

DATA MODUL

Half-yearly financial reports
as of June 30, 2012



Dear stockholders,

As in the previous quarters, the second quarter of 2012 at DATA MODUL was marked by the economic recovery in Germany. Thanks to our strict cost control and continued high sales levels, we were able to increase our EBIT for the second quarter by 7.1% to 3.0 million euros. Order entry in the first half of 2012 also remains at a continued high level and has exceeded that of the first half of 2011 by 4.1%. We have achieved our main goal of sustainable growth in earnings by achieving earnings per share of 1.00 euros (based on a total number of shares of 3,504,278).

Interim Management Report

I. General economic conditions

At present, growth of the global economy is relatively weak and consequently, the IMF's projections were 3.5% for 2012 and an expected 3.9% for global growth in 2013. However, development in various regions of the world varies considerably. The situation in the emerging countries (China and India) has changed significantly. After decades of rapid growth in these markets, China's economy is now weakening, although projected growth of its GDP for 2012 is still between 7% and 8%. The U.S. economy slowed down somewhat in the first half of 2012 but concerns that a recession may follow are as unfounded today as in the Fall of 2011. In addition to the eurozone crisis and related uncertainties, the imminent elections play a major role in the USA. In Europe, the summit meeting in June has not brought about the much hoped-for easing of the continuing sovereign debt crisis. After stagnating during the first quarter of the year, economic performance in the

Key corporate results

In mio. euros	April to June 2012	April to June 2011	Changes	January to June 2012	January to June 2011	Changes
Total revenues	34.7	35.2	(1.4) %	70.5	69.8	1.0 %
Displays	19.1	21.5	(11.2) %	40.4	43.3	(6.7) %
Systems	15.6	13.7	13.9 %	30.1	26.5	13.6 %
Order Entry	36.4	37.5	(2.9) %	82.2	79.0	4.1 %
Order Backlog	81.8	76.5	6.9 %	81.8	76.5	6.9 %
EBIT	3.0	2.8	7.1 %	5.1	4.9	4.1 %
EBIT yield	8.6 %	8.0 %	7.5 %	7.2 %	7.0 %	2.9 %
EBT	2.9	2.6	11.5 %	4.9	4.7	4.3 %
Net income	2.0	2.2	(9.1) %	3.5	3.6	(2.8) %
Investments	0.7	0.6	16.7 %	1.2	0.9	33.3 %
Employees	309	294	5.1 %	309	294	5.1 %
Earnings per share (in euros)	0.57	0.63	(9.5) %	1.00	1.02	(2.0) %
Number of shares	3,504,278	3,526,182	(0.6) %	3,504,278	3,526,182	(0.6) %

eurozone countries seems to have weakened slightly in the first half of 2012. Continuing uncertainty in the private sector has dampened the willingness of companies and private consumers alike to invest or make purchases. Adding to this situation in particular are the high unemployment rate throughout the eurozone (11.1%) and the heavy burden resulting from extensive consolidation measures taken by the crisis-ridden countries. Nevertheless, economic performance should return to the growth path in 2013, after a slight decline in 2012. However, there is still a considerable discrepancy between the economic cycles of the northern and southern member states of the monetary union.

In Germany, the outlook continues to be positive. The German economy benefits from the continuing positive labor market trends (there are currently 500,000 jobs waiting to be filled), its high competitive advantage due to the favorable euro exchange rates and financing terms. The recovery rate will pick up speed in 2013.

Due to positive business development and prospects in our most important markets, Germany and the U.S., we were able to improve on our excellent earnings of 2011 by 4.1% in the first half of 2012.

II. Business performance

Revenue in the first half of 2012 was 70.5 million euros (previous year: 69.8 million euros) with 34.7 million euros attributable to the second quarter (previous year: 35.2 million euros). The Displays business segment achieved revenues of 19.1 million euros (2011: 21.5 million euros), whereas the Systems business segment saw revenues of 15.6 million euros (2011: 13.7 million euros). In the second quarter of the current financial year, order entry was at 36.4 million euros (2010: 37.5 million euros). In the first quarter of 2012, order entry increased by 4.1% to 82.2 million euros (previous year: 79.0 million euros). The order backlog amounts to 81.8 million euros (previous year: 76.5 million euros). In the first six months of 2012, the export ratio reached 31.2 %.

III. Profitability

As a result of the continued positive trend in revenue growth, EBIT according to IFRS for the first half of 2012 increased by 4.1% to 5.1 million euros (previous year: 4.9 million euros); EBIT in the second quarter of 2012 increased by 7.1% to 3.0 million euros (previous year: 2.8 million euros). EBIT breaks down as follows: 1.5 million euros (previous year: 1.8 million euros) attributable to the Displays business segment and 1.5 million euros (previous year: 1.0 million euros) attributable to the Systems business segment. Our systematic efforts to expand the Systems business have continued such that this area now accounts for a constantly growing portion of revenue within the Group, and will continue to do so in the future. Expanding the Systems business will help improve our gross yield margin and support our customer-oriented value-added activities and R&D efforts, giving us an edge over our competitors. We intend to maintain our margins and improve

them in the long term. The synergies between DATA MODUL AG and Conrac GmbH are now clearly noticeable. Earnings before tax (EBT) for the Group was at 4.9 million euros in the first half of 2012 (previous year: 4.7 million euros), an increase of 4.3%. Net income for the same period was at 3.5 million euros (previous year: 3.6 million euros) translating into earnings per share of 1.00 euro for the first half of 2012 (previous year: 1.02 euros).

IV. Financial position

Operating cash flow as of June 30, 2012 was reduced to -2.1 million euros (previous year: -3.6 million euros). Due to positive business development, working capital has remained high. At the end of the second quarter of 2012, the Group's equity ratio (in accordance with IFRS) amounts to 49.0 % (December 31, 2011: 55.6%) and the equity ratio for DATA MODUL AG, in accordance with the German Commercial Code is 56.3% (December 31, 2011: 73.1 %). As a consequence, the Group continues to demonstrate financial stability and has remarkable liquidity at its disposal.

V. Investments and regional offices

In the first six months of 2012, investments amounted to 1.2 million euros (previous year: 0.9 million euros). We will continue to invest in R&D and our production and logistics center. DATA MODUL AG maintains regional offices in Duesseldorf and Hamburg that serve as our sales offices for the respective regions.

VI. Employees

As of June 30, 2012, the Group had 309 employees, compared to 294 staff in the previous year. DATA MODUL Group employs 51 staff abroad. Additions to the workforce were mostly in R&D, sales and production.

VII. Risks and rewards

In the fiscal year 2012, DATA MODUL will continue 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 demand 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 operations. As a result of the economic recovery and low customer inventories, displays are in short supply leading to much longer delivery periods and price increases. Currently, there are no apparent existential risks for the DATA MODUL Group. No significant changes of the information on risks and rewards that was published in the 2011 Annual Report have occurred since.

VIII. Subsequent events

There were no significant subsequent events after the reporting date of June 30, 2012.

IX. Forecast - Outlook 2012

The following disclosures regarding future business trends at DATA MODUL Group and assumptions with respect to the economy and industry trends regarded as significant 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 unavoidable risk that projected developments do not actually occur, either with respect to their direction or their extent.

Our view of further development of the global economy is cautiously optimistic. Asian and South American markets as well as those in the Middle East still offer potential for growth. It is expected that the contribution from the North American markets, after a moderate recovery in 2011, will be higher in 2012 compared to the previous year, whereas the markets in eurozone countries show a distinct reluctance to invest. This is due particularly to the currently rekindled euro and sovereign debt crisis in the southern European countries. Despite rather modest overall developments of the global markets, DATA MODUL expects distinctly positive earnings and a moderate increase in revenue for the current year. We are very well positioned and are largely independent of individual markets and therefore able to compensate for any market volatility. The upturn in the U.S.A. and Germany, our most important markets, will be the driver for our business, compensating for the difficult business environment in southern Europe. DATA MODUL will continue to grow its R&D activities in 2012 and will prepare its production and logistics center in Weikersheim for future growth. Even though these investments may have a short-term impact on our earnings, we are laying the groundwork for a very successful future. Our company' success depends greatly on quality and cost leadership. This is the focus in all our business areas because we aim for the best for our customers . We will continue to pursue our long-term business strategy that is geared toward innovation, quality and market leadership as well as the continued globalization of our products and services.

Our shareholders will also benefit from DATA MODUL's bright future, as the current development of our business and encouragement from analysts and investors alike clearly indicate great potential for our market capitalization.

X. Information concerning related party transactions

In the first half of 2012, 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 Statements of Financial Position - IFRS

ASSETS	IFRS	
	06/30/2012	12/31/2011
Non-current assets		
Goodwill	2,419	2,419
Intangible assets	2,492	2,355
Property, plant and equipment	7,983	7,811
Other non-current assets	1,554	1,525
Deferred tax assets	1,127	1,677
Total non-current assets	15,575	15,787
Current assets		
Inventories	36,542	27,138
Trade accounts receivable, net of allowance for doubtful accounts (2012: kEUR 511; 2011: kEUR 608)	18,888	17,722
Other current assets	2,130	861
Cash and cash equivalents	7,406	8,426
Total current assets	64,966	54,147
Total assets	80,541	69,934

All figures in thousands of euros

LIABILITIES AND SHAREHOLDERS' EQUITY	IFRS	
	06/30/2012	12/31/2011
Shareholders' equity		
Common stock no-par value bearer shares (shares authorized: KEUR 5,289; shares issued and outstanding: 3,457,876 as of 06/30/2012 und 3,526,182 in 2011)	10,374	10,579
Share-based equity	22,445	22,440
Retained earnings	8,029	7,389
Other reserves	(1,393)	(1,490)
Total shareholders' equity	39,455	38,918
Non-current liabilities		
Pension and non-current personnel liabilities	1,900	1,931
Non-current borrowings	4,325	4,325
Deferred tax liabilities	1,702	1,626
Total non-current liabilities	7,927	7,882
Current liabilities		
Accounts payable	12,960	9,029
Taxes payable	990	868
Accrued liabilities	1,293	1,060
Current borrowings	11,581	6,152
Other current liabilities	6,335	6,025
Total current liabilities	33,159	23,134
Total liabilities	41,086	31,016
Total liabilities and shareholders' equity	80,541	69,934

All figures in thousands of euros, except for common stock

Consolidated Statements of Income - IFRS

	IFRS			
	04/01 - 06/30/2012	04/01 - 06/30/2011	01/01 - 06/30/2012	01/01 - 06/30/2011
Revenues	34,685	35,244	70,467	69,785
Cost of sales	(25,982)	(26,735)	(53,910)	(53,435)
Gross margin	8,703	8,509	16,557	16,350
Research and development expenses	(640)	(650)	(1,442)	(1,217)
Selling, general and administrative expenses	(5,017)	(5,081)	(10,001)	(10,228)
Earnings before interest and taxes (EBIT)	3,046	2,778	5,114	4,905
Interest income	(2)	5	4	9
Interest expense	(97)	(166)	(187)	(239)
Income before income taxes	2,947	2,617	4,931	4,675
Income taxes	(929)	(400)	(1,413)	(1,095)
Net income	2,018	2,217	3,518	3,580
Earnings per share - basic	0.57	0.63	1.00	1.02
Earnings per share - diluted	0.57	0.63	1.00	1.02
Weighted average shares outstanding - basic	3,504,278	3,526,182	3,504,278	3,526,182
Weighted average shares outstanding - diluted	3,504,278	3,526,182	3,504,278	3,526,182

All figures in thousands of euros, except for earnings per share and number of shares

Consolidated Statements of Cash Flow - IFRS

	IFRS	
	01/01 - 06/30/2012	01/01 - 06/30/2011
Cash flows from operating activities		
Net income	3,518	3,580
Non-cash expenses and income		
Income tax expense	787	1,121
Amortization of capitalized development costs	404	415
Amortization of other intangible assets and depreciation of fixed assets	527	499
Provision for bad debts	(96)	(211)
Deferred taxes	626	(26)
Changes in non-current accrued liabilities	(32)	(19)
Net interest	183	229
Other non-cash expenses and income	29	484
Changes in operating assets and liabilities		
Trade accounts receivable	(1,070)	(3,040)
Inventories	(9,404)	(4,842)
Trade accounts payable	3,931	(1,078)
Accrued liabilities	234	530
Other receivables, assets and loans	(87)	170
Income taxes paid	(1,526)	(1,252)
Interest received	4	5
Interest paid	(177)	(160)
Cash flows from operating activities	(2,149)	(3,595)
Cash flows from investing activities		
Additions from capitalized development costs	(670)	(414)
Capital expenditures on other intangible and fixed assets	(570)	(482)
Cash flows from investing activities	(1,240)	(896)
Cash flows from financing activities		
Decrease in short-term borrowings	0	0
Increase in short-term borrowings	5,429	709
Increase in non-current borrowings	0	3,875
Purchase of treasury shares	(977)	0
Dividends paid	(2,100)	(1,410)
Cash flows from financing activities	2,352	3,174
Effect of exchange rate changes on cash and cash equivalents	17	(10)
Net increase in cash and cash equivalents	(1,020)	(1,327)
Cash and cash equivalents at the beginning of the period	8,426	6,477
Cash and cash equivalents at the end of the period	7,406	5,150

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 of 01/01/2011	3,526,182	10,579	22,445	1,201	(1,652)	32,573
Net income	-	-	-	3,580	-	3,580
Dividend	-	-	-	(1,410)	-	-
Foreign currency translation adjustment	-	-	-	-	(97)	(97)
Balance as of 06/30/2011	3,526,182	10,579	22,445	3,371	(1,749)	34,646
	-	-	-			
Balance as of 01/01/2012	3,526,182	10,579	22,445	7,389	(1,490)	38,918
Net income	-	-	-	3,518	-	3,518
Dividend	-	-	-	(2,100)	-	(2,100)
Additions to share-based equity	-	-	5	(5)	-	-
Treasury shares	(68,306)	(205)	-	(773)	-	(978)
Foreign currency translation adjustment	-	-	-	-	97	97
Balance as of 06/30/2012	3,457,876	10,374	22,445	8,029	(1,393)	39,455

All figures in thousands of euros

Consolidated Statements of Comprehensive Income

	IFRS			
	04/01-06/30/2012	04/01-06/30/2011	01/01-06/30/2012	01/01-06/30/2011
Consolidated net income for the period	2,018	2,217	3,518	3,580
Exchange differences on translation of foreign operations	150	(15)	97	(97)
Total comprehensive income	2,168	2,202	3,615	3,483

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 - 06/30/2012	01/01 - 06/30/2011
Actual income tax expense	(787)	(1,121)
Deferred taxes	(626)	26
Income tax expense	(1,413)	(1,095)

Dividends paid

	06/30/2012	06/30/2011
Dividends on common stock resolved and distributed in the first half of the year	2,100	1,410

Notes - Explanatory disclosures

Basis for the compilation of the financial statements

The abbreviated consolidated interim accounts for the first half of 2012 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, 2011.

The recognition and measurement methods applied to the consolidated financial statements as of December 31, 2011 remain unchanged and were applied when preparing these abbreviated consolidated half-yearly financial reports. This interim report for the Group has been prepared in accordance with the provisions of IAS 34 – Interim Reporting. The new IFRS to be adopted in the financial year 2011 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 nor reviewed by an auditor.

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.

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, 2012

	Displays	Systems	Group
	KEUR	KEUR	KEUR
Total revenue	40,404	30,063	70,467
Net income	1,663	1,856	3,519

Segment results January 1 through June 30, 2011

	Displays	Systems	Group
	KEUR	KEUR	KEUR
Total revenue	43,259	26,526	69,785
Net income	2,565	1,014	3,580

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.



Peter Hecktor
CEO



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 2012 / 2013:

Interim report as of September 30, 2012

November 8, 2012

German Equity Forum, Frankfurt

November 12, 2012

Annual Shareholders' Meeting 2013

May 17, 2013



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