General economic conditions

Looking at the situation in individual markets, the Company enjoyed satisfactory results, despite the eastern Ukraine and Middle East crises. Looking at the European election results it is to be expected that a continuing consolidation in the eurozone countries will be problematic. In the medium to long-term an interruption in the consolidation efforts will increase the debt burden of those eurozone countries which still suffer from structural deficits. Under these undoubtedly difficult political circumstances the economic situation in the eurozone has proven weaker than expected. Only Germany's surprisingly strong economic situation has so far prevented a downturn in the eurozone's economic

Key Indicators

In million euros	April to June 2014	April to June 2013	Changes	January to June 2014	January to June 2013	Changes
Total revenue	39.1	36.4	7.4 %	76.6	69.8	9.7 %
Displays	22.7	20.8	9.1 %	45.3	40.4	12.1 %
Systems	16.4	15.6	5.1 %	31.3	29.4	6.5 %
Order entry	40.3	35.4	13.8 %	87.1	82.0	6.2 %
Order backlog	100.4	92.2	8.9 %	100.4	92.2	8.9 %
EBIT	2.4	0.6	300.0 %	4.2	1.0	320.0 %
Net income	1.7	0.2	750.0 %	2.8	0.2	1,300.0 %
Investments	0.4	0.4	0.0 %	0.7	0.8	(12.5) %
Employees	353	330	7.0 %	353	330	7.0 %
Earnings per share (in euros)	0.50	0.07	614.3 %	0.83	0.07	1,085.7 %
Based on number of shares	3,394,000	3,394,000	0,0 %	3,394,000	3,394,000	0.0 %
EBT	2.4	0.5	380.0 %	4.1	0.9	355.6 %

performance. Germany as our primary market has shown a significant upturn. Domestic demand backed by unchanged supporting parameters remains strong, rendering Germany's economy less dependent on foreign cyclical fluctuations. Confidence in Europe's economy however was overshadowed by disappointing results for the first half-year which have to be interpreted as hindrances arising from numerous political conflicts. Nevertheless, we do not expect a slump in the economic recovery of the European markets in 2014, with improving financing conditions and slower consolidation mentioned above supporting the recovery. Information regarding a lower economic output in the USA, our third largest market, has put some doubt on the forecast economic momentum for 2014. Such fears however are largely unfounded since the labor market is recovering and interest rates are low, both indicating continued GDP growth for 2014.

II. Business performance

Revenues for the first half of the current year amounted to 76.6 million euros (previous year: 69.8 million euros), increasing in the second quarter by 7.4% to 39.1 million euros (previous year: 36.4 million euros). The Displays business segment achieved revenues of 22.7 million euros in the second quarter (previous year: 20.8 million euros), whereas the Systems segment saw revenues of 16.4 million euros (previous year: 15.6 million euros). Order entry in the second quarter recorded 40.3 million euros (previous year: 35.4 million euros), totaling 87.1 million euros in the first half-year (previous year: 82.0 million euros). Order backlog increased by 8.9% to 100.4 million euros (previous year: 92.2 million euros). DATA MODUL's continuing drive toward international orientation is beginning to show effect, showing an increased export quota of 41.4% for the first six months of 2014 (previous year: 37.3%).

III. Profitability

The first six months of 2014 showed impressively that implementing our strategy "Fit for Future 2015" was the right decision. Compared to the same period of 2013, EBIT in accordance with IFRS increased in the first half of 2014 to 4.2 million euros (previous year: 1.0 million euros) and to 2.4 million euros in the second quarter of 2014 (previous year: 0.6 million euros). The earnings distribution between the two business segments Displays and Systems proves our strategy as well, recording EBIT for our business segment Displays for the second quarter of 1.4 million euros (previous year: 0.7 million euros), while the Systems business segment contributed 1.0 million euros (previous year: -0.1 million euros). Earnings before tax (EBT) for the Group were at 4.1 million euros in the first half of 2014 (previous year: 0.9 million euros). Net income for the same period was at 2.8 million euros (previous year: 0.2 million euros) resulting in earnings per share of 0.83 euros for the first half of 2014 (previous year: 0.07 euros).

IV. Financial position

Operating cash flow as of June 30, 2014 was -0.8 million euros (previous year: -4.2 million euros). Working capital to revenue ratio increased slightly year-on-year to 30.9% (previous year: 32.2%). The return on working capital as of the reporting date was 17.8% (previous year: 4.3%). At the end of the second quarter of 2014, the Group's equity ratio (in accordance with IFRS) rose to 56.0% (December 31, 2013: 50.9%). Consequently, the Group continues to demonstrate financial stability and has sufficient liquidity at its disposal.

V. Investments and regional offices

In the first six months of 2014, investments amounted to 0.7 million euros (previous year: 0.8 million euros). Further investments are planned for R&D in order to considerably shorten our innovation cycles and thus the time-to-market for our products. In addition to investments in our infrastructure maintenance we also plan to invest in streamlining our operating processes and increasing output in production and logistics. DATA MODUL AG maintains regional offices in Düsseldorf and Hamburg which serve as our sales offices for the respective regions.

VI. Employees

As of June 30, 2014, the Group had 353 employees, compared to 330 staff in the previous year of which 57 staff were employed by Group companies located outside Germany. Changing our business to a solution-oriented model requires additional resources. DATA MODUL plans to scale up its organization to accommodate the forecast revenue growth and will therefore continue investing in its most valuable asset – its employees. Additions to the workforce are planned for R&D, Application Development, Production and Sales.

VII. Risks and rewards

In fiscal year 2014, DATA MODUL continues to aim for growth in its core business segments Displays and Systems. Global economic trends, the impact of exchange rate fluctuations, rising commodity and energy prices, as well as uncertainty with 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 carefully monitor their impact on our business operations. Currently, there are no apparent existential risks for DATA MODUL Group. No significant changes in the information on risks and rewards published in the 2013 Annual Report have occurred since.

VIII. Subsequent events

There were no significant subsequent events during the reporting period after the reporting date of June 30, 2014.

IX. Forecast - Outlook 2014

The statements made in the following regarding the future business results of DATA MODUL Group and assumptions regarding market and industry trends deemed material in relation thereto are based on opinions which we believe are realistic at this time given the information available. However, these assumptions and assessments are subject to uncertainty and carry the inevitable risk that projected developments do not actually occur with respect to either their direction or their extent.

We expect a 2% GDP growth for Germany in 2014 as all parameters driving continued domestic demand, such as the labor market situation, wage increase rates, low inflation rate and low interest rates, have remained unchanged. A positive development is also expected for the rest of Europe in the second half of the year. After an initial economic slowdown in the USA in the first half-year, the outlook is much brighter for the rest of 2014.

DATA MODUL is looking forward to good business for fiscal years 2014 and 2015 thanks to predominantly positive economic expectations in our primary markets and our strategic business improvements. Increase in sales is expected to reach a mark between 4% to 9% for fiscal year 2014, subsequently leading to a considerably improved earnings situation. DATA MODUL expects sustainable value contributions from productivity measures introduced over the past two years and plans to improve its competitive standing through strengthening its international orientation.

Rapid merging of industrial and information technologies for instance, as well as increased energy efficiency awareness and the continuing industrialization of the emerging countries offer short and medium-term opportunities for electrical engineering companies to grow business. DATA MODUL will also concentrate on medical device technology as one of the most promising future markets due to demographic change as well as the healthcare industry's increasing significance for the growing middle class in the emerging countries. Besides the euro zone, the USA and China will be the regions driving the increase in our export sales. DATA MODUL will therefore open its own sales office in China in the fourth quarter of 2014.

X. Information concerning related party transactions

In the first half of 2014, the Group incurred expenses for services rendered in relation to filling a Group-level key management position. In addition, DATA MODUL AG purchased goods at customary market conditions from Varitronix Investment Ltd., Hong Kong, China, which holds 19.99% of the voting rights.

Consolidated Statement of Financial Position - IFRS

ASSETS	IFRS	
	06/30/2014	12/31/2013
Non-current assets		
Goodwill	2,419	2,419
Intangible assets	2,375	2,545
Property, plant and equipment	8,920	8,954
Other non-current assets	307	308
Deferred tax assets	275	478
Total non-current assets	14,296	14,704
Current assets		
Inventories	32,664	29,811
Trade accounts receivable, net of allowance for doubtful accounts (in 2014: 324; 2013: 254)	21,910	22,352
Other current assets	1,332	1,782
Cash and cash equivalents	7,665	15,287
Total current assets	63,571	69,232
Total assets	77,867	83,936

All figures in thousands of euros

LIABILITIES AND SHAREHOLDERS' EQUITY	IFRS	
	06/30/2014	12/31/2013
Shareholders' equity		
Capital stock no-par value bearer shares (authorized: KEUR 5,289; contingent: EUR 0 as of 06/30/2014 and TEUR 754 as of 12/31/2013; shares issued and outstanding: 3,394,000 as of 06/30/2014 and 12/31/2013)	10,182	10,182
Capital reserves	22,446	22,446
Retained earnings	12,526	11,745
Other reserves	(1,570)	(1,675)
Total shareholders' equity	43,584	42,698
Non-current liabilities		
Pension and non-current personnel liabilities	1,505	1,504
Non-current borrowings	3,383	850
Non-current provisions	474	520
Total non-current liabilities	5,362	2,874
Current liabilities		
Trade accounts payable	7,282	10,945
Taxes payable	2,006	1,913
Current provisions	1,439	862
Current borrowings	11,550	18,101
Current portion of non-current borrowings	933	933
Other current liabilities	5,711	5,610
Total current liabilities	28,921	38,364
Total liabilities	34,283	41,238
Total liabilities and shareholders' equity	77,867	83,936

All figures in thousands of euros

Consolidated Statement of Income - IFRS

	IFRS			
	04/01 - 06/30/2014	04/01 - 06/30/2013	01/01 - 06/30/2014	01/01 - 06/30/2013
Revenues	39,087	36,385	76,583	69,811
Cost of sales*	(29,669)	(29,137)	(58,835)	(55,892)
Gross margin	9,418	7,248	17,748	13,919
Research and development expenses	(1,414)	(1,300)	(2,812)	(2,472)
Selling, general and administrative expenses*	(5,612)	(5,381)	(10,729)	(10,472)
Earnings before interest and taxes (EBIT)	2,392	567	4,207	975
Interest income	1	1	1	2
Interest expense	(64)	(57)	(144)	(104)
Earnings before taxes	2,329	511	4,064	873
Income tax expense	(616)	(240)	(1,247)	(630)
Net income	1,713	271	2,817	243
Earnings per share - basic	0.50	0.07	0.83	0.07
Earnings per share - diluted	0.50	0.07	0.83	0.07
Weighted average of shares outstanding - basic	3,394,000	3,394,000	3,394,000	3,394,000
Weighted average of shares outstanding - diluted	3,394,000	3,394,000	3,394,000	3,394,000

All figures in thousands of euros, except earnings per share and weighted average of shares outstanding

* Various production cost items were classified as selling expenses to ensure reliable and relevant information in the financial statements. For better comparability, previous year's figures were adjusted in accordance with analyses in the semi-annual accounts by 259 thousand euros for the first half of 2013, and by 163 thousand euros for the second quarter of 2013.

Consolidated Statement of Cash Flow - IFRS

	IFRS	
	01/01 - 06/30/2014	01/01 - 06/30/2013
Cash flows from operating activities		
Net income	2,817	243
Non-cash expenses and income		
Income tax expense	1,044	324
Amortization of capitalized development costs	342	381
Amortization of other intangible assets and depreciation of fixed assets	576	557
Provisions for bad debts	85	15
Deferred taxes	204	306
Changes in non-current accrued liabilities	(46)	(21)
Net interest	143	102
Other non-cash expenses and income	2,388	2,630
Changes in operating assets and liabilities		
Trade accounts receivable	358	(4,262)
Inventories	(2,854)	(3,661)
Trade accounts payable	(3,662)	822
Current provisions	84	(673)
Other assets and liabilities	(1,990)	(189)
Income taxes paid	(138)	(662)
Interest received	1	2
Interest paid	(177)	(141)
Cash flows from operating activities	(825)	(4,227)
Cash flows from investing activities		
Outflows from capitalized development costs	(232)	(441)
Capital expenditures on other intangible and fixed assets	(479)	(408)
Cash flows from investing activities	(711)	(849)
Cash flows from financing activities		
Repayment of short-term borrowings	(6,551)	0
Increase in short-term borrowings	0	2,360
Repayment of non-current borrowings	0	(317)
Increase of non-current borrowings	2,533	0
Dividend to shareholders	(2,036)	(2,036)
Cash flows from financing activities	(6,054)	7
Effect of exchange rate changes on cash and cash equivalents	(32)	(6)
Net increase in cash and cash equivalents	(7,622)	(5,075)
Cash and cash equivalents at beginning of period	15,287	9,517
Cash and cash equivalents at end of period	7,665	4,442

All figures in thousands of euros

Consolidated Statement of Changes in Equity - IFRS

	Capital Stock		Capital Reserves	Retained Earnings	Other Reserves	Total
	No. of Shares	Amount				
Balance as of 01/01/2013	3,394,000	10,182	22,446	10,649	(1,503)	41,774
Net income	-	-	-	243	-	243
Dividend	-	-	-	(2,036)	-	(2,036)
Foreign currency translation adjustment	-	-	-	-	(2)	(2)
Balance as of 06/30/2013	3,394,000	10,182	22,446	8,856	(1,505)	39,979
Balance as of 01/01/2014	3,394,000	10,182	22,446	11,745	(1,675)	42,698
Net income	-	-	-	2,817	-	2,817
Dividend	-	-	-	(2,036)	-	(2,036)
Foreign currency translation adjustment	-	-	-	-	105	105
Balance as of 06/30/2014	3,394,000	10,182	22,446	12,526	(1,570)	43,584

All figures in thousands of euros

Consolidated Statement of Comprehensive Income

	IFRS			
	04/01-06/30/2014	04/01-06/30/2013	01/01-06/30/2014	01/01-06/30/2013
Consolidated net income for the period	1,713	271	2,817	243
<i>Other comprehensive income to be reclassified and reported in profit or loss in subsequent reporting periods</i>				
Adjustments from currency translation of foreign subsidiary results	108	(81)	105	(2)
Comprehensive income after tax	1,821	190	2,922	241

All figures in thousands of euros

Income tax

The income tax expense in the consolidated income statement breaks down into the following major line items:

	01/01 - 06/30/2014	01/01 - 06/30/2013
Actual income tax expense	(1,044)	(324)
Deferred taxes	(204)	(306)
Income tax expense	(1,247)	(630)

Dividend to shareholders

	06/30/2014	06/30/2013
Dividend on common stock resolved and distributed in the first half of the year	2,036	2,036

All figures in thousands of euros

Notes - Explanatory disclosures

Basis for the compilation of the financial statements

The abbreviated consolidated interim accounts for the first half of 2014 do not contain all information and disclosures required when preparing consolidated financial statements and thus shall be interpreted in the context of the consolidated financial statements as of December 31, 2013.

The recognition and measurement methods applied to the consolidated financial statement as of December 31, 2013 remain unchanged and were applied when preparing these abbreviated consolidated semi-annual accounts. This interim report for the Group has been prepared in accordance with the provisions of IAS 34 – Interim Financial Reporting. The new IFRS to be adopted in the financial year 2014 did not affect our net assets, financial and earnings position. The interim financial results and interim report at hand were not audited according to Sec. 317 German Commercial Code (HGB), nor were they audited by an external auditing organization.

The half-yearly Financial Reports were prepared in euros (EUR). For presentation purposes, the euro amounts are rounded to thousands of euros (KEUR). For computation purposes, the tables and notes may include deviations from the accurately calculated amounts due to rounding.

Changes in the Executive Board and Supervisory Board

The shareholders' representatives' term of office in the Supervisory Board expired on the date of the Shareholders' Meeting held on May 12, 2014. The following shareholders' representatives were elected to the DATA MODUL Supervisory Board at the Annual Shareholders' Meeting held on May 12, 2014 for the period ending with the respective Annual Shareholders' Meeting at which the shareholders ratify the actions of the Supervisory Board members for fiscal year 2018.

- Dipl.-Ing. Peter Hecktor (Chairman of the Supervisory Board),
thereby departing DATA MODUL's Executive Board on May 12, 2014
- Mr. Tony Tsoi Tong Hoo (Deputy Chairman of the Supervisory Board)
- Alternate member representing the shareholders: Dipl.-Volksw. Victoria Hecktor

Dipl.-Ing. Wolfgang Klein, who had been elected by the employees on March 11, 2014, was also appointed as the new employee representative to the Supervisory Board.

Mr. Roland Berberich was appointed as alternate member representing the employees.

Segment reporting

For corporate controlling reasons, the Group is divided into product and service segments and comprises the following two segments requiring reporting:

- Displays
- Systems

Segment results January 1 through June 30, 2014

	Displays	Systems	Group
Total revenue	45,245	31,338	76,583
Net income	2,123	694	2,817

Segment results January 1 through June 30, 2013

	Displays	Systems	Group
Total revenue	40,378	29,433	69,811
Net income	1,153	(910)	243

All figures in thousands of euros

Management Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of assets, liabilities, financial position and profit or loss of the group, and the interim management report of the group includes a fair review of the development and performance of the business and the position of the group, together with a description of the principal opportunities and risks associated with the expected development of the group for the remaining months of the financial year.

Dr. Florian Pesahl
CFO

Walter King
COO

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 known and as yet unknown risks, uncertainties and other factors may, as a result, lead to significant deviations in the actual events, the financial situation, the development or the Corporation's performance compared to 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 Corporation 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 2014 / 2015:

Interim Report as of September 30, 2014

November 11, 2014

German Equity Forum, Frankfurt

November 25, 2014

Annual Shareholders' Meeting 2015

May 12, 2015



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