

DATA MODUL

Interim Report as of
September 30, 2013



Dear Shareholders,

In the third quarter of 2013 DATA MODUL's business picked up considerably, in line with our expectations outlined in our last semi-annual report. As a result, revenues in Q3 increased by 5.4% to 37.1 million euros, confirming the positive trend that had started in the second quarter of 2013. The rise in revenues for the nine-month-period totaled 1.1%. The export quota rose to 39.2% in the first nine months of 2013 (previous year: 30.0%). EBIT for Q3 improved over the previous year by 4.5% to 2.3 million euros, a very encouraging development. Compared to the results of the first half-year that were still impacted by delays in our customers' order call-offs, the rise was quite dramatic. Order entry momentum continued uninterrupted in Q3, rising by 9.7% to 40.8 million euros. Accordingly, order backlog reached the 94.9 million euros mark (previous year: 83.7 million euros), a record high for our company. In view of these developments, we are quite confident that DATA MODUL's overall results for the year 2013 will be quite satisfactory.

Interim Management Report

I. General economic conditions

Global economic growth picked up slightly during Q3 of 2013. Although the sovereign debt crisis continued to influence demand in some of the important regions of western and southern Europe, economic growth in the U.S.A. was much more resilient than expected after the budget cuts. Moderate economic momentum led the International Monetary Fund (IMF) to downgrade its growth forecast in

Key Indicators

In million euros	Juli to Sept.2013	Juli to Sept.2012	Changes	January to Sept.2013	January to Sept.2012	Changes
Total revenue	37.1	35.2	5.4 %	106.9	105.7	1.1 %
Displays	19.4	19.0	2.1 %	59.8	59.5	0.5 %
Systems	17.7	16.2	9.3 %	47.1	46.2	1.9 %
Order entry	40.8	37.2	9.7 %	122.8	119.4	2.8 %
Order backlog	94.9	83.7	13.4 %	94.9	83.7	13.4 %
EBIT	2.3	2.2	4.5 %	3.3	7.3	(54.8) %
EBT	2.2	2.1	4.8 %	3.1	7.0	(55.7) %
Net income	1.5	2.9	(48.3) %	1.7	6.4	(73.4) %
Investments	0.6	0.8	(25.0) %	1.4	2.0	(30.0) %
Employees	332	322	3.1 %	332	322	3.1 %
Earnings per share (in euros)	0.43	0.82	(47.6) %	0.50	1.83	(72.7) %
Based on number of shares	3,394,000	3,480,389	(2.5) %	3,394,000	3,480,389	(2.5) %

April for the global economy to 2.4% for 2013 and to 3.2% for 2014. We expect this moderate recovery rate to continue to positively impact demand for DATA MODUL products.

II. Business Performance

Revenues for the first nine months of the current fiscal year totaled 106.9 million euros (previous year: 105.7 million euros), an increase of 1.1%. In Q3, revenues grew by 5.4% to 37.1 million euros (previous year: 35.2 million euros), and, as expected, our Systems business segment contributed most of the growth with an increase of 9.3%, totaling 17.7 million euros (previous year: 16.2 million euros). The Displays business segment outperformed last year's revenues by 2.1% and amounted to 19.4 million euros (previous year: 19.0 million euros). The Company's strategy to strengthen its international orientation is showing great success and is reflected in the export quota that rose to 39.2% in the 2013 nine-month period (previous year: 30.0%). Driving this development were mainly the U.K., Italy, the U.S.A. and the Nordic countries.

In Q3, order entry for the Group rose by 9.7% to 40.8 million euros (previous year: 37.2 million euros), totaling 122.8 million euros for the first nine months of 2013 (previous year: 119.4 million euros). This results in a 1.1 book-to-bill ratio for the nine-month period, which is quite encouraging. Accordingly, order backlog increased by 13.4% to 94.9 million euros (previous year: 83.7 million euros), reaching a record high for the Company.

III. Profitability

Earnings for the current fiscal year continue to be influenced by two factors: On the one hand, higher cost were incurred due to the relocation of our production and warehousing facilities and the logistics center from Munich to Weikersheim as well as due to changes to our business model. On the other hand, earnings in the first half-year were impacted by delays in customer order call-offs resulting from uncertain general economic conditions. EBIT for the first nine months of 2013 amounted to 3.3 million euros (previous year: 7.3 million euros) and was therefore considerably below the previous year's mark. However, we are confident that this trend has bottomed out by now, with growth in EBIT for Q3 of 2013 of 4.5% over the same period of 2012 and amounting to 2.3 million euros (previous year: 2.2 million euros). This improvement becomes even more apparent when comparing the first quarter of 2013 (0.4 million euros) with the second quarter of 2013 (0.6 million euros).

EBIT from our Displays business segment for Q3 amounted to 0.8 million euros (previous year: 1.1 million euros), while EBIT from our Systems business segment improved by 36.4% to 1.5 million euros (previous year: 1.1 million euros). These figures encourage us to continue our strategy of developing DATA MODUL into a system solutions provider.

Net income for Q3 totaled 1.5 million euros (previous year: 2.9 million euros). However, the previous year's figures benefitted from a one-time tax effect. Therefore, earnings per share for Q3 were 0.43 euros (previous year: 0.82 euros).

IV. Financial position

Operating cash flow as of September 30, 2013 decreased to minus 2.1 million euros (previous year: -3.3 million euros). At the end of Q3 of 2013, the Group's equity ratio (in accordance with IFRS) was 51.3% (December 31, 2012: 56.2%), while the equity ratio for DATA MODUL AG (in accordance with the German Commercial Code [HGB]) was 54.8% (December 31, 2012: 67.1%). Consequently, the Group continues to demonstrate financial stability and has sufficient liquidity at its disposal.

V. Investments and regional offices

In the first nine months of 2013, investments amounted to 1.4 million euros (previous year: 2.0 million euros). Further investments are planned for R&D and our production and logistics center.

DATA MODUL AG maintains regional offices in Düsseldorf and Hamburg that serve as our sales offices for the respective regions.

VI. Employees

As of September 30, 2013, the Group had 332 employees, compared to 322 staff in the previous year, of which 53 staff were employed by Group companies located outside Germany. Additions to the workforce were mostly in R&D, Sales and Production.

VII. Risks and rewards

In fiscal year 2013, 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 the DATA MODUL Group. No significant changes in the information on risks and rewards that was published in the 2012 Annual Report have occurred since.

VIII. Subsequent events

As part of the Group's restructuring, Data Modul AG based in Munich acquired certain assets and liabilities at market value from its subsidiary Data Modul Weikersheim GmbH as of October 1, 2013. These were in particular inventories as well as contracts and customer relationships. This transaction will help harmonize and simplify processes in the future and utilization of the resulting synergies will lead to increased efficiency in our operations.

IX. Forecast - Outlook 2013

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 unavoidable risk that projected developments do not actually occur with respect to either their direction or their extent.

As reported before, fiscal year 2013 constitutes a transition year for DATA MODUL and will be characterized by activities to support our future growth. An increase in expenditures is to be expected because of the Group's reorganization and the conversion of our business model to a system solutions business, which offers greater value and stronger growth. At the same time we will continue focusing on globalizing our business. Even though these investments have a short-term impact on our earnings, we will have laid the groundwork for our future success. Most of these activities and resulting expenditures, however, will be completed in fiscal year 2013.

With the subdued overall development in global markets, DATA MODUL expects only moderate revenue increases. The results for Q3 prove that customer uncertainty has subsided considerably since the summer months. We expect this trend to continue for the rest of the year as well.

As repeatedly reported, our overall earnings for 2013 are expected to be lower than in the previous year, although the difference compared to last year's results should continue to diminish when taking the entire year into consideration as it draws to a close. Strong order entry in Q3 raises our expectations for a good fourth quarter. As the Q4 results for 2012 were impacted by sluggish order call-offs, we will be comparing the Q4 results of 2013 with a relatively weak reference base. Therefore, we anticipate overall satisfactory results for the fiscal year 2013 that will be in line with our expectations.

Over the coming years we expect a definite growth potential in the industry market, our most important customer base as these customers are being forced by market pressures to introduce automated production processes. Interconnected production processes are highly complex and require man-machine communication (displays) for controlling the production lines. These integrated embedded systems offer a great growth opportunity for DATA MODUL, and the activities initiated in fiscal year 2013 will place us in an excellent position to benefit long-term from this growth potential.

X. Related party transactions

In the first nine months of 2013, 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	
	09/30/2013	12/31/2012
Non-current assets		
Goodwill	2,419	2,419
Intangible assets	2,855	2,994
Property, plant and equipment	8,475	8,402
Other non-current assets	810	1,415
Deferred tax assets	190	882
Total non-current assets	14,749	16,112
Current assets		
Inventories	35,303	30,434
Trade accounts receivable, net of allowance for doubtful accounts (in 2013: 378; 2012: 357)	21,488	15,847
Other current assets	1,764	2,413
Cash and cash equivalents	7,356	9,517
Total current assets	65,911	58,211
Total assets	80,660	74,323

All figures in thousands of euros

LIABILITIES AND SHAREHOLDERS' EQUITY	IFRS	
	09/30/2013	12/31/2012
Shareholders' equity		
Common stock no-par value bearer shares (shares authorized: KEUR 5,289; shares issued and outstanding: 3,394,000 as of 09/30/2013 and as of 12/31/2012)	10,182	10,182
Share-based equity	22,446	22,446
Retained earnings	10,312	10,649
Other reserves	(1,600)	(1,503)
Total shareholders' equity	41,340	41,774
Non-current liabilities		
Pension and non-current personnel liabilities	1,516	1,592
Non-current borrowings	4,083	4,783
Other non-current accruals	348	0
Deferred tax liabilities	741	758
Total non-current liabilities	6,688	7,133
Current liabilities		
Trade accounts payable	10,478	8,387
Taxes payable	632	521
Accruals	1,795	2,063
Current borrowings	13,083	9,033
Current portion of non-current borrowings	933	933
Other current liabilities	5,711	4,479
Total current liabilities	32,632	25,416
Total liabilities	39,320	32,549
Total liabilities and shareholders' equity	80,660	74,323

All figures in thousands of euros

Consolidated Statements of Income – IFRS

	IFRS			
	07/01 - 09/30/2013	07/01 - 09/30/2012	01/01 - 09/30/2013	01/01 - 09/30/2012
Revenues	37,112	35,236	106,923	105,703
Cost of sales	(29,061)	(27,480)	(85,212)	(81,390)
Gross margin	8,051	7,756	21,711	24,313
Research and development expenses	(1,005)	(674)	(3,477)	(2,116)
Selling and general administrative expenses	(4,753)	(4,902)	(14,966)	(14,903)
Earnings before interest and taxes (EBIT)	2,293	2,180	3,268	7,294
Interest income	20	18	22	22
Interest expense	(72)	(93)	(176)	(280)
Income before income taxes	2,241	2,105	3,114	7,036
Income tax expense	(784)	756	(1,414)	(657)
Net income	1,457	2,861	1,700	6,379
Earnings per share - basic	0.43	0.82	0.50	1.83
Earnings per share - diluted	0.43	0.82	0.50	1.83
Weighted average of shares outstanding - basic	3,394,000	3,480,389	3,394,000	3,480,389
Weighted average of shares outstanding - diluted	3,394,000	3,480,389	3,394,000	3,480,389

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

Consolidated Statements of Cash Flow – IFRS

	IFRS	
	01/01 - 09/30/2013	01/01 - 09/30/2012
Cash flows from operating activities		
Net income	1,700	6,379
Non-cash expenses and income		
Income tax expense	739	1,105
Amortization of capitalized development costs	618	512
Amortization of other intangible assets and depreciation of fixed assets	833	809
Provisions for bad debts	21	(132)
Deferred taxes	675	(447)
Changes in non-current accrued liabilities	272	(65)
Net interest	154	258
Other non-cash expenses and income	2,388	(2)
Changes in operating assets and liabilities		
Trade accounts receivable	(5,663)	353
Inventories	(4,869)	(8,146)
Trade accounts payable	2,173	2,063
Accrued liabilities	(471)	276
Other receivables, assets and loans	429	93
Income taxes paid	(873)	(2,023)
Interest received	3	6
Interest paid	(229)	(222)
Cash flows from operating activities	(2,100)	(3,309)
Cash flows from investing activities		
Proceeds from disposal of fixed assets	0	11
Outflows from capitalized development costs	(668)	(1,009)
Capital expenditures on other intangible and fixed assets	(717)	(949)
Cash flows from investing activities	(1,385)	(1,947)
Cash flows from financing activities		
Increase in short-term borrowings	4,051	6,936
Repayment of non-current borrowings	(700)	0
Acquisition of treasury shares	0	(1,537)
Dividend to shareholders	(2,037)	(2,100)
Cash flows from financing activities	1,314	3,299
Effect of exchange rate changes on cash and cash equivalents	10	(21)
Net decrease in cash and cash equivalents	(2,161)	(1,978)
Cash and cash equivalents at the beginning of the period	9,517	8,426
Cash and cash equivalents at the end of the period	7,356	6,448

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 01/01/2012	3,526,182	10,579	22,440	7,389	(1,490)	38,918
Net income	-	-	-	6,379	-	6,379
Dividend	-	-	-	(2,100)	-	(2,100)
Transfer to share-based equity	-	-	5	(5)	-	-
Treasury shares	(108,944)	(327)	-	(1,211)	-	(1,538)
Foreign currency translation adjustment	-	-	-	-	61	61
Balance as of 09/30/2012	3,417,238	10,252	22,445	10,452	(1,429)	41,720
Balance as of 01/01/2013	3,394,000	10,182	22,446	10,649	(1,503)	41,774
Net income	-	-	-	1,700	-	1,700
Dividend	-	-	-	(2,037)	-	(2,037)
Foreign currency translation adjustment	-	-	-	-	(97)	(97)
Balance as of 09/30/2013	3,394,000	10,182	22,446	10,312	(1,600)	41,340

All figures in thousands of euros, except number of shares

Consolidated Statements of Comprehensive Income

	IFRS			
	07/01-09/30/2013	07/01-09/30/2012	01/01-09/30/2013	01/01-09/30/2012
Consolidated net income for the period	1,457	2,861	1,700	6,379
Exchange rate differences on translation of foreign operations	(95)	(36)	(97)	61
Total comprehensive income	1,362	2,825	1,603	6,440

All figures in thousands of euros

Notes - Explanatory disclosures

Basis for the compilation of the financial statements

These abbreviated Consolidated Interim Report for the third quarter of 2013 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, 2012. The recognition and measurement methods applied to the Consolidated Financial Statements as of December 31, 2012 remained unchanged and were applied when compiling this abbreviated Consolidated Interim Report. The new IFRS to be adopted in the financial year 2013 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 German Commercial Code (HGB) 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 2014:

Annual Report 2013	March 2014
Annual Press Conference	March 25, 2013
Interim Report as of March 31, 2014	May, 2014
Annual Shareholders´ Meeting 2014	May 12, 2014



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