

DATA MODUL

Semi-annual accounts
as of June 30, 2011



Dear stockholders,

As in the previous months, the general economic recovery continued to have a positive impact on Data Modul's results for the second quarter of 2011. Our business performance has improved leading to an increase in revenues by 24.4% over last years' second quarter. As a result, the EBIT for the second quarter of the current financial year rose at a considerably higher rate than our revenue increasing by 86.7% to 2.8 million euros (2010: 1.5 million euros). Order entry continues on a high level and is now at 16.1% over the figure of last year's second quarter. The reason for this favorable development is mainly the expansion of our business in Germany – with our European subsidiaries contributing to this growth rate as well. In this, we are now seeing the positive effects of our leading position in the fast growing market for innovative and energy-efficient flatbed displays for man-machine communication in Europe and the continuing operative integration of our largest affiliate Conrac GmbH. We have been successful in achieving our most significant goal: that is further increasing our earnings. Our net income for the year has risen significantly to 2.2 million euros in the second quarter of 2011 (2010: 0.8 million euros). This is equivalent to earnings per share of 0.63 euros (based on a total number of shares of 3,526,182).

Interim Management Report

Due to a change in our organization's internal structure, the composition and designation of the reportable segments have changed as well. Thus, our business is now divided into two business segments, Displays and Systems, and the respective information from earlier reporting periods has been adjusted accordingly.

Key corporate results

In mio. euros	April to June 2011	April to June 2010	Changes	January to June 2011	January to June 2010	Changes
Total net sales	35.2	28.3	24.4 %	69.8	56.5	23.5 %
Displays	21.5	18.6	15.6 %	43.3	35.4	22.3 %
Systems	13.7	9.7	41.2 %	26.5	21.1	25.6 %
Order Entry	37.5	32.3	16.1 %	79.0	61.8	27.8 %
Order Backlog	76.5	68.4	11.8 %	76.5	68.4	11.8 %
EBIT	2.8	1.5	86.7 %	4.9	3.0	63.3 %
EBIT yield	8.0 %	5.3 %	50.1 %	7.0 %	5.3 %	32.2 %
EBT	2.6	1.3	100.0 %	4.7	2.7	74.1
PAT	2.2	0.8	175.0 %	3.6	1.8	100.0 %
Capital investment	0.6	0.3	100.0 %	0.9	0.5	80.0 %
Employees	294	274	7.3 %	294	274	7.3 %
Earnings per share (in euros)	0.63	0.24	162.5 %	1.02	0.51	100.0 %
Number of shares	3,526,182	3,526,182	0 %	3,526,182	3,526,182	0 %

I. General economic conditions

Recently, we have noticed a slow-down in the global economy's recovery. The catastrophic earthquake in Japan and a surprisingly low economic growth rate in the USA may have been the reasons. However, Germany's markets have not been affected and have continued to grow. This impression seems to be supported by the German Institute for Economic Research (ifo) Business Climate Index and the Center for European Economic Research (ZEW) Economic Prospects Index as well as the EMI, the German equivalent of the US Purchasing Managers Indices (PMI). Low interest rates, favorable capital costs as well as a strong demand for German products and the improved competitive situation due to the low-rated euro are all in favor of German exports. The German economy has benefited from the global economic recovery on a grand scale. However, the rise in raw material prices observed since the beginning of the year and the resulting increased inflation rate may well slow down the global recovery further. This has already prompted many central banks - and in particular those in emerging countries - to increase their interest rates and to employ a more restrictive economic policy. Looking to the countries of southern Europe, there is always the danger that trust in their ability to pay may deteriorate causing a general loss of confidence.

Nevertheless, Data Modul has been able to increase its revenues in the second quarter of the current year notably. The marked increase in sales, the development of the share price as well as the positive reactions from analysts and investors alike have stabilized Data Modul's market capitalization.

II. Business results

In the second quarter of the current financial year, the revenues totaled 35.2 million euros, an increase of 24.4% over the second quarter of the previous year showing revenues of 28.3 million euros. The Displays business segment generated revenues of 21.5 million euros (2010: 18.6 million euros), whereas the Systems business segment saw revenues of 13.7 million euros (2010: 9.7 million euros). In the second quarter of the current financial year, order entry was at 37.5 million euros (2010: 32.3 million euros), an increase of 16.1%. There was an increase in order intake in both segments compared to the prior year quarter.

Order backlog amounts to 76.5 million euros (2010: 68.4 million euros). In the first six months of 2011, the export ratio reached 36.0% (2010: 30.3%). In order to increase the export ratio, Data Modul established a new sales office in Switzerland in the second quarter of 2011.

III. Profitability

As a result of the positive revenue development, the EBIT, in accordance with IFRS, increased in the second quarter 2011 by 86.7% to 2.8 million euros (2010: 1.5 million

euros). The EBIT breaks down as follows: 1.8 million euros (2010: 1.6 million euros) from the Displays business segment and 1.0 million euros (2010: -0.1 million euros) from the Systems business segment. Our systematic efforts to expand the Systems business have continued, now accounting for a constantly growing revenue portion within the Group. Another positive effect is beginning to show from the enhanced synergies between Data Modul AG and Conrac GmbH. Profit before tax (PBT) for the Group was at 4.7 million euros in the first half of 2011 (2010: 2.7 million euros), an increase of 74.1%. Net income for the year for the same period is 3.6 million euros (2010: 1.8 million euros), translating into earnings per share of 1.02 euros in the first half of 2011 compared to 0.51 euros during the same period of 2010.

IV. Net assets and financial position

The operating cash flow as of June 30, 2011 amounts to -3.6 million euros (2010: 0.4 million euros). Due to the positive development of the business, the working capital has remained high. At the end of the second quarter of 2011, the Group's equity ratio (in accordance with IFRS) amounts to 49.6% (December 31, 2010: 50.7%) and the equity ratio for Data Modul AG (in accordance with the German Commercial Code, HGB) is 68.4% (December 31, 2010: 73.1 %). Hence, the Group continues to demonstrate its financial strength and remarkable liquidity.

V. Investments and regional offices

In the first six months of 2011, investments amounted to 0.9 million euros (2010: 0.5 million euros). The Group does not intend to make major investments 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 regional sales offices.

VI. Employees

As of June 30, 2011, the Group had 294 employees, compared to 274 employees in the previous year. The Data Modul Group employs 45 staff abroad. Additions to the workforce were mostly in R&D, sales and production.

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 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 after the reporting date of June 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 consider the current economic situation to be stable. Although the global recovery has slowed down during the second quarter of 2011, we nevertheless consider the growth path intact for the German, European and US markets. Nonetheless, there are uncertainties resulting from the situation in Japan, the sovereign debt crisis in Europe and the continuing problems at some European banks.

Without having to account for non-recurring factors, we expect a marked revenue growth and positive earnings for Data Modul in 2011. In that, we are benefiting from the economic upturn in Europe and the USA, our most important markets, as well as from further integration of our affiliate company Conrac. 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 will continue to globalize Data Modul, consolidate markets and add interesting technologies to our portfolio. We will also focus on the development of bespoke systems and solutions for our customers building our future on organic growth.

X. Information concerning related party transactions

Due to a majority shareholding in Data Modul AG, the Group incurred expenses in the first half of 2011 for freelance services and for the employment of a key executive for the Group. Therefore, in the first half of 2011, the remuneration for these individuals amounted to kEUR 101 (2010: kEUR 80).

Consolidated Statements of Financial Position - IFRS

ASSETS	IFRS	
	June 30, 2011	December 31, 2010
Non-current assets		
Goodwill	2,419	2,419
Intangible assets, net	2,597	2,645
Property, plant and equipment, net	7,791	7,765
Other non-current assets	565	1,417
Deferred tax assets	988	1,015
Total non-current assets	14,360	15,261
Current assets		
Inventories	27,722	22,880
Trade accounts receivable net of allowance for doubtful accounts (2011: TEUR 1.807; 2010: TEUR 2.018)	21,552	18,512
Taxes receivable	145	142
Other current assets	947	1,024
Cash and cash equivalents	5,151	6,477
Total current assets	55,517	49,035
Total assets	69,877	64,296

All amounts in thousands of euros, except for common stock

LIABILITIES AND SHAREHOLDERS' EQUITY	IFRS	
	June 30, 2011	December 31, 2010
Shareholders' equity		
Common stock no par value (bearer shares authorized: TEUR 5,289; shares issued and outstanding: 3,526,182 in 2011 and 2010)	10,579	10,579
Capital reserve	22,445	22,445
Retained earnings	3,371	1,201
Other reserves	(1,749)	(1,652)
Total shareholders' equity	34,646	32,573
Non-current liabilities		
Pension and non-current personnel liabilities	2,064	2,083
Non-current borrowings	7,375	3,500
Deferred tax liabilities	1,541	1,594
Total non-current liabilities	10,980	7,177
Current liabilities		
Trade accounts payable	8,976	10,054
Taxes payable	429	617
Accrued liabilities	1,383	872
Current borrowings	9,001	8,292
Other current liabilities	4,462	4,711
Total current liabilities	24,251	24,546
Total liabilities	35,231	31,723
Total liabilities and shareholders' equity	69,877	64,296

All amounts in thousands of euros, except for common stock

Consolidated Statements of Income - IFRS

	IFRS			
	April 1 to June 30, 2011	April 1 to June 30, 2010	January 1 to June 30, 2011	January 1 to June 30, 2010
Revenues	35,244	28,311	69,785	56,525
Cost of sales	(26,735)	(21,675)	(53,435)	(42,824)
Gross margin	8,509	6,636	16,350	13,701
Research and development	(650)	(676)	(1,217)	(1,312)
Selling, general and administrative	(5,081)	(4,485)	(10,228)	(9,358)
Earnings before interest and taxes (EBIT)	2,778	1,475	4,905	3,031
Interest income	5	2	9	4
Interest expense	(166)	(134)	(239)	(280)
Income before income taxes	2,617	1,343	4,675	2,755
Income taxes	(400)	(503)	(1,095)	(958)
Net income	2,217	840	3,580	1,797
Earnings per share - basic	0.63	0.24	1.02	0.51
Earnings per share - diluted	0.63	0.24	1.02	0.51
Weighted average shares - basic	3,526,182	3,526,182	3,526,182	3,526,182
Weighted average shares - diluted	3,526,182	3,526,182	3,526,182	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	
	January 1 to June 30, 2011	January 1 to June 30, 2010
Cash flow from operating activities		
Net income	3,580	1,797
Non-cash expenses and income		
Amortization of capitalized development cost	415	529
Amortization and depreciation on other fixed assets	499	534
Deferred taxes	(26)	0
Provision for bad debts	(211)	(64)
Net interest	229	134
Other non-cash expenses and income	1,605	0
Changes in operating assets and liabilities:	(3,040)	(4,247)
Trade accounts receivable	(4,842)	(4,935)
Trade accounts payable	(1,078)	5,537
Accrued liabilities	511	240
Other current assets and liabilities	170	(687)
Income taxes paid	(1,252)	1,249
Interest received	5	(4)
Interest paid	(160)	280
Net cash provided by operating activities	(3,595)	363
Cash flow from investing activities		
Proceeds from disposal of fixed assets	0	5
Additions from capitalized development costs	(414)	(316)
Capital expenditures in other fixed assets	(482)	(217)
Net cash used in investing activities	(896)	(528)
Cash flow from financing activities		
Increase in short-term borrowings	709	0
Repayment of non-current borrowings	0	630
Increase in non-current borrowings	3,875	(267)
Dividend to shareholders	(1,410)	0
Net cash used in financing activities	3,174	363
Effects of exchange rate changes on cash and cash equivalents	(10)	40
Net increase in cash and cash equivalents	(1,327)	238
Cash and cash equivalents at the beginning of the period	6,477	4,847
Cash and cash equivalents at the end of the period	5,150	5,085

All figures in thousands of euros

Consolidated Statements of Changes in Equity - IFRS

	Common stock		Shares based equity	Retained earnings	Other reserves	Total
	Shares	Amount				
Balance as of 01/01/2010	3,205,620	9,617	20,233	595	(1,738)	28,705
Net income	-	-	-	1,797	-	1,797
Dividend	320,562	962	2,212	(3,174)	-	
Foreign currency translation adjustment	-	-	-	-	201	201
Balance as of 06/30/2010	3,526,182	10,579	22,445	(782)	(1,537)	30,705
	-	-	-			
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)	-	(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

All amounts in thousands of euros, except for common stock

Consolidated Statements of Comprehensive Income

	IFRS	
	January 1 to June 30, 2011	January 1 to June 30, 2010
Consolidated net income for the period	3,580	1,797
Exchange differences on translation of foreign operations	(97)	201
Total comprehensive income	3,483	1,998

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:

	January 1 to June 30, 2011	January 1 to June 30, 2010
Actual income tax expense	(1,121)	958
Deferred taxes	26	0
Income tax expense	(1,095)	958

Dividends paid

	June 30, 2011	June 30, 2010
Dividends on common stock resolved and distributed in the first half of the year	1,410	Bonus shares

Notes - Explanatory disclosures

Basis for the compilation of the financial statements

The abbreviated consolidated interim accounts for the first half of 2011 do 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 remain unchanged and were applied when compiling these abbreviated consolidated semi-annual accounts. The new IFRS to be adopted in the financial year 2010 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 semi-annual accounts were compiled in euros (EUR). For presentation purposes, the euro amounts in thousands of euros (kEUR) are rounded. 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, 2011

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

Segment results January 1 through June 30, 2010

	Displays	Systems	Corporation
	kEUR	kEUR	kEUR
Total revenue	35,457	21,067	56,525
Net income	1,815	(18)	1,797

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.

Coming Events 2011 / 2012:

Interim report as of September 30, 2011

November 11, 2011

Deutsches Eigenkapitalforum, Frankfurt

November 23, 2011

2012 Annual General Meeting

May 09, 2012



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